



Remote Deposit Capture Pulse on the Market

*Industry Update, Trends, Issues,
Risks and Opportunities.*

*John Leekley
Founder & CEO
RemoteDepositCapture.com*



Pulse on the Market



- Evolving Definition of RDC
- Industry Stats
- RDC's Impact
- Industry Issues
- Industry Polls & Surveys
- Fed's Payments Study Results



RDC is a Payments Platform



RDC Applies to a family of related products & services most often differentiated by location of payment capture.

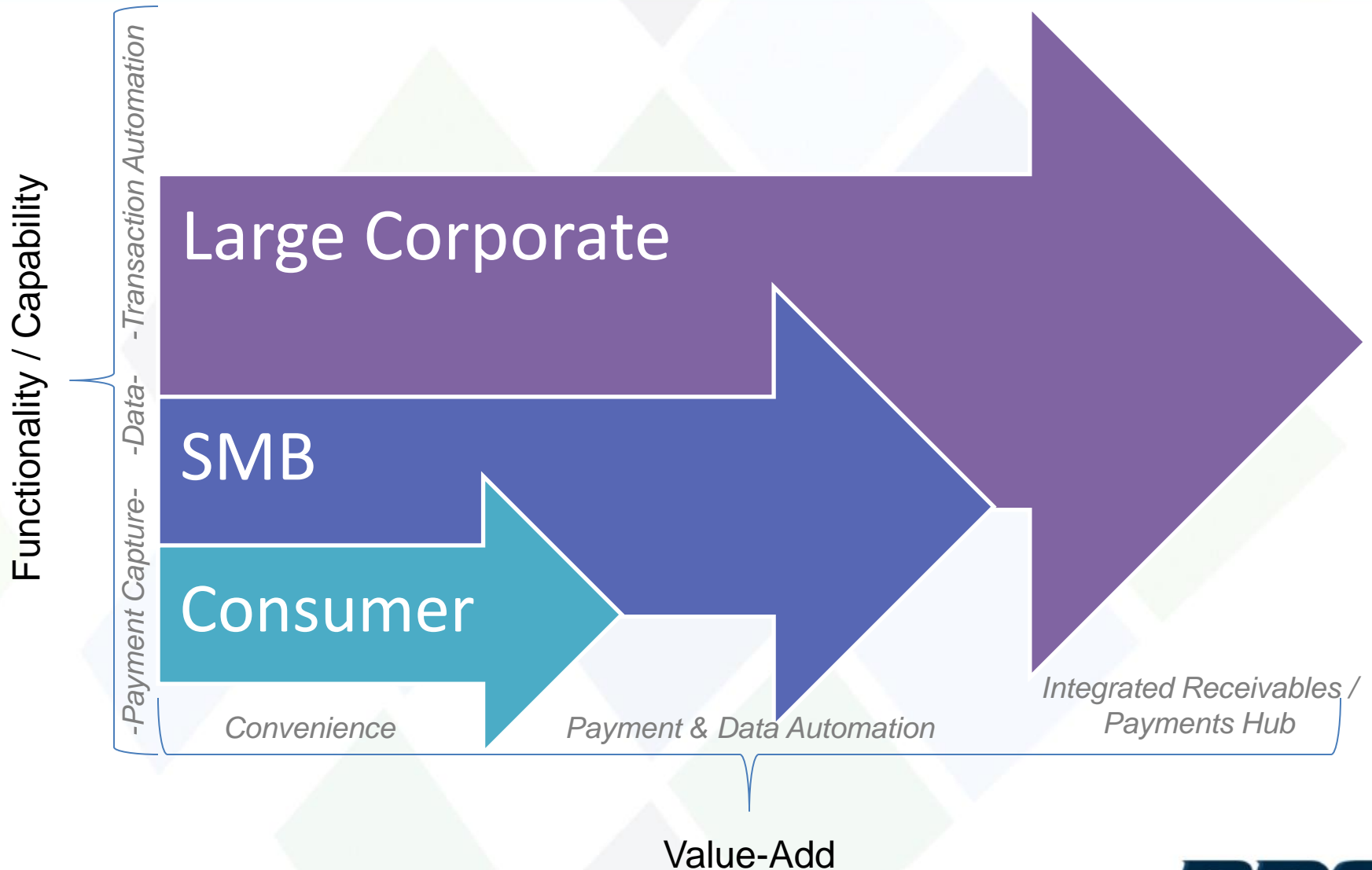


Remote Deposit Capture								
Corporate	Merchant	Consumer	Mobile	Teller	Branch	Lockbox	ATM	Correspondent

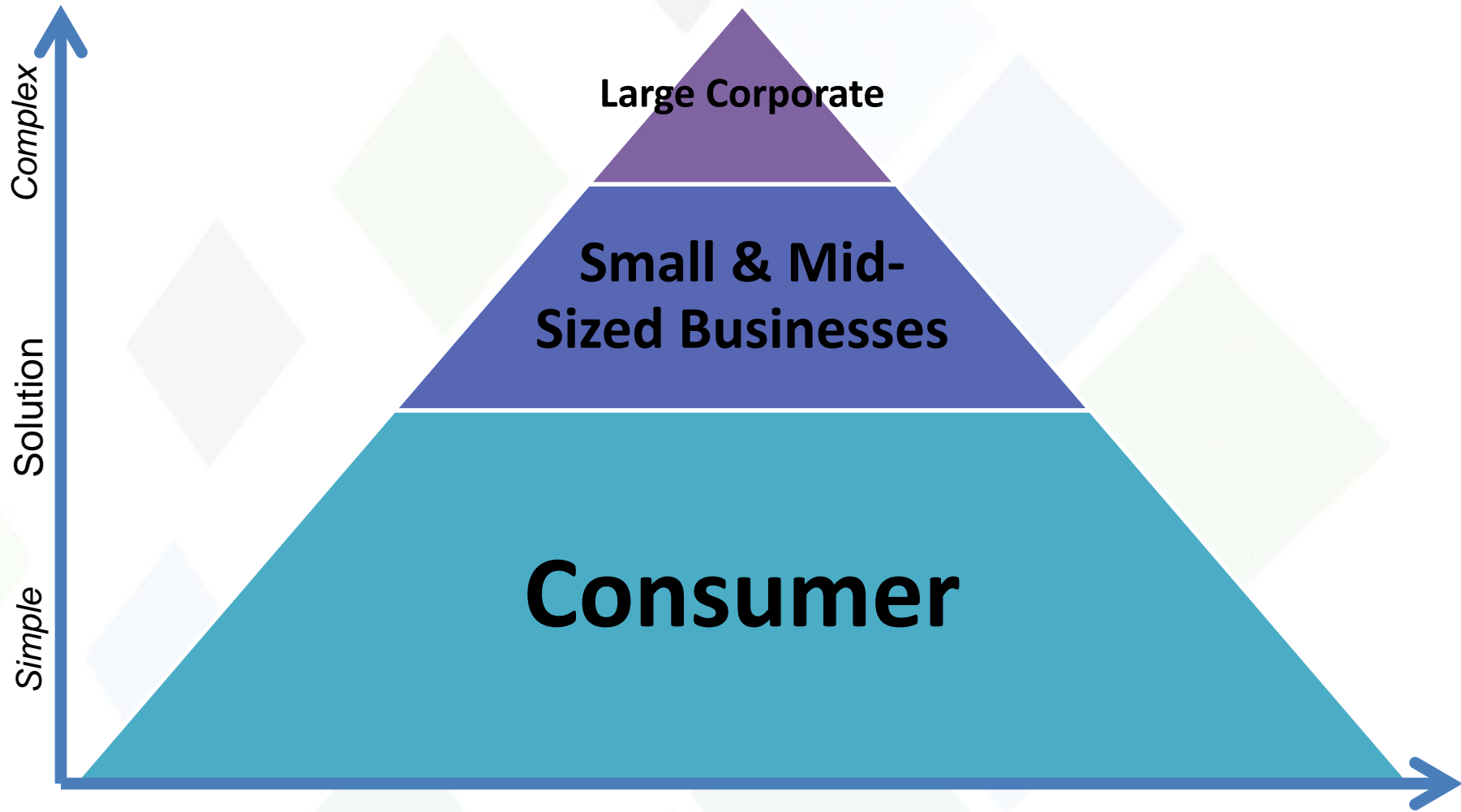
The term “Remote Deposit Capture” refers to the process of electronically capturing check images and data, transmitting that information for deposit and clearing, and truncating the original paper checks. This definition is evolving to include additional payment types, including card payments.

