Positive Pay Fraud Protection Reference Guide

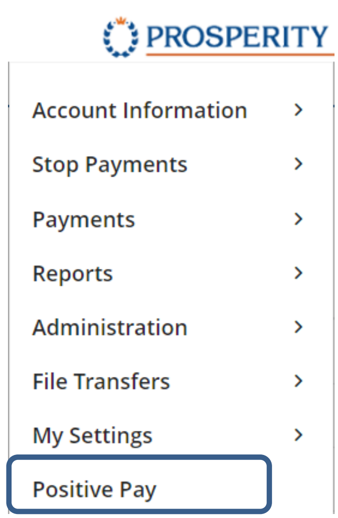
Positive Pay is an electronic fraud detection service that can be used with both check and ACH transactions. The system matches the check number and dollar amount of each check presented to the bank for payment against a list of checks previously issued and authorized by the company. ACH items are filtered through a list of approved vendors. Payee Match is an additional feature available for customers enrolled in Check Positive Pay. Payee Match electronically compares the payee name from the check image to the payee name that was in the issued check file uploaded into the system.

I. Getting Started

II. Login to Treasury Center

- **Secure Browser User**
  a. The Positive Pay icon is located on the Secured Apps Page. Click the following icon to begin.

- **Token User**
  a. Access the menu and select Positive Pay

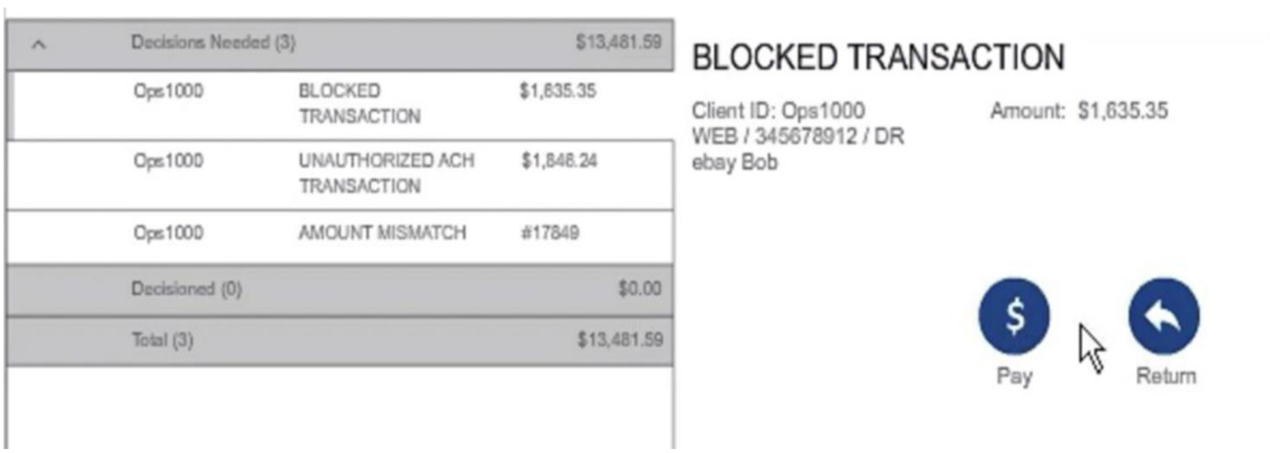


Member FDIC

III. Decision Exception Items

The Positive Pay Exception Decision Cutoff Time is 12 noon CST Monday – Friday.

1. Click the Quick Exception Processing link on the menu
2. Choose All Account IDs or specific accounts to view check and/or ACH exceptions



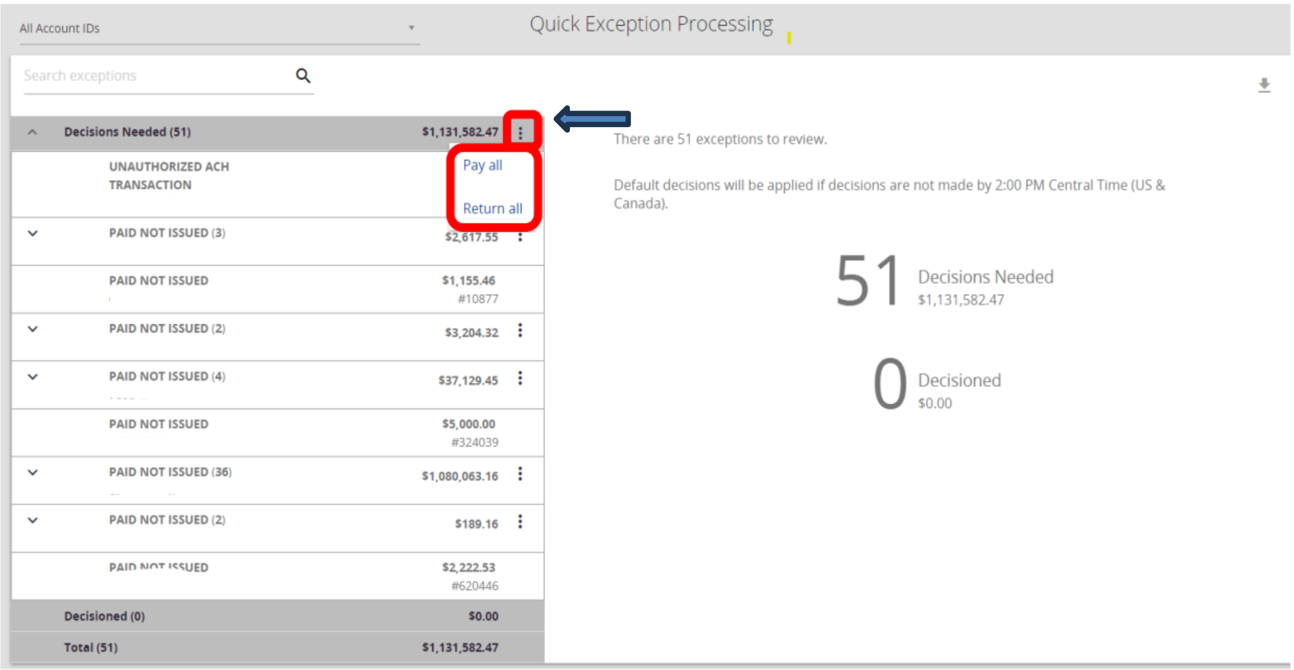
3. Click the **Pay** or **Return** decision button during review, making sure to save each exception
4. Select a reason for **Return** items
5. Items with a pay decision will display this symbol:
6. Items with a return decision will display this symb

- *Exception Items are displayed as "read only" after the daily cutoff time*
- ***Amount mismatch** – Select return with reason of encoding error*
- ***Check number correction** – Select pay with reason of encoding error*
- ***Payee Match***

IV. Pay All or Return All Exception Items Option

This feature allows users to quickly select **"Pay all" or "Return all"** for all undecisioned exceptions from the Quick Exception Processing page. Select the vertical ellipsis (vertical three dots) as shown below and the option to "Pay all" or "Return all" will display. Once Pay all or Return all is selected, the user will be prompted to select the reason for return or payment with the reason being applied to all.

A user is able to change individual exceptions for separate decisioning and reasons for return.

