



# Check Security Today


Presented by: Julie Fleischer



©2016 Safeguard Business Systems, Inc. Safeguard and the centurion head design are registered trademarks of Safeguard Business Systems, Inc. All other logos are the intellectual property of their respective owners.



1



*Are you taking the  
necessary steps to  
secure your documents?*

2

# Learning to Fight Fraud

- Today's Climate of Fraud
- Check Out Check Fraud
- Check Out the "Check"
- Check Out Bank Services
- Beyond Checks
- Tips for Accepting Checks



3

***It's in the air!***

- ✓ People are wary;
  - ✓ Businesses are anxious;
  - ✓ Banks are on guard.
- ... but it's a day like any other ...**

4



## Check Out Check Fraud

Checks remain the most vulnerable payment method

- 60% of businesses experienced attempted or actual payment fraud
- 27% report that the number of fraud incidents has increased
- \$23,100: typical loss incurred by companies



5

## Check Out Check Fraud

### ***Counterfeit Checks***

- Applies to a document that purports to be a legitimate check drawn from your account that results in an unauthorized debit to a checking account.



6

# Check Out Check Fraud

## ***Altered Checks***

- Applies to legitimate checks that contain altered information, including payee name, check amount or any other alterations, that result in an unauthorized debit to your checking account.



7

# Check Out Check Fraud

## ***Check Kiting***

- Kiting is the illegal act of taking advantage of the float, making use of nonexistent funds.
  - Uses accounts at two or more banks or a third party to generate excess float resulting in fraud.
- The year ... 1987 Regulation CC enacted, making kiting more difficult.
- The bank that detects the kite scheme first is not held liable, while others will likely sustain a loss.



8

# Check Out Check Fraud

## **Forgery**

- *Forged signatures* are the intentional replication, alteration or signing of a check.
- *Forged endorsement* is the illegal act of writing one's signature on the back of a check to cash or deposit funds.



9

# Check Out Check Fraud

## **Forgery**

- Scraping or Washing a check
  - Scraping information off a legitimate check, or “washing” a check with common household chemicals. In both cases the ink is erased or lightened so changes can be made to the amount and/or the payee information.



10

# Check Out the “Check”

Security features are designed to help protect checks from fraud.

- ✓ Layer security features for maximum protection.
- ✓ Two types of check security features:

“Overt”



“Covert”



11

# Check Out the “Check”

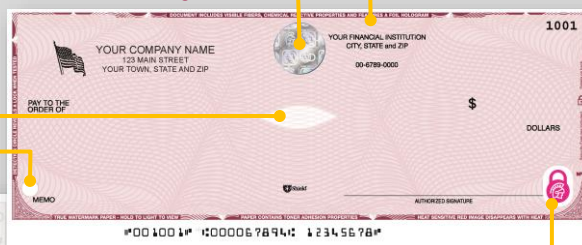
**Anti-Copy Technology**  
Embedded in the  
check background.

**Multi-Tonal Void Pantograph  
& Verification Grid**

**False Positive Test Area**

**Foil Hologram**

**Toner Adhesion**



**Thermochromic Ink**

**Chemical-Wash  
Detection Area**

**Laid-Line Backer**

**True Watermark**



12

## Check Out the “Check”



13

## Check Out the “Check”



14

# Use of Fluorescents

## **Covert security features:**

Using Invisible Fluorescent Fibers or Ink



 Safeguard

15

# Check Out the “Check”

## **Overt Security Features:**

- ✓ Foil Hologram
- ✓ Thermo-chromic Ink
- ✓ High Resolution & Warning Border Elements
- ✓ Microprinted Border
- ✓ Padlock Icon
- ✓ Consecutive Arabic Numbering
- ✓ Background Patterns
- ✓ Visible Fibers
- ✓ Security Warning Backer
- ✓ Artificial Watermark
- ✓ Laid Line Backer
- ✓ Bleed-through Numbering



 Safeguard

16



## Check Out the “Check”

### ***Covert Security Features:***

- ✓ Toner Adhesion
- ✓ Invisible Fluorescent Fibers
- ✓ False Positive Test Area
- ✓ Chemical Sensitive Paper
- ✓ Chemical Wash Detection Area
- ✓ True Watermark
- ✓ Multi-Tonal Void Pantograph & Verification Grid
- ✓ Anti-Copy Technology



17

## Processing & Packaging Security

### ***Protecting the check from the start!***

These processes are designed to help protect the check from the time the order is placed until the customer has them in hand.

- ✓ Password Protection
- ✓ Order Authentication
- ✓ Order Confirmation
- ✓ Shipment Notification

### ***Sealing the box!***



18



- For qualified check fraud events EZShield provides:
  - Funds up to \$25,000 within 72 hours
  - Services that extend protection beyond the check



19

## Banks Expanding Fraud Protection Services



- Companies today are taking greater steps to protect themselves.
- Banks are elevating their ability to protect their customers.



