



Evolve Your Retail Lockbox into a Strategic Powerhouse

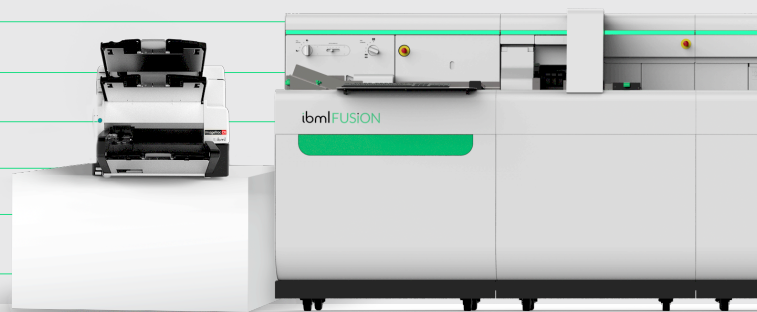
Banks and third-party providers have long relied on retail lockbox as a pillar of their business. Yet paper checks appear to be declining, and the industry is reaching a tipping point.

What can you do? Reexamine your scanning approach. It's time to adapt and get even more out of retail lockbox.



Intelligent document scanners combat current challenges while also:

- Increasing efficiency
- Accelerating turnaround time
- Strengthening customer relationships
- Driving new revenue
- Mitigating risk
- Expanding services to the emerging accounts receivables environment



In this whitepaper, you'll learn how to evolve your retail lockbox business for the future.

A Seismic Shift

Four key shifts are reverberating through the industry and putting it under tremendous pressure:

1. Checks Are Declining:

Consumers are writing fewer checks, with paper check volumes declining by more than half since 2001.

2. Fewer Payments Are Mailed:

With additional payment methods popping up, consumers rely less on mailed checks.

3. Clients Want More Than Timely Deposits:

Most legacy retail lockbox systems aren't built to capture data beyond what's printed on a remittance coupon, and manual data entry is costly.

4. Retail Lockbox Systems Are Showing Their Age:

Maintenance costs for reader-sorters are increasing, and two widely installed brands have reached their end-of-life and will no longer be supported by their manufacturers. Plus, they aren't optimized to process full-page or electronic documents.

CHECK FACTS:

The total number of U.S. check payments declined **3% per year** from 2012 to 2015.¹

Large financial institutions saw the decline accelerating to **4.8%** between 2016 and 2017.²

And for every action, there is a reaction.

These trends are forcing processors to take a hard look their retail lockbox business.

Reactive Effects

Many banks have responded by shrinking their retail lockbox operations, some shifting to outsourcing, some limiting service for key commercial accounts or those with high transaction volumes. Others have replaced their outdated reader-sorters with tabletop devices designed for lower-volume operations. And a few banks have even shuttered their retail lockbox business altogether.

These measures are impulsive reactions to the shifting industry.

By outsourcing, scaling back or closing retail lockbox operations, processors are:

Placing their trusted customer relationships in the hands of third parties

Cutting off an income stream at a time when revenue growth is hard to find

Jeopardizing valuable commercial relationships

Creating obstacles to revenue growth in lucrative vertical markets

Putting themselves at a competitive disadvantage to peers with in-house lockbox operations

You can't afford to take this short-sighted approach. Instead, it's time to upgrade your lockbox operations.

The Staying Power of Retail Lockbox

Here are **5 reasons** you should think twice before shuttering your retail lockbox business:

1. Paper checks are still around:

Despite their decline, paper checks aren't disappearing any time soon, and will remain a critical part of the U.S. payment mix.

2. Drive Deeper Client Relationships:

You've spent time and money on building relationships with your retail lockbox customers – it doesn't make sense to throw it away. Instead, retain and capitalize on those customers by transitioning your services to meet your customer's needs.

3. Penetrate Lucrative Markets:

Grow your deposits and tap into new revenue sources by replacing end-of-life check reader-sorters with multi-functional capture devices. You'll expand the types of transactions you can cost-effectively process in a retail lockbox environment.

Property management is one of the last strongholds for the paper check, and one retail lockbox's target markets. An intelligent lockbox solution will automate:

- Matching checks with tenant records
- Depositing funds
- Inputting payments into receivables systems

4. Don't Be Outmatched:

Check reader-sorters reaching their end-of-life is a wakeup call: Current technology is long overdue for a refresh. Meanwhile, forward-looking competitors are aggressively selling advanced in-house payments and receivables solutions directly to businesses. Don't risk being disintermediated by competitors.

5. Be the Last Bank Standing:

Some competitors won't be as forward-thinking and likely drop out of the market, meaning you'll benefit from being one of the last standing lockbox providers.

