



*Go FedDirect<sup>®</sup>*  
*Getting Started with*  
*the Federal Reserve*  
**Credit Union**  
**Resources**  
**Seminar**

February 16, 2011



# Today's Agenda

- Introductions
- Seminar Objectives
- Seminar Terminology
- Service Overview
- Highlight Service Options and Setup Processes
  - Financial Services Setup
  - Settlement Options
- Discount Window Access
- Getting Started Navigator Tool
- Outline Support Resources

# Introductions

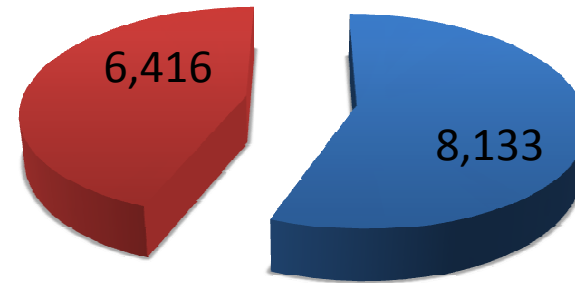
- Korie Miller
  - Vice President and Regional Manager
  - [korie.s.miller@kc.frb.org](mailto:korie.s.miller@kc.frb.org)
- Amy Paysour
  - Account Executive
  - [amy.paysour@rich.frb.org](mailto:amy.paysour@rich.frb.org)

# Seminar Objectives

- Give you an overview of the Federal Reserve Bank
- Help you understand service and settlement options available to credit unions
- Provide robust contact and resource information to assist you with your needs at the Federal Reserve Bank
- Answer questions and identify needs for additional information

# Credit Unions and the Fed

- Almost 6,500 credit unions work with the Fed, representing 44% of our customers



■ Other Fed Customers ■ Credit Unions

Service	Credit Union RTs
FedLine® Access Solutions	6,351
Fedwire® Funds	1,140
Fedwire Securities	255
FedACH® Services	7,004
Check 21 Services	1,193



# Seminar Terminology

Term	Description
Bank of First Deposit (BOFD) endorsement	Credit Union (CU) endorses the back of the Check with their own Routing number. CU will then start having Return Item presentments directly from Fed for first time.
Branch Capture Items or Outgoing Checks	Checks that CU members deposit into their sharedraft accounts that are drawn on other financial institutions.
Deposited Return Items, Chargeback Items or Exception Items	Checks that CU members deposit into their sharedraft accounts that are drawn on other financial institutions that return the checks unpaid. Checks are returned back to the original depositing source (BOFD Returns).
In-House Processing	Credit Union processes settlement, ACH and outgoing checks and incoming share drafts internally using their own system . All work is done at the CU.
Outsourced	Credit Union relies on a third party such as a Corporate CU or vendor to process settlement, ACH and outgoing checks and incoming share drafts. A CU can outsource all services or only some services.
Over the Counter or On Us Items	Checks written by one CU member to another member at the same Credit Union. Usually cleared internally.
Sharedraft Accounts	CU members' accounts with check writing capabilities
Sharedrafts	Checks that CU members write against their own account and deposit at other financial institutions.

