

Remote Deposit Capture Finally Pays off for Small Business Owners

A White Paper by



If you ask a small business owner to rank their banking experience, they will rate it somewhere near a root canal. Small businesses have long been underserved and treated by banks as second class citizens. Subject to poor service, nuisance fees and a reliance on poorly managed bank branches, the banking “experience” has long been an exercise in frustration. A June, 2007 study by Celent found that small business owners travel to the bank up to three times a week just to make deposits, so with over 20 million small businesses in the US, this adds up to many unsatisfactory experiences.

In 2003, a piece of federal legislation known as “The Check Clearing Act for the 21st Century”, or Check 21, promised to revolutionize the way deposits were made. Passed in 2004, Check 21 created an electronic system for sending and receiving checks. The act cleared the way for remote deposit capture, an innovation considered by the Federal Reserve as “the most important development the banking industry has seen in years”. Remote deposit capture (RDC) enables businesses, and even consumers, to use a scanner and special software to conveniently scan checks and electronically deposit funds from their location rather than at the bank.

Traditional banks immediately offered the service to large corporations, who had the high check volume and deep pockets to afford the hefty price tag of the scanner and other fees associated with remote deposit capture. Even with Check 21 and check imaging technology in place, the cost of RDC remained a barrier to entry for small businesses because the banks didn't offer it to them. Banks did not have the small business owner in mind when it came to creating a cost effective solution for those customers.



Swift Financial's Remote Deposit Check Scanner

The tide, however, is finally turning as banks expand their RDC footprint. A new type of financial services company, Swift Financial, is focusing solely on the small and microbusiness market. Instead of building an expensive bank branch system, a direct provider such as Swift Financial can pass its cost savings on to the customer in the form of better deals. For small businesses, this eradicates the once cost prohibitive obstacles to RDC. A small business owner can go to a direct bank for a free scanner, no fees and more competitive pricing instead of relying on their local bank.

These small "microbusinesses" with a handful of employees and revenues between \$500,000 and 2.5 million annually (think dentists, contractors, and retail shop owners) actually benefit the most from remote deposit capture. For these leanly staffed businesses without a dedicated finance department, time is money, and time not spent at the office means lost income. Money saved on transaction processing and fees can be reinvested into the business. Additional remote deposit capture benefits include faster funds clearance and availability (Swift clears 80% of checks deposited the very next business-day); reduced processing costs and fees; better cash management control; and the ability to relinquish reliance on local bank branches.

Small "microbusinesses" (\$500,000 - \$2.5 million annually) actually benefit the most from Remote Deposit Capture.

With more types of businesses able to capitalize on remote deposit capture, adoption rates are expected to skyrocket. By the end of 2010, RemoteDepositCapture.com, the industry's leading website, asserts that over 50 percent of all checks processed will be done via RDC, totaling more than \$21 trillion. Small businesses will play a major role in the adoption. Celent expects 15 to 20 percent of microbusinesses to implement RDC by 2010, resulting in the deployment of three million scanners.

Check 21's intent to revolutionize banking is just now hitting its stride. The playing field is leveling, as smaller businesses begin to enjoy the same advantages previously granted larger corporations. A new crop of players are leveraging technology to open up the marketplace to the formerly underserved small business market. As a result, expect the remote deposit scanner, like the desktop computer and copier before it, to be the must have item for businesses of all sizes in the coming years. Banking without leaving the office is now a real possibility. Now that's an experience worth smiling about.

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Source: RemoteDepositCapture.com

About Swift Financial

Swift Financial is a direct financial services company dedicated to small business banking. Headquartered in Wilmington, Del., Swift Financial launched in 2007 and is led by a veteran team of top banking executives who provide small businesses with simple banking products such as a business line of credit with decisions in as little as fifteen minutes; a business checking account without excessive fees and penalties; and a time saving Remote Deposit Capture solution. Swift Financial is able to make these products available through its relationship with M&I Bank FSB ensuring that customer deposits are FDIC-insured. For more information, visit swiftfinancial.com.