



Billions of Images. Thousands of Patterns. One Solution.

Case Study

Mitek's Fraud Protect™ Reduces Check Fraud and Reassures Customers of Fast-Growing Commercial Bank

▶ Patented Signature and Check-Stock Validation Stops Losses Before They Spread

Atlanta-based Georgian Bank is among the fastest growing banks in the United States. It recently topped \$2 billion in assets thanks to its uniquely dedicated approach to customer service.

That commitment is critical because Georgian Bank's customers have particularly high expectations. The bank focuses primarily on private companies and high net worth individuals. These customers expect highly personalized service and reduced exposure to fraud in return for their business.

"Our growth has been fueled by our 'high-touch' customer service," says Katie Silva, Georgian Bank's senior vice president of operations. "We don't want our customers to have to deal with automated customer service systems unless they choose to. That's what differentiates us from other banks."

Mitek's Fraud Protect™ is a software application that detects counterfeit checks and missing or forged signatures on checks. It's powered by Mitek's patented analytic technology.

"My job is to provide systems that help the bank's relationship managers provide a high level of service as well as protect our customers and the bank from a loss of assets. By providing personalized fraud detection and notification for us, Mitek's Fraud Protect™ has helped make that possible."

▶ Check Fraud Remains a Significant Problem

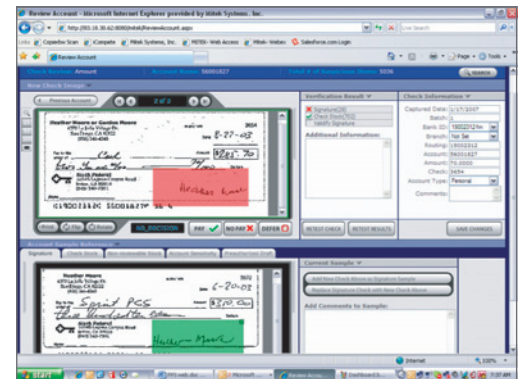
Check fraud is no small problem. The National Check Fraud Center says check fraud and check counterfeiting are among the fastest-growing problems affecting the nation's financial system. The Center estimates check fraud and counterfeiting nationwide generate \$10 billion in annual losses and that the total continues to rise at an alarming rate. So reducing fraud can bolster a bank's bottom line as well as attract and retain discriminating customers.

▶ Limitations of the Core Banking System

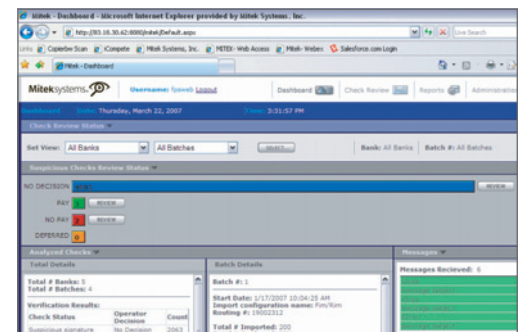
Previously, Georgian Bank used its core banking system and human review to detect fraud. The core system could identify accounts that require two signatures, and then a deposit specialist had to review all the checks presented to make sure they had two signatures.

The system didn't offer essential features such as comparing examples of good checks with the check being reviewed.

"What's nice about Fraud Protect™ is that the system and its operator can compare an image of a good check with a questionable check side-by-side on screen," says Silva. The most common problems with checks are missing signatures and the wrong check stock – which can mean the check is fraudulent.



Easy to use browser based review screen with suspect and authentic signatures check images



FraudProtect provides the tools to quickly and accurately track and manage all the activity at all the banks

Georgian Bank processes checks like most other banks. When a Georgian Bank customer writes a check to another party, the payee deposits the check at their bank. The other bank sends the check back to Georgian Bank for payment. During this process, a computer reads the check and validates the account number, confirms that the account is in good standing, has an adequate balance to pay the check and if so, pays the check. The process usually takes a day.

If the check fails any of these tests, Georgian Bank will return the check. If the check was returned for insufficient funds, Georgian Bank may rerun the check to be processed again in case funds have now been deposited into the account.

➤ **How the Fraud Protect™ Solution Works at Georgian Bank**

Fraud Protect™ has been installed and is operated at Georgian Bank's Operations Center in Atlanta. A Web browser-based version of the application is also available for solutions which require a thin client. The bank processes every check it receives through Fraud Protect™.

Fraud Protect™'s reference library of check stocks and signatures is a key to its fraud detection process. The product maintains a library of each account holder's recent check images. It is the images in the library that are compared to the incoming checks.

Daily the system flags about 10 percent of the incoming checks for further review. This includes all large amount checks since these checks have a greater opportunity for loss. A single deposit operations specialist spends about two hours per day reviewing the suspect checks. Both the operations specialist and Silva say Fraud Protect™ is fast and easy to use.

Typically several checks per day have actual problems which require action, such as correcting a missing signature. "When we identify such a check, the first thing we do is call the customer and let them make the decision whether to pay the check or not," says Silva. "That's how Fraud Protect™ helps us deliver our 'high-touch' customer service commitment."

Mitek's Fraud Protect™ works in parallel with the core banking system. No separate check scanning process is required. The same check images are sent to the core system for processing and storage as well as to Fraud Protect™ for a much more robust fraud analysis. Thus, the product provides powerful fraud protection while minimizing the additional time, hardware, software and operating expense associated with its benefits.

➤ **Accommodates Evolving Business Rules**

This and many other parameters may be adjusted to comply with Georgian Bank's current and future business rules. For example, the system can easily accommodate individual as well as commercial accounts which often have multiple check types and authorized signers.

The patented product compares 120 points on the live check with the same characteristics on the reference check. For example, if the bank logo is in the wrong location, the check will be flagged for operator review.

Silva has been very pleased with the results. "We believe it is our job to help protect our customers against fraud and Fraud Protect helps us get that job done."

Another common occurrence is a signature which looks very different from that on file. In that case, a relative or friend may have been given a check by the account holder and told to sign it for a legitimate purchase. Or it may be fraud. If identified quickly, the check can be returned to the depositing bank and there is no loss to the customer.

Georgian Bank has also taken advantage of Fraud Protect's™ ability to confirm that a legitimate check design has been used. Last year, an account holder entered a bogus contest. The perpetrators asked for the customer's account number via mail. The fraudsters were able to cash checks for a limited time. Fraud Protect™ quickly identified that the check stock was counterfeit and prevented far greater losses.

"Our customers are very impressed that we have invested in a fraud detection process and that we're monitoring it on their behalf," says Silva.

Which has helped Georgian Bank become one of the nation's fastest growing banks.

➤ **About Mitek Systems**

Mitek Systems, Inc. is a global leader in Image Analytics and pattern recognition technologies used by financial institutions, life science companies, government agencies and systems integrators.

Mitek Systems develops software diagnostic tools and the most comprehensive suite of intelligent character recognition software used to test, clean, read and authenticate imaged documents and objects. Mitek's software is used to process over 8 billion transactions per year.

➤ **Contact Mitek Today**

Contact Mitek Systems at **858.503.7810** to learn more about its range of software solutions.