



Checking Out, Online In *Redefining Receivables Processing*

T.C. Kennedy

Receivables Solutions Line Manager

Agenda

- I. Processing Checks
 - Check 21 impact
 - Large and declining check volumes
- II. Processing Options
 - Online bill payment acceptance and processing
 - Biller direct payment acceptance
 - Remote deposit capture
 - Bank solution
 - Integrated software solution
- III. Building the Business Case
 - Goal: Expedite receivables processing
 - Case Study
- IV. Conclusion
 - Demo
 - Q & A

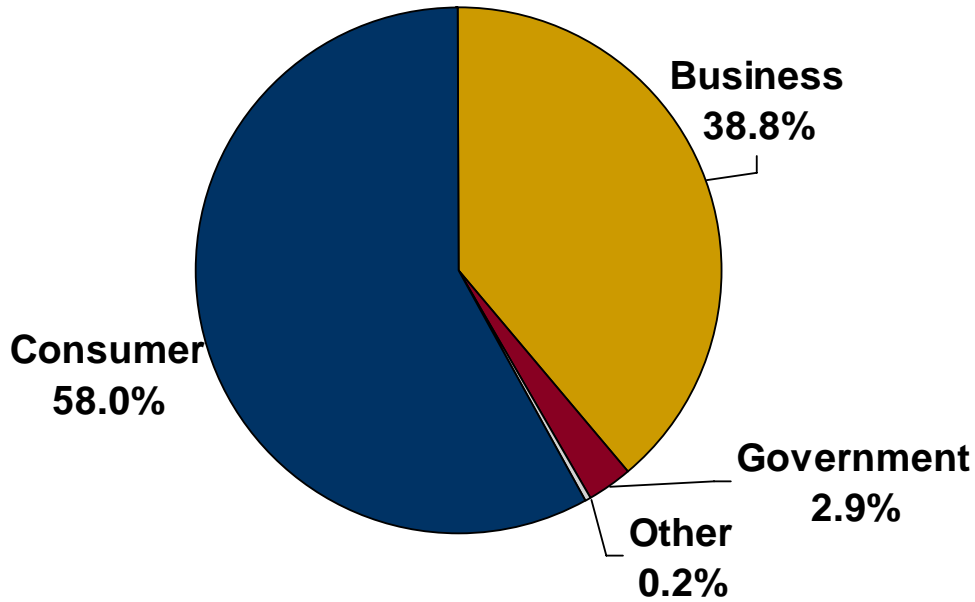


The Check Clearing for the 21st Century Act went into effect October 28, 2004. The Check 21 Act had three very simple purposes:

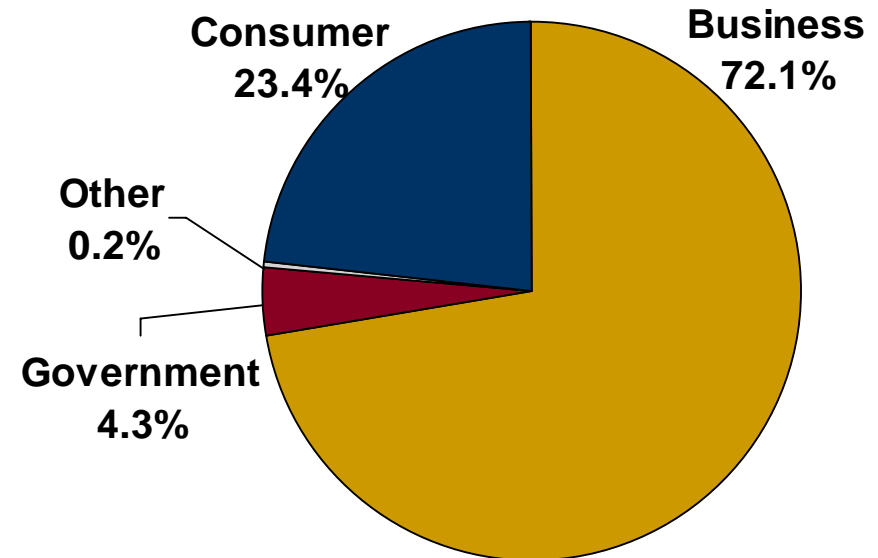
- Facilitate check truncation
- Foster innovation in the check payment system without mandating receipt of checks in an electronic format
- Improve the payment system overall