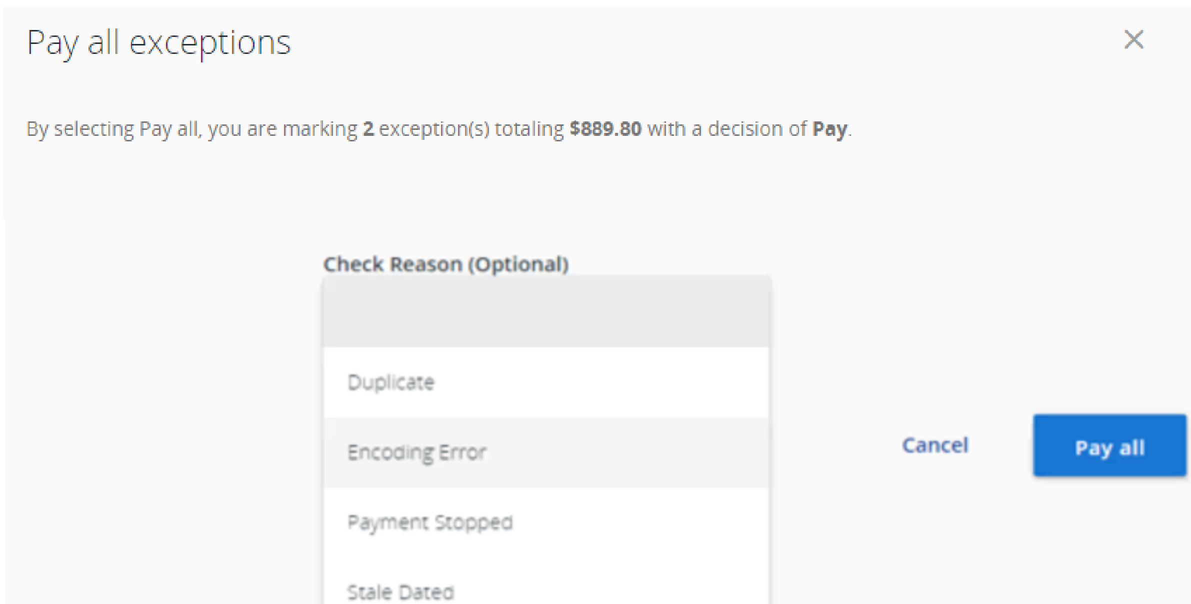


After a user has selected Pay All or Return All, the user may choose to decision a check separately as to change the reason code or handle the check differently from the "pay all" decision. The user will need to make this change prior to submitting their decisions to the bank.

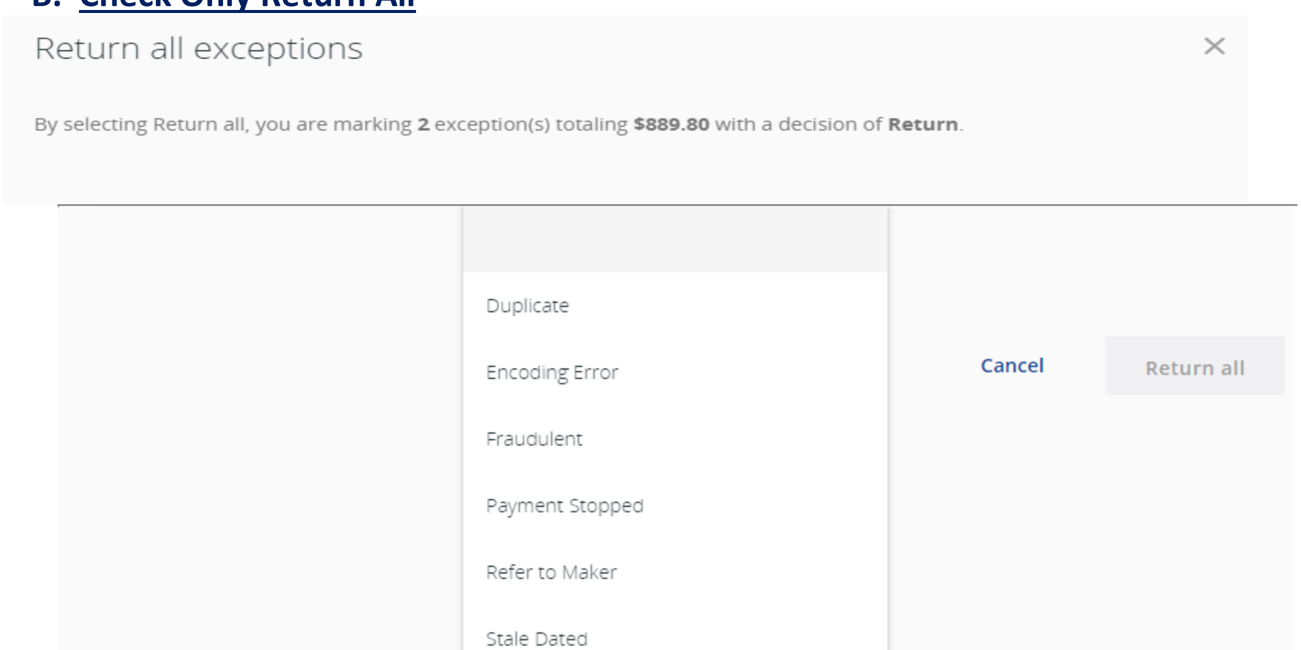
For illustrative purposes, the following screenshots will be shown for each type of Positive Pay service a customer may be enrolled in for example, Check Only or ACH only. If customer uses both Check and ACH Positive Pay, the system does not distinguish between the two systems so selection is all or nothing.

Please note: For all Positive Pay services, after a customer has selected Pay All or Return All, the user may choose to decision a check separately as to change the reason code or handle the check differently from the group marked together. The user would need to complete this prior to submitting their decisions to the bank.

