

American National Bank's e-Deposit Eliminates Trips to the Bank

(DENVER, CO.) Like most businesses, Maxus Properties once made frequent trips to the bank to deposit checks. The property management company, which provides services to apartment complexes in nine states, found that its property managers had to close up rental offices in order to get deposits into their accounts.

With offices closed 30 minutes or more, that sometimes meant lost opportunities to show apartments to prospective tenants.

Today, Maxus has done away with those trips by switching to electronic deposits – made right from each rental office.

Maxus takes advantage of an innovative banking service called e-Deposit, launched in 2005 by American National Bank, a large, independent community bank with locations in Colorado and Wyoming. The service allows the bank's commercial clients, like Maxus, to make check deposits electronically, without ever having to leave their offices. The conveniences and benefits of the service have turned out to be even more far-reaching than the bank anticipated.

"e-Deposit is such a sought-after technology that we're doubling the volume of deposits every month," said Shelly Heflin, senior vice president and division manager of cash management for the Sturm Financial Group, the parent company of American National Bank and Premier Bank in Kansas and Missouri.

For Maxus Properties, the benefits include improved productivity and efficiency, enhanced reporting, decreased float time, and no more need to have separate depository relationships with local banks across nine states.

"e-Deposit has been virtually foolproof," said Stuart Woody, comptroller for Maxus Properties. "It's very easy to use and quicker than manually filling out a deposit slip. And, with e-Deposit, our property managers no longer have to close the rental offices to make trips to the bank."

Known generically as remote deposit capture, the ability to transfer check images electronically became legal in the United States in 2004 when the Check Clearing for the 21st Century Act (known as Check 21) took effect. Intended in part to keep the country's financial industries operational in the event of a catastrophe that could make long-distance transportation impossible – like the attacks of September 11, 2001 – the Check 21 Act makes the digital image of a check legally acceptable for payment purposes, just like a traditional paper check.

Before 2004, if someone deposited a check from one bank into an account at a different bank, the banks would have to physically exchange the paper check before the money would be credited to the customer's account. But under Check 21, one bank can simply send an image of the check to the other bank. A side effect of Check 21 is that, because the digital image of a check is now considered a legal document, bank customers who receive checks as payments can scan an image of the check and deposit it into their bank from their home or office.

Since launching e-Deposit to its commercial clients, American National Bank has discovered that the product is so desired by businesses that marketing it is almost unnecessary.

"I watched a demo at the bank and I was immediately sold on e-Deposit," Woody said, adding that he had never heard of the product until 2006.

With e-Deposit, businesses make check deposits by scanning in the checks using a desktop scanner and stand-alone PC provided by the bank without ever having to physically deliver the actual check to the bank. For many businesses, this alone is a huge benefit. Because the vast

majority of the company's deposits are in the form of checks, trips to the bank are a thing of the past.

Another big benefit of e-Deposit is the reduced float time. Clients using e-Deposit transmit check images daily via a secure upload directly to the bank, and enjoy an extended deposit cutoff time. This means that checks clear much quicker and the funds are made available much sooner, reducing the typical float to less than 48 hours.

e-Deposit also improves efficiency of cash management procedures. There are no deposit slips to fill out, and reconciling and accounting is simplified. And, because a scanner captures and retains an image of each check, the need for photocopying checks is eliminated. Businesses have images of each check at their fingertips, enhancing customer service and retention, and satisfying reporting requirements. This improved efficiency translates into huge cost savings for many businesses, both large and small.

Maxus Properties' corporate office no longer has to wait for all its property managers to call in deposit amounts for reporting. Woody receives an e-mail first thing in the morning reporting the total deposit amounts made by e-Deposit at each property the previous day.

It also eliminates the need for local depository relationships in each community in the nine different states where its properties are located. By consolidating depository account relationships to fewer banks, businesses become eligible for lower per-item pricing because of volume-based discounts. Also, as a result of consolidated banking relationships, corporate treasury operations will simply be more efficient. Lower transaction costs, reduced funding rates and enhanced cash flows result in a treasury department that has more time to focus on productive efforts – as opposed to administrative efforts such as account reconciliation for many banking relationships.

Another advantage of converting paper checks to electronic images is the reduced chance of fraud. By capturing the information off the check more quickly, a company can quickly identify fraud attempts. Law enforcement officials and check fraud experts agree that quick identification of fraud attempts is one of the best ways to detect them and recover funds.

American National Bank was among the first wave of community banks to jump on the Check 21 bandwagon by offering e-Deposit. Today, more than one-third of financial institutions offer remote deposit capture, according to a June, 2007 report published by Celent, L.L.C., a research and advisory firm that helps financial institutions formulate business and technology strategies. But, not all remote deposit capture products are created equally. Businesses should carefully consider the features of remote deposit capture products before signing on.

Stuart Woody of Maxus Properties has used two different remote deposit capture products and prefers e-Deposit for two reasons. First, with e-Deposit, the scanner has a much higher-than-average read rate, and key inputting of check amounts is not necessary. With another bank's product, the property managers must input the amount of each check, which is more time consuming.

Second, American National Bank owns and services the completely integrated, stand-alone system that it provides to its e-Deposit clients, which means that the bank provides full system support for both hardware and software. That is not the case with many other banks' remote deposit capture products, which require business clients to purchase scanners and software from 3rd-party providers.

"There's a strong support system behind the e-Deposit product," Woody said. "And, the stand-alone PC and scanner do not take up much space."

When American National Bank first rolled out e-Deposit, it believed that the product would be attractive to large companies depositing large volumes of checks or high-dollar-amount checks because electronic transmission gives them faster access to funds. But, the customer base keeps widening in ways the bank didn't anticipate. Professional offices, insurance companies and lots of small businesses that don't necessarily have high-volume check deposits are enjoying the many benefits of e-Deposit.

For example, some small business owners, like landscapers, rarely have time to go to the bank except on rainy days, literally. e-Deposit allows them to make hay while the sun shines and take advantage of the convenience of making deposits from home at the end of the day.

"There's so much excitement about e-Deposit that customers are asking us for it," said American National Bank's Heflin. "And the clients are across the board, from small construction companies to multi-national corporations."

With e-Deposit here to stay, Heflin sees the next generation of the product integrating fully with accounting software, automating accounts receivables and making cash management operations even more efficient.

"We're already in a beta testing phase with the next generation of e-Deposit and will have it available for full roll out by the end of the year," Heflin said. "At American National Bank, we're committed to remaining on technology's leading edge."

For business clients, it's just one more step to making payment collection fully automated, and further revolutionizing the way businesses do business.

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American National Bank is part of the Sturm Financial Group, which consists of community banks located in Colorado and Wyoming under the American National Bank name and in Kansas and Missouri under the name Premier Bank. With 37 locations conveniently placed throughout the communities they serve, The Sturm Financial Group maintains financial strength embodied in approximately \$2.1 billion in assets. Cutting-edge technological products such as e-Deposit for businesses and *BankAtEase* Internet Banking for individuals and businesses further enhance clients' banking experience.