

# Delivering Value

An industry magazine for clients of Harland Clarke

December  
2007

Volume 2 Issue 3

## By the Numbers

### 1874 and 1923

When Clarke Printing and John H. Harland were founded, respectively (page 1)

### 67%

The percentage of account holders who write 10 or more checks per month (page 7)

### 30%

The amount by which most banks can boost interchange income if they increase account holders' debit card use by just three times a month (page 10)

### \$450,000

The amount saved by one institution annually by standardizing its forms process (page 12)



HARLAND CLARKE™

## Harland Clarke: Combining the Best of the Best

If the best predictor of future success is past performance, you can be assured Harland Clarke will continue to expand its value proposition for financial institutions of all sizes. Formed in May 2007 from the merger of Clarke American and John H. Harland's printed products and marketing services segments, the new Harland Clarke has a tradition and commitment to maintaining best practices and bringing forward the best of its shared services and solutions.

"And we are not stopping at best of the best," says CEO Chuck Dawson. "In any combination, we are looking to create new value with a new class of products and services."

Harland Clarke's track record includes more than 200 years of combined industry leadership and a focus on helping financial institutions better serve their customers and members. Today, that means Harland Clarke provides end-to-end product and service solutions for

every stage of the customer life cycle—from acquisition and onboarding, to retention and growth.

The chronology below outlines the origins of many of Harland Clarke's capabilities today:

### The Early Years: Pioneers In Print

The company that eventually

printing capacity, allowing them to better serve the increasingly consolidated and deregulated financial industry. Within 10 years, check printing capacity increased four fold.

In the 1990s, both companies were leaders in converting to digital printing and networked manufacturing. This provided efficiencies for shorter runs

**In an industry where many mergers fail, both Clarke American and Harland have successfully acquired and integrated companies time and again.**

became Clarke American was founded in San Antonio, Texas, in 1874, while John H. Harland Co. got its start in 1923, in Atlanta. By the 1950s, both companies were pioneers in leading-edge MICR (magnetic ink character recognition) technology, created to enable computerized tracking of checking transactions. In the 1970s and 1980s, the companies significantly ramped up their check

and flexible order routing, and it enabled a new capability—in-checkbook target marketing.

### A Tradition of Performance Excellence

Harland Clarke now serves its combined client base with a foundational business model called Performance Excellence. In 1986, Clarke American introduced *First in Service*™ a total quality management program.

(Continued on page 4)

# Leadership Letter

## Executive Spotlight

LaRhesa Pollock is a member of Harland Clarke's executive management team. Her team has responsibility for corporate communications, learning and development, and performance excellence. She has been with the company for 11 years.

### Harland Clarke: A New Look and a New Beginning

When embarking on a journey, it's good to take a look back. Seeing where you've been not only shows how far you've come, but also helps clarify the steps you want to take as you move forward.

This issue of *Delivering Value* does both. You'll find a timeline that details the rich history of both the John H. Harland Co. and Clarke American. You'll also get a glimpse of what you can expect from Harland Clarke as it builds on more than 200 years of success.



What does that look like? In part, it includes concepts like trust, collaboration and partnership. You'll read about the legacy of trust Harland Clarke continues to build on with our commitment to data security, and how our Financial Forms solutions can unearth significant savings for your financial institution—and activate the latent potential in it. You'll also discover which payment methods the majority of your customers or members prefer, along with some turnkey products that benefit smaller financial institutions. We do all this because we have one focus in mind: your business.

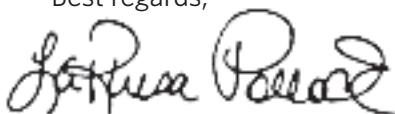
If this is your first issue of *Delivering Value*, welcome. Our goal is to provide you with valuable tools and insights within its pages. And whether you're new to *Delivering Value* or you've been a regular reader, I hope you enjoy the new look and feel of our publication.

It blends many of the elements that have been part of the newsletter since its inception with some additional features that come as a result of the new Harland Clarke brand.

Without question, 2007 has been a year of much excitement and change. In the few short months since M&F Worldwide Corp., the parent company of Clarke American, acquired John H. Harland Co. on May 1, we are ahead of plan in all areas. We continue to focus on our clients, bringing best-in-class solutions and capabilities to market to address financial institutions' needs. As we greet the future together, we look forward to partnering with you in success for many years to come.

If you have any questions or comments that will enable us to better assist you, or for more information, please visit our website at [www.harlandclarke.com](http://www.harlandclarke.com).

Best regards,



LaRhesa Pollock  
Senior Vice President  
Corporate Communications and Performance Excellence  
Harland Clarke

**Did you know** that you can access *Delivering Value* online? Simply visit [www.harlandclarke.com/dv](http://www.harlandclarke.com/dv) to find current and previous issues.



## WANT MORE INFORMATION?

To find out how Harland Clarke can help you improve business performance, contact your account executive today, or write to us at [www.harlandclarke.com/contactus](http://www.harlandclarke.com/contactus).

