



# **Positive Pay Best Practices**

# PAYEE POSITIVE PAY TIPS & BEST PRACTICES

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For client users to have the best user experience possible, we have outlined some best practices to help make the onboarding process more efficient.



## A. Payee Name Comparison: “Scoring”

Check Positive Pay payee name scoring can reasonably handle a variety of check styles, fonts, and even hand-written names on a payee line. However, it is important to note that scoring does not indicate with 100% certainty if the payee name on a check matches the payee name provided with the issue item information.

The technology scores on the likelihood of a match and will fail or pass an item based on the scoring threshold set. The system supports a range of 0-1000. The lower the threshold is set, the more likely it is that fraudulent items will pass. The higher the threshold is set, the less likely they are to pass, but the flipside is items where there is an exact match could trigger unnecessary exceptions.

Check Positive Pay default threshold is set at 500. This is not a recommendation by ACH Alert, it is simply a system default that each financial institution can have raised or lowered based on their risk tolerance. In addition to establishing a global scoring threshold, FI's can customize the default on an account by account basis.

Each institution should consider incorporating language into their client agreements to explain that payee comparison is a scoring methodology that can be impacted by a variety of factors and therefore, as their financial institution, you make no representations or warranties that the technology is going to score items correctly each and every time.

While Check Positive Pay does allow FI users to pre-scrub exceptions and override false exceptions after visually inspecting the check, FI's can help their clients reduce the number of false exceptions by recommending they use the best possible check design and formats as outlined in the best practices below.

## B. Ideal Check Formatting

Customers will find the most success following these suggestions in their check designs and format.

- Paper weight should be 24" MICRBond (to ensure better image quality when physically captured with reader).
- Use check stock with no backgrounds or lighter colored backgrounds and no logos or marks in the payee field. Any background patterns, images or watermarks on the check stock that is within the area of the data to be recognized can interfere with recognition results. ***[Please refer to Figures 1.1 and 1.2 at the end of this subsection for good and bad examples]***
- Check stock should be consistent for each account.
- Minimum 200 dpi resolution required; 600 dpi or higher resolution preferred.
- Printing with an ink jet or laser printer will produce best results.
- Check printing should be consistent with the payee information in the same location per account.
- Checks should be fixed width (fixed spacing) 10-point font or higher for the Payee Block and Amount. Font size 12 or 14 will produce best results. ***[Please refer to Figures 1.3 and 1.4 at the end of this subsection for good and bad examples]***
- Sans Serif fonts are preferred (no bold). For example, Courier New, Courier, Lucida Console, Terminal, Letter Gothic are all acceptable fonts. Courier New is preferable. ***[Please refer to Figures 1.3 and 1.4 at the end of this subsection for good and bad examples]***
- "PAY TO THE ORDER OF" should not be italicized or underlined and must be printed horizontally at the same level to the left of the payee name. Payee Name should be printed to the right of "PAY TO THE ORDER OF" starting from the position of the keyboard "PAY" or lower. ***[Please refer to Figures 1.5 and 1.6 at the end of this subsection for good and bad examples]***
- Payee name should be a maximum of 100 characters, left aligned and single line spacing should be used. ***[Please refer to Figures 1.7 and 1.8 at the end of this subsection for good and bad examples]***
- Up to four payee names are permitted. ***[For more information about multiple payee handling, please refer to Subsection D, Multiple Payee Handling, within this section]***
- The payee name and amount should be surrounded by an area of white space, minimum of 2 empty lines. This will minimize the interference of any irrelevant printed information on the item and allow for some shifting/offset of the data's location during the scanning process. ***[Please refer to Figures 1.7 and 1.8 at the end of this subsection for good and bad examples]***

- Payee name should not be italicized, bolded or underlined and words should be separated by one (1) single blank space. ***[Please refer to Figures 1.7 and 1.8 at the end of this subsection for good and bad examples]***
- Payee Name should be printed only once on the check, within the Payee Block. Do not split the Payee Block into two non-adjacent parts (the Name and the Address). ***[Please refer to Figures 1.7 and 1.8 at the end of this subsection for good and bad examples]***
- Uppercase characters will produce best results. ***[Please refer to Figures 1.7 and 1.8 at the end of this subsection for good and bad examples]***

