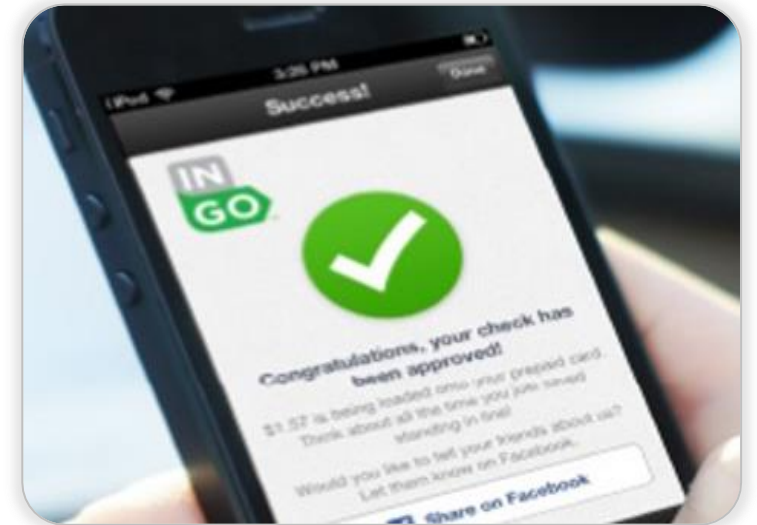




RDC and Prepaid

Compliance and Risk Management



Serving the Underserved

How Many?

- 17 million without a bank account (“unbanked”)
- 51 million have a bank account and regularly use alternative financial services (“underbanked”)

Services Used

- Check Cashing
- Payday Lending
- Money Transmission
- Bill Pay (electronic and money order)

Importance of Checks

Volume of Checks (Federal Reserve study)

- 3.1 Billion B to C checks in 2012, dropping 16% per year
- 2.4 Billion C to C checks in 2012, flat over the last 3 years
- Avg. check over \$1,400

Check Cashing

- 170 Million checks per year, > \$50 Billion (FISCA)
- Insurance against bad checks and overdraft fees

Rise of Mobile

CFPB – New RFI regarding Use of Mobile Financial Services by Consumers

69% of unbanked have mobile phones, 50% of which are smartphones

88% of underbanked have mobile phones, 64% of which are smartphones

Mobile remote deposit capture small but growing rapidly

RDC and Prepaid

No such thing as remote deposit capture in Prepaid

Not a deposit account

Requires good funds to load a card

Managing Mobile Remote Deposit Capture Risk

Checks are not funds

Risk of mRDC in Banking

- In 2012 – returned checks represented 30 basis points of all check presented (Fed payments study)
- Certegy reports 30 basis points for returns on RDC for banking channels

Risk of mRDC in Prepaid

- Certegy reports over 900 basis points for returns on RDC for Prepaid and mobile wallets
- PayPal dropped mRDC in 2014 (10 day funding)

Types of Risk in mRDC

NSF

Fraud

- Forgery
- Stolen Checks
- Altered Checks

Duplicate Deposit

- Much higher in mRDC – up to 75% of returns
- Not a 48 hour risk - can take up to 6 months to return or more

Mitigating mRDC Risk

Know Your Customer (CIP)

- Database verification
- Supplement with out of wallet knowledge based questions (DO NOT REPLACE)
- Manually verify image based documentary evidence
- Obtain information about cardholders from card issuers

Verify the Account

- Early Warning Systems, et. al.

Track History

- Check Presenter
- Check Writer
- Fraud – perpetrators, mode of operation

Mitigating mRDC Risk

Track and Limit Usage

- Accounts per device / Devices per account
- Cards per account / accounts per card
- Accounts per person
- Accounts per geographic location
- Geographic location of usage
- Dollars per day/week/month

Manual Review

Post Mortem Analysis

Duplicate Return Risk - Regulations

Reg. CC warranties do not apply to mRDC

Reg. E

- Warranties made to paying bank that item will not be presented twice
- Paying bank may choose against which presenting bank to make a warranty claim

Federal Reserve proposed revisions

- Reg. CC does apply to mRDC
- mRDC bank makes warranty to all others that item will not be presented again

Duplicate Return Risk Management

Know Your Customer

Restrictive Endorsements

Technological Solutions

- National duplicate database?

