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Out of the Branch and Into Your Office

Remote Deposit Capture Brings the Convenience of Electronic Check Images to Businesses of All Sizes

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The passage of the Check Clearing for the 21st Century Act (Check 21) in 2004 ushered in a new era of electronic check clearing and settlement. U.S. banks began encouraging their clients to convert paper checks to electronic alternatives such as automated clearing house (ACH) transactions. But old habits die hard, and check-writing continued at normal levels across the country. Banks had to find another way to promote the move from paper to images. The answer? An innovative product called Remote Deposit Capture, which enables clients to send electronic images of checks directly to their banks for deposit.

Remote Deposit Capture uses desktop scanning devices and a Windows- or browser-based application to bring the bank branch directly to your place of business. Using an assigned Web address, you can log into the bank's system to make your daily deposits at any time of the day or night. Gone are the days of rushing to make courier deadlines and planning your day around the branch's closing time. Funds become available more quickly, and you gain access to a reference library of original checks that can be retained for accounting purposes.

> "Gone are the days of rushing to make courier deadlines and planning your day around the branch's closing time."

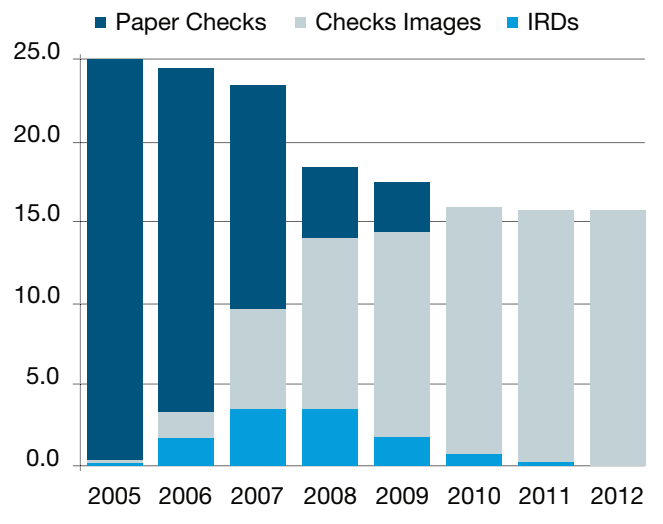
In the early days of its existence, Remote Deposit Capture products were expensive and functionality was limited. But recent advances and increasing competition among technology vendors have led to enhanced product features, such as more user-friendly interfaces, improved security features and a range of pricing options that are tiered according to usage levels. The result is a more flexible product that meets the diverse needs of businesses in the technology and life sciences industries.

Check Writing By the Numbers

Paper checks continue to be a popular way to transfer funds between individuals and businesses:

- 75 percent of B2B payments are initiated with paper checks[1]
- 11 percent of retail purchases are made with checks[2]
- 31 billion checks were written in 2006[3]

CHECK CLEARANCE AND SETTLEMENT BY METHOD, 2005-2012 (BILLIONS OF ITEMS)



Source: ECCO for 2005-2008, Aite Group estimates for 2009-2012

FLEXIBILITY AND EFFICIENCY

Setting up Remote Deposit Capture with a financial institution gives companies greater flexibility and efficiency in handling deposits, which ultimately increases availability of funds.

With paper deposits, companies have to time their workflow to meet courier dispatch cut-off times and their bank's daily ledger deadline. But with a scanner in the office, companies can make deposits according to their own internal workflow. And since the deposit deadline for Remote Deposit is later than the deposit deadline at most bank branches, businesses gain the option of making deposits later in the day — often as much as three hours later — and still receive current day credit for the deposits.

This self-service process saves time for finance staff by eliminating trips to the branch, and funds become available the next day — more quickly than if the funds were deposited at the branch. What's more, scanning checks for deposit means greater accuracy in deposit amounts, fewer returned items and more efficient handling of checks for clearing.

Remote Deposit Capture systems also improve compliance and audit efficiency by creating deposit reports that can be exported and saved for accounting purposes and audit review.

[1] Nancy Atkinson. "B2B Transactions: Is the Checque Still in the Mail?", GtNews.com, March 24, 2009.
[2] Patricia A. Murphy. "Capturing More than Just Checks", RemoteDepositCapture.com, August 26, 2008.
[3] Ibid.

