Check Processing Webinar

Optimization Techniques for Branch and Teller Capture

December 13, 2011   1 - 2PM EST

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Featuring Keynote Speaker

Rob Stewart

Director of Business Development

Webinar Host
Joe Gregory, VP Marketing

Type a question for the presenter.   Ask   ✕   ✋

No questions have been answered yet.

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# Webinar Agenda

1. Today's distributed environments
    –   Achievements and challenges
    –   Survey feedback

2. Optimization considerations

3. Optimizing the environment
    –   Critical success activities
    –   Recognition function
    –   Approaches to hardware
    –   New technologies

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Rob Stewart; MTS Overview

MTS Software Solutions

- AMI Imaging, Moorestown, NJ
- PMI Imaging Systems, Pompano Beach, FL

- ➢ Founded in 1981
- ➢ 3,000+ clients
- ➢ 300+ Financial Institutions

Equipment   Document Imaging

Data Conversion   Professional Services
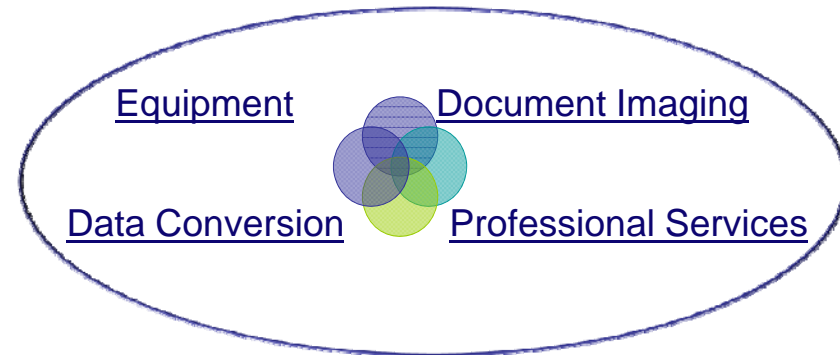
Product & Services

- Check & Document Scanners   (Sales / Delivery / Service)
- Enterprise Content Management Solutions
- Document Scanning Services / Conversion Services
- Consulting Services

Revolution to Evolution

- From centralized to "back-counter" to "front-counter"
- First distributed capture sites were "back counter"
  - Thank you: DSI, AFS, Wausau, Unisys, Canon
- Teller
  - Only a moderate percent implemented (Alogent)
  - Gaining steady market share
- Recognition software innovations
  - Performance jumps from 50% to 90%
  - Many in the 60's… Even today
- Added scanner functionality and pricing levels

Terminology

- Centralized   =   Sorters
- Branch capture   =   Back-counter
- Teller capture   =   Front-counter

- Straight-through-processing
- BIC: Branch Image Capture
  - Back-counter / Front-counter
- Scanner terms
  - 1 or 2 pocket / Footprint / Scanner-Printer Combo
- Read rate vs.. automation rate

We've Come a Long Way…

60's   70's   80's   90's   Y2K   2010…

Banker | Uccel / CA/Newtrend | CBIS / ImageSoft | Wausau | MTS

Where Are We Headed?

Teller / Branch Capture

Large Banks Are Leading the Way with Teller Capture

Teller Capture Usage by Asset Tier, July 2011

➢ CELENT 2011
- ✓ Branch capture – 85% of FI's
- ✓ 700 + have Teller capture
  - ▪ Third of top banks. Another third in the next 2 years