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## COVER

### Harland Clarke: Combining the Best of the Best

Now that John H. Harland and Clarke American have merged to form Harland Clarke, it's your financial institution that reaps the benefits.

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### A Check-Free Society? Not So Fast!

Debit cards may be gaining ground, but checks are still the preferred method of payment for many of your account holders.

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### Checking Account Trends for Small Business

We have compiled a "Wish List" of what small business owners want from you. Can you guess what's on it?

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# Combining the Best of the Best (Continued from cover)

Although it began as a program, First in Service became an overall approach to quality—signifying the way Clarke American employees worked together to run and change their business through continuous improvement. The quality journey continued throughout the 1990s as they embraced the Malcolm Baldrige criteria as their business model. A key milestone was achieved in 2001 when Clarke American received the Texas Award for Performance Excellence, a state-level Baldrige-based award. Later that year, Clarke American also received the Malcolm Baldrige National Quality Award to recognize its overall performance excellence. After receiving the awards, Clarke American participated in many benchmarking and quality-sharing events to extend key learnings and best practices that might advance

the performance excellence journey of other interested organizations.

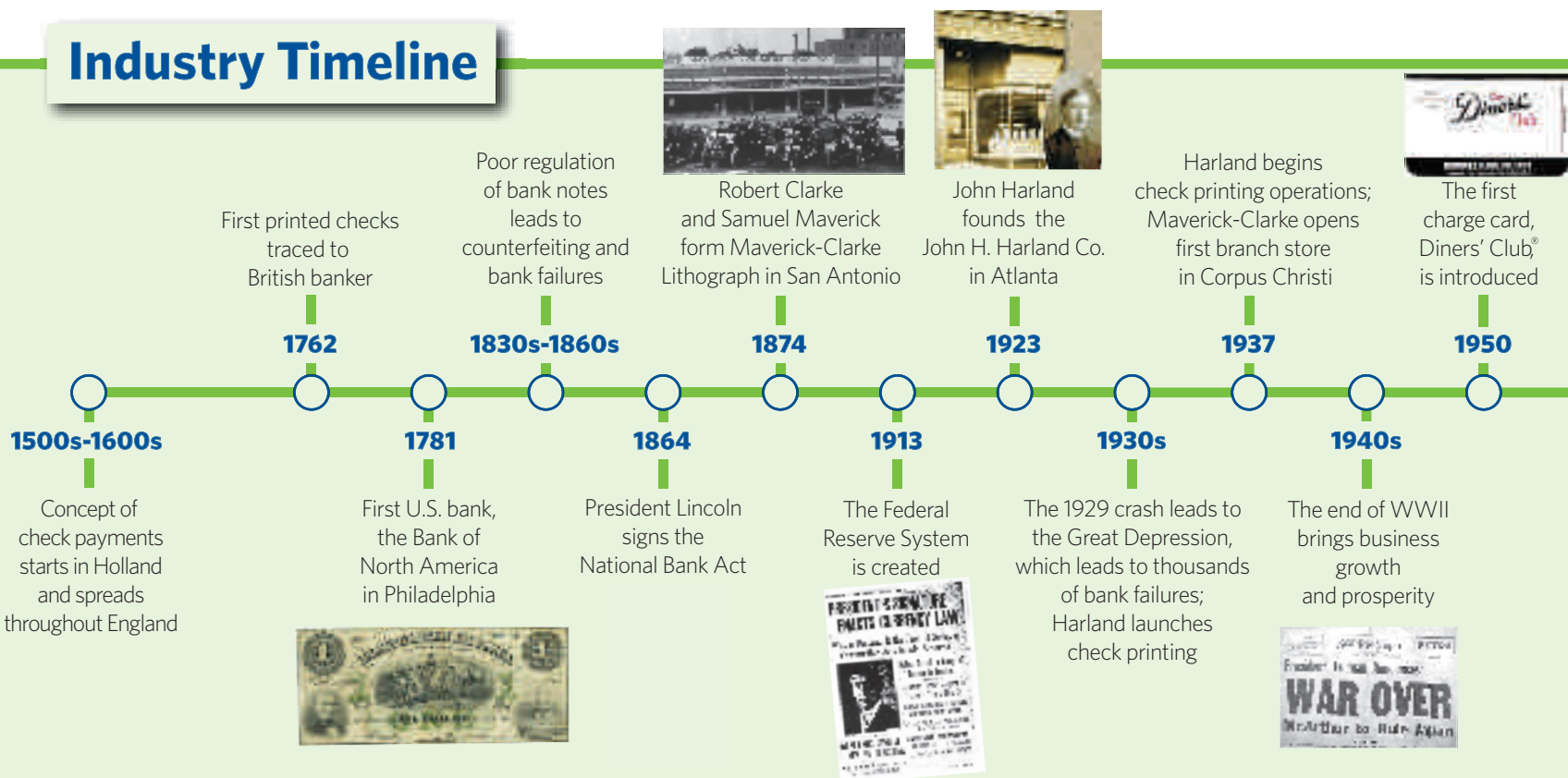
## Expanding Our Offering

Part of the Clarke American journey included several mergers and acquisitions that provided it with the capital, technology and scale to make it one of the top financial services providers in the country. Meanwhile, Harland continued to expand its product and service offerings in the early 1990s with the acquisition of the Rocky Mountain Bank Note Company and Interchecks, which brought to Harland enhanced forms solutions and direct mail capabilities, respectively.