**Figure 1.1**

**Good Example:** A check stock that is light colored, with no logos in the payee field.

Client XYZ 123 First Street Louisville, KY 40212 (502) 123 1234	My Bank 123 Bank Road	No. 1012 <small>67-76890</small> Date 10/11/2016
Pay To The Order Of ABC Baby Store		\$ **200.00
Two Hundred and 00/100		Dollars
Memo: For purchase order #1234	Pre-approved Check - No Signature Required	

⑈000001012⑈ ⑆123456789⑆0123456789⑈

**Figure 1.2**

**Bad Example:** A check with a background that is too dark and may cause issues when scanning.

ABC Company 123 Main Street Cityville, ZA 00000	1001 Date: 03/01/2019
<u>Five Thousand Three Hundred and 29/100</u> DOLLARS \$ <u>5300.29</u>	
PAY TO THE ORDER OF	
<u>Microsoft Corporation</u>	
MEMO	<u>Samuel Franklin</u>

⑈000001012⑈ ⑆123456789⑆0123456789⑈



**Figure 1.3**

**Good Example:** Payee Block and Amount use fixed width spacing, 12-14 font size sans serif fonts.

ABC Company  
123 Main Street  
Cityville, ZA 00000

1001

Date: 03/01/2019

Amount: FIVE THOUSAND THREE HUNDRED AND 29/100 \$ 5300.29

Pay to the order of: MARK IV SERVICES  
505 ROAN STREET  
MAINVILLE, ZA 00000

Memo: Consulting Services Samuel Franklin

⑈000001012⑈ ⑆123456789⑆0123456789⑈

**Figure 1.4**

**Bad Example:** Serif font is used, non-fixed-width spacing and bolded font that is less than a 12-14 font size.

ABC Company  
123 Main Street  
Cityville, ZA 00000

1001

Date: 03/01/2019

Amount: Five Thousand Three Hundred and 29/100 \$ 5300.29

Pay to the order of: Mark IV Services  
505 Roan Street  
Mainville, ZA 00000

Memo: Consulting Services Samuel Franklin

⑈000001012⑈ ⑆123456789⑆0123456789⑈

**Figure 1.5**

**Good Example:** “Pay to the Order Of” is horizontally printed at the same level as the payee name. The font is not italicized or underlined.

ABC Company  
123 Main Street  
Cityville, ZA 00000

1001

Date: 03/01/2019

Amount: FIVE THOUSAND THREE HUNDRED AND 29/100 \$ 5300.29

**Pay to the order of:** MARK IV SERVICES  
505 ROAN STREET  
MAINVILLE, ZA 00000

Memo: Consulting Services Samuel Franklin

⑈000001012⑈ ⑆123456789⑆0123456789⑈

**Figure 1.6**

**Bad Example:** “To The Order Of” appears instead of “Pay To The Order Of” and is not horizontally printed next to the Payee Block. The font is italicized.

ABC Company  
123 Main Street  
Cityville, ZA 00000

1001

Date: 03/01/2019

Five Thousand Three Hundred and 29/100 DOLLARS \$ 5300.29

***TO THE ORDER OF***  
*Microsoft Corporation*

MEMO Samuel Franklin

⑈000001012⑈ ⑆123456789⑆0123456789⑈



**Figure 1.7**

**Good Example:** Payee name and amount surrounded by an area of white space. Payee name is left aligned and single spaced. Payee name printed in uppercase letters, and is not italicized, bolded or underlined. The payee name is not split into non-adjacent parts and printed only once on the check.

