Commercial Vault Services in the Virtual Environment

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BB&T, Member FDIC
About your presenter:

- John Sherry joined BB&T through the Leadership Development Program in June of 2006. After completing the program, John became a Commercial Deposit Product Manager for BB&T’s Commercial Vault Services, Availability Schedules, and other deposit processing services. Since joining BB&T, John has developed methods for providing improved funds availability to clients and created BB&T’s Vault360 which enables BB&T to provide commercial vault services anywhere in the continental United States.

- John is originally from Washington DC and has a bachelor’s degree from the University of Maryland and an MBA from George Washington University.
Agenda:

- What’s your situation?
- What keeps you up at night?
- What are Commercial Vault Services (CVS)?
- What are CVS in a virtual world?
- How do vault services work nationally?
- What are the benefits?
- What businesses will get the most benefit?
- What features should you look for in a provider?
- Case Study
- Coming Soon…
What’s your situation?

- You receive a lot of cash payments.
- You have multiple locations.
- Not all of your locations are convenient to your primary bank’s branches.
- You have multiple deposit relationships at multiple banks.
- You are concerned for the safety of your employees taking deposits to a bank.
Polling Question

- My business has ______ locations that take in cash and/or checks.
  a. One
  b. 2-5
  c. 6-10
  d. 11-20
  e. More than 20
What keeps you up at night?

- How do you ensure the safety and security of my employees?
- How do you consolidate banking relationships to simplify your life and save you money?
- How do you standardize deposit procedures from location to location?
- What is the most economical way to accomplish these objectives?
What are Commercial Vault Services (CVS)?

- You contract with an armored courier to pick up your cash and deliver your change orders.
- The cash is brought to a “vault” for processing.
  - Bank Owned
  - Third Party Processors (TPP)
- The cash is counted and reconciled to your deposit ticket.
- The deposit amount is transmitted to the bank’s deposit services area.
- The deposit is credited to your account.
What are CVS in a virtual world?

- Banks have traditionally only been able to provide CVS within their “footprint” (geographical areas in which the bank has branches).

- Vault services in a virtual environment allow banks to provide CVS throughout the United States.

- Now banks can use a network of “vaults” to provide Commercial Vault Services to clients.
What are CVS in a virtual world?

- This network typically includes:
  - Bank Vaults
    - Secure bank facilities
    - Internal or bank-owned processing facilities
  - TPP Vaults
    - Brinks, Garda, Loomis and Dunbar are major providers
    - More than just your armored car company
    - Core business practice
How do vault services work nationally?

- A TPP is used to provide a full deposit solution (cash & check) to bank clients anywhere in the United States.
  - Armored courier picks up your deposit – both cash & checks
  - Armored courier verifies the deposit and scans the checks
  - Transmits a file as a balanced image cash letter (ICL) to the bank
  - Bank credits the cash and check deposits to your account
How do vault services work nationally?

- Coordinating Armored Cars:
  - Multiple armored car companies
  - Multiple pick-up and delivery locations
  - Many possible routes and strategies
What are the benefits?

- **Efficiencies and Savings:**
  - Save money by minimizing the number of banking relationships and accounts.
  - Identify all transactions by store/location and reduce monthly reconciliation effort and expense.
  - Accelerate concentration of cash and check deposits.
  - Standardize daily deposit and cash-ordering procedures across multiple geographic markets.
  - Lower risk and improve security through armored carrier use.
Polling Question

- Most of my organization’s deposits are made:
  a. Using an armored car service
  b. By an employee taking the deposit to the bank while the bank is open
  c. By an employee taking the deposit to the bank’s night drop after hours
  d. Using a variety of delivery methods
What businesses will get the most benefit?

- **Characteristics:**
  - Cash heavy
  - Multiple locations
  - Multiple banking relationships

- **Examples:**
  - Convenience Store Chains
  - Fast Food Franchises
  - Restaurants
  - Drug Store Chains
  - Gas Stations
  - Grocery Stores
  - Automotive dealerships
  - Buy Here / Pay Here retailers
What features should you look for in a provider?

- Bank Provider should offer:
  - Assistance in obtaining and coordinating armored car service
  - Relationship and experience with TPP
  - Market coverage
  - Reporting and ordering capabilities
  - Account consolidation capabilities
  - Ability to accept checks digitally in a virtual environment
  - Competitive availability schedules for checks deposited
  - Tamper-evident bags
What features should you look for in a provider?

- Armored Courier should offer:
  - Continuous surveillance cameras
  - Security in the vaults themselves
  - Background checks & fingerprinting employees
  - Random pick-up & delivery times
  - Unmarked buildings
  - Counterfeit detection
  - Liability insurance
  - Geographic coverage
  - Guarantees on timely delivery and crediting of deposits
  - Length of contract
Polling Question

- My business takes deposits to the bank _____ times per week
  a. Once
  b. Each business day
  c. Each business day and Saturday
  d. More than once per day
  e. Other
## Case Study

No trip to bank to make a deposit

**Assumptions:**
- 2 Employees go to the bank together
- 1 Manager $15/hour
- 1 Associate $10/hour
- 5 Deposits made/week
- 252 Working Days/Year

