

**Financial institutions are looking for Check 21 to provide them with opportunities to improve the effectiveness and efficiency of payments processing. The Federal Reserve’s FedReturn products—encompassing return image deposit, derived returns and early return information to the bank of first deposit—offer customers opportunities to reduce risk through expedited return-item clearing and to lower costs of inbound and outbound returns processing.**

## **FedReturn**

The FedReturn product suite is designed to help you transform your inbound and outbound returns processing operations to reduce risk, streamline backroom operations, improve quality and speed the returns process—all while realizing substantial operating savings. When you take full advantage of the FedReturn product suite, you eliminate strips, encoding and physical inspection of return items by retrieving images electronically from either an in-house archive or the FedImage<sup>SM</sup> archive. The result is a streamlined, high-quality, low-cost alternative to today’s costly and complex returns operation.

The Federal Reserve’s FedReturn products include:

### **Qualified Return Image Cash Letter Deposit**

Customers can deposit mixed image cash letters<sup>1</sup> of items for return via FedReturn

services. Reserve Banks will process the items electronically and return either an electronic file or substitute checks to the bank of first deposit.

National return image cash letter deposit services are offered at the following deadlines:

#### **Qualified Return Image Cash Letter Deposit Deadlines\* and Availability (Eastern time)**

8:00 p.m.	Next day on all city and RCPC endpoints nationwide
10:00 p.m.	Next day on all city and RCPC endpoints nationwide
12:01 a.m.	Same day on all city and RCPC endpoints nationwide
2:00 a.m.	Same day on all city and RCPC endpoints nationwide

\*Deadlines are subject to change and are based on receipt of the full file. Files that are incomplete at the deadline will be deposited into the next deposit deadline.

### **Derived Returns**

In the future, customers who use MICR Presentment Plus, FedImage Archive and Truncation services may participate in the Federal Reserve’s Derived Returns service by submitting an electronic file of items to be returned. The Federal Reserve will retrieve the appropriate images from the FedImage archive and send a qualified return image cash letter or substitute checks to the bank of first deposit.

### **Bank of First Deposit Return Information Service**

The Bank of First Deposit Return Information Service, available in the future, will allow customers who do not accept image returns to receive early information about items that are being returned in image cash letters by the paying bank. This service, for information purposes only, takes the information from deposits of return image cash letters and delivers the information in an electronic file to the bank of first deposit. The Federal Reserve will print

<sup>1</sup> Image cash letters must conform to the Federal Reserve version of DSTU X9.37-2003 format.

## FedReturn

### Key Features

- Mixed deposit with no sorting required
- National pricing and deadlines
- Per-item deposit fees for checks drawn on substitute check receivers that encompass both collection and substitute check printing

### Key Benefits

- Improves fraud mitigation through expedited return-item clearing
- Eliminates physical handling of documents
- Reduces exception processing
- Provides opportunity to reengineer backroom operations to maximize efficiency and reduce costs

and deliver substitute checks to the bank of first deposit for legal return.

### Pricing

FedReturn services pricing will incorporate many features of today's paper-based pricing structure, with some new features as well:

- identical fees across all Federal Reserve offices,
- a tiered pricing structure for deposits,
- time-of-day pricing, which reflects the higher value of later deposit deadlines, and
- higher fees for items being returned to endpoints requiring substitute checks than for items being returned to electronic receipt endpoints.

### The Federal Reserve Check 21 Advantage

The Federal Reserve is the nation's largest processor of interbank check payments, clearing almost half of all interbank checks written in the United States. The Reserve Banks are working with industry partners and customers to enable Check 21 and dramatically improve the efficiency of the payments system. The FedForward<sup>SM</sup>, FedReturn<sup>SM</sup> and FedReceipt<sup>SM</sup> product suites leverage our nationwide clearing network to offer faster clearing at much later deadlines, to reduce risk through expedited returns processing and to lower end-to-end clearing costs.

## Federal Reserve Financial Services

The Federal Reserve offers a full range of financial services to assist depository institutions in achieving a sustainable competitive advantage. We provide innovative and progressive services that enable you to capitalize on growth and revenue opportunities. Our services are designed to provide the accessibility and flexibility you need to compete in a dynamic and evolving industry. Given our integrity and reliability, you can count on the Federal Reserve to provide you with services that deliver benefits. Our services include Cash, Check, FedImage Services, FedACH<sup>SM</sup>, Fedwire<sup>®</sup> Funds Service, Fedwire Securities Service, National Settlement Service and Treasury Services. In addition, we offer services designed to support your Financial Services usage, including Account Management Information and Service Charge Information.

### Contact Us

*For more information about FedReturn or any of the Federal Reserve's products and services, contact your Account Executive or visit [www.frbservices.org](http://www.frbservices.org).*

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