

FINANCIAL SERVICES



Within a dynamic financial services environment in 1996, the Bank continued to focus on efforts to promote efficiency in the payment system, particularly by encouraging development of paperless payment systems. In day-to-day operations, the Bank continued to strengthen its commitment to exemplary customer service by expanding and enhancing current product and service offerings and emphasizing improved customer communications and customer support systems.

Customer communications were enhanced through two new informational tools: a financial services section on the Bank's Internet web site and implementation of a fax-on-demand service. Customers accessed the web site 2,528 times from May through yearend, conveniently downloading 617 documents such as processing guides, product information, and the like. The fax-on-demand service combines facsimile, microcomputer, and software technology to give customers access to guides, fee schedules, Federal Reserve publications, and other documents through a phone call. Since implementation in July, 1,130 documents were requested and delivered through the service.

In addition to these measures for improving communications with its customers, the Bank installed a new automated customer information service that

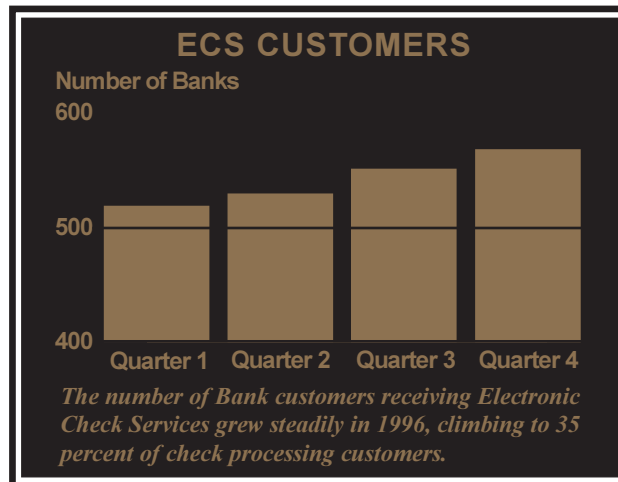
gives Bank representatives access to centralized data, allowing them to respond more quickly and more completely to customer needs.

To help Tenth District depository institutions improve their understanding of new financial service opportunities, guidelines, and emerging payments issues, the Bank hosted a variety of seminars across the region. One seminar focused on the Automated Clearing

House (ACH) and ways institutions may begin to originate ACH items. Another series of programs provided information about implementation of the U.S. Treasury's Electronic Federal Tax Payment System (EFTPS). More than 800 depository institution representatives learned how to make tax payments for their customers by using debit and

credit payments through electronic connections with the Bank. Other topics covered in field meetings included U.S. savings bonds procedures and instructions for making check adjustments electronically.

Much of the emphasis in the field programs, such as the electronic check adjustments effort, was on the Bank's ongoing commitment to promote paperless, electronic payments. In 1996, the Bank took another step toward removing paper from the payments system when it introduced check image services at all four Bank offices. These and other advancements to





the Bank's electronic check presentment services helped boost the proportion of all "endpoints" that receive checks electronically to 35 percent.

Whether paper or electronic, the Bank's payment services undergo continuous review and enhancement. For example, the Bank began the conversion to a new check processing system in 1996, contributing to more efficiency and value for customers. In addition, the Federal Reserve System converted to centralized ACH software to improve customer service through increased speed, flexibility, and processing choices. Other improvements in both the cash and book-entry securities services software will benefit customers through better information and greater cost-effectiveness. The new centralized book-entry application improves customer access to book-entry statements. Early in 1998, all 12 Reserve Banks will have converted to this system, al-

A new check processing system, instituted in 1996, provides additional efficiency and value for the Bank's customers.

lowing for more rapid development and implementation of book-entry service upgrades for customers nationwide.

Looking ahead, the Bank will continue in 1997 to be aggressive in determining and meeting customer needs and in conducting effective communication with customers. Further, to ensure that the Bank's services are revised and improved in line with customer expectations, the Bank will conduct a customer satisfaction survey in 1997 to gauge the Bank's progress since a similar survey in 1994. Customers will be asked to rate the Bank's product and service initiatives and customer service practices, and to suggest directions for future development. Analysis of the survey results and other ongoing customer contacts will guide the Reserve Bank in its resolve to encourage innovation and support a safe and efficient payments system.