



I'm 'not' going to the bank...

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How many times have you heard – “I’ll be back. I’m going to the bank.” If you own the company then one of two things come to mind. *Great, I need the money* or *Gosh, I wonder how long she or he will be gone this time?*

As an owner or their accountant, you clearly understand that until the remittance is deposited and processed through the check clearing system for conversion to cash, the check is just a piece of paper with ink on it. Unfortunately, due to the time constraints associated with the daily tasks of running a business, many business owners simply don’t make it to the bank every day to deposit checks or they get there after the current day’s deadline for same day credit. This naturally means another day delay in receiving the cash value.

Good news! There’s a better way to process paper-based receivables. Most banks now offer an image processing solution referred to as remote deposit capture. (RDC). This service enables the CPA firm acting on behalf of its client and/or the client to process checks received for payment using proprietary software loaded on their PC or by accessing the application online via the Internet. The first is called a thick client solution and the second thin client. Regardless of application, the check is scanned and a secure digital file is created for delivery to the bank for deposit processing via the Internet. And better than that – most banks extend the day’s deadline for same day credit when using the service.

Remote Deposit Capture

- Eliminates the need for an employee to go to the bank to make a deposit.
- Reduces expenses for bonding, travel, courier, or even wire transfer costs.
- Extends deposit hours for same day ledger credit.
- Accelerates the check to cash conversion timeline.
- Provides an image archive so no more photocopying before making the deposit.
- Supports networking of multiple office remittance processing into one account.

Upon receipt of the image file, the bank processes the remote deposit in one of two ways, depending on the type of check imaged or the user’s preference for processing. The first way is to create a paper-based check substitute referred to as an Image Replacement Doc or IRD. The second method is to create an ACH transaction referred to as an ARC (Accounts Receivable Conversion) item. Each Bank’s RDC solution will have its own unique features and processing capabilities/requirements. Bank costs will also vary but most will include cost of a scanner and a per item transaction fee. These costs can be offset by compensating balances or in hard dollars fees as an operational cost for the company.

The most important thing to do is to explore the financial impact to cash flow and expenses when using remote deposit capture. Would it accelerate receivables cash

conversion by one day, two or three? How much might it save the company from having to pay a courier or to bond an employee? Would it help to consolidate multiple office deposits and accounts? Would consolidation simplify monthly reconciliation?

Any bank's cash management or treasury management department should be able to help you to quantify the savings, determine the best solution given the mix of receivables, and put you or your client in the driver's seat – *not in the car and long lines at the bank* – but at the PC, at your convenience, any time of the day.

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