Note: Does not make an electronic check the legal equivalent of a paper check

Percent of Checks Written By



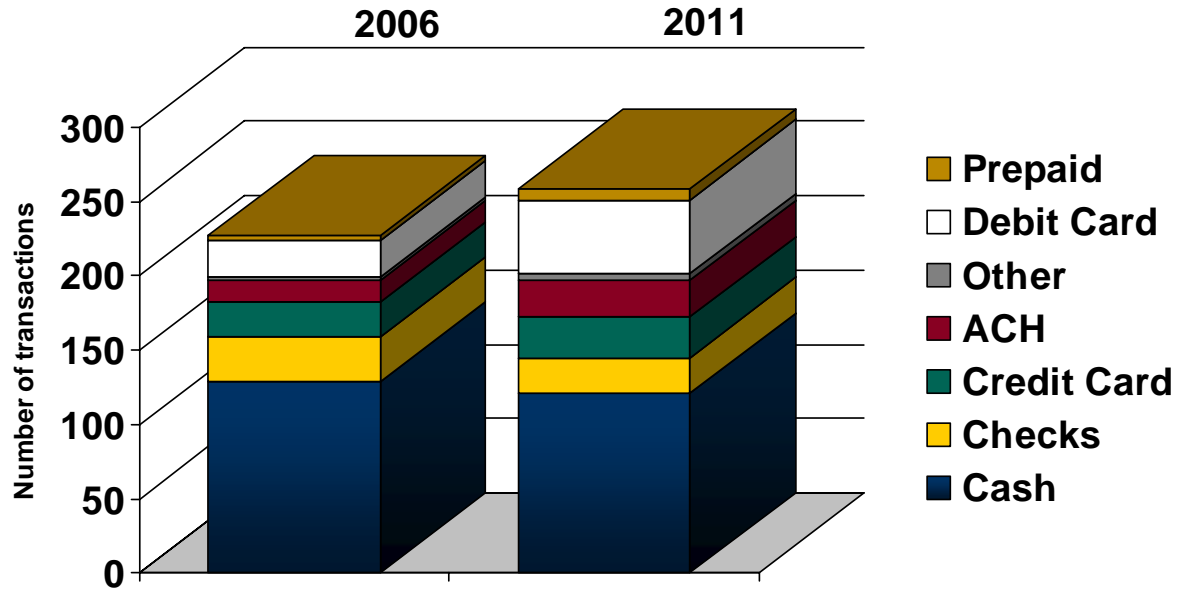
Percent of Checks Received By



Source: 2007 Federal Reserve Survey, American Banker, 3/26/2008

Number of Payments Increasing

- Paper transactions are moving to other forms including ACH and card transactions
- Electronic payments, especially debit cards, are replacing checks



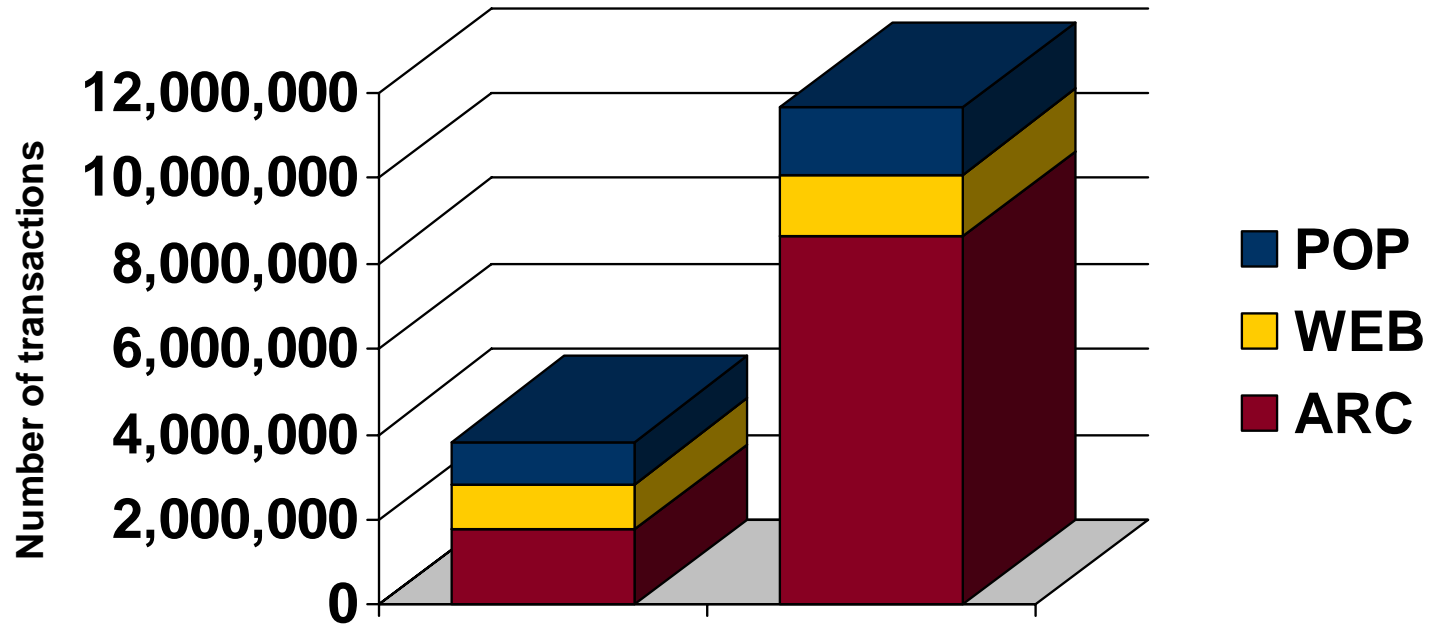
(Transactions in Billions)	2006	2011	CAGR
Cash	129	121	-8.6%
Checks	30	24	-9.3%
Credit Card	23	27	4.3%
ACH	15	25	10.3%
Other*	2	4	1.6%
Debit Card	25	50	24%
Prepaid	3	7	3.6%

