

Cardinal Software

TechMecca 2010



**Cardinal Software**

Change your core experience

# Remote Deposit Capture Risk Assessment, Controls and Policy





# How many of you have rolled out RDC?

- Fully implemented and available
- Piloted/limited rollout
- In planning stages to pilot
- Considering to pilot/rollout
- No plans as of yet

Cardinal Software

TechMecca 2010



**Cardinal Software**

Change your core experience

# Remote Deposit Capture Risk Assessment, Controls and Policy





# Agenda

- RDC State of the Union
- Setting Up & Deploying RDC
- Maintaining RDC for your Customers
- Pricing for RDC
- Mitigating Risks for RDC
- The Future of RDC
- Questions/Comments

Cardinal Software

TechMecca 2010



**Cardinal Software**  
Change your core experience

# ***RDC*** ***State of the Union***





# RDC Industry Deployment



64% of All FIs Offer RDC



16% Plan to Offer by 2011

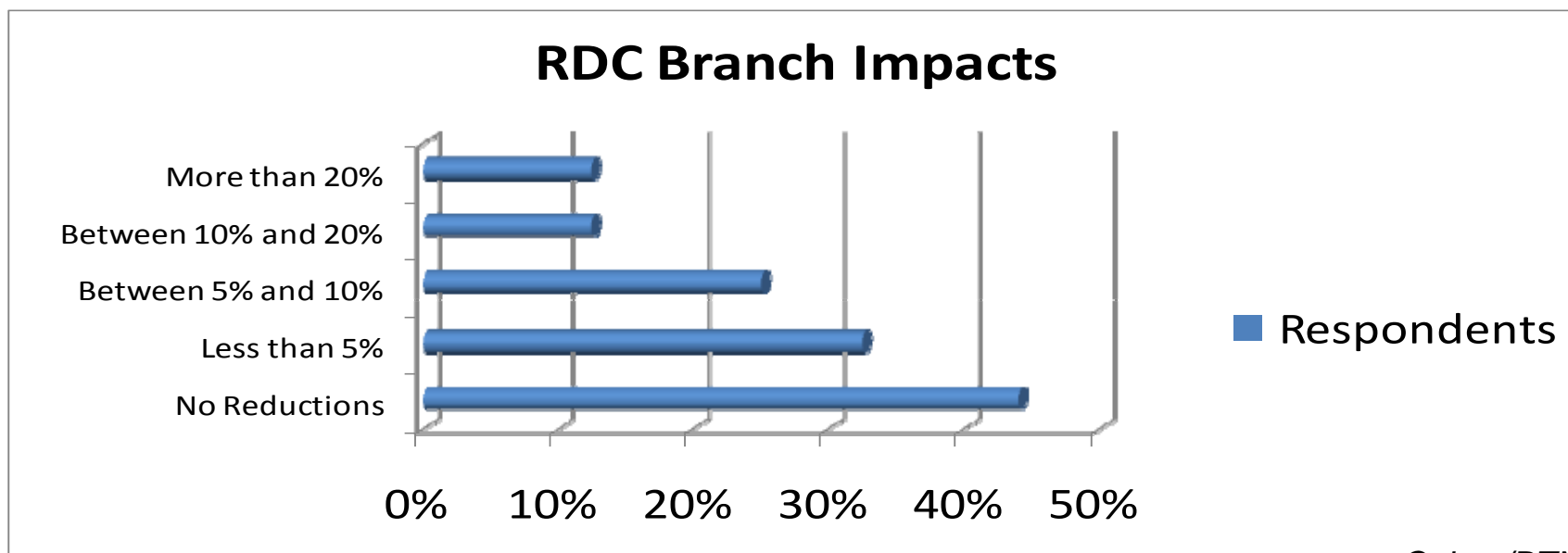
*Celent*



# RDC Impacts

*20%+ Reduction of Branch Visits of Small to Mid-size Businesses*

*60% of Banks Report Some Sort of Branch Impact*



Celent/BTN 2008



# Benefits of RDC

- Potential of increased fee income
- Float reduction
- Improved/Immediate availability of funds
- Reduction in courier fees
- Immediate access to items (images)
- Efficient back office
- Potential reduction of some branch personnel



Cardinal Software

TechMecca 2010



**Cardinal Software**  
Change your core experience

# *Setting Up & Deploying RDC*





# Regulatory Suggestions/ Best Practices

- What types of businesses will be allowed to use RDC
- Complete risk assessment & due diligence review of merchant/company
- Determine if service fits with customer's business
- Application Process
- Verify customer enrollment info
- Set limits to manage potential credit risks
- Monitor RDC activity
- Set & adopt RDC Policy & Procedures