A. Pay All/Return All Check only

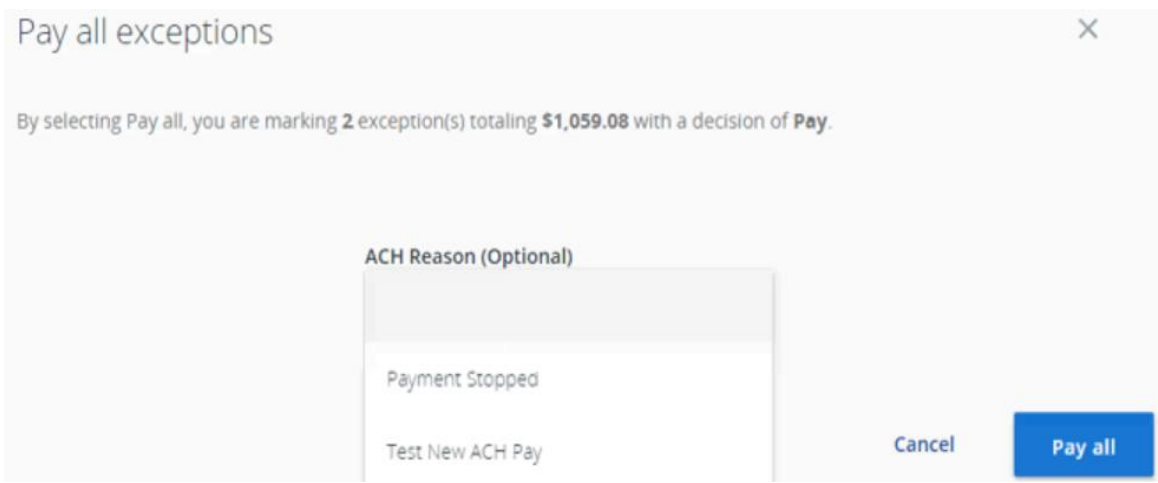


B. Check Only Return All

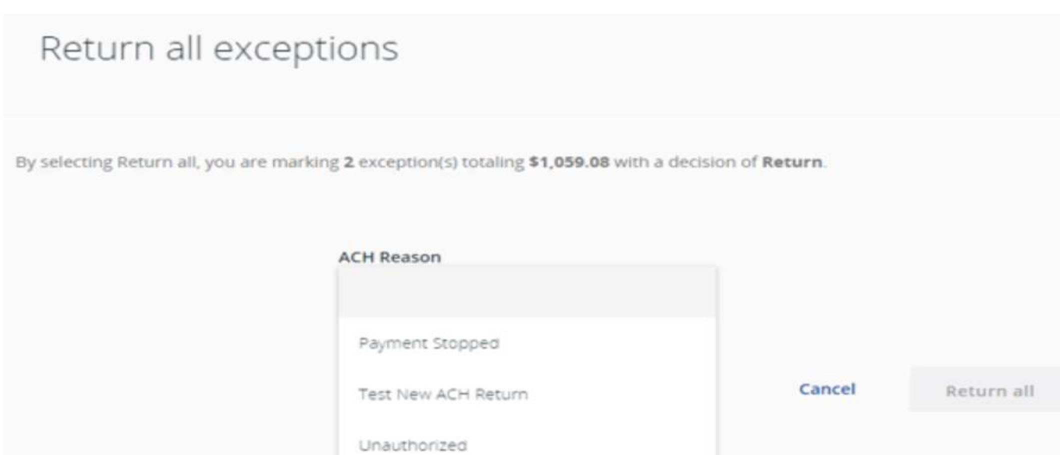


C. ACH Only Decisioning

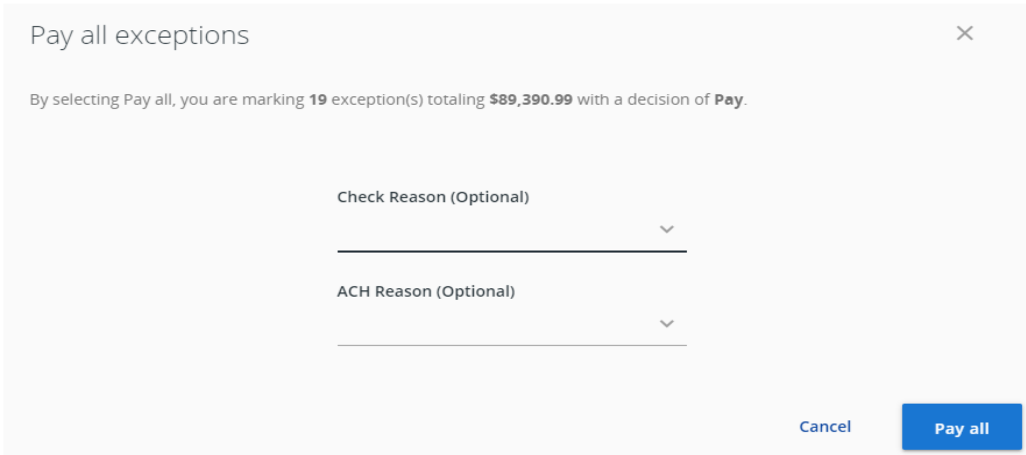
D. ACH Only Pay All Exceptions

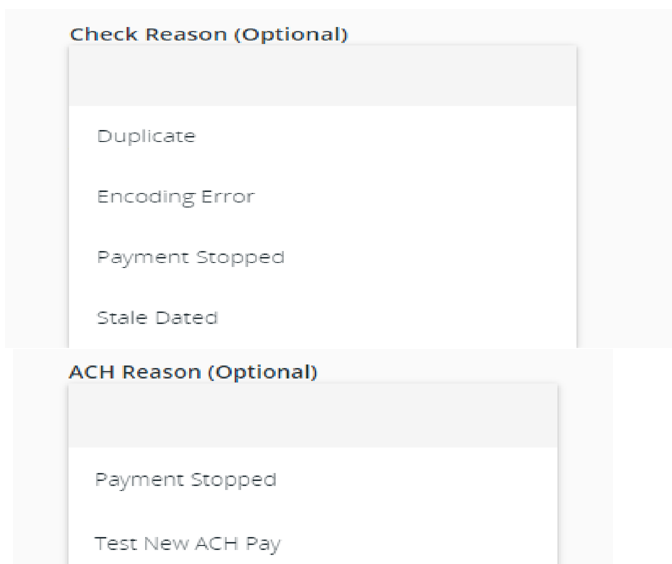


E. ACH Only Return All Exceptions

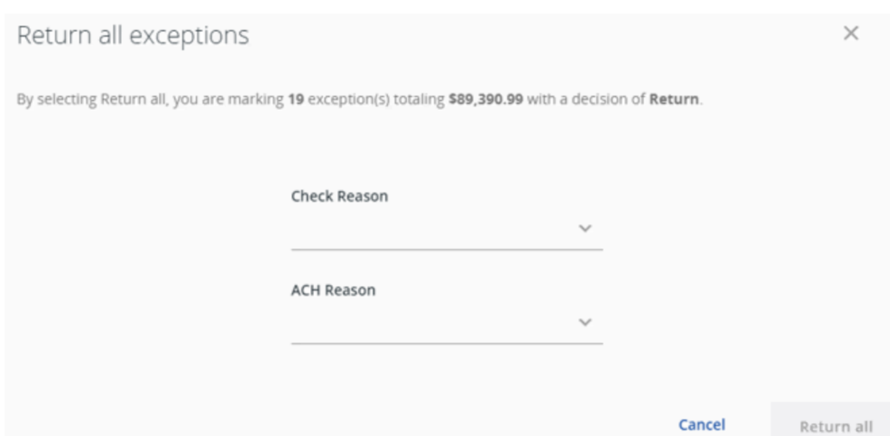


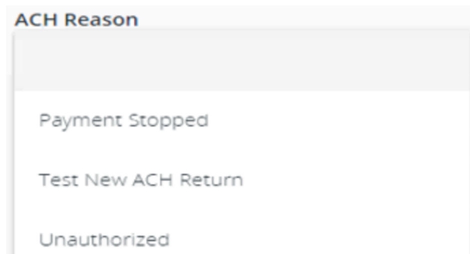
Check and ACH Pay All Exceptions





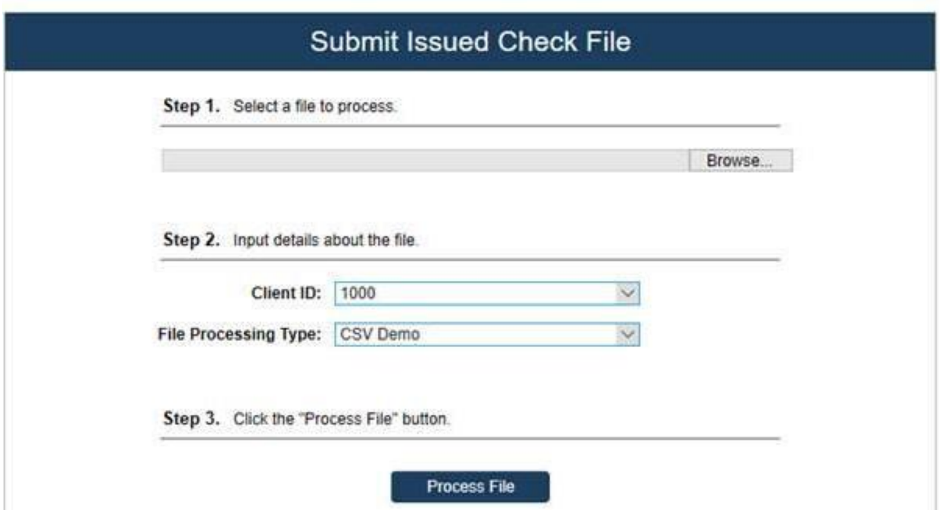
F. ACH & Check Return All Exceptions





V. Submit an Issued Check File

1. Click **Submit Issued Check File** in the Transaction Processing Menu
2. Click browse and select a file
3. Select the Account ID and File Processing Type
4. Click Process File
5. Processing results for the file upload will be displayed (See example below)
6. Issued check file status



File Name	Upload Date	Status	Items	Amount
Training File 1.xlsx	3/18/16 4:08:21 PM	Processed	110	$50,406.25

System Reports Issued Check File Processing Log:

1. Click **Issued Check File Processing Log** in the systems reports menu
2. Select the account ID
3. Choose the date range
4. Click Search to list all files uploaded into the system during the specified date range

Client	Account ID	File Mapping Format	Status	Items	Amount	Input Date	File Name
PROSPERITY BANK ...	12345	PROSPERITY TEST FILE	Processed	6	$68,042.58	07/28/2020 3:34 PM	Training_File_1.xlsx