*Other includes EBT, EMT, book entry transfers and wire transfers.

As payment options become more complex, you'll need solutions that are right for you

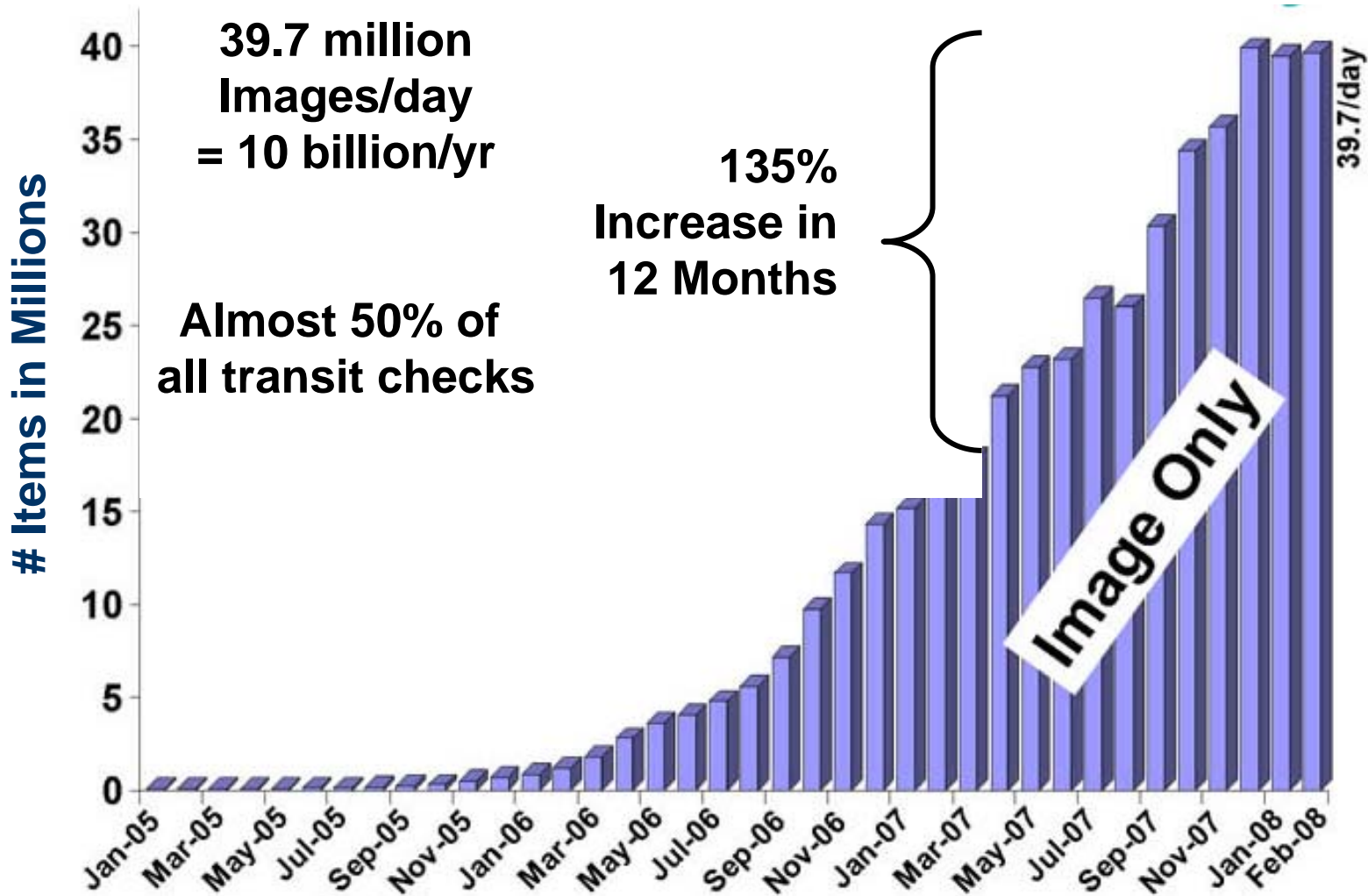
Source: 2007 Federal Reserve Payments Study

