MISSION BANK

Treasury Management Services
Positive Pay Guide

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Positive Pay Overview

Positive Pay is a very effective tool for preventing losses from fraudulent transactions posting to your company's account.

There are two areas where positive pay can be used to monitor for fraud:

- Checks clearing the account
- Incoming ACH transactions

Check Positive Pay

A list of issued checks is uploaded by your company through Treasury Management Services (TMS). Check positive pay works by matching the information on checks clearing the account against the list of issued checks. If the check amount, number, and date are the same as that on the list of issued checks, the checks clear the account normally. If there isn't an exact match, the checks are considered exceptions and are routed through TMS for the company to decide whether the check should be paid or returned.

ACH Positive Pay

Typically ACH positive pay is used to monitor incoming debits to an account, but credits can be monitored, too. Instead of sending a list of authorized transactions to the bank, a list of authorized originators is established in the bank's systems. If an ACH entry is presented from an originator that is not on the list, that ACH entry is considered an exception and routed through TMS for the company to decide whether the entry should be allowed to post to the account.

Positive Pay Exceptions

Check and/or ACH exceptions can be managed several ways, depending on number of exceptions and user preference:

- Positive Pay widget located on the TMS dashboard
- Positive Pay menu in TMS by choosing Check Exceptions or ACH Exceptions
- TMS mobile app dashboard or Positive Pay menu

The decision deadline for check and ACH exceptions is 11:00 am.

The company's underlying default Return will be preselected for check exceptions. Item dispositions can be changed individually or by using the *Pay All* or *Return All* buttons.

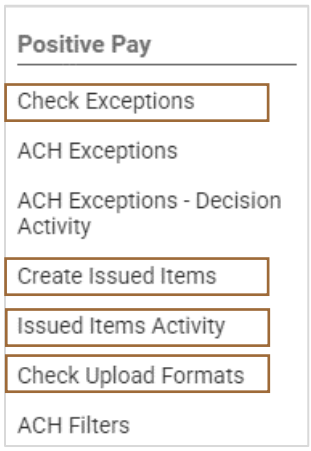
Pay or Return should also be designated for any ACH exceptions that are generated.

The disposition for any unworked Check/ACH Positive Pay exceptions is Return.

> ***Please Note:*** *Exception dispositions should always be reviewed and saved by a user, even if the default action is the desired outcome.*

Check Positive Pay

The Positive Pay menu is located under *Payments* on the services menu in Treasury Management Services (TMS).



If there are several exceptions, it may be easier to use the Check Exceptions page, rather than the smaller dashboard widget.

Multiple check upload formats can be accommodated and saved in TMS.

The check upload format needs to be established prior to uploading a spreadsheet containing issued check information.

Entering Issued Checks

There are two options when sending issued items to the bank:

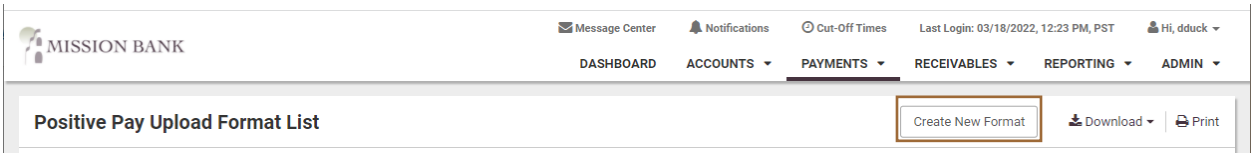
- Checks can be individually (manually) entered into the TMS site
- Check information can be uploaded from a spreadsheet or text file

Manual entry is a quick and easy way to enter a few checks that were produced outside of a normal check run or for manual checks written out in the field. Another frequent use for manual entry is to enter voided checks into the system.

Most accounting software has a data export option, either to Excel or to a notepad or text file. Either of those outputs can be uploaded into TMS, as long as text files have fixed-width fields for the data.

Creating Check Upload Formats

When using a spreadsheet or text file to load issued check information into TMS, the first step is to configure the format so the system recognizes how the data is organized.

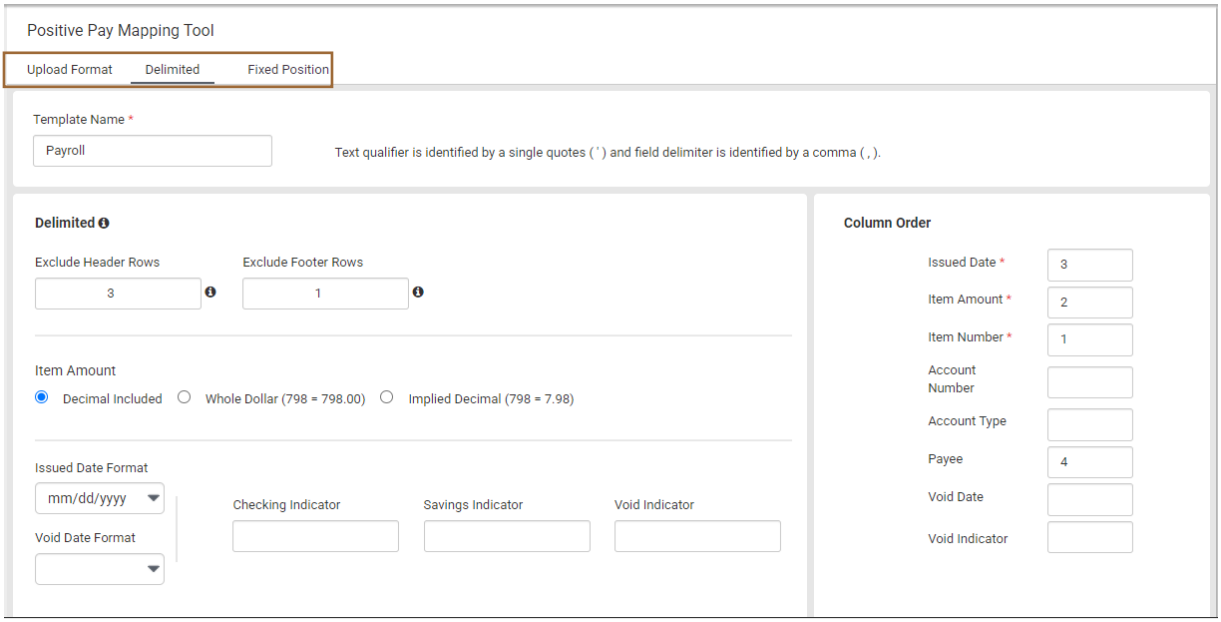


The format mapping screen defaults to Delimited, which is suitable for spreadsheet files saved in the comma separated (.csv) format. Text files in a Fixed Position format can also be used to upload check information.

> ***Please Note:*** *The spreadsheet must be formatted as .csv a file – an.xlsx format will produce an error when uploaded.*

The example shown below is for a delimited file, since that is the most common upload, but the same process applies to fixed position files.

If there are header or footer rows specify how many, choose the date format used in the file and designate the column information. If the file doesn't have columns for some criteria, leave the field blank.

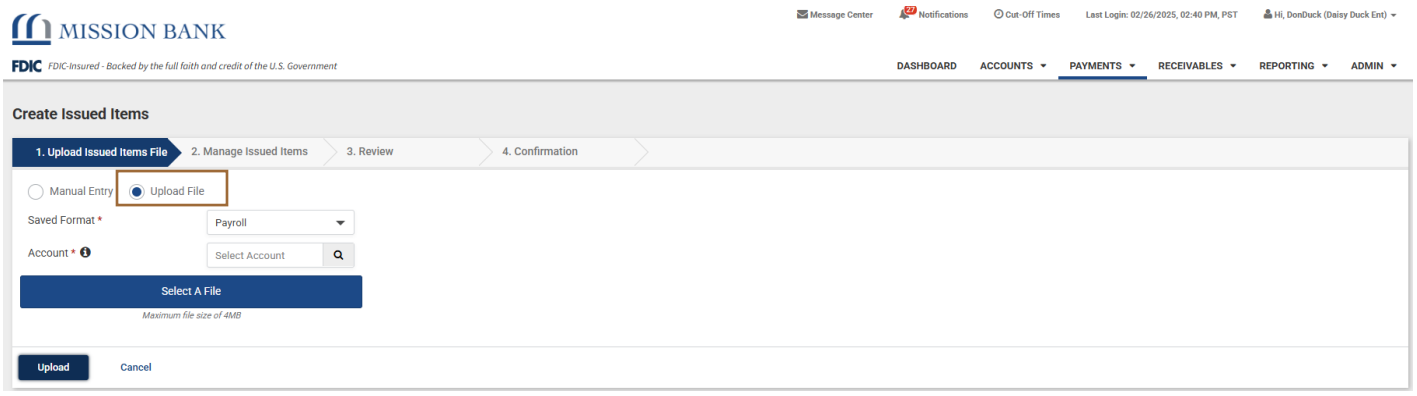


Multiple formats can be configured and named to accommodate the exports produced by various accounting software.

