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### As Simple As “Cut and Paste”

## ***A case study examination of St. Francis Federal Credit Union’s decision to manage item processing in house***

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Tulsa, Okla.-based St. Francis Federal Credit Union (with approximately \$30 million in assets) made the decision to bring its item processing in house in 1992 to eliminate the expenses and inefficiencies generated from relying on third-party interceptor and settlement relationships. At this time, the credit union established a relationship with the Federal Reserve. Check 21 and the advent of image exchange presented the credit union with a critical decision – to maintain its paper-based item processing in house or outsource to a third-party provider or corporate credit union. In 2007, St. Francis FCU installed a branch-based, Check 21 solution for the forward presentment of items to the Fed, while continuing to receive incoming paper.



After completing the necessary due diligence, the executive team at St. Francis FCU examined each option and ultimately determined that

maintaining its independence and control over its item processing was the best decision for its members, as well as its employees. In 2008, the CU licensed the ImagePoint Foundation product from Bluepoint Solutions and transitioned to an entirely image-based process. At the time, St. Francis FCU was one of only a few credit unions that went this direction. However, this decision has yielded a significant return for the credit union, in terms of cost savings, efficiencies and improved member service.

The president/CEO of St. Francis FCU, CUES member Tom Eaton, says, “Many of our peers are unfamiliar with the terminology of image-based item processing. This, along with concerns about communicating with the Fed, has made bringing item processing in house a rather daunting and confusing endeavor for them. Terms such as ‘cash letters’ and ‘reserve requirements’ are not commonly used

in a credit union environment. In fact, the Fed has been a great source of support, and communication has never been an issue. We took advantage of the excellent training materials provided by the Fed, and I would encourage other credit unions making the transition to do the same.”

One of St. Francis FCU’s concerns about maintaining an in-house item processing system was having the necessary IT resources to support the endeavor. “We are a smaller credit union and our IT department basically consists of one person,” explains Eaton. “When we made the decision to maintain our item processing in house and move to an image exchange environment, we knew finding the right technology partner would be critical. We looked at many options in the market, but ultimately selected Bluepoint’s ImagePoint Foundation solution because of the platform’s intuitive design, the ease of installation and its proven reputation in the credit union industry.”

“The installation process was seamless,” continues Eaton. “We were up and running in one day. With limited IT resources, this was crucial. ImagePoint is basically a plug-and-play design, which makes it ideal for our institution. Additionally, Bluepoint provided one-on-one training for our end-users. This, combined with the intuitive design of the software, enabled our front- and back-office staff to easily migrate and master the new system. The support provided by Bluepoint has been out of this world!”

Bluepoint Solutions’ ImagePoint is a complete, point-to-point, item-processing and check clearing solution. It includes the capture, aggregation and exchange necessary for financial institutions to conduct entirely image-based item processing. Approximately 15,000 in-clearing items and 12,000 outbound items are processed by ImagePoint each month from St. Francis FCU’s three branch locations.

Since moving to an electronic environment, the credit union has saved approximately \$10,000 a year by eliminating courier costs, \$2,500 a year by eliminating coding costs and an estimated \$16,000 a year by cutting out third-party processing fees. St. Francis FCU realized a return on investment in 12 months instead of the anticipated 18 months – six months ahead of schedule.

“The most important benefit to our credit union is the value we’ve been able to

provide to our members,” says Eaton. “In addition to passing savings on directly to our members, our transactions and processing times are faster and more efficient. Having everything managed in house gives us the ability to reconcile returns immediately, and to quickly retrieve images and research member requests. We are not reliant on a third party for information – all of the data is available in real time to our staff.”

“Looking back, the initial investment we made to manage our item processing in house was a wise decision for the credit union,” says Eaton. “Some of our peers viewed this decision as a risky and cumbersome process. Our investment will, in fact, pay dividends well into the future. Bringing item processing in house is a fairly simple process and doesn’t need to be intimidating. There is no magic involved in running the exchange system – essentially, if you can cut and paste on a PC, you can easily maintain control of your item processing by managing it in house.”

**Bluepoint Solutions** *is a Microsoft Gold Certified Partner and innovator in remote deposit capture, image-based item processing and enterprise content management software technology for financial institutions.*

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