Federal Government ACH Volume



Source: 2007 Federal Reserve Payments Study

Average Number of Images Received a Day



Source: Check Image: 2007 Federal Reserve, PaymentsNation, SVPCO and local/regional exchanges

Goals:

- Increase speed of collections and cash applications
- Reduce expense associated with the deposit process
- Simplify the process of application and concentration
- Increase staff efficiency

Process Evaluation:

- Who pays you?
- Where do they pay you?
- How do they pay you?
- How do you apply the payments?
- What do you do with the money?

Product Matrix

Online Bill Payment Acceptance & Processing	Aggregate payments from multiple online bill payment providers into one file for quicker and easier reconciliation
Biller Direct Payment Acceptance	Accept, manage and reconcile customer payments initiated online or over the phone
Remote Deposit Capture- Bank Solution	Deposit checks electronically to your SunTrust account – directly from your office – using a check image scanner and a secure, direct connection
Remote Deposit Capture – Software Solution	Capture and transmit check images quickly and securely from your office to SunTrust <i>Note: Software varies by vendor</i>

Online Bill Payment Acceptance

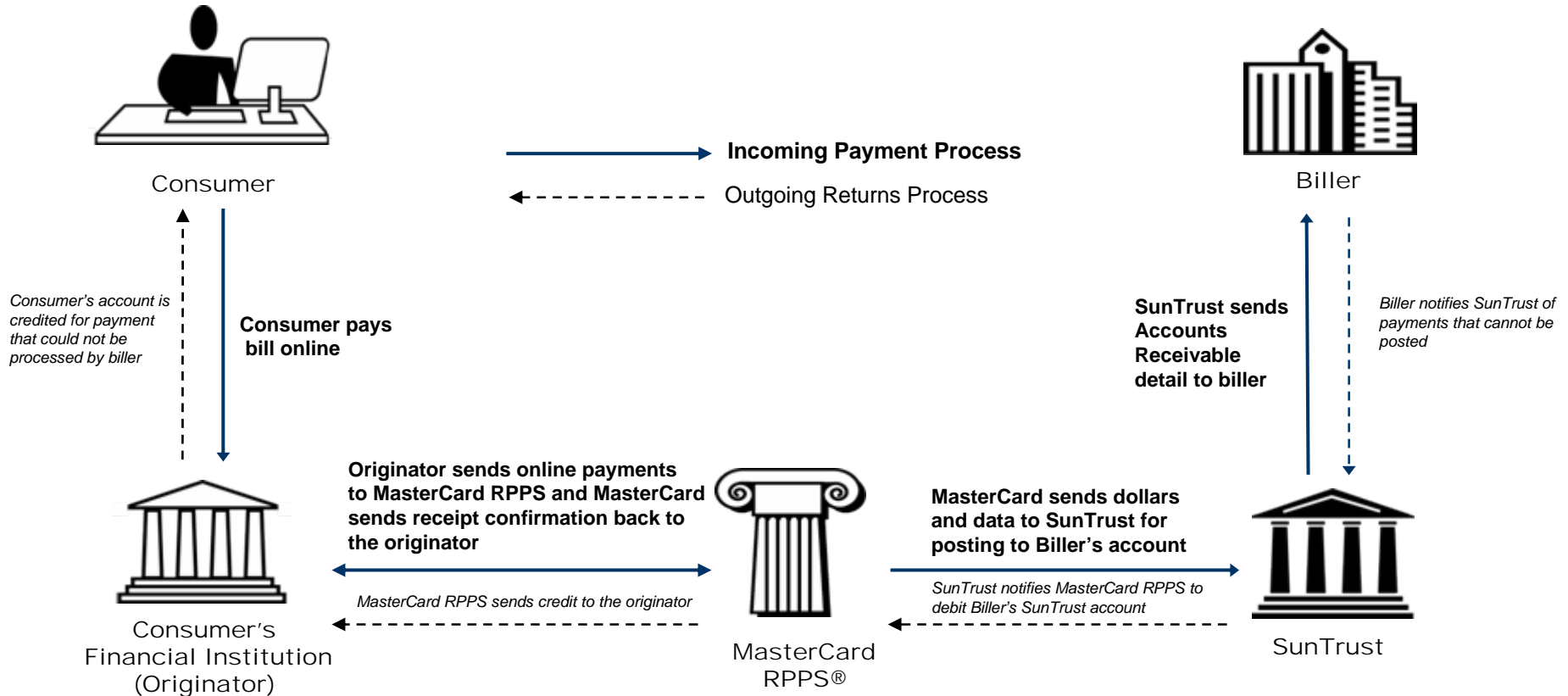
Online Bill Consolidator

- Reduce mail float and receive your payments by ACH
- Increase accuracy of account data and reduce manual-entry errors
- Improve efficiency by receiving both your payments and data electronically

Is it For You?

- Do you receive consumer payments from multiple bill payment originators?
- Are you manually reconciling multiple payment files?

