

# TRANSACTION NEWS

For the Remittance and Item Processing Industries

A Publication of Directory.com, Inc.

Welcome to the latest issue of **Transaction News**, a monthly publication designed to give you the news you need to get ahead in our competitive marketplace. This issue covers topics on **E-Payments, Remittance & Item Processing**

We want to hear from you! Share your insights on the direction that you see the remittance and item processing markets heading by calling our editor, *Reggie Bennett*, at 336-996-4526.

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## Image Replacement Document Workshop To Address Check 21

Experts from major financial institutions, the **Federal Reserve**, and technology providers will address challenges and opportunities in image replacement document (IRD) processing at a workshop being held Sept. 8-9 at the Adams Mark Hotel in Dallas.

Organized by the **Financial Services Technology Consortium (FSTC)**, the Federal Reserve, **SVPCo**, and several leading financial institutions, the *IRD Workshop* is intended to help financial institutions prepare for a post Check 21 processing environment where IRD's can be used as the legal equivalent of the original check.

"With final passage of the Check 21 Act anticipated later this year, it is critical that we remove the confusion surrounding check truncation," said *Zachary Tumin*, FSTC executive director. "More than just providing a legal framework for substituting electronic images for paper checks, the Check 21 Act will force financial institutions to rethink the operational aspects of check processing."

The first day of the workshop is designed to help participants quickly get up to speed on the pending legislation and the fundamentals of IRDs. The second day will

explore the various approaches to IRD processing, business model implications, and advanced issues such as fraud, returns, and exception items processing.

"The program is designed to meet the needs of check processing operations managers, individuals responsible for teller procedures and policies, and any professional responsible for the handling and processing of checks," commented *Hank Farrar*, president and COO of SVPCo.

"As Congress considers this proposed new law, financial institutions would be prudent to begin to learn about the inherent efficiencies associated with check electronification," said *Jeannine DeLano*, a project manager for the Federal Reserve.

The meeting is open to all interested attendees. To register, or for additional information on the Dallas IRD workshop, visit the FSTC Web site at [www.fstc.org](http://www.fstc.org), or e-mail [FSTCregister@truenorthonline.biz](mailto:FSTCregister@truenorthonline.biz).



## NACHA To Test Model For Universal Electronic Bill Distribution

Herndon, VA-based **NACHA** is planning a pilot program in which companies will deliver billing information electronically using the automated clearing house (ACH) network.

The *Electronic Billing Information Delivery Service (EBIDS)* pilot could serve as a model for universal electronic distribution of consumer bills to all 20,000 financial institutions that use the ACH network.

"Consumer online bill payment has grown phenomenally over the past year, yet the

transaction environment between financial institutions and billing companies remains fragmented and frequently includes non-electronic bill presentment and payment processes," commented *Mike Taipale* of the **Federal Reserve Bank of Cleveland** and the chairman of NACHA's Council for Electronic Billing and Payment (CEBP), which is sponsoring the pilot. "EBIDS strengthens the electronic connection between billers and financial institutions through the (continued, p. 2)

## Bank Spending On Reconciliation Solutions Will Double By 2005

Bank spending on reconciliation solutions – which consolidate many processes to one or several platforms – will nearly double by 2005, according to a new report by research firm **Financial Insights**, of Framingham, MA.

Enterprise reconciliation is a viable cost-cutting strategy, the firm says. Fragmented back-office processes inhibit a bank's ability to manage costs by minimizing exceptions. Reconciliation is at the heart of most corporate banking processes, notes Financial Insights, and today this market is equally fragmented, with hundreds of disconnected and redundant solutions

existing within a single institution.

"At tier-1 banks, pursuing enterprise reconciliation is a no-brainer," commented *Maggie Scarborough*, senior analyst in Financial Insights' Corporate Banking Group. "Millions of dollars can be saved by a single institution through scale economies. The trick some will miss is to leverage next-generation exception management capabilities to reap more potent efficiency."

The new report, titled *"Reconciling Reconciliation Spending,"* can be obtained by contacting [sales@financial-insights.com](mailto:sales@financial-insights.com).