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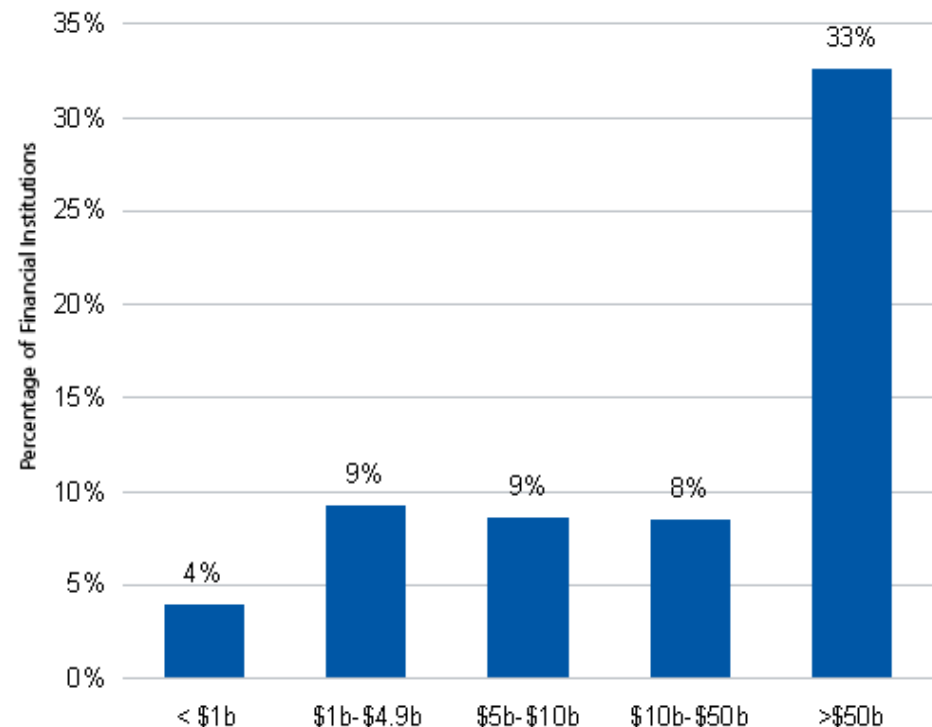
Pros and Cons
Global Concepts

Front Counter vs.. Back Counter vs.. Hub/Centralized Capture

- Customer Impact
- Operational Efficiencies

|	Front-counter	Back-counter	Hub/central branch
Greatest operational efficiencies overall (into the clearing system the fastest, reduction of paper movement, removal of deposit advice, etc.)	√		
Most advantage in float and transportation saves	√	√	(depends on distance and batch timing to the Fed)
Decreased back-office operations workload (balancing done at the branch, fewer adjustments)	√		
Least impact on branch workload			√
Best image quality (handled by specialists)			√
Lowest IT costs (more scanners)		√ (fewer scanners than front-counter)	√ (may require fewer scanners and less idle equipment time)
Lowest in-branch customer impact (line control, out of sight)		√	√
Ease of storage of original checks	(depends on space available in the branch)	(depends on space available in the branch)	√ (primarily applies to a hub, less to a central branch)
Ease of handling exceptions (items that won't scan, IQ problems, non-truncatable items)		√	√

Polling Question #1

- How satisfied do you think banks are with their business cases for distributed capture?
  - Very satisfied
  - Satisfied
  - Somewhat satisfied
  - Unsatisfied
  - Very Unsatisfied

