

Check 21

white paper

Check scanning equipment has been developing for quite a few years. But in this new age of breakthrough technology, it seems pointless and almost negligent to continue the practice of processing paper checks: especially when this system is time-consuming (to enter data and pay the check amounts), labor-intensive (for tellers and for transporters of checks to the banks they are drawn on), space challenging (for storage and archiving of paperwork in clearing houses), fraught with inaccuracy and error, and prone to fraud.

Research in the United States claims that electronic check imaging and scanning can save banks billions of dollars every year, simply by streamlining the process of check processing and improving efficiency and accuracy. Giving tellers more time to service their customers. And satisfied customers mean improved customer loyalty and spending.

In other words, electronic scanning of checks can save valuable time, and reduce the chance of error or the incidence of fraud. This adds up to staggering savings for banks – as well as increased revenue opportunities. Both possibilities are too important to ignore.

The United States has now passed legislation, known as Check 21 ('Check Clearing for the 21st Century Act'), which enables all banks and financial institutions to replace paper check processing with electronic images. This paper processing has all but been phased out in many parts of Europe, and now America is preparing to follow suit and reap the same rewards this efficient new system allows.

Why Check Imaging?

We all know the saying 'time is money'. Well, the time it takes to enter check data, process, deposit or pay funds, archive and access paperwork could be better utilized to service customers' other financial needs. Staff can be allocated to other money-generating tasks rather than tedious check processing - so essentially, a bank's productivity immediately increases with the use of electronic check imaging.

Automating the check clearing process frees up tellers and other bank staff, it provides speedy resolutions and makes customers happy - there's less chance of error when manual input is no longer necessary.

It gives those who adopt this system a clear advantage over competitors and other financial institutions.

The world's first check scanning keyboard manufactured by the On Products Group is called Keymax CheckScan 1 - and has revolutionized the check scanning process by providing a small, compact, ergonomic and multifunctional keyboard that can literally be installed into any counter space where transactions take place.

BANKING TELLER

Simply in banks when a customer hands over a check or multiple checks for processing, the bank teller simply scans the check(s) through the Keymax Check Scan keyboard. This allows the efficient seamless clearing and processing of checks. Images of the checks can be transferred automatically and electronically to the Paying bank and approval and deposit can be achieved instantly without leaving the spot.