Today, Harland Clarke's Financial Forms solution is a leading provider of such services in the country, enabling financial institutions to boost operational efficiencies,

streamline processes and minimize costs amid shrinking margins and an increasingly complex business environment. And Harland Clarke's direct mail marketing services increase financial institutions' return on marketing investment with full-service turnkey and customized direct marketing solutions, delivered with some of the highest levels of data quality and security available in the marketplace. Combined with the ability to create customized campaigns to target the right product to the right customer at the right time for large financial institutions—bolstered by Clarke American's acquisition of direct marketing firm Alcott Routon in 2004—Harland Clarke provides a broad array of industry-leading marketing services to financial institutions, both small and large.

## Industry Timeline



## Advancement with Technology Solutions

In the mid-1990s, Harland acquired a series of marketing, database and loan origination software and technology companies that formed under what is now Harland Clarke's sister company, Harland Financial Solutions (HFS). With these capabilities, HFS became a one-stop product and service provider for the comprehensive technology solutions that financial institutions need—a trend that continued with 15 additional acquisitions from 2000 to 2006, which further enhanced Harland's technology offerings.

In addition, Harland bought Intrieve, a software technology company that enabled it to offer a turnkey in-house check printing system. And with the purchase of Dataprint, Harland formed Harland Business Solutions to provide financial institutions with a one-step process for ordering business checks and forms that

are compatible with all premier accounting software packages.

## Segment Focus

Harland's largest acquisition was Liberty, which significantly increased its capacity to provide personalized customer service to credit unions of all sizes, as well as card solutions, educational services, mystery shopping and email marketing. Combined with Clarke American's significant credit union base, Harland Clarke has a greater focus on the credit union industry than ever. In fact, this industry "segment focus" is part of Harland Clarke's approach to the banking, credit union and securities segments.

## Contact Center Services

Harland Clarke rounds out its offerings with Contact Center Services, which received a boost from an earlier Clarke American acquisition—Checks in the Mail. Contact Center Services helps

financial institutions build strong relationships with their customers via the telephone, leveraging each inbound or outbound touchpoint as a key component of the customer retention strategy.

## A Bright Future

In Clarke American and Harland, history shows a dedication to quality business processes, continuous improvement, and the bringing together of best-in-breed services and solutions to better serve financial institutions. In an industry where many mergers fail, both Clarke American and Harland have successfully acquired and integrated companies time and again.

Harland Clarke's financial institution clients will likely find it to be a company that is much more than the sum of its parts; it is a leader in providing full-service financial solutions.



Automated Clearing House (ACH) electronic network for fund transfers established

1970s

1967

Barclay's London is first bank to install an ATM

1977

Clarke Printing renames check printing division Clarke Checks

Checks represent more than 85% of all noncash payments

1979

Harland sales reach \$100 million; printing capacity is 180 million checks per week, four times that of the previous decade

1980

Caradon plc. acquires Clarke Checks

1985

Harland's sales triple to \$344.7 million; Clarke Checks merges with American Bank Stationery, changes name to Clarke American; doubles revenue in just one year

1989

Debit card point-of-sale terminals increase from 500,000 to 3.6 million

1990s

Harland makes 15 acquisitions that expand its technology capabilities; Harland acquires Liberty; revenues jump to over \$1 billion

2000-2006



Clarke American acquires Alcott Routon

2004

M&F Worldwide acquires Clarke American from Honeywell

2005

Clarke American

M&F Worldwide acquires the John H. Harland Company, thus joining the two companies to form Harland Clarke

2007



# Harland Clarke Hosts Client Forums

One of the ways Harland Clarke keeps its finger on the pulse of the financial services industry is by meeting with those who face its challenges every day—our financial institution clients. Earlier this year, Harland Clarke hosted two client forums to gather insight on key issues and business challenges currently facing the financial services industry, and to help facilitate peer exchange.



The **Harland Clarke National Bank Forum**, “Growing Your Business in a Fiercely Competitive Marketplace,” was held during May 2007, in West Palm Beach, Florida, and featured both panel discussions and roundtable breakout sessions. During the first panel discussion, *Approaches for Deposit Growth*, attendees shared ideas and strategies about offering high-rate savings products online, the future of free checking, and the challenges of and potential solutions for a relationship-based pricing approach. The second panel discussion focused on de novo expansion, including activities that accelerate growth and the

benefits of re-energizing existing branches versus opening new branches. The third panel eyed using reward programs to enhance customer loyalty. Attendees also shared with their peers during roundtable breakout sessions, which focused on online banking as a sales channel (challenges, along with website design, functionality and best practices), as well as what they see as innovations in the current marketplace.

