



Welcome to the current issue of our *"Financial Insights on Financial Services"* newsletter which provides information on our latest research, upcoming events and references to newsworthy articles. Please feel free to forward this newsletter to others who might find it relevant. Your feedback is welcome - simply [email us](mailto:info@financial-insights.com) to provide commentary or if you need further assistance. Thank you for your interest in Financial Insights, an IDC company.

## Upcoming Webcasts

**Corporate Payments and Financial Supply Chain: Which Banks are Best** – Aug. 21  
Join Aaron McPherson, practice director and author of the report, as he examines how seven leading financial institutions have made impressive strides by being willing to buy as well as build the necessary technology and overcome conflicting internal goals to present a unified face to the market. The following financial institutions are benchmarked in this report: American Express, Bank of America, Bank of New York Mellon, Citi, Deutsche Bank, JPMorgan and Wells Fargo.

## Featured Article

### **The Squeeze Is On: How Are Your Payments Stacking Up? – by Dana Gould**

If you have not already converted to check images for clearing your cash letters, the squeeze is on you, and your payments settlements could be stacking up - and slowing down. There are two recent changes financial institutions should be considering, as they may have a significant effect on your payments processing.

First is the U.S. Postal increase that took affect on May 12, 2008. Postage rates increased again, and this could influence how payments will be made by the consumers, encouraging them to use more automation through various sources such as on-line bill pay and auto-debits to their accounts. This could have a significant consequence for your operating areas as there may be fewer checks and coupons to handle. The increase might also place a larger burden on your budget if you are still sending out paid checks and printed statements in the mail. Perhaps it's the right time to create a great marketing opportunity if you are pushing for electronic payments to lower your costs and increase your operating efficiencies.

The second change was in the Federal Reserve processing arena. Beginning January 28, 2008, the Fed's price schedule changed to raise its fees for processing paper checks; to drop some of the paper check handling services; and to reduce its fees for electronic processing – for both image clearing and automated clearing house transactions. All this as the Fed prepares to reduce the number of its processing centers from 19 to four by 2010. And to put the squeeze on more, the Fed will soon be placing steep surcharges on cash letters containing paper checks. Changes to its transportation policy and its check processing (such as no longer sorting cash letters by account number) further encourage institutions to become image enabled.

Fred Herr, a senior vice president in the Fed Retail Payments Office, reported that last December 60% of the Fed's forward presentments were images, but paying banks are posting only 32% of their transit items electronically, resulting in a high number of substitute checks (IRDs). Mr. Herr predicts this will change to 75% of forward presentments as images with 55% clearing as images by the end of 2008. The estimate is for more than 90% of checks to be cleared as images by the end of 2010. This still leaves about 2.3 billion checks to be



cleared as paper, most of which is expected to be IRDs as more and more paper is converted or truncated at the place of first receipt.

As electronics move forward, the paper items will become less and less a priority, and could result in the paper payments stacking up and not being paid as quickly as they are today.

## **Featured Article**

**Next Generation Business Networking Tool for Financial Services Executives** – by Jeanne Capachin

The next generation business networking tool for financial services executives, MeettheBoss.com (GDS International), brings together the latest Web 2.0 technologies and interactivity of business networking with research and advice from Financial Insights. MeettheBoss.com is a platform and community that facilitates quick and secure video conferencing, IM, e-mail and SMS between members. The availability of this tool comes during a time of heightened interest in the financial services industry and allows for collaboration on user generated, finance sector-specific news content between senior research analysts and world leading C-level executives. As stated recently by Spencer Green, Chairman of GDS International, the company using Web 2.0 technologies to revolutionize financial services business networking through MeettheBoss.com, "We have to start learning faster and must pull information resources earlier to understand and manage the challenges we face today from a rapidly changing business, operational and technological environment."

Membership to MeettheBoss.com is by invitation only to ensure quality on this safe, intuitive and unobtrusive communications and learning platform. The MeettheBoss.com channel provides the community at large with direct insight into the minds of chief executive officers and other C-level executives from the lines of business (LOBs) matched with timely relevant and proactive research and guidance from the analyst community at Financial Insights. We encourage you to sign up and visit the site at: <http://www.meettheboss.tv/channel/Financial-Services>.

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## In The News – A Sample of Financial Insights in the News

### Securities Industry News

"In a market where prices are changing all the time, the person who has the best information about any event that might impact a trading price has an advantage--and that includes unstructured data that has been filtered for quality, reliability and relevance," says **Patricia McGinnis**, research director with IDC affiliate Financial Insights and co-author of a June report on the subject.