## NACHA To Test Model For Electronic Bill Distribution (Cont.)

existing, standardized ACH infrastructure."

Under the EBIDS model, a billing company would originate a zero-dollar ACH transaction that contains a summary of a consumer's billing information in an attached addenda record, and enter the transaction into the ACH network through its corporate bank. The consumer's financial institution would receive the transaction via the ACH network, and present the billing information at its Internet banking Web site.

The consumer would enter the Internet banking Web site, using the financial institution's existing logon procedure, and view the bill and authorize payment. The consumer's financial institution would then send an ACH credit back to the biller's bank, along with the remittance information.

### "Win-Win-Win" Distribution Model

There are numerous potential benefits of the EBIDS model for all parties in an electronic bill payment transaction. "The EBIDS model is a win-win-win for billers, financial institutions, and consumers," said Taipale.

Consumers would have access to more of their bills at a single Web site where they already do their online banking. And the privacy of their financial information would be improved since they authorize payments via their financial institutions rather than providing payment information at billers' individual Web sites, NACHA noted.

Consumers' financial institutions would be

able to offer enhanced Internet banking and bill payment services by increasing the number of electronic bills presented on their Web sites. Plus, payment and remittance processing would be improved, providing cost-savings and service improvements compared to non-electronic alternatives.

Billing companies, meanwhile, would be able to present more bills electronically to their customers through a standardized network linked to thousands of financial institutions. Billing companies also could experience payment and remittance information processing improvements.

Billers' financial institutions would have new revenue opportunities for payment services for originating and receiving ACH transactions on behalf of billers, as well as for remittance processing and reporting.

### Operations Requirements Eyed

The EBIDS pilot will test the technical and economic conditions for using the ACH network as a bill delivery channel, and identify and evaluate the operational requirements for each transaction participant to become 'EBIDS functional.'

Organizations interested in participating in the pilot can obtain pilot documentation on the council's site at <http://cebp.nacha.org>. Pilot participants will be required to be CEBP members and to sign a pilot agreement with NACHA. NACHA will host a teleseminar on the EBIDS pilot Sept. 4th (*Rob Unger*, NACHA, 703-561-3913, [runger@nacha.org](mailto:runger@nacha.org)).



**"EBIDS strengthens the electronic connection between billers and financial institutions through the existing, standardized ACH infrastructure."**

— *Mike Taipale of the Federal Reserve Bank of Cleveland and chairman of the CEBP*

## LETTER FROM THE EDITOR

We hope we are bringing you information you can use to stay up-to-date and competitive with others in the industry. We are continually searching the Internet for content that is not part of your normal flow of information. Please feel free to send in any information on check, remittance, lockbox, and document processing that you feel will be beneficial to other readers.

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We hope you enjoy this issue of *Transaction News*. If you have any suggestions or comments, please contact me at 336-996-4526 or via email at [reggie@remittancedirectory.com](mailto:reggie@remittancedirectory.com).

Sincerely,



Reggie Bennett, Editor and Publisher  
President of Directory.com, Inc.



PS – In the near future, we will be reformatting both web sites and adding new white papers and transport comparisons.

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## No Clear Winner In Fight For Online Bill Presentment and Payment

In the battle to control the electronic bill presentment and payment market, many in the industry have declared the biller-direct model (where bills are viewed or paid directly at the Web site of billers) the victor over the consolidator model. However, new research by **TowerGroup**, of Needham, MA, finds that online bill presentment is only part of the story. Current trends in online bill payment suggest a different long-term trend.

In the absence of a commitment from many banks and other potential online bill consolidators, a large number of billers have pursued the biller-direct model as their sole strategy for the delivery of electronic bills. Specifically, in 2003, billers will issue 1.5 million electronic bills to consumers, with nearly 98 percent of these presented via biller-direct sites, TowerGroup reports.

Though biller-direct delivery will continue to dominate during the next five years, TowerGroup believes the share of bills presented through consolidator sites will increase from just over 2 percent in 2003 to 11 percent by 2007– and continue to climb.