*FDIC*



# Policy/Agreements

- Rules & Responsibilities  
*(bank and merchant)*
- Images eligible for deposit  
*(all items, check types, amount limitations, etc)*
- Image quality & liability of poor images
- Customer retention & destruction of original checks
- Regulatory & Privacy Laws





# Policy/Agreements (cont.)

- Deadlines for file transmissions sent to the bank for processing
- Hardware and Software  
*(bank and merchant)*
- Deposit and File Limits
- File acceptance procedures
- File transmission & method of presentment
- Customer security responsibilities





# Policy/Agreements (cont.)

- Maintenance policy/procedures
- Lost files
- Intrusion and stolen files
- Processing & image access
- Return items
- Pricing
- Customer Audits
- Insurance Coverage (for the bank)





# Software

- PC-based / Fat Client
- Thin Client / Citrix Support
- Web-based / ASP Model
- CAR/LAR?
- Balancing
- Research & Reports
- Ease of use





# Software (cont.)

- Documentation / Online Help
- Tracking of File Process
- Duplicates / Fraud Prevention
- Complete Files





# Hardware

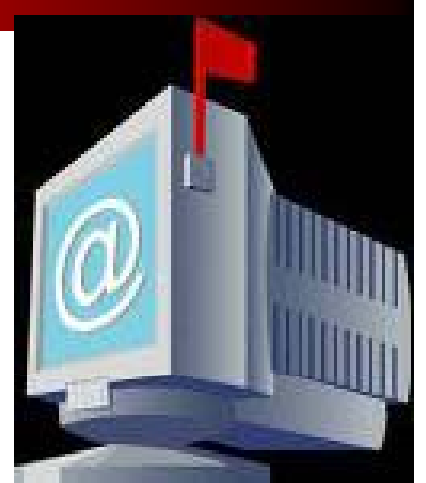
- Make / Model of Capture Device
- Size of Capture Device
- Business Growth
- Windows version compatibility
- Mac Support
- Thin Client / Citrix Support
- Drivers





# Transmission

- X9.37 file format  
*(not all X9.37 formats are alike)*
- FTP
- Via secure internet
- Direct connect
- E-Mail
- Acknowledgements & Acceptance
- Deadlines





# Implementation

- Training procedures & documentation
- Testing procedures & time period
- Who to do?
  - *Bank*
  - *Vendor*
  - *Third party*
- Remote or On-site

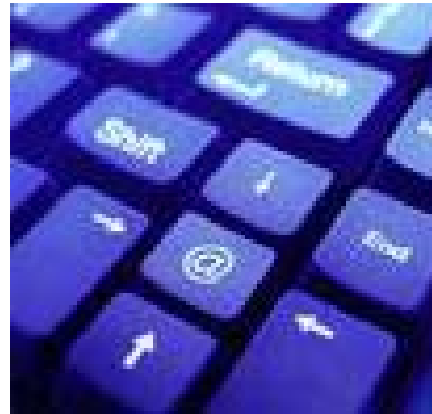


Cardinal Software

TechMecca 2010



# ***Maintaining RDC for Your Customers***



**Cardinal Software**

Change your core experience



# Support

- Dedicated Call Center, Backoffice, Branches, or Other?
- Software
- Capture Device / Drivers
- Transmission Issues
- Acknowledgement and Acceptance Issues
- Remote Access or On-site
- Business Continuity Plans





# Updates

- Software revisions
- New software
- Hardware drivers
- Capture maintenance / issues
- Capture device life
- Change in transmission methods
- Change in customer's PC/MAC
- Business growth/decline



Cardinal Software

TechMecca 2010



**Cardinal Software**  
Change your core experience

# *Pricing*





# For those that offer RDC, how many charge for RDC?

- Hard/Monthly Charge
- Soft Charge
- Combination
- Planning to Charge but Not Sure What to Charge
- Don't Charge at All



