



BSG

BANKING SERVICES NEWSLETTER

October 2002

Keeping You Up-to-Date on Banking Developments Throughout the UC System

We bring you this newsletter to share news, ideas, successes, and lessons learned in the Banking Services area.

Our Mission

1. Provide oversight, expertise, and leadership system-wide with respect to banking and related services used in the administration of UC funds. Recommend policies and services that promote "best practices" for all UC organizations.
2. Support clients (campuses, labs, other UC departments) in their needs and in support of their goals by maintaining high levels of customer focus, by being responsive, and being effective in matching organizational needs with appropriate service providers.
3. Manage banking and related vendor relationships to ensure optimal pricing, consistently high levels of service, and state-of-the-art services.
4. Fulfill the duties of the President, as described in the Standing Orders of the Regents, with respect to:
 - Vendor selection for banking, credit card, and related services;
 - Bank account administration and control;
 - Bank system oversight;
 - Contract negotiation and execution for services used in the administration of UC funds.



We've moved!

The Banking Services Group has moved to the Office of the President. We are now located on the 9th floor of the Franklin Building in Downtown Oakland. We can be reached at:

University of California
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Banking Services Group
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Our website has also been updated to include more information on UC banking services and systems. Please visit us at our new website:

<http://www.ucop.edu/finmgt/banking/>



Questions, comments, suggestions are welcomed and much appreciated.

Please do not hesitate to contact us!

What's new...?

A New Face

We are very pleased to announce the addition of Charissa Ha to the Banking Services Group. As some of you may know, Jennifer Lipscomb recently accepted a position with the Berkeley campus. We will certainly miss Jennifer but feel very fortunate to have Charissa as a new member of the team.

Charissa has acquired over eight years of experience in the financial services industry. Much of that experience was gained at Home Savings of America while working toward her Bachelor's degree in Managerial Economics at UC Davis (Go Aggies!!). In addition to a very solid retail banking background, Charissa has even had a taste of the "dot com" experience during a recent stint with a local start-up company. We're confident that Charissa will prove to be a valuable asset to our group, as well as a helpful resource for the campuses and labs.

New Bank of America Team

Bank of America recently announced the assignment of a new sales management team for the University of California relationship. Antony Chisholm is a Senior Vice President in the Global Treasury Sales office located in Los Angeles. Antony has assumed primary management responsibility for the University's banking and cash management needs, a role formerly fulfilled by Janet Reinstra. In addition to sales and product management, Antony also serves as a key escalation point for those relationship issues that require special attention from the bank. Assisting Antony in Global Treasury Sales will be Julia Young, Assistant Vice President. Julia is based in San Francisco.

No changes are planned in the bank's Global Client Services division, and we can count on the continued services of Terry Peach for the foreseeable future. Terry will continue to be our primary Bank of America contact on most service-related inquiries.

Global Payments Advisors, Inc.

The Office of the President has recently contracted with Global Payments Advisors, Inc. (GPA), to perform a comprehensive review of the University of California's banking systems and activities. GPA has done similar reviews for banks and other corporations, and has provided consultative services to the San Francisco campus and Medical Center over the last few years.

GPA recently began with a review of internal UC policies that relate to banking activities, which will lead into a deeper review of all banking documentation and procedures under the direct purview of UCOP. The project will also include the review of banking practices at all of the campuses, medical centers, and Department of Energy laboratories. Dave Kurrasch, President of GPA, recently met with the campus controllers and provided a briefing of the project's goals and objectives. Campus and laboratory visits are under way. We will be providing periodic updates as the project evolves. Stay tuned...

UCOP Using Wells Fargo Bank

Commercial Electronic OfficeSM Business Portal

(CEO) for Wires...ACH Next

After reviewing several web-based wire initiation systems and a detailed technical review by IT Audit, UCOP and Treasury Operations have implemented Wells Fargo's CEO system. By all accounts, the new system is great. Based on this experience, preparations are now being made to convert to the CEO ACH system.

