

Case Study

Riverview Community Bank Transitions to a Commercial Bank With the Help of PAYplus™ USA.



By: Terry D. Long
Senior Vice President - Operations/Technology
Riverview Community Bank

Embracing a Strategic Opportunity

In 1999, we were a small community bank in Southwest Washington focused on traditional consumer services. At that time, the competitive environment was changing due to bank mergers. The big banks were creating credit criteria that were so restrictive that in essence they were forcing the smaller businesses out of the bank. Due to these competitive pressures and opportunities, the Chairman of the Board and CEO, Pat Sheaffer, made a strategic decision to transition Riverview from a traditional thrift to a community commercial bank – a business bank with retail presence.

Setting Up the Business Banking Division

We started by looking at the products and services needed to be competitive with the larger commercial banks – aware that we had a small bank budget. We quickly rolled out our Internet cash management product, and were one of the first community banks in the region to offer businesses both CDROM statements and e-statements.

The Need for a Better Wire Transfer Solution

In the state of Washington every real estate transaction must be closed through a title company and we were able to attract those large commercial deposits due to our Internet cash management product and local, personal service. As we started to attract more of the larger

commercial deposits, our daily incoming and outgoing wires increased. However, our wire room process at the time was becoming inadequate and unable to deliver the responsive, personalized customer service that we promised our commercial clients.

At that time we assigned two individuals from accounting to be full-time wire room operators and manually operate the Fed Line. Commercial customers had to fax the wire request to a branch, or in some cases, they sent a fax directly to accounting. Accounting would manually enter and verify the wires. Due to the required segregation of duties, accounting could not post directly to customers. Therefore they had to print all those wires, write up the journal entries, and fax them to Operations who had to then manually post them. At the same time, accounting had to fax notifications – with confirmation numbers – to the commercial customers. All wires went through this central department.

Our need was to create efficiency and better customer service from the commercial standpoint, and at the same time create efficiency within the organization.

The more we grew the business, the more we realized that we needed to find a solution to handle the high volume of wire activity while also ensuring compliance with Fed regulations. We asked the Federal Reserve to recommend a provider and that's where Fundtech came in.

Fundtech



Why Fundtech?

Browser Technology

Finding a product based on browser technology was very important to us. Most of the other providers supported an older, more traditional platform which presented inefficiencies and service issues. The end-customer didn't want to have to maintain, install and update software, nor did we.

Compliance

Since compliance is an important requirement, OFAC checking was of great concern. Before we installed PAYplus USA, we had to use a separate system or go to the OFAC website to research the wires manually. Now Fundtech automatically sends us OFAC updates so it's simple and quick to stay current. It takes less than a couple of minutes to do the whole integrated process.

Authorization Levels

We knew we needed a very robust, secure system that would allow us the flexibility to set up authorization levels for individuals, departments and most importantly our high volume commercial customers. PAYplus allowed us to create an internal wire policy that was fine-tuned to different departments and more importantly our customers.

With PAYplus' robust security features, if an individual or customer has an approval limit of \$500,000, the individual can not go to \$500,001; the system will automatically block the transaction. The Fundtech system, in effect, automatically enforces regulatory compliance and adherence to our corporate policies on limits for each of the business units and our customers.

Templates for Efficiency

Since eighty-five percent of our commercial wires are standardized and recurring, we needed a solution that would enable us to create efficiency within our departments. Using PAYplus it's very simple for us in Technology/Operations to design templates and then provide them to our departments within the bank and to our commercial customers. With templates, users simply refresh the beneficiary, amount, and other pertinent information to create the transaction.

Ease of Reconciliation and Integration with GL

The PAYplus system makes it very simple to reconcile our Federal Reserve account because we have an automatic general ledger interface and host – the system allows multiple users at multiple locations. This is one of the advantages of the flexibility of the browser

technology and a major benefit to Riverview because it is so geographically dispersed.

Using Fundtech's PAYplus

Volume Growth and Freed Up Resources

In the past seven months the incoming-outgoing volume handled through PAYplus was 10,488 wires. The aggregated dollar volume was \$1.7 billion. This is a significant number for a \$525 million community bank and reflects the successful migration from a "thrift" to a community commercial bank.

