

## WHITE PAPER

# Educate, listen and improve equipment performance to increase RDC adoption

## Executive summary

After observing last year that 2013 was shaping up as a year for pushing RDC solutions to small and mid-sized businesses, RemoteDepositCapture.com went on to predict: “2013 will likely prove to be the best year ever for RDC in terms of volumes, dollars, users, locations, the total number of providers and overall popularity.”<sup>1</sup>

While mobile capture has indeed taken off, merchant and commercial account penetration of RDC appears not to have changed appreciably from 2012. In a new survey from check processing solutions provider Cummins Allison (CA) and BranMark Strategy Group, financial institutions (FIs) and depositors provided insights on check scanning and RDC. Survey results are challenging some widely held perceptions and giving FIs food for thought.

A closer look at banks’ and depositors’ contrasting views suggests some clear objectives for increasing adoption of RDC services. Learning what drives depositors to adopt these new methods will help FIs successfully inform, engage and win this market over to electronic check depositing.

## RDC penetration remains at 5% or less for most FIs

According to the survey, an overwhelming majority of FI decision-makers who expressed a preference preferred receiving electronic deposits over paper checks.

Survey results are challenging some widely held perceptions and giving FIs food for thought.

Celent estimated that by year-end 2012, nearly 7,100 U.S. FIs – 75% of all U.S. banks – would have adopted one or more commercial RDC solutions.<sup>2</sup> In keeping with that prediction, 72% percent of the FIs that participated in the survey currently offer some form of RDC to their commercial clients, and a majority of those who do not at this time, plan to do so in the next 6 to 18 months.

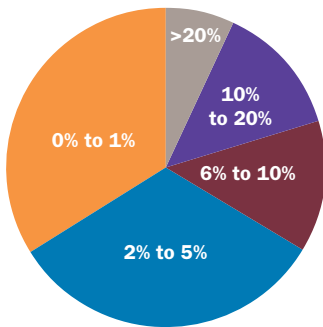


For approximately two thirds of them, however, participation is disappointingly low – between 0% and 5%. Only 7% of respondents said 20% or more of their clients use RDC. These results echo those of a 2012 survey by Aite Group, where 57% reported RDC penetration of the business client base at 5% or less, and just 4% reported penetration rates in excess of 50%.<sup>1</sup>

<sup>1</sup> RDC Status Report, RemoteDepositCapture.com, February 2013

<sup>2</sup> Remote deposit capture 2012: A replacement market emerges, ABA Banking Journal, 2012

**Figure 1:** Adoption rates within FIs offering RDC

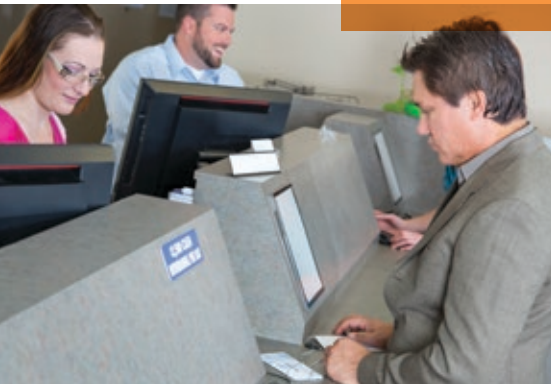


Does this mean that 95% of potential RDC users are not interested in scanning and depositing checks electronically? The data say otherwise. When Banking.com reported poll results from the question: “What one technological feature do your clients ask for the most?” “RDC” was one of the top two responses.<sup>3</sup>

### Attitudes shifting quickly, but growth in usage is lagging

Aite Group reported that executives at one-third of surveyed FIs said the small business market for RDC remains an untapped market for their institutions.<sup>1</sup> CA’s survey results support that conclusion.

More than half of commercial depositors who do not currently take advantage of electronic deposit via check scanning said they were interested in doing so.



Forty-three percent of small business clients surveyed by Aite Group in August 2011 indicated that they *would* consider using RDC, while 26% stated they *might* consider using the product. Only 26% of respondents said they would *not* consider using small-business RDC. That’s a dramatic reversal from just two years before, when only 21% of U.S. small businesses said they would consider using RDC.<sup>4</sup> Attitudes appear to be shifting in favor of electronic deposit far faster than the ranks of RDC users are growing.

Respondents to the CA survey who were not current RDC users said they had never been offered such a service, so their FI probably didn’t have it. But 40% of the FIs who do not offer the service said that not enough depositor interest is the biggest difficulty in implementing RDC. This doesn’t add up. The responses point to a critical disconnect between FIs and their commercial clients.

### Marketing starts in the branch

Misconceptions in what businesses need or want can result in a failure to communicate a compelling message. Gaining a clearer understanding of the services that most appeal to commercial accounts makes your marketing efforts more effective.

