

Bank check collection cost reductions approach \$4 million

Client:

A Top 15 U.S. Commercial Bank that has experienced significant growth in consumer and commercial deposits.

Business Problem:

Change in deposit mix created a need to re-optimize the bank's use of clearing agents for deposited items. Internal resources were insufficient to undertake the analysis required.

Financial Objective:

To identify cost reduction opportunities related to check clearing.

Selection Process:

Extension of an established relationship with AFS for lending software and support services. Client subscribed to the AFS Payments Product Management Program, drawing upon AFS resources to enhance payments profitability and monitor results.

Resulting Benefit:

AFS Bank—Payments Value Realized in Year One and Incremental Benefit Projected in Year Two



From Contract to Delivery in 30 Days

Within 30 days of commencement of the Program, AFS performed its initial analysis and delivered a preliminary group of recommendations to the client, providing the opportunity to create value quickly. Ongoing analysis provides for orderly staging of new recommendations on a continuing basis, building positive momentum. AFS continues to quantify and track benefits realized and implement new initiatives throughout the life of the agreement, enhancing bottom line profitability. AFS' continual monitoring of the payment environment and re-optimization of the client's position prevents back-sliding throughout the term of the partnership.

Mandate ...

To reduce net check clearing costs (per item fees, transportation costs, operational expense and float expense)

... Achieved

- Presented 89 clearing recommendations resulting in \$2.8 million in benefits in year one
- 85% of year one clearing recommendations were implemented, with a year one impact of \$832m
- Year two incremental benefit associated with year one changes and new clearing recommendations expected to be \$3.8 million
- Other areas of opportunity, such as payment collection methodology and customer float pricing, are slated for year two analysis by AFS