“Growing Your Business in a Fiercely Competitive Marketplace”

**“It was, without question, the best conference I’ve attended in nearly 29 years in banking.”**  
 - Lisa Baker

was also the title and focus of the **Harland Clarke Community Bank Forum**, held June 11-13 in Colorado Springs, Colorado. Speakers spotlighted issues such as getting beyond “me too” banking and growing organically by driving profitable customer acquisition. Panel and roundtable discussions concentrated on getting the most from investments in de novo expansion, attracting customers using premiums and cash incentives, and developing approaches for growing deposits. Feedback from attendees at both



forums was very positive. One of our Community Bank Forum panelists, Robert Ludemann, executive vice president and director of retail banking at TierOne Bank, said, “I have long been a promoter and supporter of peer exchanges, and of working with others to look at the general thinking on product development and marketing concepts that are at the forefront of today’s banking environment. At the Community Bank Forum, the size of the group was just right, providing everyone

with the opportunity to participate.” He added, “I came away with some exceptional concepts in financial marketing that I hadn’t thought of. That provided me with the impetus to come back and explore some opportunities I may not have considered otherwise.”

Lisa Baker, vice president of branch administration for the consumer division of Banker’s Trust Co., was also enthusiastic. “It was, without question, the best conference I’ve attended in nearly 29 years in banking,” she said. “The topics and issues we addressed were current and relevant to our industry. The small group discussion provided an interactive environment, and the contacts I made were invaluable.”

# A Check-Free Society? Not So Fast!

## Like a Favorite Old Song, Checks Remain Popular With Consumers

According to popular lore, Mark Twain once called the reports of his death greatly exaggerated. The same might have been said about radio, back when TV made its appearance. Or about snail mail, when email became inescapable. But radio and the U.S. Postal Service are still very much alive, despite the invention of new electronic ways to communicate. It is no different for the good old-fashioned paper checking account, as new electronic payment options enter the scene. While the use of electronic payments has increased in recent years, the truth is that checks are far from obsolete.

In fact, checks still remain a highly used form of payment, despite the increasing popularity of debit cards. According to an ongoing web-based survey conducted by Harland Clarke since January 2004, nearly three in 10 customers say that checks are their overall preferred method of payment, a close second-place to the 34 percent who now prefer debit cards. Overall, checks are preferred to cash by a margin of two to one, and are preferred to credit cards by a margin of nearly three to one.

### Despite Soaring Debit Card Use, Checks Remain In Demand

Of course, there is no doubt that electronic payments, especially via debit card, are on the upswing. A paper released in February 2006 by the Federal Reserve System notes that the share of

payments made electronically—via credit card, debit card and direct payments—doubled from 25 percent in 1995 to more than 50 percent in 2002.<sup>1</sup>

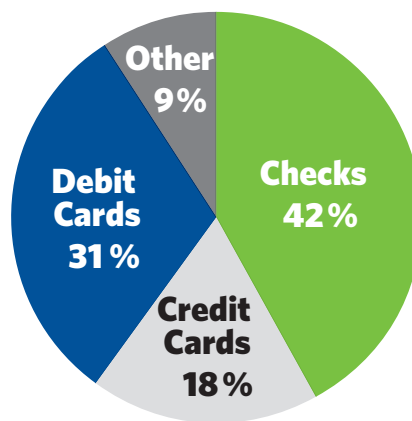
Indeed, overall, checks and credit cards are losing ground, while debit cards are gaining ground. In 2007, Harland Clarke's survey found that 31 percent of customers used checks to pay for retail purchases, down from 42 percent in 2004. Credit card use dipped from 18 percent to 16 percent over the same two-year period. But debit cards jumped in popularity for retail purchases, from 31 percent in 2004 to 41 percent this year.

However, check-writing is still very much in the picture. More than two-thirds of respondents

write either 15-19 checks, 10-14 checks, 5-9 checks, or fewer than 5 checks per month. A majority (53 percent) said their check-writing has either increased (23 percent) or remained the same (30 percent) during the past five years, while less than half (44 percent) said they have written fewer checks. Similarly, more than two-thirds of customers think the number of checks they write per month will not change in the upcoming year, a percentage that has remained consistent since the survey was implemented nearly four years ago.