Create Issued Items

File Upload

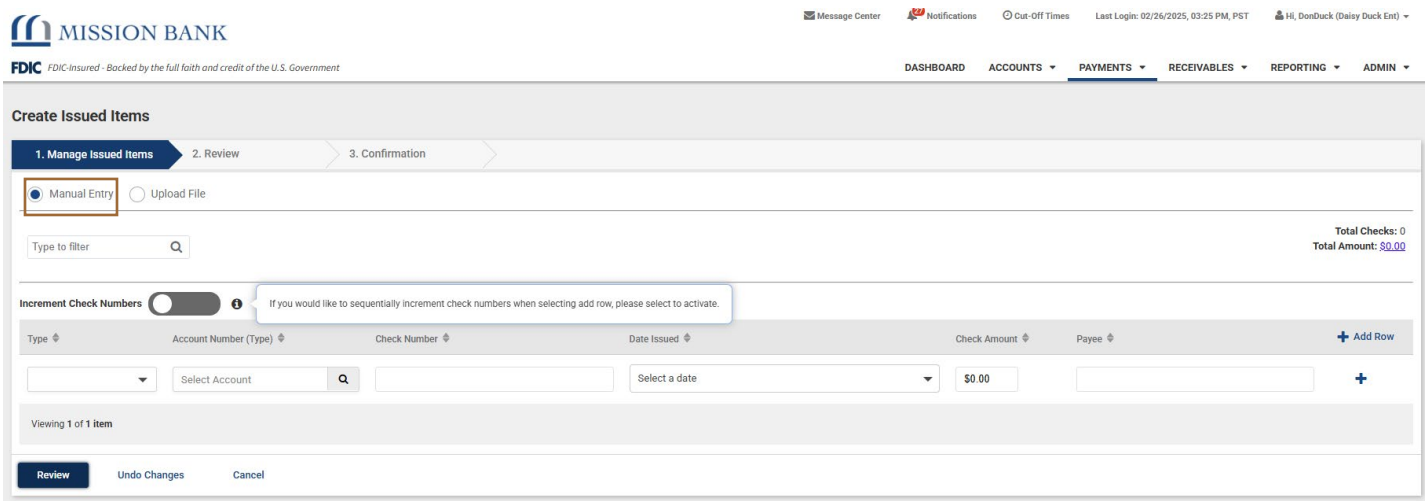
After the upload format is established and saved, choose *Create Issued Items* from the Positive Pay menu. Select the saved format and browse for the file. (If the selected Upload Format includes an account number, selection of an account is not required.)



The file information is displayed, and changes can be made if needed. After confirming the information, the file will be processed.

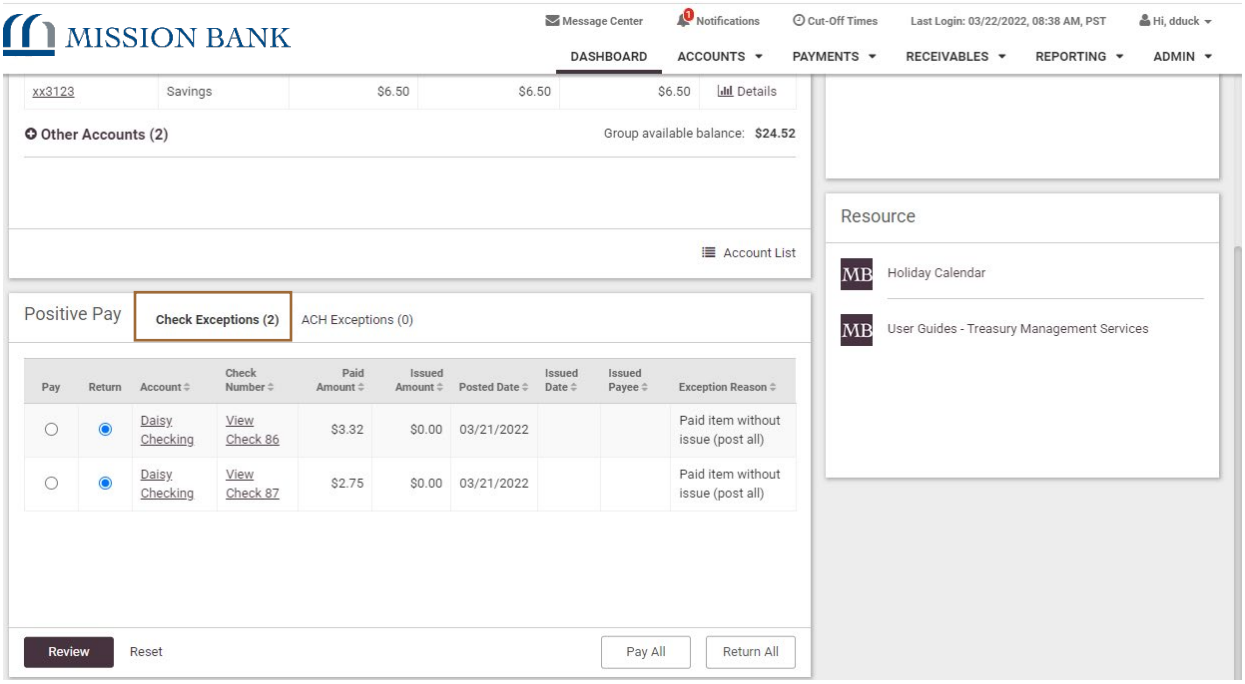
Manual Entry

Choose *Create Issued Items* from the Positive Pay menu and select Enter Checks. There is an option to automatically increment the check numbers and rows can be added to accommodate the entry of check information.

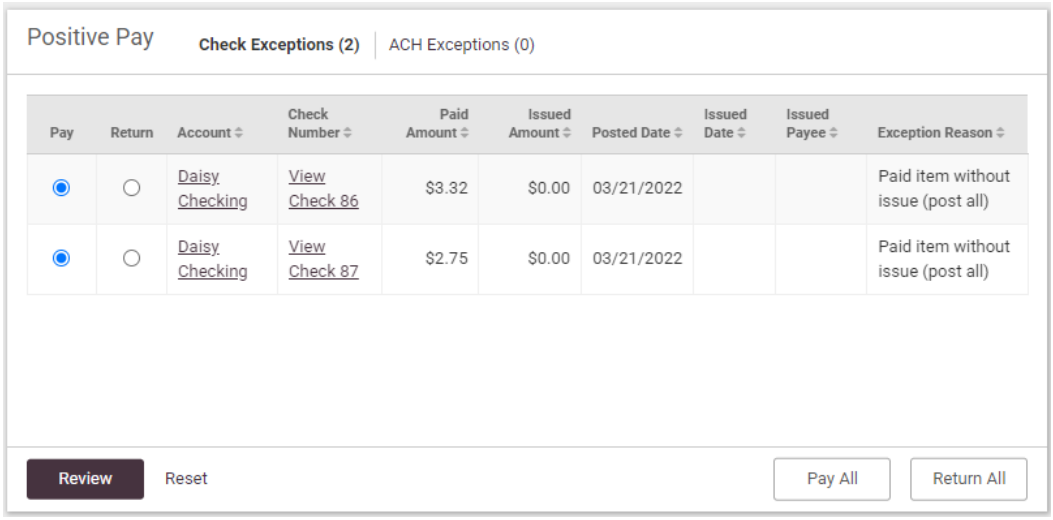


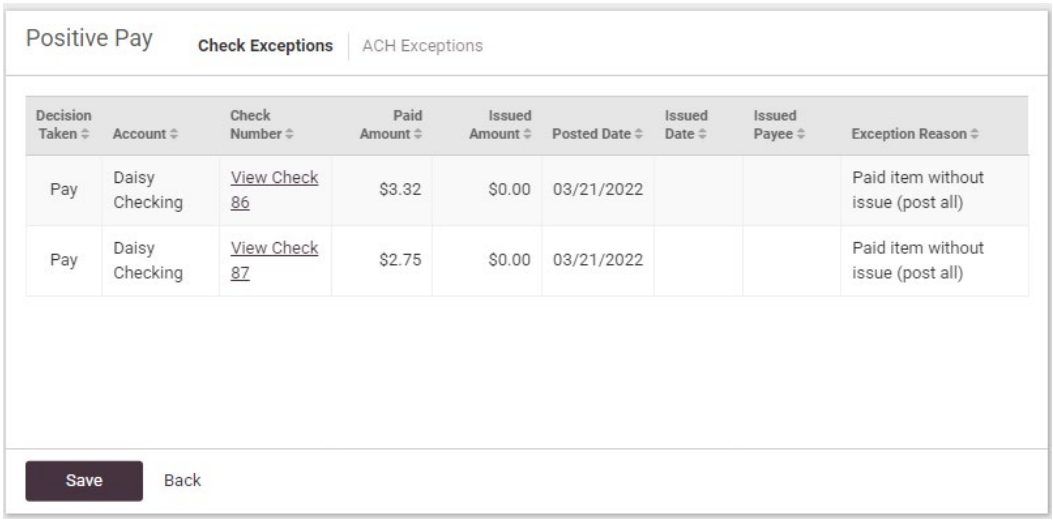
Check Exceptions Widget

A small number of exceptions can easily be decisioned directly from the TMS dashboard. The widget indicates what type and how many exceptions there are.