PROSPERITY BANK ...	12345	PROSPERITY TEST FILE	Processed with Exceptions	16	$84,584.77	07/28/2020 3:35 PM	Training_File_3.xlsx
PROSPERITY BANK ...	12345	PROSPERITY TEST FILE	Rejected	6	$68,042.58	07/28/2020 3:35 PM	Training_File_2.xlsx

Status/Results Definitions:

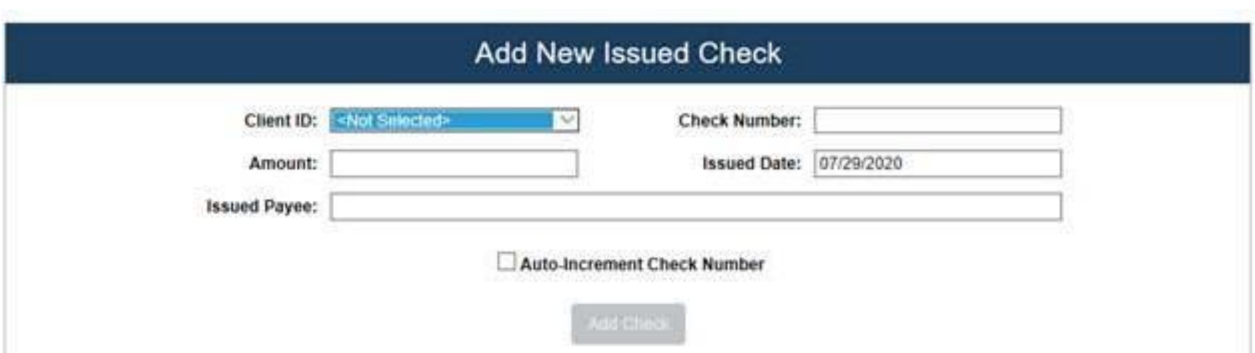
- Processed – File processed with no errors
- Processed with Exceptions – File has duplicate check numbers and only the duplicates were rejected or checks in the file have already posted to the account and were not included in the upload
- Rejected – File was completely rejected

*The status of each upload (Processed, Processed with Exceptions, Rejected) is an active link which can be clicked to display more results regarding what was successfully uploaded.

VI. Add a Manually Issued Check

Steps to manually add a check to the positive pay system

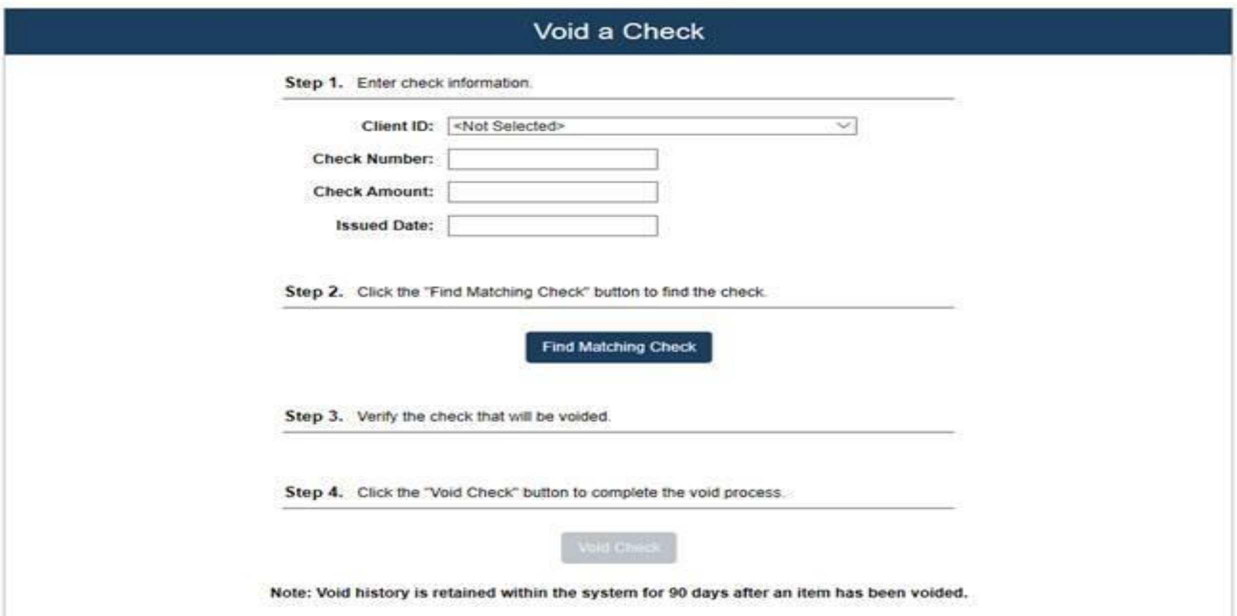
1. Click **Add New Issued Check** in the systems reports menu
2. Select the account ID
3. Enter check number, amount, and payee
4. Change the issue date to match the check
5. If adding multiple sequential checks, check the box for auto-increment check number
6. Click Add Check
7. A summary of the check added will appear below the Add New Issued Check box



	Account ID	Check Number	Amount	Issued Date	Payee
1	1234-TEST ONLY	123456	$100.00	03/29/2016	Prosperity Bank Employee
			Total: $100.00		

