



CLIENT LOGIN

TREASURY RESOURCES

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This presentation was originally
given by:

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Moneygram

At the EXPO L.A. Symposium 2005

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RCK, ARC AND REMOTE DEPOSIT CAPTURE

The Brave New World

of the

Post-Check 21 Era



Tomorrow's Treasury Today



MoneyGram
International

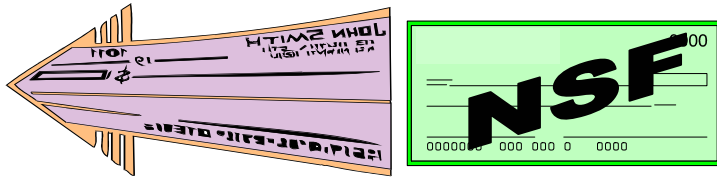


The Path Toward Electronification

- **1995 NACHA established Electronic Check Council (ECC) to develop ways for checks to be processed and collected using electronic payment networks**
- **2003 Check 21 was signed into law**
- **2004 October- Check 21 is effective, IRD acceptance is required**



What is RCK?

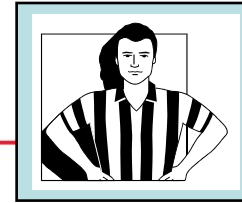


RCK

A debit entry initiated for the purpose of collecting a paper check that has been returned for insufficient funds.



ACH Rules for RCK



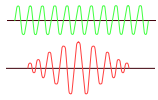
- Face Value Amount of \$2,500 or less.
- Check is Drawn on a Consumer Account.
- The Check Indicates on the Face it was Returned for “NSF” or Uncollected Funds.
- **Clearly and Conspicuously State the Terms of the Represented Check Entry Policy in Advance of Receiving the Check.**
 - **Clearly Displayed on a Sign.**
 - **Clearly Displayed on or with the Monthly Billing Statement.**

Third-Party Service Providers

Who, What, When, Where, How and Why

- Offers a number of processing services, which typically include other core electronic processing services (payroll, remittance, etc.)
- Prepares the ACH entries for the corporation.
- Delivers the ACH entries to the corporation's financial institution or directly to the financial institution's ACH processor.
- Allows the corporation to use the ACH without originating the transactions.



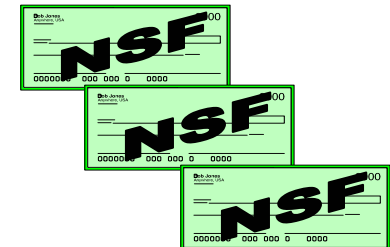
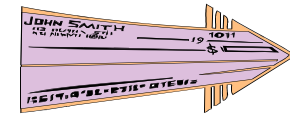
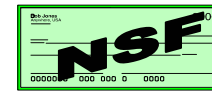


RCK Participants

Represented Check Entries RCK (SEC)

- Provides Notification of the Use of Electronic NSF Representation.
- Initiates the ACH Entry by Converting the NSF to an E-Check.
- Transmits the ACH Entry *Bank Service or Third Party Service Provider*
- *Provide software to electronically reprocess NSF checks.*

Originator Team



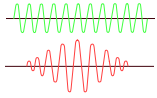
Originator



Holder

Originating Depository
Financial Institution
(ODFI)

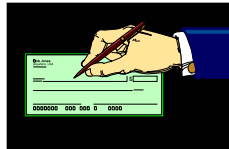
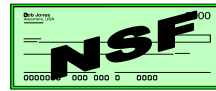
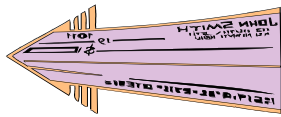




RCK Participants

Receiver Team

Represented Check Entries RCK (SEC)



Receiver

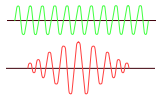
Drawee



Receiving
Depository
Financial
Institution (RDFI)

- Receives Notification of the Use of Electronic NSF Representation.
- Posts the Amount to the Receiver's Account **OR** Returns the RCK as an NSF.