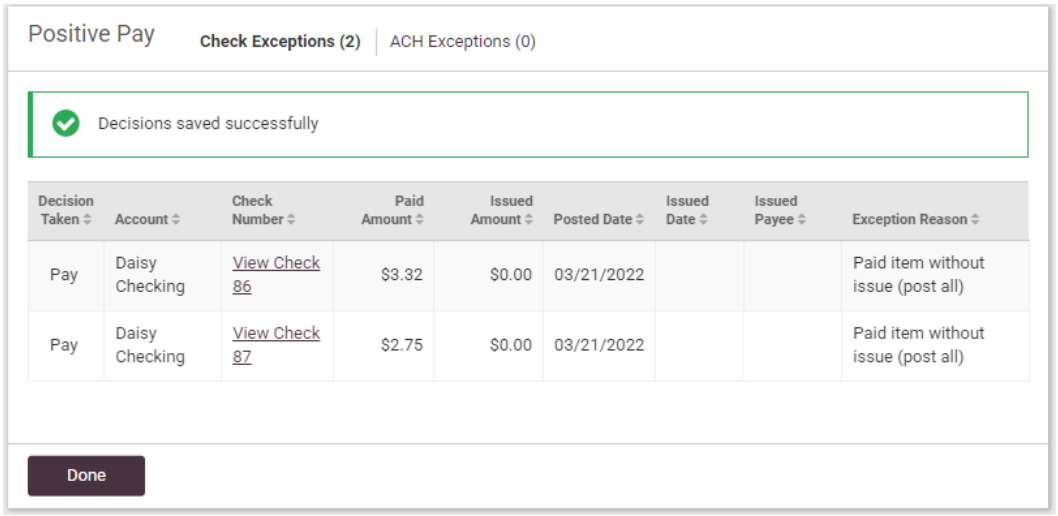


The review and save steps must be taken to send the item dispositions to the bank.





A confirmation message will indicate successful receipt by the bank.

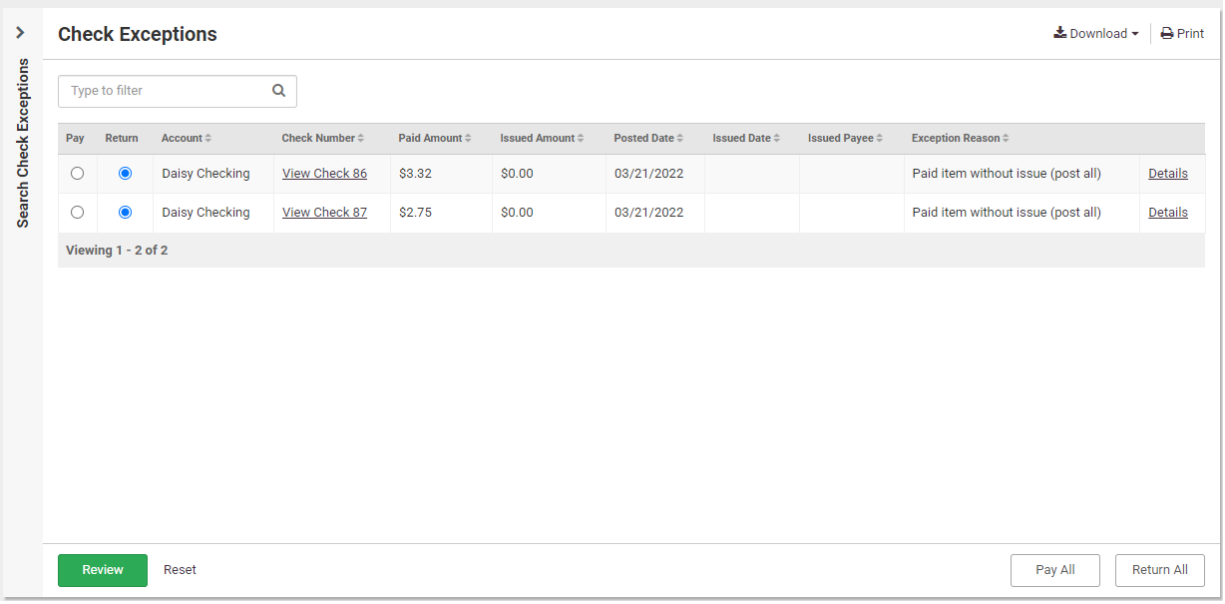


Check Exceptions Page

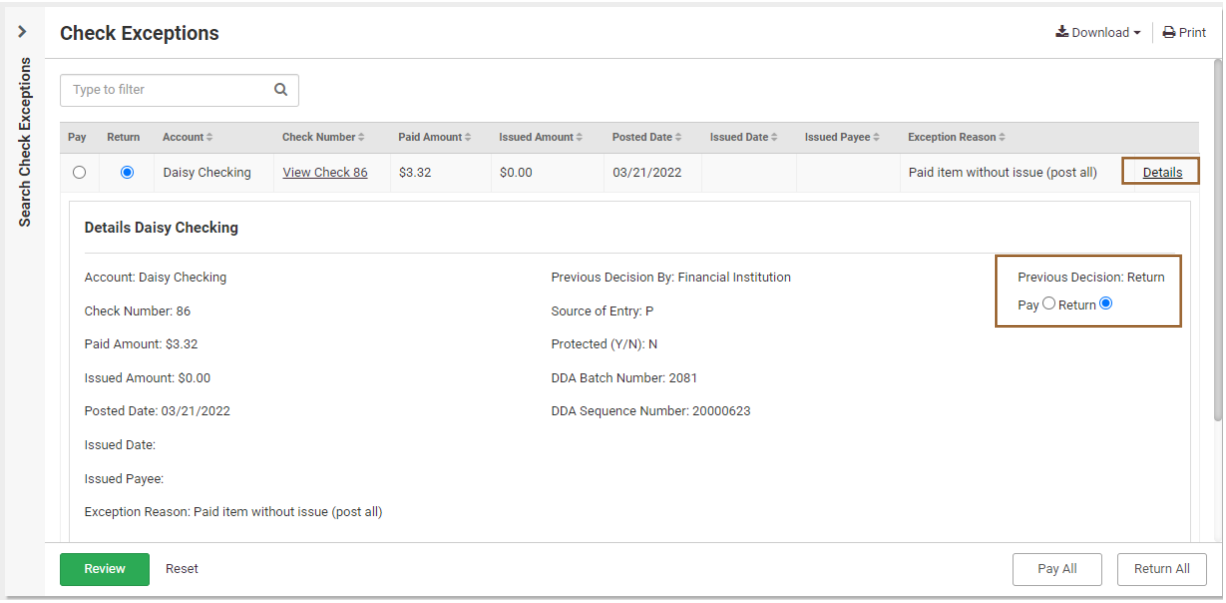
If preferred, *Check Exceptions* can be chosen from the Positive Pay menu. Using the exceptions page is recommended if there are a large number of items that need review.

Just like the dashboard widget, the company's underlying default of Return will be preselected for check exceptions. Item dispositions can be changed individually or by using the *Pay All* or *Return All* buttons.

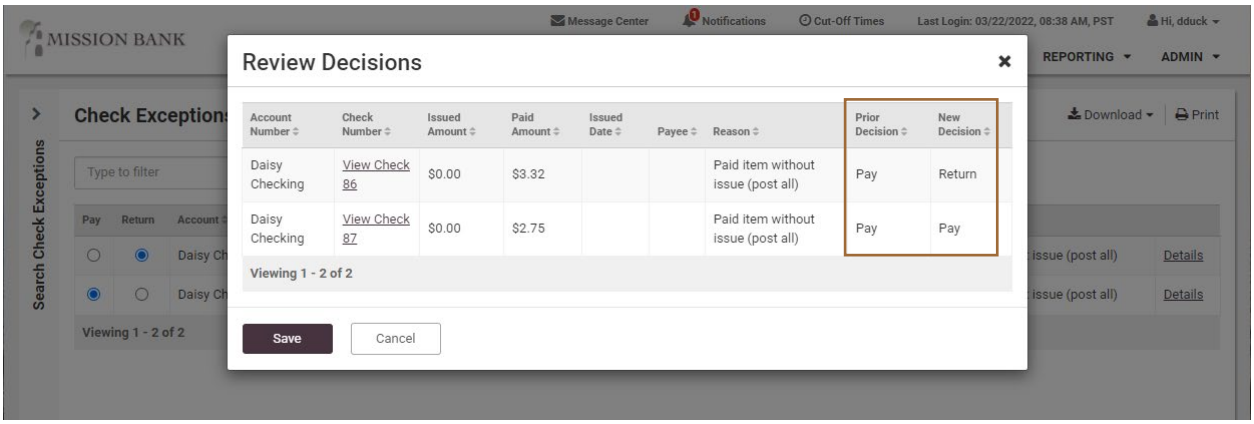
Any unworked exceptions will be returned.



Choose Details to obtain more information on the check.



The review and save steps must be taken to send the item dispositions to the bank.