VII. Void a Check:

1. Click **Void a Check** in the Transaction Processing Menu
2. Select the account ID
3. Enter in the check information
   - The amount and date can be left blank to search by check number
   - Only checks that have been issued are able to be voided
4. Click Find Matching Check
5. Verify that the check to be voided is the check displayed
6. Click Void Check

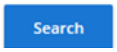


Please note:

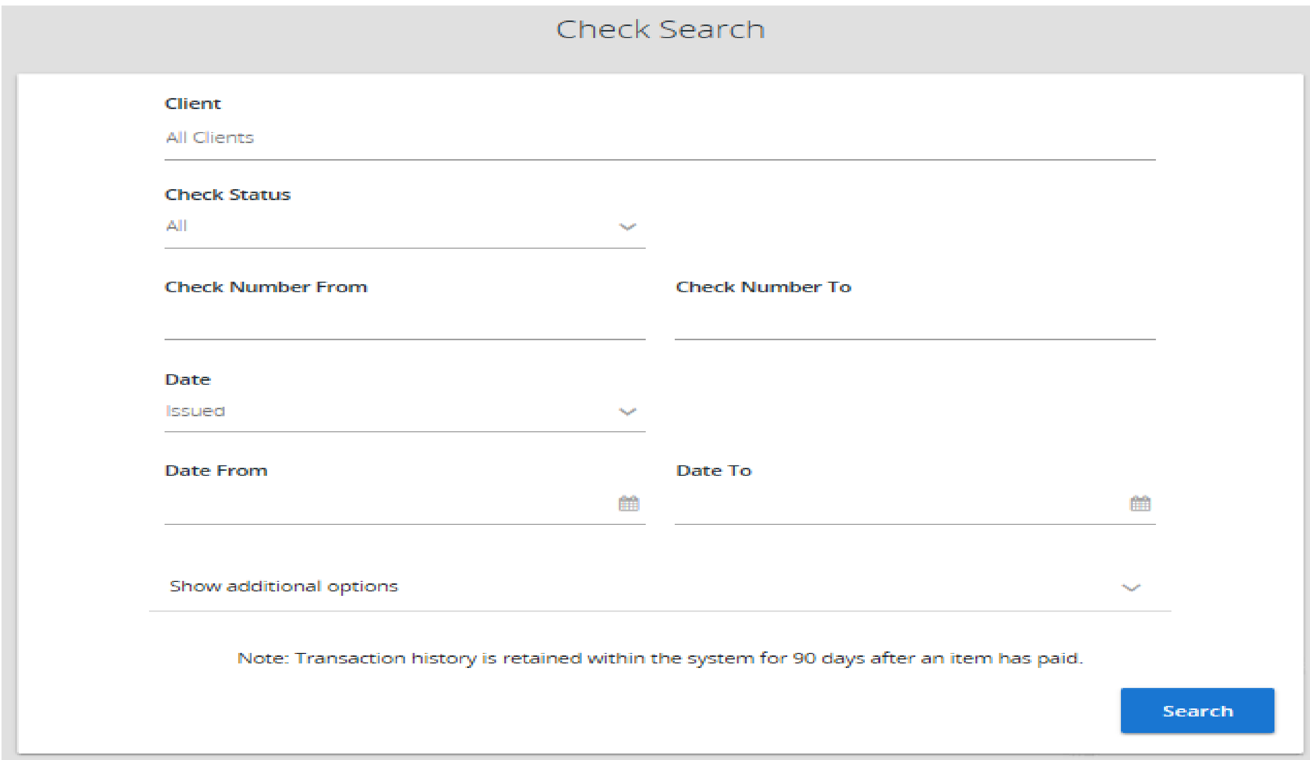
- Voiding a check will cause the check to become an exception in positive pay if it is paid.

- Stop payment requests **cannot** be done through positive pay. Please continue to do stop payments through Treasury Center or contact Treasury Management Support at 855-888-2242, treasurymanagement.support@prosperitybankusa.com

VIII. Conduct a Check Search

1. Click **Check Search** in the Transaction Processing Menu
2. Select the account ID(s)
3. Enter the desired search criteria (or leave fields blank to review all items)
4. Click the arrows to view and select options for the check search
5. Click 

6. The Status column will display the current status of each check
   *Issued, Paid, Exception, Void, Stop Payment



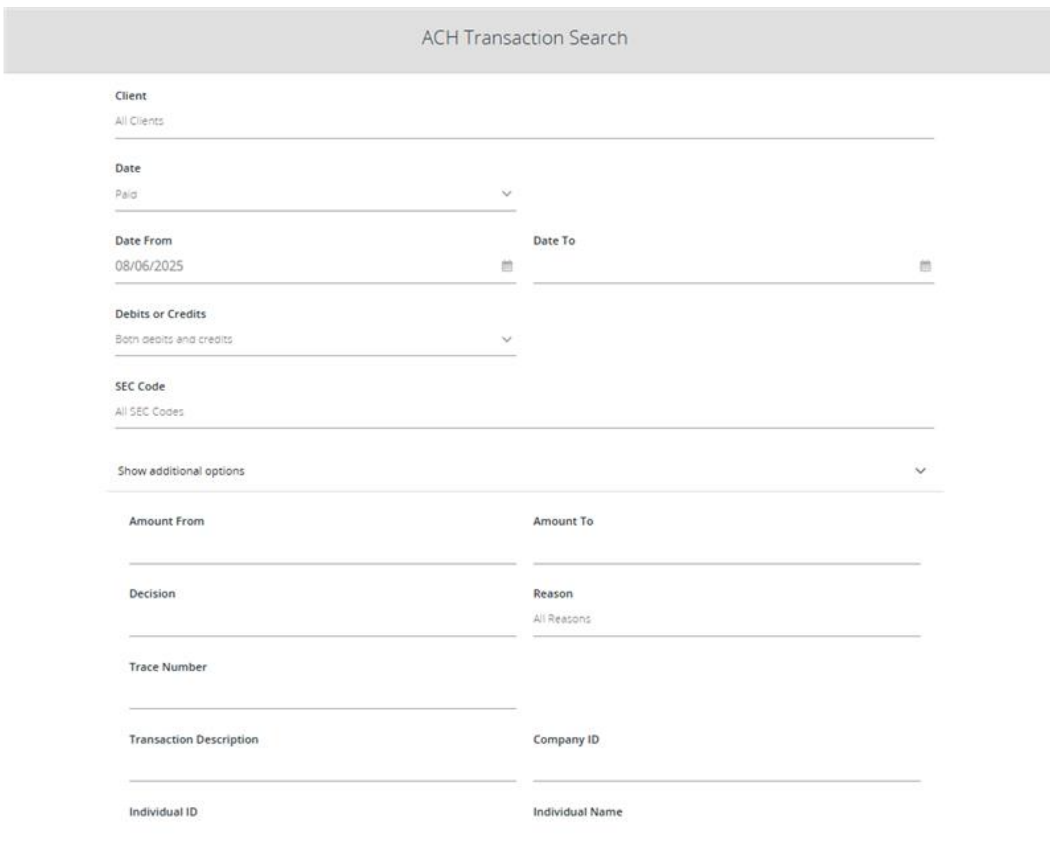
Transaction history by check type

- Paid Checks – 90 days from paid date
- Outstanding Issued Checks – Stored 7 years (unless voided or stopped)
- Voided Checks – 90 days from void date
- Stopped Payment – 90 days from stop payment date
- Deleted Checks – Immediately removed from history