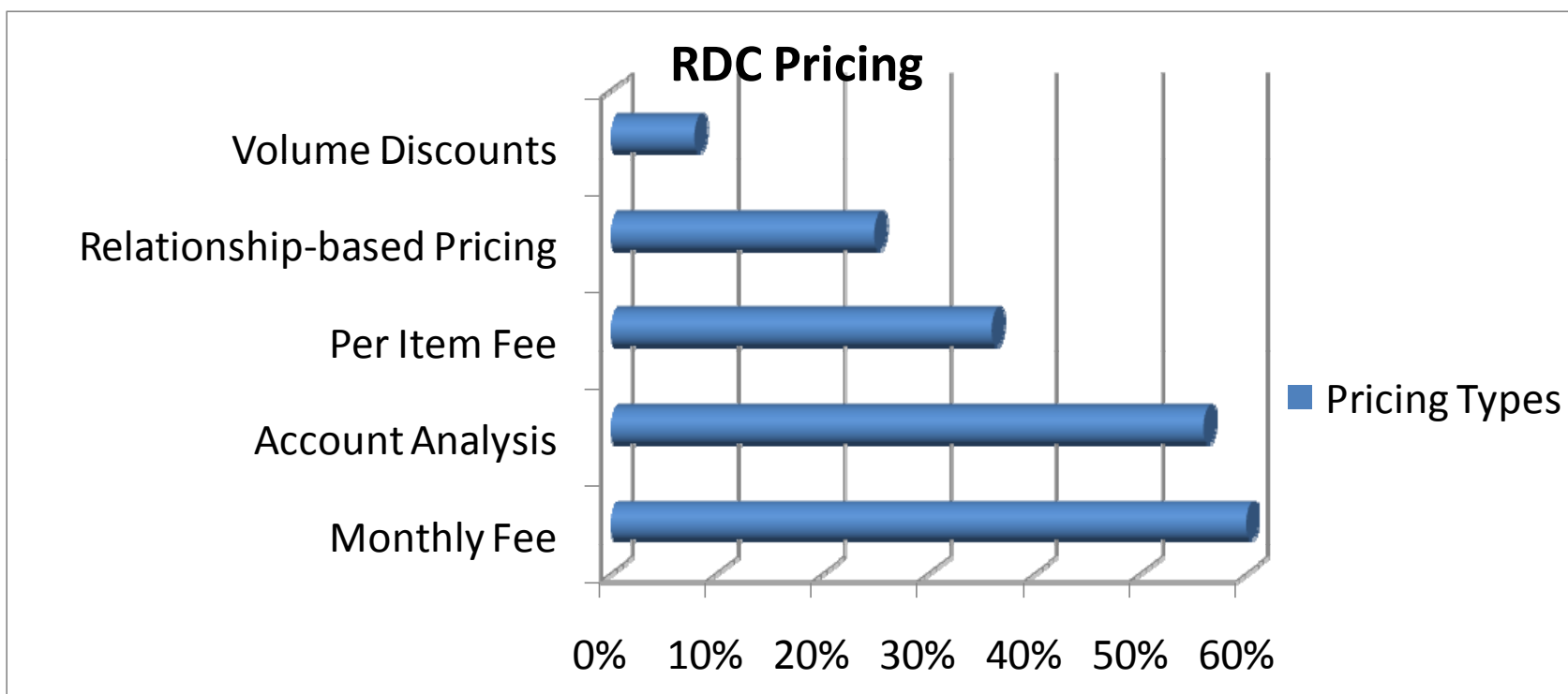
75% charge something  
for RDC, while 25% do  
not charge





# Pricing Utilization

*Average Monthly Fee: \$39*



*Federal Reserve*



# Pricing Options

- Capture Device
- Monthly Fee
- Account Analysis / Soft Charge
- Transaction / Per Item Fee
- Relationship-based Pricing
- Volume Discounts
- Combination
- No charge / Absorb through bank savings



Cardinal Software

TechMecca 2010



**Cardinal Software**  
Change your core experience

# *Mitigating Risks for RDC*





# RDC Risk Management

- Be a Consultant: Know your customer
- Good Policy / Contract
- Easy deployment process / software
- Fraud prevention software controls
- Security controls
- Transmission controls & acknowledgements
- QA checks & controls
- Business continuity planning
- Bank Support



Cardinal Software

TechMecca 2010



**Cardinal Software**  
Change your core experience

# ***The Future of RDC***





# The Future of RDC

- No hard regulations yet, but most likely coming
- Pricing to be standardized by the industry
- Conversion to ACH  
*(NACHA Rules Apply / Maybe be changed?)*
- Retail / Home RDC
- Capture Devices
  - *Handheld (mobile devices) (already being tested)*
  - *Flatbed Scanner*
  - *Smaller RDC Capture Device (\$200)*
  - *Cost continues to come down*

Cardinal Software

TechMecca 2010



**Cardinal Software**

Change your core experience

# *Questions*



**H. Terrie Cloud**

***Product Manager / Director of Solutions Consulting***

**O - (704) 588-4441 / C - (704) 904-5819**

**E-mail: [tcloud@cardinal400.com](mailto:tcloud@cardinal400.com)**

**Web: [www.cardinal400.com](http://www.cardinal400.com)**