ABC Company  
123 Main Street  
Cityville, ZA 00000

1001

Date: 03/01/2019

Amount: FIVE THOUSAND THREE HUNDRED AND 29/100 \$ 5300.29

Pay to the order of MARK IV SERVICES  
505 ROAN STREET  
MAINVILLE, ZA 00000

Memo: Consulting Services Samuel Franklin

⑈000001012⑈ ⑆123456789⑆0123456789⑈

**Figure 1.8**

**Bad Example:** Payee name not surrounded by white space. Font is bolded and upper and lowercase letters are used in the payee block. Payee name is in a separate area than the payee address and therefore is not left aligned.

ABC Company  
123 Main Street  
Cityville, ZA 00000

1001

Date: 03/01/2019

Amount: Five Thousand Three Hundred and 29/100 \$ 5300.29

Pay to the order of Mark IV Services 505 Roan Street  
Mainville, ZA 00000

Memo: Consulting Services Samuel Franklin

⑈000001012⑈ ⑆123456789⑆0123456789⑈



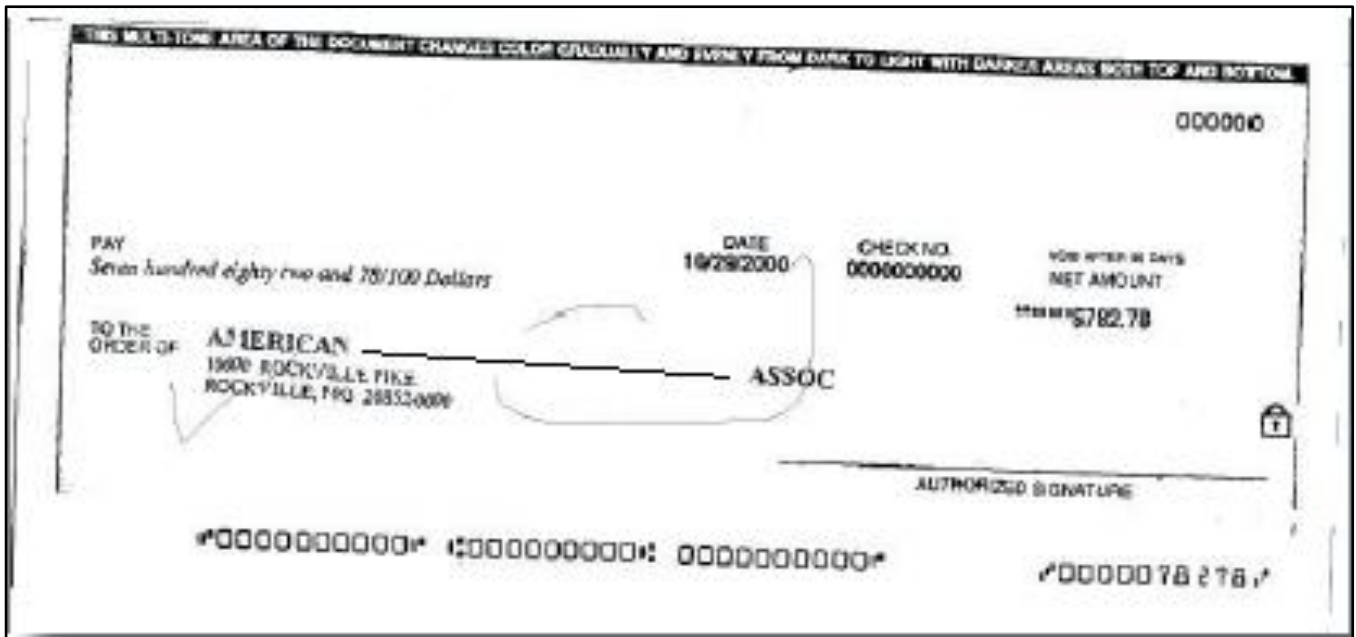
## C. Other Common Check Formatting Problems

Following are some examples of check formats which cause processing errors and issues with payee scoring.

