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PCC OTC Scanner

Paper Check Conversion Over the Counter
U.S. Dept. of the Treasury, FMS
FRB Cleveland

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Release 5.1 is Coming

Release 5.1 of PCC OTC will be available in the late spring/early summer timeframe. Keep in mind that the first time you login to ELVIS, it will have a new look and feel. Here is a partial list of enhancements that will be included:

POS:

- Batch scanning capability for the EC6000i and EC7000i scanners
- Franking capability for EC7000i scanners
- MICR codeline correction for erroneous scans
- Image quality edits
- Enhanced duplicate check detection
- Batch control/balancing options
- Keyboard navigation - mouse not needed to move within the application.

ELVIS:

- Floating menu bar that can be hidden.
- Ability to work with screen reader applications.
- Supports the use of the browser's 'back' button in reports and query screens.
- Date fields can be typed or selected from the calendar icon.
- Online acceptance of the Rules of Behavior.
- The Check Number, Batch ID, Settlement Date, Debit Voucher Number, and the Deposit Ticket Number fields are being added to the CSV report.
- Keyboard navigation - mouse not needed to move within the application.

Detailed information will be supplied as we draw closer to the live date.

Understanding the LVD/MVD and the LVD Reset

MVD stands for Master Verification Database and is an optional component of the PCC OTC system. The MVD is a 'negative' database containing 'return' information on checks and accounts that have failed to clear in a previous PCC OTC transaction by your agency. The MVD consists of verification records that contain information on checking accounts, financial institution routing numbers, and unique identifiers associated with each check writer. Verification records are marked as blocked, suspended or denied depending on your specific check policy. A Verification record is derived from returns of previously processed payments originated by your agency through the PCC OTC system and manually entered records.

When a return is received through the system, a verification record is created,

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Clearing a Verification Record

Verification records can be cleared by an authorized user. If the user chooses to change the trade status of the item to 'cleared', that item remains cleared forever. The clearing process cannot be reversed and further modifications to the item cannot be performed. If an item was cleared accidentally, or modifications need to be performed on a verification record for that customer, a new record with the correct status or information must be manually created.

Release 5 Impact on Check Cashing Privileges

Prior to Release 5, the suspend date of an item was calculated using the check capture date. This meant that a returned item's suspension period would begin the day that the check was scanned. As an example, if an item is scanned on Monday, and is returned on Wednesday, the suspension period will begin on Monday - the day that the check was captured. Today with Release 5, the suspend date of a returned item is based on the MVD date.

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Reasons for Returns or Retires

There are many reasons for the checks that are scanned into the POS to be returned or retired. In some instances, the check may have been successfully scanned and processed into the POS computer, but retired when processed by our ELVIS system. In other cases the POS system will not allow you to scan the check at all. This article should help you better understand how we process checks and how to avoid rejects.

When a check is scanned into the POS computer, it will ultimately be cleared through ACH or Check 21. Check 21 is the Check Clearing for the 21st Century Act. It allows a check to clear electronically, using an electronic check image in place of the actual paper check.Under ACH, the payment information from the check is scanned and converted to an ACH transaction. Once converted to ACH, this transaction does not use the check image when clearing. All personal checks will clear through ACH and all other eligible checks will clear through Check 21.

For release 4.2 and lower, if the checkbox labeled 'Business', in the upper right-hand corner of the POS is checked, then the item will attempt to clear through Check 21. If the box is left un-checked, the item will attempt to clear through ACH first.

For Release 5.0, the checkbox under 'Item', 'Non Personal' should be checked for business checks and 'Item', 'Personal' should be checked for personal checks. Whenever 'Non Personal' is checked, the item will attempt to clear through Check 21. Non personal checks incorrectly marked as personal, and personal checks incorrectly marked as non personal, have a much higher return rate. Ensuring that the correct checkboxes are marked on the POS data entry screen will maximize your success in collections.

Other reasons for rejected transactions can vary and are summarized below. Please review the VERY IMPORTANT listing of check types/retires at the end of this article. You may even wish to make copies of the grid below to keep near all of your POS computers for quick reference.

Any questions can be directed via email to the PCC OTC Customer Service team at pccotc@clev.frb.org.