RDC is becoming an integrated technology platform increasingly used to process different types of payments and data with the ability to feed that data to systems both internal and external to the organization.

The Evolving Definition of RDC



RDC Market Opportunity

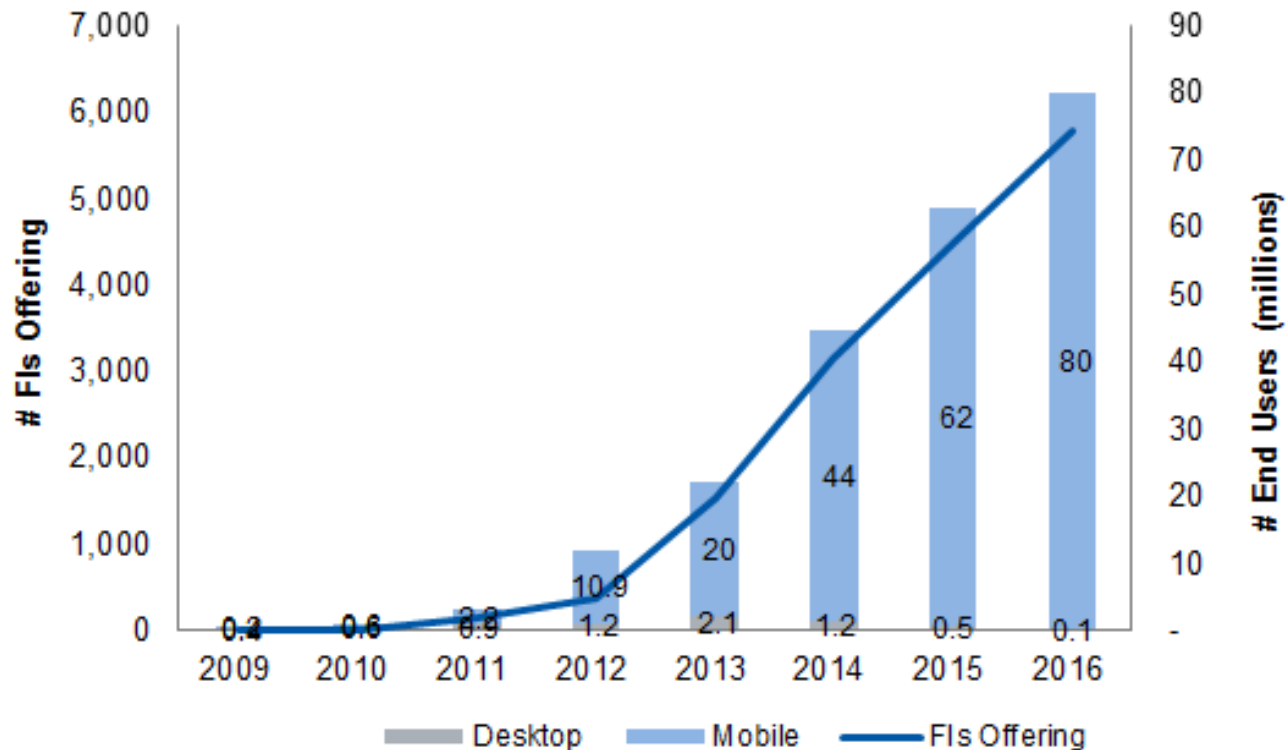


mRDC Market



Retail RDC Utilization Growth Has Been Explosive

Consumer RDC Adoption/Utilization



Source: Celent Report "[State of Remote Deposit Capture 2017: The Final Stretch](#)"

RDC Today



- Ubiquitous Offering for Consumers
 - ~ 70 MM mRDC users
- ~ 2MM Desktop Scanners in operation
- ~1MM Scanners in branches
- Not just check truncation, Payments Automation
 - Integrated Receivables
- RDC has proven to be an example for how to manage enterprise payments risk
- RDC is fueling fundamental & transformative change in the way banking is done in the USA.
 - Self Service / Branch Transformation
 - Cost Reduction

Industry Update



- Half of all FIs Offering mRDC have come to market within the past 2-3 years.
 - Table-Stakes Consumer Offering
 - More Pressure to Differentiate
- Increasing Focus upon Small Business RDC
 - Fee Income Opportunity, but getting more difficult
 - Integration (Data), Omni-Channel critical
- mRDC Success rates ~90% (and improving)

The Impact of RDC



- Bank of America
 - 19% of Deposits via mRDC in Q4 (up 20% from Q3)
 - 280,000 Deposits / Day
 - mRDC 90% more cost effective
- BOK Financial: 50%+ via RDC
- Chase: 100MM fewer teller transactions
 - Deposit @ Teller: \$0.65 vs. mRDC: \$0.03
- PatelCo CU
 - 2014: 44% increase in RDC deposits; 27% increase dollars deposited
 - 2015: 30% increase in items; 24% increase in dollars
- PNC: 52% of Deposits via RDC
- Rivermark Community CU: Launched mRDC in 2012. Today, 37% of members use mRDC.

