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Exposing The Truth About Mobile Deposit Risk

Submitted by Scott Carter on Wed, 05/21/2014 - 10:08

Mobile Deposit is enjoyed by millions of consumers reaching from America's largest banks to the smallest Credit Unions. There's no doubt that people love Mobile Deposit. In fact, they love it so much; they want to use it more! We know this from the numerous consumer tweets asking:

Why the frustration? Because, although FIs have been progressive about adopting mobile deposit technology, they have strict risk controls in place that sometimes have unintended, negative consequences on good customers – and their income statements.

To expose the truth about Mobile Deposit risk, RemoteDepositCapture.com conducted the industry's first survey designed to measure the perception, usage and experience of FI's with Mobile Deposit.

We were pleased to learn that reported risk level of mobile RDC is low. The majority of FIs polled reported no losses. Even better, **90% of respondents reported the benefits of mobile deposit far outweigh risks and costs.**

Although losses are low, we recognize that there are, indeed, risks, as there are in any channel. We see this as an opportunity for FIs to deploy risk management best practices while losses are low to get ahead of any emerging risks. These Mobile Deposit best practices will help **isolate risky transactions** while **increasing access to low risk and under-penetrated consumer segments.**



Mobile Deposit Basics and low hanging fruit

1. **Smart Limits** – based on attributes such as account tenure, risk score or account type
2. **Endorsement Analytics** – Endorsement detection, restrictive endorsement policy and utilization of the restrictive endorsement feature in mobile deposit
3. **Policy Rules** – Flag leading indicators of account abuse (e.g. cash in and out velocity) or blocking money order deposits. Or *funds availability to account or transaction profile*
4. **Duplicate Deposit Checking** – Implement cross-channel, cross-bank visibility for duplicate deposit detection. These services also return flags when additional risk indicators are present.

5. **Mobile Authentication** – Authenticate the customer, device and account at the carrier level, monitor for changes in the device/account owner information, validate if person is authorized on behalf of the mobile account.
6. **Business Intelligence** – Ensure that the necessary tracking, measurement and reporting processes are in place. Minimally, these should include the amount and type of losses by channel and false positive rates.
7. **Predictive analytics or “scores”** – in mobile RDC might predict the probability of account abuse, duplicate deposit or other forms of fraud
8. **Test and Learn (Experimental Design)** – Test tailored limits and funds availability modifications with a random sample of customers or with a specific segment where a hypothesis can be tested and then track impact on key portfolio indicators.

If you would like to learn more you can download a copy of the RemoteDepositCapture.com survey report (/node/1127/download) or register for a free RemoteDepositCapture.com webinar (<http://www.remotedepositcapture.com/webinars/Demystifying-the-Risk-Associated-with-Mobile-RDC.aspx>) Thursday May 22nd at 10am PT.

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