Using PAYplus, we gained efficiencies within the organization immediately. The 2 FTE from accounting are no longer wire room operators and are back to their accounting responsibilities. We now have one person – a generalist in the operations department – who spends 30% of her day monitoring the processing and reports, assisting customers and employees, and handling exceptions. She makes sure things are in the queue; monitors customer limits; stops outgoing wires if there are non-sufficient funds or holds (available funds) which significantly reduces large overdrafts. She also repairs wire instructions containing incorrect information.

With PAYplus we're handling a much greater volume of wires with a fraction of the resources. If we hadn't implemented PAYplus, we would be adding FTEs to support the growth in volume. When you take two or three FTEs plus benefits, the cost adds up.

PAYplus allowed us to be more efficient – to increase volume without increasing FTE – and to provide better customer service.

We now have about 40,000 total retail and commercial accounts – all being serviced by the PAYplus system. We have 195 people within the organization and approximately 140 of them are set up either for input and/or verification. As an example, all of our customer service representatives in our retail division all have the availability to initiate a wire. Our branch operations supervisor and our branch sales manager are then responsible for verifying the retail wire.

Faster Response Time, Increased Transaction Visibility

The best advantage we've experienced using PAYplus is faster customer response time due to a fully automated process. If we have 46 incoming wires at eight o'clock in the morning, by 8:15 they've been posted to the accounts and the fax notification has been sent to the customer, department or branch.

Customers really appreciate the way we handle their wire verification. The system provides a nice visual confirmation that the wire is being sent to the wire room - just seeing that pop-up screen reassures clients that their wire is being processed. They then see how fast the process works when they receive the fax notification. They can also sign in to our Internet cash management product and see the wire automatically posted, which allows them to manage their cash more efficiently. Because we're an online, real-time bank, that's what our customers expect.

Extended Hours and Cash Visibility

Because our wire room is so much more efficient, we have been able to extend the hours for our commercial customers. Also, our accounting department sees our cash availability on a real-time basis. When the last wires are done at the end of the day, we can invest excess cash and manage our cash more effectively.

Efficient, Flexible and User Friendly

The system and the new process is very efficient and flexible, allowing the commercial customer to run their business the way they want.

Reduction of Service Calls

Because the system is so user friendly, we very seldom get customer service phone calls from our large commercial customers. But when we do get calls we are able to close out ninety-nine percent right on the phone. Most of our staff, regardless of where they're located, can assist anybody and everybody which is also an advantage.

Implementation and Training

I will give an "A" rating to the project management at Fundtech. They rolled out a fully integrated step-by-step project plan binder that clearly spelled out Fundtech's responsibilities and the bank's responsibilities. The implementation process, which included a lengthy Federal Reserve certification process, took about ninety days.

Fundtech came on site with great documentation - very user friendly - which helped our people to understand the system, and set up the templates. And, again, that was another part of why we chose them. We wanted a solution that was user friendly for us as a financial organization, and for our larger commercial customers.

We did most of our training by conference in order to minimize our expense. But when we did visit the branches, it would normally take us about 90 minutes to complete the training. Because we set the templates up to look just like the paper versions they were accustomed to, it was very easy for them to migrate to this new delivery channel. We also used the prior 6 months of history during set-up so the majority of the templates were available on the first day of implementation.

Training our commercial customers was also quick and painless. We were able to tailor the system and the template to look just like form they had been using, so rolling out the commercial side was easy because it was identical to what they'd seen on paper.

Within the first month of being "live" we had fully integrated all of our internal departments - mortgage, consumer, commercial, and trust and investment. Everyone within the institution now uses the browser-based technology.

"Selling" Fundtech Internally

To "sell" PAYplus within our organization, I developed a cost analysis for the CFO detailing the amount of time that accounting was taking to be wire room operators - quantified their salaries, et cetera, and calculated the ROI and a payback period. My analysis showed that the initial investment for PAYplus would have a payback period of less than eighteen months. At the same time, I had to sell the CEO on PAYplus' ability to attract additional customers and service the better. Fundtech was able to deliver on both of these criteria.

Fundtech