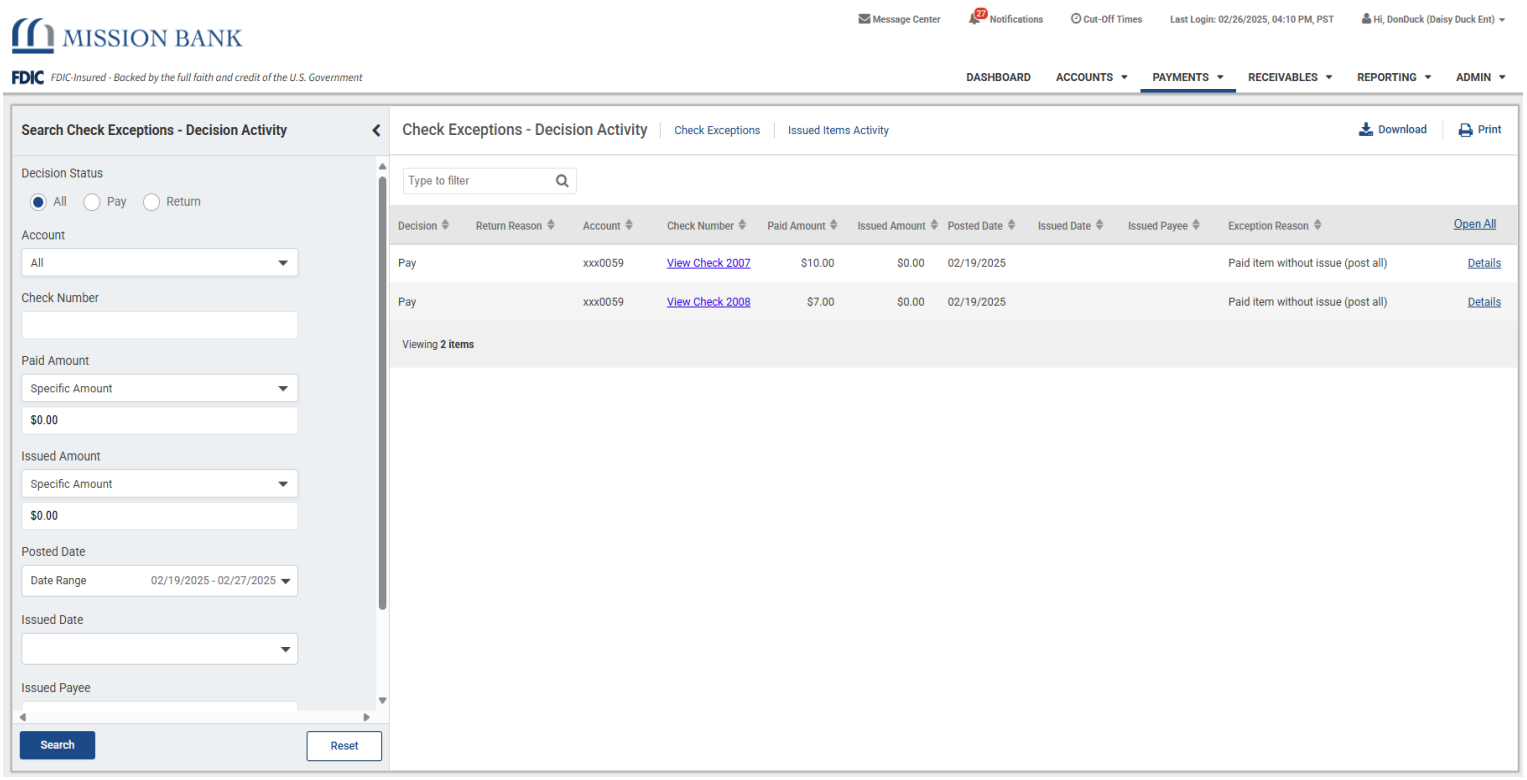


Please Note: *The Check Exceptions page indicates when a decision has been changed. This does not display when using the widget.*

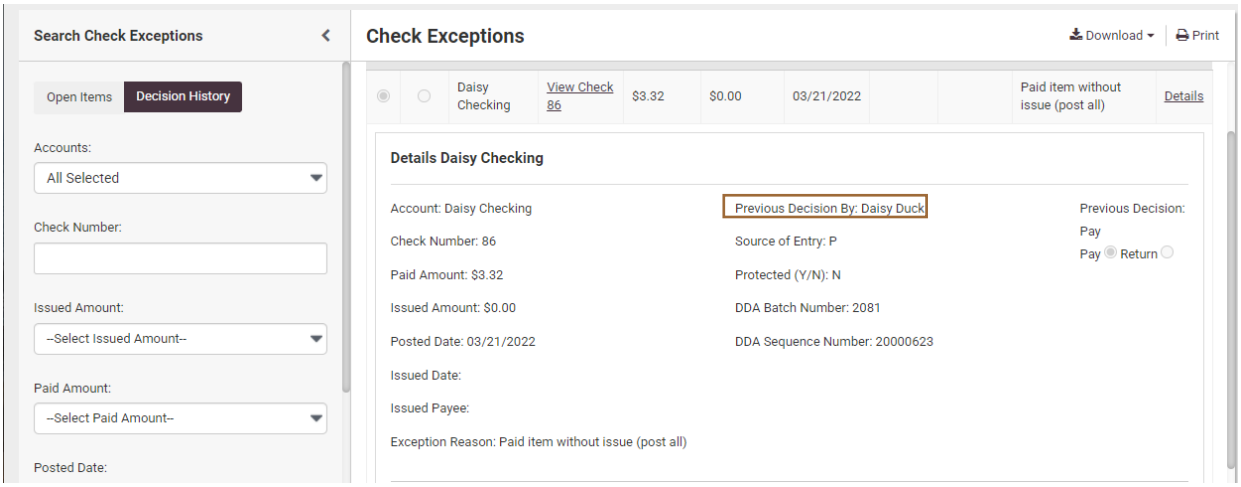
A confirmation message will indicate successful receipt by the bank.

Check Exceptions Research/Audit Trail

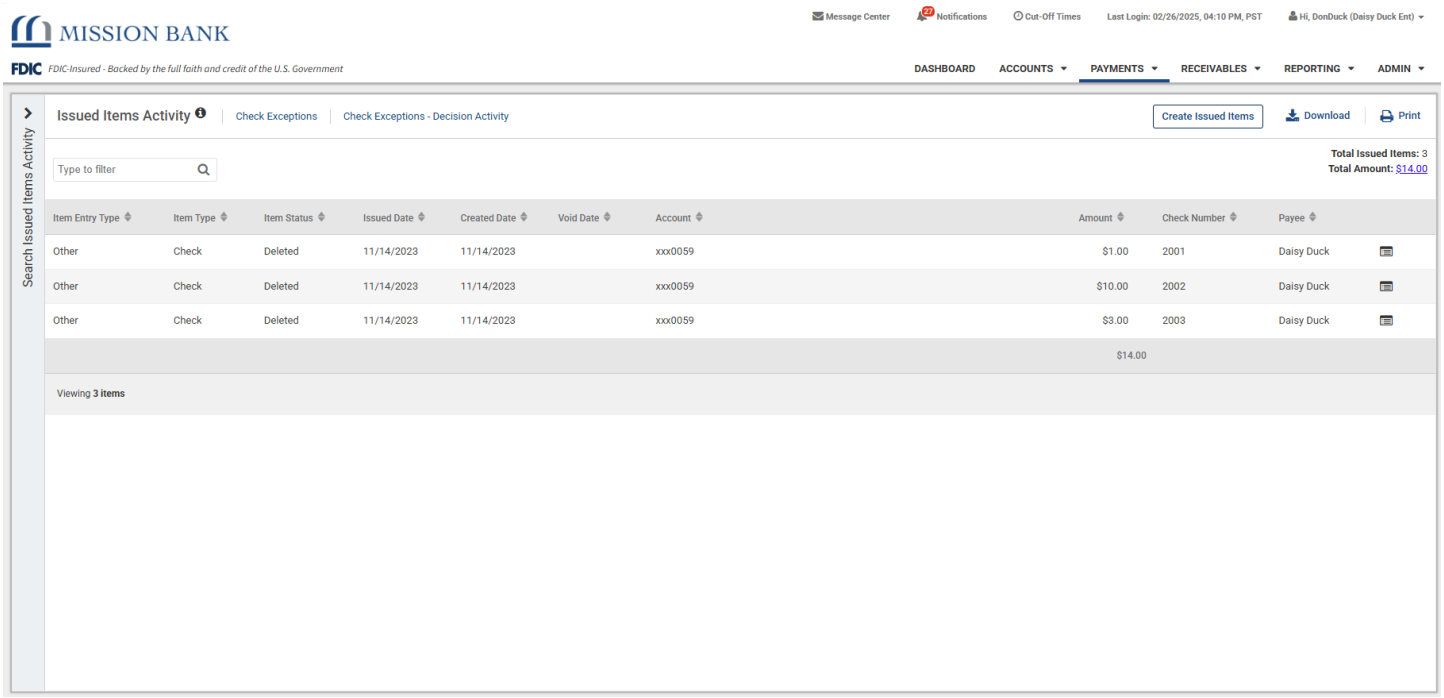
The *Check Exceptions* page has a search feature available in the fly-out panel on the left side of the screen. The search panel defaults to Open Items (current day exceptions) and there is an option to view Decision History.



