



CENTRIX SOLUTIONS, INC.

Exact/TMS™ Payee Match

The Exact/TMS Payee Match module enhances the check positive pay process by validating the payee on the check image against the payee name that the corporate client included in their issued check file. This process adds another layer of protection against unauthorized disbursements and fraudulent checks, beyond validating common data such as check number and check amount.

Benefits and Points of Emphasis

- Protect Customers with Improved Transaction Security. Traditional positive pay compares micr information from the paid check against the data that was submitted by the client (issuer) in the issued check file. Today, this is a basic treasury service product offering for many financial institutions and criminals understand this. Moreover, changing the payee on a check is much more difficult to detect unless the proper technology is in place to automate this process. Exact/TMS™ with payee match provides this technology to community banks.
- Competitive Advantage. Enhanced treasury management services such as payee match and ACH positive pay provide a competitive advantage over other community banks and enable a financial institution to effectively compete with super regional and national banks for corporate accounts. No longer is payee match technology limited to big banks with big budgets. Centrix has evened the playing field for the community bank.
- Single Solution with Multiple Transaction Management Functions. Tight budgets require a community bank to leverage their technology spending. Exact/TMS™ incorporates a broad range of transaction management and transaction fraud detection benefits, thus providing an immediate impact on customer service and a sustainable ROI. Exact/TMS™ incorporates check positive pay (with payee match), ACH positive pay, ACH EDI translation, ACH returns and NOC processing, check reconciliation statements and deposit reconciliation statements within a single system.
- Automation means minimal operational intervention: Exact/TMS™ is a completely automated system that minimizes manual intervention by the bank. The system is designed as a self service product for corporate clients to utilize via the internet. Automated, nightly processing identifies exceptions or creates reports for clients, sends an email to alert the client, and enables the client to make pay/return decisions or retrieve customized reports via a web interface.

Identifying Altered Payees

The examples below show how the Exact/TMS™ Payee Match module identifies and extracts the payee name(s) on checks or substitute checks, compares this information against the payee included in the check issue files, and flags any possible alterations.

In each example, the shaded area represents a discrepancy in the payee name from the issue file to the check image.

Check Issue File	Paid Check Information
Jane Smith	Jane and Bobby Smith
Mr. M. Thomas	Mrs. M. Thomas

The top check image shows a check from Demonstration Company, dated 01/01/2000, for \$35.00. The payee is listed as 'Jane and Bobby Smith'. A shaded area highlights the words 'and Bobby' in the payee name. The bottom check image shows a check from the same company, dated 01/01/2000, for \$35.00. The payee is listed as 'Mrs. M. Thomas'. A shaded area highlights the word 'Mrs.' in the payee name. Both checks include a memo field with the word 'SAMPLE' and a MICR line at the bottom.

Locating the Payee

Payee Match detects altered payee information by dynamically finding and extracting the payee name(s) **on** checks or substitute checks, regardless of the location, even if it is close to other information or if the payee name spans multiple lines.

Payee Match Processing Components

The following components are part of Payee Match processing:

1. Account Level Payee Match Parameter – The financial institution enables or disables Payee Match processing at the account level within Exact/TMS.
2. Check Image Archive – Check images from the institution’s check image archive are used for matching purposes.
 - **ACCESS TO CHECK IMAGES:** It is the responsibility of the financial institution to make the check images available for processing within the Payee Match Module. Payee Match processing DOES NOT retrieve images “one-by-one” from the image archive. Instead, Payee Match processes check images in a batch processing mode from a pre-defined network location. The financial institution should contact Centrix and/or the check image vendor to determine the best method of making the images available for Payee Match processing.
 - **EXACT/TMS CHECK IMAGE INTERFACE:** Payee Match requires the Exact/TMS Check Image Interface, which allows corporate clients to click on a “view image” link when making pay/return decisions on exceptions and reviewing cleared checks.
3. Issued Check Files – Clients must supply payee names in issued check files.
4. Nightly Update Processing –The nightly update process compares the payee name supplied in the issued check file against the payee name extracted from the check image.
 - Payee Match Confidence Level – When the payee name lifted from the check image is verified against the name supplied in the issued check file, a confidence level is returned. For example, a confidence level of 0 means that the payee names did not match in any way and a confidence level of 1000 means the payee names matched exactly. However, in many cases, the matching process will detect a partial match. The institution defines parameters for each client that determine the confidence levels that result in positive pay exceptions. Confidence levels for exceptions may vary based upon the amount of the check and whether the check is a substitute check or not.
5. Exception Scrub for Payee Exceptions - An exception scrub process allows bank personnel to review payee exceptions each morning and correct (pay) the exceptions that are a result of poor image quality or a bad read on the payee name. All remaining exceptions can then be “released” to the customers where the client can review the exception on-line, view the image and make a pay/return decision. Payee exceptions will be listed with all other check exceptions in the system. The exception scrub process is optional. The financial institution may also choose to release all exceptions directly to clients rather than going through an exception scrub process.

Considerations

1. Hardware: Payee Match processing occurs on a server within the financial institution (or at the institution’s data center), but does not require a dedicated server/PC unless the institution anticipates a high volume of checks to be processed by the module. Minimum server requirements are: Processor 2 GHz, RAM 2 GB:
2. Quality of Images – The quality of the image will affect the success rate of matching. Poor image quality will score lower than high quality images.
3. Machine Print vs. Handwritten – Machine printed (typed) checks are a requirement for accounts that utilize Payee Match.