

MISSOURI INDEPENDENT BANKERS ASSOCIATION

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STRENGTHENING YOUR COMMUNITY BANK WITH RDC

by
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Since the inception of Check 21 and then image exchange, we have seen financial institutions embrace new technology and adapt it quicker than ever before. In only four short years, over 80% of financial institutions will be sending cash letters electronically with over 65% of them receiving items electronically.

This quick adaptation has also opened up doors for financial institutions to save courier fees, maintenance fees, staff costs and time by implementing branch capture with CAR/LAR. The branch capture units have additional value for your customers and can give you a competitive edge if you extend and standardize cutoff times at all branch locations. Remote Deposit Capture (RDC) is the next step financial institutions need to look at to strengthen their market share and increase deposits. Think of it as an extension of branch capture.

Remote deposit capture has been an evolving technology that has opened up doors for solutions such as remittance processing at the customer site, image deposit at the ATM, and most recently consumer capture. While remote deposit capture has become a mature product for some financial institutions, there are still many that don't capitalize on the true potential a good RDC product brings to them.

RDC offers opportunities to increase deposits while also streamlining bank operations. It also allows Community Banks to retain current customers while expanding their footprint without bricks and mortar. No longer are banks having questions about the benefits of RDC. The industry has now shifted to serious consid-

eration of how to deploy and measure results. It is time for Community Banks to stay in position and understand the value of new technology.

It is important to look at the solutions you offer your customers to make sure you market them successfully to differentiate yourself from the competition. In a recent survey merchants were asked if they would leave their current bank if a competitor offered the right mix of products and services. Surprisingly, 57% said they would. The current market strategies that we see being used by community banks for deployment are OFFENSIVE AND DEFENSIVE.

The offensive approach is based on banks implementing an aggressive approach to marketing. A recent survey shows that 81% of banks using RDC have a dedicated sales force that is focused on prospecting in the small business market. We have seen financial institutions target a specific area with RDC that they could not service with their existing branch locations before. This allows them to test the waters in a new market without significant expenditures on facilities, staff, and equipment. RDC has no boundaries. The customer might be next door, in a different town, or even in a different state.

The defensive approach allows a bank to say "We have it too"! This method has seen banks being caught out of position and off balance. When a customer approaches someone at the bank about a product offering such as RDC, most likely they have seen or heard of it from a competitive bank. At this point, you are already out of "position". We see banks become frantic

and desperate to jump quickly and without due diligence. Sometimes this leads to a product mix that doesn't quite meet the entire needs of the bank, thus a waste of resources and money. Remote Deposit Capture has become and is now viewed as a requirement to remain competitive in the banking industry.

If you buy into this or not, it becomes clear that RDC is here to stay. By Community Banks accepting and embracing RDC technology, it becomes not only short term but a long term strategic way for banks to increase deposits, stay in "Position " and stay competitive.

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