Online Bill Payment Acceptance Workflow



Biller Direct Payment Acceptance

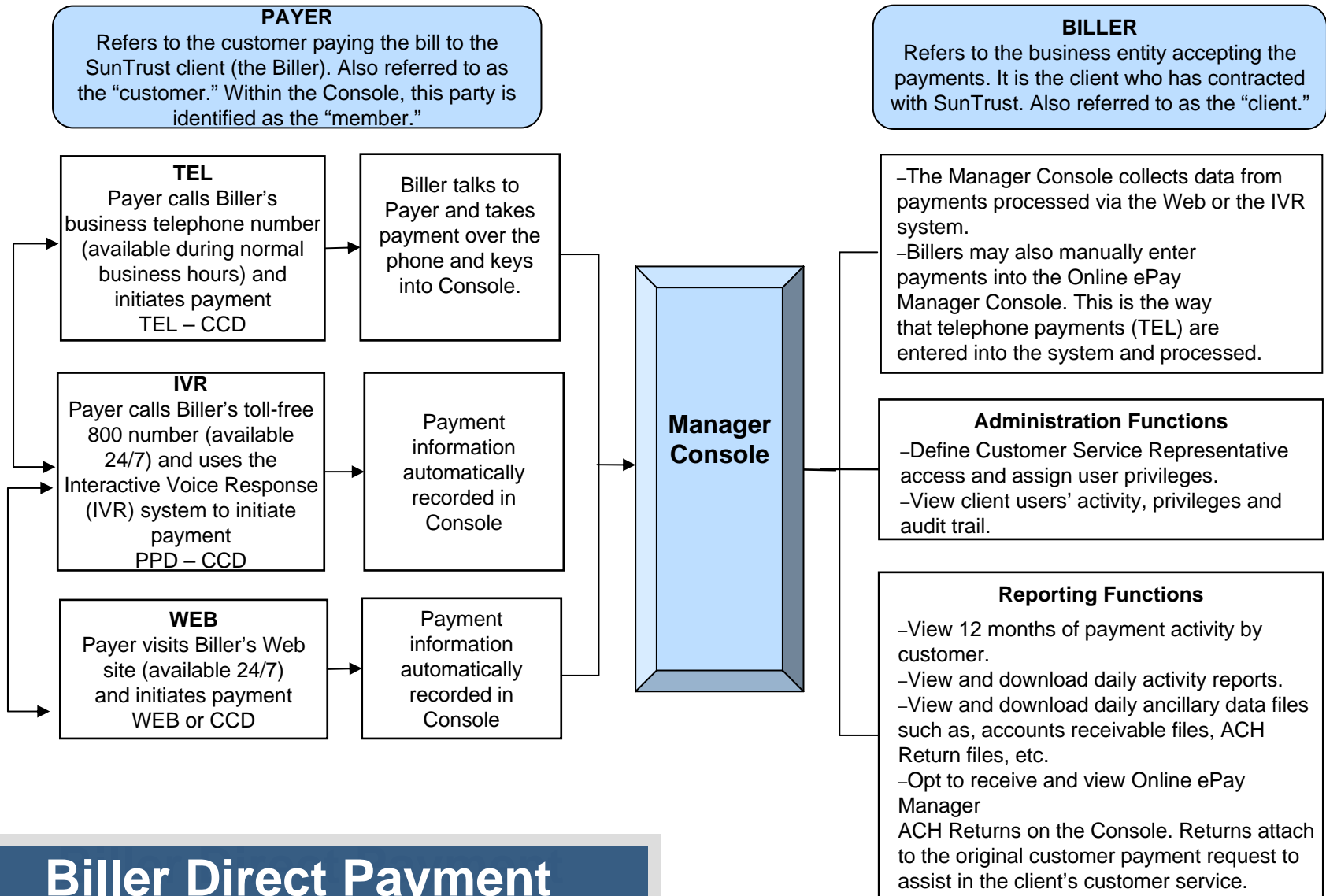
Online ePay Manager

- Accelerate funds availability by processing customer-initiated payments electronically
- Provide payment options either through your website or over the telephone – all without the use of in-house development
- Improve customer service with the ability to quickly research and respond to customer inquiries

Is it For You?

- Would you like to offer your clients additional payment options and reduce the length of time your payments are outstanding?
- Would you like your payments directly fed into your A/R system?
- Would you like to receive payments over the weekend?

Processing Options



Biller Direct Payment Workflow

Remote Deposit Capture – Bank Solution

Online Check Deposit