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Survey Respondents

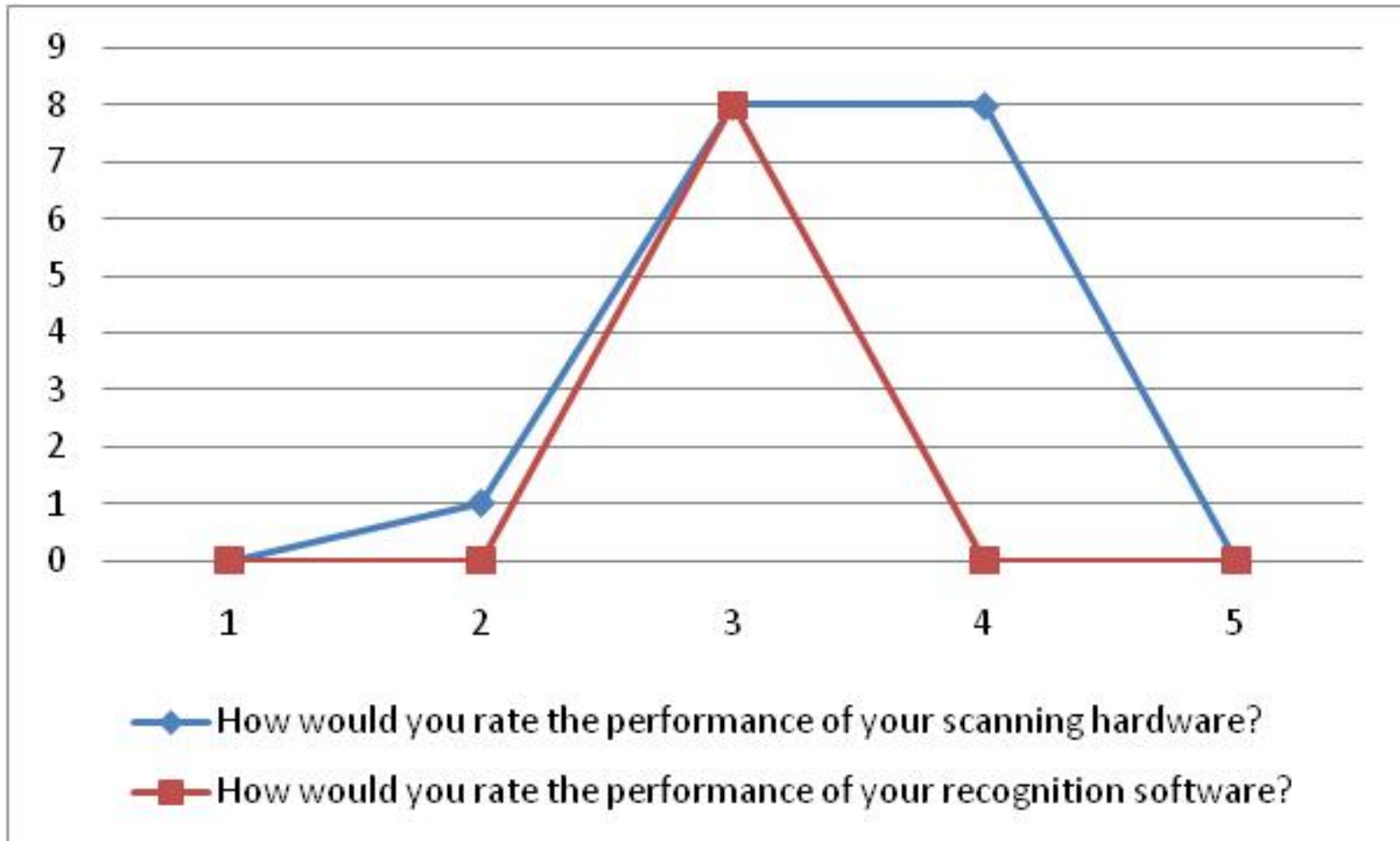| #1	What kind of company do you work for?
Financial Institution	19
Branch/Teller Image Capture Vendor	8
Hardware Vendor	1
Consultant	2
Other (please provide details below)	0

#2	If Financial Institution, what is your current processing environment?
No image capture	0
Centralized image capture	1
Branch only	8
Teller only	1
Centralized and branch	6
Branch and teller	3
Other (please provide details below)	0

