



Financial Services Policy Committee

Federal Reserve System

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Federal Reserve Banks Report Enthusiastic Adoption of Image-Clearing Services

Minneapolis, May 23, 2006—The Federal Reserve Banks are encouraged by the rate at which financial institutions are adopting check image clearing processes. Today, more than 2,500 financial institutions are using the Reserve Banks' Check 21-enabled services and have deposited over 250 million forward items in image cash letters in 2006. The number of electronic items processed by the Federal Reserve Banks continues to climb dramatically, with FedForward® daily volume peaking in recent weeks at 6.7 million items valued at over \$35 billion. Approximately 9 percent of forward collection items are now cleared through FedForward services.

The Federal Reserve Banks' full image-clearing solution, including FedForward, FedReturn® and FedReceiptSM, is in full production. FedReturn volume continues to grow at a steady pace, with the Reserve Banks already processing over 14 percent of their return items in image cash letters. The number of customers subscribing to the FedReceipt image presentment service also continues to increase, totaling over 440 as of early May, with an average of 15 customers being added to the service each week.

"We are excited to see enthusiastic adoption of image clearing on both sides of the equation," said Fred Herr, Retail Payments Office senior vice president. "As the number of electronic receivers increases each week, our image depositors are reaping even greater benefits in the form of lower fees and better availability. Everyone in the industry wins as the image clearing network expands."

About Federal Reserve Financial Services

The Federal Reserve Banks offer a full range of financial services to assist depository institutions in achieving a sustainable competitive advantage. Our services include Cash, Check, FedImage® Services, FedACH®, Fedwire® Funds Service, Fedwire Securities Service, National Settlement Service and Treasury services. In addition, we offer services designed to support your Financial Services usage, including Account Management Information and Service Charge Information. For more information about any of the Federal Reserve Banks' products and services, visit www.frbservices.org.

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