

# Rapid Processing and Low Cost Keep Checks an Attractive Option



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PAYMENT SOLUTIONS



Debit cards, mobile banking and online banking have dramatically changed the way people access and use their bank accounts.

But checks — arguably the oldest form of non-cash payment — are just as efficient as other methods.

#### Checks vs. Debit Card Transactions

Checks used to take days to clear. But because checks are now processed in a largely electronic environment — the Federal Reserve effectively receives all of the checks it processes for clearing as electronic check images — payments can be rapidly disbursed and funds are typically available the same day. In 2013, almost 70% of all financial institutions were receiving electronic check images.<sup>1</sup>

This speed is appealing to consumers who expect same-day efficiencies when they write, cash or deposit checks, and to financial institutions that aim to meet and exceed account holders' expectations in terms of funds availability.

Checks are also more cost-effective than ever. Technology has driven down the cost of handling checks today to just pennies — comparable to the cost of debit transactions.<sup>2</sup>

Checks also offer another less obvious advantage over debit: Because debit networks authorize transactions at the point of sale, they place a hold on funds required for the transaction. This is favorable to the merchant, but makes funds less available to the consumer.

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<sup>1</sup> CheckImage Central, *Industry Statics*, December 2013

<sup>2</sup> Federal Reserve, *FedACH® Services Fee Schedule*, 2014

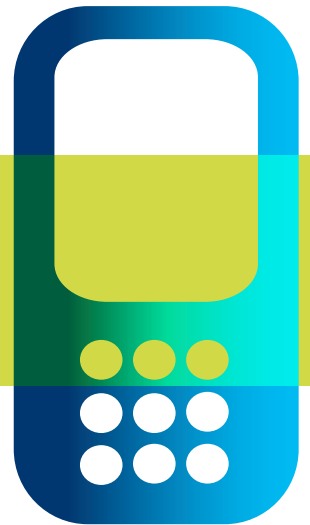
So relative to costs and speed, checks are now on par with debit card transactions. Both can be processed and settled on the same day, and both can cost just pennies per transaction. This gives consumers more than one expedient payment option, while allowing financial institutions to efficiently, cost-effectively process payments no matter which option its account holders choose.

### What's Ahead?

Financial institutions are continuing to invest in check solutions that improve process flow, enhance account holder convenience and increase demand deposit account profitability by keeping operational costs low and boosting account holder retention.

Financial institutions are not the only ones with an interest in electronic check processing. Consumers are increasingly interested in mobile remote deposit capture (RDC), with 20 million accessing the service in 2013. Adoption of mobile RDC is expected to rise to 61 million by 2016.<sup>3</sup>

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The bottom line? While payment technology continues to evolve, checks remain a popular option. Check-based payments can be managed quickly and inexpensively, which is advantageous for both financial institutions and their account holders.

If you'd like to learn more about our payment solutions, call **1.800.351.3843**, email us at [contactHC@harlandclarke.com](mailto:contactHC@harlandclarke.com) or visit [harlandclarke.com/PaymentSolutions](http://harlandclarke.com/PaymentSolutions).

### Related Resources

**Article:** True Value of the Checking Account

**White Paper:** How Safe is Your Data?

**White Paper:** The Value of a Brand

**Article:** Stack the Deck in Your Favor with Instant Card Issuance

<sup>3</sup> Celent, *State of Remote Deposit Capture: All About Mobile*, January 10, 2014