Survey results
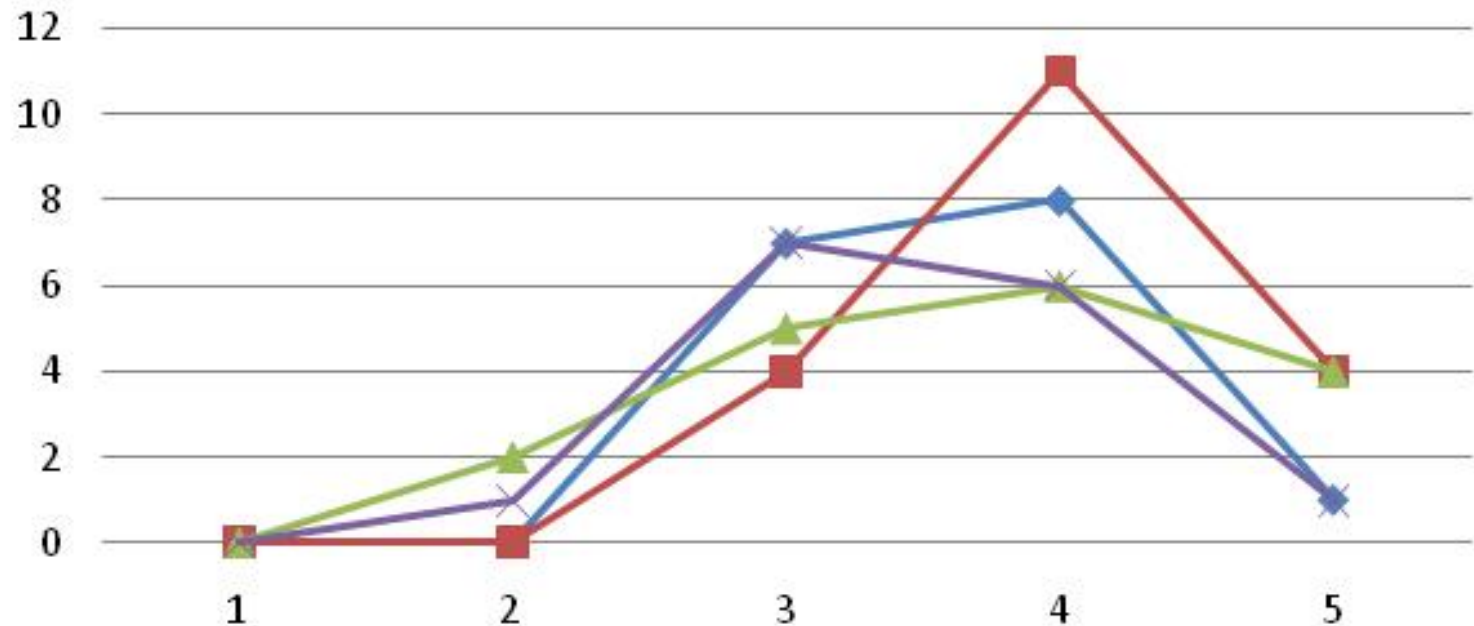
Legend:
- How would you rate your evaluation process?
- How would you rate your installation process?
- How would you rate your business case results vs. anticipated?
- How would you rate the time it takes to process customer transactions?