And, if you haven’t sold the idea to your employees throughout the organization, no amount of marketing to your account holders is going to be enough.

“Your first marketing focus is in the branches,” Michael Hunter, Senior Product Manager, U.S. Bancorp said. “It’s about advertising to the staff as much as the client.” Hunter added, “Promotions are great for moving the needle in the short term, but to sustain long-term growth, it’s really about the education and training of the staff in the branch.”<sup>5</sup>

Branch employees have those vital, face-to-face interactions with your business clients. They can give clients a thorough understanding of your service and what it offers them. Then, building awareness of RDC and promoting its benefits becomes a natural part of servicing the client in the course of day-to-day operations.

### Education builds awareness

Only 18% of FIs responding to the CA survey felt the biggest obstacle to more clients using RDC was client awareness. What’s more, nearly 70% chose active promotion of their RDC offering as the biggest contributor to clients initially adopting the service. But, while promotion undoubtedly contributes to adoption numbers, client awareness may need reinforcing.

<sup>3</sup> Poll: What one technological feature do your clients ask for the most?, Banking.com, 2011

<sup>4</sup> Winning the Small Business with Remote Deposit Capture, Version 1.0, 2012 WAUSAU

<sup>5</sup> Proactive Marketing Can Spur Remote Deposit Capture Sales, October 04, 2012, RemoteDepositCapture.com

A client's initial exposure may be followed by multiple stages of awareness. For example, clients may be aware that there is a service called RDC, but are unsure what it is. Or, they could have some idea of what it is, but no concept of how it might be useful to them. They might begin to think that it would be useful, but that it is beyond their means, or intended for larger clients.

## The dichotomy between FI and depositor answers indicates that many FIs are out of touch with their business clients' priorities.

Fifty-one percent of small businesses responding to an Aite Group survey indicated that their bank is "not at all effective" in educating them about RDC."<sup>4</sup>

### Identify prospective RDC users

Education is critical to a business considering this change, as well as providing information specific to their operation.

Surveyed depositors processing 100 or more checks per day were the most likely to show interest in electronic depositing. To improve deposit retention, company size and geographic spread, transaction volumes and the amount of business conducted with the depositor are also factors to consider. Commercial clients lost due to the absence of RDC services may be re-approached, as well.<sup>6</sup>

By learning more about their situation, you can help your clients visualize how your RDC solution can save them time – and make them more efficient, which saves them money. Clarify the material benefits of RDC adoption and, with the appropriate guidance, they will act on the knowledge with confidence.

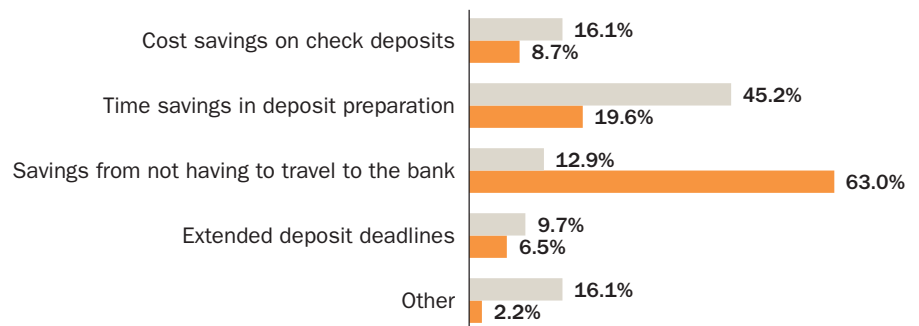
### Understand the client's needs

Forty-five percent of depositors selected time savings in preparing their deposits as the greatest benefit of scanning checks. By contrast, slightly less than 20% of FIs said time savings in deposit preparation was their clients' biggest benefit.

Similarly, depositors ranked cost savings from their FI over depositing paper checks at 16%, while FIs rated that benefit for their clients at less than 9%. Time savings from not going to the bank to submit deposits garnered only a 13% share amongst depositors, but an astonishing 63% of FIs indicated that this was the biggest benefit that RDC offered to their clients.

**Figure 2: Benefits of RDC**

- **Depositors:** What is the greatest benefit to scanning your checks?
- **FIs:** Based on your clients' feedback about RDC, what is the biggest benefit they feel RDC offers them?



<sup>6</sup> RDC Market Planning Handbook, Cachet Financial Solutions, April 2013

Only 36 percent of small business clients surveyed by Aite Group in 2011 stated that they are “extremely satisfied” that their primary financial institution offers services that meet their specific needs. Additionally, only 27 percent of small business clients said they are “extremely satisfied” that their primary financial institution understands their needs and has the ability to recommend products.<sup>5</sup>

Sixty-one percent saw value in a device that could count and denominate cash at high speeds as well as scan checks.

