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## The drive to reduce cheque fraud

Ford Credit of Canada uses Scotiabank's Positive Pay service and prevents over \$70,000 in fraud in its first three months of implementation.

**Michael Hamula,**  
a supervisor  
in Treasury  
Operations for  
Ford Financial

**T**echnology has made it much easier to produce counterfeit cheques, increasing the amount of fraud experienced by many companies.

With 11 locations across Canada, Ford Credit Canada Ltd. is one organization that has taken action to prevent losses due to cheque fraud. Ford Credit Canada is one of the flagship operations of Ford Financial, a global financial services company specializing in the needs of automotive consumers.

Earlier this year, Ford Credit Canada implemented Scotiabank's Positive Pay service to reduce the risk of cheque fraud. Cleared cheques are matched against a data file of issued cheques and only matched entries are processed. Unmatched cheques require the company's authorization or they are returned and no payment is made.

### Meeting the need for greater cash control

A long-time Scotiabank client, Ford Credit Canada decided to implement stricter control over its payables after the bank caught four counterfeit cheques totaling in excess of \$300,000 that had been submitted for payment.

Scotiabank Relationship Manager David Lee recalls that Ford Credit Canada wanted to implement a control system like the one used by its U.S. parent company, Ford Financial.

"A positive pay system like the one Scotiabank offers has been a standard offering in the United States for years," Lee comments. "American companies accept the need for this type of control as an established part of doing business."

The implementation of the Positive Pay service was made particularly challenging because Ford Financial outsources some of its back-office processing to an overseas service bureau. This group is responsible for bank reconciliations from the company's numerous accounts, and authorizing pay/no-pay requests that are submitted with Positive Pay in place.



44 King Street West  
Toronto, Ontario M5H 1H1  
e-mail: [businessproducts@scotiabank.com](mailto:businessproducts@scotiabank.com)  
[www.scotiabank.com](http://www.scotiabank.com)

# The drive to reduce cheque fraud

Since the issued cheque files were being sent via the Internet, Scotiabank recommended the implementation of a virtual private network to provide state-of-the-art security between all parties.

Michael Hamula, a supervisor in Treasury Operations for Ford Financial says there have been no communication problems despite geographical distance. "The turn-around time for cheque payment decisions is usually within a couple of hours."

## Cheque fraud is a growing phenomenon

While many businesses might not want to admit that cheque fraud poses a significant concern, Product Manager for Positive Pay Diane Ferguson says any company that issues cheques is vulnerable.

"We're trying to encourage our commercial customers to do their part to prevent cheque fraud," Ferguson says. "When we launched Positive Pay four years ago we had 40 accounts—today we have over 600. The awareness of cheque fraud as a growing phenomenon is definitely much higher."

## Preventing cheque fraud success

Since implementing Positive Pay, Ford Credit Canada has benefited from the service in terms of preventing cheque fraud.

"The system is definitely working," concludes Michael Hamula, "Since the implementation we've intercepted fraudulent cheques totaling in excess of \$70,000."



44 King Street West  
Toronto, Ontario M5H 1H1  
e-mail: [businessproducts@scotiabank.com](mailto:businessproducts@scotiabank.com)  
[www.scotiabank.com](http://www.scotiabank.com)