- Focus more attention on your business by limiting trips to a branch to make deposits
- Concentrate deposits at SunTrust – no matter where you company has locations
- Reduce the need for paper deposit tickets and banking expense with this electronic deposit solution

Is it For You?

- Do employees interrupt their work to make deposits at the branch?
- Do you receive additional checks that don't go to a lockbox?
- Do you have locations that aren't near a SunTrust branch?

Remote Deposit Capture – Software Solution

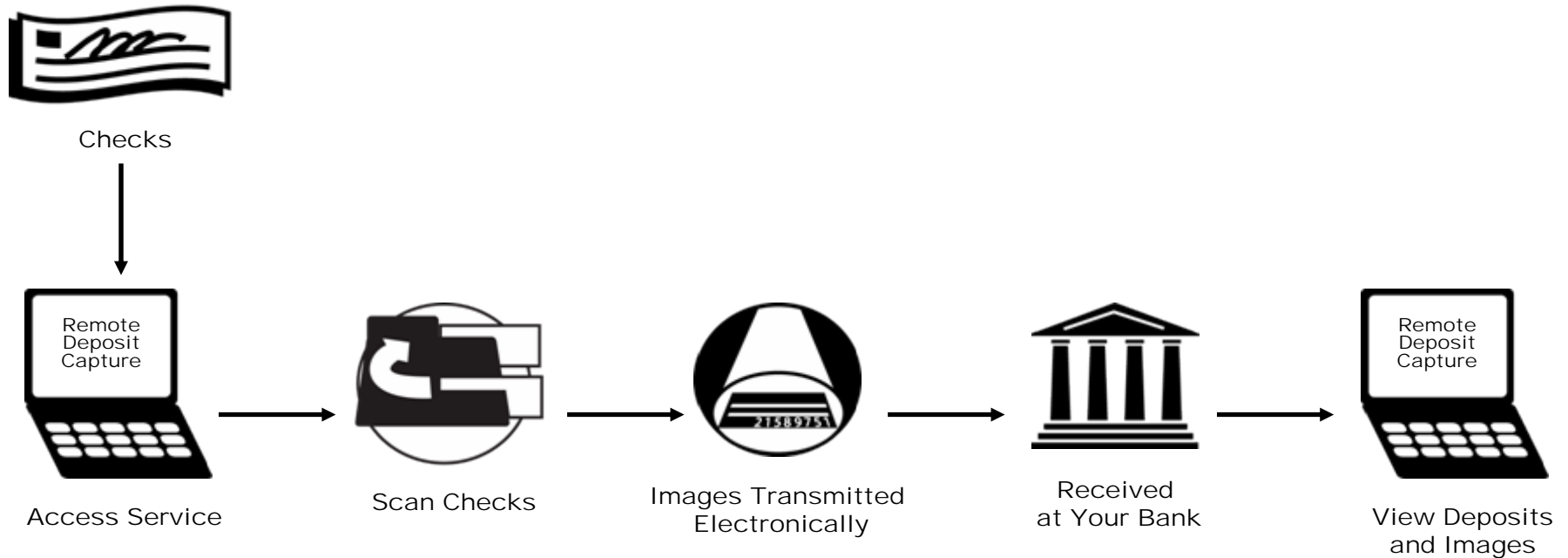
Image Cash Letter

- Expedite delivery of checks to the branch for deposit
- Receive processed control totals for each file within two hours
- Same-day credit for cash letter deposits transmitted by 9:30 ET
- Handle A/R processing utilizing an integrated software solution