BSA/AML Reporting

Monitor in the Aggregate

- Velocity
- Loads to a single account
- Loads to related accounts
- Checks from one maker to multiple accounts

Post Mortem Analysis

- Review returns to determine reason
- Report suspected fraud and suspicious activity

Money Transmission / Check Cashing

Money Transmission

Check Cashing

- 35 states have check cashing statutes
 - Location licensure
 - Fee regulation
- Federal pre-emption/exemptions for banks

Reg. CC funds availability

- does not apply to mRDC
- Does not apply to check cashing

CONNECTICUT GENERAL LIFE INSURANCE CO.
As Service Provider for Cigna Global Insurance Co.
P.O. BOX 15050, WILMINGTON, DE 19850

BANK OF AMERICA
WINDSOR, CT

31-44
179

10638313

PAY

One hundred forty eight and 07/100 Dollars

TO THE
ORDER OF

Sean Dyer

DATE
25 Jan 2014

AMOUNT
*****\$148.07

VOID AFTER 180 DAYS

Samy Douglas

⑈ 10638313 ⑆ ⑆ 011900445⑆ ? 1004 ⑆



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STEPHANIE WILLIAMSON
5573 AIRPORT RD.
MILLBROOK, AL 360542813

2-7080/2710

161

Date 7-2-14

Pay to the order of Sandra Burnett \$ 80⁰⁰
eighty & 00/100 Dollars

citibank

CITIBANK N.A. BR. #788
214 CLARE STREET
BIRMINGHAM, AL 35203

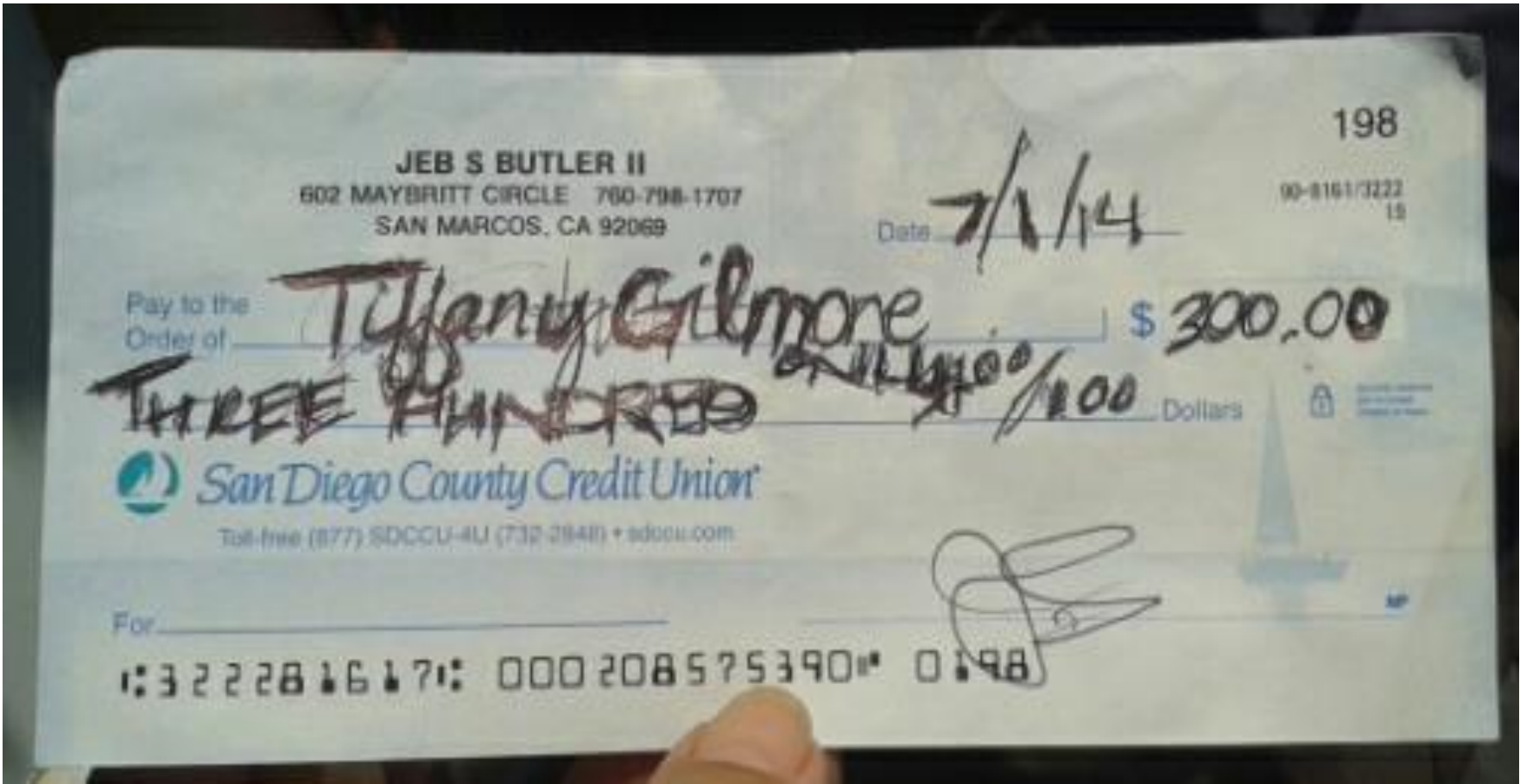
Sandra Burnett

⑆ 2710 7080 ⑆ 08 29608 ⑆ 2500 0161



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HAROLD V. DECKMAN 04-10
8510 - 212TH ST. NE, APT. D111
ARLINGTON, WA 98223-4612