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Survey results

Optimization Considerations

Optimization Considerations

Efficiency

Transactional
Scan, Entry, Rejects, Balance, Adjustments

Overhead
Hardware, Software, Maintenance

Environmental
Validations, Procedures, Mix

Experience

Customer

Employee

Risk

Integrity: GLBA
Quality: NCI
Usability: Image access

Fraud
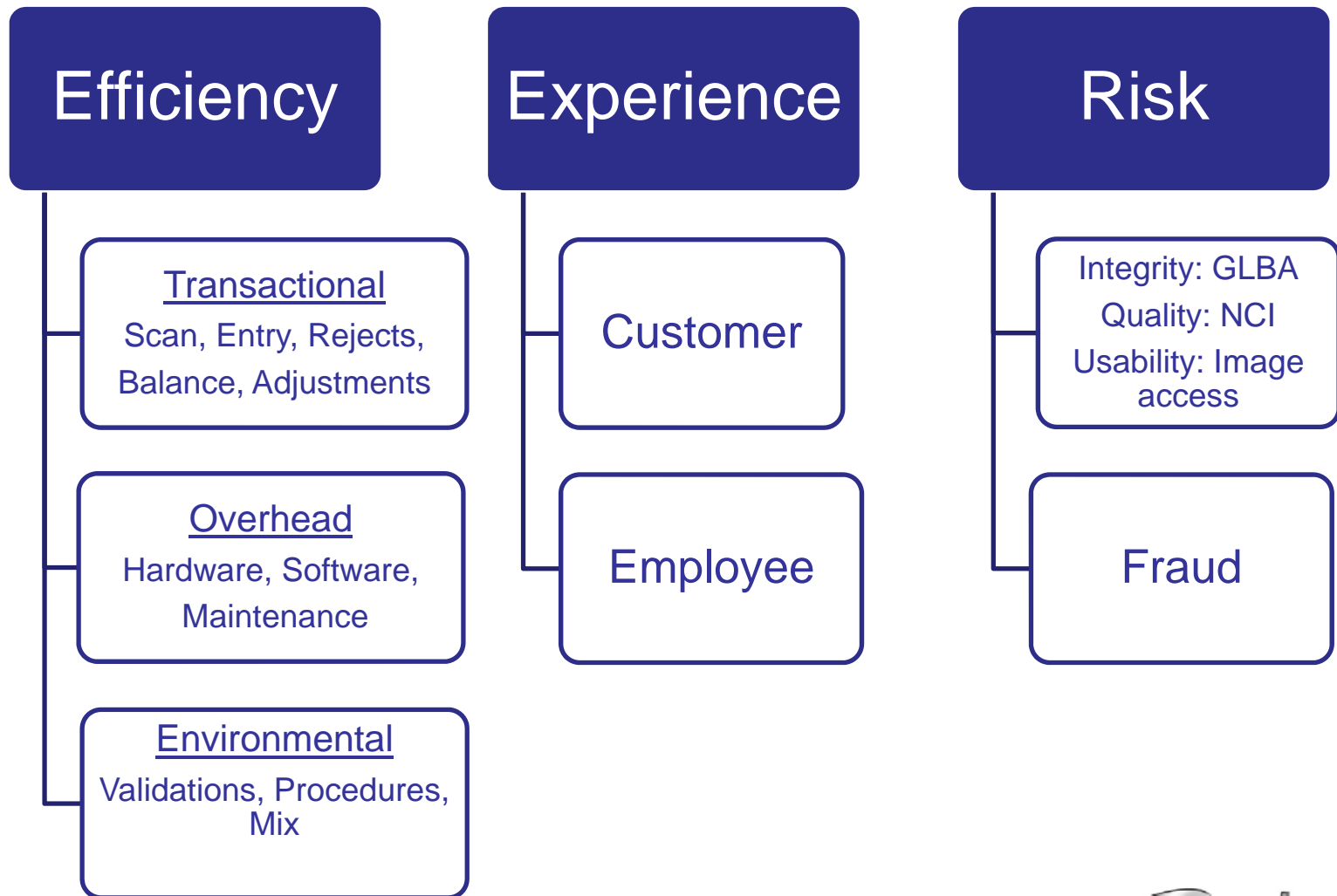
Most Impactful Considerations

- **Branch vs. Teller**
  - Straight-through-processing
  - Max number items to capture vs.. Deferring transaction
  - Keying to be performed by Teller vs.. Branch vs.. Operations

- **Efficiency: Importance of Amount Recognition**
  - Maximize read rates
  - Auto Layout Recognition
  - Goal..   "Recognition software can read everything"

- **Fraud**
  - Duplicate Detection
  - Amount Verification

- **Backup Procedures**

- **Customer / Employee Experience**

Optimization Techniques

Can we attain "The Perfect Workflow?"