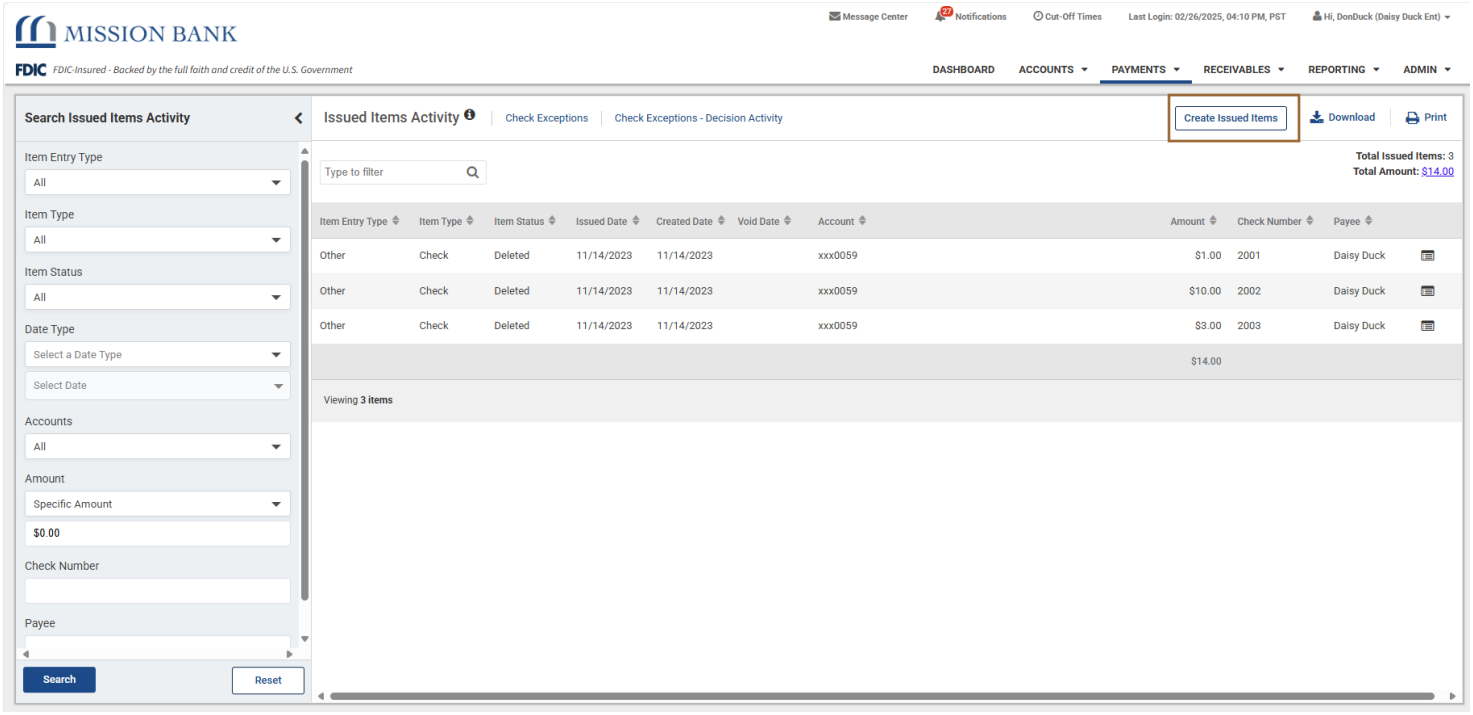
Check images and details are viewable and the details show which user made the pay or return decision. (If the decision field shows Financial Institution, then no users decisioned the item and it reverted to the default processing.)



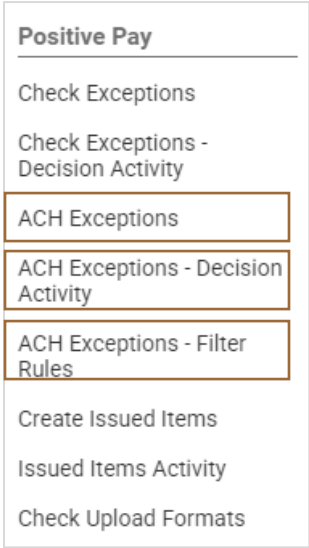
The *Issued Items Activity* screen allows uploaded check information to be researched or verified.



The search panel has a filter that allows users to choose specifics to obtain the desired information. If needed, there is a short-cut button to go directly to the Create Issued Items page, where additional checks can be added.



ACH Positive Pay



ACH Filters control what transactions are considered ACH Positive Pay exceptions.

If your company uses ACH Origination in TMS your ACH Company ID should be added to the ACH Filter as an authorized transaction.

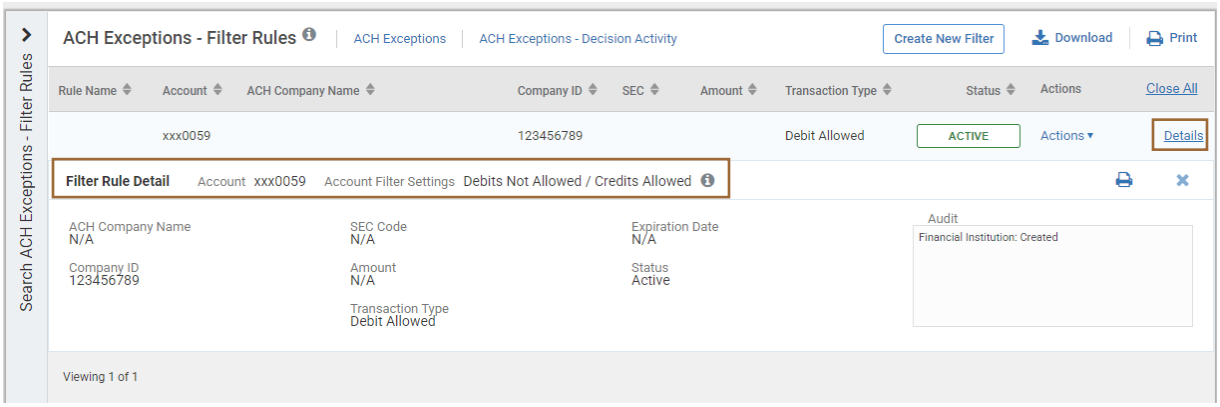
If there are several exceptions, it may be easier to use the ACH Exceptions page, rather than the smaller dashboard widget.

ACH Filters

ACH Positive Pay recognizes authorized transactions based on the underlying ACH Filter that is in place. Account settings (the "Filter Rule") determine whether ACH debits or credits are allowed or not, and if there are any authorized exceptions to those settings.

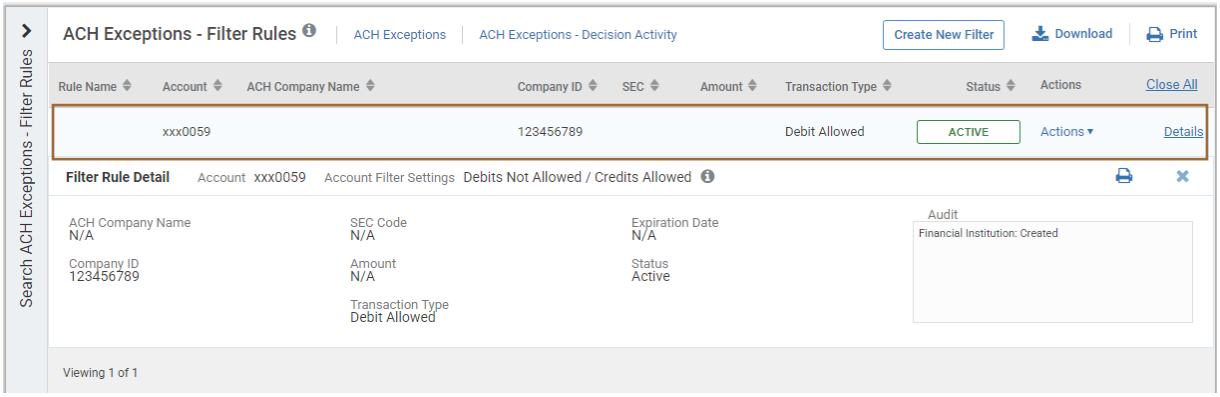
When an account is set up on ACH Positive Pay, *ACH Exceptions–Filter Rules* allows companies to manage the authorized exceptions to the account settings.

The most frequently-used Filter Rule is to allow all ACH credits to post, but block or manage the ACH debits that come into an account. Users can view the account's default settings by expanding the Filter Rule details for each account.



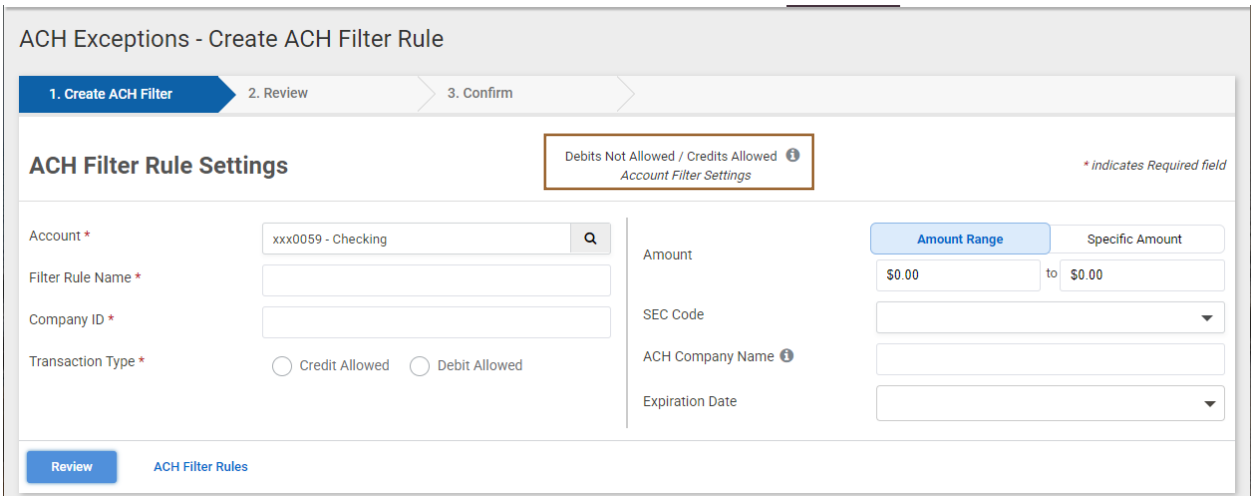
Using the example above of Debits Not Allowed/Credits Allowed, once the base Filter Rule is established for an account, exceptions to the Filter Rule can be made to allow certain debits to post, or conversely, disallow certain credits to post.