Benefits of Remote Deposit Capture

Remote Deposit Capture helps companies operate more efficiently while maximizing the value of the income they receive via paper checks. The product offers the following benefits:

- Increases flexibility in making deposits
- Increases available funds on deposits
- Shortens collection times
- Reduces processing time
- Frees staff to focus on other tasks
- Offers security features to control user entitlements
- Creates reporting efficiencies
- Improves audit readiness

REMOTE DEPOSIT CAPTURE IN ACTION

The example of a typical software company illustrates the benefits of the transition from making branch deposits to using Remote Deposit Capture. The company used an employee and a courier to make deposits at the local branch of its bank on a daily basis. Deposits had to be ready to dispatch to these locations by 2:30 p.m. each day, an inconvenience for busy staff as the company had to plan its internal operations to make sure that payments received were logged and deposits were ready to go at this time. As a result, the company often had to hold over checks it received from customers until the next business day before sending them to the bank for handling.

With the installation of Remote Deposit Capture, racing to make the outbound delivery window each day was no longer an issue. The company was able to increase its daily processing window by more than three hours, as the daily deadline for Remote Deposit Capture at its bank is 6:00 p.m. Eliminating trips to the branch enabled employees to process more incoming checks each day and gain current day credit for those deposits. The bank then was able to provide the company next-day use of funds on all of the checks it deposited.

Moreover, many of the checks that the company received were drawn on out-of-state financial institutions, which delayed the availability of funds from the bank. By scanning these out-of-state checks directly at each company location, the company could send its checks electronically to the bank for faster handling. In most cases, out-of-state checks can be processed overnight, instead of the previous turnaround time of two to three days.

Overall, Remote Deposit Capture resulted in an improvement of about 45 percent in available funds to the company on a daily basis. With monthly deposits totaling $3.4 million, the company improved its daily collected funds at the bank by $128,000 per day.

Remote Deposit Capture, Then and Now

Remote Deposit Capture products have evolved considerably in the last five years:

2004	2009
Expensive	Affordable
Windows-based	Browser-based
Fixed upfront cost	Tiered pricing options
Few vendors	Many choices in technology providers
Limited functionality	Enhanced capabilities, especially for security

HOW REMOTE DEPOSIT CAPTURE WORKS

Getting started with Remote Deposit Capture involves a few simple steps:

- First notify your financial institution that you want to begin Remote Deposit Capture.
- The bank will send a scanning device to you, usually overnight. The equipment is easy to install and maintain. (The scanner comes with a dust cover to protect it from the elements when not in use and a cleaning pad for cleaning read heads and belts on the device.) Once you have installed the device and scanner driver on your computer, you are ready to begin making deposits.
- Simply enter the total deposit amount and scan the individual checks. The scanner reads the front and back of the checks when they are scanned. This information is transferred to the bank in an image format for posting to your account. Checks that have been converted to images may be presented via image exchange to upstream correspondent banks for further processing. There is no need for deposit slips as the deposit amount is entered when the scanning process begins. The checks are then scanned to offset the credit amount entered. If the deposit does not balance, the system will send you an alert.
- To establish internal checks and balances around the deposit process, add additional users and assign processing tasks to different employees.
- Run reports and export images as often as needed.

Employees who are responsible for the procedure are able to learn the technology and associated processes very quickly. Remote Deposit Capture is safe and secure, starting with the ability to set up user permissions for the deposit process. You should, however, take reasonable steps to ensure that the original checks are safely secured and access is limited to a select group of trusted employees. Additional safeguards are built in to ensure that unauthorized employees cannot gain access to the system. For example, a time-out feature locks the system when unattended and system administrators can control and reset user passwords as needed. External access is also limited by several levels of firewall protection resident on the system and the constant monitoring to ensure system security.

Remote Deposit Capture is an easy and effective way to complete the transition from a paper-based financial system to an electronic, image-based approach. Take the time to set it up today, and the benefits will accrue for years to come.

READY TO GET STARTED?

Silicon Valley Bank offers a Remote Deposit Capture product for our clients. Contact your local product advisor for more information or to sign up. Once you have received the equipment, an SVB relationship advisor will help you through the installation process. In this session, you'll learn how to set up the scanner, navigate the system, scan deposits, add additional users, access reports, export reports and images, and use the security features of the system. A user manual and demo CD provide further instruction.

About Silicon Valley Bank

Silicon Valley Bank is the premier commercial bank for emerging, growth and mature companies in the technology, life science, private equity and premium wine industries. SVB provides a comprehensive suite of financing solutions, treasury management, corporate investment and international banking services to its clients worldwide. Through its focus on specialized markets and extensive knowledge of the people and business issues driving them, Silicon Valley Bank provides a level of service and partnership that measurably impacts its clients' success. Founded in 1983 and headquartered in Santa Clara, Calif., the company serves clients around the world through 27 U.S. offices and five international operations. Silicon Valley Bank is a member of global financial services firm SVB Financial Group, with SVB Analytics, SVB Capital, SVB Global and SVB Private Client Services.

More information on the company can be found at www.svb.com.

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