



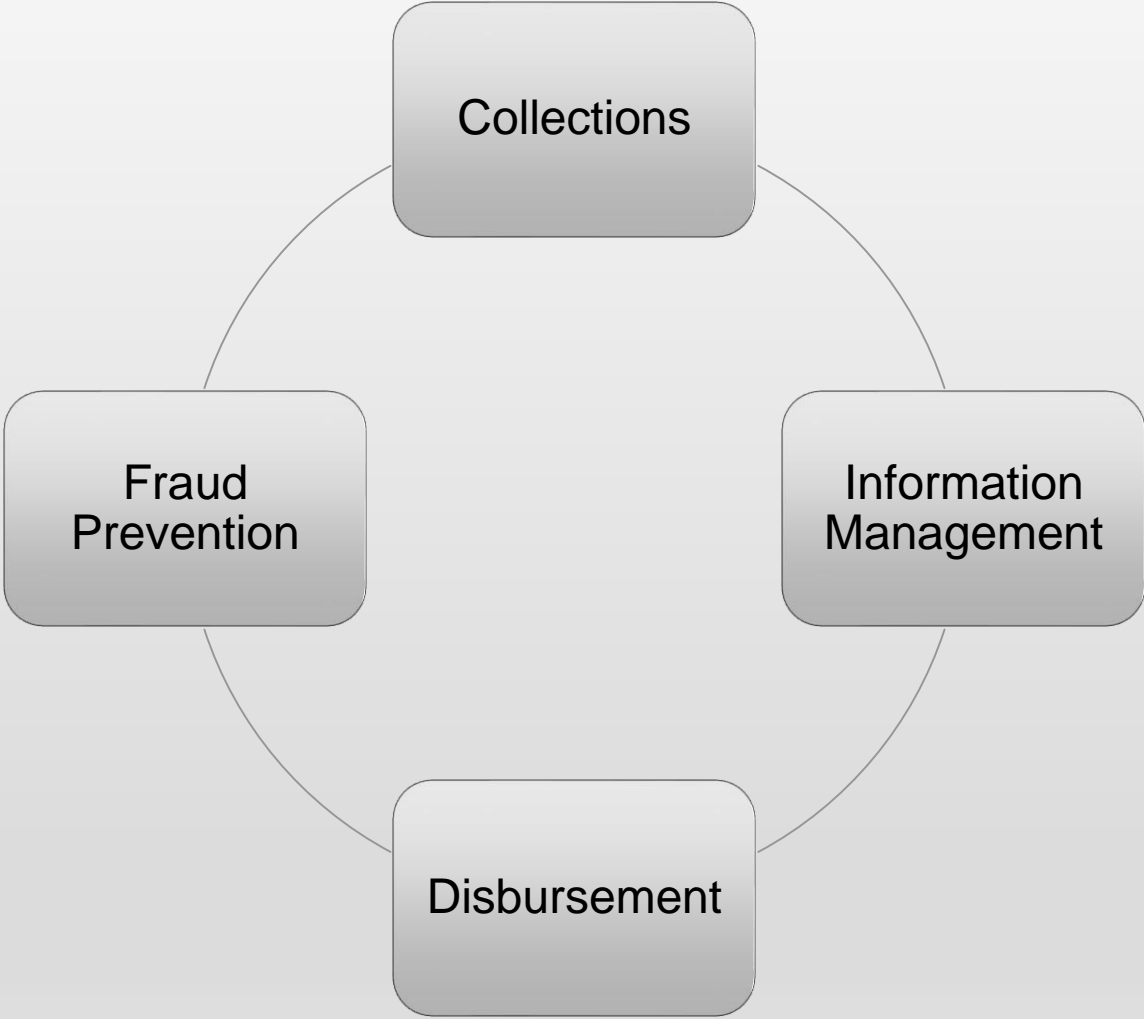
Electronic Banking

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Collections - Getting your money into the bank

- ▶ Branch Deposits
- ▶ Armored Car/Courier
- ▶ Remote Deposit Capture
- ▶ ACH Debit Origination
- ▶ Lockbox
- ▶ Credit Card Acceptance

Disbursements - Paying people you owe

- ▶ Checks
- ▶ ACH Credit Origination
- ▶ Preauthorized ACH Debits
- ▶ Wire Transfer
- ▶ Credit Card/Purchasing Card
- ▶ Comprehensive Payables

Information Management - Monitor what you have in the bank

- ▶ Online Banking Services
- ▶ Account Reconciliation Services
- ▶ Deposit Reconciliation Services





Fraud Prevention - Protect what you have in the bank

- ▶ Positive Pay
- ▶ ACH Debit Block/Filter
- ▶ Fraud Best Practices





Getting money to the bank



Branch and Armored Car/Courier

- ▶ Branch Deposit Options
 - ▶ Over the counter
 - ▶ Day Drop
 - ▶ Night Drop

- ▶ Armored Car/Courier
 - ▶ Usually next day credit for cash
 - ▶ Sometimes two day credit for checks

- ▶ Make sure Courier is bonded or insured.