### Take steps today to meet your RDC penetration goals

Both FIs and depositors benefit from getting better acquainted. Before you promote your RDC offering, do your homework. Increasing adoption of RDC services requires that you and your staff listen to your clients. Ask questions: paying close attention to the answers will save everyone time, money and frustration.

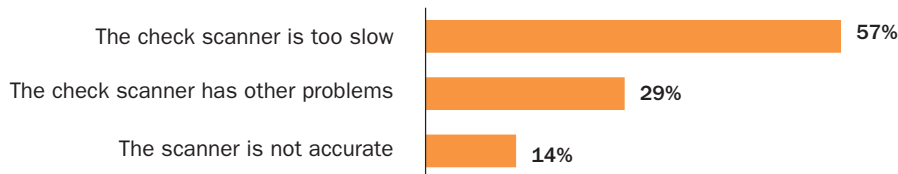
Learn what they know and what they need more information about. Do they have misconceptions about electronic check depositing that you can help them let go of?

Other steps you can take to improve RDC penetration include:

- Educate branch employees to generate interest during day-to-day transactions
- Fill the gaps in your understanding of what clients need to make RDC work for them
- Develop messages that resonate with more than one audience
- Craft a value proposition to meet the specific needs of interested depositors
- Provide equipment that performs satisfactorily, or
- Empower clients to purchase equipment on their own from a list of approved vendors
- Solicit feedback from clients using electronic deposit to fine-tune your services

Gary Brand, Director, Source Capture Solutions at Fiserv stated, “We’ve only scratched the surface of the corporate market.”<sup>1</sup> Don’t miss out on that business. Talk to your account holders. Be open to finding new paths to communicating your message if your current channels aren’t getting results.

**Figure 3:** Top reason current RDC service doesn’t satisfy needs



Businesses want essentially the same things – to save time, save money, be more efficient and increase convenience. But circumstances and priorities vary, so a one-size-fits-all approach to providing solutions and promoting them won’t get you the best traction. To gain a client’s trust and earn their loyalty, give them a value proposition that meets their needs.

### Improve satisfaction with faster, more accurate scanners

Survey responses indicate that check scanning equipment can be a deterrent to RDC adoption, and is the primary contributor to complaints about electronic deposit services. The majority of respondents use a scanner provided by their bank or credit union.

RDC is generally perceived as a checks-only solution, which is also viewed as a barrier to adoption.<sup>5</sup> Potential clients would like to process more than just checks on their scanner. Eighty percent of responding organizations handle cash on site, and almost 70% use a machine to count it.



## Equipment that meets expectations

Offering the fastest, most accurate solutions in the industry demonstrates your commitment to making your RDC service work as well for your clients as it does for you. Financial institutions worldwide rely on Cummins Allison – a trusted provider of check-scanning and deposit-processing solutions that can meet the needs of virtually any size organization.

JetScan iFX i100 (single-pocket) and i200 (two-pocket) machines capture 400 check images per minute. Both scanners count and denominate mixed cash as well – at 1,600 and 1,200 bills per minute, respectively. No one rivals these award-winning devices for high-speed cash, check and deposit processing. For smaller volumes, LS commercial-grade check scanners range in speed from 40 to 180 documents per minute.

Cummins Allison check scanners have been certified and/or approved for implementation with numerous financial systems used for remote deposit capture (RDC), image cash letter (ICLs), and branch and vault capture.

So get your staff on board and trained to listen and educate clients. Be sure your message resonates with the intended audience and pay attention to feedback. Then say goodbye to those slow check scanners, get your clients processing complete deposits in a fraction of the time – and say hello to finally meeting your most ambitious RDC adoption objectives.



To learn more about how your clients' operations can reach maximum efficiency and cut significant costs through effective check scanner solutions, please visit [cumminsallison.com/checks](http://cumminsallison.com/checks)



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## Generations of Vision and Excellence

Cummins Allison sets the standard for accuracy and dependability.

Cummins Allison is a global leader in developing solutions that quickly and efficiently count, sort and authenticate currency, checks and coin. We also offer a complete line of full-function automated teller machines (ATMs). Our leadership in technology and product innovation spans more than 125 years. Cummins Allison serves the majority of financial institutions worldwide, as well as leading organizations in retail, gaming, law enforcement and government. Ninety-seven percent of our customers would recommend our products and services.

The company holds more than 350 patents and invests double the industry average in R&D. Our world-class sales and service network includes hundreds of local representatives in more than 50 offices in North America, wholly-owned subsidiaries in Canada, the United Kingdom, Germany, France, Ireland and Australia and is represented in more than 70 countries around the world.

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