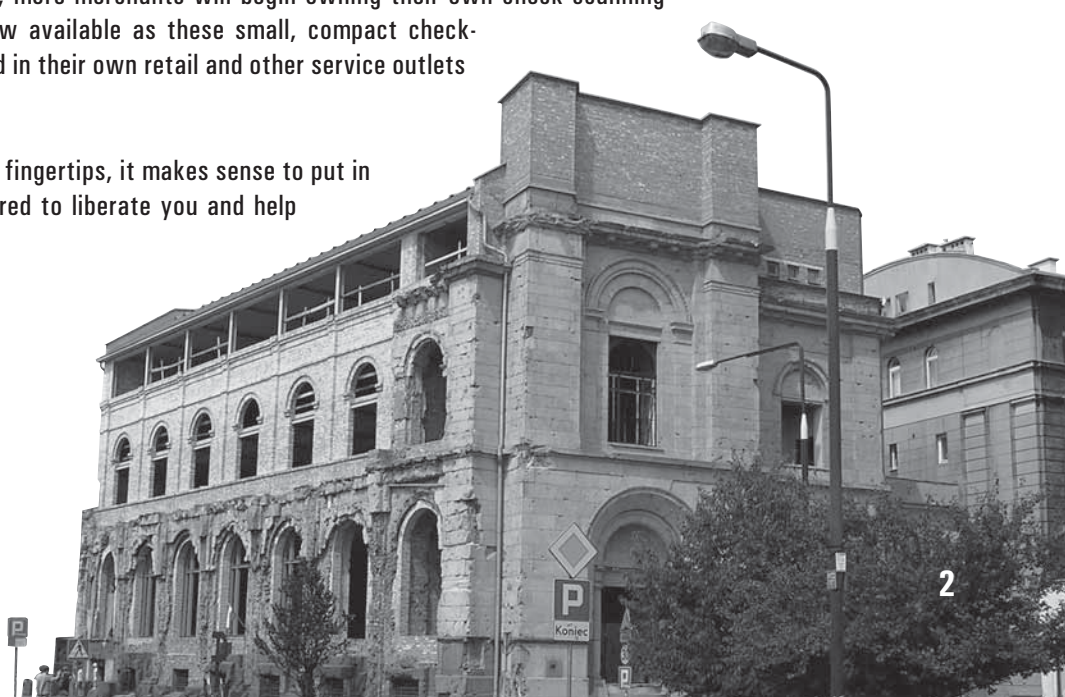
MERCHANT APPLICATIONS

Similarly merchants who accept checks as payment can do the same thing. When a customer hands them a check, merchants can simply scan it with their own check-scanning keyboard and then the relevant bank can process it electronically. So in effect, merchants won't have to travel from one area to another to process checks or wait in queues for teller service. The savings are exponentially increased when multiple stores of one organization utilize check technology.

Check scanning also decreases the time it takes for checks to clear so funds are available faster, and if a check is dishonored the merchant can chase payment as soon as they are notified which is normally within hours of the scan.

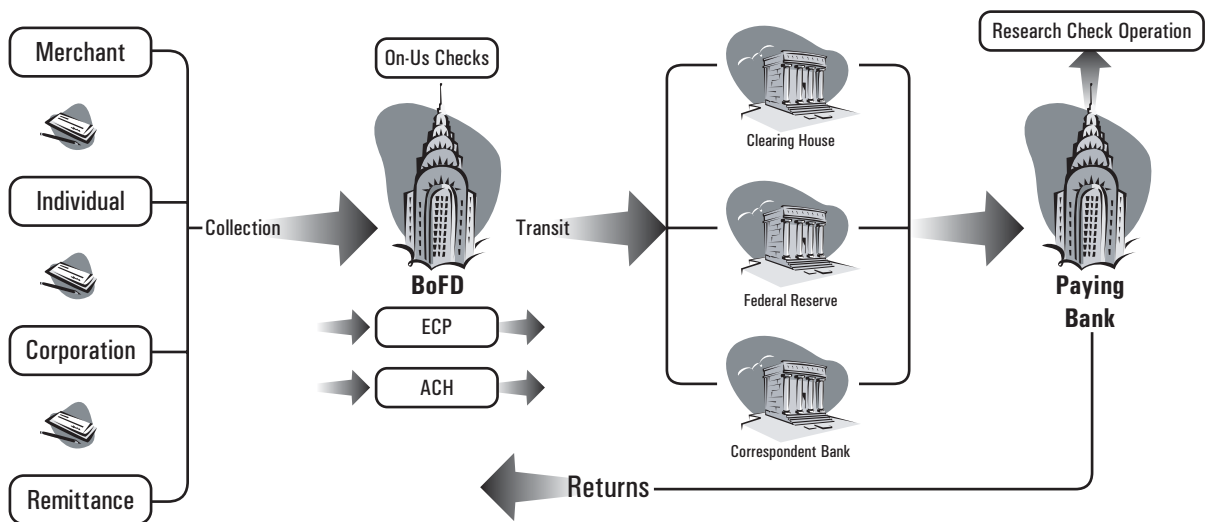
With the time and cost savings implied, more merchants will begin owning their own check scanning equipment - especially as they are now available as these small, compact check-scanning keyboards that can be installed in their own retail and other service outlets as well as in the banks.

With this type of technology now at our fingertips, it makes sense to put in place the software and hardware required to liberate you and help you enter the 21st century of banking.



How does it all work?

The act of processing and clearing a check manually is both time consuming and costly. A lot of physical shipping of paper needs to take place for this to happen.