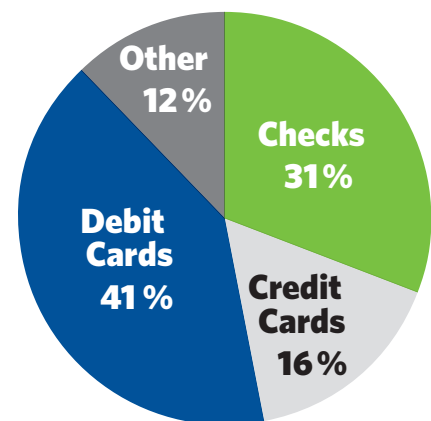
### Checks Often Pay for Utilities

In all likelihood, a lot of checks are being written to utility companies. The vast majority of respondents (an average of 68 percent from



**2004**

(67 percent) write 10 or more checks per month. A greater share of respondents (more than a quarter) said they write 20 or more checks per month, compared to those who said they



**2007**

2004 to 2007) said they pay for utilities—such as electric, gas, cable and water—by check. While writing checks to utility companies has declined slightly from 2004 to 2007, from 75 percent to 61

(Continued on page 8)

<sup>1</sup> Klee, Elizabeth. "Families' Use of Payment Instruments During a Decade of Change in the U.S. Payment System" Board of Governors of the Federal Reserve System. Feb 16, 2006

# A Check-Free Society? Not So Fast! (Continued from page 7)

percent, it remains more than four times as prevalent as the next most popular way to pay for utilities—automatic electronic payment—which does not seem to have caught on with most people. Automatic electronic payments to utility companies have increased only slightly from 2004 to 2007, from 13 percent to 15 percent. Another 14 percent go online to pay their utilities.

## The Typical Check Writer

Customers who say they have been writing more checks in the past five years, or who expect to write more checks in the coming year, tended to be younger and have a lower household income than the average check customer in this survey.<sup>2</sup>

Yet according to a Survey of Consumer Finances by the Federal Reserve, it is younger people who are most likely to use debit cards. Nearly two-thirds (62 percent) of users are younger than age 35, and there are steadily fewer debit card users in each subsequently older age group, down to only 16 percent of those 75 or older.<sup>3</sup>

The profile of a typical respondent who said her check writing had increased was a 45-year-old female with a household income of more than \$62,000, who prefers to pay by check. Those who think they will write more checks in the coming year are slightly younger (44).

As for those who say they write fewer checks, the typical respondent was a middle-aged female (49) with a household income of nearly \$70,000, who prefers not to pay by check.

Those who think they will write fewer checks in the coming year are, on average, of similar age but have an even higher income (more than \$72,000).

## Check Writing and Geography: Checks remain preferred payment method on national map

According to an article in the Spring 2005 *Federal Reserve Bulletin*,<sup>4</sup> people in the Midwest write the most checks annually per capita (144), while those on the West Coast wrote the fewest checks (110). The value of checks per capita was also lowest in the West, and highest in the Northeast. The authors speculate that the high value of checks written in the Northeast may be due to a special type of corporate checking account—the controlled-disbursement account—that is concentrated in this region.

Perhaps not surprisingly, the reverse is true for debit cards, which are used more in the West, where there are 79 such payments annually per capita, compared with 51 in the Northeast, which has the lowest use of debit cards. The authors postulate that financial institutions in the West got a head-start in offering debit cards, compared with other parts of the country, and that fees charged to cardholders are less prevalent there.

The same article notes that checks are more popular in rural areas than in the city. The proportion of checks written in rural areas (versus ACH, debit and ATM transactions) was 60 percent, compared with only 49 percent in urban centers. It is worth noting,

again, that checks, whether written in a big city skyscraper or down on the farm, were still two to three times more popular than the next most used payment option, debit cards. The value of check payments exceeded the combined value of debit and credit cards, ACH, and electronic transfers.

## Most Popular Place to Buy Checks

Three-fourths of respondents queried by Harland Clarke this year purchase checks from their financial institution, but a growing number (close to 20 percent) are now purchasing checks via direct

**While the use of electronic payments has increased in recent years, the truth is that checks are far from obsolete.**

mail, continuing what has become a growing trend the past few years. Those who purchase checks from their financial institution overwhelmingly said they did so because they have been purchasing checks this way for some time with some saying they felt their credit union or bank offered a more secure source and product. Those who purchase checks via direct mail also have been doing so for some time and tend to find this method less expensive.

Let Harland Clarke help you stay current on evolving demographics in payments. To learn more about account holder payment options, please contact us at: [www.harlandclarke.com/contactus](http://www.harlandclarke.com/contactus).

<sup>2</sup> The average Harland Clarke respondent was a 48-year-old female with a household income of \$65,000, whose household comprised two adults, two children, and two checking accounts. Nearly one-third lived in the Midwest. Slightly more than a quarter lived on the East Coast. One in five lived in the South and 14 percent on the West Coast.

<sup>3</sup> Klee, Elizabeth. "Families' Use of Payment Instruments During a Decade of Change in the U.S. Payment System" Board of Governors of the Federal Reserve System. Feb 16, 2006. Figure 2(a) "Debit Card Use: Age of head, 2001"

<sup>4</sup> "Trends in the Use of Payment Instruments in the United States," Federal Reserve Bulletin, Spring 2005



# Checking Account Trends for Small Businesses

A national telephone survey of 600 small business\* owners and executives completed in October 2006 by Synergistics Research Corporation turned up “inside info” about what they seek from providers of their business checking accounts:

The **three** key fundamentals that small business owners seek in a financial institution are:

- 1) **Convenient Branch Locations**
- 2) **Good Customer Service**
- 3) **Fair Pricing**

Nearly **three-quarters** cited **location** as a dominant factor in choosing their current primary account provider.



