

July 11, 2016

Announcing 2017 Check Services Pricing Changes

Since the Check 21 Act became effective in 2004, industry participants have worked together to successfully implement the nearly ubiquitous imaged-exchange of checks that exists in today's check-clearing environment. Contributing to the industry's success were the Federal Reserve Bank efforts to create transitional products and operational offerings to support financial institutions with their individual transition decisions.

Now that the industry has reached a mature, imaged-exchange environment, we believe it is appropriate to update our product offerings to reflect the current nature of the marketplace. As a result, our Check 21 Services fee schedules will be restructured effective January 3, 2017.

We believe these changes create a suite of services that best serves the needs of the mature marketplace. We also thought the scope of the changes warranted providing your institution with this information now so that you can plan for the coming year.

What is changing?

Key changes will include:

- Simplifying our deposit services (both FedForward[®] and FedReturn[®]) by offering only fully mixed deposit options with varying levels of fixed and variable pricing to best support customers of all sizes
- Eliminating all current sorted deposit options
- Maintaining differentiated pricing by deposit deadline
- Continuing the receiver-based tiered pricing model based on volume, but implementing a set of transparent volume guidelines to define a receiver's tier assignment (guidelines will be updated and published on an annual basis)
- Eliminating the FedReceipt[®] deposit discount
- Reducing the FedReceipt fees (both daily fixed and per item)
- Maintaining the current RPPR deposit discount, but applying the discount to each item deposited rather than each item received

How did the Federal Reserve Banks decide on these changes?

The existing Federal Reserve Check 21 product and pricing suite of services was designed to help drive the industry toward image-enabled check clearing and has been very successful in aiding that transition, so now those transitional pricing structures are due to be updated. In the evaluation process examining new product and pricing options, we considered industry input and feedback, examined current and alternative pricing solutions, explored applicable public policy, considered resulting competitive impacts, and measured the aggregate impact and benefit to the industry.

Summary of Changes

Effective January 3, 2017

FedForward[®] Deposit Services		
	<u>Current</u>	<u>Effective January 3, 2017</u>
Image Cash Letter (ICL) Deposit Options	Mixed ICL Premium Mixed A Premium Mixed B Premium Mixed C Premium Mixed D Premium Mixed E Premium Mixed F Deferred Mixed ICL Dollar Cut Mixed ICL Endpoint Cut Mixed ICL Fixed Mixed ICL Select Mixed Level 1 Select Mixed Level 2 Select Mixed Level 3 Fine Sort ICL Deferred Fine Sort ICL	<i>Cash Letter Fee Options:</i> Standard ICL Premium ICL Deferred ICL Dollar-Culled ICL Endpoint-Culled ICL <i>Daily Fixed Fee Options:</i> Standard Daily Fee - A Standard Daily Fee - B Premium Daily Fee - A Premium Daily Fee - B Premium Daily Fee - C
FedReturn[®] Deposit Services		
	<u>Current</u>	<u>Effective January 3, 2017</u>
Image Cash Letter (ICL) Deposit Options	Mixed ICL Select Mixed	<i>Cash Letter Fee Option:</i> Standard ICL <i>Daily Fixed Fee Option:</i> Premium Daily Fee - A
FedReceipt Services		
	<u>Current</u>	<u>Effective January 3, 2017</u>
FedReceipt Pricing	Per Item Fee: \$0.004 Daily Fixed Fee: \$2.00	Per Item Fee: \$0.0005 Daily Fixed Fee: \$1.00
FedReceipt Deposit Discounts	FedForward: (\$0.005) FedReturn: (\$0.005)	FedForward: Eliminated FedReturn: Eliminated
Retail Payments Premium Receiver Discounts	FedForward: (\$0.001) FedReturn: (\$0.045) Applied to receipt volume	FedForward: (\$0.001) FedReturn: (\$0.045) Applied to deposit volume

<p>Accelerated Forward Delivery (currently referred to as Courtesy Delivery)</p>	<p>Current Monthly Volume Levels:</p> <p>0 - 500,000 500,001 – 1,000,000 1,000,001 – 3,000,000 3,000,001 – 12,000,000 Over 12,000,000</p>	<p>2017 Monthly Volume Levels:</p> <p>0 - 450,000 450,001 – 900,000 900,001 – 2,500,000 2,500,001 – 10,500,000 Over 10,500,000</p> <p>No changes to fees, only volume levels</p>
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Additional Resources

Updated [Check 21 Fee Schedules](#) and [tier listings](#) are available on FRBservices.org for your reference.

The impact of these changes on individual financial institutions will vary and depend on how each institution is using existing Federal Reserve Bank Check 21 Services. Please note that per our usual process, pricing for all other Federal Reserve Bank services and access solutions (Fedwire[®], FedCash[®], FedACH[®], FedLine[®], etc.) will be announced in late 2016. If you have any questions, please contact your [account executive](#).

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