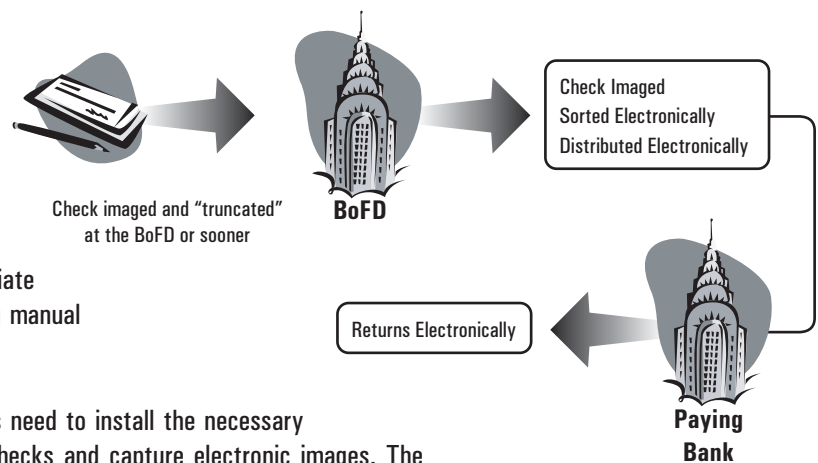
The current procedure involves depositing the check physically into your bank, or presenting the check to the originating bank in order for the payee to 'cash' it or receive funds. The complex clearing system that has been in place for so many decades means that checks need to be transported from the bank of first deposit to the paying bank – checks are processed, sorted, and physically transported over a period of days – as opposed to a matter of hours with the check scanning process.

In this transit stage of transporting checks, further sorting is involved in clearing houses until the check reaches its final destination – the paying bank. Along the way, this drawn-out process can be fraught with error, loss, fraud, and much waste of time and labor. Where 'bounced' checks can be detected almost immediately with electronic processing, it can take up to seven days with traditional check-clearing procedures. It is too much of an antiquated and hazardous method of check clearing for such powerful, national and multinational financial institutions to continue.

That's where check 21 changes everything.

To cut these costs down, and ensure that economies do not stand still if transportation is grounded, governments have enabled banks or financial institution to truncate electronic check processing, and if necessary create a substitute check from the electronic image. The check could then be sent electronically to the originating bank for clearing, processing and settlement.

The new system of processing checks simply allows a check to be scanned electronically into a digital image either at the merchant end or at the bank's teller. When a check is scanned it then becomes the legal check – replacing the paper one - and can then be sent for electronic processing from the Bank of First Deposit to the Paying Bank for immediate clearing, cutting out a huge number of steps: including manual sorting or the need for any type of transportation.



To do this, banks, financial institutions and merchants need to install the necessary hardware and software which allows them to scan checks and capture electronic images. The equipment would sit at the teller window or desktop and be the first and last stop for the paper check before it is scanned and everything becomes automated.

As soon as the scanned image is captured and all data clearly recorded, the paying bank can be sent the image check instantly, making funds available to the payee straight away. Likewise, bounced checks can be identified within hours. Checks can be archived electronically rather than in storage warehouses or clearing houses, can be accessed immediately by the bank or even the customer online.

And with fraud checking now at the bank end, the process of check clearing is then fully automated.

BENEFITS OF CHECK SCANNING

- ➔ Fast check clearing: checks are scanned instantly and accurately and approved as quickly as it takes for one bank to send an image of the check to another electronically. No more planes, trains and automobiles required.
- ➔ Client have access to funds faster. Faster clearance means faster payment.
- ➔ Merchants are aware quicker if Checks "bounce"
- ➔ Frees up teller time. Allows the teller to focus on other roles and other products in their financial to offer to their clients, rather than tedious, time-consuming task of processing checks manually.
- ➔ Stops the huge amount of time and money spent on processing checks after hours
- ➔ Allows checks to be stored electronically for archiving purposes, rather than the physical storage in clearing houses.
- ➔ Removes the need to send transport checks for processing hence reduces costs of check processing
- ➔ Allows banks to place copies of checks for their clients to view on the internet, hence reducing costly time consuming questions in regards to checks.

The KeyMax check-scanning devices provide: _____

Clear, sharp images. Keymax CheckScan 1 provides, sharp, clearly defined images in either full colour or grayscale, at a scanning resolution of up to 600 dpi and double sided. Image output is available in BITMAP, JPEG, TIFF, Group IV Compression or JPEG 2000. Tellers can easily scan checks directly from their desktop, allowing fast, easy processing and clearing. Merchants can also process checks from the one unit without the need for an extra check scanning device or a trip to the bank. These images can be exchanged or forwarded electronically by banks or merchants or other financial institutions; they can be printed or used as substitute checks in place of the paper copy. Full automation makes Keymax truly liberating.