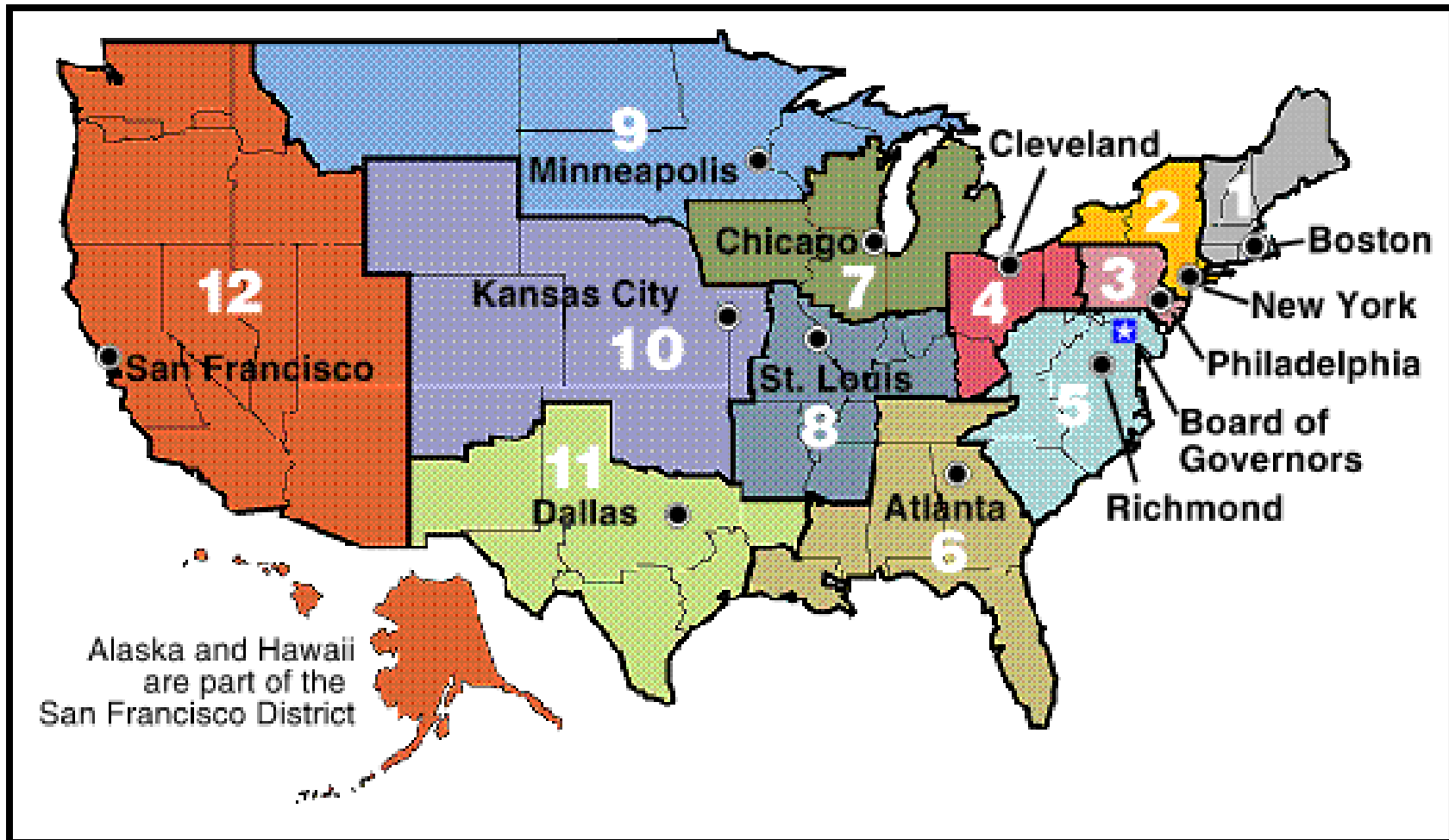
# Background of the Fed

- Federal Reserve System created by the Federal Reserve Act of 1913 in response to the following:
  - Periods of severe panic (Banking Panic of 1907)
  - Findings of National Monetary Commission:
    - Banking system prone to panics
    - Currency that could not handle changes in demand
    - Inadequate supervision of banks
    - Inefficient check collection system





# The Twelve Federal Reserve Districts



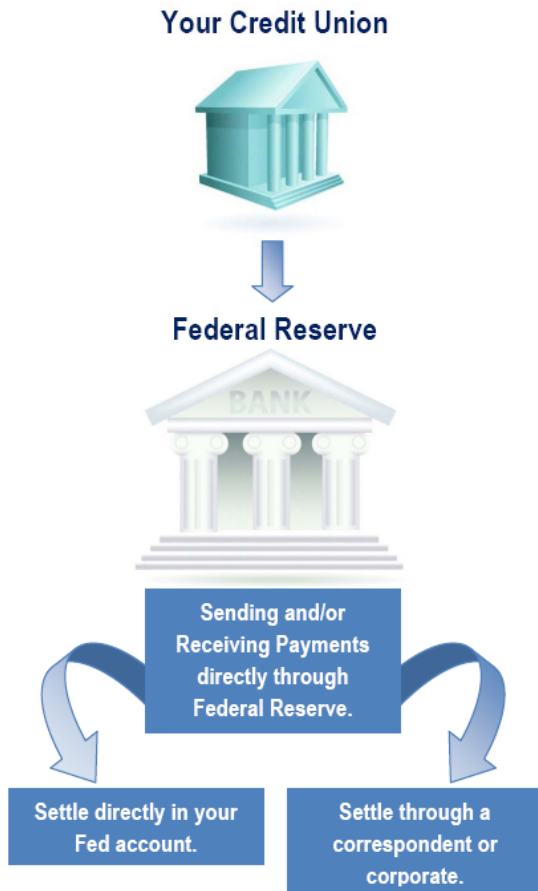


# Frequently Asked Questions

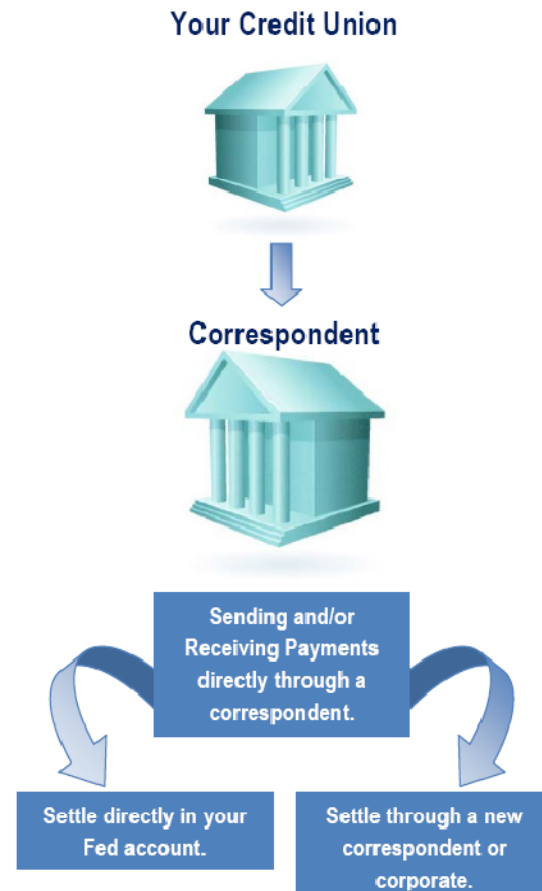
- Are all services at the Fed available to Credit Unions?
- Can I settle at the Federal Reserve Bank?
- How can I send wires to the Fed?
- How can I send my ACH files to the Fed?
- Can I deposit my checks/share drafts at the Federal Reserve Bank?
- Can I do my sharedraft processing and image archive at the Fed?
- Can I sell Fed Funds through the Federal Reserve Bank?
- Does the Federal Reserve provide core/account processing services?
- Can I maintain an interest bearing account with the Federal Reserve Bank?
- Can I have a credit line with the Fed?
- Can I earn interest on my account with the Fed?
- What are the bare minimum services and access levels I need to move my settlement to the Fed from a correspondent?

# Settlement Options

## Option One



## Option Two





# Settlement Relationships: Working Directly with the Fed

- **Did you know.... Credit Unions can have an account with the Federal Reserve Bank!**
- The Fed pays interest on excess balances
- Set up a Federal Reserve Master Account
- Submit a Board Resolution and Official Authorization List
- Submit Appendix 1 to Operating Circular #1
- To fund your Federal Reserve Bank account, set up the Fedwire Funds Service



# Working Directly with the Fed: Federal Reserve Financial Services

- FedLine Access Solutions
- Fedwire Services
- FedACH Services
- Check Services
- FedCash<sup>®</sup> Services
- Accounting Services
- Treasury Services

# FedLine Access Solutions

## FedLine Web<sup>®</sup> and FedLine Advantage<sup>®</sup>

- Informational services for:
  - Check Services
  - FedCash Services
  - FedACH (information)
  - Accounting (AMI)
  - Service Charge Information
- Limited transactional services for the following:
  - FedCash Ordering
  - FedACH Returns and NOCs
  - Check 21

### FedLine Web

### FedLine Advantage

- Informational and transactional services for:
  - FedACH
  - Fedwire Funds
  - Fedwire Securities
  - National Settlement
- All FedLine Web Services