Industry “Issues”



- The Industry is evolving... Are You?
- Risk
 - Duplicates, HIDC, Compliance
- The Low-Hanging Fruit is gone
 - Opportunity: Small Business
- Checks are Dead! (Or are they??)

Risk Management & Compliance



- All Bark & No Bite!
- Risks Unique to RDC: Duplicates
- Risks CAN be effectively managed
 - No “Silver Bullet”
 - Cohesive Approach Required
- Results: Minimal Fraud
 - Industry Return Item Rate has dropped 20+%!



The “Risk of non-compliance” with FFIEC Guidelines has emerged to be one of the largest issues facing most Financial Institutions.

AML, BSA & OFAC

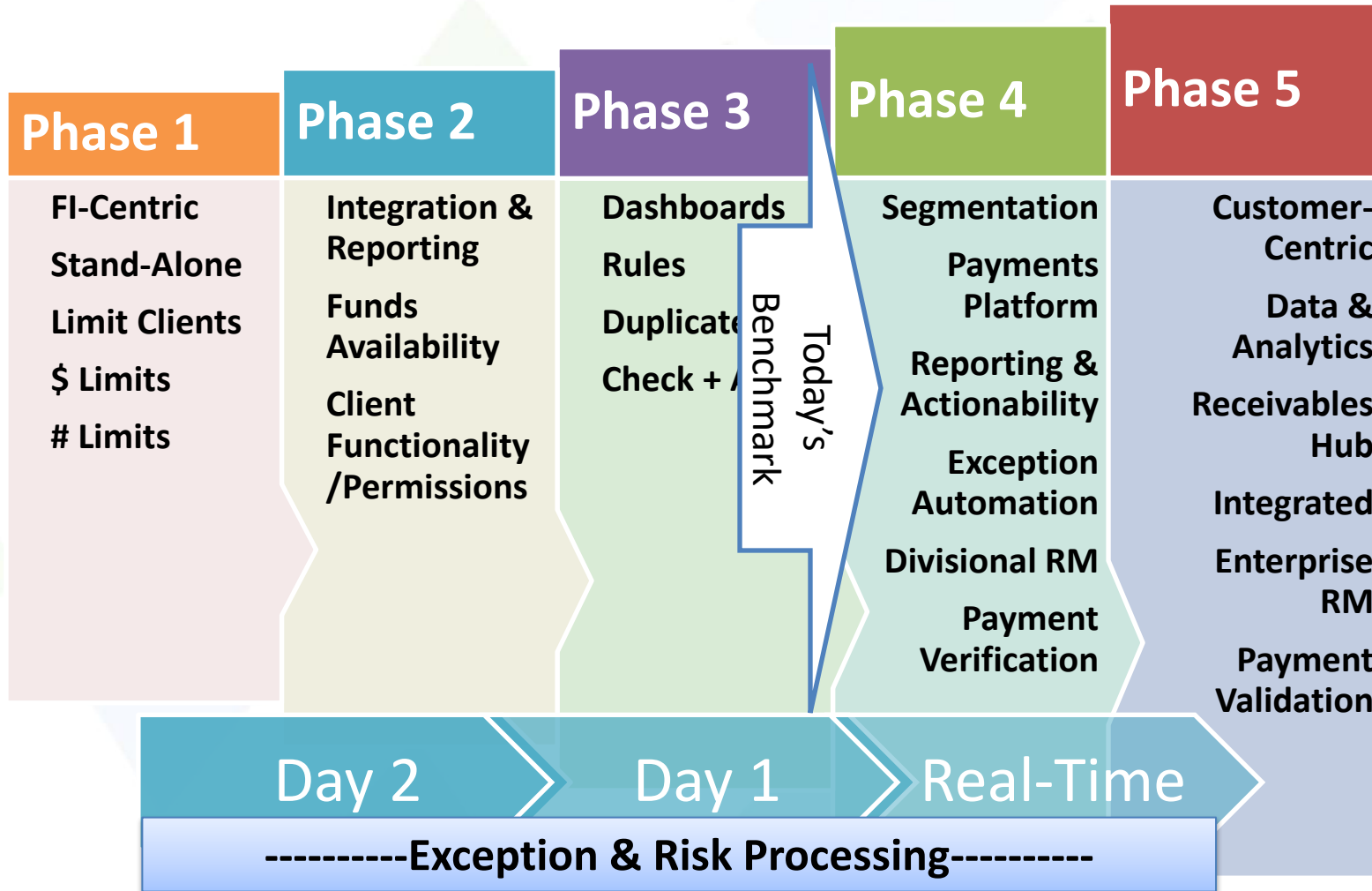


New Action by FinCEN

- \$7MM Penalty for “willful violations” of BSA requirements.
- “...allowed billions of dollars in transactions to flow through the U.S. financial system without effective monitoring to adequately detect and report suspicious activity,”
- Issues:
 - Poor KYC
 - No Customer Risk-Rating
 - No Monitoring / Reporting / Actionability
 - No Independent Audits

RemoteDepositCapture.com was the only publication to cover this news. [CLICK HERE](#) to read our article, “**FinCEN, OCC, Cite California Bank for RDC Risk Management Deficiencies**”.

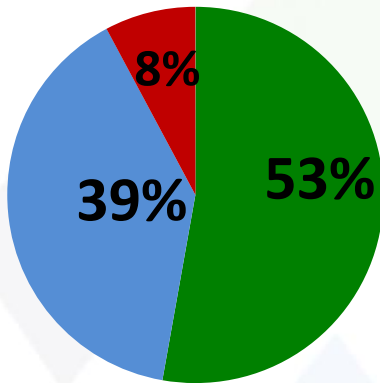
Evolution of RDC Risk Management



Mobile RDC is a Homerun



The Benefits of mRDC...