Small businesses want **overdraft protection**, and this should be an ongoing feature of checking account offerings. There is negligible use of sweeps; providers should consider expanding this service.

The potential for **reward programs** tied to business checking accounts is limited. Fewer than **one in 10** respondents participate in such a program.



Demand for **debit cards** has increased significantly. **One-third** of small businesses surveyed use them, compared with one-fifth in 2004. Among non-users, one in four express interest, compared with one in 10 in 2004.



**Share-shifting** may become more prevalent. Among those companies that opened new checking accounts, **one in four** replaced an account at another institution, mostly for convenience, consolidation or service.



Businesses with more than \$100,000 in sales expressed interest in **packages**. Manufacturers and wholesalers tend to utilize more checks.

The potential for **interest-bearing business checking** is very appealing to small businesses. If available, most would be willing to meet requirements, just as they are for no-fee checking.

**Packages** (including overdraft protection, credit and saving products) should be part of the checking product mix, especially for growing, high-volume businesses.

Almost **two-thirds** of small businesses surveyed have **online access** and consider **online bill pay** a very important capability. Almost **one-third** currently pay bills online.



Institutions should focus on the **basics** when marketing checking accounts to small businesses, by providing the most appropriate services. Vital to this strategy are **bundled packages** and **online account access**.

\*Annual sales from \$50,000 to \$5 million.

# Card Services: Turnkey Products Give Smaller Banks a Foot in the Door

Delivering Value interviews Harland Clarke's Michelle Thornton, director of client products and programs

Learn how to boost margins and acquisitions with easy-to-implement, state-of-the-art, customized payment cards.

"If it ain't broke, don't fix it" is an oft-repeated adage. But even when business seems to be running at a steady hum, sometimes it is simply those missed opportunities that can take their toll in terms of lost revenue and reduced account acquisitions. Smaller institutions, in particular, may lack the resources and marketing muscle of national banks and, therefore, may pass on offering products that can significantly boost margins and acquisition rates.

"The answer is to consider offering turnkey products that give smaller banks a way to offer the innovative and tested products that huge banks take for granted," says Michelle Thornton, director of client products and programs for Harland Clarke, which has been a pioneer in turnkey card payment solutions. These include payment options such as gift cards as well as customized debit and credit cards.

For community banks and credit unions without big infrastructure and access to cutting-edge technology, Harland Clarke's card manufacturing and

personalization services offer a way to ramp up revenue without sacrificing operating efficiency.

Debit cards in particular can have a significant effect on a bank's bottom line. "It's safe to say that for most institutions, increasing account holders' debit card use by just three times a month can increase interchange income by at least 30 percent," Thornton says.

The trick, she explains, is to make your account holders want to use your bank's debit card before the four other cards that, on average, most people carry in their wallets. How do you do this? Just as the books you read, the music on your iPod and the décor of your home all reflect your identity, so, too, can a debit card reflect your individuality and style.

For example, cards with themes that reflect one's environment—a desert scene for an Arizona bank or a snow-capped mountaintop for a New England credit union—are in high demand. Likewise, translucent and trendy foil-based cards are extremely popular.

Yet smaller institutions might hesitate to incorporate customized

debit cards. "Some banks assume that custom cards are too expensive to produce," says Thornton. No longer. "We have the resources to custom design and print, often for less than generic cards offered elsewhere." These designs can appeal to a variety of demographic groups; one example would be to members of affinity programs, in which a percentage of card usage is donated to a particular organization, such as a university or charity—again driving higher usage.

**Adding three transactions per month can equate to a 30% increase in interchange income**

Photo cards are a great example. A long-time staple of large card issuers, photo cards are now affordable and easy for any financial institution to offer, regardless of size. "Banks like them because they reduce fraud and increase revenue and retention," says Thornton, "so we made them doable from an operational standpoint."

Harland Clarke streamlined the procedure, providing banks with digital camera equipment, secure one-click online photo-capture technology and next-day turnaround. The entire process is digital, making the need to submit paper photos as obsolete as typewriters and rotary-dial phones. For institutions wary of making the plunge into pre-paid cards, offering gift cards is an easy first step. "It's a way to get your toe in the water," is Thornton's apt

**Gift cards are an easy, low-cost first step to affordable pre-paid card offerings.**

analogy, explaining that gift cards do not cost a lot. Harland Clarke's Visa Gift Card program is a classic turnkey operation with virtually no bank overhead—included are the BIN, reporting and back-office work, chargeback processing and 24/7 customer support for card recipients. The bottom line is that gift cards draw traffic and keep customers from going to another bank that has them. "We also offer bulk ordering for your business accounts," she notes.

Customizable card carriers provide even more bang for the buck. It is a perfect place to print marketing information, such as targeted cross-sell messages for other products and services.