*"FedLine is an innovative product that uses a Web browser platform. Our procedures for cross-training are simplified as a result. We now work from one piece of paper rather than a large binder."*

Darleen Brumley, Investment Analyst  
Navy Federal Credit Union

# FedComplete<sup>SM</sup> Packages

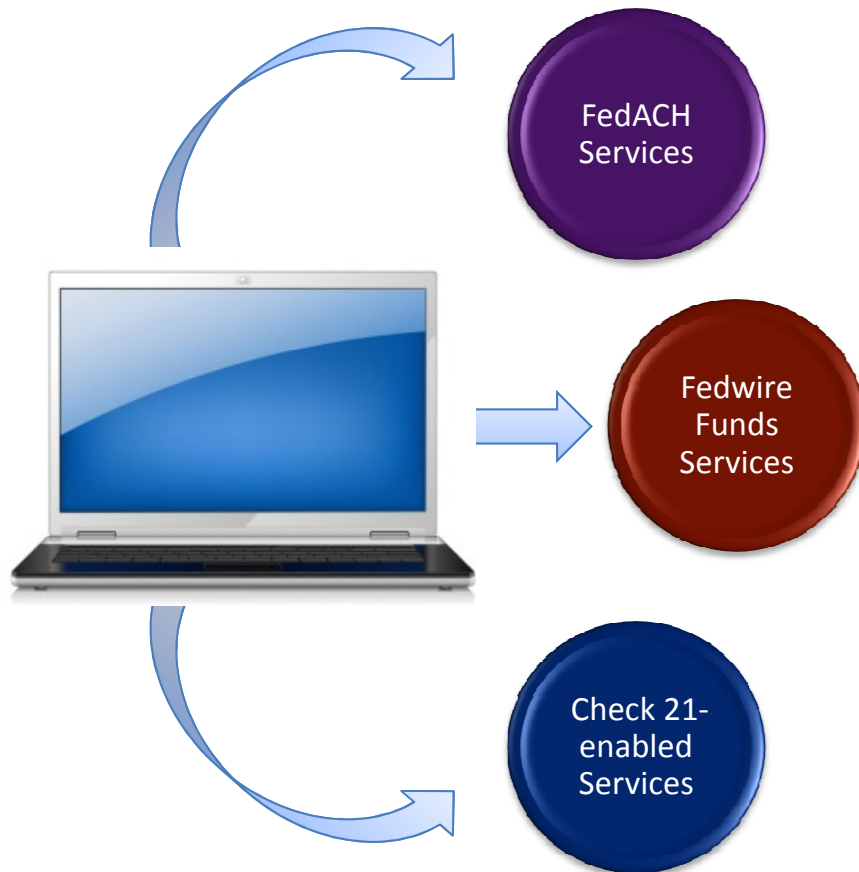
- FedACH Services
- Fedwire Services
- Check 21-enabled Services

## Package Option One with FedLine Advantage

## Package Option Two with FedLine Advantage Plus

- FedPayments<sup>®</sup> Manager Import / Export
- FedACH Risk<sup>®</sup> Origination Monitoring
- FedACH EDI via SecureEmail
- Intra-Day Accounting Search
- Misc. Accounting ala Carte Offerings
- All FedComplete Package Option One services

# FedComplete<sup>SM</sup> Packages Volume



Transactions and Fixed Fees Included	Volume Threshold
FedForward <sup>®</sup>	5,000
FedReceipt <sup>®</sup>	14,000
FedReturn <sup>®</sup>	70
Fedwire <sup>®</sup> Funds Origination	25
Fedwire Funds Receipts	25
Fedwire Monthly Participation Fee	1
FedACH <sup>®</sup> Origination	1,000
FedACH Minimum Fee – Fwd Origination	1
FedACH Receipt	7,500
FedACH Receipt Minimum Fee	1
FedACH Web Return / NOC	10
FedACH Addenda Origination	500
FedACH Addenda Received	1,000
FedACH Account Servicing	1
FedACH Settlement	1
FedLine Advantage	1

# A Glance @ Fedwire Funds Services

## Key Aspects of Fedwire Funds Services

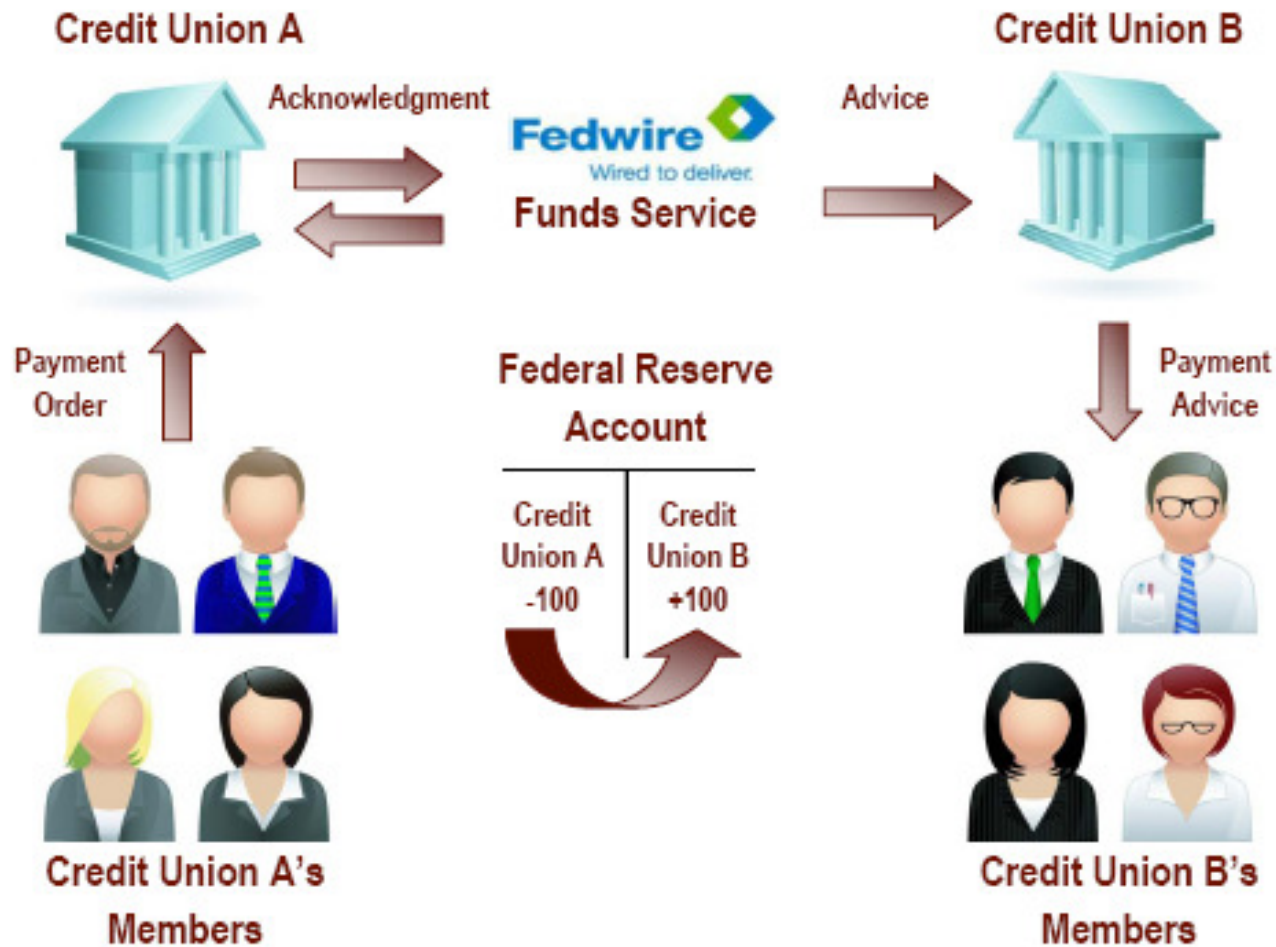
- Online execution of outgoing messages
- Online retrieval of incoming messages
- Ability to import outgoing and export incoming messages
- Online recurring message templates
- Real-time transactions and information inquiries
- Real-time reports





