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# **Improving Productivity Through Banking Supplies Management**

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*A critical look at the optimal use of deposit tickets, security deposit bags, business checks and other banking supplies.*

by Dan Hereford

## Why Worry About Banking Supplies?

Do you believe that banking supplies such as deposit tickets, endorsement stamps, business checks and security deposit bags are commodities? Do most suppliers seem to have similar offerings? Do you think that, even if there were differences, the impact that these differences would have on your business are minimal?

The purpose of this white paper is to illustrate why such beliefs can smother operations in the worst kind of false security blanket. If you have responsibility for accounting, cash management, finance or banking activities you could discover a few new ideas in this document. It provides practical advice based on actual experience and intelligent insight. These recommendations encompass the most common issues associated with the use of banking supplies.

First, we'll explore how each of the most common banking supplies functions. Later, we'll describe the importance of managing these items holistically and considering their total cost, including the cost of the processes associated with using them.



## Deposit Tickets

Is your organization spending too much time reconciling concentration accounts? If you are a retailer or operate a business with many locations, do your store managers get involved in banking issues? Are you incurring bank fees associated with rejected deposits? If your answer is yes to these questions, it may be time to assess how deposit supplies are being used in your operations.

Businesses with multiple locations, including retailers, service and insurance businesses face some unique logistical challenges. Often, each location may manage aspects of the deposit transaction and it is this loose management that can cause errors. These errors can increase the cost of making a deposit and decrease funds availability. Careful management of the entire deposit transaction, including the selection of deposit supplies, will help you overcome such problems.

The deposit ticket is one of the most important components for facilitating a seamless deposit transaction. The deposit ticket accompanies a deposit throughout its processing life within your financial institution. It helps the institution post deposits quickly and accurately. High quality MICR encoding helps ensure that deposits are not rejected or delayed when processed by your institution's item processing equipment.

High quality business check printers have quality control processes that produce a MICR-readability rate greater than 99.96%. Less reputable printers can have lower readability rates. Even a slightly lower readability rate can result in a significantly greater numbers of rejects and bank fees. Some suppliers will "guarantee" 100% readability, but will not report their true MICR readability rate. It's important to assess the supplier's actual performance in this regard.

Bills	#	Total Amount
\$100		
\$50		
\$20		
\$10		
\$5		
\$1		
Coins		

BANK NAME: COLD STONE CREAMERY  
 BANK CITY, ST: LOCATION #1234  
 STREET ADDRESS: CITY, ST ZIP  
 This deposit has been prepared by: \_\_\_\_\_ (initials)  
 This deposit has been verified by: \_\_\_\_\_ (initials)

Deposit Date: \_\_\_\_\_  
 Total Cash: \_\_\_\_\_  
 Total Checks: \_\_\_\_\_  
 Total Deposit: \_\_\_\_\_  
 PLEASE RE-ENTER TOTAL HERE: S [MICR Line]

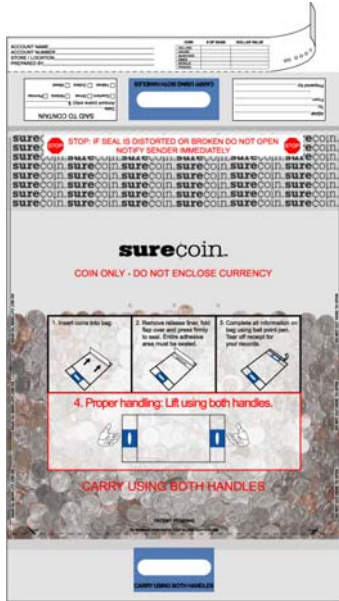
Deposit ticket design formats can improve cash handling, accuracy and employee accountability for deposits. They can also improve processing at financial institutions through the use of recognizable branding, compliance with image processing and MICR readability requirements.

Problems with deposit tickets can delay funds availability, interfere with proper deposit posting, increase bank service fees and lengthen reconciliation time. Allowing employees to indiscriminately order deposit tickets from multiple sources further increases the potential for error. Conversely, overcoming these issues can have a positive effect on productivity and profitability.

