



**USE CASE: DEPOSIT PROCESSING AUTOMATION**

Retail solution for trouble-free  
automation of deposit processing

# Streamline operations, reducing errors and costs

The days of using an adding machine to total your checks are over, as are the transposition errors and bank fees that come with that manual process. Check processing and delivery practices that require manual entry and armored carriers transporting documents are inefficient – and increasingly cost prohibitive.

Businesses today are working smarter. Labor-intensive hand entry and balancing squanders your human capital, while armored carrier transportation of paper checks eats into your profits. With margins shrinking, every dollar counts. Automating your balancing and deposit preparation process is key to streamlining your operations.

## Projected annual savings of 69%

Consider the case of a large national retail organization that saw the need for change, but had difficulty finding the right solution. When they found it, the results were dramatic. After converting to the automated process outlined in this study, they projected more than 69% savings in their annual check processing costs.

This solution can be applied to retail operations large and small, with equally dramatic cost savings potential. Is it the answer your business has been looking for?

## Increasing costs call for better deposit processing

This retailer was manually processing more than 120 checks per day, per store. Hand-keying, balancing and deposit preparation was time consuming and very prone to error. Armored carrier fees and rising bank fees added to the cost. Both depositors and financial institutions (FIs) are motivated to reduce these escalating costs.

Recognizing that:

- Manual practices and multiple processes were driving up costs
- Drawers and deposits were frequently not in balance
- And considerable time was spent correcting errors

The retailer began looking for a more effective solution.

## What are the options?

Paper-based check clearing mechanisms are being dismantled across the country. One alternative is Remote Deposit Capture or RDC, usually a web-based application and check-only scanner provided by an FI to commercial depositors. For some, this is working.

This retailer considered and even tested their bank's RDC product, but they were disappointed in the performance the check scanners offered, saying they were too slow and difficult to use. Actual throughput when they tested the scanner was only a third of what they expected.

## ICL: an alternative to RDC

For retailers that receive hundreds of checks daily, an alternative to traditional RDC may be the use of a commercial image cash letter (i.e., an ICL deposit or X9.37). ICL files contain images of checks and other deposit items, plus all necessary data - including the MICR line. Conceived as a means for FIs to expedite check clearing, these files also remove the risk and expense of physically transporting paper items. Today ICLs are used for commercial client deposits as well as for exchanging images between FIs.

Up until now, most FIs avoided actively marketing the ICL deposit option. This was mainly due to inbound file constraints and system limitations – but there was also not a viable client-facing tool on the market.

Creating ICL deposits meant purchasing high-speed, high-cost check-processing equipment and software, or less expensive, low speed, low-volume check scanners (with less than ideal software).

## Special needs drive search

The retailer had some unique conditions, as well, requiring:

- No PCs to process checks or deposits
- No large electronic files transmitted
- Specific file type, size and image quality acceptable to the FI
- Record specific data output detail

Retail depositors need a solution that offers high-speed, high-volume processing at an affordable price – with an easy-to-use interface.



All of the stores were using thin clients rather than computers – with no budget for purchasing in-house computers or resident software. This would likely be a tremendous obstacle for any system dependent on the installation of software on local PCs.

The retailer feared their internal network would be overwhelmed by the volume of data, so they also imposed restrictions on the size of files transmitted to the FI. These are typically quite large. Smaller files eliminated the need and expense of adding bandwidth and memory.

They also stipulated that the electronic output be acceptable to their FI, and that specific data output (e.g., individual drawer totals) be made available to them for their internal accounting purposes.

## A new approach

The RDC option offered by the bank satisfied many customers, but wasn't workable here. This client needed greater flexibility and better performing equipment. They were looking for viable alternatives that would minimally impact employees and



budgets while providing the fast, low-cost processing desired.

The retailer learned about a single device that processes both checks and currency at high speeds, at an affordable cost. That sounded ideal. After an initial demonstration of the JetScan iFX® scanner from Cummins Allison, an assessment of the retailer's current process began.

#### **Unique requirements are met**

Because the JetScan iFX solution is more customizable than other options, this retailer's specific needs could be accommodated as follows:

**Thin clients:** Customarily used on PCs, JetScan iFX Deposit Balancing Manager (DBM) application was smoothly installed to thin clients. With sufficient memory, the software performed exactly as expected.

**Small data file size:** The size and frequency of data transmissions were greatly reduced by using JetScan iFX to perform the image work locally, produce a single ICL file and send it to the bank. Data input and output loads on the network were minimized, satisfying the customer's request for data transfer limits.

**Image quality:** The wide variation in check readability affects the quality of captured images. Minor software adaptations made prior to implementation reduced the potential for image-quality issues and ensured satisfactory image quality. The JetScan iFX images were actually better quality than those produced by other check scanners, even after reducing the file sizes as requested.

#### **Balance subtotals:**

A system modification ensured that our solution would accommodate the customer's desire to efficiently balance individual cash and check drawer totals to a declared total for deposit.