19-7076 40075
3250

1044

DATE 6-3-2014

PAY TO THE
ORDER OF

Twin Ponds Kelly No \$ 588⁰⁰/₁₀₀

five hundred eighty eight ~~00~~ 00 DOLLARS

CHASE 

JPMorgan Chase Bank, N.A.
Seattle, Washington 98101
www.Chase.com

MEMO

Kelly No

Harold V Deckman

MP

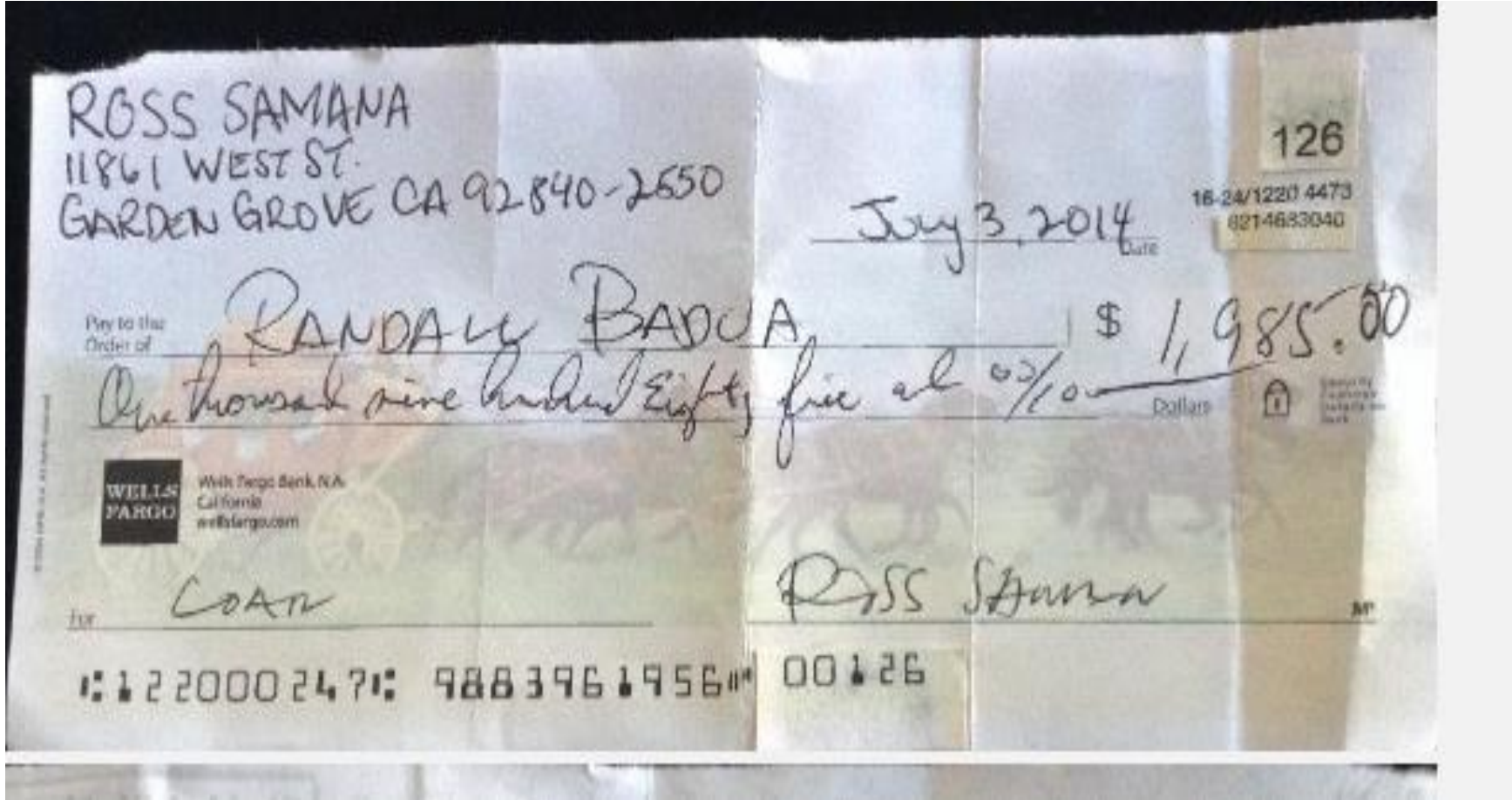
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CORNER INV CO DBA THE CROMWELL
ONE HARRAH'S COURT
LAS VEGAS, NV 89119

84-975/812
NO. 0500079930
DATE 07/04/2014

VOID AFTER 90 DAYS

PAY TO THE ORDER OF CECILY R HIGGINBOTHAM
3221 COPPER SUNSET AVE
N LAS VEGAS NV 89081

AMOUNT
\$1000.00

PAYROLL ACCOUNT
ONE THOUSAND DOLLARS AND 00 CENTS

CAESARS ENTERTAINMENT OP. CO.

Drawn On
Wells Fargo, N.A.
Savannah, Georgia

VOID IF AMOUNT GREATER THAN \$50,000

Treasurer
[Signature]
James J. Evans
Assistant Treasurer

⑆0500079930⑆ ⑆06⑆209756⑆ 2079900414916⑆