Remote Deposit Capture

- ▶ Checks are processed using a desktop scanner.
- ▶ Deposits can be made to multiple accounts using the same scanner.
- ▶ RDC cutoff time is often later than branch cutoff time.
- ▶ Image of deposited items are stored online.
- ▶ MICR Capture makes searching for deposits easy.



ACH Debit Origination

- ▶ ACH Debits can be originated through Online Banking.
- ▶ Debits can be set up as one-time or recurring.
- ▶ Some financial systems (like BS&A) will create a debit file.
- ▶ Settlement day can be determined by the originator (you).





Lockbox

- ▶ Generally for high volume collections.
- ▶ Requires a payment coupon with a MICR or OCR line on the bottom.
- ▶ Payment coupon and check are mailed to a P.O. Box.
- ▶ Payments are collected from the P.O. Box and processed by the bank.
- ▶ Images of deposited items are viewable online, and deposit reports are provided.



Paying the people you owe



Checks

- ▶ Restrictive Check Notations are not enforceable
- ▶ Banks can refuse to negotiate checks older than 6 months, but that doesn't mean they won't.

ACH Credit Origination/Preauthorized ACH Debits

- ▶ ACH Credit Origination
 - ▶ Can be initiated using Online Banking
 - ▶ Direct Deposit of Payroll
 - ▶ Vendor Payments
 - ▶ Investment purchases

- ▶ Preauthorized ACH Debits
 - ▶ Used most commonly to pay monthly bills
 - ▶ Set up in advance with company you are paying
 - ▶ Amount owed is automatically debited from your account each month

Wire Transfer Origination

- ▶ Unlike the ACH system, Wire Transfers are only used for sending money.
- ▶ Can be initiated using Online Banking or by calling the bank
- ▶ Generally used for time sensitive same day payments (i.e. Bond Payments)
- ▶ More expensive than ACH

Credit Cards/Purchasing Cards

- ▶ Useful for making online or telephone purchases.
- ▶ No need to rely on employees to use their own cards.
- ▶ Restrictions can be placed on the cards, limiting their usage to prevent abuse.
- ▶ Online reporting and card management available.
- ▶ Most effective when paired with a comprehensive internal policy.



Comprehensive Payables

- ▶ Designed for high volumes of payments
- ▶ You tell the bank who you want to pay
- ▶ The bank determines the best way to pay them (Card, ACH, Check)



Monitoring what you have





Online Banking Services

- ▶ Balance and Transaction Reporting
- ▶ Online Bank Statements
- ▶ Images of Paid Items (online or on CD)
- ▶ Images of Deposited Items
- ▶ Stop Payment Initiation
- ▶ Payment Initiation
- ▶ Remote Deposit Initiation



Account Reconciliation Services

- ▶ Assists in monthly check reconciliation.
- ▶ You send the bank an electronic file of all checks written.
- ▶ Each month the bank sends you a report of paid and outstanding checks.
- ▶ Information can be send in paper/PDF reports or an electronic file.



Deposit Reconciliation Services

- ▶ For entities making deposits for multiple locations or departments.
- ▶ Deposit tickets are encoded with location information.
- ▶ The location information is reported online daily and via paper reports monthly.



Protecting what you have in the bank





Positive Pay

- ▶ Best way to protect against check fraud.
- ▶ You provide the bank with the check number and dollar amount.
- ▶ The bank compares what comes through with what you told them you wrote.
- ▶ You are notified of any mismatches, and have the opportunity to pay or return.
- ▶ Works in conjunction with Account Reconciliation Services.



ACH Debit Block/Filter

- ▶ Best way to protect against ACH fraud.
- ▶ You tell the bank who is allowed to debit your account, and the maximum dollar amount they are allowed to debit.
- ▶ Any debits not “on the list” will get rejected.
- ▶ You can also block all ACH debits.

Other fraud best practices

- ▶ Accounts should be reconciled monthly.
- ▶ Prompt reporting of fraudulent transactions is crucial.
- ▶ Do a daily “eyeball” reconciliation.
- ▶ Pay people electronically whenever possible.
- ▶ Utilize dual control for payment initiation and reconciliation whenever possible.



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