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Moving Beyond Remote Deposit Capture

By David J. Ney

Remote Deposit Capture (RDC) started in the 1999 to 2000 timeframe with the introduction of Point of Presentment (POP) processing, to allow retailers to swipe checks through a check reader and clear them as an Automated Clearing House (ACH) item. Many retailers were reluctant to adopt this technology for two reasons: first, they felt it would be too costly because of the need to equip most, or all, of their checkout lanes with check scanners; second, and maybe more importantly, clerks would have to be trained to answer customer questions about the clearing process, and have the customer sign an authorization form.

In 2003, when the Check Clearing Act for the 21st Century (Check 21) was signed into law, it provided a new impetus for the RDC arena. Checks could now be cleared electronically using data and images captured remotely, without the limitations and costs associated with POP. The benefits gained in the early implementation of the technology included reduced float, transportation costs, and back end processing fees.

Early implementations of Remote Capture — and a great majority of installations today — deal only with clearing the check. Originally, the supporting documents that accompanied the payment, such as invoices, payment coupons, correspondence, and envelopes, were ignored. And today, the transactions are still split. Checks are sent to the RDC scanner for processing, while coupons, invoices, and supporting documents are sent to the account receivable area for data entry into the legacy system.

According to a 2007 Celent report, RDC began in earnest in the Brokerage and Commercial lines of business, which typically had

high volume, high dollar deposits. They also had several remote locations, making them a good prospect for RDC technology. RDC allowed the clearing of checks through one central location — giving companies the opportunity to reduce their number of banking relationships and reduce bank fees while improving cash flow and providing faster availability of deposited funds.

RDC seems to be getting all the attention. Yet a great deal of solution functionality (and efficacy) remains untapped in the form of the supplemental remittance documents and other pages that also could be captured using distributed technology. J&B Software believes that RDC will evolve to include the imaging of remittance coupons and payment stubs, full-page documents and invoices, correspondence, and even envelopes. Although volumes are declining, checks are still the primary payment mechanism; therefore, solutions that process checks closer to the point of entry provide billers with operations and service advantages. Access to complete transaction data accelerates receivables management and funds availability, reduces processing expenses, and lowers the number of payment exceptions. Billers also have the ability to capture, process, and archive all their payments documents — including orphaned or walk-up payments and B2B or wholesale lockbox transactions — on one easy-to-deploy and manage capture solution.

Widespread adoption of RDC is close at hand, with small businesses and corporate America taking the next steps, according to Celent. They want the remote capture system to integrate to their legacy systems in order to perform edits at the transaction level, and they want the systems to be secure and provide audits of everything that takes place on the system. They want the flexibility to clear checks electronically using Check 21, ARC, or both. And they want to have easy access to the data in the database and be able to store and retrieve that information easily and quickly, locally, or over the Internet. These capabilities exist today in the J&B Remote Image Capture solution. J&B can provide what businesses are looking for today: Remote “Transaction” Processing — not *just* RDC.

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