

Welcome to the Adelfi overview of the Remote Deposit Capture

We will be covering:

- Product Resources and a Product Overview
- Deposit Timeframes
- Deposit Limits
- Check Storage and Safeguards
- Scanner Maintenance
- Adjustment Notices
- Understanding a check
- Processing your deposit
 - A demonstration of scanning a deposit and reviewing reports in Online Banking will be covered in a different video.

Product resources that are available to you include the RDC User Guide, the RDC Support Line , and the Business Banking videos. The RDC User Guide can be found from the Home Page in Online Banking under Quick Links – Forms & Documents. The number for the support line is 800.921.1130 ext. 1546 and is available Monday – Friday from 8:30 a.m. – 4:30 p.m. Pacific Standard Time. The link for the business banking videos is www.adelfibanking.com/help-support/business-banking-videos.

Remote Deposit Capture software allows you to capture checks and create electronic deposits which are securely transmitted to Adelfi for processing. Items scanned for deposit must be drawn on a US Financial Institution which includes:

- Personal and business checks
- Cashier and Traveler checks
- Money Orders – please review the image quality of the money order after scanning. Money Orders typically have a dark background which can distort the image quality. If the payable to field, dollar amount field, or any MICR line information cannot be read we ask that you delete the money order from the deposit and negotiate by an alternate deposit method (such as mail to Adelfi, take to a credit union in the Shared Branch Network or deposit using an ATM).

Third-party checks and foreign checks (example would be a check drawn on a Canadian bank) are not accepted items.

The RDC flow includes:

1. Run a tape total of the checks that will be included in the deposit
2. Scan checks, balance, and submit deposit
3. Store checks in a secure location (fireproof preferred)

4. Destroy / shred checks after 30 days – handling checks in dual control is highly recommended. Reduces the potential of account information on the MICR line being used with fraudulent intentions
- All submitted deposits are flagged for Adelfi to review the first 30 days you start using the RDC product
 - Any items that are corrected during your balancing process will be flagged for Adelfi to review
 - An email notification will be sent to the Online Banking Administrator if Adelfi rejects any items that were submitted in a deposit
 - Checks that Adelfi rejects during the deposit review process are not submitted to the paying bank and the item is deducted from the deposit total. The transactions will show in your account transaction history as:
 - Deposit – Remote Check Deposit (Deposit Total Submitted)
 - Deposit Adjustment Debit (Check Amount Rejected by Adelfi)

If a paying bank is not able to honor a check when presented for payment it will be returned. The paying bank will create a substitute check (which is a digital reproduction of the original check that is considered a legal equivalent of the actual check) and sent to Adelfi (the financial institution of deposit). Upon receipt Adelfi will adjust your account (Transaction Description will be “Deposit Item Return”) and mail an adjustment notice along with the substitute check to your organization. The reason the check was returned will be included on the substitute check. Substitute checks cannot be redeposited using the check scanner.

Deposit Timeframes

Scanning checks may be completed 24/7.

Same day credit is received when deposits are submitted on a banking day by the 4:30 p.m. Pacific Standard Time cut off. The credit / deposit will post to your account between 7:00 – 8:00 p.m. Pacific Standard Time. Deposits submitted after the 4:30 p.m. cut off, on a Saturday or Sunday, or on a holiday – including federal holidays – will be credited to your account the following banking day between 7:00 – 8:00 p.m. Pacific Standard Time.

If Adelfi rejects an item that has been submitted by your organization during the deposit review process an email notification will be sent to your organization by 5:30 p.m. Pacific Standard Time the banking day the deposit is processed.

Check images are available to download for 15 months from the date of the deposit within the system.

Deposit Limits

There is risk associated with RDC. Check alternations can be more difficult to detect with scanned images. Forged or missing endorsements are less likely to be identified when using RDC. Certain check security features may be lost and physical alternations such as “check washing” can be obscured once the check has been scanned. Counterfeit items can be harder to detect. The potential for insider fraud is greater with RDC because Adelfi does not perform background checks on your organization’s employees or volunteers. Your employees or volunteers have access to nonpublic personal information that is contained on deposited items which can increase the risk of identity theft. Adelfi provides same-day credit without placing holds on RDC deposits which could pose additional risks.

Due to the risk factors associated with RDC Adelfi does complete an underwriting process and your organization is approved with a daily deposit limit. The system will not accept deposits that exceed this daily limit. An error message advising that your daily deposit limit has been exceeded will be received when attempting to submit a deposit that exceeds this limit. When this happens the Online Banking Administrator or a Master Signer may request a temporary deposit limit increase by reaching out to your Relationship Manager or calling the RDC Support Line which is 800.921.1130 ext. 1546.

If you find that the daily deposit limit will be exceeded on a regular basis a request for a permanent limit increase may be submitted in writing signed by the Online Banking Administrator. The Online Banking Administrator could also submit the request via a message in Online Banking. The request should include the desired new limit and reason the increase is needed. Upon receipt the request will be forwarded to your organization’s Relationship Manager to initiate the underwriting and approval process.

Please contact your Relationship Manager if you have any questions regarding the daily deposit limit or the underwriting process.