- Far Outweigh the Costs & Risk
- Marginally Outweigh the Costs & Risk
- Is a Loss- Leader due to the Cost & Risk

320

Respondents

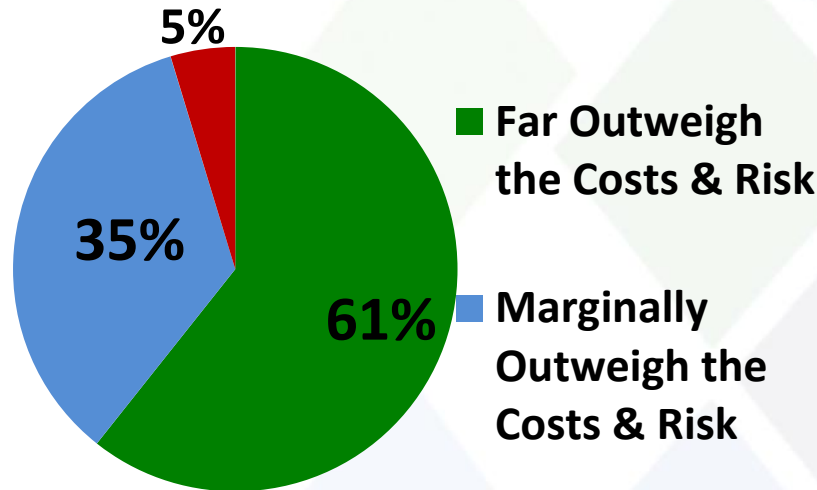
- 83 of whom do not offer mRDC

92% of all respondents feel the benefits of mRDC outweigh the cost and risk, and 53% indicate benefits FAR OUTWEIGH the cost & risk.

Experience Matters



The Benefits of mRDC...



n = 234

RDC Insight:

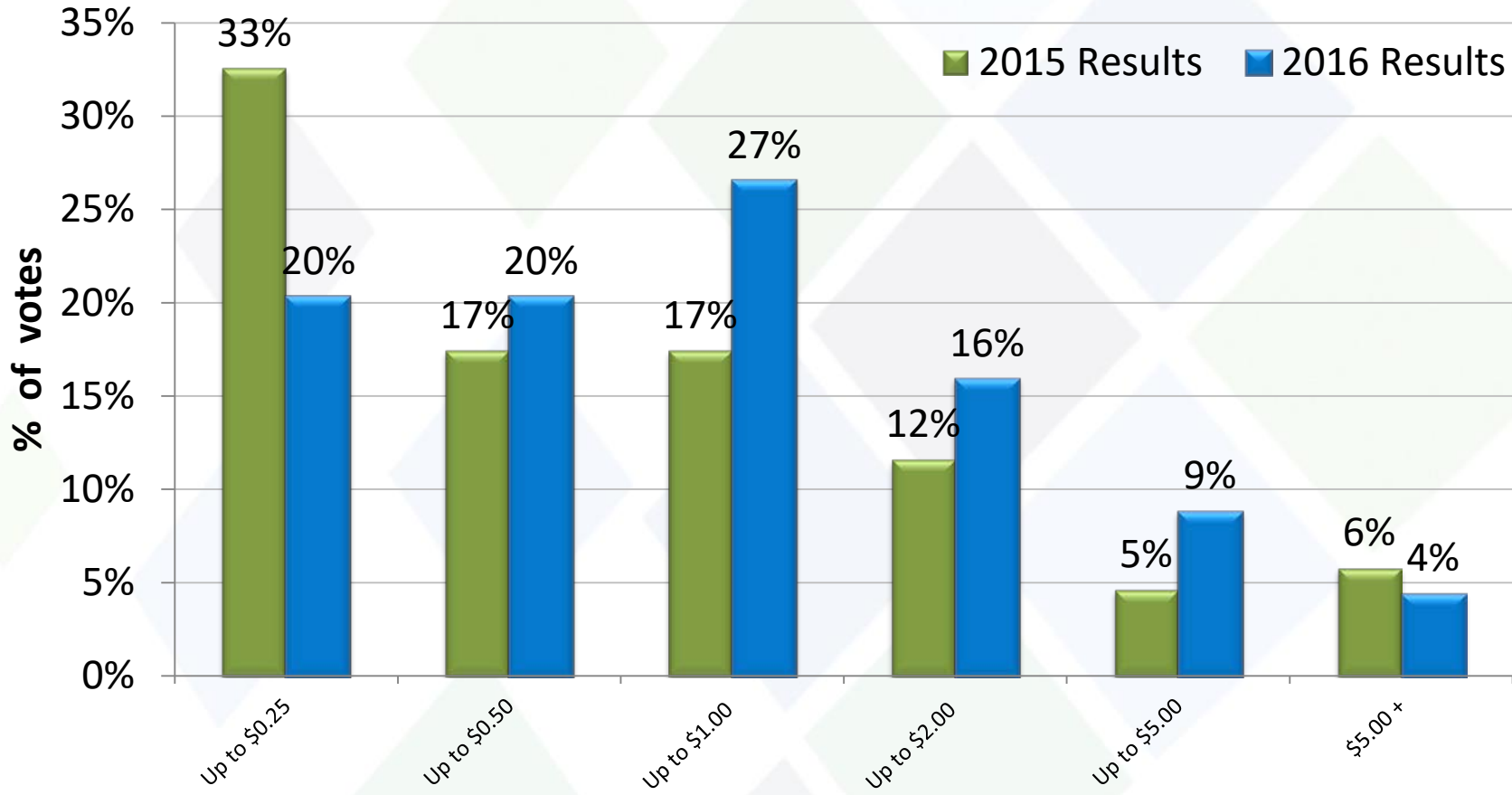
- The longer mRDC has been offered, the more likely the FI feels the benefits FAR OUTWEIGH the risks and costs.

~95% of respondents who CURRENTLY OFFER mRDC feel the benefits of mRDC outweigh the cost and risk, and 61% indicate benefits FAR OUTWEIGH the cost & risk.

An Increasing Value Prop...



