

C/View

Check Image Browser

Case Study

Sterling Bank began using the Federal Reserve Bank of Philadelphia's Electronic Check Presentation (ECP) service in 1995 to process its incoming cash letter items electronically. Sterling received its ECP file over Fedline every morning then uploaded that file to its computer system to post debits to its customer accounts.

Sterling received its cash letter box one day after receiving the electronic file. Then, instead of capturing items for posting, Sterling would simply microfilm and sort the checks.

"Our original reason for using the ECP service was to save the time we were spending processing items through our reader/sorter each day," says Debbie Williams, Vice President of Sterling Bank. "Using ECP we have been able to successfully control our proof costs during a period of significant growth."

Sterling Bank found, however, that for all its efficiency there remain several drawbacks to the ECP service.

The Fed does not always stack physical checks in the same order in which they appear in the ECP file. Therefore, the sequence numbers Sterling's proof machine applies to the items during the microfilm process do not always match the sequence numbers applied by Sterling's computers during the posting process. This can later lead to difficulty in locating a particular check on microfilm.

Another problem Sterling encountered was occasional missing items. Given the high volume of items it processes daily the Fed occasionally misplaces checks. Be-

Sterling Bank, Mount Laurel, NJ

cause Sterling microfilms, but does not perform a settlement on the actual checks, the bank often doesn't know an item is missing until a customer complains that it wasn't included with a statement.

The case for check imaging

Like many financial institutions, Sterling was looking to replace its aging microfilm system with a more efficient method of handling its check storage and retrieval needs. Sterling was aware of the movement towards check imaging in the banking industry but never actually considered having its own imaging system. This was mainly because of the large scale and expense of installing hardware for image storage and retrieval. Sterling also had other priorities that included branch expansion and a major data processing conversion.

When Sterling heard about the Fed's check image service, however, it began to take a closer look. "Check imaging seemed to be a perfect compliment to the ECP service that we already used," says Williams. "Having our checks imaged instead of microfilmed would solve the remaining minor issues that we had with the ECP service."

Sterling also recognized that significant savings in microfilm costs as well as time spent on research requests would offset any fees charged by the Fed.

But how would Sterling be able to read the check images and handle the data without all the equipment needed to image in-house?

That's when Legato Software came along with an inexpensive, but highly effective solution: *C/View*.



Sterling Bank's Main Office

Sterling Bank Mount Laurel, NJ

- Assets: \$150 Million
- Date Opened: December, 1990
- Branches: Six in the South Jersey region
- Operations: Deborah Williams, Vice President
- Primary Data Processing: IBM AS/400 running Jack Henry & Associates
- Reader/Sorter: NCR 7780