



First State Bank of Mineral Wells (Texas) detects and stops duplicated payment to customer accounts with FraudSWEEP

“Before we installed FraudSWEEP, these transactions were virtually impossible to detect and stop before it became a customer issue!”..Mike Sullivan, VP & Cashier

One ramification of the Check 21 Act has been an increase in posting errors where items are presented twice and cause significant customer service issues for the paying bank. In the first month of use of the FraudSWEEP system, the “Multiple Submission” test feature was activated and already has shown great results!

The bank’s operations department has not yet converted to check imaging, so reviewing payments is a manual process of pulling and looking at the physical items. Finding duplicated payment entries prior to the installation of the FraudSWEEP system was not even a realistic expectation. But now, the system has helped create a structured way the staff can identify all types of potential problems and fraud suspects where they can review the items more efficiently. The system also includes a way to include the incoming ACH transactions for special reviews.

During the first month of daily use, the bank’s staff was alerted to an item that failed the “Multiple Submissions” test. After pulling the two items in the amount of \$520 reported by the system, the bank found one of the items was a duplicated payment. They contacted the customer to confirm it was an error by the payee and returned one of the items before it cause any other problems for the customer. This resulted in customer goodwill, the avoidance of returning future items in error due to the double-post and a future customer service issue.

The initial purpose of installing the FraudSWEEP product was for its powerful fraud detection features designed to improve the bank’s overall security procedures. So, the benefit by the multiple submission test was a bonus that has already paid off in the first month. The bank is still in the learning mode and can see where the other features such as the SecuredACCOUNTS, ACH compliance, FraudSCORE, KiteTAILER and the Teller Inquiry will make this system a cost effective tool to handle a multitude of operational challenges for the back-office.

FraudSWEEP has met the challenge and will only grow in importance to the back-office staff for finding potential problems in time to take proactive step to avoid posting errors or losses.

First State Bank of Mineral Wells

Located about 60 miles west of the Dallas/Ft Worth metroplex, this independent bank serves the Palo Pinto county in Texas. With assets totaling more than \$60 million, the bank strives to provide a personal brand of banking services to its customers.

Challenges:

- Need to have a way to confirm the payments are actually authorized
- Need to be able to review for possible posting errors before they cause a problem for the customer
- Need to detect items that are presented twice – either due to Check 21 implementation errors or payee processing mistakes
- Must be a simple and efficient way to review items due to limited staffing

Vigilance Financial Systems Solution:

The FraudSWEEP system was designed by bankers with in-depth operational experience that understand payment processing and fraud threats. The FraudSWEEP system is the flagship product that arms the financial institutions with a proactive deterrent and detection program against fraudulent transactions.

Benefits Achieved:

- Every incoming check/draft is reviewed to determine if another item for the same amount, account and check number was presented within any cash letter within the last 2 business days
- Avoid reporting previously returned items that were redeposited by the merchant or Fed
- Low cost and overhead – Staff performs reviews using an interactive browser for any flagged exception item with a description of the issue

For more information, contact us at www.vigilance-systems.com.