Each individual deposit may have up to 299 checks. When submitting a large deposit keep in mind that balancing and correcting flagged items can be more difficult when there are a lot of checks to review in one deposit. It is easier to batch checks into smaller deposits due to this.

The single feed scanner has a door located in the back of the scanner that when opened will allow checks to flow through the scanner. Once five or six checks have been scanned they should be removed from the back tray before feeding more checks through. If your organization has a multi-feed scanner we recommend that no more than 30 checks at a time be fed through scanner. Once the first 30 checks have been scanned remove them from the tray and place the next 30 in the tray for scanning.

Note: The single feed scanner is the primary scanner Adelfi offers.

Check Storage and Safeguards

Checks should be stored for a minimum of 30 days in a secure location – locked, fireproof file cabinet or in a safe. Based on the risk potential that was just discussed checks should be handled in dual control to mitigate risk.

Check images that are downloaded should be stored securely as well – restricted network location access or encrypting the data files.

A commercially reasonable destruction method, such as shredding, should be used when destroying checks.

Once checks have been scanned and successfully submitted they should not be submitted a second time. Securely storing checks after scanning will help mitigate the risk of submitting the paper checks a second time. A substitute check checked that is received due to a deposited item return cannot be submitted using the check scanner.

Scanner Maintenance Recommendations

Performing regular scanner maintenance will help ensure:

- Good image quality
- Higher scanning speeds
- Fewer rejected / flagged items
- Longer life of the scanner

The dust cover that came with the scanner should be placed over the scanner when not in use. This will prevent any dust particles that are floating in the air from settling in the scanner. A compressed air duster can be used to remove any paper particles that may have accumulated while feeding checks through the scanner. We also recommend that you clean the scanner with a cleaning card when image quality begins to deteriorate or there are increased paper jams. Additional cleaning cards may be purchased at any office supply store.

Adjustment Notices

There are instances when Adelfi will review your submitted deposits and potentially reject a check. Checks that are rejected during an Adelfi deposit review are not submitted to the paying bank and your account transaction history will show two entries:

- “Deposit – Remote Check Deposit”
- “Deposit Adjustment Debit”

Some reasons Adelfi may reject a check are:

- Check image is incomplete or cannot be read
- The legal amount does not match the courtesy amount
- The check has already been processed – determined to be a duplicate check
- Payer did not sign the check

- Payee does not match the organization name we have on file

There is an Adjustment Notice email sample included on page 11 of the PowerPoint for your review.

Understanding a Check

As you prepare deposits for scanning the following elements of the checks should be reviewed:

- Confirm there is a date
- The “Pay to the Order Of” field should be payable to your organization – third party checks are not accepted
- The courtesy (number) and legal (hand-written) amounts match – if they do not match the legal amount would be used
- There is a nine-digit routing number on the MICR line
- There is an account number on the MICR line
- Most business checks will have the check number before the routing number on the MICR line

Preparing Your Deposit

While making a tape total of the checks confirm that each check is filled in completely:

- “Pay to the Order of” field has your organization’s name – third party checks are not accepted
- There is a matching courtesy and legal amount
- The checks have been signed by the payer
- The checks are endorsed
 - Please contact your Relationship Manager or Adelfi Member Services to purchase an endorsement stamp

The multi-feed scanner is for large organizations with high check volumes. These scanners come with a print text capability which allows you to print your organization’s name on the back of the check.

Starting in May 2025 the single feed scanners will also have the print text capability allowing you to print your organization’s name on the back of the check.

Another option for endorsing checks is with an Adelfi endorsement stamp – stamping/endorsing the checks prior to scanning them. Please contact your Relationship Manager or Member Services if you do not have an endorsement stamp.

Deposit Balancing

The adding machine tape total (Control Balance) will provide you with a deposit total that is used to compare the deposit total the RDC software is calculating. These two totals must balance – be the same amount.

Once checks have been scanned there may be some flagged for review. Any flagged items will have a red box around the field requiring review. Some reasons for an item being flagged are:

- Low CAR (Courtesy Amount Recognition) score
- Poor IQA (Image Quality Assurance) score
 - The system has predetermined thresholds for these two scores and if any items do not meet the system threshold they will be flagged for review. You will have the opportunity to manually correct the flagged items
- MICR line misreads (account number or routing number)
- Duplicate check
 - There will be a link that will open an image of the current and previously submitted items. The system will allow you to compare the two images and decide if the current item should be rejected or accepted.
- The system may automatically reject an item – the deposit will not be balanced; the item will not populate and will show in gray. Sometimes rescanning the item or submitting in a new deposit with just this check will remedy the issue. If not this check would need to be negotiated using a different deposit channel.

All flagged checks must be reviewed, corrected, or deleted before the system will allow the deposit to be submitted. If all flagged items have been resolved and the two totals are still off - do not match, then complete the following reconciliation steps:

- Make another tape total – confirm there were not any key errors when making the first tape
 - If the tape total was incorrect revise the Control Balance
- Compare each amount on the tape with the scanned items
 - The scanner may have misread an amount and not flagged the item for review – correct the amount field to match the legal amount of the check

The deposit may be submitted once both deposit totals match – balanced.

This concludes the PowerPoint presentation of the Remote Deposit Capture. There will also be a video demonstrating how Remote Deposit Capture works in Online Banking.

Thank you for your time and have a great day.