#### **Initial testing prompts time trial**

Following a live demonstration of the proposed solution, the retailer agreed to a time trial to evaluate potential efficiency gains at the store level and beyond. Though the store's existing process had been well-honed, it still required operators to manually key in 100% of the checks. This time- and labor-intensive activity had greatly increased the incidence of balancing errors that were difficult and time-consuming to correct.

The trial compared check processing results from the store's current system to results using a JetScan iFX i100. Two software models were initially tested – one using only a thin client and an i100 to perform CAR/LAR processing locally, and the other using the i100 together with thin client and laptop to simulate a server processing CAR/LAR remotely. Early testing confirmed both methods could be used successfully with virtually equivalent outcomes, and the remaining processing was done locally.

The client needed a solution that would provide fast, low-cost processing with minimal impact on employees and budgets.

#### **Significantly fewer errors with JetScan iFX**

About 80% fewer checks were manually keyed (typically, up to 20% of checks cannot be accurately read by a scanner) with a corresponding 80% reduction in errors. But the efficiency gains realized were too remarkable to be attributed to fewer errors and automated entry alone.

Savings of 22% to 56% prove that automated processing on the JetScan iFX far outperformed the client's manual methods. Significant time savings was accomplished despite unfamiliar equipment, software and a new and untried process. Operators adapted so quickly to JetScan iFX and DBM software that virtually no time was lost "getting up to speed."

The speed and accuracy of the solution cut the customer's total processing time by an average of 39% on only the second day of using JetScan iFX and DBM.

## Time Trial Results - Day 2

Trial #	Envelopes	Checks	Manual Operation [mm:ss]	JetScan iFX with sub-batches	Time Savings	Percent Savings	JetScan iFX combined batches	Time Savings	Percent Savings
1	29	166	12:42	9:57	2:45	22%	1:50	10:52	85%
2	15	117	12:08	5:17	6:51	56%	1:16	10:52	89%
3	35	214	20:46	12:45	8:01	39%	4:23	16:23	79%
<b>Totals</b>	<b>79</b>	<b>497</b>	<b>45:36</b>	<b>27:59</b>	<b>17:37</b>	<b>39%</b>	<b>7:29</b>	<b>38:07</b>	<b>84%</b>

<sup>1</sup>The store would need to purchase only the i100 to deploy this solution.

### Streamlined process yields more dramatic results

After the solution was implemented, the customer reported check processing costs of less than a third of what they had been – and said they expected to see an estimated 69.5% percent reduction for the year. With this kind of savings, the Cummins Allison solution pays for itself in a very short time.

Retailers processing their deposits using the combined method stand to reap the most substantial time and labor savings. Average Day 2 time savings were 84% – very close to the highest time and labor savings of 89%.

Notably, achieving the manual operation times in the table required intense focus and no interruptions. Mistakes that stem

from interruptions are far less likely because automated processing with JetScan iFX does not hinge on an operator's ability to concentrate.

Errors decrease proportionately as the process is automated. Work is easily paused and resumed and what has already been processed is tracked and displayed on the thin-client screen.

### JetScan iFX a winning solution for all

Improved accuracy, less time spent correcting errors, plus a faster, more streamlined process build a strong case for process automation using the high-speed JetScan iFX.

FIs are finding it increasingly more difficult and costly to service their large paper-based depositors. Cummins Allison works with FIs and their commercial customers to save time and labor by converting their paper check processing to an electronic solution with JetScan iFX and DBM software.

Quick, easy-to-use and cost-effective, DBM is a client-facing solution designed especially for retailers, merchants and other commercial clients that can benefit from an integrated, accelerated deposit preparation and balancing process.

JetScan iFX and DBM work flawlessly together to image large volumes of checks, count down individual cash drawers, balance to a POS system, make corrections, create an ICL and transmit the deposit. All in minutes, and virtually error-free.

How much easier would it be if your business had one system that could be used for processing cash and checks with automated balancing, and deposit preparation? With savings like these, can you afford to wait any longer?



Contact a CA representative today to determine which JetScan iFX solution is right for you. To learn more, visit [cumminsallison.com/checks](http://cumminsallison.com/checks)



852 Feehanville Drive  
Mt. Prospect, IL 60056  
800 786 5528  
[cumminsallison.com](http://cumminsallison.com)

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Cummins Allison sets the standard for accuracy and dependability.

Cummins Allison is a global leader in developing solutions that quickly and efficiently count, sort and authenticate currency, checks and coin. With a 125-year heritage of leadership in technology and product innovation, Cummins Allison serves the majority of financial institutions worldwide, as well as leading organizations in retail, gaming, law enforcement and government. Ninety-seven percent of our customers recommend our products and services.

CA holds more than 350 U.S. patents and invests double the industry average in R&D. Our world-class sales and service network includes hundreds of local representatives in more than 50 offices in North America, 4 wholly-owned subsidiaries in Europe and is represented in more than 70 countries around the world.

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