

Tech Tip #16: Mobile Deposit Restrictive Endorsement Detection

how it works and best practices for your credit union



With members increasingly moving toward mobile deposits as their means to deposit a check, your credit union needs to rely on up-to-date technology to help prevent fraudulent deposits.

Credit Unions that accept checks via remote deposit capture (RDC) without restrictive endorsement detection will be liable for losses if the paper check is later presented.

We have created this tip to explain how restrictive endorsement detection works and to offer best practices at your credit union.

Restrictive Endorsement Detection is designed to:

- Reduce risks associated with REG CC accidental duplicate check liability
- Find pre-configured phrases on the back of both personal and business checks
- Work on both hand-printed and machine printed (ink stamped) checks
- Be used for a positive automatic verification with high confidence
- Support up to two (2) lines of restrictive phrase

Creating your Restrictive Endorsement Phrase

Restrictive endorsement phrases are established by using handwriting validation rather than handwriting recognition. This means that the system is trying to find the specified

phrase within cursive handwriting using fuzzy matching techniques – the method that tends to produce some text match even when actual handwriting is different.

With fuzzy matching techniques, similar endorsements like “For Mobile Deposit Only” could be recognized as valid when the phrase is set to “For Mobile Deposit Only at My Credit Union” because a majority of the characters in the phrase are a match.

Checks that have been recognized as meeting the restrictive endorsement phrase qualifications with a high confidence score would be regarded as “OK to proceed”. Checks that have a low confidence of the correct restrictive endorsement phrase or recognized as having the wrong or no restrictive endorsement phrase are flagged for manual review.

The system allows your credit union to pre-define up to seven phrases that are considered acceptable. Because the match is on the full text, shorter phrases will yield a lower error rate as long as the phrase has at least 10 characters. Phrases shorter than 10 characters may impact accuracy. Phrases longer than 35 characters will impact accuracy as well. **It is highly recommended to keep the phrase as simple as possible.**

Best Practices

- If the restrictive endorsement phrase includes the credit union name, use the full credit union name instead of initials.

For example “Deposit to My Credit Union” instead of “Deposit to MCU”.

- Spell it out - abbreviated endorsements will yield lower accuracy.

For example using "4" instead of "For", or "Dep" instead of "Deposit").

- The restrictive endorsement phrase must be written legibly with dark ink.
- The rear image must be in focus with all four corners visible.
- The restrictive endorsement phrase must not overlap with other text, signature, etc.
- The restrictive endorsement phrase must be in the endorsement area of the check and be written horizontally when the check is held vertically in portrait mode.

- The endorsement must be in the correct orientation.
- Phrases should be written in one or two lines. Phrases that are written in three or more lines will not perform well.

[CLICK HERE to Visit our online store to sign up for Restrictive Endorsement Detection today!](#)