

Cheque company wrestles business away from banks

Calgary Herald
Friday, August 10, 2001
Page: E5
Section: Business
Byline: Gina Teel
Source: Calgary Herald
Idnumber: 200108100020
Edition: Final
Story Type: Business
Length: 807 words
Keywords: BANKS; CONSUMERS; ALBERTA; SMALL BUSINESS
Company: CHEQUE PRINT SOLUTIONS
Illustration Type: Black & White Photo
Illustration: Photo: Lorraine Hjalte, Calgary Herald / John Kittell of Cheque Print Solutions uses desktop computer systems to produce cheques for businesses. Many customers, he says, always assumed they had to buy their cheques from their bank.

Business owners with suitable disdain for fee-happy banks have found an ally in John Kittell.

Kittell, president of Calgary-based Cheque Print Solutions, is using technology to take the big banks on in the business cheque production ring -- and he's winning.

The privately-held company of three made record profits last year and produced more than 500,000 cheques for clients, 70 per cent of whom admitted taking immense pleasure in wrestling at least some kernel of control away from the banks, Kittell said.

"The majority of my clients say, 'anything I can pull away from the banks I will,'" he said. "It has a lot to do with the banks reporting record profits while our service charges keep going up.

"There's a lot of animosity when it comes to that, and also people just simply can't get what they want from the banks in terms of cheques. It's like trying to fit a square peg into a round hole."

Kittell's success goes well beyond renegades with anti-establishment sentiments, however.

Small and medium-sized business -- companies with 50 to 60 employees and too small to justify the economics of direct deposit payroll -- are his bread and butter.

He also services people who work full-time but have started a business on the side, a breed of entrepreneur in no short supply in Alberta.

Dan Kelly, president of the Canadian Federation of Independent Business, isn't surprised.

"Small and medium-sized businesses have very little sympathy for other financial solutions, particularly the big five chartered banks," he said. "Our members have expressed significant dissatisfaction with the service levels they receive from the banks. A small company can do a better job. A small business dealing with another small business understands the pressures and the workings of a small business better than the banks would."

But being faster and five- to 15 per cent cheaper --

depending on the bank -- has given Kittell a competitive edge, too -- enough for the National Bank of Canada to hand over its cheque-ordering business to Cheque Print Solutions.

"They liked the fact that their customers don't have to wait four weeks to get their cheques," Kittell said.

Advances in technology have made it possible for cheque printing businesses to compete with industry giants like Ontario's Davis + Henderson.

Cheque Print Solutions' cheque production is done on desktop computer systems using custom-designed software and high-end laser printing.

All Cheque Print cheques match the requirements of numerous cheque writing software programs used by businesses today and are tested to ensure they are properly encoded and meet current banking standards, Kittell said.

They are also imprinted with custom security features, such as warning bands and chemically reactive paper that changes colour when tampered with.

Kittell said about 15 per cent of his clients like the manual and laser cheques because they are made locally, while 10 to 15 per cent come because he's faster and cheaper than anyone else.

The rest simply didn't know they had a choice.

Indeed, Kittell said the biggest misconception consumers have about cheques is that they have to go through the bank to get them.

Banks and trust companies order their cheques from Davis + Henderson Intercheques and in turn, Davis + Henderson provides the banks with all their internal banking slips, Kittell said.

Local branches don't receive the fee, the bank itself does. The branch merely processes the order and debits the client's bank account for the cheque costs.

"People are generally surprised to learn that they don't have to order their cheques through the bank," he said. "They are even more surprised and wowed

when they find out they don't have to wait four weeks to get them."

Kittell said he can have cheques ready in as little as 24 hours, but the norm is three to four days. The company offers other business-friendly advantages, such as minimum print orders of 50. Company logos are added on for free.

Clients are invoiced after they receive their cheques, not the day they are ordered, as is the case with the banks.

"If they aren't happy with them, they don't pay," Kittell said.

Companies can place their order via fax, telephone or the Internet, where a form in PDF Acrobat can be downloaded and filled out.

Only one to two per cent of Cheque Print clients place their orders this way, however.

"Part of the problem is that a lot of people aren't comfortable giving out banking information over the Internet," he said.

Kittell added that while technology has changed the way cheques are made, allowing businesses like his to prosper, it hasn't brought about the demise of cheques as a method of payment.

"I have an Alberta business directory that lists about 120,000 businesses," he said. "Each business will, on average, order 500 cheques a year. And that's just in Alberta."