Optimizing Distributed Capture

- "Best of Breed" Components

- Assess current software capabilities and integration
  - Front end capture vs.. Back end management

- Hardware capabilities

- Develop selection criteria & test requirements
  - Assess current software "strengths" & "weaknesses"
  - Evaluate workflow options
  - Determine points of integration
  - Image Quality guidelines
  - Opportunity for document redesign
  - High volume capture limits & process

The Perfect Workflow

- Eliminate paper?
  - Cash vs. deposits
  - Consolidation options
- User interface
- Eliminate "touches"
  - Rekeying (automation)
  - Balancing
  - Real-time fraud
  - Verify quality
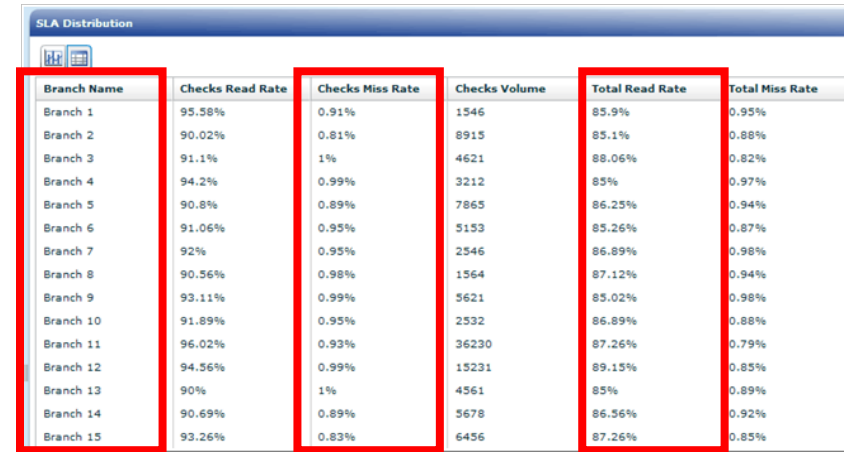 - Endorsement checking

Managed Recognition:
Deming: DMAIC Techniques
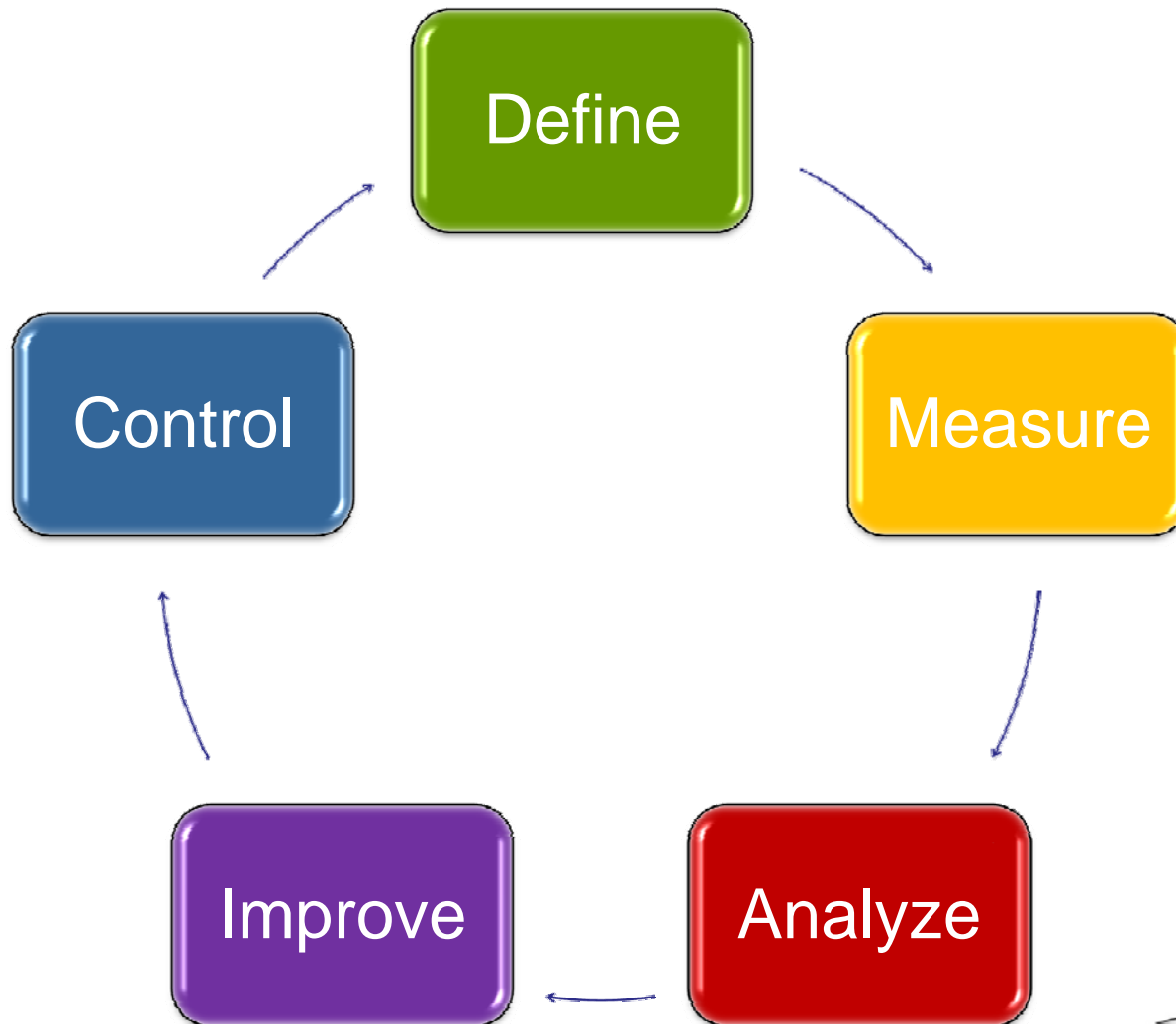
Recognition Optimization