What does the future hold? Thornton thinks that contactless

cards, which are read via radio frequency signal instead of being swiped, will be the next big thing. "There are 20 million of them out there," she says. "And 45,000 merchants already accept them." The goal is to capture the micropayments market—cash payments less than \$20 at places like fast food restaurants, convenience stores or chain pharmacies. "Merchants like contactless cards because it speeds up transactions and reduces opportunities for employee theft," Thornton explains. Likewise, she sees technology eventually enabling customers to pay for purchases via cell phone or contactless key fobs, which would especially appeal to the 25- to 35-year-old market.

Looking ahead, when will contactless payments become as routine as magnetic stripe cards are today? Even Thornton won't venture a guess. "That's the \$64,000 question!" she says.



## What is your card potential?

The average debit card transaction growth for signature debit in 2006 was 20.3%.

2007 Debit Issuer Study:  
PULSE EFT Association

Small business spending (non-payroll) is forecast to grow to \$5.7 trillion by 2010.

Visa USA 2006

The total number of contactless transactions should rise from about 777 million in 2006 to roughly 2.2 billion in 2010.

PRNewswire, May 2007

For more information on how to offer these products to your account holders, contact us at 1-800-277-7637 or [cardservices@harlandclarke.com](mailto:cardservices@harlandclarke.com).

# Gaining Consistency and Efficiency with Financial Forms

See how Harland Clarke's experts cleaned up a financial forms fiasco and ended up saving one institution a half-million dollars annually.

One of Harland Clarke's large financial institution clients rapidly acquired a number of banks in various regions and subsequently merged with another top-tier financial institution. Once the dust settled, a significant internal bank issue became apparent: after reorganization, the newly formed entity was challenged with inefficiencies associated with non-standardized financial forms.

## The Challenge

The volume and types of forms used throughout the organization's combined footprint—and their associated, cumbersome ordering and management processes—created multiple logistical and operational challenges for the bank.

These included:

- No standard appearance of the forms among locations and entities, creating user confusion and brand degradation
- Inconsistent sizes and colors of documents, thereby increasing training requirements
- Incomplete or inappropriate content, causing users to inefficiently hand-write information on forms
- Low usage for each individual form, and too many forms, resulting in high inventory costs
- Dissimilar processes among acquired companies, causing productivity and operational issues

## The Solution

Harland Clarke helped this financial institution meet its objective of establishing consistency of financial forms and ordering—and realizing significant time saving and efficiency benefits. The bank was able to accomplish these goals—and so much more—through the expertise of Harland Clarke's financial forms team. Harland Clarke's financial forms specialists applied their extensive knowledge of the industry to make process and product recommendations that not only addressed the immediate issues at hand, but supported the overall business objectives as well.

Using best practices, Harland Clarke developed a project plan to standardize Cash Ticket, General Ledger (G/L) and advice forms, with the following recommendations:

#### Recommendation 1:

Convert each form to standard base stock, eliminating the need for multiple types of custom inventory.

#### Result:

A small number of composition templates were created, designed to accommodate a variety of forms requirements.

#### Recommendation 2:

Include visual cues as part of the composition to help employees easily distinguish between forms.

#### Result:

Color bars were included for ease of identification and use.

#### Recommendation 3:

Store the forms' composition electronically in Harland Clarke's database, simplifying new forms creation and re-ordering.

#### Result:

Each time a forms order is placed, the variable data is merged with the composition file and the combined data is sent to production.

#### Recommendation 4:

Control MICR specifications at the program level, eliminating the possibility of error and ensuring accuracy on each form.

#### Result:

All variable MICR specs are "locked down" so they cannot be accidentally changed as forms are revised.

#### Recommendation 5:

Implement consistent processes enterprise-wide and support those processes with automation in ordering, production and billing, ensuring accuracy and maximizing productivity.

#### Result:

Validation of the bank's G/L chart of accounts occurs simultaneously in the ordering process, and the name of the G/L account is pulled from Harland Clarke's database and printed automatically.

### After implementation of Harland Clarke's standardized forms process, the bank benefited as follows:

- **Streamlined ordering and fulfillment:** New forms orders are typically fulfilled within five days.
- **Consistency and ease of use:** All new forms adhere to documented standards.
- **Routing accuracy:** MICR specs are protected because Harland Clarke programmatically controls variable MICR specifications.
- **Reduced obsolescence and time needed to make changes:** Each time a new form is needed, a new design is created to fit on the standard base stock.
- **Ongoing standardization:** Subsequent orders automatically receive the updated composition and there is no need to rely on memory to apply updates each time.
- **Billing accuracy and time savings:** Only valid data/products enter the system, thus eliminating rejects.

## The Results

Harland Clarke worked collaboratively with this client in both planning and implementation and the effort on both sides paid off. The process changes equated to a \$450,000 hard-dollar annual savings for Harland Clarke's client. Additionally, considerable soft-dollar savings were attributed to the virtual elimination of rejects for G/Ls, creating an additional \$200,000 in savings.