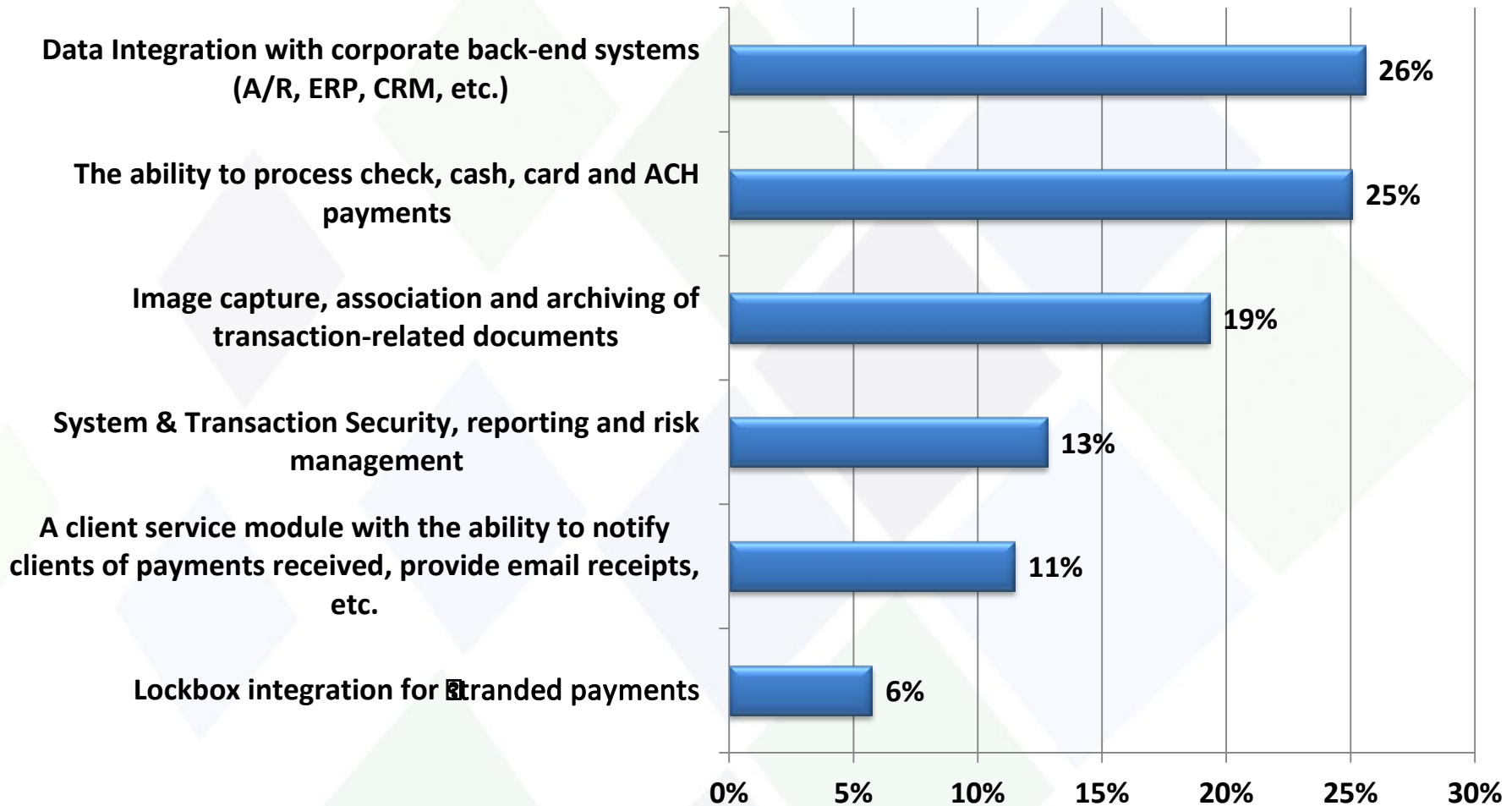
Value of mRDC, per transaction



Integrated Receivables



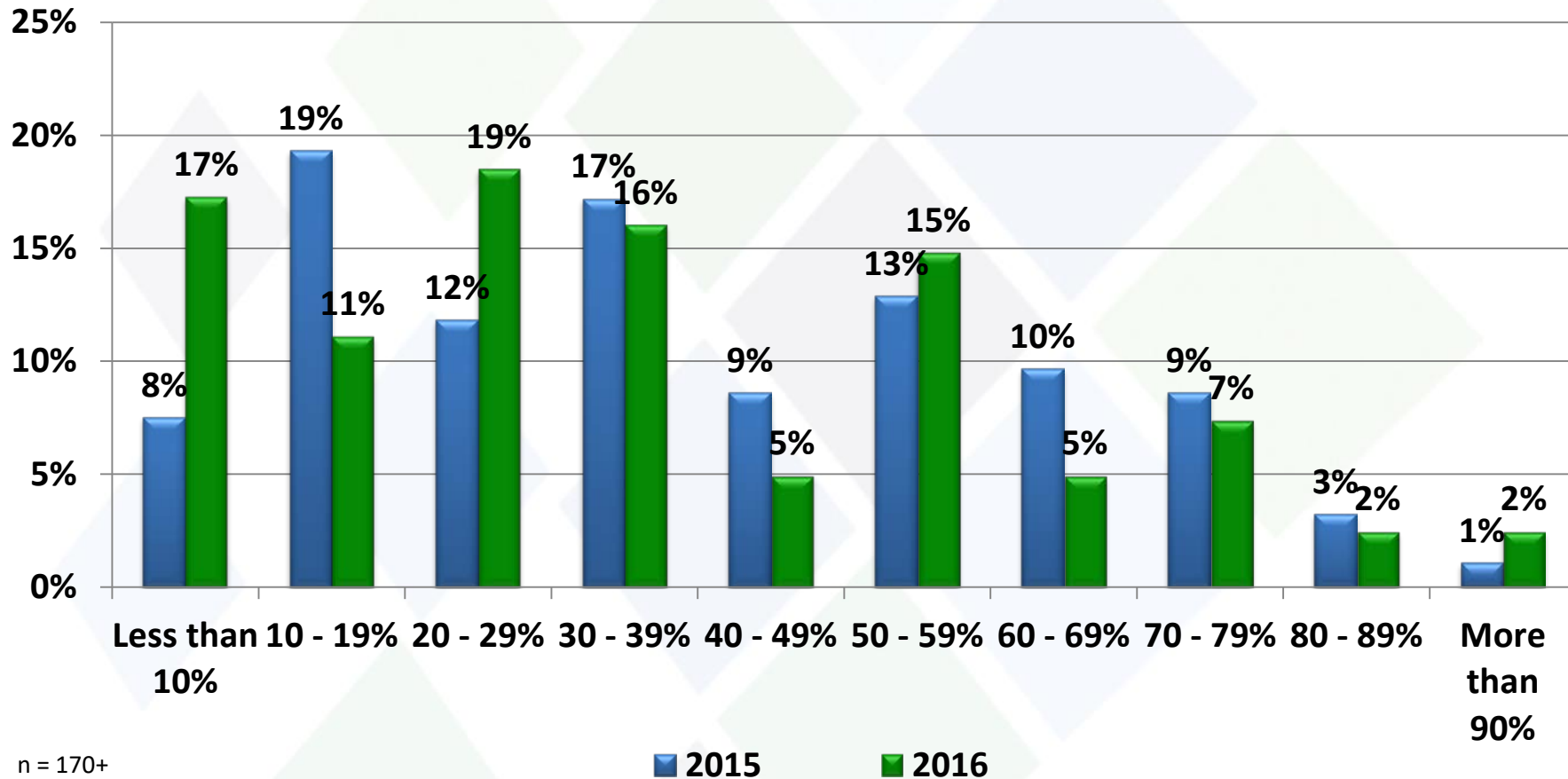
The most important capabilities of an Integrated Receivables Solution



Small Business Predictions



What percentage of Small Businesses will be using Remote Deposit Capture (Mobile, Desktop, etc.) by the end of 2015 / 2016?