IX. ACH Transaction Search

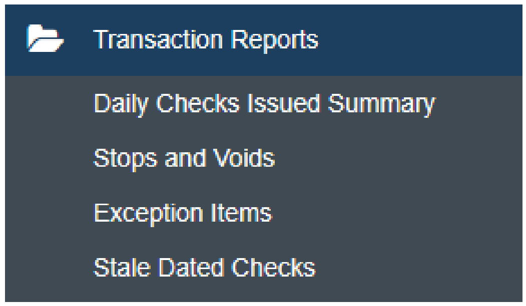
From the ACH Transaction search screen, you can conduct a search by selecting different critera. Additional fields availablle include the following:

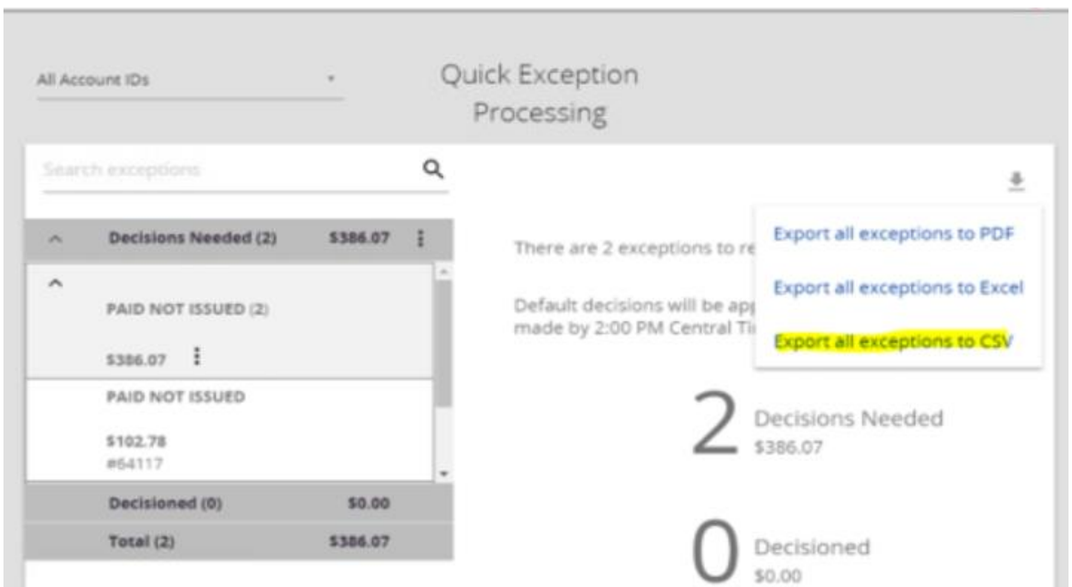
- Date – search for transactions by Paid, Effective, Input or reconciled dates
- Debits or Credits
- Decision – search for transactions by Pay or Return
- Reason – search by All Reasons or a specified individual reason
- Trace number
- Transaction description – search for transactions by a specified description



X. Create Transaction Reports

1. Click a report name in the Transaction Reports menu list to create the report
2. The reports are available to view, print, or export to Excel, PDF, and CSV formats
3. CSV format is also available for the Check and ACH Transaaction Searh Reports and Exception Items report.





The Check and ACH Transaction Search reports include the ability to export information with the full account number unmasked.

XI. Mobile Access for Positive Pay

View and make positive pay exception decisions using your smartphone. Access is easy and timely pay and return decisions can be made from anywhere. You can now use both desktop and mobile for decisioning exceptions.
The cut-off time for submitting exception decisions is 12 p.m. (noon) CST. This is the same as decisioning positive pay exceptions via desktop. The Company default you have chosen if no decisioning is made remains the same.

All Lead Administrators have access to entitle mobile banking to company users. It remains a company decision as to whether to allow users to access company information using smart phones or tablets.
The mobile functionality for Positive Pay is dependent upon whether the user is entitled for Check Positive Pay, ACH Positive Pay or both. A user's Positive Pay entitlements and access authority is the same as established for desktop. If a user is entitled for both Check Positive Pay and ACH Positive Pay, exception items for both services will be shown on mobile. A user entitiled for only one positive pay solution can make decisions via mobile for the single solution.

Positive Pay mobile access is established by the bank. To add this feature, please have your Company Lead Administrator contact your Treasury Sales Officer or Treasury Management Support at 855-888-2242 or email treasurymanagement.support@prosperitybankusa.com.

XII. User Access for Mobile Positive Pay

A. Users with current mobile access to Treasury Center

Identify existing Positive Pay users you want to have mobile access. This access will be setup by the bank.

B. Users currently not enabled for mobile access to Treasury Center

The Company Lead Administrator entitles the user for mobile access at the company level. Once enabled, the user can download the following App from the Apple or Google store.

Prosperity Business & Treasury
Prosperity Bank

The Lead Administrator will provide the Activation Key to the user as part of the mobile banking setup process. Once the user is setup for mobile banking, the Lead Administrator will contact the bank for the Positive Pay mobile setup.

C. New user for Positive Pay mobile access

Contact the bank for a new Positive Pay full user setup.

PLEASE NOTE: A user enabled for mobile access to Positive Pay will also have mobile access to all other Treasury Services the user is entitled to.

XIII. Positive Pay Mobile Functionality

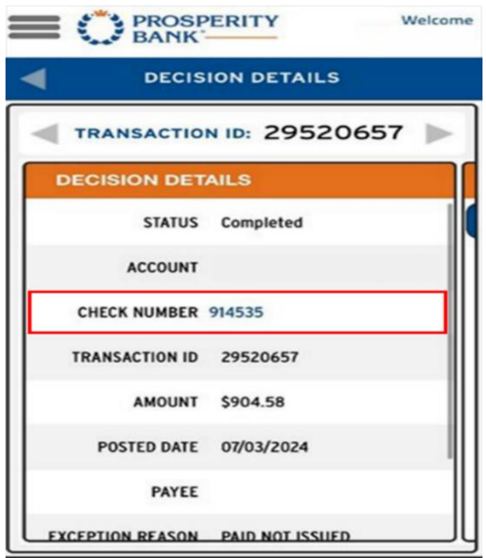
Once setup for Positive Pay mobile access, proceed by logging into the Treasury Center mobile banking app. Select the top left menu to open menu options within Treasury Center. The options are based upon a user's access to services within Treasury Center.

Select the Check Positive Pay menu option to access both Check and ACH Positive Pay decisions.

XIV. View Mobile Positive Pay Exceptions

Exception check images can be reviewed along with options to pay or return the items and a pay/return reason. You can conduct a search with options available to decision all accounts or specific accounts. Your company exception items will be available for those users currently enabled for your company to access mobile banking. Users with this access can make exception decisions either through mobile or desktop.