A critical strength for consolidators is their support of broad online bill payment services. While most biller-direct sites offer payment services only for their own bills, consolidators are the primary providers of "pay anyone" functionality. In addition, consolidators that offer payment processing services also act as the payment fulfillment arm for many biller-direct sites. As a result, consolidators are expected to continue to fulfill or issue most of the online bill payments, TowerGroup says.

TowerGroup expects consolidators' share of bill payment initiations to begin to recover in 2006. Development incorporating online aggregation services will help fuel the increasing momentum of electronic bill consolidation with new products that move beyond current biller-direct, simple screen scraping, and even traditional consolidation to offer greater value and greater functionality to consumers.

These account aggregation services will drive the continued evolution of the consolidation model, believes TowerGroup (To purchase this research, contact TowerGroup at 781-292-5200 or via [service-info@towergroup.com](mailto:service-info@towergroup.com)).

**"A variety of forces will contribute to the growing use of consolidator sites."**

**—Elizabeth Robertson,  
Senior Analyst  
TowerGroup**



**TOWERGROUP<sup>SM</sup>**

*The Power of Knowledge*

## SUCCESS STORIES

### Enterprise IT Project Management Skills in Short Supply

Nearly 80 percent of IT organizations report the lack of enterprise project management capabilities is a key IT workforce issue, according to a new report by **META Group, Inc.**, of Stamford, CT. To foster these increasingly important skills, the report maps strategies for building a project performance culture and best practices that help drive continuous performance progress.

"Some organizations have focused efforts on training and certification, but finding and growing skilled project managers is only part of the solution," said *Carole Macpherson*, META Group vice president and the report's lead author. "Top-performing IT organizations recognize the need to solve IT project performance issues starting at a higher level."

According to the report, "one-off" or heroic project efforts consistently lead IT organizations to poor performance. Lack of coordination across resources is extremely

detrimental to successful implementation of the complex projects and programs that are now the norm in most organizations.

"Instituting project management as a strategic competency within an organization requires new methods, tools, and performance metrics," Macpherson said. "We believe a management-by-project approach, combined with these new methods, helps generate consistent performance and limit employee burnout."

Best practices detailed in the report include: applying proven project estimation techniques; employing risk-based project selection; establishing an enterprise program management office; and keeping in mind how inter-related IT functions, such as enterprise architecture, infrastructure, and engineering, affect projects (*Samantha Finnegan, META Group, Inc., 303-346-3176, samantha.finnegan@metagroup.com*).



## InterCept

### Sovereign Bank's NE Offices Move To InterCept

The first phase of transitioning Philadelphia-based **Sovereign Bank's** item and check processing services to **InterCept, Inc.**'s image platform was successfully completed late last month, affecting 66 of Sovereign's community banking offices in the New England area. InterCept, of Atlanta, plans to complete the New England conversion this month.

To accommodate Sovereign's item and check processing needs, InterCept has opened two of its previously announced four check image processing sites, expanded another site, and hired 75 new employees, with plans to hire about 30 more this month and another 90 by year's end. InterCept expects to complete the conversion of all of Sovereign's banking offices by year's end (*InterCept, 770-248-9600*).

### Two Financial Institutions Improve Their Operations with SPICE

**Chambers State Bank**, of Chambers, NE, and **Illini State Bank**, of Tonica, IL, installed the Single Pass Image Courtesy Amount Recognition Encode (SPICE) product from **VSoft Corp.**, of Atlanta. The banks expect to improve operational efficiency by reducing the number of checks manually keyed, and by cutting the amount of time to research items.

Targeted to both multi-pocket proof and single-pass proof and encode environments, SPICE captures images, recognizes MICR data, identifies amounts, and encodes and sorts items in a single pass. Operators only intervene to key missing or unrecognizable

information. SPICE also provides in-line reject repair and transaction balancing.

*Donna Laugal*, vice president of information technology for Illini State Bank, said SPICE has increased the speed in which the bank processes checks, and significantly reduced data-entry errors. *Larry Adams*, vice president at Chambers State Bank, noted that the product's ability to instantly locate archived items has allowed his bank to reduce research time, and freeing employees to focus more of their efforts on improving overall customer service (*Jamie Stephenson, VSoft Corp., 678-781-7228*).