Reason for Return/Retire	How to Prevent/Correct
The following items are incorrectly scanned as a personal check: Business Checks, Third Party Checks, Money Orders, Postal Money Orders, Traveler's Checks, Cashier's Checks, Government Checks, US Treasury Checks. These types of checks have to be scanned as non personal checks because they cannot be processed via ACH. Scanning a check as non personal causes it to be processed through Check 21.	To prevent the return/retire, make sure that the correct box is checked on the POS data entry screen. For POS Release 4.2 or lower this is the 'Business' box. For POS 5.0 this is the 'Non-Personal' box. If the item has already been transmitted and retired, corrective action in almost all cases would require you have to obtain a replacement check. This is not always possible. If you do have the original item, it must be processed outside of the PCC OTC system.
The scanned image is faint or unreadable on the POS screen. The POS will accept the item but non-personal checks will reject because a readable image is required in ELVIS in order for the item to clear. Personal checks may clear because the image is not usually needed.	To prevent the return/retire, pay close attention to the image that appears on your POS screen after each scan. Make certain that the image is legible. If the image on your POS screen is illegible, please cancel the transaction and rescan the item. If it is not legible on your POS screen, it will not be legible in ELVIS when the batch is transmitted. It should be noted that some ACH transactions may have to be converted back to a paper image. Regularly clean your scanner per the SOP instructions.
Data from the check is missing such as account number or check number. The POS will generate an error message on the screen for Release 4.2 or lower and the item will not be stored.	The check may not be able to go through PCC OTC. Contact the Customer Service team for assistance. Upgrading to POS Release 5 will allow items with certain missing fields to be accepted.

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Checks that Can and Cannot be Processed using the POS

The following types of checks should be processed as Non Personal or business checks (for 4.2 or lower) using the POS:

- U.S. Treasury Checks
- Business Checks
- Other U.S. Government Checks
- State or Local Government Checks
- Third Party Checks (even if drawn on a personal account)
- Credit Card Checks
- Traveler's Checks
- Cashier's Checks
- Money Orders (including Postal Money Orders)
- Payroll Checks

The following types of checks should be processed as Personal Checks using the POS:

- Personal Checks

The following types of checks should **not** be processed through the POS:

- Checks payable in non-U.S. currency
- Checks drawn on non-U.S. Banks
- Checks that do not have an account number in the MICR line (applies only to POS 4.2 and earlier)
- Savings Bonds

Questions can be forwarded to the Customer Service team at the Federal Reserve Bank of Cleveland.

Understanding the LVD/MVD and the LVD Reset

and based on your policy, the system will create a suspend or deny record. When an account becomes suspended, the verification record is set to the predetermined suspension period. During this time, the POS system will notify the operator of the suspension each time the check writer presents a check. This notification can be overridden and approved by a supervisor based on your agency's policy. When an account becomes denied based on your policy, the denied verification record will remain in place indefinitely. The notification can be overridden just like in the suspension process.

A Blocked verification record is a manual entry created by an authorized person in the MVD rather than the result of a return transaction.

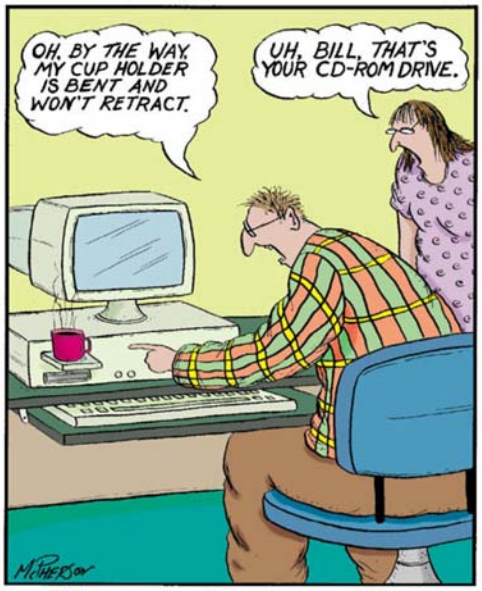
A subset of the MVD is sent to the local POS system each time a batch is transmitted. This subset is known as the Local Verification Database (LVD). The creation of this subset is based on the requesting location and the defined check policy. The parameters in a location's policy include: number of days to suspend check writing privileges; the types of returns that should be included in the check cashing policy; what locations are in the location group; and the number of returns that determine when customer's privileges are suspended or denied. The POS system queries the LVD for known negative payment history.

A total refresh of the LVD can be requested by an authorized individual at a location using the POS. It is most commonly used after a hardware or a software problem and the entire LVD needs to be restored. It must also be performed anytime there is a change to an Agency's policy. The LVD refresh is achieved by performing the LVD reset in conjunction with an LVD download. The reset erases the existing LVD data in anticipation of replacement of the data using the LVD download.

