



Modernizing Check Processing:

How Tower FCU converted to teller capture and electronic cash letter



**COMPANY**

Tower Federal Credit Union
7901 Sandy Spring Road
Laurel, MD 20707
towerfcu.org

NUMBER OF BRANCHES

16

CHARTERED IN

1953

ASSET SIZE

\$2.56 Billion

MEMBERS

124,567

DATA PROCESSOR

Fiserv - Spectrum

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\$2.3 billion Tower Federal Credit Union, Laurel, Md., recently completed a two year conversion to migrate its paper-based check processing operation to a fully electronic, image-based processing solution. With approximately 180 teller stations across 16 branches, the credit union's project team recognized the conversion would be a complex undertaking. The team devised a phased approach to ensure minimal disruption to day-to-day operations and member service.

"The goal of the project was to streamline and modernize check processing from the point of presentment through the entire workflow, including check scanning; creating, transmitting, and receiving electronic cash letters; and processing returns and chargebacks electronically," says Crystal Carey, manager of item processing and project co-lead.

PHASE ONE: OVER-THE-COUNTER ITEMS

Tower CU needed a technology partner that could support its item processing needs with a scalable solution that could accommodate future growth. The selection committee evaluated several options and selected Peachtree Corners-based Alogent as its technology partner for its solutions' modern architecture, sophisticated functionality, ease of use, and ability to integrate with the core processor, central archive and teller platform.

While Tower FCU has now implemented Alogent's full item-processing suite to automate its entire check processing lifecycle, the CU's first phase of the conversion to electronic check presentment focused on over-the-counter checks converting to an electronic cash-letter deposit for outgoing transit items. The credit union sends up to 5,000 transit items daily.



“The conversion of this last phase of our check-processing channel completes the workflow, resulting in our teller transactions, mail-in deposits, and associated return exceptions being handled electronically from cradle to grave”

Tina Mathes, VP/Deposit Services and Project Co-Lead

“Over-the-counter items were the logical place to start because it represented the greatest opportunity to cut costs and streamline work flow,” says Carey. “Before fully implementing ImagePoint Hub for forward items, checks were taken by courier from the branches to the main office twice a day and then scanned twice: once for the posting file, and once for the cash letter as a temporary work-around between phases.

With phase one complete, all over-the-counter checks are electronically captured, eliminating the need for couriers to manually transport checks from the branches to the main office.

PHASE TWO: INCLEARINGS AND OUTGOING RETURNS

Tower FCU next turned its attention to automating its inclearing and outgoing returns to the Federal Reserve Bank. The credit union receives about 13,000 inclearing items and 100 return items daily. Prior to revamping this process, Tower FCU received boxes of paper checks that were sorted and processed using a check reader. All corrections, exceptions, bundling and balancing processes were performed manually, taking hours of manual effort each day.

Today, this process is completely streamlined and electronic. All incoming checks are electronically sorted and aggregated, duplicate detection across all capture points is immediately performed. Additionally, the MICR correction, currency amount recognition and legal amount recognition (CAR/LAR) verification processes have been automated. Finally, an electronic cash letter is created for clearing. Checks are simultaneously posted to the core processor and the central archive for storage, research and retrieval across the entire organization.

“After completion of phase two, we were able to immediately stop scanning into two separate systems, reducing scanning work and the tasks associated from eight or more hours a day to about four hours,” says Steve West, senior item processing specialist

The automation of inclearings and returns has enabled Tower FCU to re-assign two full-time employees to other tasks, and eliminate the reader/sorter, two encoders and a separate check-processing application.

PHASE THREE: INCOMING RETURNS AND CHARGEBACK

The final phase of the conversion is to implement electronic incoming returns from the Fed and is scheduled to be completed in the first quarter of 2012.

Currently the Fed delivers image replacement documents, which represent





ALOAGENT CLIENT SINCE
2009

SYSTEMS USED

ImagePoint Teller
ImagePoint Hub
ImagePoint Foundation
Receipt Manager®

ITEMS PROCESSED

13,000 in-clearing items
daily

incoming return exceptions, to Tower FCU daily. Once received, these items are manually traced back to the member who made the initial deposit. Then pay/no-pay decisions can be made and return items either re-presented or charged back against the member's account. The IRD is then mailed to the member with a notification of the charge-back and an explanation of the reason. This labor-intensive process can take two to three hours per day, depending on the reason for the return and the amount of research required.

"The conversion of this last phase of our check-processing channel completes the workflow, resulting in our teller transactions, mail-in deposits, and associated return exceptions being handled electronically from cradle to grave," explains Tina Mathes, VP/deposit services and project co-lead.

Upon completion of this final phase, the CU will be able to accept incoming return items as an image cash-letter from the Fed, automating pay/no-pay decisions and streamlining the research process for exception items.

During 2012, Tower FCU will have successfully transitioned its entire check capture and processing operation to a full image-exchange workflow—replacing a labor intensive, tedious and paper-based process with a streamlined, automated and electronic workflow

ABOUT TOWER FEDERAL CREDIT UNION

Tower Federal Credit Union was formed in 1953. Since its inception, Tower has grown to be the largest federal credit union in Maryland with \$2.56 billion in assets and 124,567 members worldwide.

Headquartered in Laurel, Md., Tower has branches in Anne Arundel, Baltimore, Howard and Prince George's counties as well as at Fort Meade.

As a member-owned, not-for-profit financial institution, Tower is committed to meeting members' diverse financial needs through unbeatable value, superior service, and untiring innovation. They provide top-notch financial products and services for their members.





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