

The largest Malaysian Bank safeguards its accounts using ABBYY FineReader Engine and Positive Pay methods



Banks wasting millions on preventable cheque frauds

Cheque fraud is a problem that costs Malaysian businesses and banks huge sums of money every year. Nowadays anyone with access to a personal computer, scanner and some illegal or pirate software can create fake cheques that are not easy to spot. Imagine what technology savvy criminals can do! Hundreds of realistic forged cheques are reproduced daily – it's a real headache for the banks!

Banking and security experts advise numerous ways to protect banks and companies against the possibility of cheque forgery: implementation of different mechanisms of internal control that minimize human error, daily reviews of all cheque-related activities, etc. Also an important part of the complex approach is the use of secure payment systems such as "Positive Pay".

Secure payments – untroubled sleep

Positive Pay is an automated fraud detection tool used in the majority of banks. The concept is pretty simple:

A Company issues xxx cheques each week. After the cheques are cut, the Company submits to their Bank a list of the cheques that they issued (cheque number, account number and dollar amount). This list is uploaded into the Bank's computer.

Later, when the cheques are submitted to the Bank for payment, the Bank matches each cheque presented against the Company's previously submitted lists. If the presented cheques' and account's numbers and amounts appear on the previously submitted list, the cheque is sent through for payment. If one of the points does not match, the cheque is not cleared.

In spite of the seeming easiness, inside mechanisms of the system are quite complicated. There is a variety of Positive Pay system providers, everyone offering different "filling/stuffing". The bigger the bank – the harder the choice.



The largest bank of Malaysia held a big tender to choose the most suitable solution. The results of the tender determined INCHEQS Inward Clearing System and Positive Pay System by [Insite MY Systems Sdn Bhd](http://www.insitemy.com) to be the core of the cheque fraud preventing strategy of the bank. Insite MY proved to be a leader in innovative software solutions for the financial services industry of Malaysia, its applications work in most local and foreign banks across the country.

About Insite MY Systems Sdn Bhd

Insite MY Systems Sdn Bhd (InsiteMY) is a leader in providing software solutions for the Malaysian financial services industry. By researching and developing innovations, the company strives to provide the best products and services for the banking and financial services industry in order to reduce cost, streamline operating processes, manage risk, and ensure compliance to regulatory requirements. In general the client servicing is truly enhanced by providing security and data integrity to the systems. Applications developed by Insite MY are used in major Malaysian and foreign banks. Established in the year 2000, Insite MY has grown by leaps and bounds over the past few years. The company currently services 11 banks in Malaysia and is beginning to expand abroad to the nearby regional markets.

More information at www.insitemy.com

Cornerstone

The whole process of cheque circulation and clearing is based on paper originals and electronic data. To manage both, the payment system should have a powerful OCR technology inside. Insite MY Systems has been using the world-trusted OCR from the leader in this sphere – ABBYY – for many years already, and that time the company undoubtedly relied on the proven means. The Company addressed local distributor and the Technical Competent Center of ABBYY in Malaysia – Document Capture Solutions (DCS).

ABBYY FineReader Engine – a powerful OCR software development kit – underlay the matching system.

Daily 60 operators used to clear manually thousands of cheques incoming to the bank. With the automation of the process the situation changed completely: now only 5 operators serve the whole chain.

The gathered paper cheques were scanned and the electronic images were recognized, turning all the data from the files into a machine-readable format. Then the INCHEQS Positive Pay system automatically compared point by point the data from the submitted cheques with the data given by the bank: numbers of the cheques and accounts and the sum indicated. In case one of the points didn't match, the cheque was transmitted to human control for further investigation. The cleared cheques were transmitted for payments.

Automation is the only panacea for large banks

The total timeframe of the project from first tests to full commissioning was only 6 months. By the end of this period the bank felt the salvational relief: losses caused by the cheque frauds started to decrease in a swift way!



Thanks to the increased productivity for heavy workloads and almost 200 supported languages for OCR and over 100 for ICR ABBYY FineReader Engine helped to release over 90% of the previously involved staff from boring mechanical work. The bank was able to reallocate the resources for more important and creative jobs. The scheme increased the speed of cheque clearing by 85-95% depending on the information.

“There is no way for any bank, not mentioning the volumes of large banks, to clear cheques manually. If cheque forgeries are not caught the bank incurs large losses. Facing such problems banks need to take basic steps to protect themselves against the possibility of counterfeiting. Automation of cheque clearing and introduction of a secure payment system is the panacea to significantly lower the risk of becoming a cheque fraud victim,” – says KC Wong, Group CEO, InsiteMY.

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About Document Capture Solutions (DCS)

DCS brings a combined set of document management products and services, including ABBYY Data Capture which address the specific functional and business sector requirements such as Healthcare, eGovernment, Manufacturing, Finance, Legal, Utility services and Service providers.

More information at
<http://www.datacapture.com.my/index.html>

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