POS versions prior to Release 5 would send all records – even expired records to the POS upon an LVD reset request. Upon the first batch transmission after the reset, the POS would delete the expired records creating a current LVD.

POS 5 contains only active records. These records are delivered to a location upon an LVD reset request. This greatly reduces the amount of time involved to perform an LVD reset and eliminates the need for the subsequent LVD download to have to 'clean up' old, expired records.

The visibility of verification records in the MVD also changed with the implementation of PCC OTC Release 5. Previously, when a user displayed their location's records in the MVD using the 'Verification' query, all records, both old and current would be displayed. When verification records are now queried in the MVD, only current records relevant to the location will be displayed. Records can still be queried by IRN, which would display both current and expired records.



Bill's co-workers began to suspect that he had lied about having a master's degree in computer science.

Determining Your Secondary Storage Needs

PCC OTC requires the use of a secondary storage device. This device is used to retain batch information and check images in the event of a computer failure or data corruption on the hard drive prior to transmission. Once the batches are transmitted, the device is delelete. This storage device could be in the form of a folder on a LAN drive, a Smartcard (for notebooks), a zip drive or a USB Flash drive. But how can you tell how much storage space you will need?

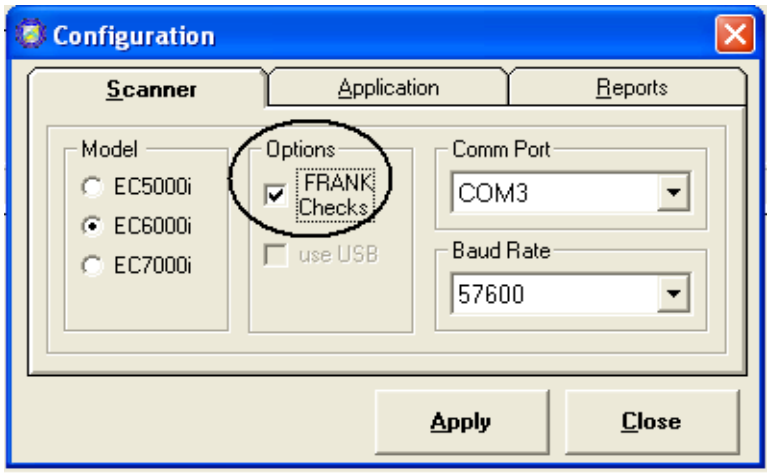
The size of each check image is 20KB. You can figure you'll need 10MB of space per 500 item batch. Ten batches this size will require 100MB of secondary storage. Based on your volume, you can use these formulas to determine just how must space to allot for secondary storage for your PCC OTC computer.

The batch status can be displayed within Batch Manager. It is imperative that each transmitted batch displays a status of 'Acknowledged'. This ensures that the batch has been cleared from the secondary storage making room for new batches to be temporarily stored.

Let Your Scanner do the Stamping

If you have an EC6000i scanner, POS Release 5 allows you to choose to let the scanner stamp all of your checks with the words, 'Electronically Presented'. This would eliminate the need to hand stamp the checks as you do today.

To setup your scanner to stamp checks, there are two steps to follow. First, change the POS configuration to enable the scanner to 'frank' (stamp) the checks. Within the POS, click on **'File'**, **'Configuration'**, then click the 'Scanner' tab. Click the check box under 'Options' labeled 'FRANK Checks' as diplayed to the right.



Second, the scanner was shipped with a franking acknowledgement printer cartridge that needs to be installed. The EC7000i scanner will be capable of franking checks with POS Release 5.1. For complete instructions on installing the cartridge, see *Appendix L* of the Release 5 Standard Operating Procedures.

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Impact on Check Cashing Privileges

The MVD date is the date that the item is actually returned and the verification record is created in the MVD. In the previous example, if the item was scanned on a Monday and was returned on a Wednesday, the suspension period for this item would begin on the day the item is returned. In this case, the suspend day would be calculated starting on Wednesday.

Download Security Forms

If you need to change your PCC OTC Security Contact, add or delete a user, or change a user's access to the ELVIS, you can now access those forms on the PCC OTC static website. Print out the forms, fill them out and fax or mail them as instructed on the forms. The URL is:

https://www.pccotc.gov/pccotc/Downloads/securityforms.htm

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