



BENCHMARKING SURVEY

Cell Phone Deposits

A customer used his cell phone to deposit his payroll check by taking a picture and using bank app to deposit it. The customer then took the physical check to our store and cashed it. He did this with four payroll checks until we became aware. Have you heard of anyone else with this issue? I could see this as a future problem as cell phone banking use get more popular.

Has anyone else had this issue or heard of this? Have any of you implemented (technology or procedures) to combat this potential issue?

- 1) The only thing that helps us is that we stopped taking payroll checks about 12 years ago and the first year back then we saved over \$50,000 on bad checks.
- 2) We have not experienced this or taken any precautions, to the best of my knowledge.
- 3) We currently are looking at a few vendors to safeguard our risk and guarantee funds at the time of check cashing. I don't see any other way to prevent it. We are just as susceptible at this time.
- 4) This has been the topic of several discussions on various industry committees. So far this has not been an issue for us. My understanding is that when this happens, the deposit account (account credited by mobile deposit) is debited for the return, not the check casher.
- 5) We have dealt with this a few times. We also sell money orders and have had customers return money orders for "not used for purpose intended" after sending them through as images. We have had limited luck dealing with them with the exception of a handful of criminal prosecutions. It's a bad situation. Unfortunately the banks offering the service have no skin in the game.
- 6) We have had several of these issues just recently. We participate in a local check group in one of our marketing areas, which include banks, Federal and Local Law Enforcement, and other Retailers in our area and we are just beginning to see some signs of this. The banks are categorizing them as insufficient funds checks, while we are labeling it fraud. Law Enforcement is just becoming aware of this through our group. Neither Law Enforcement nor the Banks provided any answer to prevent it at this time. We also contract with a third party check cashing service and are discussing the issue with them as well.

7) Yes, it has happened and seems to be a growing problem. Confidentiality policies with financial institutions make it difficult to stop, so our customer relationship management approach is the only preventative control. We don't take payroll checks from customers that we don't have an existing relationship with. We hold the first check for clearance.

8) This is a big issue and the problem is exacerbated by the banks that have created the problem and have found a way around not honoring the paper check deposits.

9) Yes. We have had this happen twice that we know of. This is a relatively new phenomenon, so nothing has been implemented yet. However, we have decided to stop cashing all payroll checks in stores (with the exception of our employees' payroll checks). This change will take place in 2014. We have been experiencing a lot of different types of Payroll Check Fraud, so this was just added to the long list of reasons why we are ending this check-cashing service.

10) Yes, we have had this happen three times. Employees don't realize we will always catch it fairly quickly. We did prosecute in one case.

11) I have heard of this happening. I am not aware of any technology to correct this at the moment. For something to work it would have to be something tied directly to the banks, (which they are not going to allow because there is nothing in it for them). Something that would at least reduce the losses would be a "pay positive" data base" at the retailer that was real time.