

CREDIT UNION TIMES

OPINION

Image Exchange: It's Still About the Member

The advent of Check 21 item processing is causing credit unions to examine changing from obsolete microfilm and imaging systems that they implemented 10 or even 20 years ago. Credit unions that are evaluating moving to Check 21 for image exchange most often will rely on their CFO or back-office operations people to evaluate the options and make recommendations.

Most credit union CFOs now understand the benefits to be gained by moving to Check 21 technology. Elimination of courier costs, reductions in float and the ability to jettison old, unreliable and expensive-to-maintain equipment are all reasons to entertain making a move to Check 21. The handwriting is on the wall. Within the next few years ALL credit unions will discard their obsolete methods of collecting and managing deposited items. Microfilming, copying and scan-

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ning of checks will just go away! The electronic check truncation legislation, commonly referred to as Check 21, that went into effect in October of 2005 has raised the playing field to a new level.

Elimination of tedious and time consuming balancing and cash letters combined with the benefits mentioned above are tugging at credit unions to get with it and move to Check 21. It is not a question of will it happen, but one of when will it happen.

Before making a decision on which way to go for Check 21, credit union CFOs need to also consider the potential that Check 21 offers for improving member service. Real enhancements in member service can be achieved as credit unions move into the exciting world of Check 21. Therefore, the CFO must take the time to focus on what Check 21 can do for their members. It is crucial that improved member service be made the No. 1 criteria for selecting a Check 21 solution.

Members can benefit in several ways if credit unions take care to implement Check 21 using improved member service as their most important criteria. All credit unions want to improve member service. But most credit unions do not associate item pro-

cessing with member service.

A Check 21 system that is implemented with member service in mind can reduce check holds, avoid the processing of fraudulent items, coupons and other non-negotiable items and eliminate a high percentage of returned items at the very beginning of the transaction. Tellers will be able to interact with the member during the transaction to catch items that otherwise have to be resolved several days later. Finally, huge improvements in fraud detection can be made which allow the teller to make the member aware that an item that they think is a good check may in fact be a fraudulent item. Bad checks that are not caught until several days later may cause the members' account to be overdrawn.



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Improving member service with Check 21 begins with making the decision to replace branch batch capture of items with item capture at the teller line. Capture, editing, balancing and transmission of all deposited items at the teller line, during the teller transaction, is the answer to improved member service. This is the only way to allow for person-to-person interaction with the member concerning the worthiness of the items being presented by the member to the teller. By capturing and immediately transmitting the items, float becomes a thing of the past and check hold times can be substantially reduced. Finally, check images

Special Report Opinion

can be electronically stapled to the electronic teller receipt in credit unions using electronic receipt management software. All of these elements enhance member service and as a byproduct reduce costs in several areas for the credit union.

For example, imagine a member walking up to Edna, her favorite teller. Edna scans three checks presented by the member. One is actually a coupon, but the Check 21 software detects this and notifies the teller.

“Mrs. Edwards, this check is actually a coupon and is not something that you can deposit,” says Edna. “Why Edna, you are so sharp! How did you pick that up? This will save me a lot of confusion and frustration and you won’t have to call me next week to let me know about this item being adjusted from my balance.” I would say that is a step forward for member service and I would be willing to bet most members would agree.

Credit unions have choices when

selecting a Check 21 solution. What scanners, what software and which vendor come to mind as some of the obvious choices. But the most important decision is do they capture checks at the end of the day in batches at the back of the branch office, as they have always done, or do they capture checks in real-time at the teller line during the teller transaction. If improving member service is their overarching priority, the credit union should choose teller capture every time.