

Protecting Public Funds with Positive Pay

Chrissy Kittle, Banking Officer

Fairfield National Bank DIV. Park National Bank

October 2019

LLOYDS BANK

LLOYDS BANK





82%
targeted by
fraudsters



78%
experienced
payments
fraud



74%
reported
check fraud

Source: 2019 Payments Fraud and Control Survey Association for Financial Professionals

Business Email Compromise

Since 2015

- 1,300% increase

- Losses \$3 billion + U.S.

- Losses \$7.4 million Ohio

Source: FBI Internet Crime Complaint Center (IC3)

92% say all types of payments fraud collectively cost 0.5 percent of annual revenue



Source: 2019 Payments Fraud and Control Survey Association for Financial Professionals

- ▶ #1- Email Compromise
- ▶ #2- Check Washing
- ▶ #3- Mail Theft
- ▶ #4- Forgery
- ▶ #5- Mobile Deposit



Positive Pay

Check Positive Pay

- ▶ Automated fraud detection tool
 - ▶ Customer transmits a file of issued checks to the bank
 - ▶ Matches every check presented for payment against the file of issued checks
 - ▶ Check number, and dollar amount must match or the check is rejected (called an “exception”)

Check Positive Pay

- ▶ Benefits
 - ▶ Automates check reconciliation
 - ▶ Simplifies accounts payable process
 - ▶ Improves audit control
 - ▶ Improves deposit balancing accuracy
 - ▶ Streamlines check storage and retrieval

Reverse Positive Pay

- ▶ Benefits
 - ▶ Bank transmits a file of checks presented for payment to the business
 - ▶ Business checks file and notifies bank of its payment decisions
 - ▶ Suitable for a business with minimal check activity

ACH Debit Block

- ▶ Enhance ACH debit security
 - ▶ Business can specify who can post and block unauthorized debit transactions
 - ▶ Incoming ID numbers must match
 - ▶ All ACH debits can be blocked or maximum dollar amounts can be established

ACH Debit Block

Types of ACH Fraud

- Account Hijacking
- Identity Fraud
- ACH Kiting
- Reverse Phishing
- Insider Origination
- Counterfeiting

Best Practices

- Know who you are dealing with
- Segregate accounts for better control
- Mask account numbers, Tax ID in correspondence
- Monitor, reconcile your accounts daily
- Ensure secure ID tokens are collected, passwords changed when an employee leaves

More Consideration

- ▶ Check security
 - ▶ Type of checks
 - ▶ MICR Ink
 - ▶ Secure storage
- ▶ Separate account for check payables
- ▶ Separate account for ACH payables
 - ▶ Strict Electronic Accounts



PARK NATIONAL
FAMILY OF COMMUNITY BANKS

Questions???

Member
FDIC