



New law, new market

Brookfield company takes advantage of Check 21

BY BRADLEY WOOTEN, of SBT

A law passed by Congress two years ago drastically changed banking. The Check 21, or Check 21, enables a substitute check, or Image Replacement Document, to be considered the legal equivalent of the original check.

A side effect of the Check 21 Act was it created a digitized banking market.

iStream Imaging Inc., a subsidiary of Brookfield-based iTeam Companies, tapped into that market by developing a Remote Deposit Capture (RDC) product that creates images of checks by simply using a scanner and the iStream application. In one click of a button, images of as many as 65 checks are created and with a second click those checks are deposited into the desired bank account.

iStream's unique implementation of the RDC technology empowers community banks to compete with larger banks, which already have RDC technology in place. Many larger banks are skirting business from community banks, according to the Wisconsin Bankers Association, which endorses and resells the iStream RDC technology to community banks through its subsidiary Financial Institution Products Corporation.

iStream does business with Kenney, Ill.-based Kenney Bank and Trust, which also is a subsidiary of iTeam Companies Inc. This relationship allows iStream to be connected to the national payment networks and exchanges.

"This is nice for both businesses and banks as money is received faster on all fronts," said Cheryl McCollum, a WBA spokeswoman.

"Community banks face a potentially great loss if they are unable to deploy an RDC product to their commercial customers," McCollum said.

Green Bay-based Nicolet National Bank, which has \$450 million in assets, began offering iStream RDC early last year. The bank's executives say consumer response has been very positive.

"I strongly endorse iStream's product. The technology is fully developed with a sound cost structure. It made our entrance into remote deposit capture very easy," said

Eric Siudzinski, assistant vice president and commercial banker of Nicolet National Bank.

Neenah-based Miron Construction switched from Bank One to Nicolet National Bank last March. Last November, Siudzinski had Miron up and running with iStream's RDC.

"It's nice because now I don't have to run to the bank anymore," said Bob Eiting, controller at Miron Construction. "I can work until 7 p.m., run the checks through, print out a report and I have credit on my statement the next morning. RDC expedited that quite a bit and that's key in our industry."

Kenosha-based Southport Bank chief executive officer and president Karl Ostby implemented iStream's RDC earlier this month.

"It saves time and allows us to bank with customers who are further away from our branches," Ostby said. "Former geographic limitations on banking are eliminated."

The \$400 million bank has five locations and a mortgage company.

"Any product that helps bring deposits into the bank is important to me," Ostby said. "I believe if you have a company's deposits, you end up being their primary bank and you can do a lot more for them."

Ostby said he's been following RDC technology for about one year, closely watching larger bank utilization of the technology.

"There's a defensive element in our implementation of the product," Ostby said, "especially when larger banks come into our market and offer RDC."

The RDC technology is especially useful for professional firms like law offices, dentists, contractors and architects, Ostby said.

RDC has an upfront cost of a specialized scanner for the check deposit process. Depending on the speed of the scanner, that cost is between \$1,000 and \$2,000.

The way that Southport Bank utilizes RDC includes a per item pricing fee, similar to merchant credit card purchasing, the cost of the scanner to connect with the bank and a monthly processing fee.

"As a small bank, delivering high quality service is key, but keeping up with the technology the larger banks bring to the market is important," Ostby said.

There are other products similar in nature to iStream's RDC technology. But

iStream's RDC can be accompanied by a sales force if a bank is interested in this service.

"In order for banks to focus on what they do best, distributors can sell RDC on the bank's behalf," said iStream president Fred Joachim. "After selling RDC to a business, iStream can support the system installation and training to a business. iStream gives community banks immediate access to a remote deposit solution without the banks having to invest a lot of money, time or bank resources."

Community banks are able to re-

iTeam Companies

LOCATION: 13555 Bishops Court, Suite 102, Brookfield

EMPLOYEES: 32

ESTABLISHED: 2003

brand iStream's RDC and iStream will customize the technology.

"We really look at ourselves as a trusted business partner in the banking industry," Joachim said.

iTeam Companies offers banking solutions

After retiring as chief executive officer from Universal Savings Bank, Kenneth Biel found that the community and family-like relationships he shared with his employees were not something he could easily walk away from.

From 1993 to 2001, Biel had built one of the most profitable small banks in the country.

"Through the process, we grew a business that ultimately had to be sold because it became too large," Biel said. "It crushed me and everyone else at the company. When word came down that we were going to effectively be sold, it was a trying time."

Biel retired in 2001 but returned to the workforce two years later.

"I came to the realization that since we were all young enough and we wanted to work together that we were in a position to build something of value in the community," Biel said.

Biel and his close associates built iTeam Companies, a bank holding company.

"If we were going to be back in any type of business that was going to provide a value to the community, we had to have a small bank," Biel said.

iTeam companies acquired the former Bank of Kenney in Kenney, Ill., in 2005. The bank was

renamed Kenney Bank and Trust.

"Many times bankers are uncomfortable taking risks. So we process checks on their behalf (through Kenney)," Biel said.

A partnership with the Wisconsin Bankers Association makes this processing possible.

"Why not be friends with the WBA and build relationships where we can help other banks?" he said.

The bank acquisition allows iTeam's subsidiary, iStream, to settle transactions with any bank.

iStream streamlines the check deposit process through Remote Deposit Capture. Utilizing a scanner, checks are converted from paper to an image. After an online deposit is completed, it is sent to the bank for deposit without the business physically traveling to the bank.

The iStream RDC technology has become especially relevant to smaller, community banks. Because larger banks have the time and resources to implement the RDC technology, many smaller banks are losing business to the larger banks for lack of a feasible solution, according to the Wisconsin Bankers Association.

Biel's strategic set up of iTeam, iStream, and Kenney Bank and Trust allows community banks to offer the RDC technology to its end users, which are local businesses.

— Bradley Wooten