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Columbia company is banking on scanners

Check-clearing machines increase speed, security

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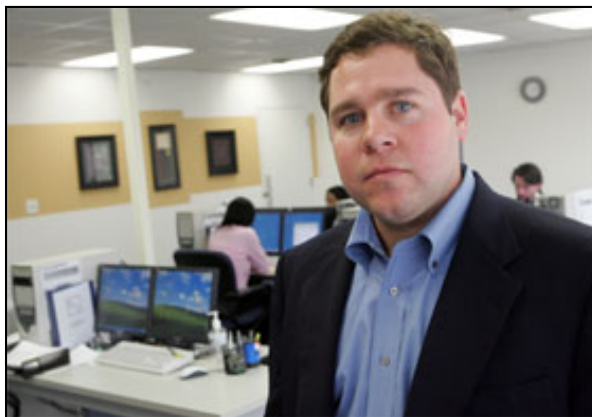
By Mike Santa Rita

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Scott Swidersky wants your checks cleared sooner.

And thanks to federal legislation passed in 2004, he'll soon be able to make that happen.

The owner of Quality Associates Inc., a Columbia-based document management company, has reached a deal with Eastman Kodak Co. to install Kodak's Check Imaging Solutions technology in businesses and banks in Howard County and throughout the mid-Atlantic region.



Scott Swidersky is the owner of Quality Associates Inc., which recently reached a deal to install new Kodak check-scanning machines in banks and companies in the mid-Atlantic region.

The check scanners, which are slightly smaller than the average toaster, have the capability of scanning 45 to 100 checks a minute and then sending the images to the bank of origin for funds to be transferred immediately, said George Santos, business development executive for Kodak's Graphic Communications Group.

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For businesses and consumers, it means "getting money faster, safer and more accurately," Santos said.

It also means being able to tell quickly if your check has been cashed and also if it has been hijacked, Swidersky said.

"If I can process checks more quickly, I can also know of things like fraud immediately," he said.

Faster check processing

John Scaldara, president and chief operating officer of Columbia Bank, said his company plans to move all 25 of its branches into an electronic check cashing system by the end of May using a system from Canon.

"We're quite a ways down the road already," Scaldara said. "Ultimately, the end game is to move all of this paper electronically," he added.

In addition to banks processing checks faster, the chief benefit on the consumer level comes to businesses who install their equipment in their offices, Scaldara said.

"From our commercial customer's standpoint, they don't have to travel to a branch. They can transmit (checks)," he said.

Embracing virtual technology

John Straub, vice president of information technology for the Lafayette Federal Credit Union in Kensington, Md., said he is interested in Swidersky installing the scanners, which cost between \$1,695 and \$2,500 each, into his five branches. It will eliminate the need to have checks from each branch sent to a central location for processing, he said.

"We're interested in eliminating having a courier run to all of our branches every day and pick up our checks," he said.

Faster check processing technology like the Kodak technology is the result of "Check 21" legislation that passed Congress in 2004, said Mary Pilecki, an analyst with Forrester Research Inc., a technology and marketing research firm in Cambridge, Mass.

That legislation allowed banks to cash an image of a check instead of the actual check itself. Since the legislation passed, banks "don't need that original check. The legislation made this image proof of payment," she said.

"Since 2005, banks have begun investing heavily in technology which allows checks to be deposited virtually," Pilecki said.

Check 21 helps efficiency

Swidersky received his first batch of scanners April 10 and is pursuing clients in Howard County, as well as throughout the mid-Atlantic region, he said. None has yet signed.

Not only banks but companies that cash a large number of checks are targeted as potential customers. These include utility companies, wholesalers, automotive dealers and check servicing companies, Santos said.

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In addition to the image of the check, the scanner scans each check's bar code to track it, enabling the business using the technology to create a database tracking each check that it deposits, Swidersky said.

Pilecki said she anticipates most banks will use similar technology within three years.

Straub said he wants his bank to get on board even sooner.

"We're fairly determined to move to Check 21 within a year. We're not there yet," he said.

"Slowly, Check 21 is going to make these people who use checks just as efficient as people who use debit cards," he added.

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