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TECHNOLOGY

Fiserv Adds Big-Bank Tools To Image Capture Software

■ BY DANIEL WOLFE

Fiserv Inc., building on technology it picked up in its December purchase of CheckFree Corp., has introduced a version of its check-image capture software that makes available to its small-bank clients features it previously offered only to large financial companies.

“Capturing a check off a scanner, that’s pretty easy,” Mike Ringuette, the president of Fiserv’s global payments solutions, said in an interview. The complicated part is delivering “all these other components which the big banks realize they want,” he said.

Small financial institutions got an early start with check imaging and remote deposit capture when the technologies were first introduced several years ago, largely because they had lower technology requirements, Mr. Ringuette said.

By contrast, large banks had tougher requirements in terms of fraud detection, automated clearing house conversion, and remittance processing, as well as a need to provide similar technology to branches, merchants, and consumers.

In the process, they developed image capture capabilities that often exceeded what most small banks were using.

So smaller banks are now trying to play catch-up to match the big-bank features, Mr. Ringuette said.

He said that would not have been able to deliver this product, with these features, so quickly if the company has not purchased CheckFree purchase.

Building on CheckFree technology, “we now have a common remote deposit capture solution that’s integrated across all our payment processing core systems across every point of capture,” he said, including branches, automated teller machines, merchants, and consumers.

Fiserv’s image capture application, called Source Capture Optimization, was introduced Thursday.

Mr. Ringuette said the product is based on technology that is currently used by just the 10% to 20% of Fiserv’s remote deposit capture clients that signed up through CheckFree.

Consequently, other CheckFree clients will have the easiest time upgrading to the new platform, Mr. Ringuette said.

All Fiserv’s financial clients will be able to upgrade to Source Capture Optimization as part of their normal upgrading schedule, he said. Mr. Ringuette estimated that most Fiserv clients would be using it within 12

months.

By streamlining its technology in this way, Fiserv was able to reduce its own costs for providing remote deposit capture. And by making new services, such as consumer capture, available to clients that do not have the option today, “it is absolutely a new revenue opportunity,” he said.

The most significant upgrade for Fiserv’s smaller clients is the ability to handle items at a larger scale than Fiserv’s other imaging applications could accommodate, he said.

When the Brookfield, Wis., vendor bought CheckFree, it found that the latter had an advanced remote deposit capture platform built for large banks with features that were not available in Fiserv’s competing offerings, which had been developed primarily with smaller financial companies in mind.

Mr. Ringuette said the image capture product is one of the first the company has developed using CheckFree technology, and the project is part of the Fiserv 2.0 initiative the company launched last September, aimed at streamlining the company’s operations.

“The 2.0 initiative was aimed at trying to ... land on a common set of

technologies and tools and best-in-class approaches that we could actually deploy as a single consistent solution through all of Fiserv, through all channels up to the largest financial institutions in the world all the way down to the credit union segment,” Mr. Ringuette said.

John Leekley, the chief executive of RemoteDepositCapture.com, an independent observer of the imaging business, said that Fiserv’s strategy fits “exactly what we’ve heard time and time again, and on an increasing basis,” from banks.

Early on, banks that wanted an image capture product were thinking of only one client segment or capture point; they were not looking for a vendor that could serve all of those needs; and “they would end up, oftentimes, with three different solution provid-

ers” as their needs grew, he said.

This also led to disparities among the technologies developed for big and small banks, which had vastly different customer segments.

“Corporate capture was being heavily demanded by corporate end users of the major banks, and the larger the bank, typically the more sophisticated the corporate customer,” Mr. Leekley said.

By contrast, “the smaller community banks had customers that were just looking for the convenience factor,” he said. “The convenience factor is a much simpler approach, and there are a lot of clients that do require the simpler approach.”

Fiserv, which is well-known as a serial buyer when it come to banking technology M&A, is in a unique position to meet all these demands

because of the abundance of technology it has acquired, from CheckFree and in other deals, he said.

“What Fiserv is doing is, they’re pushing that enhanced functionality down-market,” he said.

The ability to capture images through the same system at multiple capture points is particularly helpful in that it improves a bank’s ability to catch duplicates.

If two employees of a business deposit the same check at different sites — one at the merchant location and one at the branch — it is much easier to detect this in a common system, Mr. Leekley said.

“Duplicate detection across all these points of capture really is critical ... and really addresses a need throughout the industry, no matter the size of the client.” ■