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Cashier's Check



703224746

64-79/611

Date 5/29/2013

164465

8000970

Purchaser Kathy Mildredwood

Initials (type) Centre

Pay One Thousand Nine Hundred and 00/100

Dollars

\$ **1,900.00

To The Order Of Ashley Ross

⑈ 703 224 746 ⑈ ⑆ 06 ⑆ ⑆ 00 790 ⑆ 703 224 746 ⑆



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The United Parish in Brookline
210 Harvard St
Brookline, MA 02446

Sovereign Bank
487 Harvard St
Brookline, MA 02446

No. 18246

1-701118

Date 7/2/2014

Pay To The
Order Of Amanda O'Brien

\$ **1,350.00

One Thousand Five Hundred Fifty and 00/100

Dollars

Amanda O'Brien
8851 N Oracle Rd #1
Tucson, AZ 85704

Memo: VOID AFTER 27 DAYS

⑈0000 ⑆5 246⑈ ⑆0 ⑆1075⑆ 50⑆849000 268 28⑈




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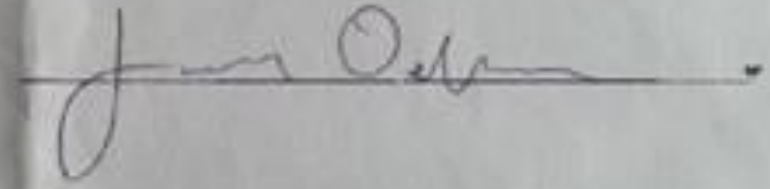
JAMES P OSTOLAZA
14513 164TH PL SE
RENTON WA 98058-7903