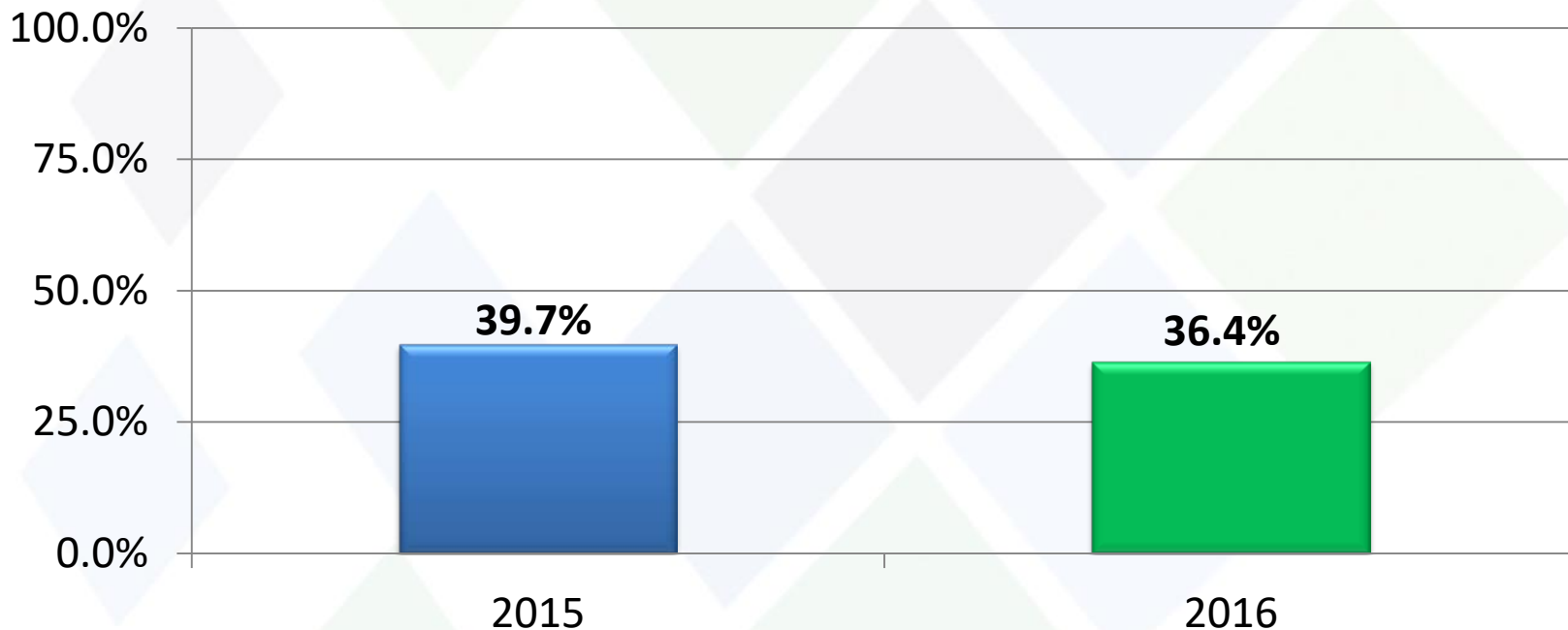


Small Business Predictions



What percentage of Small Businesses will be using Remote Deposit Capture (Mobile, Desktop, etc.) by the end of 2015 / 2016?

Estimated Small Business RDC Adoption



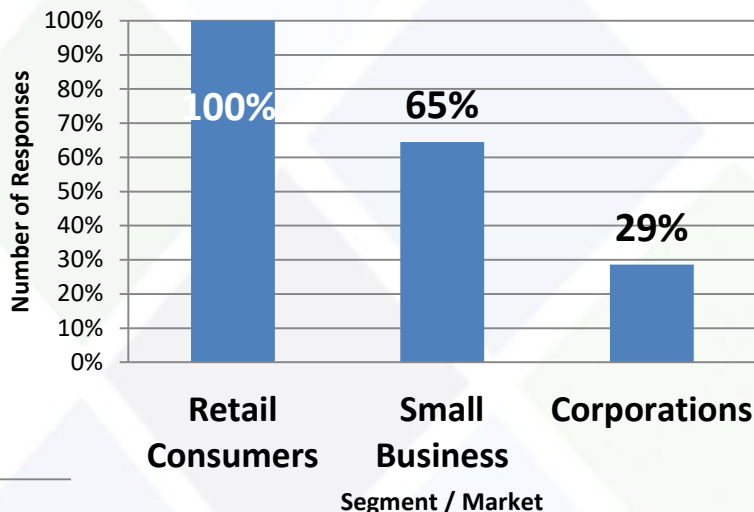
n = 170+

Of Those Offering mRDC...

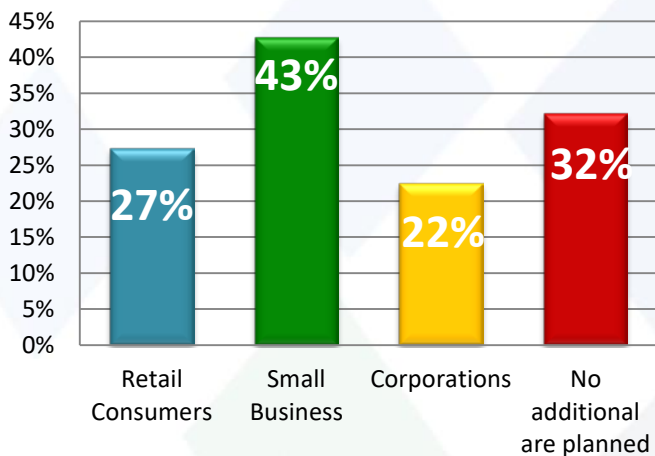


ALL Respondents offer mRDC to their Retail Customer Base. Small Biz is catching up!

My Financial Institution CURRENTLY OFFERS mobile deposit to:



mRDC Expansion Plans...