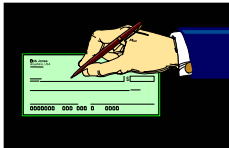


RCK Processing

Receiver Team

Originator Team

Processes the ACH Entries



Receiver



Originator

Drawee



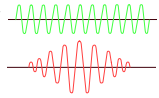
ACH Operator



Holder

Originating Depository Financial Institution (ODFI)

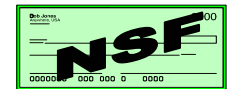
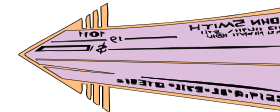
Receiving Depository Financial Institution (RDFI)



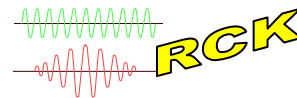
RCK



RCK

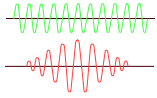


Bank Service or Third Party Service Provider



MoneyGram International

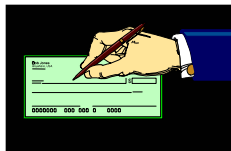




RCK Processing

Receiver Team

Originator Team



Receiver



Originator

Drawee



Holder

Receiving Depository
Financial Institution
(RDFI)

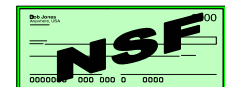
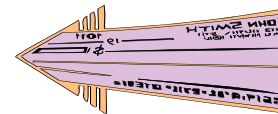
ACH Operator

Originating Depository
Financial Institution
(ODFI)



Completes the
Settlement
Process

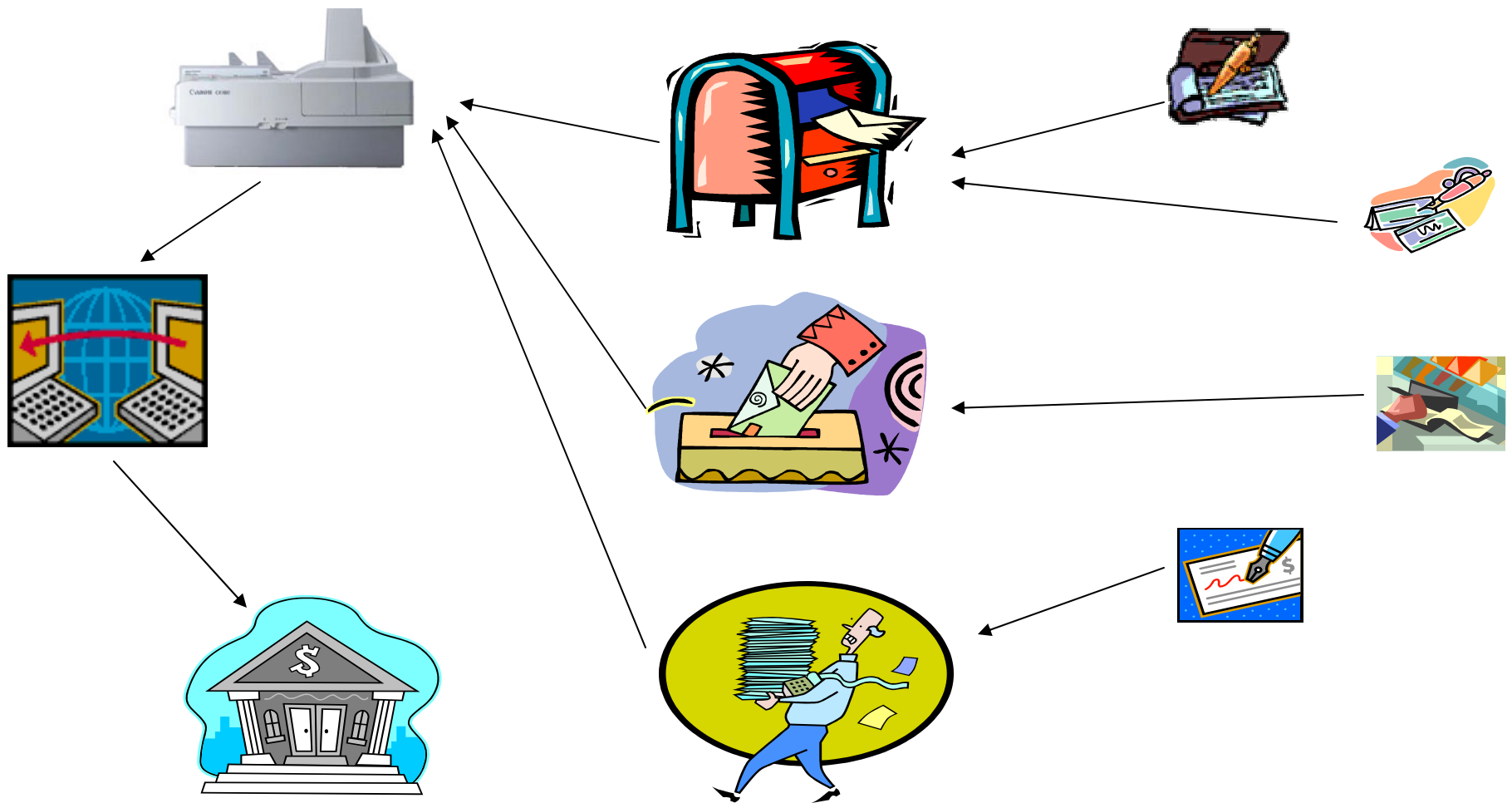
Bank Service or Third Party
Service Provider



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ARC and Remote Deposit Capture



WHAT'S THE BUZZ?

