Check Imaging Shakes Up Banking

Problem

New standards and processes for digital check processing were needed to minimize fraud and ensure security

Solution

Alacer worked with major banks to create standards and processes for check imaging, retention and retrieval

Results

New platform implemention saved banks $350 million, reducing unit processing costs by 60% and total costs by 70%

Overview

Post 9/11, U.S. government and financial service regulators were forced to consider new check processing standards that would minimize fraud and ensure the security of the country's banking system. One exciting change facilitated by the Check Clearing for the 21st Century Act in 2003 – to accept an image of a check as a substitute for the actual paper document – presented opportunities to reduce banking costs while boosting customer service. However, in order for the acceptance of digital check images to succeed within a secure framework, the entire banking industry needed a new platform and associated processes for "on-us" (within the original bank) and "off-us" (involving two banks) check imaging, retention, image retrieval and presentment.

Challenges

To develop new check processing standards that could be adopted across the board, the Alacer team needed to partner with major global financial institutions and several large U.S. banks. The goal was to establish the parameters for accepting check images and the required associated processes for "on us" and "off us" checks, with the final outcome expected to be the faster and more accurate transfer of funds. Furthermore, Alacer was tasked with identifying ways for reducing the cost of overall check processing and transportation.

Results

The check imaging platform was adopted and exceeded all of its goals, achieving a total cost savings in excess of $350 million. 100% of "on us" and 50% of "off us" check image acceptance was enabled. The unit processing cost for a check was reduced by 60%, and overall, 70% of the transportation time and costs were eliminated.

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