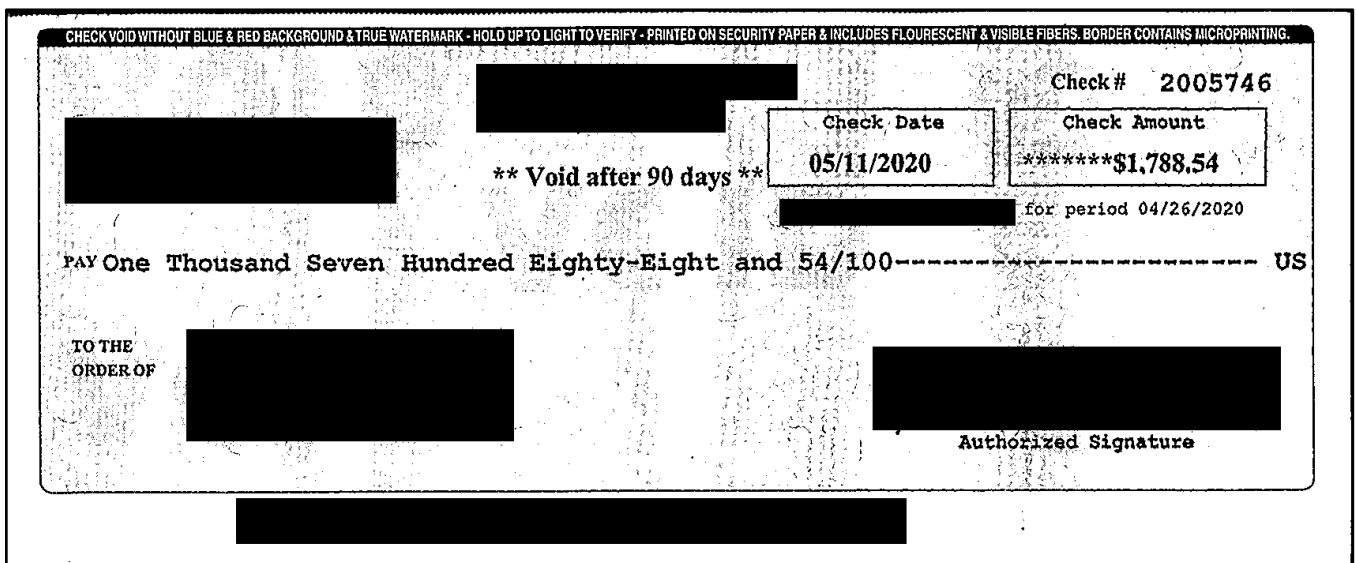
### Bad Scans & Poor Image Quality

Poor image quality can interfere with scans.

It appears the check paper was inserted into the printer improperly, causing the payee name information to print in a blurred/slanted condition and therefore cause issues with scanning. [Payor name, Payee name and bank name partially removed for confidentiality]



Poor Image Quality. Payee area only states "To the Order of" and is not horizontally printed. The boxes around date and amount might cause issues with scanning.



Poor image quality. Check fields are in non-serif fonts. Boxes around check fields may cause issues with scanning. Pay To The Order Of is not horizontally printed.

					1-1335/260	
PAYROLL ACCOUNT						
06758		3931.0000	10573		06/03/20	\$920.34
Check No.	Co. ID	Department	ID Number	Social Security Number	Pay Date	Net Pay
Pay This Amount						
*****NINE HUNDRED TWENTY DOLLARS & 34 CENTS*****						
Acme Commercial Bank						
PAY To The Order Of		MARK LEWIS 987 Ridge Road Franklin, ZA 00000				

## D. Multiple Payee Handling

Check Positive Pay has the ability to support customers with multiple payee names on issued items. Check Positive Pay can score multiple names on a check against information provided in the issuance file. Multiple payees can be listed on a single line, or on two separate lines on the check. Examples of correct formatting are shown below.

ABC Company 123 Main Street Cityville, ZA 00000		1001
		Date: 03/01/2019
Pay to the order of	Elaine Archeron and Nesta Archeron	\$5300.29
Five Thousand Three Hundred and 29/100		Dollars
Memo: Consulting Services	Samuel Franklin	
⑈00000 1012⑈ ⑆123456789⑆0123456789⑈		