BSG will be reviewing this and other web-based wire initiation systems to determine the best one for our overall needs. Input from campuses will be solicited throughout the review.



ePayments

Electronic Check Conference

The 2002 Electronic Check Conference was held in San Diego on September 23-24. This annual conference is hosted by NACHA, the Electronic Payments Association. In recent years, NACHA has introduced a number of different ACH (Automated Clearing House) payment types used in the collection of funds. The University of California has used the ACH system for disbursing payments for many years, but is just now looking into using it as a collection method (as an alternative to cash, checks or credit cards). As we try to do more and more through the Internet, and as we look for ways to avoid the costly expense of credit card acceptance, electronic checks will likely emerge as an important option to consider. Here is a brief description of the ACH transaction types available for incoming payments:

- RCK, re-presented Check Entry – Can be used for checks that have been returned NSF.
- WEB, ACH entries authorized over the Internet – Can be used for single entry or recurring transactions.
- POP, Point of Purchase conversion of a check - ACH transactions initiated at the point of sale whereby the customer's check is used as a source document for the ACH transaction.
- ARC, Accounts Receivable Conversion - Conversion of checks received via mail or drop box for Accounts Receivable payments. Checks are converted to ACH transactions.
- TEL, Telephone initiated and authorized ACH transactions – ACH transactions initiated over the telephone based on customer's check information

For more information on these different ACH types, contact Stephanie Dang.

UCSD to Receive Paperless Checks for Student Fees

UC San Diego has selected Affiliated Computer Services, Inc. (formerly AFSA Data Corporation) to assist them with developing functionality to accept electronic checks for student fees. "We are totally automated in relation to delivering the student's bill on the Web," said Mark Cooper, UCSD Bursar. "The natural next step was to develop functionality to enable the payment of the bill on the Web," Cooper continued.

UCSD projects that this new functionality, to be completed in early 2003, will be used to process between 17-20% of the payments within two years.

SurePay for Payees Who Reside Outside of the United States

Mellon Bank, the ACH initiation bank for our SurePay disbursements, offers another similar service that might be of interest to campuses. This service, called Mellon's International Direct Deposit service, can send Automated Clearing House (ACH) payments to a number of foreign countries including Canada, France, Germany, and Spain. Much like the domestic ACH system, this International Direct Deposit service enables faster payments compared to drafts or checks, and is much less expensive than wire transfers.

For more information, please contact Jerry Frantz.

Credit Card Services

Merchant



Internet Payment Gateway Update

In February 2002, BSG selected two Internet Payment Gateway vendors as preferred providers of this service. The vendors, Authorize.net and Cybersource, were selected from 11 proposals submitted for the system-wide RFP. All campuses were invited to participate in the process. To date, six campuses and UCOP have benefited from the system-wide agreements. UCLA recently purchased software and consulting services from Cybersource under the system-wide master agreement. The vendors selected have different strengths and target markets, so to help campuses decide which vendor best meets its needs, BSG developed the "Internet Payment Gateway Guidelines for Payment Processing Model and Vendor Selection." While current volumes through either vendor are not substantial, we anticipate UC's volumes will dramatically increase as more and more campuses utilize these attractive agreements.

Protection for Consumer Credit Card Numbers

Ever notice the XXXXX's on all but the last five or so digits on the receipts you receive when you use your credit card? This is called account number truncation, and it is intended to eliminate the risk of someone obtaining your credit card number from a copy of your receipt. This protection is afforded in California due to California Civil Code Section 1747.9. Section 1747.9 states that receipt printing equipment placed into service after 1/1/2001 cannot print more than the last five digits of the credit card account number, or the card expiration date, on any receipt. Equipment placed in service prior to 1/1/2001 must comply with these requirements by 1/1/2004.

If you need more information or wish to have your printer reprogrammed to comply, please contact your campus Credit Card Coordinator.