Date 6-1-14 0414
948712
1224

Pay to the Order of Anthony SAMS \$ 600.00
Six Hundred dollars and no cents Dollars

 USAA SAVINGS BANK
P.O. BOX 14060
LAS VEGAS, NV 89114-4058
950.431.8222
MEMBER THROUGH USAA FEDERAL SAVINGS BANK

For _____



⑆ 22487 ⑆ 290⑆ 23726445 ⑆ 75 ⑆ 0414

PLEASE ENDORSE HERE



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OTAK, INC.

808 SW 3rd Avenue, Suite 300
Portland, OR 97204

CITIBANK, N.A.
245 Market Street
San Francisco, CA 94105

90-7118-3211

917527

Date 6/30/14

Pay to the Order Of Calvin Shenault

\$ 2,430.90

Two Thousand Four Hundred Thirty ***** 90/100 Dollars

Bill Cabell

⑈ 9 2 7 5 2 7 ⑈ ⑆ 3 2 1 1 7 1 1 8 4 ⑆ 204460869⑈

ROBERT E. GARDNER
1508 KINGSLAND AVE. 436-4557
OAKLAND, CA 94619

11-35-1210

E-Z Check
Fraud Protection

5819

6/2 2014

PAY TO THE
ORDER OF

Safeway Juan Matres

\$ 84.96

Eighty four ninety six and
no/100

DOLLARS



Bank of America

Oakland Main Branch 0251
300 Lakeside Drive
Oakland, CA 94612

(510) 649-6600

VALUED CUSTOMER SINCE 1979

FOR _____

Robert Gardner

MP

⑆ ⑆ 2 ⑆ 000358 ⑆ 58 ⑆ 9 ⑆ 0 25 ⑆ 8 ⑆ 0 ⑆ 56 7 ⑆ ⑆



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ACHIEVECARD
PMB 296
PO BOX 200255
AUSTIN, TX 78720

Pacific Western Bank

90-3820
1222

CHECK NUMBER
047892

DATE
04/22/2014

Void if not negotiated within one hundred eighty (180) days of date of issue

TWO THOUSANDS FIVE HUNDRED DOLLAR AND 00/100 DOLLAR*****

AMOUNT
\$2,500.00

PAY TO THE ORDER OF:
KATHIE MERCER
106 HOSANNA CIR
AMERICUS GA 31719-8260

Brenda Woelken
Authorized Signature

Achieve Member ID: 15934240

⑆047892⑆ ⑆122238200⑆ 351900101⑆



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MONA L ASHER
SAM ASHER
23511 TIARA ST (818) 406-4366
WOODLAND HILLS, CA 91367

2508
11-35/1210 CA
90539

7/2/14
Date

Pay to the
Order of Isabel Lreat \$ 300⁰⁰
Three Hundred Dollars Dollars

Bank of America

Bank of America Advantage®

ACH R/T 121000358

For Baby Settlement [Signature]

