



## Payment Risk Presented by RDC can be Mitigated!

Remote Deposit Capture (RDC) provides a new way to gather deposits but also presents new payment risks to banks and aggregators accepting deposits. With RDC, deposit sources reach beyond the bank controlled check scanners all the way to fax machines, home and office scanners, and even cell phones with cameras.

ISO's (Independent Service Organizations) provide the latest expansion by offering RDC as a merchant service and extend it to customers with risk potential higher than typical corporate customers. Simply providing duplicate detection, MICR verification, and per-deposit limits are no longer adequate to protect banks, especially where customers submit deposits from multiple locations or through multiple sources.

***"Trust the depositor" should be the mantra.  
"Verify every deposit" should be the rule.***

The requirement for deposit scrutiny is identified in the January 2009 FFIEC Guidance document labeled "Risk Management of Remote Deposit Capture". To protect banks and bank customers, NPS is bringing the industry an innovative and automated way to analyze deposit risk. **RiskXP™** enforces deposit policies and internal risk policies that protect financial institutions and their small business customers that often receive payments by check.

Small businesses may be confused by payment and image exchange processes. Banks and aggregators, using **RiskXP™**, can insulate customers from the complications of enforcing risk policies on the capture side of the process. Banks can simply educate depositors on the protection of paper checks stored on their premises against fraudsters who may renegotiate the items at another bank. **RiskXP™** automatically applies business logic and analyzes every deposit based on the bank or aggregator's relationship with the depositor. This "trust but verify" process allows unprecedented visibility into a customer's deposit activity.

**RiskXP™** enables a bank or aggregator to set rules that monitor and enforce limits on the number of daily deposits submitted by a depositor, the size of a deposit or item, and the number of items (credit and/or debit) in a deposit. The system can aggregate dollars and item counts over any period of time, across any group of accounts, and can apply rules specific to a source submitting a file and still examine deposits in the file against account, customer, or bank specific rules.

Any risk mitigation process must be able to recognize special customer situations such as new customers. RiskXP provides the ability to build profiles containing rules specific to these relationships. Profiles, when enabled, can be automatically terminated after a predetermined time period. Additionally, **RiskXP™** initiates automated reminders so a bank reviews profiles and rules at regular intervals to address changing deposit patterns.

Having a dynamic solution like **RiskXP™** enables banks and aggregators to measure and determine how much risk to accept from the depositors. **RiskXP™** centralizes monitoring of IQA (Image Quality Assessment) and duplicate items detection and it even rebalances deposits, ensures MICR integrity, and delivers other information that drive cost and revenue opportunities from these additional services.

*With a wealth of experience and knowledge with clients across the United States, we can offer a full suite of solutions that transforms time-consuming, manual payment and deposit processes into streamlined automated workflows.*

*So whether you process 100's or 1,000's of transactions a day, NPS has the right solution for you.*

Remotely captured deposits, especially those submitted by third parties, introduce new exception and fraud conditions.

- From duplicate files
- From checks scanned more than once by the depositor
- From accidental or fraudulent reuse of checks or check information
- From accidental or fraudulent retrieval or submission of a files
- From various other fraudulent activities

Therefore, duplicate item verification across multiple deposit sources is essential to comprehensive risk assessment and mitigation. **RiskXP™** delivers the capability to verify payments from any source against all other payment sources, including POD, branch capture, image exchange, lockbox, ACH, etc.

**RiskXP™** allows banks to incorporate data feeds from DDA so that new accounts, closed accounts, inactive accounts, or seasonally inactive accounts so they can detect and review any flagged deposits or items in a pre-post DDA timeframe. Detecting and removing undesired activity from payment files before posting prevents banks and aggregators from spending money on item reversals, returns, and customer relationship issues. Essentially a bank can move many Day 2 fraud functions to Day 1 by using **RiskXP™** to isolate, delete, notify and efficiently handle suspicious payments hours in advance of any back-office handling.

The following list provides an outline of the business capabilities available in **RiskXP™**. Together they deliver a dynamic monitoring and processing solution essential to payment risk mitigation and the solution can be applied immediately to remote deposits when they are received.

## **RiskXP™ Overview**

- Mitigation rules applied at four levels and deployed individually or grouped into profiles
  - Enterprise (bank or aggregator)
  - Sources (file type, file source, partner source, etc.)
  - Customer
  - Account
- Workflow for processing exceptions
  - Quarantine of exception
  - Automated notification and alerts
  - Work queues
  - “Process/No-Process” decision support
- Monitoring can deliver operational, point-in-time, trend, and “what-if” reporting
- Rules and profiles address any and all of the following
  - Deposit velocity metrics
    - Frequency
    - Dollar value
    - Item value
  - Exception handling
    - Duplicate item, deposit, or file
    - IQA failure
    - New account review
    - Fraud suspect account review
    - Closed account review
    - Etc.
- Operational performance metrics – items quarantined relative to items declined
- Multiple X9 and payment file format processing
- Deployment as Pre-Post and/or Post-Post solution

**Making money move, automatically**



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