**Security Deposit Bags**

Security deposit bags are another product that can contribute to smooth handling of your organization's deposits. Disposable polyethylene security deposit bags have been on the market for more than 20 years. Today's versions are self-sealing and tamper-evident. These disposable bags eliminate the need to open, sort and return older lock bags. Disposable bags create an audit trail as well. The bags allow financial institutions to process deposits quickly since cash and

checks are separated and organized in the bags. This means that your employees will not need to wait for bank tellers to verify the contents of security deposit bags. They also save time for the teller and reduce processing fees and related labor expenses.



Security bags can be customized to fit the unique needs of your cash handling processes. The use of tamper-evident bags with secure seals and construction can reduce losses and liability for losses. This can be particularly important when multiple employees, armored carriers, financial institutions and other parties handle your deposits.

### Endorsement Stamps

Endorsement stamps are still another product category that determines transaction accuracy. Checks may be posted to the wrong account or sent to the wrong financial institution when endorsements are inaccurate or illegible. The Federal Reserve recommends that their standardized format be used for endorsement stamps. This format creates consistency and accuracy in your endorsements.



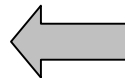
There are several different types of stamps available for use. Each type has its own strengths and weaknesses. Traditional rubber stamps and pads are cumbersome to use, but generally have the lowest unit cost. Pre-inked stamps provide very precise impressions but do not perform well when used for repeated impressions. Self-inking stamps are often the best alternative. They provide good quality impressions and they also function well when repeated stamping is required.

## Business Checks

You may need to use manual, hand-written business checks when small check quantities are required or if you need a portable check that can be written in the field. When using computer checks, you will need checks that are compatible with your accounting software program, version and operating system. You may need single part or multiple part checks. You may want to have a voucher attached to the check on the top, bottom or middle of the page. You may need special instructions printed on checks, such as "Not valid for more than \$500.00". Once these factors are considered, the selection of an appropriate check format is fairly straight forward.

In today's business world, however, it is essential to closely consider check security features as well. Check security features include qualities such as Micro Print, chemically reactive paper, security inks, secure backers and dozens of paper-based characteristics. Check security features perform two roles: first, they reduce criminal activity associated with copying or altering checks. Second, they reduce your liability for any fraudulent event that occurs. If a financial institution accepts a fraudulent check, for instance, you may be held 100% liable if your checks have inadequate security features.

It is beyond the scope of this paper to provide an in-depth analysis of the various security features that can be selected. It is worthwhile to do such analysis, however, since these features can protect your business at a very low or virtually no cost.



Checks can be rejected by your financial institution for a number of reasons. The bank fees associated with these rejections can be significant if the contributing problems are not corrected. Rejections can be caused by magnetic ink that does not meet your bank's specifications, improper alignment and positioning of the MICR band at the bottom of the check and reflectivity that does not meet your bank's image processing requirements.

Once you are using a check that is compatible with your accounting system, printers, software and other processes and when you have adequate security features included with your checks, it is important to continuously monitor your supplier's compliance with your requirements. Dropping security features and other aspects of your checks is not uncommon among some business check printers. It is also important to lock up and limit access to your check stock. Your check stock should be kept under tight control and managed much like other valuables.

## **Shipping and Fulfillment**

The cost of shipping banking supplies can often exceed the cost of the supplies themselves. For this reason it is important to select a supplier who will bundle shipments so that shipping costs can be minimized. Deposit tickets and security bags are two products that are often used together, for example. Each time a security bag is used a deposit ticket is required. By combining deposit ticket and security bag shipments you save the cost of shipping these items individually.

Companies sometimes make the mistake of selecting a source for banking supplies based strictly on their organization's current needs. It is almost a certainty, however, that business conditions will change in the future. Businesses add locations, close locations and change addresses. The products that are needed by each location may change as well.

