

STILLWATER NATIONAL BANK

Enhancing check imaging capabilities with Metavante Image Solutions

HIGHLIGHTS

Stillwater National Bank

Stillwater National Bank (SNB) is a subsidiary of Southwest Bancorp, Inc. Founded in 1894, SNB is headquartered in Stillwater, Oklahoma, with offices in Kansas, Oklahoma, and Texas, and currently has assets of approximately \$2 billion.

Business Objectives

- To leverage the two most strategic technologies enabled by advances in check electronification – distributed image capture and check image exchange.
- The ability to scan checks from every point-of-presentment on their network and transmit the images back to their bank

Metavante Solutions

- Metavante Image Solutions Direct Suite - providing distributed image capture and a payment processing infrastructure that accommodates remote deposit capture at every point of presentment – at the branch, and off-premises, including commercial and corporate locations
- Metavante Image Solutions xChange Fed – providing sending and receiving connection to the Fed via the FED ASC x9.37 format
- The Endpoint Exchange Network – enabling U.S. financial institutions to clear their check-based transactions by exchanging check images between member institutions

Benefits Achieved

- Reduced workloads and staffing by capturing deposits at point-of-presentment
- Estimated 60% reduction in courier expenses
- Eliminated risk of holdover and delayed availability
- Accelerated clearing times – 95% + same or next day availability
- Improved funds availability – from 75% to 99%
- Attracting new commercial customers with new services

In today's post-Check 21 processing environment, Stillwater National Bank (SNB) wanted to leverage the two most strategic technologies enabled by advances in check electronification – distributed image capture and check image exchange. SNB wanted the ability to scan checks from every point-of-presentment on their network (at the branch and off-premises, including commercial and merchant locations) and transmit the images back to their bank - providing a seamless path to the Endpoint Exchange Network and Federal Reserve for check clearing and image exchange.

By capturing checks earlier in the deposit process, both SNB and their commercial customers are realizing considerable revenue increases with significant reductions in transportation / courier costs, clearing costs, and processing times.

THE CENTERPIECES OF A CHECK 21 PAYMENT PROCESSING INFRASTRUCTURE

In September 2005, SNB wanted to update its check imaging systems to capitalize on the changes brought by Check 21. It particularly wanted the ability to truncate checks at the point of first touch and provide its commercial and corporate customers with the convenience of image capturing and electronically delivering payments directly to the bank.

THE BENEFITS OF DISTRIBUTED IMAGE CAPTURE

Metavante Image Solutions showed SNB how capturing check images at the branch and at merchant locations would improve the overall efficiencies of its payment operation. Metavante Image Solutions Direct Branch and Direct Merchant integrate multiple remote deposit capture locations, removing paper from the process, lowering the cost of payment processing with accelerated check clearing, and maximizing cash flow. Both Direct



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Branch and Direct Merchant automate labor-intensive check processing tasks, reducing the time and costs associated with check handling.

Metavante Image Solutions Direct Branch provided SNB with the capability to image checks via a scanning device at the back counter – extending back room capture into the branch. SNB staff could capture batches of items on the back-counter scanner at regular intervals. Direct Branch was quick and easy for SNB to implement, because it required no changes to existing teller systems or processes.

For SNB's commercial customers, Metavante Image Solutions Direct Merchant reduced deposit preparation, paper handling, transaction costs, and eliminated daily trips to the bank, since all checks are electronically presented for payment.

For SNB to meet its goals of attracting new customers and strengthening existing customer relationships, it needed to offer multiple delivery channels and increased convenience. The Metavante Image Solutions Direct suite now allows SNB to operate more like a retailer and less like a traditional bank, extending deposit cut-off times for customers, reducing courier expenses, and creating operational efficiencies. Direct Branch and Direct Merchant, along with the enactment of Check 21, has positioned SNB for total check truncation at the branch and merchant location, drastically reducing the forward collection expenses associated with check processing.

THE IMPORTANCE OF CHECK IMAGE EXCHANGE IN POST-CHECK 21 PROCESSING ENVIRONMENT

In 2005, the Federal Reserve System began reducing the number of its check processing locations due to the industry-wide decline of check volumes. The Federal Reserve System announced that its Oklahoma City

Branch would be serviced by the Dallas Fed, beginning in the second quarter of 2006.

SNB and Metavante Image Solutions started planning ahead. SNB did not want to race against the clock to process the daily volume of on-us and transit items to make the Federal Reserve Bank deposit deadline in Dallas. Heavy volumes or transportation delays could force SNB to hold the items over until the next day, not only reducing their funds available for investment, but also increasing their exposure to fraudulent deposits.

SNB is now deploying Metavante Image Solutions xChange for the Fed, which provides sending and receiving connection to the Federal Reserve Bank of Dallas, where it is now depositing image cash letters through the Endpoint Exchange Network. The Federal Reserve Bank forwards these items for presentment to the paying banks as images or substitute checks. This capability enables SNB to transmit electronic images of checks, reducing and ultimately eliminating the need to transport the physical items. The electronic exchange of check images allows SNB to further leverage the opportunities created by the Check 21 legislation by providing more choices in clearing options to optimize the funds availability and cost of clearing each item - including paper checks, substitute checks, and electronic images.

SUMMARY

By partnering with Metavante Image Solutions to deploy the industry's most comprehensive suite of distributed image capture and check image exchange solutions, SNB and its commercial customers are:

- Saving hundreds of thousands of dollars in transportation and courier costs



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- Experiencing increased operational efficiency and productivity from handling balanced image files
- Meeting earlier Federal Reserve deadlines
- Achieving accelerated check clearing and settlement through seamless check image exchange with the Federal Reserve and the Endpoint Exchange Network

CONTACT US

For more information about how Metavante Image Solutions can help your organization enhance its check imaging capabilities, call 1-800-822-6758, or visit metavante.com.