- According to the Federal Reserve, there are approximately 35 billion checks clearing through the banking system, although this number is declining about 1.5% per year.
- In Q3 2004, ARC transactions exceeded 266 million payments... a 500% increase over the same period just one year earlier!
- Banks – national, regional and community-based are all getting into the game! A news release just about every week.
- *Regarding Remote Deposit Capture, one major U.S. bank explained "It will provide us with the ability to take deposits" from corporate customers that are "not within our footprint."*



HOW DO I GET TO PLAY?

THERE ARE 3 PRIMARY WAYS TO PLAY



- **Build your own solution**







- **Buy a ready-made solution and customize it to meet your needs**



- **Partner with an existing provider**

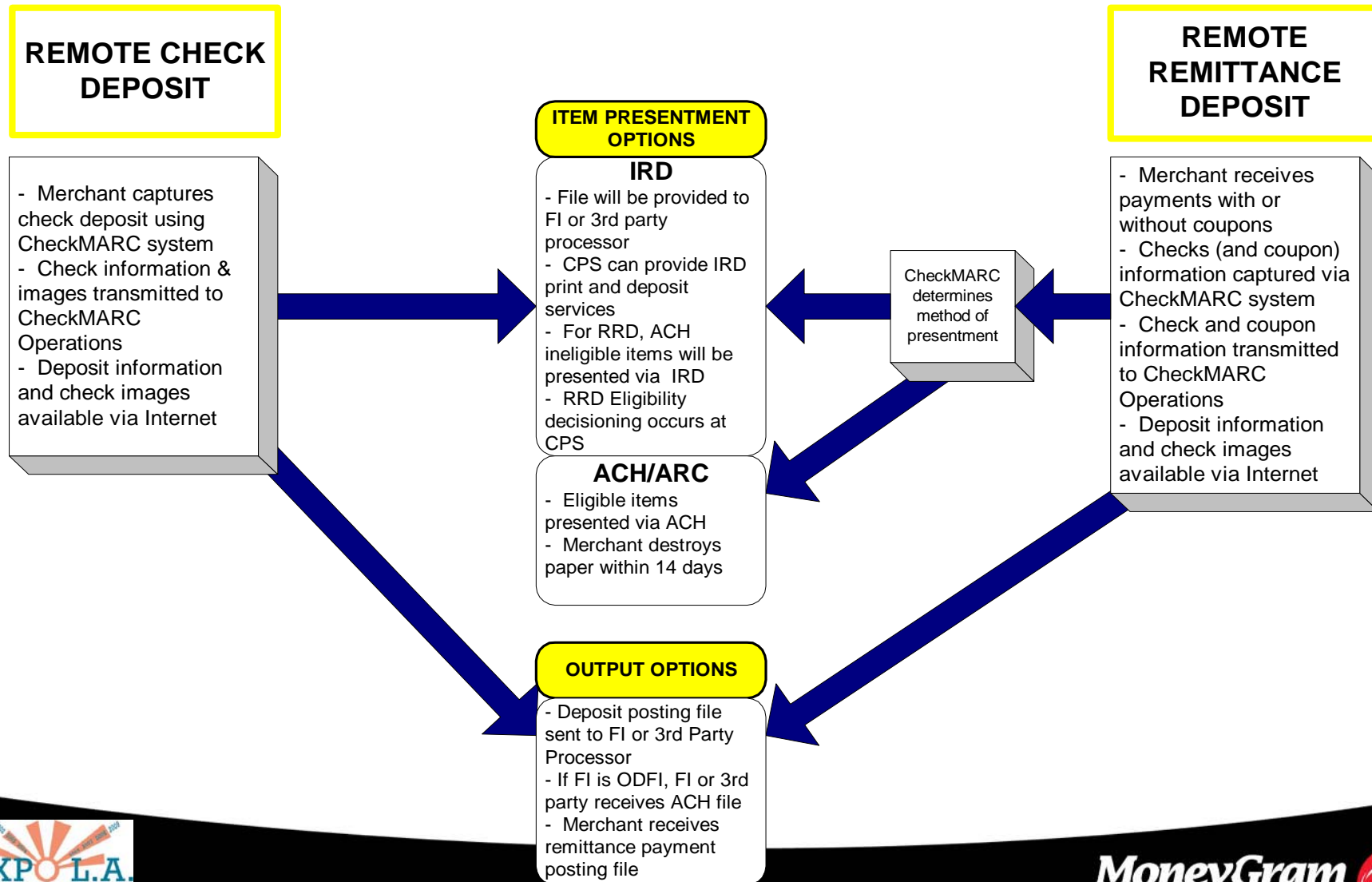


HOW DOES IT WORK?

