

Overview

Financial institutions, banking offices, credit unions—they all offer their customers a variety of unique financial services, but the single most mission-critical activity they share is the processing of check payments.

In the past, checks were processed using a centralized system. Once received at bank branches and ATMs, checks were physically transported to an operations center for back-end processing (encoding, proofing, balancing, and sorting) using large check transport equipment. Then they were physically returned to the customer with monthly statements or sent back to the banks if the checks didn't clear. Centralized processing was prevalent during the decades of the mainframe because it achieved great economies of scale. But today this method has evolved due to a number of factors, including the advent of imaging technology and the enactment of Check Clearing for the 21st Century Act (also known as "Check 21").

The Check 21 Act is intended primarily to facilitate check truncation and foster innovation in existing check payment systems, without necessarily mandating receipt of checks in electronic format. The Check 21 Act is also expected to encourage financial institutions to transition from the old method of transporting and centrally processing physical checks to a new method of decentralized, electronic processing of check images. The voluntary adoption of accepting check images offers many time- and cost-savings that, in turn, accelerate the check clearing cycles, increase investable funds, and help to reduce fraud.

The Canon CR-180 Check Transport is the vehicle financial institutions are using to implement this new method and workflow of check processing. The CR-180, an affordable, reliable, and compact check capture system, is ideal for today's various check truncation applications, ranging from basic check imaging and data capture to more advanced Check 21 solutions. An integral part of electronic data transfer or exchange, the CR-180 offers an easy way to improve customer service and reduce those costs associated with check handling while minimizing the risk of damage or loss from the physical transfer of checks.

The Canon CR-180 Check Transport has been tested by many of the industry's leading check and remittance processing solution providers for compatibility with their software applications.

The diverse sets of functionalities provided vary in the different market-places, ranging from basic stand-alone check imaging and archival applications to the most complete suite of Check 21 processing solutions.

The ideal combination of the Canon CR-180 and these innovative software solutions is implemented throughout bank branches. It is often integrated with back-end core processing applications and infrastructures already in place, where the CR-180 device's compatibility with the front-end applications becomes a mission-critical step within the bank's existing check processing workflow. Some of the major features and functions that these applications typically provide include the following:

Microfilm Replacement – Applications primarily capture images—together with MICR data—from physical checks, and store the digital images on a PC or other storage media. This process eliminates microfilm and improves the traditional and inefficient way microfilms are developed, handled, and searched to retrieve analog check images.

Branch/Distributed Capture or Remote Capture – Applications of these categories capture images and MICR code-line data of paper transactions at branch locations throughout the day, and then transmit them to a central location for data completion, encoding, and control. Other recent applications are also designed to move many of the formerly centralized processes toward the transaction source, where they are balanced and completed, even at the branch level.

Lockbox/Remittance Processing – Collection agents, banks, or third parties use these applications to perform check conversion functions with check payments originated from mailed-in remittances, accelerating the collection of payments. These payments are captured as electronic images and collected into the database for processing.

Teller Automation – Applications integrate the image capture, data entry, balancing, and transaction acceptance of check processing into a financial institution's teller system. This eliminates redundant manual data entry, often thanks to the industry's latest recognition technologies such as OCR, ICR, CAR, and LAR.

Web-based Solutions – Applications provide the financial industry with online, Web-based imaging solutions for processing and viewing of checks and associated documents based on an in-house or outsourced Web-enabled image archival infrastructure.

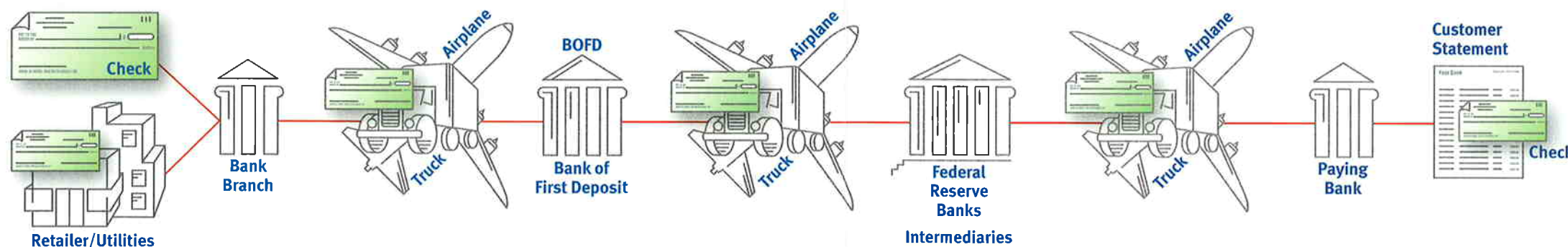
Check 21 Solutions – Capture check data, sort checks, verify, balance, complete, save or transmit data, and prepare various electronic statements as provisioned by Check 21 requirements and regulations. The CR-180 helps to accommodate either central or distributed check processing needs and readiness of banking or other financial organizations.

BENEFITS OF CHECK IMAGING:

- A "float" is the dollar amount of items outstanding and in the process of collection from banks; also called uncollected float. Float benefits occur when funds become available faster for banks due to the new legal framework for electronic transmission of check data that is provided by the Check 21 Act.
- Streamlines electronic collection and processing of checks. This efficiently detects and prevents potential human errors and fraud as a result of less physical handling, fewer transit delays, and faster clearing times.
- Eliminates paper-handling and transportation costs, including traditional microfilm costs and processing, postage, space, proof equipment, maintenance, and courier costs.
- Reduces labor and other operational costs, such as proof keying, power encoding, managing bulk file, statement preparation, and item research.
- Allows banks to move toward 24/7 real-time operations through enabling continuous processing.
- With Check 21, banks can now truncate checks with or without prior agreements to exchange electronic check data with other banks. For those banks or customers requiring physical checks, the banks can create and provide substitute checks, also called Image Replacement Document or IRD, instead. The banking industry has estimated significant savings from the truncation of checks, even at the cost of generating substitute checks.
- Eliminates operational burdens and time spent involving return processing—no more physically sorting through all the checks to find those few items that need to be returned.
- Improves customer service—faster deposits make for happier customers.

BEFORE

Checks were received from customers at bank branches and then physically transported by air or truck through the various stages of check processing where they were finally sent back to the originator in monthly statements once cleared.



AFTER

Today, bank branches can scan checks into images at the branch location and submit images along with check data throughout the various stages of check processing. An image, instead of the original check is returned to the customer in monthly statements.

