

# Remote Capture: A Bank's Secret Weapon

By Theodore A. Rosen

Remote capture is truly the community bank's secret weapon. The problem is, it is so secret, many community bankers do not even realize it. Remote capture, simply stated, is the ability to scan and transmit check images from the customer site, thereby eliminating the need to take the physical check to the bank to make a deposit. It is part of the Check 21 regulatory revolution. It is also, arguably, one of the three truly innovative developments in the banking industry in the last four decades, along with ATMs and Internet banking.

## Industry Positioning

As is usually the case, big banks were the early adopters of this new technology. Notwithstanding this fact, the big banks seem to be talking about remote capture primarily to their large and mid-size customers, largely ignoring the small businesses. After all, hasn't the proliferation of branch and ATM locations always been the strategic advantage of the big banks? Why would they want to promote a solution that is going to level the playing field? In addition, remote capture does bring some inherent risk of fraud and abuse. Knowing your customers is perhaps the most effective way to reduce this risk, and this is an area where the big banks have traditionally not received high marks.

Community banks, on the other hand, have taken their traditional sweet time in embracing this innovation. Many community banks are still in the analysis and evaluation stage, a process they can sometimes compress into years. As a result of these two realities, a vacuum has been created in most markets, at least the ones with a mix of large banks and community banks.

On the football field, when the offensive line opens up a hole, the running back can't get through it fast enough. On the banking field of play, the hole may be there, but if the run-

ning back is crawling instead of running, the hole may close as fast as it opened. While speed and agility should be a community bank's natural competitive advantages, the enemy in this case is "analysis paralysis," a condition many community banks are genuinely trying to immunize themselves against. But old habits are hard to break. Few bankers question the fact that in two or three years, virtually every community bank will have figured it out. Rather than accelerate that process, most will follow slowly, thereby allowing the competitive vacuum to be filled by others.

As usual, visionary leadership is going to make the difference between market leadership and following the herd. The key to success is moving the remote capture initiative from an information technology/operations issue to a strategic sales/marketing initiative. The problem is that in many community banks, there is no strategic sales executive to create the vision and lead the charge.

## The Critical Success Factor

There is a great old expression: A mediocre idea well executed is better than a brilliant idea, poorly executed. Remote capture provides the mother of all opportunities for innovative execution, in part because the benefits are demonstrable and easily cost-justifiable; the concept is simple to explain and easy to understand; it is truly a new innovation, not a repackaging of the "same old same old;" and almost nobody has it and virtually everyone needs it (or can benefit from it).

If your sales process is well conceived and implemented, and your business development team is properly motivated, they will quickly learn how to tell the remote capture story in a way that will present a compelling value proposition and differentiate the bank at the same time.

While some pieces of the value proposition are obvious, others are

more subtle. In descending order of customer appeal, here are the greatest "hooks":

*No more "bank run":* Since so many small- to mid-size businesses are constantly challenged by cash flow issues, getting the checks to the bank each business day is often a requirement, not a luxury. Bankers do not always relate to this imperative, since very few of them ever have had to worry that the bank has the funds available to cover the outstanding checks. For many businesses, the bank run becomes much more – the person running to the bank stops to pick up the dry cleaning, stops at CVS for an essential lipstick, and other such errands. This benefit increases dramatically as the size of the business customer's staff decreases. Since many very good, solid small businesses employ 10 or fewer people, this is a benefit to which many existing and prospective customers can relate.

*Extending the window:* Many, if not most, banks have a transaction cut-off time of 3 p.m. or 4 p.m.. Most banks that have implemented remote capture allow transmission of deposits until 6 p.m. or 7 p.m. as same-day transactions. This extension can make a huge difference for the business owner who wants to keep the staff in place during the business day. He or she no longer has to take someone out of circulation for what is often an hour, send someone home early or, to preserve full staffing, take the checks themselves.

*No need to copy checks:* Many business owners still copy each check as part of the cash application process. While the necessity to do so is arguable, many still do it out of habit. By using remote capture, the checks are automatically imaged and archived. While some business owners may still copy checks at first, once they feel comfortable that the process is reliable, they will allow the remote capture process to replace the more labor-intensive copying process.

*Built-in research tool:* Most remote capture systems provide a very robust archival and retrieval system to research the transmitted checks. This can be a very valuable tool to assist the business in quickly finding a customer's check based on the amount, deposit date, etc. A home heating oil company that receives and deposits many checks from customers is a perfect example of a company that would benefit from this feature.

## Benefits to the Bank

Embracing remote capture can bring enormous benefits to the bank. Specifically:

- It brings low-cost core deposits, intensely coveted by most banks today;
- It replaces labor-intensive operations with technology-enabled, customer-delivered activity, very similar to Internet banking;
- It significantly expands the "natural trading area" beyond traditional brick and mortar;
- It can energize the sales force by introducing a new, different and de-

monstrable customer benefit; and

- It is more likely to be promoted by commercial bankers than the traditional branch-oriented deposit products.

In addition, you will find that getting your people on board and building a group of enthusiastic advocates will happen with ease.

## The Pitfalls

There are two primary areas of concern as the bank moves forward with remote capture. There is a risk of fraud and abuse – this issue is outside my field of expertise, but there are many banks that have worked through the risks and found practical solutions. The other area of concern is that, by design, remote capture will decrease the interaction between the bank and the customer. The bank, and specifically the calling officer, must have a good system in place to ensure the customer is regularly "touched" through activities, including periodic customer visits, telephone calls to "check in," invitations to seminars or

other bank-sponsored events, etc. For a bank that is nervous about this responsibility, it must be remembered that this is the norm for the vast majority of businesses in America that need to sustain the relationship with the customer. You will be eliminating the tedious and unrewarding aspect of the customer experience and, hopefully, replacing it with fewer and much more productive "touches."

Banks, especially community banks, have a wonderful opportunity with remote capture, especially if they do not allow themselves to be stricken by "analysis paralysis." In the words of media icon Ted Turner, now is the time to "Lead, follow or get out of the way." ▲



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