

# REMOTE DEPOSIT CAPTURE

A NEW DELIVERY SYSTEM

# What is Remote Deposit Capture

- It is a transaction delivery system
- It allows a financial institution to receive electronically captured check images and data
- It allows customers to deposit items electronically from remote locations
- It allows the truncation of the original paper checks

# What are the Benefits

- A secure internet connection provides a quick, safe way to deposit your checks
- It saves on transportation time and costs
- It is convenient
- It has more flexible processing deadlines
- It provides deposit reporting capabilities in multiple file formats
- Items can be deposited from out of town locations

# Type of Deposits Eligible

- Only items drawn on US financial institutions
  - Canadian items are not eligible even if they are presented in US funds
  - US Savings Bonds are not eligible
  - The scanned image must be clear and not distorted
  - Predefined dollar amounts may be established
  - Predefined volumes may be established
  - Be aware of fraud and counterfeit checks

# Factors to be Considered

- Which businesses are acceptable and which may be prohibited
- A risk assessment must be completed
  - Size of business
  - What is the potential volume of transactions
  - What is the potential dollar amount of transactions
  - Review credit risk
  - Are there legal risks
  - Review the security and integrity of data

# How to Minimize Risk

- Provide adequate training
- Maintain strong authentication of users to the system
- Written procedures must be implemented
- Maintain segregation of duties
- Contract identifies the roles and responsibilities of all parties
- Verification of receipt of file is provided
- Have clear expectations of check storage and retention

# What are the Customer's Risks

- Legal agreements must be signed between the bank and the customer
- Scanned items must be verified and balanced prior to transmitting the file
- Procedures must be implemented to prevent sending duplicate items
- Customers must securely store the scanned checks until the required retention period expires
- Customers must destroy checks per the required retention schedule

# Customer's Risks (cont.)

- Customer must maintain due diligence
- Customers must be trained
- Periodic risk assessments will be conducted
- Business continuity

# Financial Institution's Risks

- The responsibility for safe and sound operations of the program ultimately lie with the Board and senior management
- Contracts must identify the roles and responsibilities of all parties
- Procedures must be implemented to identify duplicate items
- Identify customer selection criteria
- Perform a risk analysis

# Financial Institution's Risks (cont)

- Conduct staff and customer training
- Provide written User Guide
- Business Continuity

# Customer Hardware Requirements

- Software is installed on customer's PC
- A digital check scanner
  - There are a variety of brands to choose from
  - Scanners vary in price and speed – the scanner should be matched with the customer's needs
  - Software maintenance contracts should be maintained with the vendor
- A secure internet connection
- Up-to-date Virus, Mal-ware, and Spy-ware protection

# Samples of Scanners

Digital Check Teller Scan

Canon

Panini

NCR

- Each brand has several different models
- Speed varies from single feed up to 180 docs per minute
- Price varies from as little as a few hundred dollars to well over \$3,000
- Functionality varies from the basic scan of the front and back to advanced CAR/LAR, automatic image adjustment and endorsement, etc



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