### Illinois Bank Holding Company Purchases Mitek Imaging Products

**Founders Group, Inc.**, a holding company in Worth, IL, with total assets of \$1.3 billion, and its affiliate banks across the state, are installing the CheckQuest check imaging and CaptureQuest document management product from Poway, CA's **Mitek Systems, Inc.**

The banks now will electronically capture and process information from checks and other items, as well as scan, archive, retrieve, and route other financial documents. A main processing center, along with two additional

branches, will process items for all of the Founders Group banks and their affiliates. Using multiple high-speed transports, an average of 75,000 items per day, with a peak volume of about 100,000 items per day, will be processed at the three locations.

The banks' system will include Mitek's fraud detection technology, an interface to their Internet banking platform, and an integrated imaging and workflow system (*Murali Narayanan, Mitek Systems, 858-513-4600*).

## MITEK

SYSTEMS, INC.

## COMPANY NEWS

### RemitStream Solutions To Install VICOR Lockbox Platform

**RemitStream Solutions LLC**, a business unit of **Fiserv, Inc.**, is installing the wholesale and whole-tail lockbox modules of the RIDS (Receivables Information Delivery System) platform from **VICOR, Inc.**, of Richmond, CA.

RIDS is a scaleable, client-server platform that offers banks and third-party processors the ability to seamlessly process retail, wholesale, and whole-tail lockbox payments. The system has been deployed in 21 locations at U.S. financial institutions processing multiple millions of monthly payment transactions.

RemitStream initially will install RIDS at its Southern California operations center. The third-party processor will implement RIDS at additional sites, as customer demand warrants; each RIDS installation will feed into the RemitStream backend system in Chicago, providing corporate clients with a common

output across the processor's nationwide lockbox network. RIDS also will create CD-ROM output of lockbox information for select corporate customers.

RemitStream represents VICOR's largest non-bank client and outsourcing provider.

"RemitStream Solutions expects its operations to grow at a considerable pace. We needed a vendor that shared our view of the future of payment processing and receivables management and a platform that could scale with our volumes, provide tremendous flexibility in terms of processing and customer service, and offer fail-safe reliability and dependability," stated *Anna Quinlan*, president of Chicago-based RemitStream Solutions (*Mike Dignen, VICOR, Inc., 610-524-5950, mdignen@vicor.com*).



**VICOR**

#### First Tennessee Bank Expands Into Virginia With First Horizon

As part of its nationwide growth strategy, Memphis, TN-based **First Tennessee Bank**, the nation's 31st largest bank, is expanding into Virginia under the name of its **First Horizon Bank** unit. Based in Fairfax, VA, First Horizon Bank, already the fourth largest mortgage lender in northern Virginia, is First Tennessee Bank's first major banking operation outside of its Tennessee base.

Long-time Virginia banker *Terrie Spiro*, most recently executive vice president of **Riggs Bank**, becomes president of First Horizon Bank. Spiro expects to have as many as six bank branches open by year-end. She said the bank will emphasize personal service and will offer an array of First Tennessee products.

First Horizon also expects to make selected community bank acquisitions in key markets nationwide (*Kim Cherry, First Tennessee, 901-523-4726, kccherry@firsttennessee.com*).

### Carreker Offers Customized Check 21 Readiness Program

Dallas-based **Carreker Corp.**, is offering a customized Check 21 Readiness Program for financial institutions and payment processors.

The program, already underway with selected banks, is designed to help participants realize their Check 21-related opportunities and minimize their risks. The program begins with an on-site workshop with specialized modules on operations, products, customer service, risk management, and lines of business.

The workshop is intended to help banks gauge their readiness and identify the areas

of greatest risk, competitive opportunity, and operational need. The workshop leads to the development of a strategic plan for Check 21 initiatives, and the program culminates with the execution of the plan in "good" time for Check 21.

