



INTRODUCTION

When announcing new developments in financial industry technology, excessive hyperbole is common. How many times have you heard that commerce would soon be based on a cashless exchange system or at least a checkless one? For decades, vendors, pundits, and futurists have warned of the imminent demise of the check facilitated by e-commerce and the Internet.

Like clockwork, as the banking executive begins the budget cycle for the current year, a break through announcement hits the market promising to radically change how we do the bank's business, increase productivity and reduce costs. The product, wrapped in the guise of new and emerging technology, claims to give the purchasing financial institution a competitive edge and place it clearly out in front of the competition. This one product arrives just in time to be included in the capital budget for the coming year. Pre-packaged with white paper and case study information, a spread sheet and a graphic presentation, it contains everything the proposing executive needs to justify the expenditure. Approval is automatic because the benefits and the potential are obvious even to the casual observer.

Technology innovations are frequently touted as the gateway to the ultimate understanding of the customer, the sales cycle and the means to reinvent your financial institution. For example, we have all heard and

read the hype about Customer Relationship Management (CRM) systems, but can you recall reading about a truly successful CRM implementation? Most have been fraught with missed expectations and disappointment. It is no wonder executives have become skeptical, if not cynical, about technology. Not only is the technology complicated, but hyperbole and the electronic evangelists make it very difficult for the average executive to make a technology decision. The line between what is reality and what is imagination is blurred.

Oftentimes, when making a significant technology decision, the institution's management team will engage an industry consultant to sort out the innovation from the science fiction. Remote Deposit Capture (Merchant) is an emerging technology that is receiving a tremendous amount of attention. From the scary to the subtle, vendors and pundits have trumpeted the range of adverse consequences for not introducing a remote deposit product in your institution, to the instant deposit gathering benefits your institution will experience the very next morning after installation. The story line could almost say ... Remote Deposit, *Capture your Merchant!*

The objective of this book is to provide a fundamental, unbiased and informed understanding of Remote Deposit Capture (Merchant) as a new technology and product opportunity. The available vendor options—ranging from the vendors that provide the service in the form of Application Service Provider (outsourcing) to the vendors that sell the application enabling your institution to perform functions in-house, as well as the many variations between the two — will be examined. Also included is a review of the potential product sales opportunities; an identification of which companies would benefit from this product; a discussion of how to install the product; and, tips on managing the customer expectations. Finally, we also incorporate an over-the-horizon view of what the second generation of this product might look like and a strategic perspective on how to prepare for the future. The book is written from the financial institution's perspective, keeping your needs in mind. It is designed to cut through the hyperbole to clarify *What is* and *How to!*