

Official Check Standardization Delivers Hard and Soft Cost Savings

Challenge

A large national bank sought a new provider for its official check and money order management. The new provider would need to improve current value/cost ratios and service levels through standardization across the bank's geographic footprint, including all subsidiary and affiliate locations.

Solution

The bank selected Harland Clarke because of its first-rate process and service delivery models and its years of experience servicing the official check needs of financial institutions. After intensive consultation with the bank, Harland Clarke developed a project plan that standardized official checks and money orders, addressed immediate issues related to order process and supported the bank's overall business objectives. Key recommendations included:

- **Convert each official check form to standard base stock.** By using Harland Clarke base stock and creating a few composition templates to accommodate a variety of forms requirements, the bank eliminated the need for multiple types of inventory.

- **Use digital official check forms compositions instead of storing pre-printed base stock in a warehouse.** Using digital forms facilitated a simpler, more efficient forms creation and reorder process. Each time a forms order was placed, the variable data was simply merged with the composition file and sent to production. Using digital files also enabled the bank to save significantly on warehousing fees and forms obsolescence by storing forms compositions electronically in Harland Clarke's database.

- **Activate auto-replenishment to replace branch employee reorders.** With auto-replenishment, Harland Clarke automatically produces and ships official checks directly to bank branches and departments when official check inventory reaches a pre-determined level.

Improved
value/cost ratios

Increased routing
and billing accuracy

Greater time-savings

This eliminates the need for a branch employee to monitor inventory and place orders, and reduces “out-of-stocks” and the costs associated with rush orders.

Control MICR specifications at the program level. The bank greatly reduced the possibility of error and ensured accuracy on each form by locking down all variable MICR specs so they couldn't be accidentally changed as forms were revised.

Implement consistent processes enterprise-wide. All branches, subsidiaries and affiliates were required to use the same official check provider and style. In addition, the bank supported those processes with automation to increase accuracy and maximize productivity.

Results

Harland Clarke helped the bank improve current value/cost ratios and service levels through standardization across its footprint. In addition to the hard cost savings on the official checks product and the soft-cost saving on the process improvement, the bank realized the following benefits:

- Streamlined ordering and fulfillment
- Consistency and ease of use
- Cost savings due to elimination of out-of-stocks and rush orders
- Routing accuracy
- Billing accuracy and time savings