

BULLET PROOF YOUR CREDIT UNION

Police officers wear bulletproof vests so that **if** they get shot, their chances of survival will increase. Likewise, a credit union uses fraud prevention tools so that **if** it receives a fraudulent check, the chances of preventing a loss will increase.

Considering the number of counterfeit check cases reported to the FDIC increased 69.8 percent in the first quarter of 2006 – looks like it's time to prevent loss and bulletproof credit unions.

The deposit operations staff at Community Resource Credit Union in Baytown, Texas, did just that. "After our community charter went through, we started having more problems with fraud and counterfeit checks on member accounts," says Sandy Bradford, Deposit Operations Supervisor for the \$187 million credit union. Bradford felt it was just a matter of time before CRCU sustained a substantial loss. "Although we have not experienced a big loss, we have seen an increase in counterfeit checks since the conversion," Bradford says.

The National Credit Union Administration's Community Charter Conversion report, released late last year, reveals credit unions are converting to community charters at near-record pace. As credit unions continue to diversify their membership base and serve broader community needs, the issue of fraud and counterfeit checks is likely to increase.

With its expanded field of membership and indications that counterfeit checks were on the rise, CRCU decided to be proactive. The credit union was one of the first to adopt the Early Warning Services® of the DEPOSIT CHEK® service available through Southwest Corporate.



Bradford feels the reason CRCU hasn't experienced a big loss due to counterfeit checks is because now the credit union simply doesn't release holds on member deposits that show up on the DEPOSIT CHEK report as "a probable return." CRCU processes member deposits through Southwest Corporate's Branch Capture system.

Data from items transmitted to Southwest Corporate via Branch Capture is compared to a database of returns and problem accounts. The next day, a notice of potential returns on deposited items is available on TranZact. With Branch Capture and DEPOSIT CHEK, Bradford and staff catch bad

checks and decline or put a hold on them before a loss can occur. According to Bradford, "We feel protected; we are protected."

DEPOSIT CHEK provides next day notice of potential returns on deposited items from a database of returns and problem accounts updated daily by the largest financial institutions in the United States.

For real-time notification of potential returns, Southwest Corporate offers the Deposit Risk Service. For more information on either service, contact an account executive at 800-442-5763.