Back to Basics:
Combating fraud to protect economic gains

As the financial health of businesses and consumers trends upward, the last thing you want to do is to let down your guard against fraud. One forged check or stolen account number can wipe out an entire month’s working capital and potentially your business. And while online banking offers many valuable conveniences, it also creates an additional channel for crooks to target your business.

Fortunately, there are also more ways than ever to protect yourself and ensure that you’re not the next victim. Most of them are easy and inexpensive to implement and could be the reason you sustain and grow your business as the economy begins to rebound. Whatever the size of your company, fraud technology should be an integral part of your cash management strategy. Now is the time to consult with your relationship banker and determine what steps can be taken to help protect your business. Two of the most effective fraud protection tools are Positive Pay, a check fraud prevention tool, and ACH Positive Pay, an electronic payment fraud prevention tool.

Despite the ubiquity of hacking and identity theft, the most popular occurrence of payment fraud is when paper checks are forged, altered or stolen. Most of us have been a victim of this kind of crime at least once and we know what a hassle it can be even when the dollar amounts are small. You may be surprised to know that thanks in part to Positive Pay, banks prevent seven times as many cases of fraud as are actually committed. And now that many checks are converted into electronic images before being transmitted to the bank, which eliminates the ability to physically inspect the paper and ink or lift fingerprints, Positive Pay is more valuable than ever.

With many companies moving away from check payments and toward ACH payments, ACH Positive Pay offers the ultimate in fraud protection. ACH Positive Pay can help safeguard your transactions with ease and convenience by allowing you to monitor and review debit and credit transactions online before they post to your account, and it gives you the option to pay or return transactions online.

How Positive Pay works

- Send a file to the application listing all the checks you issue with your bank.
- The application matches the serial numbers and dollar amounts from your file with the checks that posted to your account. If the application identifies a check that isn’t on your list, you find out immediately and have the opportunity to have the bank return it.

How ACH Positive Pay works

- You establish authorized trading partners and define authorized transactions based on the following criteria: debits, credit, any or exact or maximum amount.
- Receive notice of the exceptions by e-mail, wireless text, voice or fax message.
- Access exceptions online and view incoming transactions from trading partners not previously authorized.
- Submit a Pay or Return decision on transactions.
Other tools

Positive Pay is not the only tool available. Another simple way to reduce your risk to certain types of fraud is to enroll in your bank’s online banking program. Observing transactions in real time can give you a heads-up about suspicious activity in your account before it has decimated your balance. You can also request that your bank send you an e-mail alert if your balance falls below a pre-determined threshold. Similarly, if you use credit cards or purchasing cards instead of checks or petty cash, you can better monitor and control your enterprise’s spending online and in real time.

Indeed, contrary to what many people think, electronic payments can be a safer alternative to paper checks for the payer and payee. Electronic payments can offer multiple ways to identify and verify suspect items on an automated basis. For example, you can set up your accounts to filter out electronic debits above a certain amount or block them entirely into accounts in which you don’t typically receive them. You can also ask your bank to profile the payments you receive and create a database of payee characteristics used to check future activity. Because electronic payments can be more efficient, they may give you and your bank earlier warning of certain types of fraud and also a greater opportunity to react.

Fraud will never entirely be eliminated, but prudent and forward-thinking business-people are working with their banks now to try to prevent it and protect what they’ve worked so hard to create and sustain.