20

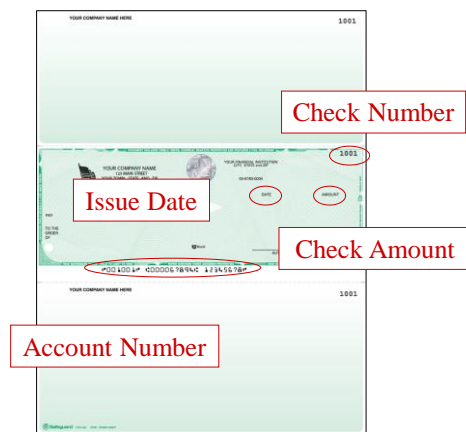
## Banks Expanding Fraud Protection Services

- What financial institutions see:
  - Altered check amount
  - Payee name altered
  - Duplicate check number used
  - Stale, dated checks
  - Quick deposit solutions – Cash & Go



21

## Banks Expanding Fraud Protection Services



### **Positive Pay**

- A fraud-deterrent program or tool
- Provides timely detection of counterfeit or altered checks
- Reconciles the issuer's data when the check is presented



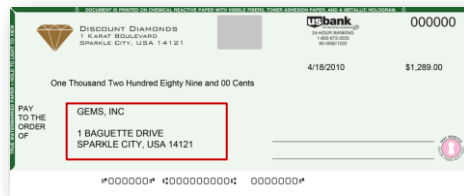
22

# Banks Expanding Fraud Protection Services

## *Payee Positive Pay*

An **added** reconciliation requirement that compares the check presented to the information on record from the issuer

- ✓ Account number
- ✓ Check number
- ✓ Dollar amount
- ✓ Payee name



23



*“Our check security features are the **front** door to deterring fraud and Positive Pay – Payee Positive Pay is the **back** door.”*



24

## Beyond Checks



- Criminals are creative!
- Other documents at risk:
  - Gift certificates, coupons, event tickets, medical records and prescriptions, credit reports, personnel records, warranties, grade reports, receipts, school transcripts and more ...
- Organizations today are offering fraud prevention training to minimize losses due to fraud.



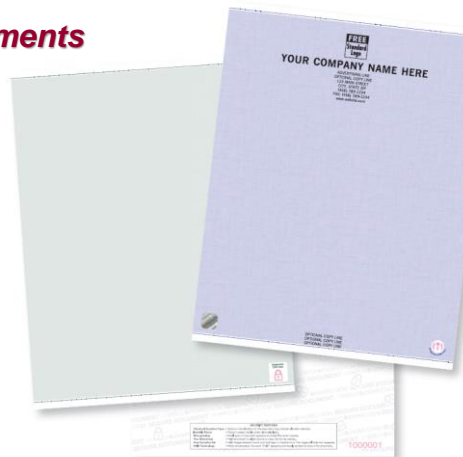
25

## Beyond Checks

### *Protecting sensitive documents*



**Security Transcript**



**Security Paper & Letterhead**



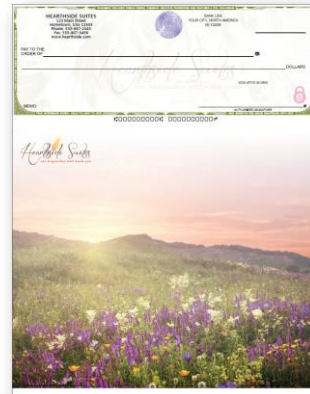
26

# Business Market Today

*Today's business market drives the need for services that help prevent check fraud*

## Due To:

- ✓ Growing globalization
- ✓ More competitive markets
- ✓ Information ease of access
- ✓ Rapid technological development
- ✓ Periods of economic difficulties



27

# Tips for Accepting Checks

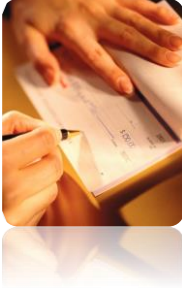
*"Ordinary care" is defined as using check security features, properly storing and accounting for check stock, training staff to detect fraudulent checks, and regularly reconciling bank statements.*

- Demonstrate ordinary care to minimize liability from fraudulent check losses.
- Look at the numbers – be prepared!
- Train personnel accepting checks to examine them closely.



28

# Tips for Accepting Checks



## *Five Tips for Accepting Checks*

- Watch new accounts. Nearly 1/3 of fraud-related losses are traced to bank customers with accounts newer than six months.
- Inspect identification with care.
- Verify identification expiration dates and photos.
- Examine checks for security features.
- Listen to your gut! If you suspect fraud, take the extra steps to check it out.



29

# Tips for Accepting Checks

## *Ten Telltale Signs of a Bad Check*

1. The check lacks perforated edges on at least one side.
2. The check number is missing or does not change.
3. The check number is low (101-400 on personal checks or 1001-1500 on business checks).
4. The font used to print the customer's name looks different from the font used to print the address.
5. Handwritten information has been added to the check, such as phone number or license number.



30

## Tips for Accepting Checks

6. The customer's address is missing.
7. The address of the bank is missing.
8. There are stains or discolorations on the check.
9. The MICR coding numbers printed along the bottom of the check are shiny, missing, do not match the check number, or do not match the bank district and routing symbol in the upper right-hand corner of the check.
10. The check lacks an authorized signature.

*Source: National Check Fraud Center*



31



## Thank You!



32