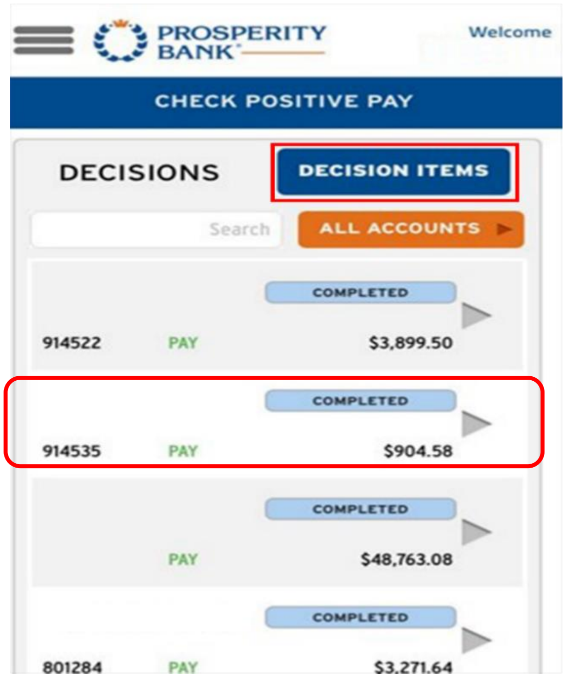
The system allows you to make exception decisions as to pay or return, review items and decisions made before submission, and assigns a confirmation number.



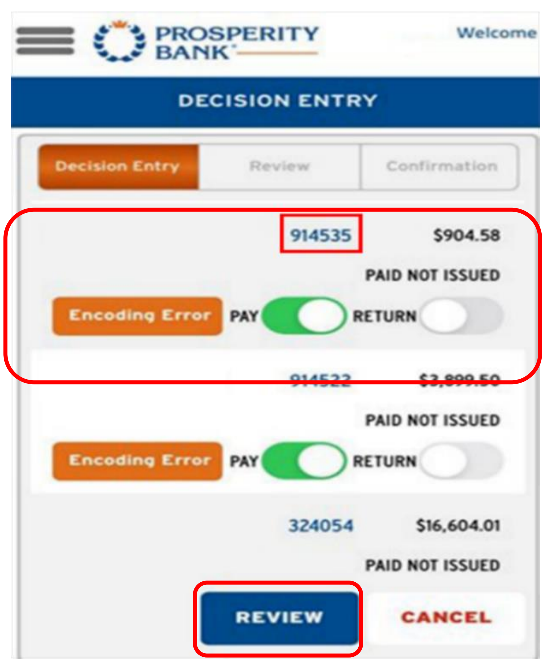
XV. Mobile Transaction and Check details

View transaction details and check image for the previous transaction. Edits can be done until submission of the exception decisions.

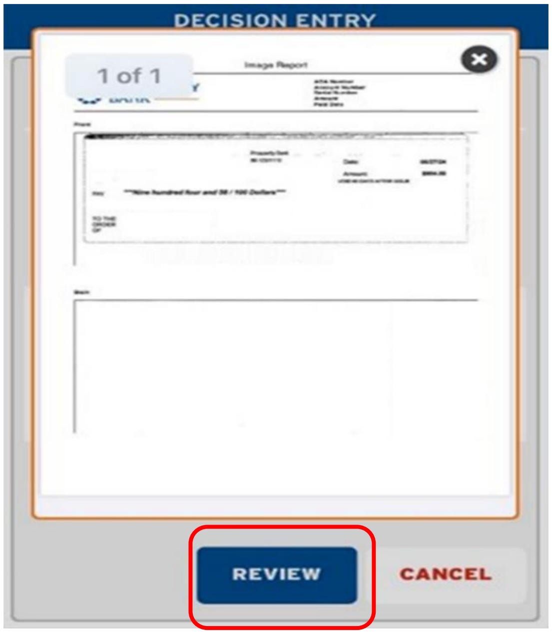
XVI. *Mobile Decisioned items showing as completed are ready for review and submission*



XVII. *Exception decisions are available for review and edits prior to submission*

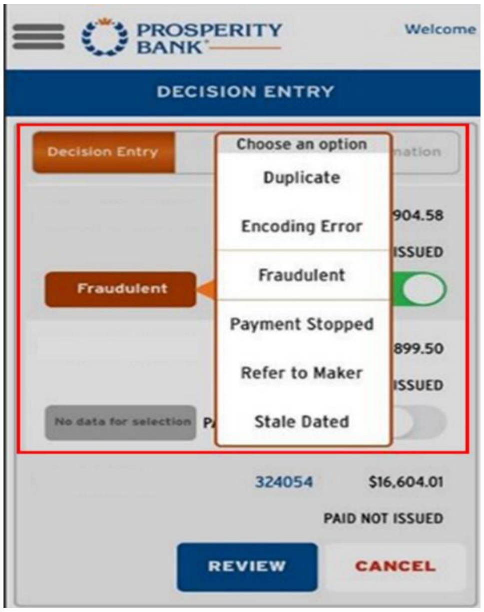


XVIII. ***Review check and payee details for the item being decisioned***



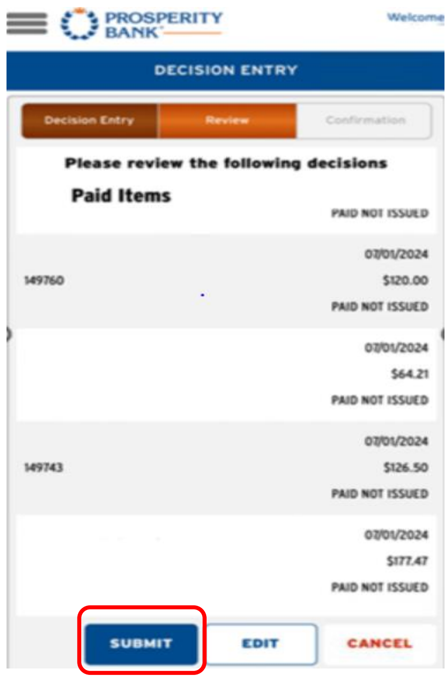
XIX. Reason for Return

A reason for return is required for any item selected to be returned. Reasons can be edited until decisions are submitted.



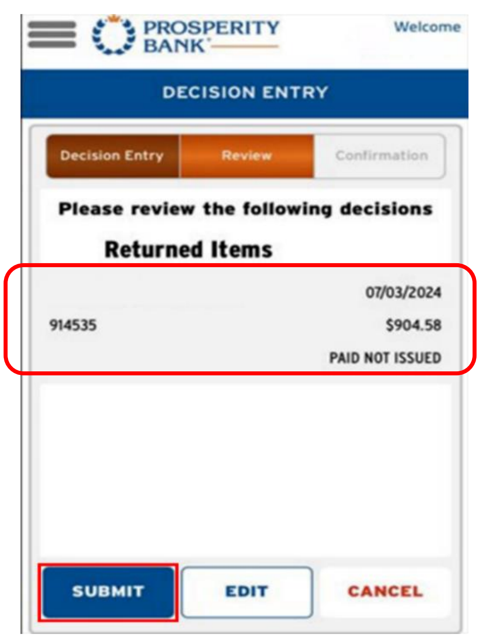
XX. Mobile Decisions to Pay

A customer can select reasons for items paid. This is optional for items selected for payment. Upon review of the decisions, a user can edit the decision or submit the final exception decisions.