# Fedwire Funds Transfer

## Fedwire Funds Transfer Flow



*Go FedDirect — first-rate, easy-to-use payment services*

# A Glance @ FedACH Services

## Key Aspects of FedACH Services

- Online transaction services and file transmission
- FedACH Information services
- FedACH Risk® Management Suite
- FedEDI® Plus
- The Fed links you to more:
  - Innovative, seamlessly integrated, domestic and FedGlobal<sup>SM</sup> ACH services
  - Access via FedLine Access Solutions
  - Information services
  - Transaction services

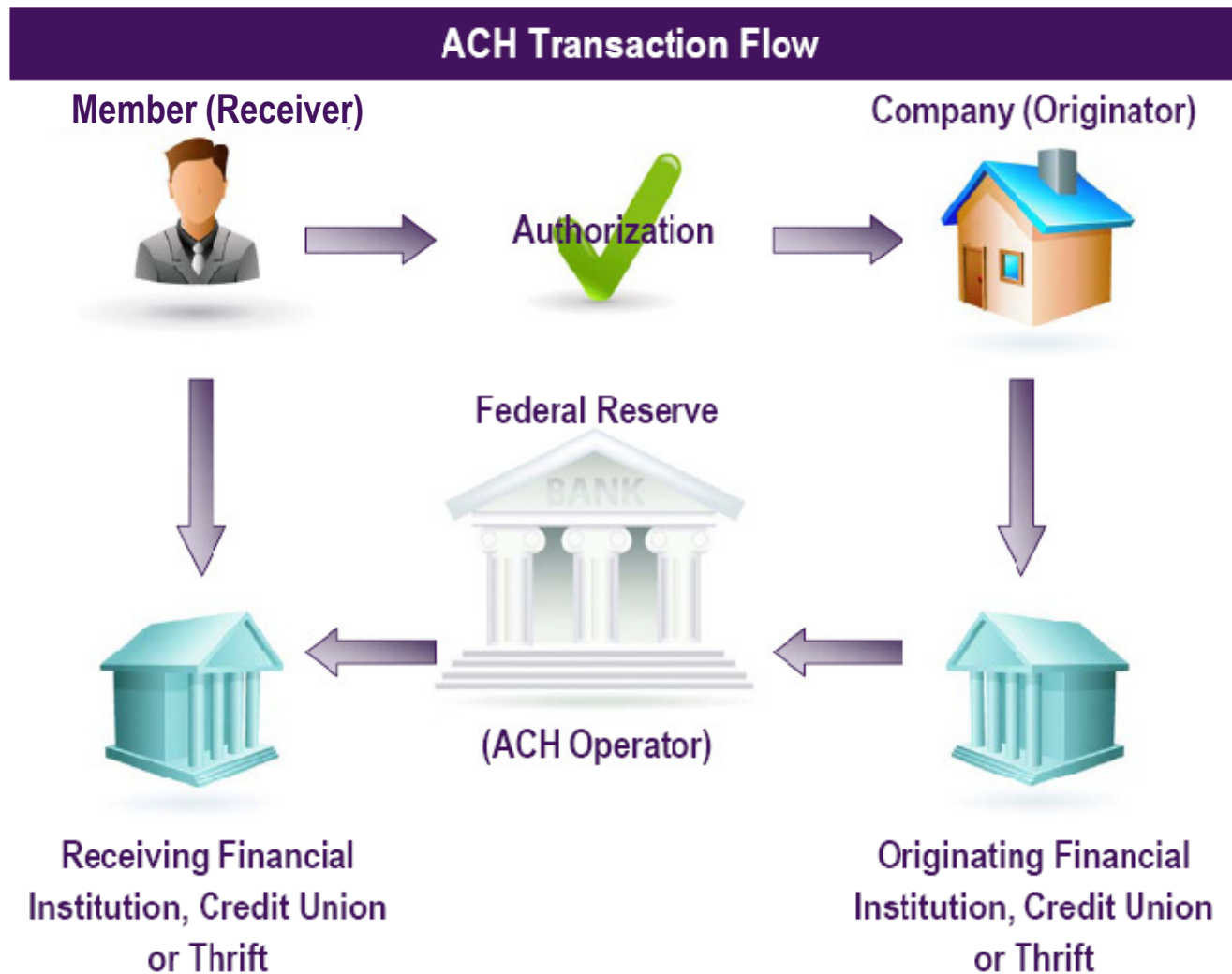


*"I love [Fed]ACH—people probably get tired of hearing me talk about it."*

Bonnie Davis, ACH and Check Operations Supervisor  
Tower Federal Credit Union

**Go FedDirect** — first-rate, easy-to-use payment services

# Originating and Receiving ACH



# A Glance @ Federal Reserve Check Services

## Key Aspects of Check Services

- Online Check 21-enabled Services
  - FedForward®
  - FedReceipt® Plus
  - FedReturns®
  - FedReceipt For Returns
  - Non Imageables
- Searchable Check 21 routing number directory
- Online Check Adjustments
- Check Services