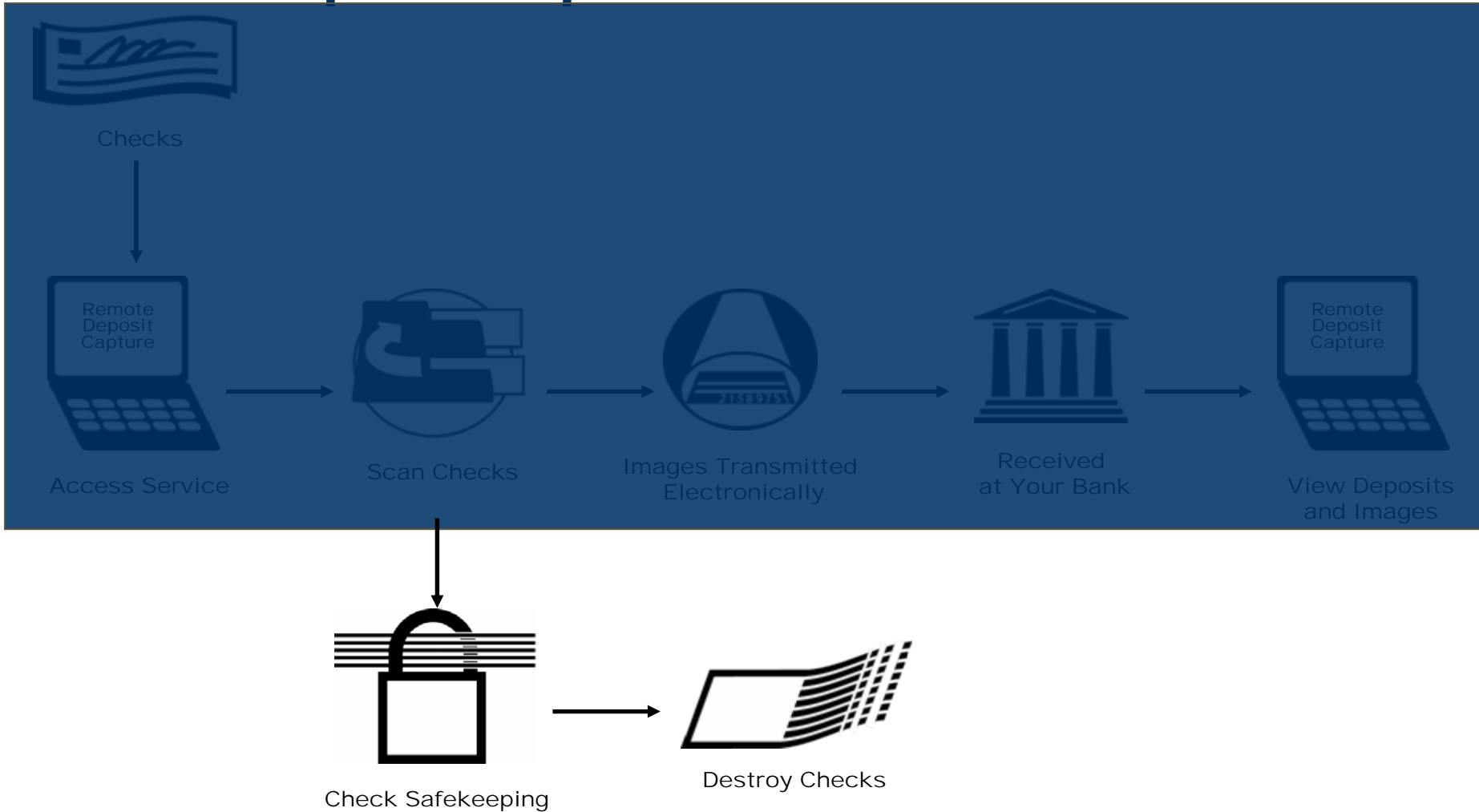
Is it For You?

- Would you like to minimize the costs related to paper checks?
- Would you like to automate your deposit processing?

Remote Deposit Capture Workflow



Remote Deposit Capture Workflow



What Do I Do With the Checks?

- Scanned original checks should be retained for a predetermined time
- Protect original checks from duplicate deposit or theft:
 - Create a form that can be used to record when the deposit was made and when the deposited item should be destroyed
 - Place checks and form in defined safekeeping facility
 - Destroy items at a predetermined time

What Has Stayed the Same?

