



POSITIVE PAY

WHAT IS POSITIVE PAY?

Positive pay is the leading method of check fraud deterrence available today. The positive pay process entails a daily reconciliation of a company's issued checks to checks presented for payment to First American Bank to identify potentially fraudulent checks.

Upon completion of a check run, a company prepares a formatted checks issued data file (including check number, amount and date as well as other bank and account information) and transmits this data to the bank. Stop payments, voided checks and manual checks can also be included in the formatted checks issued file.

When checks are presented for payment against a positive pay protected account selected check information is compared to the checks issued file. Checks presented for payment that fail to match with checks issued by a company are rejected and a "suspect check" list is presented to the company for "pay/no pay" decisions. These decisions are made via our Ca\$hTrac system. Suspect checks are resolved before the bank authorizes payment and the company retains the right to reject any checks it believes are fraudulent.

In addition to providing you with a method of fraud prevention on your account, the positive pay system can also double as a reconciliation tool. As a result of you providing the bank with a list of issued checks, the bank is able to generate month-end reports that can aid with the reconciliation process. Reports can include a listing of checks paid, checks that were issued and not paid, and checks that had stop payments placed.

CASE STUDIES

A steel products manufacturer issued a \$700 check which was later altered to appear as a \$70,000 check. With the Bank's Positive Pay service, the company was able to identify and return the fraudulent item before it was paid out of their account.

A child welfare company fell victim to the Nigerian check fraud scheme through which thousands of fraudulent checks were created and sent to individuals across the country. As these checks were presented to the bank, Positive Pay made it easy for the customer and the Bank to identify and return the fraudulent checks.

A Chicago-area vocational school had problems with the altering and creation of fraudulent student refund checks. Through the use of Positive Pay, the school was able to eliminate the negative effects of all fraudulent activity on their refund account.

A metal finishing company that utilizes the Positive Pay's full reconciliation tool was able to reduce its reconciliation time each month from 4 hours to 10 minutes. Now they are able to spend less time reconciling and more time collecting outstanding receivables.

TWO OPTIONS FOR CREATING A POSITIVE PAY FILE:

1. Have the file created by the software currently used to log the issuance of checks.
2. Purchase software through First American Bank's partnership with Bank Positive Pay.

POSITIVE PAY FILE FORMAT

We accept the Positive Pay file format in the sample below. The file with the header information can only contain check information for one account.

Save file in plain text format, not rich text. No blank lines can be included in the file.

Option 1 - File without header

Field	Length	Position	Content	Format Comments
Account No.	11	1-11	Account number	Zero fill, right justified
Check Number	10	12-21	Check number	Zero fill, right justified
Issue Date	08	22-29	Date of issue	MMDDYYYY format
Check Amount	10	30-39	Check Amount	Zero fill, \$\$\$\$cc format
Payee	30	40-69	Payee of check	Left justified, space fill to right
Debit Code	01	70	D = Debit (Optional)	New issues will always be debits
*Void Status	01	71	V = voided item, otherwise leave blank	Needs to be capital "V"
Void Date	08	72-79	Date of Void	MMDDYYYY format

Example:

Position

1-11	12-21	22-29	30-39	40-69		
060301213020000202001120520020000000100					The Lemont Chamber	
060301213020000202002121620020000000110					Auditorium Theatre	
060301213020000202003121520020000000120					Des Plaines Auto Rental	
060301213020000202004121420020000000130					The Window Factory	
060301213020000202010120820020000040100					Frames for a buck	V12242002
060301213020000202011120720020000050100					Chicagoland Window Cleaners	V12262002

*If you submit a Void with a dollar value, you must include this amount in your file totals, otherwise enter a dollar value of \$0 for all Voids.

For more information,
please visit our website at www.FirstAmBank.com
or call us at 847-427-5000.

