

Best Practices and Tips to Help Businesses Combat Check Fraud

Common types of check fraud include:

- Mail theft (a check can be altered and presented for deposit or for cash)
- Counterfeit checks (printed/endorsed)
- Duplicate deposits (e.g., an item deposited via mobile remote deposit capture at a financial institution might be taken to a check-cashing facility or other financial institution and cashed)



Precautions you can take to protect your business from check fraud:

- Implement strong internal controls and procedures around accounts receivable (A/R) and accounts payable (A/P) functions
 - Review your bank account activity **daily** using online or mobile banking
 - Review posted checks to ensure they are endorsed as drawn
 - Address exception items and make timely returns
 - Apply separation of duties within the organization when it comes to checks; for example, no one person should be able to complete the check issuing process — access check stock, issue the check and reconcile the account — from start to finish
 - Secure blank check stock, deposit slips, canceled checks and statements
 - Manage control of checks when issuing or printing
 - Use secure financial document destruction processes, such as shredding old documents
- Leverage tools and processes available at First Bank and reputable service providers; enact best practices in A/R and A/P functions
 - Whenever possible, make payments electronically (ACH)
 - Use positive pay or payee positive pay
 - Use point-of-sale (POS) check fraud detection services, e.g., shared database with rules-based systems and scoring
- Educate and train your employees on check fraud prevention
- Consider whether your business even needs to accept checks as payment. To avoid potential losses due to check fraud, consider no longer accepting checks.
- Limit the number of checks issued
 - Replace employee paychecks with electronic payment options (Direct Deposit)
 - Consider outsourcing check writing so you no longer have to keep check supplies around.

To learn more, visit our Fraud Security Page @ www.firstbanknj.com/security