

COMMERCE BANK FINDS REAL-TIME ANSWER IN DEPOSIT CHEK[®]



Commerce Bank
Cherry Hill, New Jersey
www.commerceonline.com

Industry:
Retail Banking

Early Warning Solution:
Real-time DEPOSIT CHEK

Key Benefits:

- Detection of high-risk deposits at the teller line
- Expedited check-cashing and funds availability decisions

“The real-time DEPOSIT CHEK service allows Commerce Bank to focus on the needs of our customers while limiting our exposure to losses. Integrated seamlessly into our new teller platform, it provides immediate responses that help us say yes to our customers.” ---Carlo DiToro, SVP, Commerce Bank

Commerce is one of the nation’s fastest-growing financial services retailers. Since its inception in 1973, Commerce has created a unique and successful retail model which fuels the bank’s continuing growth. Commerce has expanded substantially since opening its first store 34 years ago in Marlton, New Jersey. Today, the Commerce network comprises nearly 450 convenient stores throughout New Jersey, New York, Connecticut, Pennsylvania, Delaware, Washington, DC, Virginia, Maryland and Southeast Florida.

Commerce strives to look different, think different and provide a truly different banking experience. Their “have it your way” approach emphasizes the importance of providing customers with convenient, quality financial services, whenever, wherever and in whatever way they may want them.

Offering Superior Customer Service While Limiting Fraud Risk

One of the primary factors critical to Commerce Bank’s success has been its customer-centric approach to banking. Commerce believes if you provide customers with the service and products they expect, then they will continue to expand their relationship with the bank. However, with such a deep-rooted focus on customer service, there is inherent risk of fraud. To stay true to their company philosophy and say yes to their customers, Commerce must deploy solutions that will limit their fraud risk without impeding the customer experience.

Teller Platform Redesign

“Beginning in 2003, as part of a teller platform redesign, we were seeking ways in which we could achieve consistent behavior across our teller network and further limit our exposure to check fraud,” says Carlo DiToro, SVP, Commerce Bank. This included finding a solution that would integrate seamlessly with their new platform and be managed from a centralized location. It was a sizeable challenge that would require selecting the right provider and service.

DEPOSIT CHEK... at a glance

As part of the industry best practice of working together to reduce exposure to fraud, leading U.S. financial institutions of all sizes are utilizing the DEPOSIT CHEK service.

In use since 1992, participating institutions contribute updates on the status of their own accounts and stop payment records, as well as transit and return information.

Participants also inquire on items they receive for deposit or payment. Positive and negative responses indicate the likelihood of these items returning unpaid.

Searching For an Answer

To find the right solution, Commerce needn't look very far. Over the past several years, it experienced tremendous success with the DEPOSIT CHEK service from Early Warning Services. In 2001, Commerce deployed a Day-2 batch solution to help identify items deposited from the previous day with a high likelihood of returning unpaid.

The following year, Commerce also began installing DEPOSIT CHEK readers within their high-risk stores. These devices, which capture MICR line data and access account status information via phone line, give tellers a response within seconds. A perfect complement to the batch service, the number of readers in service eventually grew to nearly 2,000, with up to three devices being shared per store. They became a solid first line of defense in detecting potentially fraudulent items at the point-of-deposit. Additionally, they provided a boost to Commerce's customer service by helping to expedite check cashing and funds availability decisions.

"Early Warning and its DEPOSIT CHEK service make it possible for us to share and receive useful account and transaction information from other financial institutions," says DiToro. "They play a valuable role as they facilitate collaboration across our industry."

However, Commerce was searching for an even more robust fraud prevention solution that would work in conjunction with their teller platform investment and be managed from a centralized location.

The Solution

Wanting to work with an industry leader in fraud prevention, and having already experienced proven results, Commerce again turned to Early Warning Services.

The solution was to integrate the real-time offering of the DEPOSIT CHEK service directly into their teller platform. Once installed, it would replace the check readers, while providing all of the following advantages:

- >> Integration with Commerce's automated system to help tellers make timely and accurate decisions
- >> Well-defined parameters for flagging items based on internal risk tolerance and requirements specific to each store
- >> Accessibility from all teller windows at each of their stores
- >> Sub second responses

The Early Warning team worked hand-in-hand with Commerce throughout the entire installation process to test the service and ensure that it was working as intended.

Immediate Results

“On the very first day the solution was launched at one of our pilot stores, a young woman presented a \$1,200 check to be cashed,” says DiToro. “After scanning the MICR line, the teller received an immediate warning. Per bank policy, she proceeded to ask additional follow-up questions about the item. With that, the woman panicked and ran out of the store, only to be apprehended a few blocks away.”

The Bottom Line

When asked to describe the overall impact of the real-time DEPOSIT CHEK service DiToro added, “We now see consistent behavior from branch personnel across all of our stores, faster turnaround for our customers and, most importantly, a substantial reduction in our cash back losses.”

Looking Forward

The one-two punch of the real-time and batch DEPOSIT CHEK services is an effective combination for Commerce. “We have found a check fraud solution that enables us to stay true to Commerce’s customer-centric philosophy, while filling gaps in fraud prevention,” says DiToro. “With the success at the teller window, we have expanded the use of the service to also review checks used for new account deposits, as well as those negotiated through ATMs.”

Early Warning Services helps financial institutions and other businesses assess risk when establishing and servicing their customers. Utilizing the collective knowledge and best practices in fraud management from leading financial services organizations, the company integrates information and technology to fight identity and payment fraud. This intelligence is delivered through a suite of Early Warning fraud solutions, resulting in billions of dollars in annual loss avoidance.