

## MARKET INSIGHT REPORT

# Credit unions and members win from a solution complementary to RDC

As many maintain, Remote Deposit Capture (RDC) was originally deployed as a customer retention product following Check 21 legislation being signed into law. In 2004-2005 financial institutions (FIs) offered RDC, although the infrastructure and image-clearing network necessary to clear checks electronically was, at best, in its infancy. What is not up for argument is that the bridge solution for this gap – printing nearly all items as Image Replacement Documents (IRDs) to continue and complete the clearing process – was painful. The practice was overall wasteful in process, time and especially cost, but was competitively necessary as all of the larger banks began offering this revolutionary deposit enhancement to retain, and if possible, grow market share.

A new technology solution is available that can assist credit unions to have another solution to increase member retention while expanding deposit growth potential.

Ironically, the situation has flipped as FIs, including credit unions, now have the enhanced infrastructure and image-clearing networks necessary to clear all but a few specific item types electronically. But although Remote Deposit Capture has been around for nearly eight years, many members remain hesitant to convert, leaving untapped capacity and significant potential for growth.

To complicate matters further, FIs cannot continue to accommodate their large paper-based depositors as they have in the past. The paper-based clearing mechanisms the industry developed over decades continue to be dismantled as credit unions deploy more distributed capture models. All of this creates a sort of disconnect between the commercial paper-based depositor and the credit union that would prefer to maintain the relationship and engage commercial deposit members.

So why hasn't RDC been more widely adopted, given the infrastructure is now in place? Why do members continue to bring paper deposits to their credit union when electronic deposits are quicker and more cost effective?

One of the challenges to adoption includes the limitations of check-scanning

equipment in terms of sacrificing speed for quality or vice versa. The check scanners offered in the past have been slow and cumbersome – unable to handle large check volumes. While the software applications have evolved, the scanning technology has not stayed on pace. In many situations, checks simply are not available until later in the day, and even though RDC deposit deadlines are often extended past traditional paper deadlines, there still is not enough time to make same-day cutoffs.

However, a new complementary technology solution is available that can assist credit unions in transitioning their paper depositors to electronic. This solution is a win for the members who have yet to realize typical advantages of electronic deposit, such as extended deadlines, lower price points and potential transportation savings, without jeopardizing their process. The solution also helps the credit union – allowing them to comfortably continue the migration from their legacy paper-based systems to the more efficient processes.

## **Commercial image cash letter (ICL) deposits – a complement to RDC**

In an effort to address these gaps, more and more credit unions are expanding their acceptance of commercial ICL deposits. It

# Scanning and imaging 400 documents per minute makes electronic deposit processing viable for any business.

is a way for them to compete with banks by offering the same deposit options. Unfortunately, until now the only way for their commercial deposit members to effectively produce ICL deposits was with larger, more expensive item-processing equipment or with slower low-volume check scanners paired with separate software packages not ideally suited for use by retailers, merchants or other commercial depositors.

## **The benefits of ICL deposits: Improving operational efficiency and member satisfaction**

By embracing ICL deposits as a complement to RDC, credit unions have another solution to increase member retention while expanding deposit growth potential. RDC-resistant members will be interested in this alternative, as it offers a more streamlined process and does not sacrifice quality for speed. Furthermore, one particular solution has the ability to process both checks and currency, creating an ideal solution for retailers and other businesses that accept both forms of payment. Credit unions benefit in two ways: (1) a new, high-speed end-to-end electronic treasury solution for their members, and (2) the credit union is able to offer a service to customers that many banks do not, creating a competitive advantage. It's

a huge win-win. In order to maintain and grow the base of commercial depositors, credit unions need to offer an alternative to RDC that satisfies more of their members' needs. Recent technology breakthroughs make these services more affordable and practical and feature solutions that scan and image deposit items at 400 documents per minute, making the move to electronic deposit processing viable for even the most check-intensive businesses. This same solution creates and sends the ICL deposit to their credit union, simplifying the effort for both parties. It can also process currency at 1,600 bills per minute, providing a true multi-purpose solution for retailers.

## **A premier partner offers banks speed-to-value**

Credit unions exploring ICL deposit technology options should look to a proven leader with whom to partner for delivering a complementary solution to current RDC offerings. Look for a simple and intuitive ICL solution that is easy to install and can start generating a positive impact on all fronts. An experienced partner will assist in the implementation process by installing the hardware and software for proper testing without taxing internal resources. By offering this alternative, credit unions now have a turn-key solution for members that have been resistant to electronic processing. Commercial ICL deposits are the next wave of innovation that can help credit unions operate and compete even more effectively in a market where members may feel such services are offered only by banks.

## **A game-changing solution**

The JetScan iFX® with Deposit Balancing Manager (DBM) from Cummins Allison is a streamlined, cost-effective and user-friendly client-facing solution designed specifically to address this space. Not only is it capable of imaging large volumes of checks, but also counting down individual till drawers to balance to a point of sale (POS) system. Key to the DBM deposit preparation process is scanning the items once and letting the JetScan iFX with DBM – with its industry leading CAR/LAR engine – do the heavy lifting. The user makes any necessary corrections, creates an ICL, transmits the file and goes home.

The JetScan iFX with Deposit Balancing Manager has made it easier than ever to process checks quickly and send deposits electronically via ICL. Contact us today to get more information about how this revolutionary solution complements RDC and helps commercial deposit members process checks faster and easier.

For more information visit  
[cumminsallison.com/checks](http://cumminsallison.com/checks)



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Cummins Allison is a global leader in developing solutions that quickly and efficiently count, sort and authenticate currency, checks and coin. With a heritage of leadership in technology and product innovation spanning more than 125 years, Cummins Allison serves the majority of financial institutions worldwide, as well as leading organizations in retail, gaming, law enforcement and government. Ninety-seven percent of our customers recommend our products and services.

CA holds more than 350 U.S. patents and invests double the industry average in R&D. Our world-class sales and service network includes hundreds of local representatives in more than 50 offices in North America, 4 wholly-owned subsidiaries in Europe and is represented in more than 70 countries around the world.