*“Check 21 is so sensible. There is no reason to move all that paper around when it can be done electronically.”*

Linda Powell, Chief Financial Officer, Naval Research Lab Federal Credit Union

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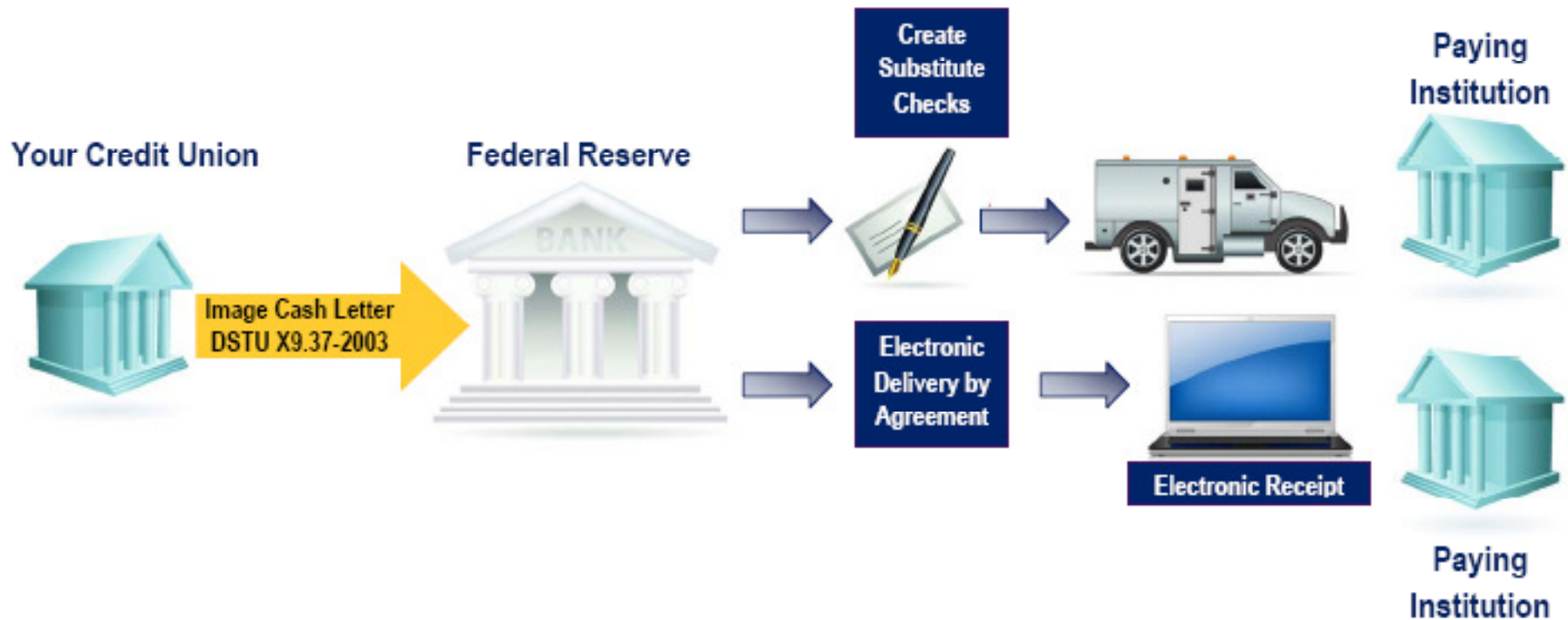


# Check Services

- Check 21
  - FedForward
  - FedReceipt Plus
  - FedReturns
  - FedReceipt Plus For Returns
  - Non Imageables
- Paper Check Services