-  PC based software and scanner installed at the corporate client location (“thick client”) or ASP model resident at host site (“thin client”)
-  Corporate client scans checks and transmits deposits electronically to their financial institution
-  “Hybrid” systems supports capture of all payments, including mailed-in or drop box payments AND routine check deposits
-  Eligible items are converted into ACH debits and IRDs are created for all other items



CheckMARC Service Options



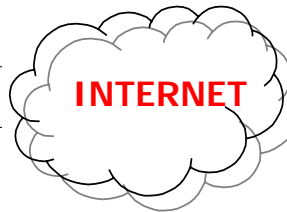
CheckMARC Remote Check Deposit

Merchant's Location

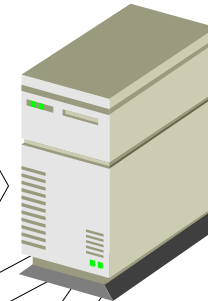


Merchant captures check deposit using CheckMARC system

Check Information and Images transmitted to CheckMARC Operations



CheckMARC Operations



- IRD Print File provided to FI or 3rd party processor OR
- CheckMARC Operations can print IRD documents
- Deposit posting file sent to FI or 3rd party processor



Deposit information and check images available via Internet

Merchant's Bank



**MoneyGram
International**





PROCESSING OPTIONS

REMOTE CHECK DEPOSIT OPTION

- Checks received at corporate location (POS, mail-in or drop box)
- Scanned locally at the corporate location
- Data and images are transmitted to CheckMARC processing center