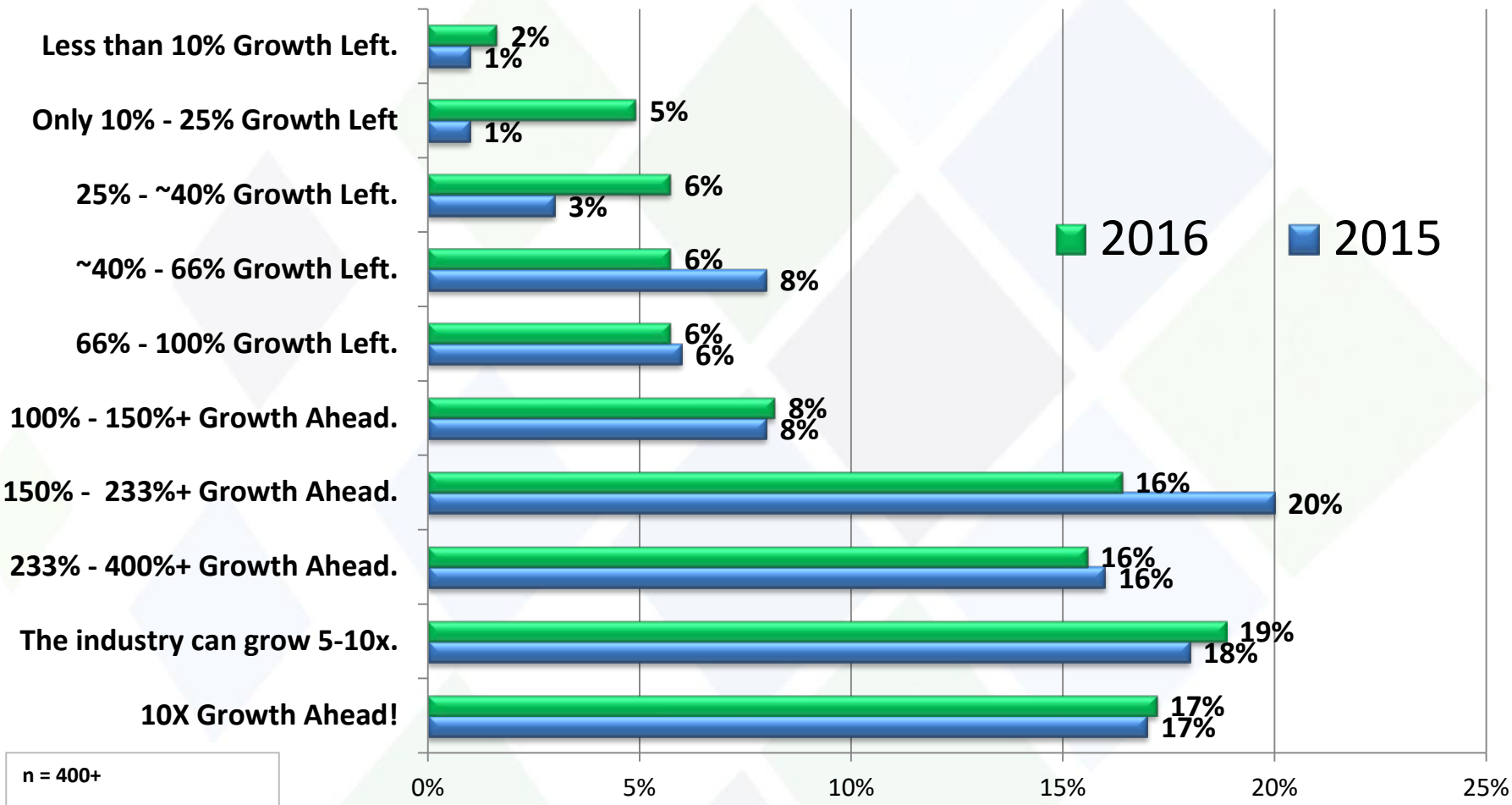


And the majority plan to expand to additional markets, and within current markets.

Opportunity Ahead!



How "Mature" is the Remote Deposit Capture Industry?



