Despite Strong Demand, RDC Success Remains Elusive Among Financial Institutions

By Jeffrey C. Mack
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Everything we read these days within the financial services industry is geared toward remote applications. Whether it’s remote deposit capture (RDC), mobile deposit or mobile banking, every report shows a desire to make the customer’s banking experience easier and faster. But despite growing demand for these solutions, many financial institutions have yet to deliver the right products and services to satisfy their customers.

Cachet Financial Solutions recently completed a four-month study of 150 financial institutions nationwide. Nearly 50% of our survey respondents reported that they have yet to offer any RDC solution to either their business or retail customers. And for those already offering RDC, two-thirds of them reported that less than 5% of their business customers are currently using RDC. Similarly, a November 2010 Celent study showed that financial institutions had only 15% client adoption of RDC services.

Clearly, there’s a disconnect between what the public wants and what is being offered. Usually, when demand is this great providers rush in to fill the void – the basic principles of supply and demand take over. Yet, for some reason, that’s not happening yet with RDC or mobile deposit.

Industry experts point to changing regulations and a challenging economic environment as possible reasons for low utilization. Security and fraud concerns are also mentioned. But I suspect other factors have hindered adoption rates, including a lack of aggressive marketing, training and enthusiasm within financial institutions. From our vantage point, financial institutions really haven’t promoted RDC’s true value to their customers – saving time and money.

So while it’s evident that RDC Version 1.0 wasn’t the smash hit financial institutions were expecting, it’s not too late. Providing technology solutions in a highly regulated environment is not easy. Financial institutions have to be mindful of the numerous security and compliance issues when they provide these solutions. Nonetheless, more than 75% of our survey respondents reported that they are offering RDC or will offer RDC in some form within the next 12 months.

The good news is that the technology and risk-management solutions available today are far more sophisticated and secure than what was offered even two years ago.

To all the financial institutions that swung and missed at their first RDC at-bat, our message to them is simple: It’s not too late to get it right but time is of the essence. If you’re not satisfying your customers’ demands, you can be sure your competitors will.

About the Author

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