MICR reading. Keymax CheckScan 1 also offers MICR (magnetic ink character recognition) reading in a single pass – either CMC7 or E13B. It ensures accurate data entry of checks and eliminates operator errors. MICR are the magnetic numbers near the bottom of the check – which identify the bank the check is drawn on, the account at that bank, the amount of the check and other vital details – and so it is crucial that the scan recognizes this data immediately and flawlessly.

Optimal Character Recognition. Keymax CheckScan 1 also offers OCR - allowing you to read and scan different forms of data, including information printed using non-magnetic ink. While codeline information is usually printed in magnetic ink, it is essential to use a keyboard that offers both options.

Easy Scans. Keymax CheckScan 1 scans checks quickly in a single pass and accurately – eliminating errors from manual data entry and reducing fraud.

Multifunctionality. Keymax Checkscan 1 not only scans and processes checks, it enables the electronic transfer of check images and the storage of check data. It also enables a host of other vital functions in its compact, user-friendly design, including –

Biometric Scanning. This is the ultimate form of unique ID and an option in the Keymax range. Simply, the user must satisfy fingerprint ID recognition, before being allowed to perform secure tasks – giving banks and merchants peace of mind.

Smart card. Smart card readers and writers are available on the Keymax keyboards, allowing the operator to be easily recognized and free to perform the tasks required. These highly intelligent devices also assist in reducing fraudulent transactions. Smart card readers are an essential requirement, especially with EMV compliance becoming mandatory worldwide.

Why is now the time to get automated? _____

The purpose behind Check 21 was to keep the wheels turning when it came to the processing of checks. A national crisis, storm or other disaster could bring check processing – and hence the availability of funds – to an absolute standstill, especially since a large part of the process involves the physical transportation of paperwork through rain, hail or shine, right across the country.

However as well as improving efficiency around America, the benefits suddenly became very real not only to customers but to the banks, merchants and institutions who service them. Because by converting checks into electronic images and transferring them to any bank or institution instantly, clearly and legally with the press of a button, suddenly time, effort, error, loss, misplacement and costs are all virtually eliminated.

Checks can be cleared by sending or exchanging images or IRDs (Image Replacement Documents), rather than sending, waiting for, and manually inputting data from the actual paper original – which could take days, weeks or even be lost altogether. So the new efficiency of implementing Check 21 not only speeds up and streamlines the whole truncation process but converts into significant savings for banks and merchants. It puts you at a definite advantage over other financial counterparts who choose to remain with the old system and all the flaws, delays and costs that it involves. Not going forward means accepting the high incidence of errors and fraud, dealing with lost checks, increasing staff numbers and hours to deal with processing of physical checks, waiting longer periods for delivery of checks and continuing to incur all the unnecessary costs these inconveniences bring.

However entering the new millennium of banking and check clearing need not be a monumental task. Implementing this new technology does not involve a major overhaul of space nor the introduction of complicated, bulky equipment.

As the first ever check-scanning keyboard to be developed for banks and financial institutions with the specific purpose of facilitating Check 21 in mind, Keymax CheckScan 1 has become the ultimate tool for the 21st century. It's a multifunctional keyboard, which essentially means all financial transactions – as well as the check-clearing process – can be instrumented from the one spot. The one device. Whether inserting a smart card, swiping a magnetic stripe card, or scanning a check and converting it into a transferable electronic image, it all takes place from the one light, compact keyboard that takes up minimal space on the teller's workstation.

And takes minimal time to process.

But adds up to major time and cost savings.

For all banks and merchants: Right here, right now, in the 21st century.

For more information on the Keymax range of Keyboards please contact
+612 9518 1333 or email info@ongrp.com.



About the Author

Ron Stolikis is the CEO of the On Products Group. He has nearly 20 years experience in the office and banking equipment industry, encompassing, strategizing, designing, deploying, improving operational efficiency, managing solutions and teams. He has worked in co-operation with banking world industry leaders, and has led teams that have been successful in tenders worldwide.

He is a leader in his field and a well respected authority for innovations in banking, and is frequently sought for opinions on new technology. He is a graduate from the University of New South Wales in Commerce.