



FedForward[®], FedReturn[®], FedReceipt[®] Case Study Darby Bank and Trust Company

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— Anne Marie Harrell, vice president of operations

Darby Bank & Trust

Customer Profile

Darby Bank & Trust Company, now in its 78th year of business, is a \$750 million financial institution headquartered in Vidalia, Georgia. Their 180 employees serve Toombs County, Chatham County, Lowndes County and surrounding areas at eight locations (including a loan administration office). Darby Bank & Trust successfully converted from Payor Bank Services to FedReceipt Plus services, after having moved to FedForward and FedReturn services.

Business Challenge

Back in 1999, when the bank was expanding into Chatham County, they were faced with having to have early cut-off times to meet transportation to the Federal Reserve Bank of Atlanta. To position themselves in this competitive market, Darby Bank and Trust implemented branch capture.

Solution

Using branch capture as its stepping stone, Darby Bank & Trust converted to FedForward services in 2005, and gained the ability to provide accelerated availability on eligible items. FedForward paper deposit options provided a convenient transition service for the bank, since they were not prepared to deposit image cash letters at that point. With very few changes to their existing deposit process, Darby Bank & Trust was able to take advantage of improved availability offered by FedForward services.

Implementation of the FedReturn service followed closely behind FedForward. This step in the electronic conversion process provided Darby Bank & Trust the ability to qualify returns online allowing for streamlined, high-quality, low-cost returns.

Conversion to FedReceipt Plus services in mid-2006 completed the end-to-end electronic cycle. Before converting to FedReceipt Plus, Darby was receiving a MICR file from the Federal Reserve Bank in the morning and posting it to the customer's accounts. They received an image file later in the day to upload into their image software and balance to the MICR file from the morning. Converting to the FedReceipt Plus service provided them the ability to receive files four times throughout the day. "When all is said and done receiving files on a flow basis throughout the day is more efficient and smoother," states Anne Marie Harrell, Darby Bank & Trust's vice president of operations.

Case Study at a Glance

Customer Profile

Darby Bank & Trust Company in Vidalia, Georgia is a \$750 million financial institution employing 180 people at its eight locations.

Business Challenge

Regional competition; expansion challenges; early cut-off times; transportation issues

Solution

Successful implementation of FedForward followed by conversion to FedReturn and FedReceipt Plus

Benefits

- Increased efficiency
- Reduced fees
- Streamlined, high-quality, low-cost returns
- Improved cash letter adjustments
- Improved funds availability

Financial institutions realize the greatest benefits when paper checks are truncated early in the payment cycle and check images flow as presentment. By implementing FedForward, FedReturn and FedReceipt Plus services, Darby Bank & Trust took advantage of the benefits offered by the entire Federal Reserve Bank's Check 21-enabled product suite.

According to Harrell, "Back-office operations are much more efficient since moving away from Payor Bank Services, resulting in fewer cash letter adjustments. Moving away from Payor Services to FedReceipt Plus put us where we need to be. Furthermore, the transition from Payor Bank Services to Check 21 was itself smooth."

Positioned for the Future

Moving to FedReceipt Plus in mid-2006 completed the entire cycle for Darby Bank & Trust. Now, very few checks ever leave the branch. "The ability to clear checks electronically is key," according to Harrell, "We are able to take advantage of lower Federal Reserve Bank fees and get better availability," she continues. Darby Bank & Trust feels as though they are well positioned for the future. "With the phasing out of payor bank services in the next year or so, Darby could not achieve end-to-end electronics without moving to Check 21-enabled services. I can't see any reason NOT to move from Payor Services to Check 21," comments Harrell.

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 checks 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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"The ability to move checks electronically end-to-end is key."

- Anne Marie Harrell, vice president of operations

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