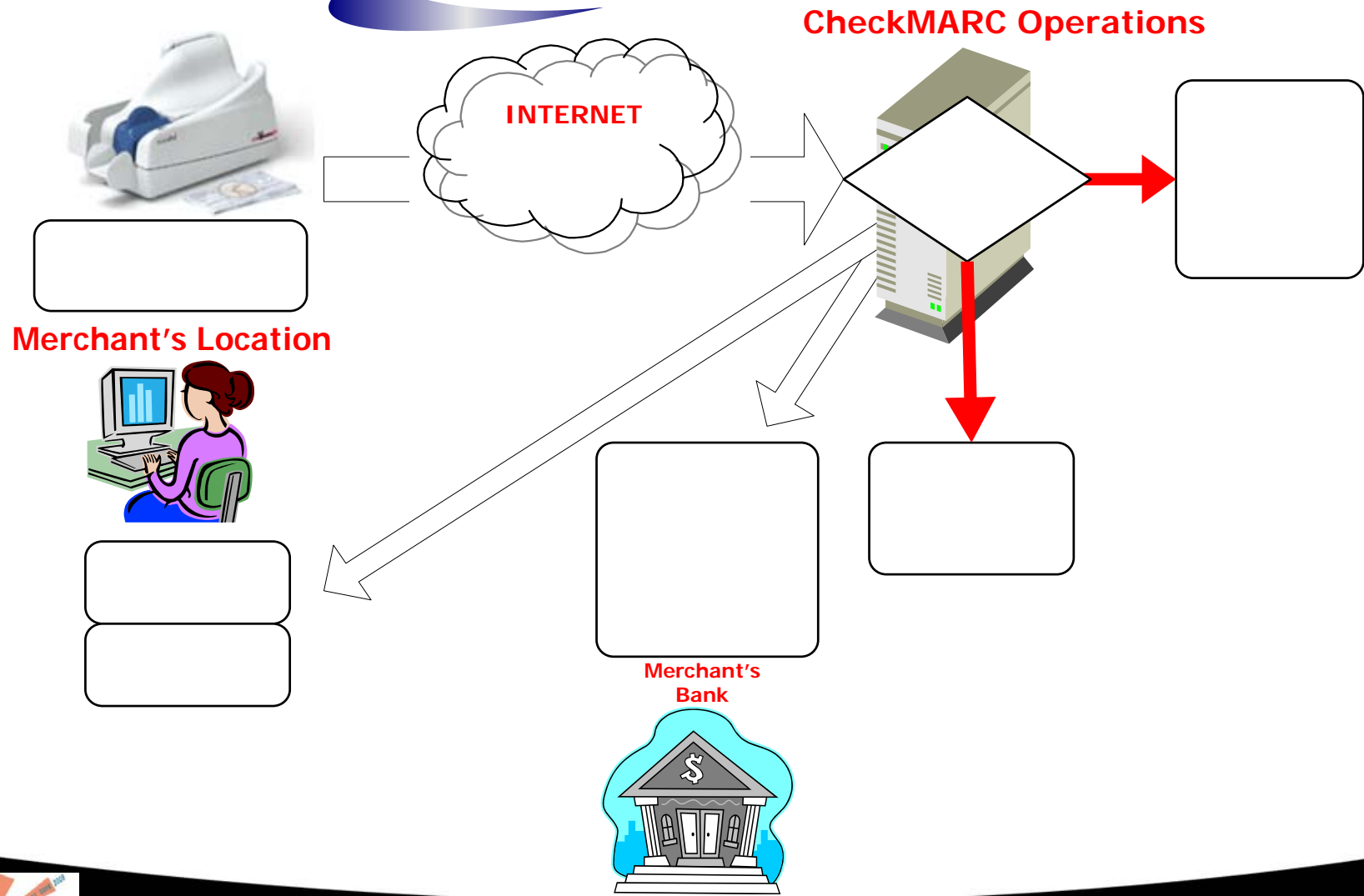
PROCESSING OPTIONS

REMOTE CHECK DEPOSIT OPTION

- Character Amount Recognition (CAR) and Legal Amount Recognition (LAR) technology, Image Inspection, Code line validation, Balancing
- CheckMARC quality and key validation
- CheckMARC creates IRD file or sends to 3rd party print vendor
- Images of checks stored at Viewpoint archive with Internet access



CheckMARC Remote Remittance Deposit





PROCESSING OPTIONS

REMOTE REMITTANCE DEPOSIT OPTION

- Checks mailed in or placed in a drop box as payment and may or may not include a coupon
- Checks and coupons scanned locally at the merchant site





PROCESSING OPTIONS

REMOTE REMITTANCE DEPOSIT OPTION

- CheckMARC will determine which checks are converted to ACH (working with FI client on initial set-up)
- CAR/LAR technology, Image Inspection, Code line validation, Balancing, Data and images transmitted, Quality and key validation
- ACH items submitted, IRDs printed and sent
- Posting File created and delivered to merchant if required





BENEFITS

TO THE FINANCIAL INSTITUTION

- Retain and grow client relationships
- Attract new deposits, not bound by geography
- Low entry cost and effort for FI to offer state of the art product
 - Speed to market
- Compete against larger institutions





BENEFITS

TO THE FINANCIAL INSTITUTION

- Service can be private-labeled (“branded”) to appear as FI’s own offering
- IRD print and ACH Origination options available (dual functionality in one vendor relationship)
- Decrease paper-driven costs and cost of other internal processes





BENEFITS

TO THE CORPORATE CLIENT

- Reduce trips to FI to make deposits
- Potentially expand banking day
- Reduce manual updates to Accounts Receivable (Remote Remittance Deposit)
- Earlier NSF notification, reduced number of NSF items for ACH items (Remote Remittance Deposit)
- Utilize stop payment feature (Remote Remittance Deposit)





MERCHANT REPORTING

CLIENTS WILL HAVE ACCESS TO:

- Deposit summary and detail by day, location and deposit
- IRD items
- ACH items
- View check images at transaction level
- ACH returns
- Monthly statement
- Reject report/ Stop File Report





WHAT TO LOOK FOR IN A PROVIDER

- ✓ **Centralized Deposit and Remittance processing support with core offering**
- ✓ **Current or planned ASP model**
- ✓ **CAR/LAR and OCR technology as standard components**
- ✓ **Delivery of posting file for merchants AR system**





WHAT TO LOOK FOR IN A PROVIDER

- ✓ **Image inspection at the client site and central site to reduce error rate**
- ✓ **Free retrieval of images for customer for 24 months, stored at secure site**
- ✓ **Dual IRD and ACH presentment availability**
- ✓ **Ability to create both IRD and ACH origination files**





WHAT TO LOOK FOR IN A PROVIDER

- ✓ **Strength, reputation and expertise of the provider and their business partners**
- ✓ **Ability to support multiple remote imaging devices according to client demands**
- ✓ **Scalability of solution; ability to handle growth curve**



RCK, ARC AND REMOTE DEPOSIT CAPTURE



QUESTIONS???