- ## Monitoring & reporting
  - Branch
  - Teller

- ## Engine technology
  - Accura XV

- ## Simple definition process

- ## Managing the customer performance
  - Semi annual performance reviews

Branch Name	Checks Read Rate	Checks Miss Rate	Checks Volume	Total Read Rate	Total Miss Rate
Branch 1	95.58%	0.91%	1546	85.9%	0.95%
Branch 2	90.02%	0.81%	8915	85.1%	0.88%
Branch 3	91.1%	1%	4621	88.06%	0.82%
Branch 4	94.2%	0.99%	3212	85%	0.97%
Branch 5	90.8%	0.89%	7865	86.25%	0.94%
Branch 6	91.06%	0.95%	5153	85.26%	0.87%
Branch 7	92%	0.95%	2546	86.89%	0.98%
Branch 8	90.56%	0.98%	1564	87.12%	0.94%
Branch 9	93.11%	0.99%	5621	85.02%	0.98%
Branch 10	91.89%	0.95%	2532	86.89%	0.88%
Branch 11	96.02%	0.93%	36230	87.26%	0.79%
Branch 12	94.56%	0.99%	15231	89.15%	0.85%
Branch 13	90%	1%	4561	85%	0.89%
Branch 14	90.69%	0.89%	5678	86.56%	0.92%
Branch 15	93.26%	0.83%	6456	87.26%	0.85%

Control the Recognition Variables

- **Teller machine endorsements**
  - Major impact in branch
  - Minor impact in teller
- **Document mix**
  - Checks vs. internal documents
- **Document scanning**
  - Beware of skews
- **Document definition refinements**
- **Thresholds Read rate and accuracy**
  - Branch: back-counter
  - Teller: front counter & deferred
- **Test system**

Correction & Balancing

Distributed
- Point of capture balancing is most common at start up
- Often ideal for smaller operations for localized control

Centralized
- Option once straight through capture process is clean
- Outsource model