As shown below, the originator with Company ID #123456789 is allowed to debit the account, which makes it an authorized exception to the Filter Rule established for that account.



Managing Filter Rules

After choosing Create New Filter, an account must be selected from the list of enrolled accounts. The Filter Rule for that account will display at the top of the Filter Rule Settings screen.

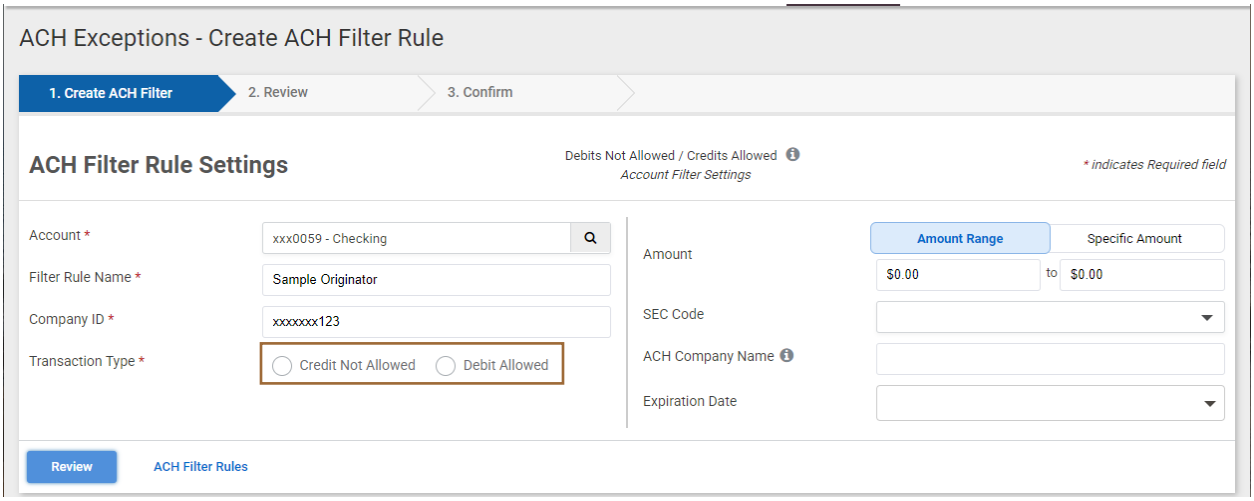


Mandatory input fields are indicated by the *

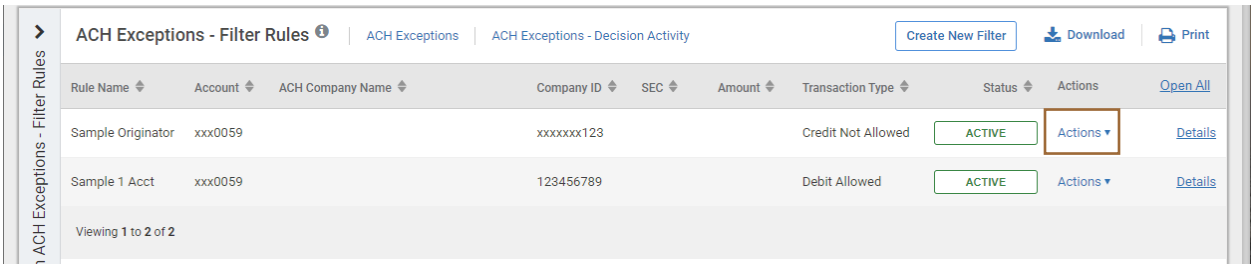
User Tips:

- A best practice is to only enter the originator's *Company ID*. If an *ACH Company Name* is entered and it does not exactly match the incoming transaction, it will not pass through as an authorized exception.
- The *Filter Rule Name* must be unique for each entry. The field is alphanumeric and can contain special characters. (This field could be used to identify the name of the originator.)

Once information is entered, the Transaction Type field will adjust to reflect the account's set-up. In the example blow, an authorized exception to the Filter Rule for Sample Originator would be to either disallow a credit or to allow a debit.



Filter Rules can be Edited, Cloned or Deleted from the Actions menu.



- **Edit** will allow the criteria to be changed, but not the account number.
- **Clone Criteria** will populate based on the item selected but allows all fields to be changed.

Adding Filter Rules from ACH Exceptions

Filter Rules can be created from incoming ACH Positive Pay exceptions or from previously-decisioned exceptions.

When choosing *Create Filter Rule* from either the exception workflow or from the previously decisioned items, the user will be redirected to the Create ACH Filter Rule workflow where the transaction information will populate and a new Filter Rule can be saved.

> ***Please Note:*** *Filter Rules cannot be created from exceptions when using the TMS mobile app.*

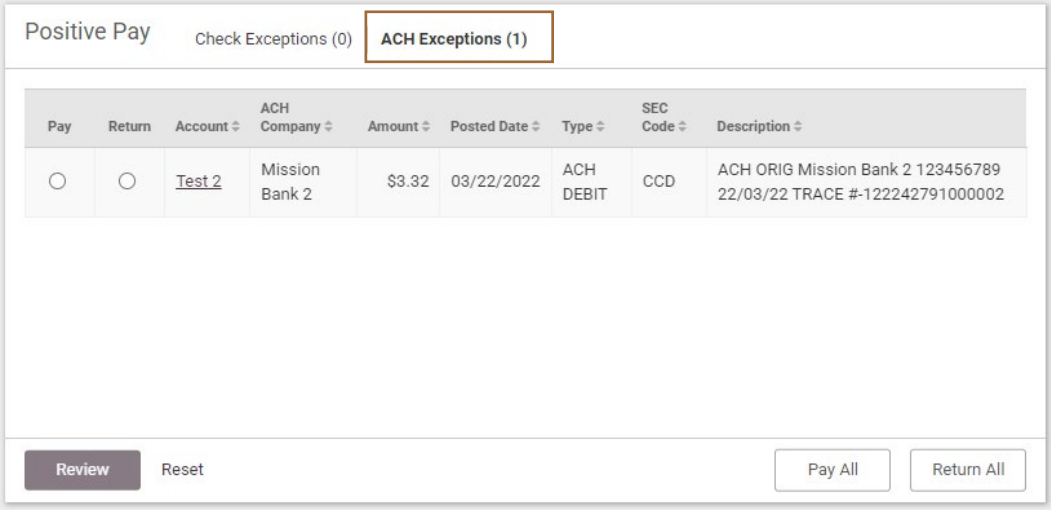
Managing ACH Exceptions

The process for managing ACH positive pay exceptions is very similar to managing check positive pay exceptions. A small number of exceptions can easily be managed from the dashboard's Positive Pay widget, or longer lists of exceptions can be managed from the *ACH Exceptions* page.

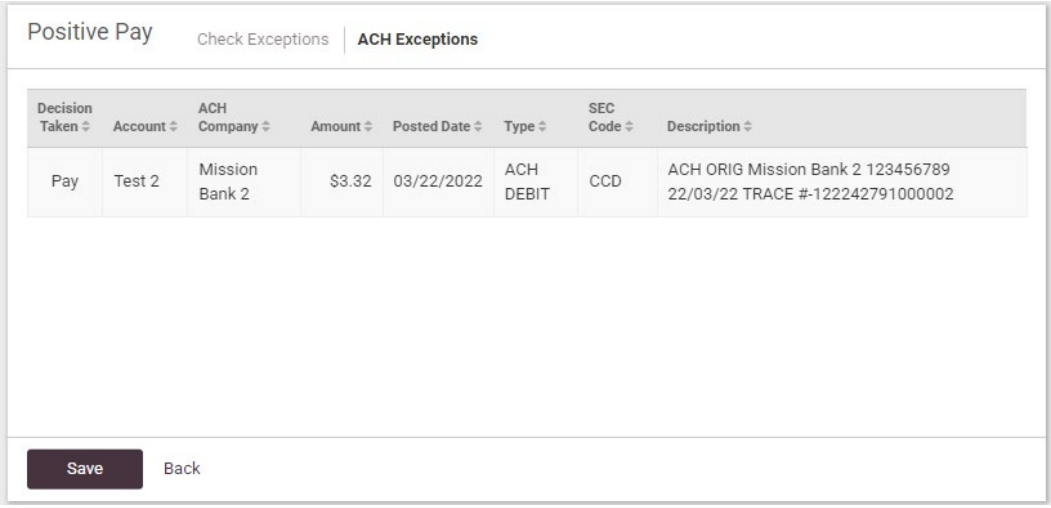
When decisioning ACH Exceptions, Filter Rules can only be created from the ACH Exceptions page, not the dashboard widget.

