

Table 4

Check 2003 Budget vs. 2003 Estimate (millions of dollars)			
	BUDGET	ESTIMATE	VARIANCE
Operating revenue	772.4	745.5	-26.9
NICB	8.6	-1.0	-9.6
Total revenue	781.0	744.5	-36.5
Check restructuring	0.0	32.6	32.6
Check modernization	100.5	106.9	6.4
Other operating costs	665.5	666.1	0.6
Pension credits	-41.0	8.8	49.8
Other imputed costs	29.7	-8.6	-38.3
Total cost	754.7	805.8	51.1
Net Income	26.3	-61.2	-87.6
Target ROE	89.4	89.4	
Recovery rate	92.5%	83.2%	

The volume of checks handled by the Reserve Banks has declined (as shown in table 5), reflecting the broader market trend in which the use of checks continues to decline. Forward-collection check product volume through August,

excluding electronic fine sort volume, declined 4.8 percent.⁹ For the full year 2003, the Reserve Banks estimate that forward-collection volume will decline 4.8 percent, compared with a budgeted decline of 1.9 percent. Return check

volume has increased 0.4 percent through August 2003. The Reserve Banks, however, anticipate that return check volume will decline 0.2 percent for the full year, compared with a budgeted decline of 3.3 percent.

Table 5

Paper Check Product Volume Changes (percent)			
	BUDGETED 2003 CHANGE	YEAR-TO-DATE CHANGE THROUGH AUGUST 2003	ESTIMATED 2003 CHANGE
Total forward-collection ^a	-1.9	-4.8	-4.8
Forward-processed	-2.3	-4.4	-4.3
Fine-sort ^a	4.0	-15.8	-12.0
Returns	-3.3	1.0	-0.2

^a These rates exclude electronic fine-sort volume. Including the electronic fine-sort product, fine-sort volume growth was budgeted to increase 5.1 percent in 2003 and is now estimated to increase 3.8 percent.

Electronic check presentment volumes are projected to decline for full-year 2003, as summarized in table 6. Reserve Banks provide paying banks with electronic check data or images for

approximately 40 percent of the checks they collect. Image volumes are projected to increase 8.8 percent to approximately 1.5 billion check images, which represent about 9.8 percent of all

checks collected by the Reserve Banks. While the total number of images increased, the increase was below the budgeted growth rate of 14.9 percent.

⁹ Two Reserve Banks offer an electronic fine-sort product, which allows depository institutions to

exchange fine-sort information electronically between themselves with paper checks to follow.