CHECK FACTS:

~17 billion checks were written in 2016, conveying nearly **\$27 billion in value—second only to ACH transactions.**

95% of U.S. businesses still receive paper checks from their customers.³

New Market Potential:

Property Management

Upgrade Your Retail Lockbox Approach

You need a new approach to the consumer checks and remittances process in order to succeed in the evolving industry. And it doesn't involve check reader-sorters.

Enter the intelligent document scanner.

Accelerate Your Operations.

Intelligent document scanners seamlessly process checks and full-sized documents, capturing check and remittance data in a single workflow and at high production speeds. You'll eliminate the need for a separate check scanning device with a hardware MICR reader and pre- and post-image ink jet printer.

Widen Your Potential Market.

Extend the services you offer by handling documents for other business processes, such as:

- Lending
- Accounts payable
- Order-to-cash
- Records management
- Legal
- Contract management
- Human resources

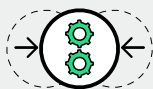
Choose Your Software.

Provide clients with a more comprehensive solution by automating the processing of unstructured and semi-structured documents using information capture software powered by artificial intelligence.

Or, simply integrate intelligent document scanners with any legacy lockbox processing software.

6 Strategic Benefits of Transforming the Retail Lockbox

Consolidating lockbox processing on intelligent document scanners provides six strategic benefits:



Better Margins:

Consolidating all lockbox processing onto a single platform will improve margins. By processing checks and nearly any remittance document co-mingled, you'll reduce document preparation time and accelerate cycle times. Virtually batching transactions means mailroom staff no longer need to physically group transactions for processing.

You'll also be able to meet increasing demands to capture remittance data without adding staff and without having to manually enter in the data (and fix costly errors caused by manual entry).

Consolidating wholesale and retail lockbox processing:

- Streamlines operations oversight
- Improves reporting
- Requires fewer scanners

1



Higher Revenues:

Capturing and validating more remittance data on behalf of businesses opens the door to a lucrative new revenue stream—at a time when check-related revenues are declining.

Studies suggest that revenue per lockbox transaction increases with the deployment of capabilities (like intelligent data capture).

2



A Bridge to the Future:

At a time when electronic payments volumes are growing fast, it doesn't make sense to replace obsolete check reader-sorters with more check scanners. Intelligent document scanners position you to meet the evolving receivables needs of commercial customers by capturing and validating data from nearly any check or remittance document and providing a consolidated output. What's more, advanced scanning technology reduces jams and improves uptime.

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Faster Turnaround:

Accelerate delivery to downstream systems using intelligent document scanners that capture data in-line during scanning. Plus, automated document sorting and data lookups reduce processing delays and help ensure compliance with Service Level Agreements (SLAs).

Capturing checks and documents on the same scanner enables fast and easy identification of potential errors. Aggregated staff and equipment productivity metrics, such as document throughput and error rates, keep operations on track and helps you identify inefficiencies.

3



Less Risk:

Minimize risk with iron-clad adherence to security and compliance standards.

Intelligent document scanners provide:

- Role- and activity-based access controls
- A complete audit trail history
- Parameter-driven retention of audit information
- Encryption of data at rest and in motion
- Detailed reports and extracts of audit information

6



Modern Technology:

Intelligent document scanners enable you to replace outdated check reader-sorters and consolidate processes on modern hardware and software technology.

Upgrading to new, streamlined technology will:

- Improve the user experience
- Increase staff productivity
- Reduce current maintenance costs
- Reduce the risk of security attacks
- Decrease the footprint and real estate costs of scanning hardware

5

Most importantly,
intelligent document
scanners help
preserve the retail
lockbox business.

Move Your Business Forward

Declining check volumes...

New payment delivery channels...

Increasing data capture demands...

Obsolete equipment...

It's easy to see why you may be tempted to throw in the towel on their retail lockbox business. But the best approach is to consolidate all lockbox processing onto a single intelligent document scanning platform.

¹ 2016 Federal Reserve Payments Study

<https://www.federalreserve.gov/newsevents/press/other/2016-payments-study-20161222.pdf>

² Federal Reserve Payments Study: 2018 Annual Supplement

<https://www.federalreserve.gov/paymentsystems/2018-December-The-Federal-Reserve-Payments-Study.htm>

³ IOFM AR & O2C 2017: Issues, Opportunities & Best Practices

<https://www.iofm.com/ar/process-improvement/cash-application>



It's time to
evolve your business.

ibml is the world leader in high-volume intelligent capture automation. Using industry-leading intelligence and accelerated speed, ibml helps organizations extract actionable data, capture insights, and expedite critical decision-making. The world's largest enterprises in Banking, Financial Services, Insurance, Healthcare, Government and Business Process Outsourcers rely on ibml to help overcome their core information management challenges. With a comprehensive suite of hardware, software and services ibml products can be found in over 80% of the world's top mailrooms.

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