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Check Fraud Prevention for Businesses

THERE ARE MANY FRAUD schemes prevalent today that business owners should be wary of. One of the oldest and most common threats is check fraud. Businesses that issue a large number of checks are at greater risk, and reconciling these items can be a very daunting task. Fortunately, most banks have a very effective service, known as Positive Pay that assists in preventing check fraud.

Positive Pay helps protect businesses against altered checks and counterfeit check fraud, while at the same time saving them time and effort with their check reconciliation process. Here is how it works... Each day a business sends an issued check file to their bank, which the bank uploads to their system. As the business's checks clear, they are checked against the issued check files. If a check clearing doesn't match the information provided in the issued check file, the business decides whether to pay or not pay the check. At the end of the month, a list of items issued, but not yet cleared, is automatically generated provid-

ing automated check reconciliation.

It is important to understand, however, that Positive Pay cannot protect against all fraud. It cannot protect against a check with a legitimate check number, dollar amount, and issue date made payable to a fraudulent payee. It also cannot prevent the payment of a duplicate check, with the identical check number, dollar amount and issue date as a legitimate check, should the duplicated fraudulent check be presented to the bank prior to the legitimate check.

Positive Pay services may vary slightly from bank to bank. For more information on Positive Pay or check fraud prevention contact your banker.