The program, a service of Carreker's new Global Payments Consulting division, is being delivered by its top consultants in operations, imaging, technology, and fraud mitigation (*Ann Cain, Carreker, 972-371-1748, acain@carreker.com*).

### Despite Economy, CheckWorks Experiences Significant Growth

At a time when many software vendors are struggling financially, enterprise solutions provider **CheckWorks, Inc.**, has increased its business by 91 percent compared to 2002.

The Georgia-based company, founded in 1996, also has increased its full-time staff, adding to the more than 40 years of total industry experience held by current employees. To assist the company with its increase in workload and responsibility, CheckWorks also created a subcontracting staff of eight technical professionals working

full-time on software development and customization projects. The company also beefed up its support group, adding a dedicated mainframe, and maintaining two data centers with remote access.

*Allan Edmonds*, co-founder and president of CheckWorks, attributes much of his company's success to the push toward imaging over the past few years. Edmonds believes imaging will be an even greater issue going forward (*Nancy Bistriz, CheckWorks, 678-781-7229*).



## PRODUCT NEWS

### BANKLINK Adds Positive Pay To Its Cash Management Suite

New York-based **BANKLINK**, a unit of **Fiserv, Inc.**, is upgrading its suite of Web-based treasury management products to include a positive solution that financial institutions can use to combat check fraud and hike revenue.

Called *iLINK Positive Pay*, the product imports and creates files of checks issued. These files are aggregated on the BANKLINK server and extracted by the financial institution for processing by any accounts receivables processing (ARP) system. The ARP system reconciles the uploaded check issuance files against the presentment files and produces an exception file that is made available to corporate customers to make decisions on whether they want to pay the items or not.

"What makes iLINK Positive Pay different from other solutions is that it is designed to work with any ARP system and any format of customer's check issuance files," commented

*Ed Hansch*, vice president of product development at BANKLINK.

iLINK can be integrated into BANKLINK's iLINK cash management platform, which is targeted to the middle-market (companies with revenues above \$10 million) and large corporations. iLINK Positive Pay also can be bundled with other iLINK products, such as ACH Origination, Cash Concentration, Information Reporting, and Wire Transfer.

iLINK offers full branding capabilities, including a home page customized with the financial institution's own messages, product name, logo, and colors. Customer service and marketing support services are also available. iLINK products currently are used by institutions including **1st Mariner Bank**, of Baltimore, **Capital City Bank**, of Tallahassee, and **United Bank**, of Parkersburg, WV (*Cindy Golisch, BANKLINK, 847-229-1036*).



### Automated Check Cashing To Be Installed In More ATMs

**Tranax Technologies, Inc.**, which manufactures off-premises automated teller machines (ATMs), is partnering with **CashWorks, Inc.**, to support the automated cashing of payroll and government checks on all of its machines. The first Tranax models that support check cashing were introduced last month; in the coming months, the functionality will be expanded to all Tranax models.

CashWorks employs a clerk-assisted point-of-sale terminal as a transaction device, and an ATM already on-site in a retail location to accomplish the disbursement of funds. Since its launch last year, the CashWorks automated check-cashing solution has been installed in more than 500 sites nationwide (*Dennis Kraft, CashWorks, 972-448-3413, dkraft@cashworksinc.com*).

### Electronic Payments Network Defends Against ACH Fraud

The New York-based **Electronic Payments Network (EPN)** is offering an *Early Warning Fraud Detection Reporting Service* that gives financial institutions a weapon against the increasing number of incidents of fraud in the automated clearing house (ACH) network.

EPN's new reporting service has three reports to monitor specific types and amounts of return activity, looking for patterns of abuse. The reports cover: consumer-initiated transactions that have attempted to access a business account inappropriately; companies

that do not comply with **NACHA** rules or telemarketers with questionable business practices or fraudulent behavior; and originators who have tried to guess account numbers and originating companies with a high number of administrative returns.

Financial institutions can receive e-mail reports highlighting these patterns daily, weekly or monthly, providing them with data to identify, investigate, and address abuses as quickly as possible (*For more information, visit EPN's site at [www.epaynetwork.com](http://www.epaynetwork.com)*).