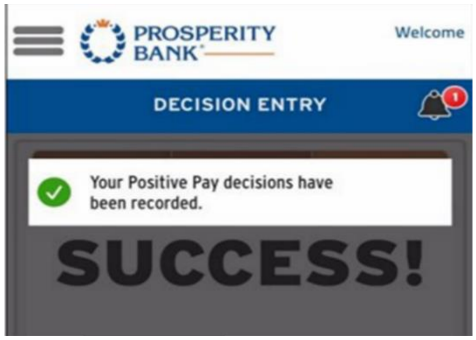
XXI. Mobile Decisions to Return

A user will review the exception decisions before submitting the entries to be returned. Returns do require a return reason. A user can change the reason until the final submission.



XXII. Mobile Confirmation of Submission of Exception Item Decisions

Once submitted, the customer will receive confirmation of the Positive Pay decisions being recorded.



If submitted after the processing deadline, the screen will display that the cut-off time has passed.

Payee Match Guidelines are detailed on the following pages.

Payee Match Guidelines

A. Overview

Payee Match is enhanced to combat emerging trends in check fraud. Payee Match leverages Optical Character Recognition (OCR) technology and machine learning in an effort to increase accuracy, processes both typed and legible handwritten checks to identify discrepancies between issued check files and check images.

There may be factors that make OCR unable to fully identify the payee, including but not limited to:

- Image quality from the bank of first deposit
- Resolution of the check image
- Inconsistent check stock format
- Ink spots, watermarks, etc.
- Condition of scanned check (ie. wrinkles, folds, etc.)
- Font (weight/size of text)

The payee match process is an additional layer of security to help prevent check payee fraud.

In order to reduce the number of check exceptions and take advantage of the benefits of the enhanced payee match functionality, <u>it is important for your company check issued file to include the full payee name **EXACTLY** as the actual payee on the issued check.</u>

The following requirements minimize unnecessary exceptions along with all standard check-printing guidelines.

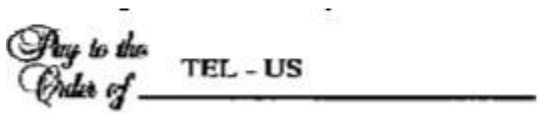
B. Check Stock

- Check background must be light in color and plain (no pictures or lines) to ensure payee name field can be easily viewed.
- Check stock should be consistent for each account.
- Watermark/pantograph features are not acceptable in the Pay To the Order Of or Payee name area of the checks. When checks are image captured, these features may “bleed” through the document causing background interference in reading the payee name.

C. Font/Characters

- Legible handwritten payees on checks. Payee name can be typed, printed or in cursive.
- Payee in all capital letters is recommended for the payee name.
- Recommended font size is 12-point; fonts less than 10 points or greater than 16 points are not recommended.
- Bold, italics and underlines are not recommended.
- Sans serif fonts (such as Verdana or Arial) are preferred.

- The words “PAY TO THE ORDER OF” or acceptable variations (outlined in Printing/Placement section) must be printed in a machine-readable style and not script should be to the left of the payee names.
- The following image is an example of an unacceptable font style:



D. Printing and Placement

- Letters must have enough space between them so that they are not touching.
- Additional lines of data below the payee name should be spaced such that the characters do not touch the payee name.
- The number of spaces between words should not be more than 2 spaces.
- Do not add characters and names close to the valid payee name information. Any special codes or characters included on the same line as payee name should be at least two inches away. If they are not at least 2 inches away, include this information on your Positive Pay issue file as part of the payee name.
- Print the payee name only once in the check, including in the payee block.
- If including the name and address, do not split the payee block into two non-adjacent parts.
- The payee block should consistently use single-line spacing, be left-justified and be a minimum of two empty lines away from any other text information.
- Special codes, characters or bar codes should not be in the proximity of the *PAY TO THE ORDER OF, PAYEE NAME or ADDRESS* fields.
- Payee name may not be located in the top one inch of the check.
- Leave a minimal amount of space (2-8 characters) between “PAY TO THE ORDER OF” field and payee name; the payee name must not touch “PAY TO THE ORDER OF” text on the check.
- The payee name must be located not more than 15 characters (one inch) from the last word of the PAY TO THE ORDER OF text.

E. Issued Check File Requirements

- Words or symbols used in conjunction with payee name (e.g. MR., MRS., MISS, or, &, AND) must be included on the issue file.
- The issued payee names must EXACTLY match the printed payee name.
- If more than one payee name is printed on more than one line, make sure there is at least one space between line items. with the vertical bar character “|”

F. Keywords

The following are common keywords that will be ignored by the Positive Pay system. These keywords are common business suffixes that may not be included in the customer's issued files but are often on the payee line of the check.

Keywords
PLLC
LLC
Ltd
Co
Company
Attn
Inc
Corp
Corporation
Group
Limited
Incorporated
Enterprises
LP
Partnership
Services
Service

Issued File Format Requirements are detailed on the following pages.

Issued File Format Requirements

The Positive Pay System is extremely flexible and can handle a wide variety of different file formats.

a. Required Fields

The following fields must be supplied for each issued check:

1. Issued Date – the date the check was issued (mm/dd/yyyy is the recommended format, m/dd/yy will not work)
2. Check Number – the check serial number (recommended format is to have no leading zeros)
3. Check Amount – the amount of the check (recommended format 999999.99 with no leading zeros)
4. Payee Name* – If enrolled for payee match, the payee name is a required field. It is also recommended the Payee Name for check positive pay.

*For customers enrolled for Payee Match, all issued checks or check file **must** contain a payee name. This requirement pertains to uploading a check file or manually adding a new issued check into the system. Any check not containing the payee name will be rejected.

b. Optional Fields

The following fields may optionally be supplied for each issued check:

1. Record Type – "I" for issued check, "V" for voided check
2. Client ID – a bank-assigned value that represents the checking account
3. Account Number – the account number for the check
4. Notes – miscellaneous notes related to the check
5. Do not include the following symbols $ and –, or parenthesis
6. Nine issued payee name locations can be mapped. Contact bank for adding this information

c. Other Fields

If additional fields are included in the issued check file, these fields can be ignored. However, it is recommended that only the fields listed above are included.

d. Field Formatting

Fields must be consistently formatted in each file that is submitted. Field formats other than the recommended formats listed above can be supported if consistent.

e. Supported File Types

1. Delimited text files
2. Microsoft Excel files (Including .XLSX files)
3. Fixed-width text files

f. Delimited Text Files

A delimited text file is a file that has each field separated by a field delimiter. The most common delimited file format is a comma-separated values (csv) file. Separator characters other than commas are also supported. Other commonly used separator characters are semi-colon “;” and the pipe “|” character. Double quote characters may be used to surround the actual values between delimiters, but they are not required unless the field value contains a delimiter. For example, if the field value is “Lincoln, NE” is contained within a comma delimited file, then the field value must have double quotes around the value since the value contains a comma between “Lincoln” and “NE”. An example of records from a comma-delimited file may look like this:

I,123,100,12/31/2006,123.66
I,123,101,12/31/2006,1500.00
I,123,102,12/31/2006,40000.00

g. Microsoft Excel Files

For Microsoft Excel files (xls & xlxs), each field should be listed in a separate column.

h. **Fixed-width Text Files**

In a fixed-width text file format, each field occupies the same columns in each record. This record format is most commonly generated by mainframe-based accounting systems. An example of records from a fixed-width file may look like this:

I12300010012312006000000123.66
I12300010112312006000001500.00
I12300010212312006000040000.00

i. Header and Trailer Records

It is recommended that header and trailer records be omitted from all issued files regardless of the file type.