

Preventing Check Fraud Losses and Securing Customer Trust



Client Profile



R Bank opened its doors in June 2009 in the middle of a financial crisis and economic downturn. Since then, R Bank has grown from one location and 12 employees to 10 locations and more than 150 employees. It is a community bank dedicated to developing a high-touch relationship with its customers while providing high-tech solutions to their financial needs.

Challenge

R Bank was experiencing large losses due to check fraud and inefficiencies caused by manual use of an inadequate reporting system.

Solution

R Bank decided to implement ARGO OASIS offered by Fiserv. The solution uses automated transaction and image analysis to help R Bank detect suspicious check activity, reduce financial losses, decrease operating expenses and minimize reputational risk.

Proof Points

- User-friendly implementation had the system up and running in less than 120 days
- OASIS has made staff investigations of suspicious items much more efficient – feedback from customers has been overwhelmingly positive
- OASIS has enhanced R Bank's customer service; instead of immediately returning funds for potentially suspicious check activity, the tool gives the bank staff time to directly reach out to customers to address concerns
- Over a period of six months using OASIS, \$180,000 in potential check losses was prevented



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Jake Aleman
Senior Operations Officer, R Bank

R Bank Senior Operations Officer Jake Aleman and his team faced a growing problem. “We were experiencing large losses due to the return of check fraud,” Aleman said. As the losses started to escalate, R Bank staff found themselves grappling with the challenge of distinguishing altered checks from legitimate ones. To make matters worse, they were relying on a cumbersome manual reporting system that was ill-suited to the evolving fraud landscape.

The tactics employed by fraudsters continue to become more aggressive and sophisticated. In Central Texas, where R Bank operates, mail fraud is on the rise. Criminals are stealing checks from the mail, altering payee names and depositing these forged checks. Postal carriers are being targeted, with thieves making off with mailbox keys and pilfering mail from local businesses.

By the end of 2022, R Bank had incurred substantial losses due to check fraud, and it was clear that their existing approach was failing. The bank’s leaders knew they had to find a better way to combat the growing threat.



The Path to Efficiency and Trust

In their quest for a solution, Aleman and his team reached out to their Fiserv account executives for guidance. They conveyed their concerns, and Fiserv promptly recommended a new solution, ARGO OASIS, as the best tool to address their challenges.

Upon viewing a demonstration, Aleman and his team were impressed by the robust suite of features in OASIS. “From our standpoint, with the verification, the integration with images, being able to scrutinize signatures, and the system’s ability to assist users in identifying irregularities – it truly proved to be a comprehensive tool, equipping our team to make informed decisions regarding potentially fraudulent items,” Aleman said.

Aleman noted that OASIS significantly reduces the margin for human error when assessing check images. “Since it’s a computer-based system, it excels at pinpointing subtle alterations or variations that might have been missed by the human eye,” he said. The system promptly flags discrepancies, ensuring that potentially fraudulent transactions do not go unnoticed.

Once R Bank decided to adopt OASIS, Aleman said it took less than 120 days to implement. Once the solution was live, R Bank spent about two weeks building the required database. While some minor challenges arose, mainly related to adapting to the product program terminology, the business analytics team from Fiserv played a pivotal role in bridging the terminology gap and customizing R Bank’s system.

The real triumph, however, has been the solution itself. The team has found the system to be easy to learn, with a user-friendly interface that is straightforward, clear and intuitively designed. Processes that used to take an entire workday can now be accomplished by R Bank’s designated OASIS expert in half the time.

OASIS analyzes all transactions, ensuring nothing slips through the cracks. R Bank staff now receive their transaction files early, enabling them to review checks before they hit customer accounts. This early insight empowers them to prepare emails to send early the next day to notify customers of pending checks.

In cases where an error raises suspicion but doesn't definitively point to fraud, Aleman's team reaches out to account officers, who then contact the customer to verify the transaction. Using OASIS, they can initiate this process more swiftly and efficiently than before.

"With OASIS, you have the pre-existing checks that have already been verified and that the system knows are good items," Aleman said. "Then you have the new checks coming in, and you can visually detect any differences. You can compare the handwriting easily from one place. Before OASIS, it was very tedious work."

Aleman was initially concerned that R Bank's customers would feel inconvenienced by receiving calls about questionable checks but said their account officers and banking managers have reported positive feedback. In about 90% of cases, customers respond positively to the verification calls. In fact, most customers either swiftly confirm the authenticity of the checks and continue with their day, or they express sincere gratitude for the extra effort in verifying their transactions.

This unique approach is particularly beneficial for R Bank, given its identity as a community bank. "These interactions not only foster trust, but also enable us to establish a personal connection with our customers," Aleman said. "It's an opportunity for them to get to know us better and feel secure in their banking relationship."

Talking to customers also means that, instead of immediately returning items, R Bank can take a proactive approach by reaching out to customers for verification in certain scenarios. "This ensures that even if we suspect a transaction might be fraudulent, we don't automatically reject it," Aleman said. "Instead, we engage with the customer, seeking their feedback, and if necessary, we can still process the transaction for payment."



The Road to Enhanced Security


Aleman said R Bank has been able to consistently identify fraudulent checks and prevent losses to the bank and its customers since implementing OASIS. Over a period of six months, they prevented \$180,000 in potential check losses. As a result of these savings, the solution paid for itself within one year of implementation.

"OASIS is truly the solution that delivered as advertised," Aleman said. "The integration with Fiserv and ease of use were a big plus. It enables us to handle more work with the same amount of staff. Our fight against check fraud has gotten easier with Fiserv."



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