⑆ 00000358⑆ 002172267762⑆ 2508

Los Angeles, CA 90005

Computershare

Bank of America
Atlanta, DeKalb County, Georgia

64-1278
611 GA

Pay to
KADESH J. KING
1128 SOUTH CHERRY
ADA, OK 74820

VOID AFTER 6 MONTHS

Payable Date: **JUNE 8th 2014**
Check Number: 0000243592

\$2,000

The sum of **TWO THOUSAND DOLLARS**

Computershare Shareholder Services, Inc.
Authorized Paying Agent

Sto-Red *Chao-J. [Signature]*

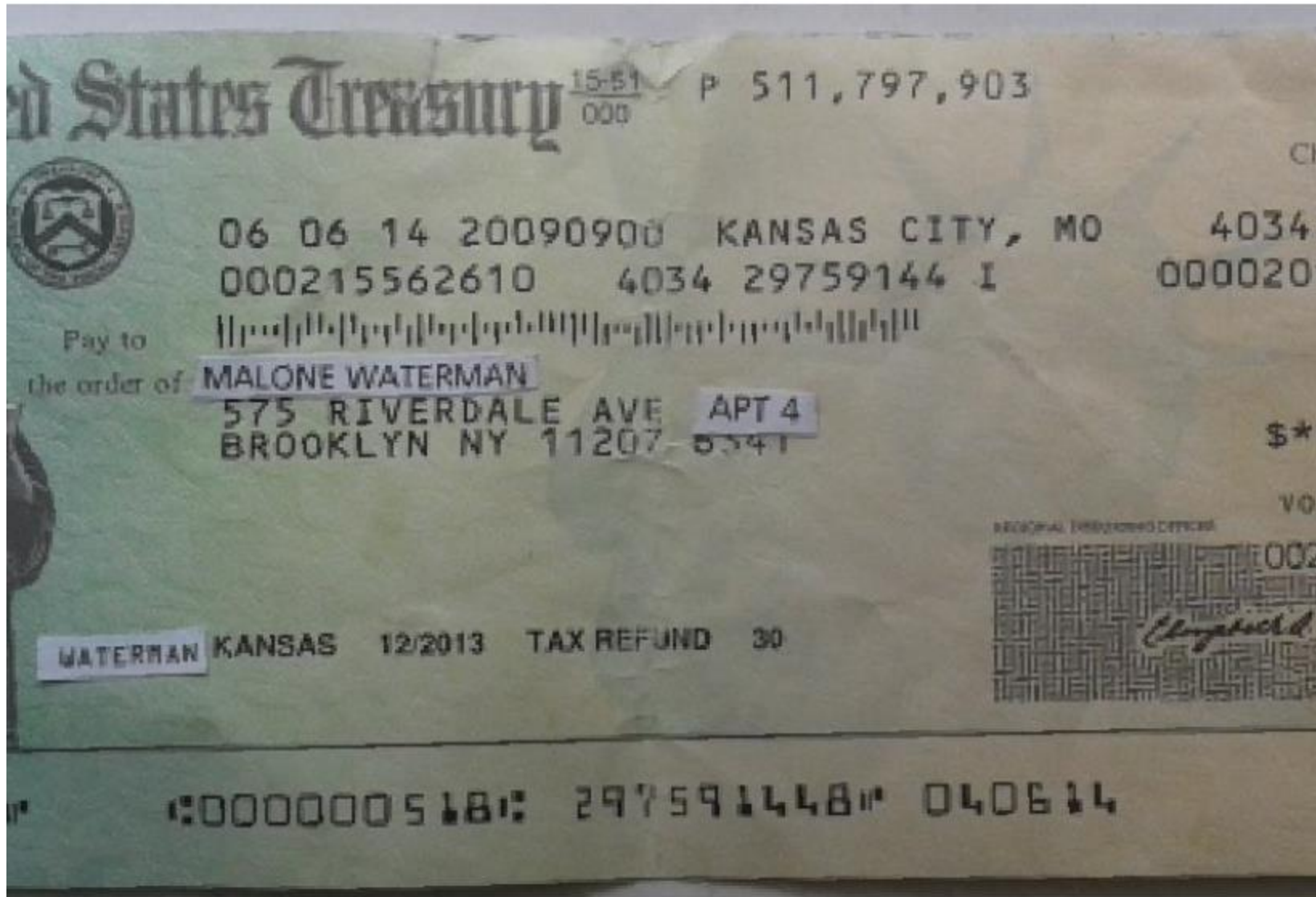
Authorized Signature(s)

