Welcome to x9

- a review of X9.100-187-2013

Agenda

- Accredited Standards Committee - X9
- X9.100-187-2013 – what is different?
  - Record 62 (Credit Record)
  - Record 68 (User Record)
  - Returns and Return Reasons

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Accredited Standards Committee - X9

The Accredited Standards Committee X9, Inc. or more simply X9, is the leader in developing technical financial industry standards. Our mission is to develop, establish, maintain and promote standards for the Financial Services Industry to facilitate delivery of financial services and products.

Every day, we come in contact with financial standards — the size of a paper check, protocols for messaging, electronic security systems, and paperless contracts are just a few. Standards simplify our lives, increase productivity and allow interoperability and straight through processing.

At X9, we develop technical financial standards and products that raise our industry and thus our customers' levels of reliability, efficiency, and interchangeability within the commercial market place.

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Record 62 (Credit Record)

- Added to standardize credit records
  - Many people already use a credit record
  - They are all different
  - Standard credit records provides interoperability between platforms
    - Particularly important when onboarding new clients

- Currently not authorized for image exchange

Record 68 (User Record)

- Added to standard to facilitate internal bank processing, such as remote deposit capture

- There may be opportunities for future use

- Currently not authorized for image exchange

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Returns: Customer and Admin

- Customer returns
  - Returning a dishonored item based on check law
  - Routinely charged back to the depositor's account
  - Examples:
    - NSF
    - Stop pay
    - Closed account

- Administrative returns
  - Requesting credit for an item rather than dishonoring the item
  - Not routinely charged back to the depositor's account
  - Examples:
    - Poor quality image
    - Ineligible items

Current Return Reasons

Customer / Monetary Return Codes	Description
A	NSF – Not Sufficient Funds
B	UCF – Uncollected Funds Hold
C	Stop Payment
D	Closed Account
E	UTLA – Unable to Locate Account
F	Frozen/Blocked Account
G	Stale Dated
H	Post Dated
I	Endorsement Missing
J	Endorsement Irregular
K	Signature (s) Missing
L	Signature(s) Irregular; Suspected Forgery
M	Non-Cashed Item (non-negotiable)

Current Return Reasons

Customer / Monetary Return Codes	Description
N	Altered/Fictitious Item/ Suspected Counterfeit/ Counterfeit
O	Unable to Process
P	Item Exceeds Stated Max Value
Q	Not Authorized (includes drafts)
R	Branch/Account Sold (wrong bank)
S	Refer to Maker
W	Cannot Determine Amount
X	Refer to Image
Z	Forgery – An affidavit shall be available upon request
3	Warranty Breach (includes rule 8 & 9 claims)

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Current Return Reasons

Administrative Return Codes	Description
I	Image Missing
Q	Ineligible
U	Unusable Image
V	Image Fails Security Check
Y	Duplicate Presentment
1	Does not conform with X9.100-181 (X9 TIFF Standard)
2	Does not conform to the Industry's UCD
3	Warranty Breach (includes rule 8 & 9 claims)

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New Returns Reason Codes

- Why change?
  - As things speed up the opportunity to return exceptions increases
    - Duplicate is a good example
  - Without a valid return reason banks are returning many of these items as 'Refer to Maker'
    - This creates additional work on the BOFD side because they have to call the paying bank to understand why the item was returned
  - Discreet codes will reduce 'Refer to Maker' volume

New Returns Reason Codes

- Popular Questions:
  - Isn't 'Duplicate' an administrative reason?
    - With RDC and Consumer capture, more often than not duplicates ARE customer returns
  - Why am I already getting the new codes?
    - Unfortunately some people are already using the new codes
    - X9 has an aggressive communication strategy to help the industry understand the changes and when they are to take place

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New Return Reasons

Customer/Monetary Return Codes	Description
T	Item Cannot Be Re-presented
U	Unusable Image
Y	Duplicate Presentment
4	RCC Warranty Breach (rule 8)
5	Forged and Counterfeit Warranty Breach (rule 9)
6	Retired/Ineligible Routing Number
Administrative Return Codes	**Description**
T	Item Cannot Be Re-presented
4	RCC Warranty Breach (rule 8)
5	Forged and Counterfeit Warranty Breach (rule 9)
6	Retired/Ineligible Routing Number

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New Returns Reason Codes

- 'T' - Item Cannot be Re-presented

  - New Customer and Admin Reason code

  - Electronic alternative to punching out the MICR line on the paper check

  - Facilitates enforcement of 2 presentments (Fed) and 3 presentments (ECCHO) limitation
    - Replaces previous use of 'T' – 'Stop Payment Suspect' found in DSTU-X9.37

New Returns Reason Codes

- 'U' – Unusable Image

  - New Customer Return Reason code

  - Image could not be used for required business purpose (e.g. gross image defects, illegible, etc.)
    - Commentary: Use of this return reason should be tempered by a qualitative review of the actual usability of the item rather than a strict analytical analysis.

New Returns Reason Codes

- 'Y' – Duplicate Presentment

  - New Customer Return Reason code

  - Paying Bank will determine whether item is returned or adjusted

  - Pros
    - Provides more specific reason for return than 'Refer to Maker'
    - Provides alternative to adjustment channel if completed within return timeframe
  - Cons
    - Does not provide information of the other duplicate item presented
    - Returns cannot be initiated by intermediary bank in the collection process

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New Returns Reason Codes – Adoption?

- New Version Approved: 12/20/2013
  - With provision for delayed implementation of new codes
    - Date new codes effective: 12/20/2014

- Unprecedented Outreach to inform Industry
  - 6/5/14: X9 held vendor meeting
  - 6/16/14: X9 holding industry wide meeting on changes
  - ECCHO Returns & Adjustment Committee
  - SVPCO & Viewpointe Operations meetings
  - And others…

Contact Information

- Interested in Participating in standards development??
  - Contact X9 at www.x9.org

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