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel to and from bank</td>
<td>20 minutes</td>
<td>$8.33</td>
</tr>
<tr>
<td>Time at bank</td>
<td>25 minutes</td>
<td>$10.42</td>
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<tr>
<td>Fuel Expense</td>
<td>$0.585 @ 10 miles</td>
<td>$5.85</td>
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<tr>
<td><strong>Total/Day</strong></td>
<td></td>
<td><strong>$24.60</strong></td>
</tr>
<tr>
<td><strong>Total/Year</strong></td>
<td></td>
<td><strong>$6,199.20</strong></td>
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</tbody>
</table>

**Typical Courier Service:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total/Day</strong></td>
<td><strong>$22.00</strong></td>
</tr>
<tr>
<td><strong>Total/Year</strong></td>
<td><strong>$5,544.00</strong></td>
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<tr>
<td><strong>Savings/Year</strong></td>
<td><strong>$655.20</strong></td>
</tr>
<tr>
<td><strong>10 Stores</strong></td>
<td><strong>$6,552.00</strong></td>
</tr>
</tbody>
</table>
### Case Study

<table>
<thead>
<tr>
<th>Assumptions:</th>
<th>10 Different Banks</th>
<th>11 Total Accounts</th>
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</thead>
<tbody>
<tr>
<td><strong>Activity</strong></td>
<td><strong>Frequency</strong></td>
<td><strong>Cost/Month</strong></td>
</tr>
<tr>
<td>Maintenance Fee</td>
<td>$10.00</td>
<td>$110.00</td>
</tr>
<tr>
<td>Zero Balance Fee</td>
<td>$40.00</td>
<td>$400.00</td>
</tr>
<tr>
<td>Employee Expense</td>
<td>4 Hours/Week @ $15/hour</td>
<td>$260.00</td>
</tr>
<tr>
<td>Idle Funds</td>
<td>$500.00 Average Minimum</td>
<td>$8.33</td>
</tr>
<tr>
<td><strong>Total/Month</strong></td>
<td></td>
<td><strong>$778.33</strong></td>
</tr>
<tr>
<td><strong>Total/Year</strong></td>
<td></td>
<td><strong>$9,340.00</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Assumptions:</th>
<th>1 Bank</th>
<th>2 Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity</strong></td>
<td><strong>Frequency</strong></td>
<td><strong>Cost/Month</strong></td>
</tr>
<tr>
<td>Maintenance Fee</td>
<td>$10.00</td>
<td>$20.00</td>
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<tr>
<td>Zero Balance Fee</td>
<td>$40.00</td>
<td>$40.00</td>
</tr>
<tr>
<td>Employee Expense</td>
<td>1 Hours/Week @ $15/hour</td>
<td>$65.00</td>
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<tr>
<td>Idle Funds</td>
<td>$500.00 Average Minimum</td>
<td>$0.83</td>
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<td><strong>Total/Month</strong></td>
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<td><strong>$125.83</strong></td>
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<tr>
<td><strong>Total/Year</strong></td>
<td></td>
<td><strong>$1,510.00</strong></td>
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<tr>
<td><strong>Savings/Year</strong></td>
<td></td>
<td><strong>$7,830.00</strong></td>
</tr>
</tbody>
</table>
Case Study

- Annual Courier Savings $6,552.00 + Annual Bank Savings $7,830.00
- Additional “Soft Savings”
  - Liability insurance
  - Additional overhead
  - Credit costs (overdrafts, uncollected funds, lost opportunity)
  - Increased productivity
  - Peace of mind
Coming Soon... In-Store Safes

- In-Store Safes
  - New service for Commercial Vault Clients
  - What they are
  - How they work

- Features
  - Benefits
  - Issues
Coming Soon... In-Store Safes

- What they are: A Closed-Loop Process
  - Money goes into the safe
  - No one touches the money except armored car company
  - Armored car company controls the chain of custody
  - Dual-control access for content removal: store management and armored car driver
  - Armored car company provides a limited guarantee of the cash deposit in the cassette
Coming Soon… In-Store Safes

- **Credit Opportunities –**

**Day 1**
- Company processes daily work until business day end

**Day 2**
- After business day ends safe transmits business-day totals to vendor

**Day 3**
- Deposit activity may be viewed via bank’s online banking portal

**Day 3/4**
- Physical cash picked up from safe at company’s locations by vendor.

**Day 4/5**
- Physical cash is verified by vendor and placed into the bank’s inventory at the vendor’s facility

Vendor transmits business day results to bank

File provided to customer for reconciliation

Bank posts the deposit to company’s account.
Coming Soon... In-Store Safes

- **Costs**
  - Safe hardware $5,000 - $15,000 +
  - Maintenance fees (bill readers)
  - Up-front deposit processing fees
  - Credit and reconcilement fees

- **Benefits**
  - Reduced store-level cash handling costs
  - Less time for bank deposit preparation & transportation
  - Reduced drawer transfers and periodic drops
  - No more tracking safe envelope drops
  - Reduced investigation of internal losses or thefts
  - Increased time for store managers to focus on customer service
Coming Soon... In-Store Safes

- First Movers are out there
- Contract Commitments
- Vendors and deciding who to use
Commercial Vault Services

Contact Information
Please call 1-800-810-5625 to be connected to a BB&T Payments Consultant in your area.

Or, visit our website at bbt.com/bbt/business/products/onsitedeposit/default.html.

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