

keep losses in check

Bad check losses continue to be a costly problem for retail merchants, and the vast majority of loss occurs from repeat offenders. That's why Paymentech makes the nation's largest bad check database available to our merchants for check authorization service.

Most commercially available check loss prevention services may not provide the most cost-effective alternative for merchants. Many of these services result in unacceptable inconvenience to customers, costly delays at the register, expensive training sessions for employees, non-compliance chargebacks to the merchant, and service fees that can rival the losses these systems aim to prevent.

The Shared Check Automation Network (SCAN) from e-Funds Corporation addresses all of these problems. SCAN is the nation's largest check verification network (in terms of both dollar and transaction volume), with over 200 national retail client relationships that have contributed millions of unpaid checks to the database. Once available only to larger retail merchants, SCAN is now utilized by businesses of all sizes.

SCAN utilizes your existing POS equipment to save money or enhance customer service by:

- Reducing bad check write-offs
- Controlling your own check acceptance policy
- Lowering per transaction fee for negative file access
- Improving POS convenience and efficiency

how it works (and works for you):

When a check is presented for payment, the sales clerk enters only the checking account number or driver's license number into the terminal (or scans the check in a reader). The terminal searches the SCAN database and notifies the clerk to reject checks from accounts that have unpaid, uncollected checks outstanding.

For a low transaction fee, SCAN provides you with the most current negative file information available from any source. SCAN functions much like a credit bureau, to collect and disseminate information about abused checking accounts to its contributing and non-contributing participants.

Paymentech has loaded the SCAN DDA/MICR database and receives updated files (adds and deletes) on a daily basis. Checks are matched against this negative file from selected terminals. To reduce keying errors and speed along the merchant checkout process, a motorized check reader is recommended.

No-cost check collection services can also be added by simply requesting that your bank forward any returned checks to a SCAN certified collection agency. The collection agency will notify you that they have received the check and later remit payment when it is collected. The agency will add the check to the SCAN database and charge its fee to the bad check writer.

benefits for you:

- **security** – Major retailers represent the largest pool of bad check data, so merchants benefit from access to shared information to prevent fraudulent check writing.
- **control** – SCAN's cost structure was designed to encourage 100% check authorization, but this may not always make the best customer service sense. With SCAN, you can tailor your own unique check acceptance policy, rather than have your provider dictate it.
- **convenience** – SCAN is virtually transparent to the consumer and easy for the sales clerk.
- **customer friendliness** – Declines only occur as a result of negative information on the file, not because of behavioral or risk scoring by a third party.
- **savings** – Most merchants find that 30-50% of all check write-offs were returned as "account closed." SCAN is able to spot nearly all bad checks in the NSF period and could reduce losses by 50% just from the account closed items. Think of the savings you'll incur from heading off repeat offenders.



www.paymentech.com

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features:

- **easy access** – SCAN's expansive database is accessed directly at the point of sale, with quick response for fast checkout.
- **up-to-date information** – Checks age very quickly, so SCAN updates every business day. A large percentage of SCAN data is less than 12 months old, and only "closed for cause" account data stays on the file more than three years.
- **easy set-up** – In nearly all cases, your current POS terminal can be used to access the SCAN file (driver's license or MICR check number). The terminal programming can be easily modified without any cumbersome or time-consuming on-site requirement.
- **no liability** – You can refer declined check writers directly to SCAN's toll-free number, where ETC's customer service handles bad check inquiries with tact and diplomacy, as well as advising the customer how to rectify the condition. (SCAN meets all Fair Credit Reporting Act standards.)
- **collection service** – SCAN's optional collection service provides full collection activities for 100% check value reimbursement—at no cost to you.

authorization versus guarantee:

Since SCAN does not provide check guarantee, but rather an authorization service, the merchant has the final decision on whether to accept or reject any check taken. The merchant is not required to screen or authorize all checks, though it may be very appropriate to do so in order to simplify POS check authorization procedures. In some cases it may not be seen as good customer service to screen your good, regular customers, for example.

Check guarantee is like insurance and is used to manage risk. If a qualified check is returned and it meets all the requirements necessary, the face amount will be returned to the merchant. If the guaranteed check does not meet all of the company's requirements, the merchant will not be reimbursed. The average rate (which varies by merchant, merchandise, average ticket, location, etc.) for check guarantee is 1-12% of the face amount. Because of the rates, a merchant will not have all checks guaranteed. Only returned checks are entered to a guarantee database, however, and database entry may take up to 30-45 days—allowing more time for bad check writers to write more checks.

Check authorization, on the other hand, is a flat transaction fee that is usually a fraction of the cost of a check guarantee. More checks can therefore be validated against and entered (daily) into the database.

specifications:

Terminals Supporting SCAN

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|---------------------------|-----------------------------|-------------|
| • Hypercom ICE 5500 | • Omni 3200SE/3210SE | • Tranz 330 |
| • Hypercom T77F/T77S/T77T | • Omni 3200/3210 | • Tranz 380 |
| • Hypercom T7P/T7PT | • Omni 470 | • Tranz 420 |
| • Hypercom T7E/T8 | • Omni 396 | • Tranz 460 |
| | • Nurit 3010/2060/2080/2085 | |

Check Reader Supporting SCAN

MagTek Check Reader

SCAN is not supported on all platforms.