*To learn more about Harland Clarke's Financial Forms solution, contact your local account executive or write to us at: [www.harlandclarke.com/contactus](http://www.harlandclarke.com/contactus).*

# A Legacy of Trust

From check products to marketing services, Harland Clarke delivers on its commitment to data security

When given the option of building a foundation on rock or sand, the choice for most would be clear. In an age of increasing threats to information security—particularly for financial institutions and the account holders who rely on them—partnering with Harland Clarke is like settling on a bedrock of trust.

That is because we have made a commitment to information protection, along with the substantial investment in time, effort and financial resources that it takes to follow through on it. Whether printing checks or providing marketing services, Harland Clarke offers the highest level of protection possible for all the information with which it is entrusted.

## A Comprehensive Program

Our meticulous security standards and processes are employed in four key areas:

### Information Security

Harland Clarke maintains a state-of-the-art information technology infrastructure, with strict internal controls over user access. The system is analyzed on an ongoing basis for security improvements and enhancements. Among other features, it provides:

- Encrypted data exchange using industry standards and best practices
- Firewalls, intrusion detection systems, and protection from malicious attacks
- Software to protect and monitor data

### Physical Security

We have extensive protective measures in place to secure all our physical locations. Harland Clarke's direct marketing facilities utilize security measures that include:

- Screening and background checks for personnel
- Key card access to prevent unauthorized entry
- Sophisticated digital equipment to monitor access and control movement within each facility
- Redundant security layers within our data center
- Annual tests and updates to our disaster recovery plan
- Ongoing employee education on information security

### Privacy Regulations

Harland Clarke maintains compliance with state and federal regulations such as Gramm-Leach-Bliley (GLB) and Sarbanes-Oxley (SOX). In addition, through third-party auditing firms such as Deloitte & Touche, PricewaterhouseCoopers and Ernst & Young, Harland Clarke has earned SOX and GLB certifications, both of which are subject to annual audits. We also adhere to the Statement on Auditing Standards No. 70, Services Organizations (SAS 70). This auditing standard, recognized internationally, certifies that a service organization has been through an in-depth audit of its control activities, including controls over information and related processes.

### Vendor Risk Assessment Programs

To ensure all vendors engaged with Harland Clarke are in compliance with applicable regulations and to provide the highest level of security



possible, our internal information technology department conducts a thorough on-site audit and risk assessment annually for each vendor. Not all financial institutions have such controls. In fact, with many of the outsourcers that financial institutions rely on for their fulfillment needs, the financial institution has limited visibility as to where its customers' data is distributed—or what security measures, if any, are in place. With Harland Clarke's thorough security controls at each point of the fulfillment process, our clients can feel at ease knowing their data is secure with us.

A dedicated security department, led by the chief security officer and the chief information security officer, oversees all aspects of Harland Clarke's data security efforts. This department has specific accountability for developing enterprise-wide security policies and procedures, and for ensuring that they are standardized and adhered to across all Harland Clarke organizations. Further, the security officers are responsible for overseeing the stringent audits that are conducted by many of the largest financial institutions in the industry.

### **Payment Card Industry Certification**

As part of the ongoing, proactive effort to enhance data security, Harland Clarke is finalizing

requirements to obtain the Payment Card Industry Data Security Standard (PCI DSS) certification. Created by major credit card companies to help facilitate the broad adoption of consistent data security measures on a global basis, all organizations that process credit cards or otherwise handle credit card data are supposed to be PCI DSS compliant. If they are not, they risk losing the ability to process cards, along with a significant portion of their organizational revenue. However, the certification process is strenuous, and when Harland Clarke receives its certification, it will be one of a select few service providers to have completed the process.

In addition, once it receives the initial PCI certification, Harland Clarke will be audited annually by a third-party firm. Visa must approve this re-certification each year for all service providers if they are to maintain their PCI-certified status.

To obtain and maintain certification, companies must adhere to 12 requirements contained within the following six PCI DSS principles:

- Build and maintain a secure network
- Protect cardholder data
- Maintain a vulnerability management program
- Implement strong access control measures

- Regularly monitor and test networks
- Maintain an information security policy

For more than 100 years, Harland Clarke has been helping financial institutions succeed, earning their trust in the process. Security is a priority at Harland Clarke, and one we take seriously—on behalf of all the clients we serve.

To learn more about Harland Clarke's rigorous approach to information security, contact your local Harland Clarke account executive today.



HARLAND CLARKE™



# Activate Your Potential\*

## \*Introducing Harland Clarke. Focused On Your Business.

To reach your full potential you must be prepared, ready to act whenever an opportunity presents itself. At Harland Clarke, we understand the true nature of your business. With our broad financial knowledge and deep industry insights, we stand ready to help you reach further.

**What is your potential? Let's talk about it.**

Contact your Harland Clarke account executive or write to us at [www.harlandclarke.com/contactus](http://www.harlandclarke.com/contactus).