



FedForward[®], FedReturn[®], FedReceipt[®] Case Study Big Horn Federal Savings Bank

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— John J. Coyne, chief executive officer and chairman

Big Horn Federal Savings Bank

Customer Profile

Big Horn Federal Savings Bank, a \$135 million financial institution headquartered in Greybull, Wyoming, is a 72-year old organization that employs 52 individuals throughout its six branch locations in the northwestern part of the state. This financial institution moved to FedImage[®] – image enhanced truncation with account number sorting—in 2005, followed by the FedForward, FedReturn services and most recently to the FedReceipt[®] Plus service in September 2007. They have future plans for expanding their conversion process with remote capture for their customers.

Business Challenge

The Big Horn Basin of Wyoming is an agricultural community located in the northwestern corner of the state. The sprawling landscape of northwestern Wyoming is dense in natural beauty, but sparse in population. The largest nearby town is Cody, Wyoming, population 10,000. Transportation of physical items was often challenging, due to large distances to be covered. As a result, Big Horn had an average of 85 percent funds availability and occasionally physical items were lost in transport. The move to FedForward services helped improve availability and save transportation expenses, while implementation of FedReturn and FedReceipt Plus services helped them gain cost efficiencies.

Solution

Financial institutions realize the greatest benefits when paper checks are truncated early in the payment cycle and check images flow as presentment. By implementing the FedReceipt Plus service, Big Horn Federal Savings took advantage of these benefits. They realized operational cost savings as a result, providing them the opportunity to devote time and attention toward servicing their customers.

Managing everything electronically by receiving items via FedReceipt Plus in an image cash letter (ICL) file helped to reduce return costs as well. The FedReturn service helped improve fraud mitigation through expedited return-item clearing, limited physical handling of documents and reduced exception processing while providing opportunity to maximize the efficiencies of backroom operations and reduce costs as well. The added benefits of clearing checks electronically versus in the paper world helped resolve the issue of lost items.

“The transition process was smooth and efficient,” notes Big Horn Federal Savings Bank chief executive officer and chairman, John J. Coyne. “The Federal Reserve Banks provided excellent testing and customer support throughout the conversion process,” continues Coyne.

Case Study at a Glance

Customer Profile

Big Horn Federal Savings Bank in Greybull, Wyoming, is a \$135 million financial institution employing 52 people at its six locations.

Business Challenge

Transporting checks across the sprawling Wyoming terrain; lack of good funds availability; remoteness; sparse population

Solution

Implemented FedImage in 2005 and FedForward, FedReturn and FedReceipt Plus in 2007, with plans to move to remote capture.

Benefits

- Increased operational efficiencies
- Eliminated transportation problems
- Provided time to focus on customer service
- Improved funds availability

Keeping Customers Happy

Electronic products strategically position Big Horn Federal Savings well to provide customers with the services they require. The move to electronic check processing has also provided Big Horn staff more time to focus on customer service. Coyne has been pleased with the results of his bank's transition to Check 21. "We're not babysitting the paper checks anymore and that frees our people up to focus on other things, such as customer service," said Coyne.

Positioned for the Future

Moving to FedReceipt Plus services provided Big Horn Federal Savings straight-through electronic processing for a portion of their inclearings including those deposited with the Federal Reserve in image cash letter (ICL) deposits and select paper cash letter deposits. It also provided a cost savings opportunity on their Federal Reserve deposits. Big Horn plans to take advantage of further efficiencies and costs savings with the expansion to remote capture in the near future.

The shift away from paper check processing has impacted the Federal Reserve's Payor Bank Services, which are being migrated to Check 21-enabled presentment services by January 2010. This move is meant to help move the industry toward the more efficient and cost-effective check clearing that is possible when paper check are truncated early in the payment cycle and check images flow as presentment.

For More Information

As the Federal Reserve Banks continue to pave the way for electronic check processing, financial institutions, and the payments system as a whole will benefit. If your financial institution has not already begun the transition, we encourage you to act now.

For more information regarding Payor Bank Services migrating to Check 21 Services, please visit FRBservices.org/communications/payor_conversions.html. For detailed information about Check 21, please visit FRBservices.org/check/check21.html, or contact your account executive.

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