Positive Pay Widget

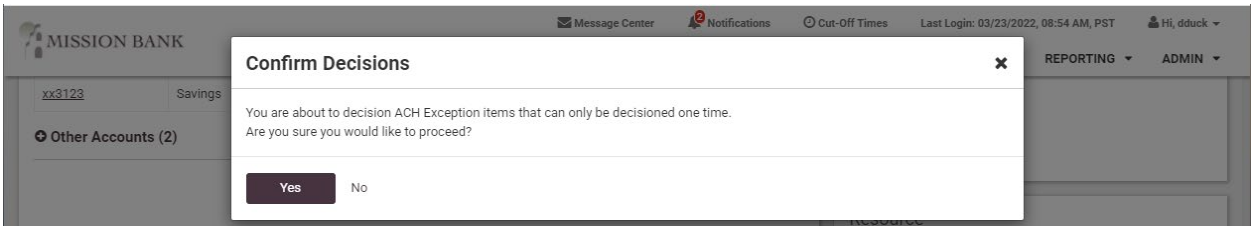
Choose ACH Exceptions in the Positive Pay widget and the ACH exceptions are displayed. ACH exceptions do not have a default prechecked, the user must determine whether to pay or return the exception. Unworked ACH exceptions will be returned.



After reviewing the decisions the user must save their selections.

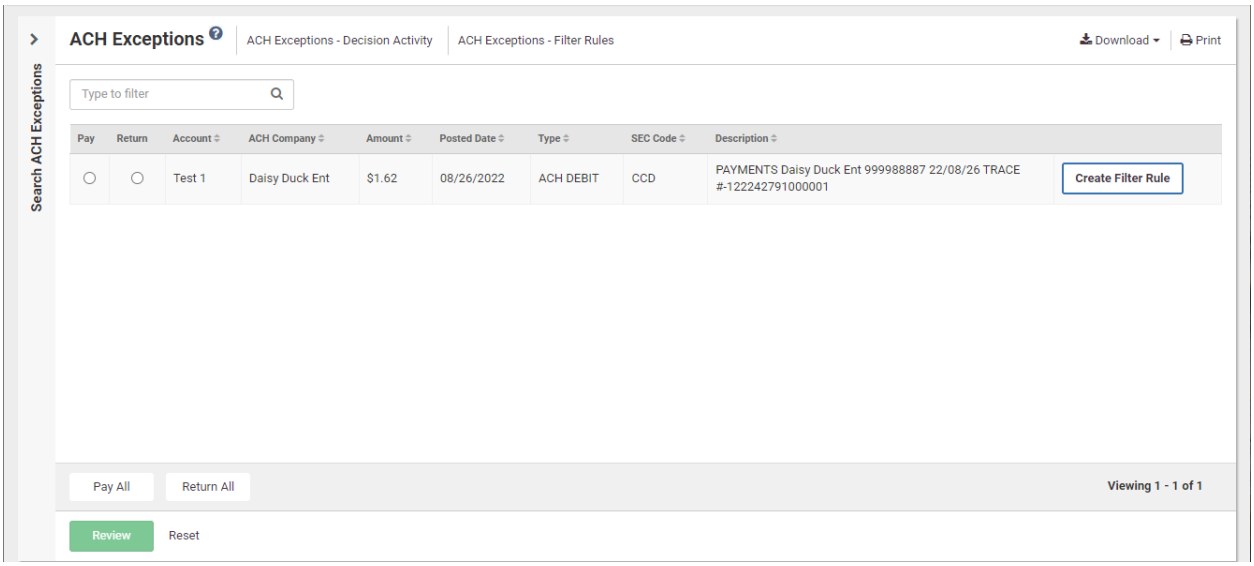


Unlike check exceptions, once a disposition has been chosen for an ACH exception it cannot be changed by another user.



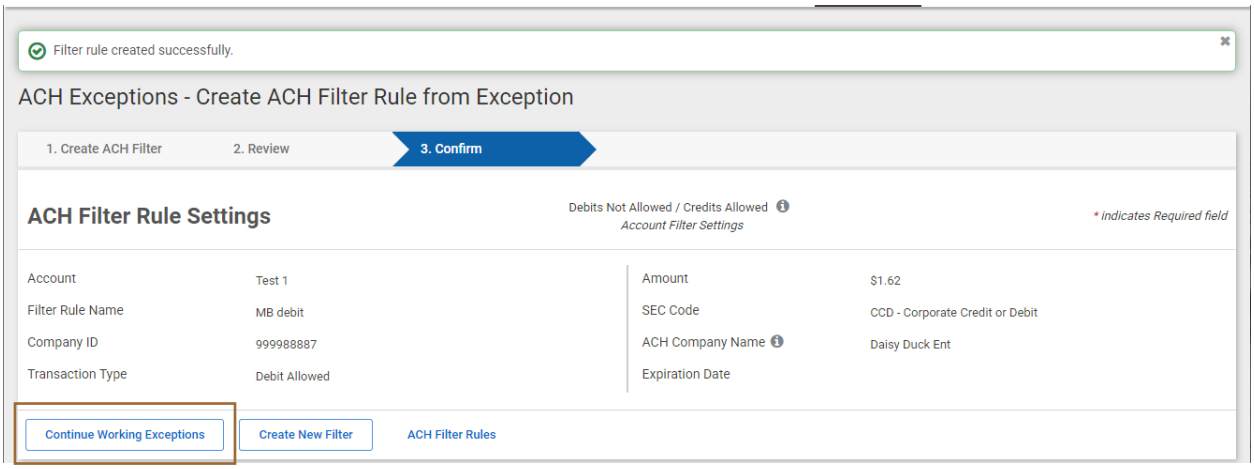
ACH Exceptions Page

If preferred, *ACH Exceptions* can be chosen from the Positive Pay menu. Using the exceptions page is recommended if there are a large number of items that need review or if there are any positive pay exceptions that need to be added to the Filter Rules as an authorized exception.

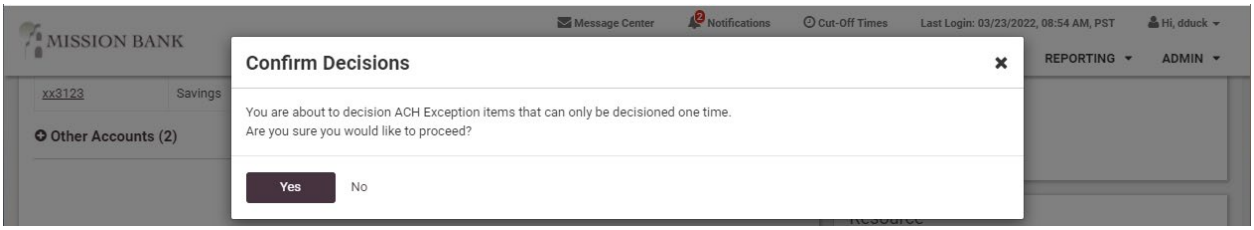


Item dispositions can be changed individually or by using the *Pay All* or *Return All* buttons. Any unworked exceptions will be returned.

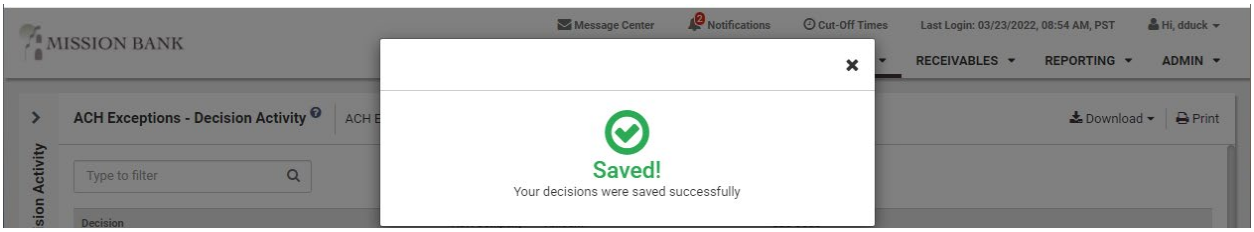
If a new Filter Rule is created from an exception the exception item still must be designated as Pay.



After the exceptions have been designated as either pay or return and the user saves the information, the user will receive the same confirmation screen as with the widget. Once an ACH exception decision is saved the decision cannot be changed.



A success message is delivered once the exception review process has been completed.

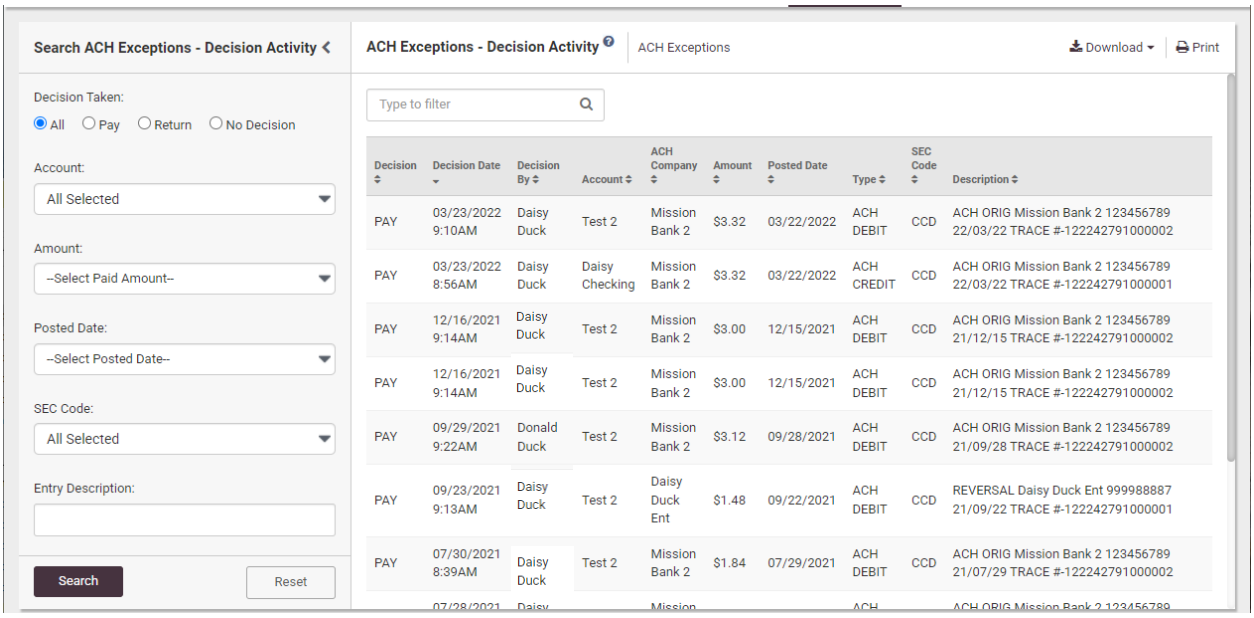


ACH Exceptions Research/Audit Trail

The ACH Exceptions page lists current day exceptions that have not been decisioned by a user. Once ACH items have either been paid or returned, they no longer appear on the ACH Exceptions page.

