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### **Federal Reserve Banks Launch Check 21 Product Suite**

Minneapolis, Minn., May 18, 2004 --The Federal Reserve Banks today introduced FedForward<sup>SM</sup>, FedReturn<sup>SM</sup> and FedReceipt<sup>SM</sup> services, a comprehensive offering of check processing solutions designed to help financial institutions take advantage of the opportunities afforded by The Check Clearing for the 21<sup>st</sup> Century Act (Check 21). The services will be available to Federal Reserve customers beginning October 28, 2004.

The Federal Reserve's FedForward products, encompassing image cash letter deposit services and paper deposit cull services, offer customers later deposit deadlines for image cash letters and the potential to clear dollars faster and reduce processing costs. The FedReturn product suite, which includes an image cash letter deposit service available October 28 and several value-added services planned for next year, can help customers to reduce risk through expedited return-item processing and lower costs of inbound and outbound returns operations. FedReceipt services, which deliver image cash letters in place of paper cash letters, can help the industry realize the true promise of the Check 21 law by truncating paper items earlier in the collection process.

"Check 21 provides an opportunity to further electrify paper check processing," commented Fred Herr, senior vice president, Retail Payments Office at the Federal Reserve Bank of Atlanta. "This product suite will enable a financial institution of any size and processing sophistication to take advantage of the benefits enabled by Check 21." Herr indicated that the Reserve Banks will continue to refine the product suite and offer additional products as customer demand evolves.

#### **FedForward Services**

To help meet the varying needs of its financial institution customers, the Federal Reserve will offer a number of Check 21 forward collection deposit services, including a mixed image cash letter deposit service, an electronic endpoint group sort, and a cull service for expedited clearing of large-dollar items from paper cash letters.

Features of FedForward services include:

- a robust offering of deposit deadlines between 8:00 p.m. Eastern time and noon the next day,
- identical fees and deadlines across the country, and
- tiered pricing, with items drawn on electronic endpoints priced lower than items drawn on paper endpoints.

#### **FedReturn Services**

Financial institutions will also be able to deposit mixed qualified return image cash letters for processing through FedReturn services. Reserve Banks will process the items and return them to the bank of first deposit. "The FedReturn product suite supports financial institutions in their efforts to reduce risk and streamline backroom operations, which can result in substantial operating savings," notes Herr.

Like FedForward, the FedReturn product suite features mixed cash letter deposits, multiple deadlines that support varying customer schedules and capabilities, identical fees and deadlines across the country, and tiered pricing.

### **FedReceipt Services**

The Federal Reserve's Check 21 services also feature benefits and incentives designed to support the industry move to electronics. FedReceipt provides delivery of some or all of a customer's inclearings in image cash letters without paper to follow. Existing Federal Reserve services, including MICR Presentment, Truncation and FedImage<sup>SM</sup> Services, combine to provide customers with full capabilities for electronic receipt of their inclearing checks.

"Our customers run the gamut in terms of in-house capabilities for electronic processing," commented the Federal Reserve Bank of Boston's Steve Whitney, senior vice president in charge of the Federal Reserve's business strategy for Check 21 services. "We offer a flexible and comprehensive set of solutions that allow customers to get into electronics without significant capital investments or long-term contracts. The more the Federal Reserve can enable electronic receipt, the greater the benefit to our customers and the industry as a whole."

### **About Check 21**

The Check 21 Act facilitates truncation through expanded use of electronic processing technologies to improve the efficiency and reduce the cost of the nation's check collection system. The law provides for a new negotiable paper instrument called a substitute check, which can be used in place of the original paper check without an agreement. This allows paper items to be truncated early in the collection or return process, with image cash letters replacing paper cash letters.

### **About Federal Reserve Financial Services**

The Federal Reserve Banks offer a full range of financial services to assist depository institutions in achieving a sustainable competitive advantage. Our services include Cash, Check, FedImage<sup>SM</sup> 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.

For more information about any of the Federal Reserve Banks' products and services, visit [www.frbervices.org](http://www.frbervices.org).

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