

## Title:

Get Schooled in Electronic Check Recovery and Consolidation

## Word Count:

577

## Summary:

Need to reduce the cost of doing business? Electronic check recovery and consolidation can dramatically lower operational expenses. This has great applicability to schools, colleges and universities that receive an over-abundance of bounced checks.

## Keywords:

electronic check recovery, collect bounced checks, check consolidation, NSF checks

## Article Body:

Copyright 2006 William Hamilton

Throughout the year, finance officers at two- and four-year colleges and universities throughout the United States maintain their "wish lists" which inevitably include building endowment and lowering operational costs. While the accounting ledger may be affected by changes in tuition, government and private fund support, quality of investments, and a host of other factors, there exists a simple way to help thousands of academic officials lower their school's operational expenses. A check consolidation and recovery program can help keep a schools' steady stream of profit flowing -- essential for even non-profit institutions!

Imagine a Director of the Bursar's Office who is getting an ever-increasing amount of bounced checks. This Director, in concert with other officials, may even be considering abandoning a check payment option, upset about a) incurring high return check bank fees (which typically range from \$5 to as high as \$30); b) not receiving due compensation; and c) spending valuable time trying to collect the debt or utilizing expensive collection agencies. Check consolidation and recovery can alleviate these sources of frustration.

Check consolidation is a perfect mechanism to reduce return check bank charges. Here, the school employee processes any check with a special return item endorsement, changing the bank of first deposit with a simple stamp on the back of the check. In the untoward circumstance that the paying bank (i.e., the check

writer's bank) denies payment due to insufficient funds, that check goes to a special designated bank and not to the school's affiliated bank. Obviously, because the check does not go back to the college or university's bank, the school does not incur their bank's higher charge. The designated bank can typically charge \$3 and even less for any returned check, representing important savings.

The savings become magnified if a school has multiple locations. Each location's NSF checks can be combined and sent to this designated bank. School officials not only enjoy a substantial discount for these returned items, but they typically receive thorough electronic reporting on all NSF checks. The designated bank can either mail the NSF checks back to the school or facilitate electronic collections (a process called electronic recovery). As the service is free, it seems prudent for any school representative to let that bank or its affiliate processor attempt to recover the owed funds.

If electronic collections are requested, all NSF checks are entered into a database and re-submitted electronically up to two additional times through the Automated Clearing House (ACH) network. When the funds are collected and released, the school receives 100% of the face value of the check. In addition, some companies even give the school a percentage of a state-allowed processing fee. (The bad check writer, not the school itself, is assessed a state-sanctioned processing fee, typically \$25.)

If electronic collection attempts prove unsuccessful, those NSF checks can be forwarded to a collections department. Upon collection, the school may still receive 100% of the face value of the check.

In signing up for these services, a school finance official may now embrace the concept that "the best things in life are free." He/she reduces return check bank fees, secures free electronic attempts in the collection of NSF checks and then, if necessary, "hires" the services of a collection agency at no cost.

These programs should dramatically reduce operational expenses and maximize cash flow for any academic institution. Indeed, checks need no longer be perceived as a "necessary evil" for doing business in the "ivory tower."