

Remote Deposit Capture Checklist

Payments Strategy Services, EastPay's newest member service, will be providing helpful information on services, research, and industry trends that you can use in your efforts to grow your payments business. The following is a checklist for Remote Deposit Capture (RDC) developed by EastPay to help you ensure that you have addressed several major concerns and issues that have been experienced by other financial institutions that have rolled out a Remote Deposit Capture product. Most of these points have been confirmed through industry reports and actual member feedback. Our intent is to help you to avoid the pitfalls that others have experienced. You can address these issues through policy, procedures, guidelines, and marketing communications:

- Ensure effective 'Know Your Customer' (KYC) procedures are in effect and followed. Understand your customers' deposit mix and volumes. Set and track deposit limits as a means to flag any potential issues.
- Develop a risk policy for RDC and deploy effective legal agreements. **EastPay offers RDC Agreements on CD for only \$65.00.**
- Determine your credit risk evaluation process.
- Train your staff and your RDC clients on all RDC procedures, including image quality, qualification of items, risks, and liabilities.
- Develop methods to recognize duplication of deposits/items. Even items that are "franked" (that is, the image scanner has printed a message on the check that says it has been converted to an electronic item), the original check could still be cashed at the teller line in error. Provide your tellers with a list of RDC users, if possible, so they can know to inspect these accounts for possible duplicates.
- Ensure that RDC users securely store original items until destruction and that they properly destroy items after the storage period. This can be accomplished through instructions in a user's guide or a quick reference guide. You should also plan to conduct in-person visits to each of the users' capture sites to see their process for yourself.
- Ensure the ability to recover from any failing component. Develop disaster contingency and replacement procedures if a user's scanner fails.
- Ensure the security and encryption of data transmissions.
- Develop returned item tracking and an escalation process if return volumes get too high.
- Audit RDC users' sites before and after implementation to ensure compliance.
- Develop an Audit process for your part in offering a remote deposit capture product. (EastPay is currently developing a RDC Audit Review similar to the ACH Audit Service we provide today.)
- Develop an annual credit review for RDC users. One per year should be the minimum.
- Ensure you have adequate technical support in place to handle calls.
- Be prepared to support RDC user installations and training (this takes more time than you may anticipate).
- Set deposit cut-off time for RDC that is later than the time set for regular branch deposits.
- Develop a crisp marketing message that highlights advantages that resonate with potential users, segments, or industries.

Note: The FFIEC will be issuing guidelines for RDC late this summer, which will provide more clarity on areas that will be included in their examinations.

EastPay's Payments Strategy Services can assist you with your efforts with Remote Deposit Capture, whether you are just starting to define your strategy, are preparing to launch the product, or have already rolled RDC out and need assistance with the product management of this offering. Please contact Steve Vaglio at svaglio@eastpay.org or call him at 800-681-4224 x202.