Although it's nice to think that a supplier can keep your needs on paper or in the heads of their customer service representatives, these things should not be relied upon over time. It's important that, in addition to having this knowledge, your supplier systematize your requirements for each of your locations. Their system should be flexible enough to make changes quickly and easily while retaining a long history of what has occurred in the past. This includes history of orders fulfilled from both current and past locations. It also insures that any supply-related issue can be easily understood and addressed. Your supplier should have the ability to enter changes in their systems in advance of the actual change. This reduces the chance for errors associated with rushed entry of a large volume of product and location change information.

## **Reporting**

You may want to understand the business supply ordering activity for each of your locations. This information may be necessary to confirm compliance with your policies. It may also be required to bill individual locations for supplies used. Your supplier should be able to provide you with the information needed to manage the purchase and use of these supplies. As mentioned before, it is important to have access to your order history so that the inevitable questions about them can be answered.

## **Managing Banking Supplies**

A single source for deposit supplies can help create efficiencies for your business. Company information, logo artwork, location information and other factors need to be setup and maintained only once for most organizations. It is more costly to setup your requirements multiple times with several suppliers. A single source can also simplify employee training and, as mentioned, previously,

may enable your supplier to reduce shipping costs through bundling of product shipments.

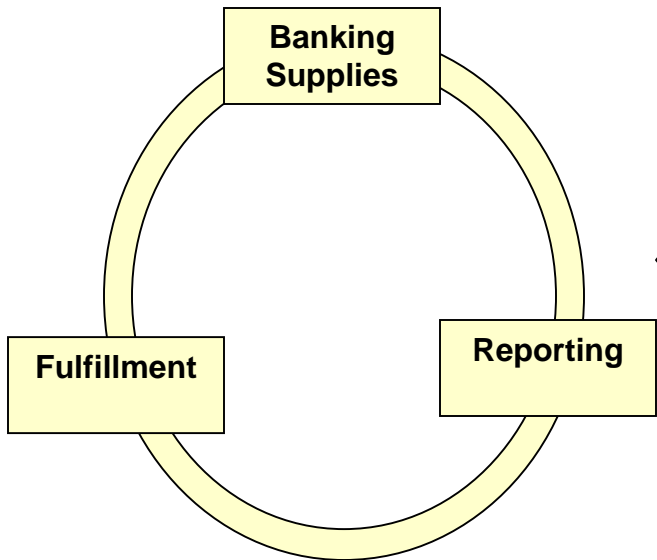
If the supplier provides good customer service you may be able to turn over the day-to-day ordering of supplies to each of your locations. The supplier should be able to process your orders in compliance with your requirements. Your specifications for banking supplies and for their fulfillment should be met precisely even when individual locations request something that deviates from your requirements. Using a single source to interface with your locations can save time by eliminating your need to be involved in the day-to-day administration of individual banking supply orders.

Your supplier should understand that each of your business locations has different requirements and relationships with financial institutions. The supplier should have an efficient order-fulfillment and production system, knowledgeable customer service representatives and field resources to support conversion management and other business transitions.



An online ordering system supported by accessible customer service can be an extremely useful tool for ordering and maintaining deposit tickets, security bags, business checks, endorsement stamps and other banking supplies. The system needs to be intuitive, easy-to-use and it needs to provide information you and your locations need to manage business supplies.

Furthermore, designating one person at your organization to be responsible for all aspects of banking transactions can reduce time spent reconciling accounts, minimizing the number of “problem” deposits and maximizing funds availability and cash management productivity. The savings in time alone may often be significant enough to justify a change in procedures and suppliers.



The cost of banking supplies, themselves, represents one small part in the cost and benefit that they may extend to your organization. Mistakes in the production of these supplies, in their fulfillment or reporting can cause significantly greater costs downstream if they cause processing errors or posting delays. Conversely, optimal design and fulfillment can streamline the process, reduce errors and improve productivity.

### **In Conclusion**

Business checks, deposit tickets, security bags, endorsement stamps and other banking supplies can have a profound impact on the productivity and profitability of your organization. Furthermore, purchasing these supplies based strictly on their purchase price is somewhat like booking a cruise without knowing if you'll be traveling in first class or in the cargo hold. Paying attention to the processes and functions that these supplies support are just as important as the price and physical specifications of banking supplies themselves.

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