

"PNC corporate customers who have installed VICOR Distributed Capture are now depositing checks and posting receivables at minimum one day earlier."

*Bert Sciulli
Senior Vice President
PNC Bank*

PNC Financial Services Corp.

One of the nation's largest diversified financial services organizations providing retail and business banking; specialized services for corporations and government entities, including corporate banking, real estate finance, and asset-based lending; wealth management; asset management; and global fund services

Business Objective:

Reduce courier costs and take advantage of new technologies for check electrification

Metavante Solution:

VICOR Distributed Capture, which enables corporate users to easily capture complex payments

Benefits Achieved:

- Seamless Distributed Capture implementations
- Rapid scanning of checks and documents
- More efficient processing of exceptions
- More timely and accurate balance sheet reporting
- Elimination of courier costs and associated handling costs

PNC Financial Services Corp. VICOR Distributed Capture Expedites Check Clearing at PNC Bank

In October 2004, the banking world changed. That's when Check 21 rules on check images were adopted, clearing the way for a revolution in check processing. Since that time, financial institutions have deployed distributed capture solutions at breakneck speed. PNC Financial Services Corp., one of the nation's largest financial services companies with assets of nearly \$98.4 billion, recently set a course to deploy a distributed capture solution for complex payment processing from VICOR, a Metavante company.

CHECKS IN TRANSITION AND TRANSIT

Use of the business check is declining. It's no secret that volumes have been dwindling in recent years because of increases in alternative payment forms such as p-cards, wire, and ACH. But as shown recently within the VICOR Corporate Payments Progress Index (CPPI), an industry initiative that quantitatively measures the progress of corporate payments, payments processors will operate in a world of convergent payment types for the next eight to 10 years, until straight-through processing is realized. As a result, processors must find solutions that process payments in the most efficient and cost-effective manner possible.

PNC operates a nationwide network of lockbox sites that process over 6 million business-to-business payments each month. However, a number of their corporate clients receive a portion of their check payments outside of the normal lockbox flow. These checks can show up at the client's corporate headquarters or at a field location. In most cases, an employee at the company packages and reships these checks via an overnight carrier to one of the PNC lockbox sites for processing. Not only is this a time-consuming process, but the cost of handling the package is also significant.

Bert Sciulli, PNC senior vice president, estimates that courier costs alone range from \$10-\$15 per package. "On top of that, actual handling costs can range from \$3-\$8 for each envelope," says Sciulli, who notes that the labor effort on both sides is intensive. The originator needs to package and ship the payment and

supplemental documents, and the lockbox provider needs to open the envelope and ascertain information such as lockbox ID and address – items not normally included on the courier envelope.

CAPTURING LOCALLY, PROCESSING CENTRALLY

When PNC examined ways to combat the courier conundrum and take advantage of new technologies for check electronification, it turned to Metavante's VICOR business unit, a leading provider of solutions that optimize the processing of complex payments. Since 2000, PNC has successfully partnered with VICOR for receivables solutions. VICOR Distributed Capture was a logical fit because of its thin client architecture, ease of installation, and unique ability to image complex payments – those payments with associated documents such as invoices, coupons, remittance instructions, and envelopes.

VICOR Distributed Capture enables a corporate user to process complex payments easily. A scanner, Internet connection, and minimal software are the only requirements for capture. The images are transmitted via a secure Internet connection to a Distributed Capture server located at the financial institution's central processing site. At PNC, the server feeds directly to the lockbox network. Imaged checks and supplemental documents are fed into the overall transaction stream on an intra-day basis. Customers can view these locally captured checks and supplemental documents through Web or transmission outputs on a same-day basis. Distributed Capture is initiated and managed by an intuitive user interface that is browser-based.

A SPEEDY ROLLOUT

After a successful pilot with three clients in the fall of 2006, PNC introduced a new product called Remittance On-Site, based on VICOR Distributed Capture technology. Since that time, over 30 clients have implemented the service and are actively using the feature on a daily basis. According to Sciulli, all new client implementations have been seamless and acceptance of the product has been overwhelming. Once the necessary hardware is installed, the client is typically up and running on the application within a day. While the module is designed to work with any TWAIN scanner, PNC currently certifies the Kodak I40 scanner, which can capture up to 25 pages or 50 images per hour and has a document feeder that handles small or thick documents. Once scanned, images are fed directly to central processing sites.

AN EASY CLOSE

According to a report by Celent LLC in May 2006 called *Remote Deposit Capture Vendors: Crossing the Chasm*, "The elegance in VICOR's solution lies not in the distributed capture functionality but in the seamless integration of remotely captured information with the centralized wholesale lockbox workflow." Thus exceptions are processed more efficiently at PNC because of the rapid pace at which checks and documents are scanned and fed into the network lockbox.

"PNC corporate customers who have installed VICOR Distributed Capture are now depositing checks and posting receivables at minimum one day earlier," says Sciulli. "Consequently, monthly, quarterly, and year-end balance sheet reporting is timely and more accurately reflects a company's accounts receivable position. Courier expenses and the associated handling costs have evaporated while providing corporate clients with a comprehensive image archive of all of their accounts receivable documents."

Although volumes are declining, checks are still the primary source of payment for business-to-business transactions. Having solutions that process checks close to the source of origination gives institutions like PNC a competitive advantage for today and the near term.

CONTACT METAVANTE

For more information about VICOR Distributed Capture or Metavante's complete Commercial Treasury Solutions, contact your Metavante relationship manager, call 1-800-822-6758, or visit metavante.com.

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