### Amex Expands Pilot of New "Contactless" Payment Product

**American Express Company** is expanding the pilot of its "contactless" key chain attachment payment device to include 175 merchant locations in the greater Phoenix area. The company began piloting the device last summer with its employees in Phoenix.

Called *ExpressPay*, the device is powered by radio frequency technology. Users hold the ExpressPay key chain attachment (or fob) next to a companion reader at a checkout to make purchases (readers work with existing POS systems). Payment is authorized in seconds,

and no signature is required. ExpressPay links directly to an existing credit, charge or debit card to fund the purchase. Charges are authorized and processed using the existing credit and charge card payment network.

Since the launch of the ExpressPay pilot, results show participating merchants have seen customer spending increase up to 30 percent compared to cash spending, while checkout time is reduced up to 40 percent (*More info about ExpressPay is available at [www.americanexpress.com/expresspay](http://www.americanexpress.com/expresspay)*).



## PEOPLE

### Bowe Bell & Howell Scanners Names First Product Specialist

Software engineer *Thomas R. Olsen*, a summa cum laude graduate of the **DeVry Institute of Technology** in Chicago, is the first product specialist for **Bowe Bell & Howell Scanners**, based in Lincolnwood, IL. Olsen will be the technical authority on the vendor's scanners.

Olsen's duties include providing pre-sales and post-sales scanner support by fielding end-user, value-added reseller (VAR), and independent software vendor (ISV) questions related to technology issues and system functions. Olsen also will be responsible for final test plans and configurations on new Bowe Bell & Howell Scanner products.

Olsen previously worked as a digital

integration manager for **U.S. Office Equipment, Inc.**, where he managed the Field Service Department and created a Digital Integration Department in the vendor's three branch offices. Olsen also worked for **3COM** as a software automation and test engineer.

In other news, Falls Creek, WI-based **Eau Claire Energy Cooperative** has gone live with electronic statement presentment and payment services managed and hosted by Bowe Bell & Howell. The service includes online account management capabilities for both Eau Claire's customers and customer service representatives (*Linda Kolios, Bowe Bell & Howell Scanners, 847-423-3209*).



### J&B Software Adds Two Managers To Support Strategic Focus

**J&B Software, Inc.**, has hired two senior relationship managers, *William Voros* and *Daniel Bolger*, to help lead the company's efforts to expand the business from its outsourcing and IT services. They are based in the company's Blue Bell, PA headquarters.

Voros has more than 17 years of experience focusing on clients requiring consulting assistance with complex business and technical solutions. His last position was principal and senior sales executive for **AMS's** Financial Industry Group, where he was responsible for managing client relationships

with several large customers, including a major investment company. Prior to AMS, Voros was a senior consultant at **Anderson Consulting** and a consultant for **Computer Sciences Corp.** and **OAI BancServices**.

Bolger has been involved in the sale of banking software, services, and business intelligence solutions for both **CoreTech Consulting Group** and **Sanchez Computer Associates**. He has worked with clients such as **SunTrust**, **Mellon Financial**, and **BankOne** (*Karen Kelly, J&B Software, 215-641-1500, karenk@tmsimage.com*).



### Ron Davis Joins CONIX Systems

*Ron Davis* is the new general manager of marketing and sales for **CONIX Systems, Inc.**, an item processing software and services provider based in Manchester, VT. During the past 30 years, Davis has held various management and marketing positions with **EDS**, **Hitachi Data Systems**, **Perot Systems Corp.**, and most recently, with **BancTec, Inc.**

At CONIX, Davis will assume responsibility for the marketing and sales of the company's products and services, and report directly to CONIX CEO *Mike Charles*. Charles said Davis was hired for his industry knowledge, track record in creating customer loyalty, and ability to build strategic alliances (*Adriane Esquivio, CONIX, 877-332-1853, ale@conix.com*).