# Check 21 Product Suite: FedForward

## FedForward Image Cash Letter for Forward Collection



# Check 21 Product Suite: FedReceipt Plus

## FedReceipt Plus

Depositing Financial  
Institutions, Credit  
Unions and Thrift



Physical Items

Image Cash Letter  
DSTU X9.37-2003

Federal Reserve



Incoming Image  
Cash Letters

Image Capture  
Incoming Items

Create Image Cash Letter  
DSTU X9.37-2003

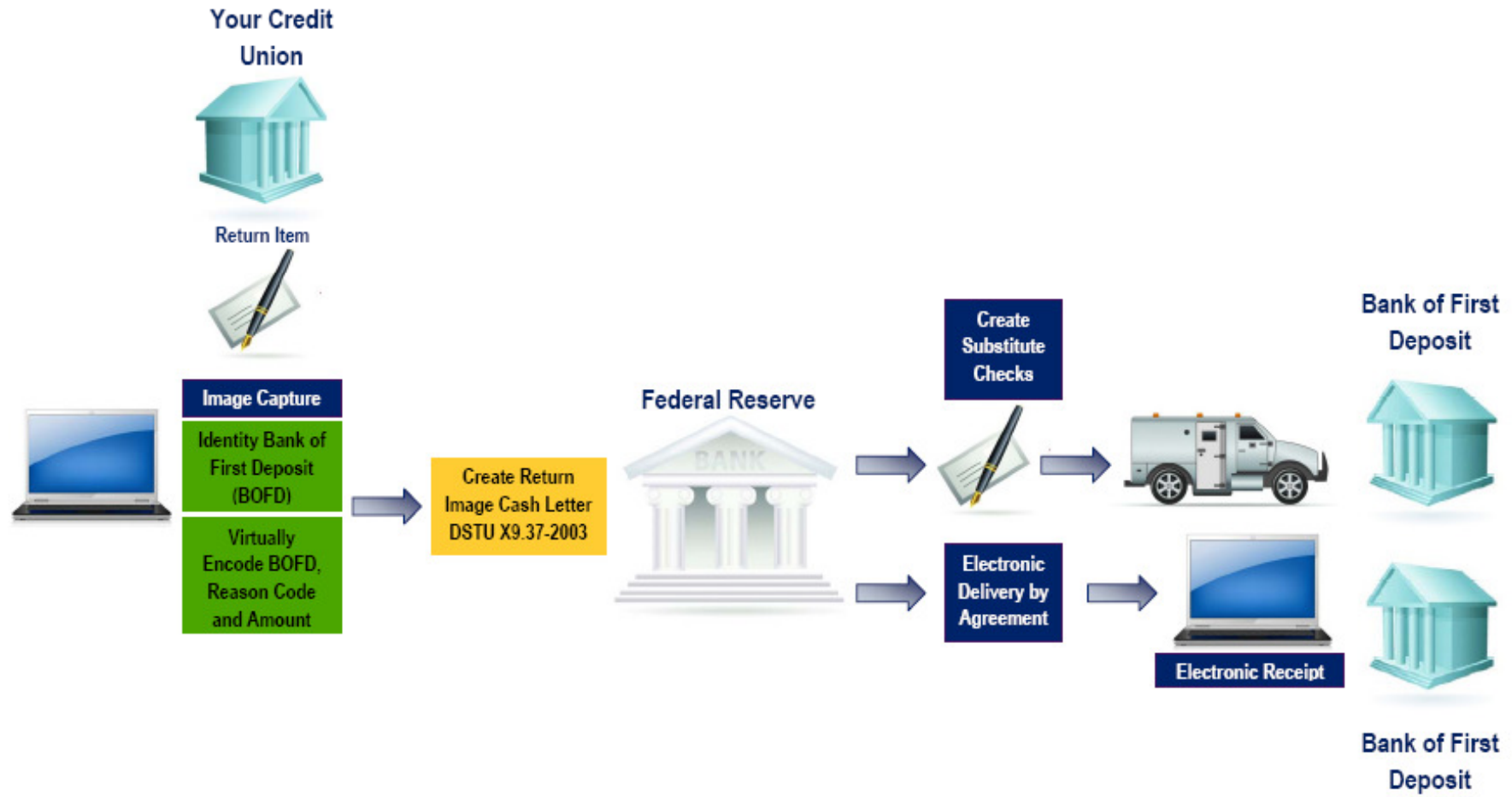
Electronic  
Presentment of All  
Your Inclearings

Your Credit  
Union



# Check 21 Product Suite: FedReturn

## FedReturn Image Cash Letter for Returns Collection





# Check 21 Product Suite: FedReceipt Plus for Returns

## FedReceipt Plus for Returns

Depositing Financial  
Institutions, Credit  
Unions and Thrift



Physical Items

Return Cash  
Letters

Federal Reserve



Incoming Image  
Cash Letters

Image Capture  
Incoming Items

Create Image Cash Letter  
DSTU X9.37-2003



Electronic  
Presentation of All  
Your Inclearings

Your Credit  
Union



# A Glance @ FedCash Services

## Key Aspects of FedCash Services

- Online access for cash ordering
- Recurring order capabilities
- Near real-time reports on orders
- Detailed management information reports on historical transaction activity
- FedCash Access Manager
  - Self-service control of Subscribers' access
- FedCash Cross-shipping Reports





# Cash Services

## Strap Standards

Denomination	Strap Dollar Amount	Bundle Dollar Amount	Color Code
Ones	\$100	\$1,000	Blue
Twos	\$200	\$2,000	Green
Fives	\$500	\$5,000	Red
Tens	\$1,000	\$10,000	Yellow
Twenties	\$2,000	\$20,000	Violet
Fifties	\$5,000	\$50,000	Brown
Hundreds	\$10,000	\$100,000	Mustard

### Improperly Prepared Bundle



### Properly Prepared Bundle



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# A Glance @ Accounting Services

## Key Aspects of Accounting Services

- Online, real-time critical information about Fed account drawn from:
  - Account Balance Monitoring System
  - Integrated Accounting System data
- Risk management information and Daylight Overdraft Reports
- Request real-time inquiry services, drill-down capabilities
- Generate summary and detail account-related reports
- Automatic notifications and reports
  - e.g. daily statement of account
- Service Charge Information (SCI)



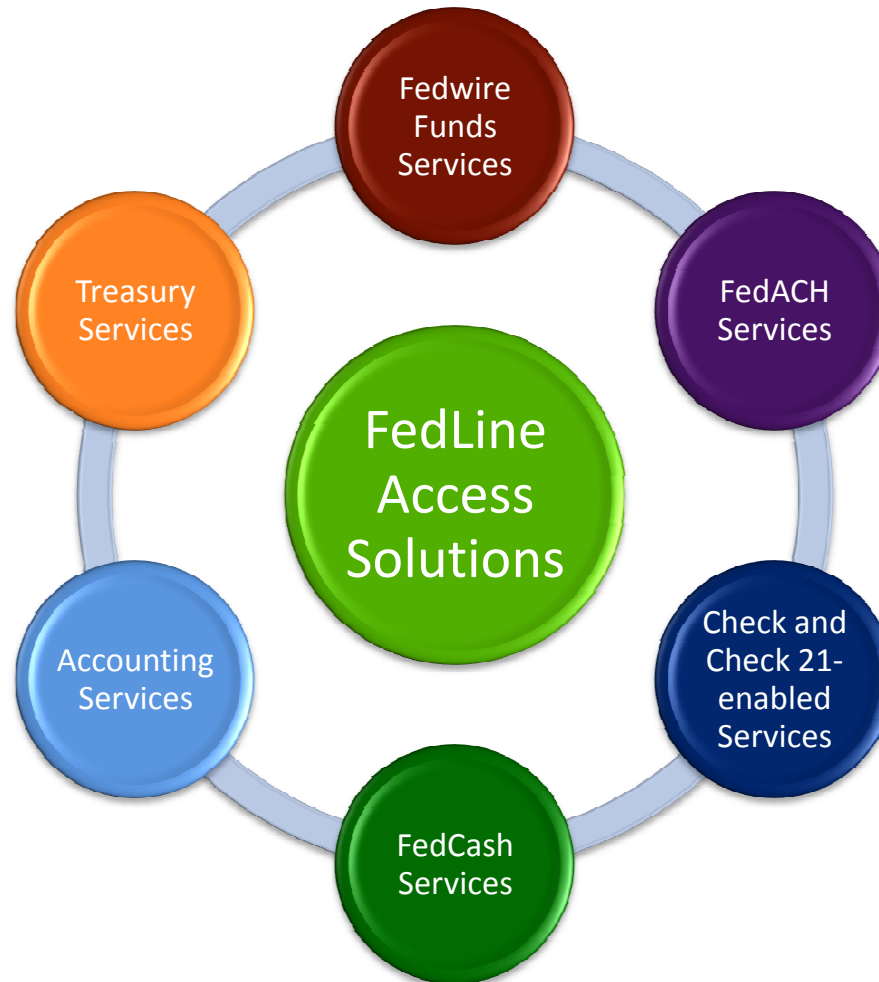
# Treasury Services

## Key Aspects of Treasury Services

- Savings Bonds for financial institutions
- Payroll Savings Bonds
- Treasury auction
- Collateral services
- Treasury Tax and Loan service
- Treasury check reclamation