- Depositing cash
- Depositing ineligible items:
 - Foreign Items
 - Savings Bonds
 - Treasury Tax and Loan (TTL) Payments

Current Processing Pain Points

- Face-to-face collection points
- Lockbox (internal/external)
- Increase in the number of collection points not integrated into your accounts receivables process
- Increase in the number of payments processed

Goal: Expedite the Receivables Process

- Streamline current operations
- Increase efficiencies
- Integrate and accelerate receivables while servicing account base

Orange County Tax Collector

Situation

- Accepts both property tax payments (Nov. – Jan.) and tag renewals (year-round)
- ARC ACH check conversion on tax payments implemented but issues were experienced, causing rework and delay
- Receiving high volume of checks ineligible for conversion – business checks, credit card checks, MMA checks, investment account checks, etc.
- Paper check deposit was required of items unable to convert to ACH, which delayed deposit time, decreased accuracy of amounts entered and increased manual-entry time

Orange County Tax Collector

Goals

- Automate processing without impacting Accounting and other internal areas
- Increase accuracy in determining which checks were eligible for conversion
- Cut down paper check volume and increase speed of deposit time
- Process paper checks more efficiently and accurately

Orange County Tax Collector

Solution

- Purchased OPEX AS3690i machine to image, envelopes, coupons and checks
- Worked with billing software provider, Informa, to integrate images and data captured by the OPEX into the tax application system
- Informa integrated A2iA software to read the amounts of coupons and checks – approximately 70% of items assigned without human intervention
- Manually determine the amounts of the remaining 30% of checks by reviewing only the images – not the actual checks
- Informa formatted an x9.37 Image Cash Letter file which is transmitted to SunTrust daily for deposit processing

Orange County Tax Collector

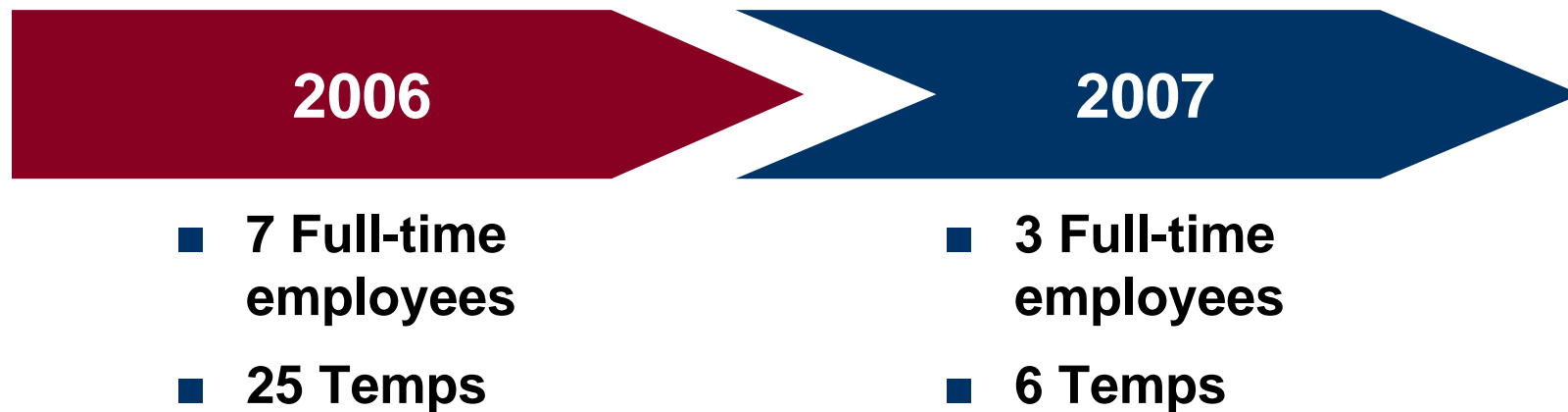
Results

- Increased automation
- Eliminated courier expense
- Eliminated deposit lag
- Reduced bank fees
- Increased availability
- Completing daily deposit processing by 1 pm, eliminating overtime
- Eliminated bank corrections
- Reduced processing staff



OPEX AS3690i

Orange County Tax Collector Tax Season Staffing



Orange County Tax Collector

Lessons Learned

- Up-front equipment expense was roughly \$70k, but savings were recuperated after the first tax season
- Software maintenance fees covered most of the implementation and conversion to Image Cash Letter deposit
- The right technical resources from Orange County, Informa and SunTrust were critical to success
- Email control totals to the bank when you transmit the file and you can receive file transmission confirmation in less than an hour
- Store and secure original checks for 3-4 weeks and then destroy them

Remote Deposit Demonstration

(<http://www.suntrust.com/onlinecheckdeposit>)

Questions?