### ICBA Tabs New Vice President

The **Independent Community Bankers Association** (ICBA), of Washington, D.C., promoted *Paul McGuire* to vice president of state and regional operations and membership strategy. McGuire is responsible for oversight and supervision of all ICBA regional calling officers, and for developing recruitment and retention strategies. He also will work with ICBA's 40 affiliated state and regional associations. Since joining ICBA in 1997, McGuire has helped foster stronger relations between ICBA and its state and regional associations, and has been key in building ICBA's regional calling officer program (*Paul McGuire, ICBA, 800-422-8439*).





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... Netherlands-based **ABN AMRO**, the 16th largest bank originator of automated clearing house (ACH) payments, is the newest member of **NACHA**, headquartered in Herndon, VA. NACHA now has 37 members consisting of 21 payments associations and 16 financial institutions. Eleven of the 18 largest bank holding companies are members of NACHA (*Michael Herd, NACHA, [mherd@nacha.org](mailto:mherd@nacha.org); Kimberly Williams, ABN AMRO, [kimberly.williams@abnamro.com](mailto:kimberly.williams@abnamro.com)*).

... Following an evaluation of four outsourcing vendors, New Jersey-based **NVE Bank** signed a long-term, multiple services outsourcing agreement with **BISYS Banking Solutions**, a unit of **BISYS Group, Inc.**, in New York. BISYS will provide the bank deposit and loan processing, commercial and business services, electronic and Internet banking, financial services, network services, and business intelligence solutions for profitability analysis, marketing, and data warehousing. NVE President *Robert Monteith* said the bank selected BISYS based on its breadth of products, and the involvement of its senior management early in the selection process (*Dennis Jones, BISYS, 704-541-9448, [dennis.jones@bisys.com](mailto:dennis.jones@bisys.com)*).

... **1-800-DryClean**, headquartered in Ann Arbor, MI, selected the *CompleteBilling* suite of billing services from Princeton Junction, NJ-based **Billtrust** as its preferred outsourced billing solution. 1-800-DryClean has begun offering the *Complete Billing* suite to its franchisees throughout the United States. Instead of printing invoices and statements in-house, 1-800-DryClean franchisees now can electronically transmit invoices and statements to Billtrust for preparation and distribution via the **United States Postal Service** (*Flint Lane, Billtrust, 609-580-0050, [flint@billtrust.com](mailto:flint@billtrust.com)*).

## Alogent: POS Check Conversion Gets Cold Shoulder From Retailers

Shortly after rules for point of sale (POS) check conversion were formalized in 1999 (POP standard entry class code), adoption by merchants and the number of converted checks grew at impressive rates. But since then, growth rates have slowed considerably, with merely 1 to 2 percent of the 12 billion consumer checks written at the point-of-sale converted in 2002, according to **NACHA**.

Why hasn't POS check conversion grown more rapidly? Large, multi-lane merchants simply aren't adopting, according to **Alogent Corp.**, based in Alpharetta, GA. To a very real extent, adoption has been limited to small and mid-sized merchants, the back-office solutions vendor notes. Barriers to adoption cited by retailers polled by Alogent include:

### POS/Imaging Hardware Cost

Merchants insist on having check images to assist collection of return items, even though not required by NACHA rules. Integrating such image capture devices into point-of-sale

terminals can be an intrusive and costly requirement.

### Consumer Authorization

NACHA rules require written consumer authorization for POS check conversion, similar to credit card authorization. For retailers without electronic signature pads, this means another piece of paper.

### Education and Training

POS check conversion can be confusing for high-turnover checkout personnel and for consumers. Worst yet: inadequate training translates into high return rates and slows down checkout lanes.

### Multiple Processes

A very small percentage of checks may be converted to real-time debit, some will be converted to ACH, and some must be sent through traditional paper-based check clearing systems – potentially an audit hassle.

### Limited Item Eligibility

The strategic decision of investing in a system only able to convert a fraction of the check volume is questionable to many merchants, Alogent reports (*Susan Barclay, Alogent Corp., 770-752-6362*).



### POS Check Conversion Adoption Barriers

- Up-front investment
- High maintenance cost
- Checkout lane impact
- More training burdens
- Problematic returns

Source: Alogent Corp.