# Recap of Federal Reserve Financial Services Available via FedLine Access Solutions



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# Discount Window

- What is the Discount Window?
  - An instrument of monetary policy
  - Allows eligible institutions to borrow money to meet temporary shortages of liquidity caused by internal or external disruptions
- District Credit Risk Management staff can assist with questions about Discount Window lending and Fed account requirements:
  - Others: [www.frbdiscountwindow.org](http://www.frbdiscountwindow.org), click on Select Your FRB

Credit Programs Offered	
Primary	Available for 90 days to sound institutions at a discount or primary credit rate.
Secondary	Available to institutions who are not eligible for the primary credit on a very short term basis, typically overnight at a rate above primary.
Seasonal	Available to help assist in managing significant season swings in loans and deposits. Must be able to demonstrate clear pattern of recurring intra-year swings.
Emergency	Available for unusual or exigent circumstances.

# How do I know what services are right for my Credit Union?

Go to [FRBservices.org/servicesetup/gettingstarted/](https://FRBservices.org/servicesetup/gettingstarted/) and select the *Get Started* button.

The screenshot shows the FRBservices.org website. The main heading is "Getting Started Navigator". Below the heading, there is a paragraph: "Use the Federal Reserve Financial Services Getting Started Navigator to begin determining your service set up options." This is followed by a detailed explanation of the navigator's purpose and a list of questions it asks to determine service needs. At the bottom of the page, there is a "Get Started!" button, which is circled in red. A blue arrow points from the text above to this button, and another blue arrow points from the button back to the text above.



# Getting Started Navigator

FEDERAL RESERVE FINANCIAL SERVICES

ACCESS FEDLINE ACCESS TREASURY ABOUT US CONTACT US SERVICE STATUS

Federal Reserve Financial Services  
Creating Nationwide Solutions for Your Payment Needs

Search:  GO

BROWSE BY PRODUCT > Access Solutions Account Services Check FedACH® FedCash® Fedwire® National Settlement Treasury

BROWSE BY TOPIC

- Service Offerings
- Service and Access Setup
- Operations Resources
- Events and Education
- News and Communications
- Help

POPULAR CONTENT

- Rules and Regulations
- Forms
- Business Continuity
- Service Fees
- Holiday Schedules
- Industry Links

MY QUICK LINKS

- FedACH Origination Power Kit
- Fedwire Testing Opportunities
- Check Adjustment Quick Reference Guide
- New Coin Information
- Check Restructuring

Home - Service Setup - Getting Started Navigator

Add This Page to My Quick Links

## Getting Started Navigator

Reset

Do you or your service provider expect to send and/or receive ACH files or send NOCs and return files?

Yes  
 No

Next

Top of Page

Select the Yes and then the Next button.

# Getting Started Navigator

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Home - Service Setup - Getting Started Navigator

Add This Page to My Quick Links

## Getting Started Navigator

Reset

Will you be sending NOCs and return files only or will you also be originating and/or receiving?

I only expect to send NOCs and returns

I expect to send NOCs and returns and originate and/or receive

Next

Top of Page

Select the *I Only Expect to Send NOCs and Returns* and then the *Next* button.

# Getting Started Navigator

The screenshot shows the Federal Reserve Financial Services website. At the top, there are navigation links: ACCESS FEDLINE, ACCESS TREASURY, ABOUT US, CONTACT US, and SERVICE STATUS. The main header includes the Federal Reserve Financial Services logo and the tagline 'Creating Nationwide Solutions for Your Payment Needs'. A search bar is located on the right. Below the header, there are navigation tabs for 'BROWSE BY PRODUCT' (Access Solutions, Account Services, Check, FedACH, FedCash, Fedwire, National Settlement, Treasury) and 'BROWSE BY TOPIC' (Service Offerings, Service and Access Setup, Operations Resources, Events and Education, News and Communications, Help, POPULAR CONTENT, Rules and Regulations, Forms, Business Continuity, Service Fees, Holiday Schedules, Industry Links, MY QUICK LINKS, FedACH Origination Power Kit, Fedwire Testing Opportunities, Check Adjustment Quick Reference Guide, New Coin Information). The main content area is titled 'Getting Started Navigator' and contains a 'Reset' button. The text reads: 'Welcome to Federal Reserve Financial Services. Based on your input of products you will use and expected volumes, we've generated the following profile and included the service agreements you will need to complete to begin building your relationship with the Federal Reserve Banks. You can use your profile to begin completing service agreements for your institution, but because many considerations go into choosing an access solution, we recommend you discuss your options with your account executive. Information on your institution's individualized contacts, including your account executive, can be found at FRBservices.org by clicking *Contact Us* at the top of the page. To access the forms suggested by this tool, visit FRBservices.org and select the *Forms* link from the left-hand navigation, then choose the appropriate service area. **Account Services** • Master Account Agreement. You can review your payment information with FedInsights information services. **FedLine® Access Solutions** • FedLine Advantage® is the generally recommended solution for institutions with your funds transfer and/or securities transfer volume. For very low-volume funds transfer'. At the bottom of the main content area, the 'Print Your Results' button is circled in red. A blue callout box with an arrow points to this button, containing the text: 'Select the *Print Your Results* button to print out your next steps checklist.'



