

Federal Reserve Bank of Minneapolis



90 Hennepin Avenue, P.O. Box 291
Minneapolis, Minnesota 55480-0291

Phone: 612 204-5440
Fax: 612 204-5430
E-mail: jim.lyon@mpls.frb.org

JAMES M. LYON
FIRST VICE PRESIDENT

February 6, 2003

Dear Chief Executive Officer:

As you may be aware, consumers and businesses are increasingly demonstrating their preference for more efficient electronic payments as substitutes for paper checks—a trend the Federal Reserve has actively promoted. In response to this shift in payment preferences, we are implementing a series of operational changes designed to enhance our ability to continue providing efficient, high-quality payment services to our customers nationwide.

Today we are announcing changes that will streamline our check management structure; eliminate processing in some locations and increase capacity in others; reduce staff and improve productivity. The enclosed table provides information about how the Federal Reserve will restructure our check processing operations to 32 locations and check adjustment operations to 12 locations nationwide. Although a detailed schedule is not yet available, we expect to begin making these changes later this year and to conclude implementations by the end of 2004.

These changes will provide greater flexibility to manage check operations in an environment of declining volumes and will allocate processing functions more efficiently. The changes are also consistent with previous efficiency-improving initiatives in areas such as FedACH and Fedwire operations. We believe these decisions will position us to remain a cost-effective provider of check services to depository institutions nationwide over the long term.

While checks will be processed and adjustments carried out at different locations in some areas of the country, I want to assure you that the Reserve Banks are not exiting any market. Most important, we are working to maintain deposit times and availability as close as possible to current levels for depository institutions. In addition, new check imaging and check adjustments technology will enable us to maintain existing high-quality services and provide new services as well.

We look forward to sharing more details in the near future and to discussing these changes with you. In the meantime, if you have any questions, please call your account representative at 612-204-6933, or contact me personally at 612-204-5440. Information will be posted on our Web site as it becomes available, at www.frbsecurities.org.

Sincerely,

James M. Lyon
First Vice President
Federal Reserve Bank of Minneapolis

Enclosure: Check Processing and Check Adjustment Restructuring

Attachment
Federal Reserve Banks
Check Processing and Check Adjustment Restructuring

Office Locations	Move Check Processing to	Move Check Adjustments to
District One (Boston)		
Boston, Mass., main office	-----	Windsor Locks, Conn.
Windsor Locks, Conn., check processing site ³	-----	-----
District Two (New York)		
New York, N.Y., (ops. in E. Rutherford, N.J.) ¹	-----	-----
Utica, N.Y., check processing site ³	-----	-----
District Three (Philadelphia)		
Philadelphia, Pa., main office ³	-----	-----
District Four (Cleveland)		
Cleveland, Ohio, main office ³	-----	-----
Cincinnati, Ohio, branch	-----	Cleveland, Ohio
Columbus, Ohio, check processing site ¹	-----	-----
Pittsburgh, Pa., branch	Cleveland, Ohio	Cleveland, Ohio
District Five (Richmond)		
Richmond, Va., main office	Baltimore, Md.	Charlotte, N.C.
Baltimore, Md., branch	-----	Charlotte, N.C.
Charleston, W.Va., check processing site ²	Cincinnati, Ohio	Cleveland, Ohio
Charlotte, N.C., branch ³	-----	-----
Columbia, S.C., check processing site ²	Charlotte, N.C.	Charlotte, N.C.
District Six (Atlanta)		
Atlanta, Ga., main office	-----	Jacksonville, Fla.
Birmingham, Ala., branch	-----	Jacksonville, Fla.
Jacksonville, Fla., branch ³	-----	-----
Miami, Fla., branch	Jacksonville, Fla.	Jacksonville, Fla.
Nashville, Tenn., branch	-----	Jacksonville, Fla.
New Orleans, La., branch	-----	Jacksonville, Fla.
District Seven (Chicago)		
Chicago, Ill., main office (ops. at Midway)	-----	Detroit, Mich.
Des Moines, Iowa, check processing site	-----	Detroit, Mich.
Detroit, Mich., branch ³	-----	-----
Indianapolis, Ind., check processing site ²	Cincinnati, Ohio	Cleveland, Ohio
Milwaukee, Wis., check processing site ²	Chicago, Ill.	Detroit, Mich.
Peoria, Ill., check processing site ²	Chicago, Ill.	Detroit, Mich.
District Eight (St. Louis)		
St. Louis, Mo., main office ³	-----	-----
Little Rock, Ark., branch	Memphis, Tenn.	St. Louis, Mo.
Louisville, Ky., branch	Cincinnati, Ohio	Cleveland, Ohio
Memphis, Tenn., branch	-----	St. Louis, Mo.
District Nine (Minneapolis)		
Minneapolis, Minn., main office ³	-----	-----
Helena, Mont., branch	-----	Minneapolis, Minn.

District Ten (Kansas City)

Kansas City, Mo., main office ³	-----	-----
Denver, Colo., branch	-----	Kansas City, Mo.
Oklahoma City, Okla., branch	-----	Kansas City, Mo.
Omaha, Neb., branch	Des Moines, Iowa	Detroit, Mich.

District Eleven (Dallas)

Dallas, Texas, main office	-----	Houston, Texas
El Paso, Texas, branch	Dallas, Texas	Houston, Texas
Houston, Texas, branch ³	-----	-----
San Antonio, Texas, branch	Dallas, Texas	Houston, Texas

District Twelve (San Francisco)

San Francisco, Calif., main office	-----	Portland, Ore.
Los Angeles, Calif., branch	-----	Portland, Ore.
Portland, Ore., branch ³	-----	-----
Salt Lake City, Utah, branch	-----	Portland, Ore.
Seattle, Wash., branch	-----	Portland, Ore.

¹ The check adjustment function at the Federal Reserve Bank of New York's East Rutherford, N.J., payments processing office was previously moved to the Utica, N.Y., office. The check adjustment function at the Federal Reserve Bank of Cleveland's Columbus, Ohio, office was previously moved to the Cincinnati, Ohio, office. Cincinnati's check adjustment function will now move to the Cleveland, Ohio, office.

² Site will close.

³ Indicates no change in the processing site or the adjustment site.