Payee Match Implementation Guidelines

Overview

The Payee Match process takes a cautionary approach by creating payee name mismatch exceptions for our customers to review. Johnson Financial Group's Positive Pay Payee Match process uses Optical Character Recognition (OCR) to identify the payee on the check image. While not perfect, OCR technology relies on many factors and does have some limitations that include:

- Image quality from the bank of first deposit
- Resolution of check image
- Inconsistent check stock format
- Noise (ink spots, watermarks, etc.)
- Condition of the scanned check (i.e. wrinkles)
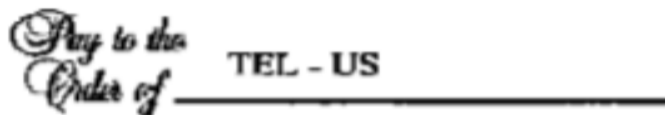- Font (weight/size of text)

Once a check image is scanned, Payee Match takes the following steps:

1) The payee information from the check is compared to the payee data submitted by JFG clients in their issued check files.
2) Payee Match results are compiled.
3) A nightly batch process processes these items and exceptions are made available for clients to review the following business day, that is, any items that fail the Payee Match process. All items successfully verified get paid.

Compliance with the following requirements will minimize false-positive exception items; all standard check-printing guidelines also apply.

Font/characters

- Payee name must be typed, printed, or in cursive.
- Payee name in all capital letters is recommended.
- Recommended font size is 12-14 points; fonts less than 10 points or greater than 16 points are not recommended.
- Bold, italics, and underlines are not recommended.
- Sans serif fonts (such as Arial or Verdana) are preferred.
- The words "PAY TO THE ORDER OF" or acceptable variations must be printed in a machine-readable style vs. script and should be to the left of the payee names.
- Unacceptable font style:

Check stock

- Check background must be light in color and plain (no pictures or lines) to ensure the payee name field can be easily viewed.
- Check stock should be consistent for each account.
- Watermark/pantograph features are not acceptable in the PAY TO THE ORDER OF or PAYEE NAME area of the checks. When checks are image captured, these features may "bleed" through the document, causing background interference in reading the payee name.

Printing and Placement

- Letters must have enough space between them so that they are not touching each other.
- Additional lines of data below the payee name should be spaced such that the characters do not touch the payee name.
- The number of spaces between words should not be more than 2 spaces.
    - Example:
        - Acceptable: JOHN DOE
        - Not acceptable: JOHN   DOE
- Do not add characters and names close to the valid payee name information; any special codes or characters included on the same line as payee name should be at least two inches away. If they are not at least 2 inches away, include this information on your Positive Pay issue file as part of the payee name.
- Recommended to only include payee name on check once.
- If including the name and address, do not split the payee block into two non-adjacent parts.
- The payee block should consistently use single-line spacing, be left-justified, and be a minimum of two empty lines away from other text information.
- Check printing should have consistent locations for the payee information per account.
- Special codes, characters or bar codes should not be in the proximity of the TO THE ORDER OF, PAYEE NAME/ADDRESS field.
- Payee name may not be located in the top one inch of the check.
- A minimal amount of space, 2-8 characters, must be left between "PAY TO THE ORDER OF" and payee name; the payee name must not touch "PAY TO THE ORDER OF"
- The payee name must be located not more than 15 characters (one inch) from the last word of the PAY TO THE ORDER OF variation.

Issue File Requirements

- All payee names and information printed on checks must be issued in Positive Pay accordingly. What is uploaded to Positive Pay should directly match what is being printed in the PAY TO THE ORDER OF area of each check, excluding address information.
    - This includes multiple payee names, or additional payee data lines above or below the address. (Attn To, DBA, BIN Information, etc.)

- o Words or symbols used in conjunction with payee name (e.g. MR., MRS., MISS, or, &, AND) must be included as well.
- o Do not alter the syntax of the words. Again, how checks are printed should match how they are uploaded into Positive Pay. For example, a check printed as JOHN DOE but issued as DOE, JOHN in Positive Pay will likely create a mismatch.
- Character positions on the transmission after the payee name may be left blank (preferred). If filler is needed, the asterisk (*) symbol must be used. Any other symbol would be construed as part of the payee name.
- Only the first 208 characters of the issued payee name uploaded into Positive Pay will be compared against the paid check image.