

## Community Visions

After an arduous year, Gulf Coast bankers resolutely rebuild for the future

**Guy Williams**  
of Gulf Coast Bank & Trust

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## Calling Community Bankers

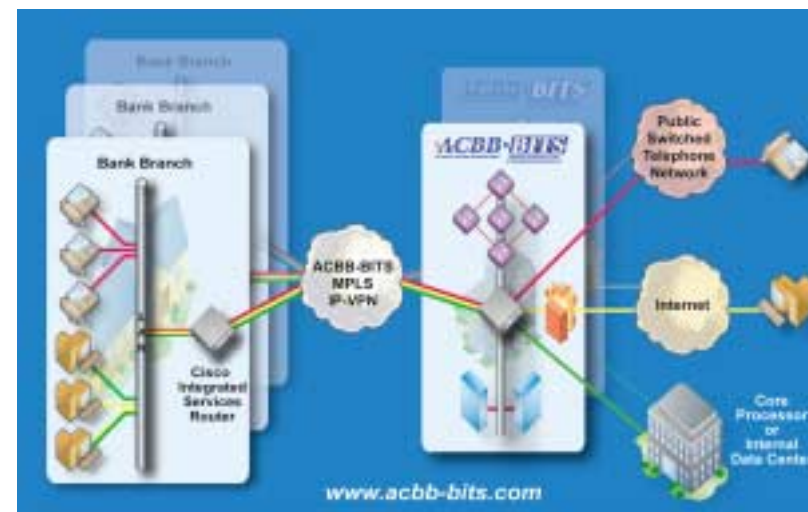
Bank cooperative offers VoIP telephone and Internet service

By Julie Monahan

These days, even phone lines have to multitask. Not only must they handle calls between individuals but also electronic data using Voiceover Internet Protocol (VoIP) technology, which sends data and phone calls over high-speed online connections. However, the task of replacing what telecom specialists call “plain-old telephone systems” can be daunting for community banks. That prompted the Atlantic Central Bankers Bank in Camp Hill, Pa., to create a subsidiary to deliver VoIP to community banks. The bankers bank

for local and long distance telephone calls instead of the varying per-call rates under a more traditional phone service provider. The system treats phones throughout the bank’s geographic spread as an extension, eliminating the need for an employee at one office to dial an outside number to reach a colleague working somewhere else.

Community banks switching to VoIP can cut their phone bills 5 percent to 20 percent, while making back their investment in new phones, servers and routers in three to five years, says



**Data Stream**—Above diagram illustrates the flow of data and voice services over a converged network of hardware and IP phones to and from bank branches.

serves Pennsylvania, New York, New Jersey, Maryland and Delaware.

Atlantic Central’s new subsidiary, called Banking Infrastructure and Technology Services (BITS), provides the networking services capable of carrying voice, video, image and data communications over a single line. With a BITS “converged” VoIP network, customers pay a flat monthly fee

Atlantic Central CEO Chuck Daniels. However, converting to the BITS network for a bank with three to five locations ranges between \$40,000 and \$50,000 in hardware costs, which includes phones and routers.

Berkshire Bank, an \$81 million-asset bank in Wyomissing, Pa., cut \$2,000 in monthly courier expenses by transferring check images digitally over its

VoIP network. Richard Gromis, president of Berkshire Bank, says he anticipates a smoother transition to Check 21 because of the increased bandwidth gained through VoIP.

Meanwhile, Fleetwood Bank, a \$160 million-asset bank in Fleet-

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—Chuck Daniels, Atlantic Central

wood, Pa., looks forward to using VoIP to run its security camera surveillance so monitoring can take place anywhere, says Chairman and CEO Ron Frey. The bank also plans to use the system for videoconferencing and remotely located retail kiosks. Disaster recovery rounds out the benefits of VoIP. Instead of phone traffic running to and from a single main office hub, each branch with its own router and servers provides redundancy that preserves access to the network should any other location fail.

“None of the major banks have anything better,” says Frey, who is also an Atlantic Central board member and a strong supporter of creating the BITS subsidiary. Fleetwood Bank expects to convert to VoIP this summer after months running the system parallel to its existing phone system.

VoIP systems prioritize bandwidth traffic so voice always gets priority, and less time sensitive

communication, such as a file transfer can be delayed a few seconds. Bandwidth can also be tailored to the telephony needs of each branch, expanding or shrinking depending on volume.

And VoIP provides the technical ability to push voice calls to cell phones, voice mail and even e-mail in the form of a sound file. Users can even designate which calls to automatically route to which destination. “This increases worker efficiency and hopefully adds up to better customer service,” says William A. Stofega, a research manager at IDC, a market intelligence company in Framingham, Mass.

VoIP still sounds new enough to raise concerns about reliability. The most common questions involve maintaining voice quality equivalent to conventional phone systems, access to the emergency 911 network and vulnerability to hackers. But some industry observers say providers have addressed those problems. “Over the past two to three years, the technology has become more robust,” Stofega maintains.

Despite its growing use, VoIP may still feel to many community banks like an emerging technology. That’s just one more reason for Berkshire Bank’s interest in making the leap. “As part of a co-op, we had a responsibility to help other community banks compete with larger financial institutions,” Gromis says. “Somebody had to be the pioneer.”

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