The *ACH Exceptions–Decision Activity* report lists historical exceptions, including exceptions decisioned that day, provides details regarding the disposition, and lists the user that made the decision.

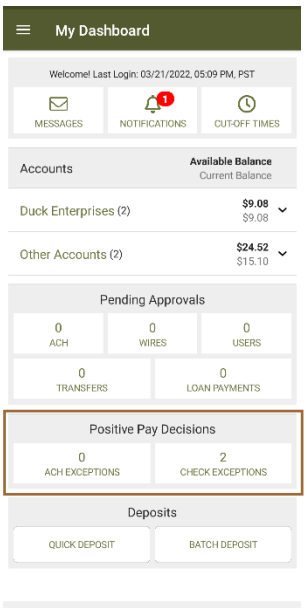
The search feature can be used to refine the results.

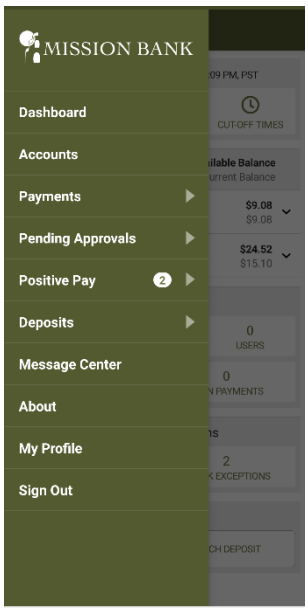

Search ACH Exceptions - Decision Activity
Decision Taken:
All
Pay
Return
No Decision
Account:
All Selected
Amount:
--Select Paid Amount--
Posted Date:
--Select Posted Date--
SEC Code:
All Selected
Entry Description:
Search
Reset
ACH Exceptions - Decision Activity
ACH Exceptions
Download
Print
Type to filter
Decision
Decision Date
Decision By
Account
ACH Company
Amount
Posted Date
Type
SEC Code
Description
PAY 03/23/2022 9:10AM Daisy Duck Test 2 Mission Bank 2 $3.32 03/22/2022 ACH DEBIT CCD ACH ORIG Mission Bank 2 123456789 22/03/22 TRACE #-122242791000002
PAY 03/23/2022 8:56AM Daisy Duck Daisy Checking Mission Bank 2 $3.32 03/22/2022 ACH CREDIT CCD ACH ORIG Mission Bank 2 123456789 22/03/22 TRACE #-122242791000001
PAY 12/16/2021 9:14AM Daisy Duck Test 2 Mission Bank 2 $3.00 12/15/2021 ACH DEBIT CCD ACH ORIG Mission Bank 2 123456789 21/12/15 TRACE #-122242791000002
PAY 12/16/2021 9:14AM Daisy Duck Test 2 Mission Bank 2 $3.00 12/15/2021 ACH DEBIT CCD ACH ORIG Mission Bank 2 123456789 21/12/15 TRACE #-122242791000002
PAY 09/29/2021 9:22AM Donald Duck Test 2 Mission Bank 2 $3.12 09/28/2021 ACH DEBIT CCD ACH ORIG Mission Bank 2 123456789 21/09/28 TRACE #-122242791000002
PAY 09/23/2021 9:13AM Daisy Duck Test 2 Daisy Duck Ent $1.48 09/22/2021 ACH DEBIT CCD REVERSAL Daisy Duck Ent 999988887 21/09/22 TRACE #-122242791000001
PAY 07/30/2021 8:39AM Daisy Duck Test 2 Mission Bank 2 $1.84 07/29/2021 ACH DEBIT CCD ACH ORIG Mission Bank 2 123456789 21/07/29 TRACE #-122242791000002

TMS Mobile App

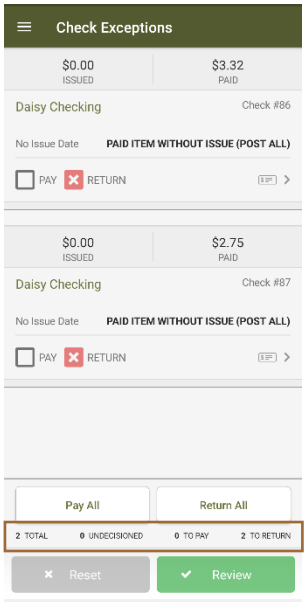
The TMS mobile app is also an option for managing Positive Pay exceptions. The functionality and the process are the same as TMS from a desktop.

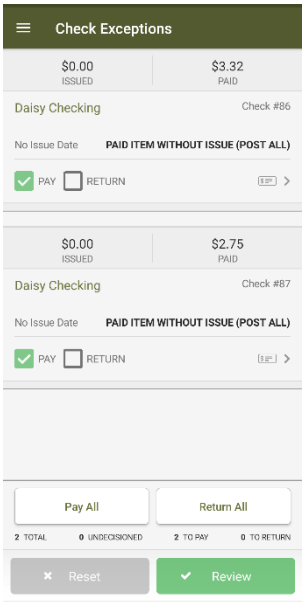
Check and ACH exceptions can be managed from the dashboard landing page of the app or from the menu. (The dashboard must be configured on a desktop and the settings will transfer to the app.)





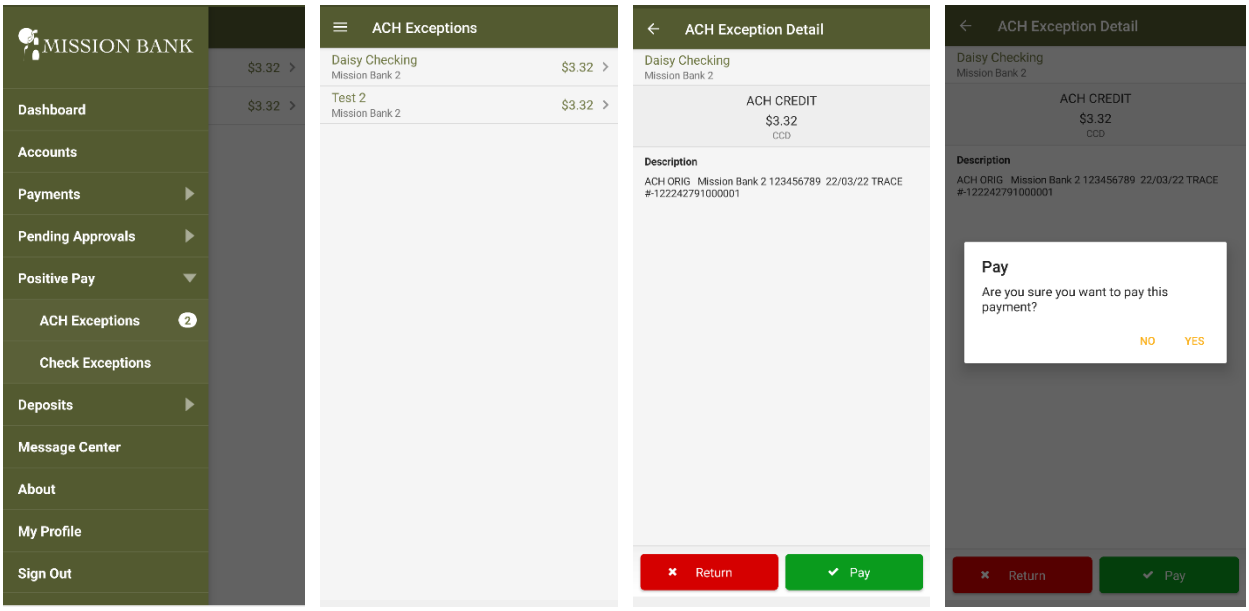
Like on the desktop, check exceptions are separate from ACH exceptions. The check exceptions will default to the company's choice of pay or return.





The mobile app has a display at the bottom of the screen that shows the total number of exceptions, the number that are undecisioned, and the count of pays and returns.

ACH exceptions are listed individually. The user can view the description of the transaction and make their decision.



Once a decision has been made on ACH exceptions it cannot be changed. ACH exceptions will be returned if a user does not make any decision on the exceptions.

Filter Rules cannot be created or managed from the TMS mobile app.