



# FedForward<sup>®</sup>, FedReceipt<sup>®</sup> Plus, FedReturn<sup>®</sup> Case Study

# Independence Bank

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*—Connie Holmes, Vice President  
Independence Bank*

## Customer Profile

Independence Bank in Havre, Montana was founded in 1972. In addition to its north-central Montana head office, Independence Bank has four branches, one each in Glasgow, Malta, Poplar and Scobey. Of these four branches, the closest is 80 miles from Havre, the furthest, about 300 miles. With the exception of Scobey, near the Canadian border, the offices are spread across the central and eastern part of Montana along the Montana High-Line on US Highway 52 some 100 miles south of the border. The \$298 million bank employs 75 people at its five locations. Independence Bank describes itself as a community-oriented bank serving an agricultural customer base. The bank implemented FedForward services in late 2005 and FedReceipt Plus and FedReturn services approximately six months later

## Business Challenge

"All the issues typically associated with transporting checks across Montana were issues for us," explains Connie Holmes, Independence Bank's vice president of operations. "The lack of good funds availability, the extreme weather, the remoteness of all of our branches all prevented us from offering the best service to our customers. Being four hours north of the Helena Branch where we cleared our checks didn't help either!" Independence Bank typically clears 6,500 on-us items per day and about 5,600 transit items. The great distances among branches required them to move a lot of paper around the state of Montana. "The latest cutoff time among our branches was 2 p.m. to allow the courier to get back to Havre," Holmes continues. "And even with that cutoff time, we always had holdover because of the tight time constraints. When a storm would come up, it was even worse." Independence Bank received only 77% immediate availability on their items it was able to collect on the current day.

## Solution

Independence Bank decided to move quickly to implement the Federal Reserve Banks' Check 21-enabled services once they became available. "I went to a consultant's management training class and couldn't wait to get back to the bank to get things rolling and get the paper out of the system," exclaims Holmes. "I felt it was our turn to make a statement and get out in front with the new technology that seemed to be a perfect fit for banks like ours." While FedForward, FedReceipt Plus and FedReturn services were all part of the original game plan for Independence Bank, they implemented the products in stages. In preparation, they had begun to truncate checks and provide image statements to customers in July 2005, a good first step in the months-long process involved in the transition to Check 21-enabled services.

Being early implementers, Independence Bank did encounter a bit of a delay between FedForward service implementation and FedReceipt Plus and FedReturn service implementation. "We just had to wait for the software availability to catch up with our eagerness," smiles Holmes. "We couldn't have asked for more support from Information Technology, Inc. our software partner. The commitment of their knowledgeable staff certainly worked to our advantage."

## Case Study at a Glance

### Customer Profile

Independence Bank in Havre, Montana is a \$298 million bank employing 75 people at its five locations.

### Business Challenge

Typical issues associated with transporting checks across Montana: lack of good funds availability, extreme weather and remoteness of branches.

### Solution

Staged implementation of FedForward, FedReceipt Plus and FedReturn services over several months.

### Benefits

- Immediate funds availability jumped to 95%
- Saved \$600 per month in courier costs
- Quicker access to funds reduced the fraud risk associated with payments processing
- Eliminated night processor position and moved staff to welcome day position
- Provided two hour later cutoff for deposits at all locations
- Positioned for the future of payments processing

## Benefits for the Bank and Its Customers

"The first thing we saw was that our funds availability jumped to 95% immediately after FedForward implementation," explains Holmes. "And then there are the savings on actual courier costs. We still need to send a courier around to the branches to transport things, but that's down to once a week now that we're not transporting checks on a deadline. And the courier run to the Helena Branch was completely eliminated once we went live on FedReceipt Plus and FedReturn, saving us \$600 per month."

Independence Bank is also pleased with the reduced risks associated with Check 21-enabled services. "Quicker access to funds reduces the fraud risk associated with payments processing," Holmes states. The bank also was able to free up its night check processor to move to a welcome day position.

While most of the benefits realized at Independence Bank were internal, Holmes is quick to point out that they've been able to push back their previous 2 p.m. cutoff for deposits to 4 p.m. at all locations, a very positive move with their customers. "FedForward's later deadlines allowed us to do that and I think it's making us more competitive with corporate customers," explains Holmes.

## Positioned for the Future

Holmes admits there was a hurdle to get over to get the services implemented as early as they did. "We wanted to be ahead of the curve on this one," she says, "and that was the right decision. As we look toward the Helena Branch's check operation moving to Denver, I'm pleased to think it should have no effect on us and our customers whatsoever. With the paper out of the process, we're set."

It's great to be ahead of the technology curve. All the features of Check 21 have been turned into benefits at Independence Bank."

## For More Information

For more information about Federal Reserve products and services contact your Account Executive or visit our website at [www.frbservices.org](http://www.frbservices.org)

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*Connie Holmes, Vice President  
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