Computershare Shareholder Services, Inc.
P.O. Box 43078, Providence, RI 02940

⑈0000243592⑈ ⑆061112788⑆ 329 912 8878⑈



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United States Treasury

15-51
000

P 511,797,903



06 06 14 20090900 KANSAS CITY, MO 4034
000215562610 4034 29759144 I 000020

Pay to
the order of

MALONE WATERMAN
575 RIVERDALE AVE APT 4
BROOKLYN NY 11207 0591

\$*

WATERMAN KANSAS 12/2013 TAX REFUND 30



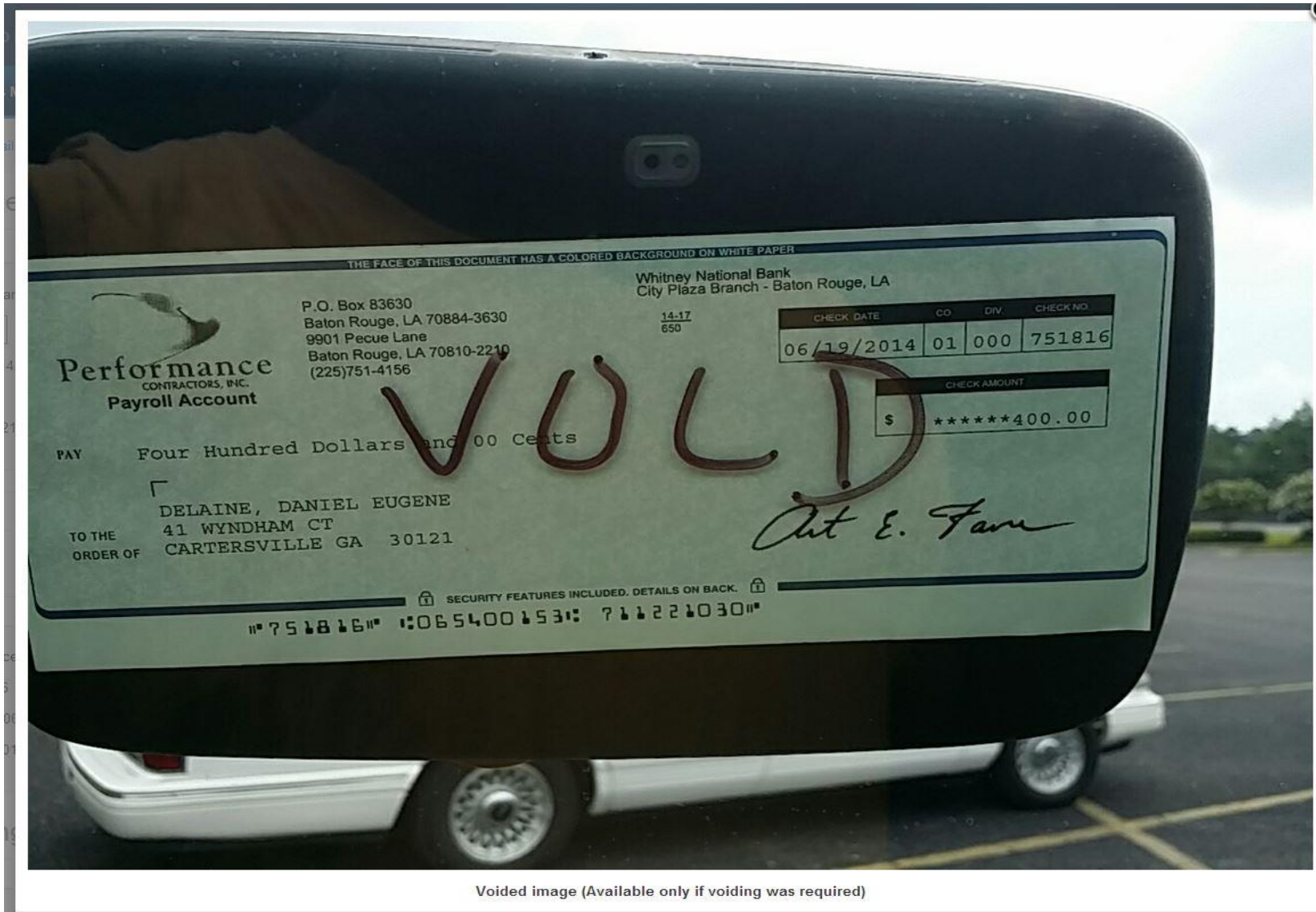
⑆000000518⑆ 297591448⑆ 040614



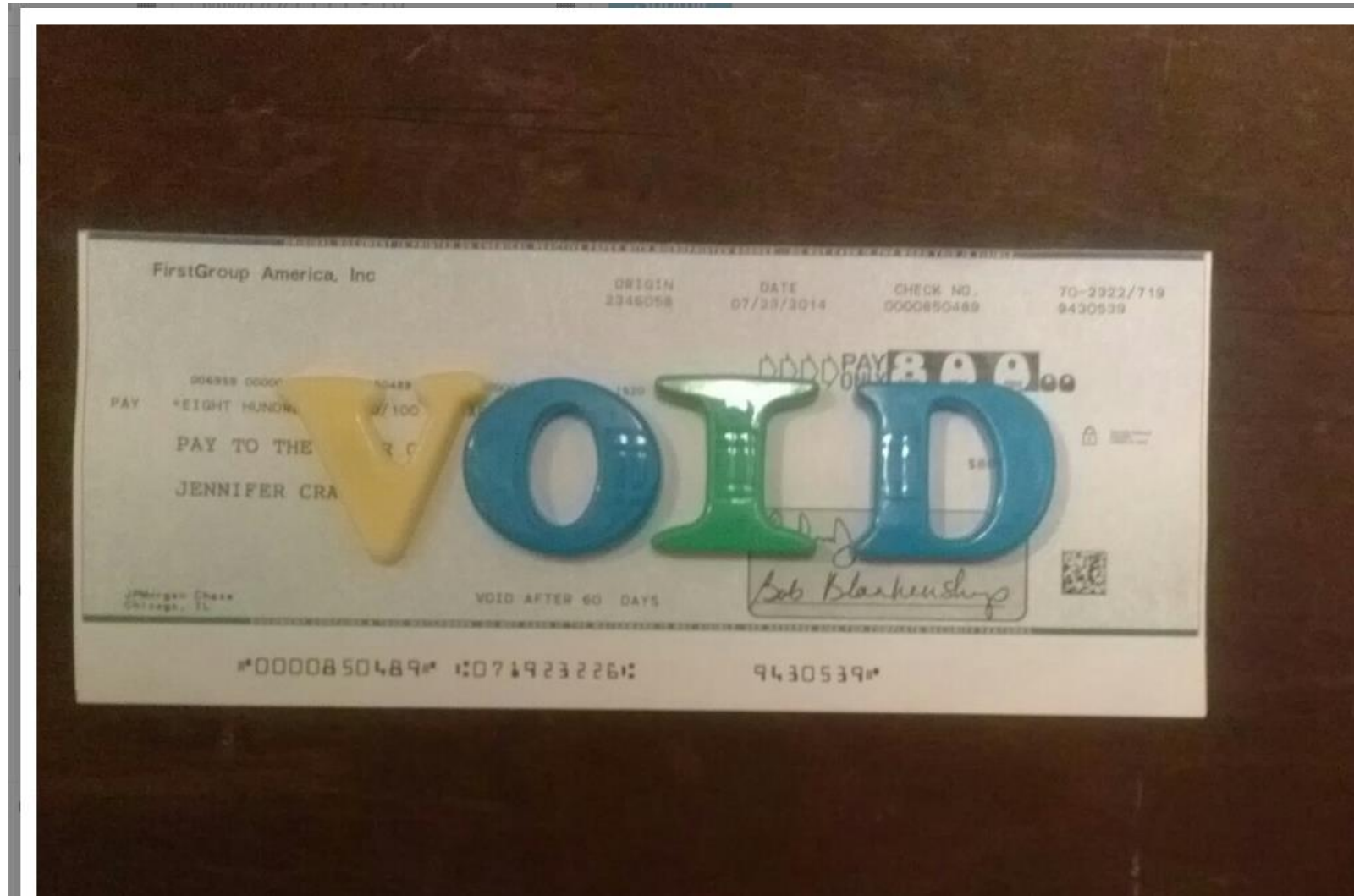
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Risk Center Save – Some are easy



Risk Center Save – Some are silly





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