n = 400+



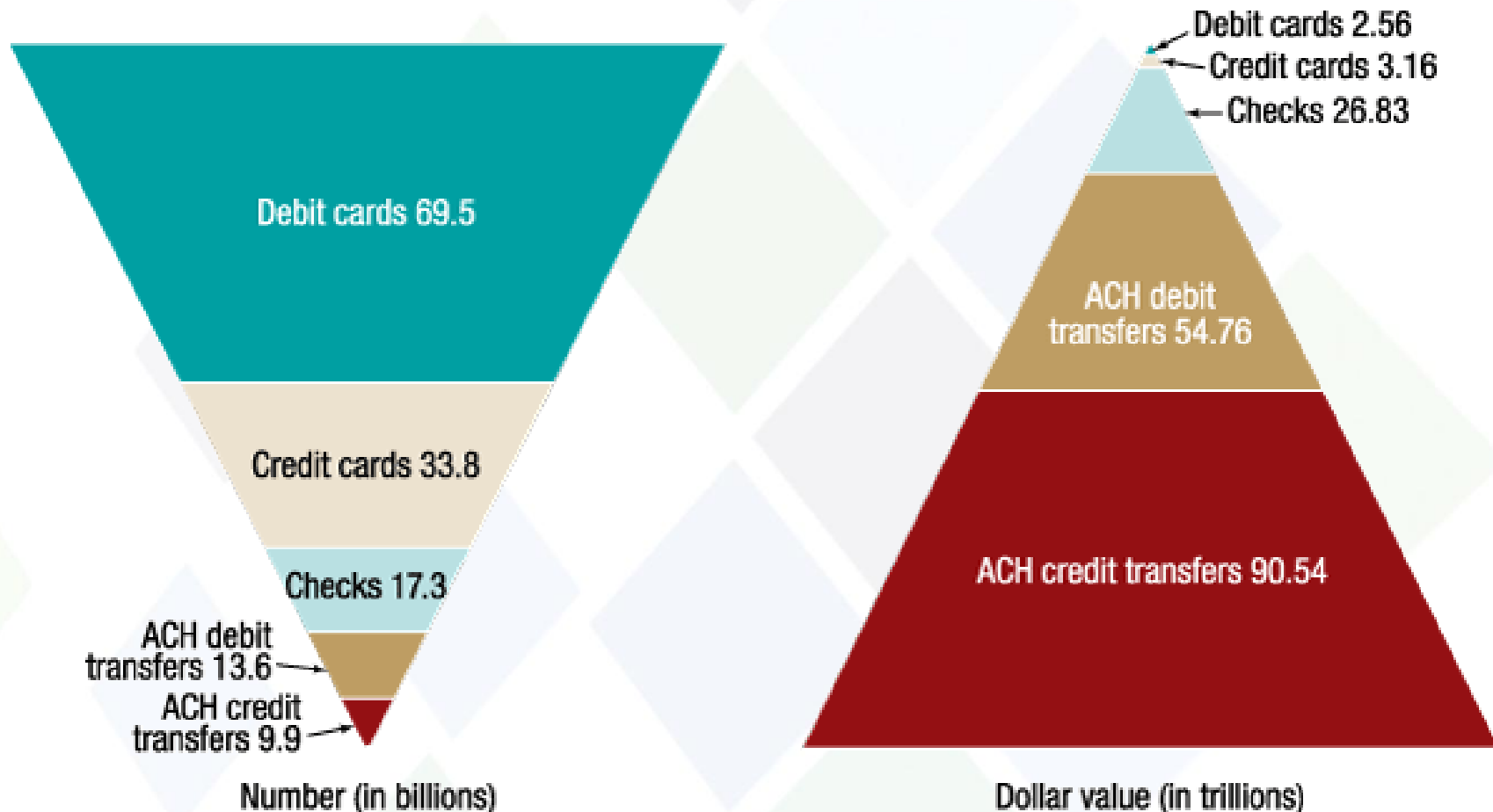
Fed's Payments Study



- 144 Billion Total Noncash Payments in 2015
 - \$178 Trillion
- 19.4 Billion Checks written in 2015 (\$27.3 T)
 - 22.5 B in 2012 (\$27.8T)
- Estimate of 35% deposited via RDC
 - 17% in 2012, 13% in 2010
- Average value now \$1,410.

[Click Here to read our article on, and to download a copy of the Fed Report.](#)

Perspective on Payments...



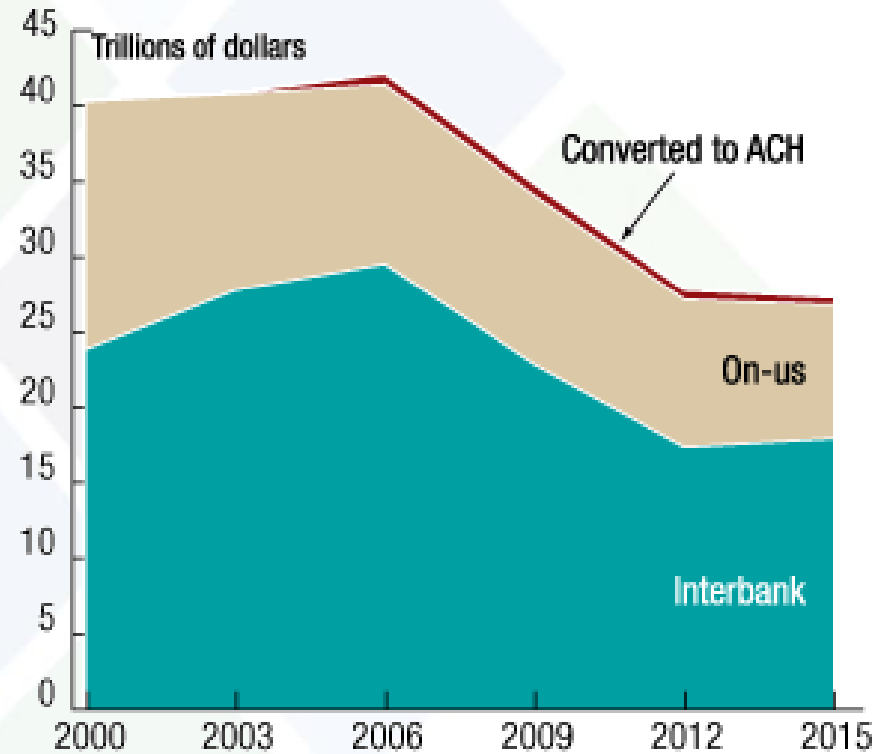
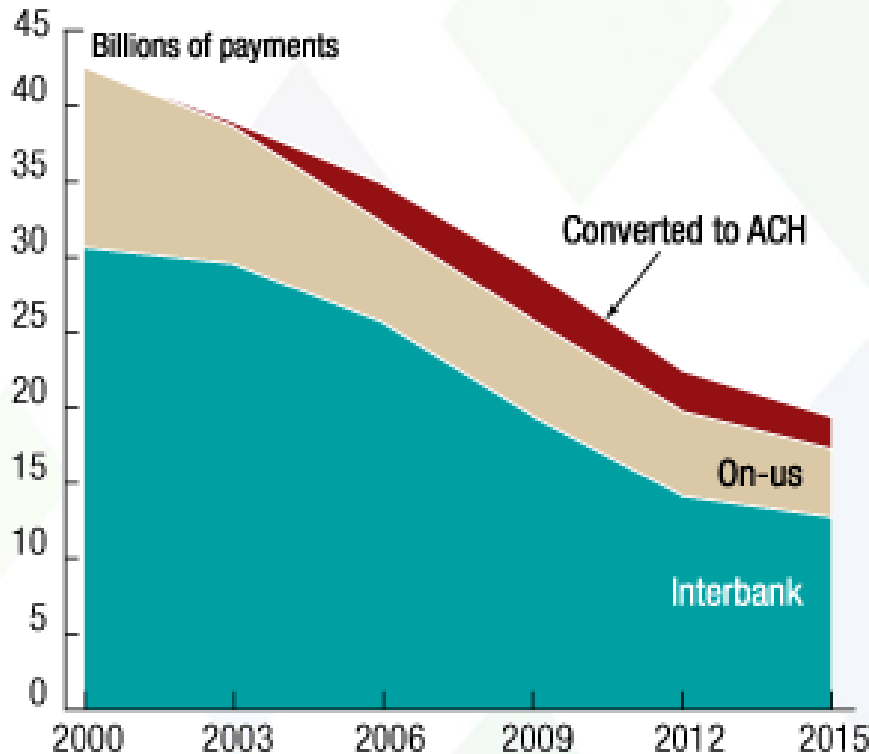
Source: Federal Reserve Payments Study 2016,

<https://www.federalreserve.gov/paymentsystems/2016-payment-study.htm>

Check Trends



Trends in Check Volumes, 2000 - 2015



Source: Federal Reserve Payments Study 2016,
<https://www.federalreserve.gov/paymentsystems/2016-payment-study.htm>

Where to from here?



- Check Trends
 - In Decline, but remains highly relevant
 - Still used by Businesses
- A Check is simply Data.
- The Evolution of RDC
- Evolution of Payment Systems in USA
 - Fully Electronic Checks??

Questions