# Ways to Learn More

## Teleseminars

- Federal Reserve Financial Services (FRFS) sessions
  - FedACH Risk Management Services Activation
  - FedACH Risk Management Services Criteria Setting
  - FedEDI Plus Activation
  - FedEDI Plus Report Setting
  - Check Adjustments Series
  - FedLine EUAC Self-service Enrollment
- Treasury sessions
  - Savings Bonds Webinar Part 1 and Part 2
  - Overview of Treasury Retail Securities and TreasuryDirect for the Payroll Program Administrator
- Coming Soon
  - Business Continuity and Risk Management

## Other Learning Opportunities and Sign Up

- Federal Reserve Learning Center  
<http://www.frbfinancialservices.org/eventseducation/education/index.html>
- Teleseminar sessions
- Sign-up available at:  
[https://events.FRBfinancialservices.org/epweb/Dsp\\_eventlist.cfm](https://events.FRBfinancialservices.org/epweb/Dsp_eventlist.cfm)



# Helpful Links to All Services

Service Item	Web Site	Set Up
FedLine Access Solutions	<a href="http://FRBservices.org/serviceofferings/access/">FRBservices.org/serviceofferings/access/</a>	FRBservices.org/servicesetup/ current_customer_setup.html <b>OR</b> FRBservices.org/servicesetup/ new_customer_setup.html <b>AND</b> FRBservices.org/ext_content/ service_setup_quick_referenc e/fed_account.html
Fedwire Services	<a href="http://FRBservices.org/serviceofferings/fedwire/">FRBservices.org/serviceofferings/fedwire/</a>	
FedACH Services	<a href="http://FRBservices.org/serviceofferings/fedach/">FRBservices.org/serviceofferings/fedach/</a>	
Check Services	<a href="http://FRBservices.org/serviceofferings/check/">FRBservices.org/serviceofferings/check/</a>	
FedCash Services	<a href="http://FRBservices.org/serviceofferings/fedcash/">FRBservices.org/serviceofferings/fedcash/</a>	
Account Services	<a href="http://FRBservices.org/serviceofferings/account/">FRBservices.org/serviceofferings/account/</a>	
Treasury Services	<a href="http://FRBservices.org/serviceofferings/treasury/">FRBservices.org/serviceofferings/treasury/</a>	
Fee Schedules	<a href="http://FRBservices.org/servicefees/index.html">FRBservices.org/servicefees/index.html</a>	
Discount Window	<a href="http://FRBdiscountwindow.org/started.cfm?genid=12&amp;desc=Getting%20Started&amp;url=started.cfm">FRBdiscountwindow.org/started.cfm?genid=12&amp;desc=Getting %20Started&amp;url=started.cfm</a>	
Navigator Tool	<a href="http://FRBservices.org/servicesetup/gettingstarted/">FRBservices.org/servicesetup/gettingstarted/</a>	
Service Setup Quick Reference Resource	<a href="http://www.frbservices.org/ext_content/cu_service_setup_quick_reference/index.html">http://www.frbservices.org/ext_content/cu_service_setup_quick _reference/index.html</a>	

# Next Steps

- **Use the Navigator Tool**
- **Review the links on slide 36**
- **Decide what services are right for your credit union**
- **Contact your Account Executive to sign up for services**
  - **My FedDirectory<sup>®</sup>**: enter your ABA for a customized list of Federal Reserve Financial Services contacts including your **Account Executive** and product/service specialists:  
[FRBservices.org/contacts/index.jsp](http://FRBservices.org/contacts/index.jsp)

ACCESS FEDLINE ACCESS TREASURY ABOUT US

## FEDERAL RESERVE BANK SERVICES

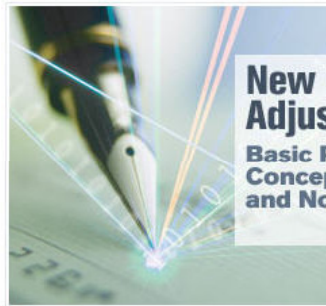
Access Solutions - FedLine® Account Services Check FedACH® FedCash® Fedwire® National Settlement Treasury

**BROWSE BY TOPIC**

- Service Offerings
- Service and Access Setup
- Operations Resources
- Events and Education
- News and Communications
- Help
- POPULAR CONTENT**
- Rules and Regulations
- Forms
- Business Continuity
- Service Fees
- Holiday Schedules
- Industry Links
- MY QUICK LINKS**

**Latest News**

- 07/01/2010
  - [FedFocus – July 2010: Bank revenues and fraud detection: A marriage made in heaven?](#)
- 06/29/2010
  - [TDF Auction Offering Results of June 28, 2010 Auction ID A12 \(PDF\)](#)
- 06/28/2010
  - [Consolidated toll-free number for Check Services Customer Support \(PDF\)](#)



[MORE NEWS](#)

**My FedDirectory®**

Enter your institution's ABA number and click "GO" for a customized list of Federal Reserve Financial Services support contacts.

**E-Payments Routing Directory**

Search for FedACH participant RDFIs by ABA:

Search for Fedwire participants by ABA:

[Home](#) - [Contact Us](#) - My FedDirectory Results

**My FedDirectory for Lake Michigan Credit Union  
ABA: 272480678**

The following Federal Reserve Financial Services contacts are available to a listed above in using our services.

Account Executive	
Name	Tyler Smith
Phone	(816) 881-4760
Email	<a href="mailto:Tyler.Smith@chi.frb.org">Tyler.Smith@chi.frb.org</a>
Check Services	
Check Support	
General Questions	(877) FRB-CHKS or (877) 372-2457
LDRIN	(877) FRB-CHKS or (877) 372-2457
Paper Check Processing	
Processing Site Addresses	For regular mail deliveries: Federal Reserve Bank of Cleveland Check Department P.O. Box 6387 Cleveland, OH 44101
	For deliveries that need a signature: Federal Reserve Bank of Cleveland Check Department 1455 East Sixth Street Cleveland, OH 44114
Check Adjustments	
Phone	(877) FRB-CHKS

# Questions



The Financial Services logo, "FedDirect," "FedLine," "Fedwire," "FedACH," "FedCash," "FedLine Web," "FedLine Advantage," "FedACH Risk," "FedEDI," "FedForward," "FedReceipt," "FedReturn" and "My FedDirectory" are trademarks or service marks of the Federal Reserve Banks. A complete list of marks owned by the Federal Reserve Banks is available at [FRBservices.org](http://FRBservices.org).