Hybrid
- Flexibility allows for heavy volume or downtime recovery

Considerations
- Size
- Timing
- Training
- Management
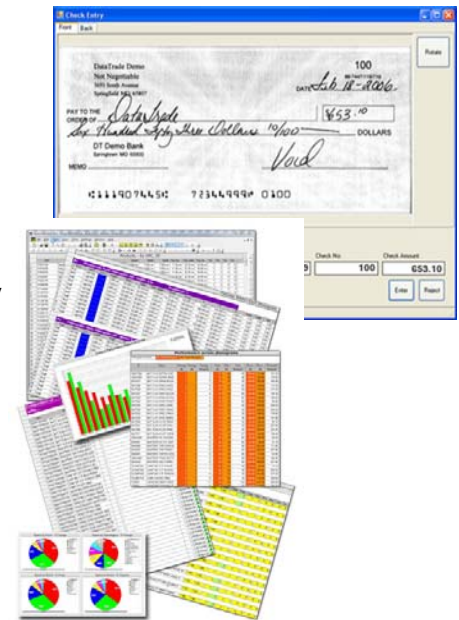
Assessing Scanning Equipment

Total Picture

➢ In addition to Software decision…

  ✓ Available space for hardware

  ✓ Scanners

    ▪ High volume vs.. Low volume

  ✓ Receipt Printers

  ✓ Joggers

  ✓ Currency Counters

Assessing Scanning Equipment

Scanners

- ➤ More than just a piece of hardware. "View as a Solution"
- ➤ If hardware doesn't work, you are not moving transactions
- ➤ Rollout / Service / Support "that works for you"
- ➤ Independent View vs.. Dealing directly with Manufacturers
  - ✓ Myth… "I'll get a better deal if I go directly to the HW manufacturer"

- ➤ Optional Features

ID Scan

Mag Stripe Reader

Scanner/Printer Combo

Assessing Scanning Equipment

Selection

➢ Side by side comparisons

➢ Develop selection criteria & test requirements
  - ➢ Performance
  - ➢ Image Quality
  - ➢ Maintenance requirements (1st, 2nd, 3rd level)

Rollout & Management

➢ Training – Teller Staff / Operations / Tech Support

➢ Internal help desk staffing & training

➢ Scanner deployment and tracking

➢ Support strategy

➢ Pilot Testing

➢ Backup / Disaster Strategy

Polling Question #2

How optimized do you think your organization or customers (resellers) are related to distributed capture?

- 100%
- 90%+
- 70-80%
- 50-70%
- Under 50%

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Innovations for the Future

➢ Hardware continues to Leap Frog

➢ ScanIQA

➢ TopImage

➢ Remote Device Management

➢ Capturing paper & currency
   ✓ Bridging the Gap
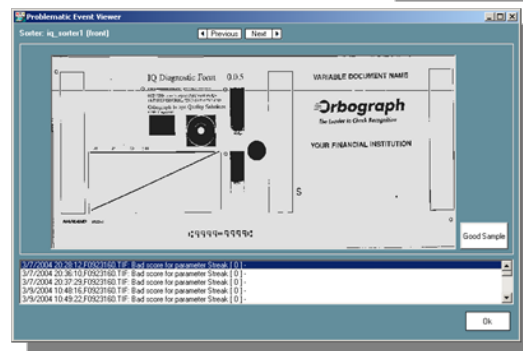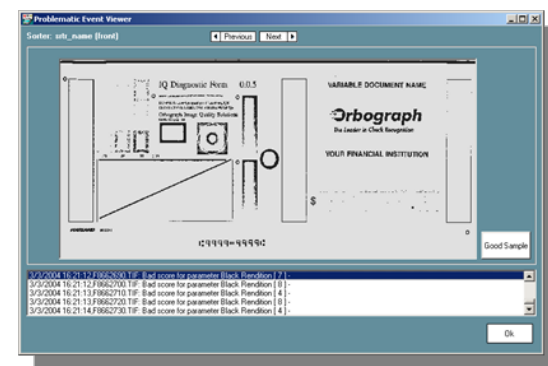
Proactively Improve Performance

Desktop Check Analyzer verifies the "readability" of images

- "Stand alone" application

- Acceptance testing

- New stock/font review

- Reporting mechanism

- Field level tests

Polling Question #3

- How beneficial was this webinar?
  - Very beneficial
  - Beneficial
  - Neutral
  - Little benefit
  - Not very beneficial

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Questions?

Optimizing Distributed Capture / Assessing Scanning Equipment

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