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## Bank One Takes Sharp Pencil To Its Check-Processing Sites

◆ By STEVEN MARJANOVIC

Bank One Corp., one of the nation's largest check processors, said it will excise more than \$30 million of operating costs from its check-related expenses this year.

The Chicago banking company, which processes 25 million items a day in 14 states, is using methods developed by a joint venture of Global Concepts Inc. and Meta Software Inc. The effort is part of an attempt to squeeze as much as possible out of the merger between Bank One and First Chicago NBD Corp.

"We are under pressure to improve overall performance," said Earl Jennings, senior vice president of national item processing at Bank One. "Check processing and check clearing services are major pieces of a bank" and "key contributors to a bank's profitability."

Soon after the merger, the two companies closed seven of their check processing sites, reducing the total to 23 facilities employing 6,000 people.

Mr. Jennings, a 26-year veteran of Chase Manhattan Corp. who joined Bank One last June, asked Meta Software and Global Concepts Inc. to work together to improve the company's check processing efficiency. Cambridge, Mass.-based Meta develops workflow simulation models; Atlanta-based Global Concepts does consulting on check processing and other payment vehicles.

Through a check processing program dubbed Able, the consultants simulated check processing workflow at two of the old First Chicago sites. Simple procedural changes, such

as adding employees at critical points in the process, improved operational efficiency.

Employees in the receiving area, for example, could be dispatched to help colleagues in the cash-letter group, especially during shift changes, which tended to create bottlenecks in that area. By cross-training employees of both groups, workflow was streamlined, reducing expenses by 10% to 20%.

"There is no silver bullet here," said Steve Ledford, senior vice president at Global Concepts. "Technology gets you to a certain level of performance, but technology alone, best prac-

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***The Chicago company expects to save expenses this year totaling more than \$30 million.***

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tices alone, and modeling on its own do not get you there."

The consulting work at Bank One was all the more challenging because the bank was efficient from the start. "Bank One had taken the slack out of the rope already, creating a higher bar," Mr. Ledford said. "I think it drew out more creativity in the way you look at technology initiatives."

Bank One plans to extend the new workflow procedures to its other sites.

Bob Seltzer, president of Meta Software, said Able can help the largest 50 banks reduce their

check processing expenses by \$500 million a year. Such savings become "an annuity," which over time enables banks to invest in newer forms of payments systems technology, Mr. Seltzer said.

"That \$500 million number over time becomes a very significant fund over the years."

Banks face a tricky balancing act, he said. "Banks have a legacy they have to overcome in terms of their cumulative investment in conventional check processing," Mr. Seltzer said. "The key is to be able to enhance the value of their franchise now, but somehow be able to reinvest in the new technologies to survive."

Bank One is also attacking the problem of attracting and retaining employees in a tight labor market, Mr. Jennings said. Unemployment rates in the areas where the bank has check processing facilities are as low as 2%, creating hiring difficulties, he said.

The bank has created Bank One Academy, a training program that attracts prospects from high schools and welfare-to-work programs. Since June, 150 people have completed training at Bank One Academy and are now working for the company. By the end of 2000, Mr. Jennings expects to have hired 750 people. Within two years, the bank expects to relocate some of its 23 check processing facilities to areas in the nation where unemployment rates are above average.

"We have been very successful in our urban markets in having a good stream of qualified staff that are willing and eager to help us with our challenges," Mr. Jennings said. ◇

For more information about The Able Process, please write or call:



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