### Market Watch

According to **Aaron McPherson**, practice director and author of the report, Financial Insights considers JPMorgan to be in the lead at this time, followed closely by American Express and Bank of New York Mellon. JPMorgan's leading position is based primarily on the comprehensive scope of its offerings, as well as the organizational focus it has shown with regard to the financial supply chain opportunity. The report further states how important it is for financial institutions to support purchasing cards, as this is one of the fastest-growing market segments of the card business and also combines payments and financing, making these cards a natural fit for financial supply chain management.

### Banking Technology

**Abhishek Kumar**, senior research analyst of Financial Insights' Asia/Pacific IT Benchmarking Service, says: "Though we acknowledge the number of core banking deals provides only one perspective of the overall picture of core banking investments in the region, the decrease in the number of deals is still indicative on the evolution and maturation of the core banking landscape. With more and more financial institutions completing their core banking implementations, we see the focus now shifting to the next stage of bank architecture modernisation. These financial institutions are now looking to augment core solutions with front office-based modules and solutions."

### Missed a Webcast? Download a Replay

[Class of 2008 Up and Coming Insurance Technology Firms – Aug. 7](#)

[Fuel Your Business Analytics Engine: Improve Your Mileage Using Unstructured Data – July 24](#)

[Barristas or Bankers: Open Coffee Chat – July 2](#)

[FinTech Vendor Marketplace: Dynamic or Dull – June 24](#)

### Meet an Analyst at an Industry Event

#### **IDC Brazil 3rd Annual Financial Insights Conference 2008**

Sao Paulo, Brazil, August 19, 2008

Join **Jeanne Capachin**, VP Research, Banking and Insurance, along with **Mauro Peres**, Country Manager, Brazil, who leads IDC's general operations in Brazil at this financial services conference for Latin America.

#### **Asia Pacific InsureTech Summit 2008**

Financial Insights Conference August 22, 2008



**InsureTech Summit 2008** is one of Asia's most influential gatherings of insurance practitioners. InsureTech Summit 2008 gives both insurers and vendors alike a venue to have their technology, operations, product and market related questions answered in a neutral and influential forum.

#### **Sibos 2008**

September 15-19, 2008 Vienna Austria

Join **Patricia McGinnis** and **Aaron McPherson** at this premier financial services event that draws over 7,000 participants from the financial industry ranging from the established financial institutions to application and middleware vendors, system integrators, central clearing systems and consultants.

#### **SourceMedia ATM, Debit and Prepaid Forum**

Chandler, Arizona, October 5-7, 2008

Join **Dana Gould**, senior research analyst, Payments practice, as he attends this annual forum designed for C-level executives from banks, financial institutions and non-traditional bankcard issuers.

To set up a one-on-one meeting with Dana please contact Gail Samia, [gsamia@financial-insights.com](mailto:gsamia@financial-insights.com)

#### **SourceMedia's Securities Tech 2008**

Oct. 6-7, Millennium Broadway Hotel New York

Join **Sean O'Dowd**, senior research analyst, Capital Markets at this 2nd annual SecTech conference. To set up a meeting in advance with either analyst, contact Gail Samia at [gsamia@financial-insights.com](mailto:gsamia@financial-insights.com)

#### **AFP Annual Conference**

Los Angeles, CA Oct. 19-22

Join **Aaron McPherson** and **Patricia McGinnis** at this annual conference which is an excellent event for treasury and financial management featuring over 150 sessions and 275 exhibitors.

#### **PPM Media's Financial Technology Insight**

Hyatt Regency, Jacksonville, FL October 26-28

The Financial Technology Insight: Best Practices in Global Banking is an invitation-only executive summit. The summit is focused on the technologies, business processes and proven practices that are transforming the global banking industry. Join Financial Insights analysts and meet with experts such as **Jeanne Capachin**, **Mauro Peres**, **Patricia McGinnis** and others at this upscale event.

#### **FST Summit: Financial Services Technology**

Four Seasons Hotel, Miami Florida, November 5-7

The Financial Services Technology Summit is an exciting, informative two-and-a-half-day event bringing together C-level technology executives from the financial services industry. This 7th FST Summit will address the key challenges facing today's industry leaders, including mobile banking, green and sustainable data center strategies, protecting consumer data, and more. Join Financial Insights analysts and meet with experts such as **Jeanne Capachin** and others at this upscale event.



**ISOTECH 2008**

November 9-11, Las Vegas Rio All-Suite Hotel

Join **Barry Rabkin**, senior research analyst, Insurance practice, at this annual insurance technology conference. To set up a one-on-one meeting with Barry, please contact Gail Samia at [gsamia@financial-insights.com](mailto:gsamia@financial-insights.com)

**BAI Retail Delivery**

Orlando, FL, November 18-20

Join the Financial Insights **Consumer Banking team** as they participate in the annual FinTech 100 awards ceremony and meet with industry professionals at this annual conference.

We look forward to seeing you at an upcoming event and thank you for your interest in Financial Insights, an IDC company.

Regards,  
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