Purchasing & Disbursements

Los Alamos National Lab (LANL) Gets With the Program

This year, Los Alamos National Lab has decided to participate in the UC Banking Services Procurement Card Program. In evaluating the functionality of Bank One, they found our provider to be "World Class." They also appreciate the fact that the program leverages the size of the UC system.

LANL implemented the ProCard Program using a "big bang" strategy, with Bank One issuing new cards to all existing procurement cardholders. Bob Holder, the implementation lead at LANL, said, "Bank One has that rare combination of terrific service together with very powerful web-based reporting functionality. I couldn't be more pleased with how smoothly the implementation went."

With the addition of LANL, all UC campuses and DOE Labs are now participating in the ProCard Program.

Unique Use of a Stored Value Card

Lawrence Livermore National Laboratory (LLNL) had a dilemma. They have a recurring need for numerous foreign Visas, and the issuing country only accepts cash or US Postal Service Money Orders. As a result, Lab staff were making cash advances from credit cards to obtain the visas. Not only was this a costly way to do business, it also exposed employees to theft risk.

A cross functional team comprised of individuals from LLNL Procurement and Accounting, together with Banking Services and Bank of America, came up with a solution. By using a Bank of America stored value card, LLNL staff are able to purchase money orders from the Post Office to acquire the Visas. The solution saves money (from cash advance fees) and eliminates theft risk and exposure. Let us know if you have a similar need in your organization.

Information Reporting

Bank Relationship Manager (BRM)

How much are you spending each month on bank service charges? How much are you spending on a particular bank service such as manual stop payments?

We will soon be providing you with a means to more efficiently answer these and other questions relating to your monthly bank charges. The Banking Services Group has been working to implement Bank Relationship Manager (BRM), a bank analysis system developed by the Weiland Financial Group. With account analysis data collected through this software, BSG will be able to provide enhanced reporting that can be used to monitor and reduce expenses. With reporting based on such technology as Online Analytical Processing (OLAP), we will have the ability to view, analyze, and report on various aspects of your monthly bank service charge expenditures.

We are very excited about these reporting capabilities and hope to introduce these to you in the near future.

Bank of America Reporting Options

Many campuses have been inquiring about various reporting options for our Bank of America accounts. Here is a recap of the most commonly used reports. Due to space limitations, these descriptions are very brief. Contact BSG for details and pricing.

Previous Day Balance and Detail Reporting (PDR)

- Available via BAMTRAC and through the internet-based BA Direct
- Shows opening, closing and average balances from prior business days
- Shows float figures for deposits
- Shows detail information on certain types of debits and credits, such as Deposits, Lockbox Credits, Bank Card Deposits, Incoming and Outgoing Wires, and ZBA Transfers
- Detail information is available for seven rolling calendar days
- Balance information is available for 60 rolling calendar days
- Information can be exported into Excel

using a comma delimited format

Current Day Balance and Detail Reporting

- Available via BAMTRAC and through the internet-based BA Direct
- Contains all the features stated for Previous Day Reporting, however, balance information is as of the most recent update during the current day
- For detail information, more transaction types are available compared to PDR, such as ACH Debits and Credits, Lockbox Adjustments, ACH Returns, and Adjustments
- Detail information is available for seven rolling calendar days
- Information can be exported into Excel using a comma delimited format

ACH Detail Activity Reporting

- A current day report that shows detail and addenda information for ACH credits received
- For CTX transactions, approximately 15 fields, up to 60 characters each, of addenda information are included
- Information is available for the current and previous seven calendar days

Reports and Analysis

- Reports ACH detail and addenda information in a user-friendly format
- For CTX transactions, includes all addenda information received
- Information is also available via Fax, which is called the EDITH report
- Also available for information on ACH returns

Online Bank Statements

- Provides the monthly statement information via the Web
- Information is available one business day after the statement cut-off date
- Information can be downloaded into Excel via a text file (RTF) only
- Can access the last six statements online
- There is currently no fee for this service, although many banks charge if you continue to receive paper statements. BofA will probably follow suit with this pricing structure in the future.