Welcome. Today we are going to review the Positive Pay features in BBVA Compass net cash and what to expect with the conversion. This is considered a major conversion effort. You will receive conversion materials shortly before you are scheduled to convert to the new system. It will not be transparent to you – there are specific steps you need to take to make this a successful conversion.

Before we begin, if you have questions during this presentation, please type them in the chat, and we will reply. We will compile all questions and add them to the FAQ that will be available on the conversion landing page.
In this training we will:

- Provide the background on why we developed a new Positive Pay system
- Explain the conversion methodology
- Show you what enhancements and improvements you will gain with the new RealTime Positive Pay system
- Indicate where you will get the information you need, and
- List the resources you can reference to learn more about our new RealTime Positive Pay system
We made the decision to build a new Positive Pay system for five reasons:

1. Traditional batch processing by banks cannot keep up with the realities of today’s real time payments. BBVA Compass modified its deposit system to process transactions in real time, so it is important that other systems within the bank also have real time processing capability.

2. Customers requested longer decision windows on their Positive Pay exceptions, so BBVA Compass extended the decision window until 6:00 p.m. the next business day after the item is presented to BBVA Compass. Depending on when the item was presented for payment to BBVA Compass, this decision window can be as long as 34 hours, which is longer than any other bank.

3. In order to protect your account on multiple presentment channels, it is important that the branches have real time visibility into the Positive Pay system to review the current status of each item presented for payment.

4. On holidays such as the day after Thanksgiving or Christmas, many customers want the ability to temporarily adjust their Positive Pay settings so that they do not have checks returned if they are not in the office to review exceptions. Having the ability to modify the settings themselves online and have the changes be effective in real time is a big plus.

5. Communication delays impact the ability to proactively manage problems with issue file items and can cause checks to become exceptions when presented. An online interactive tool to repair issues in real time saves customers time and provides
convenience.
Since this is a complete replacement of the existing Positive Pay system, all existing Positive Pay customers will be migrated to the new system. Due to the large number of customers, customers will be converted in groups over a four to six month process.

The old system will be deactivated once all of the existing customers have been migrated to the new Positive Pay system.

You should expect to receive detailed conversion materials approximately 30 calendar days before your scheduled conversion date.
Now we will discuss what improvements you should expect to see on the new system. We will cover the following topics:

- Exception Reporting
- Issue Files
- Teller Line (Branch) Protection
- Void Functionality
- Manual Issues and Manual Voids
- Business Rules
- Alerts

We will also talk about future Positive Pay products that we will introduce with this new system.
The current Positive Pay system reviews checks presented for payment the previous business day and compares it to issue information on file. Exceptions are reported to customers at 9:30 a.m., and customers have until noon to provide their pay or return instructions.

For the new RealTime Positive Pay system, the system will do the comparison to the issue file at the time the check is presented for payment to BBVA Compass. Clerks will review in real time the potential suspects identified by the system and will correct encoding errors, pushing out true exception items to customers typically within minutes of their presentment. You will have until 6:00 p.m. of the next business day from when the check was presented to provide your pay or return instructions to BBVA Compass.

While the vast majority (95% or higher) of your exception items will be presented to you the same business day, there may be some checks presented late in the day after the clerical staff has gone home. We strongly believe that it is critical for each Positive Pay exception to be reviewed before they are presented to you, so we can eliminate errors due to misreads and other false positives and only present to you true exception items. For checks presented after hours, any suspect items will be reviewed by clerks early the next business day and any exception items requiring your pay or return instructions will be reported as early as 7:00 a.m. Central Time.

Similar to your current functionality, you can change your mind and modify any
previously decisioned exception items until the decision window closes.
Here is an example of how RealTime Positive Pay will work:

- BBVA Compass reports two Positive Pay exceptions to you at 11:00 a.m. CT that represent checks presented for payment to the bank today.

- You receive an alert to review and take action on one item today at 2:00 p.m. CT, instructing us to return the item. The item moves to the Exceptions in Process tab/queue.

- You take no action on the other exception item today. The other item that you did not submit any instructions for remains in the Positive Pay exceptions tab/queue.

- At 4:30 p.m. CT tomorrow, you receive a deadline approaching alert that there is at least one item in your queue which needs a pay or return decision. You ignore this alert and take no action on the remaining exception item.

- At 6:00 p.m. CT tomorrow, BBVA Compass pulls the item and processes it according to the default disposition on file. In this particular example, the default disposition is return; therefore, the check is returned to the bank of first deposit, and your account is credited for the amount of the check. If you use ARP services, the statistics and user defined reports will be updated to remove the item from the paid list.
The new Positive Pay system will provide issue information in addition to the paid information when the exception is reported to you. This way you will have a single view showing you both how the check went out (based on your issue file) and how it looked when it came into the bank. We hope this will reduce the research time for you to determine the appropriate pay or return action.

We will also provide the default instruction we have on file for you so that you can see exactly how the item will be handled if you are unable to provide us with a pay or return instruction by the decision deadline.

Unlike the current system, the new Positive Pay system will limit the return reasons provided to those applicable to the reason the check is an exception. This is necessary because the returns are processed electronically and the return reason provided to the bank of first deposit must be valid for it to be properly credited. Refer to Maker will always be available as a return reason. But bear in mind that Refer to Maker is a generic return reason and allows the bank of first deposit to redeposit / reprocess the check an unlimited number of times in the hope that it is approved the second or 16th time.
You are likely used to uploading your Positive Pay issue files the day before you distribute them to payees to ensure that the bank has the information on systems before payees go to branches to cash the check. You now only need to wait 30 minutes after you send the Positive Pay issue file to distribute the checks.

We will map over your Positive Pay issue file templates as they are, and you can keep using the same template in the new system. We do have some updates that you can use if you wish to modify your issue file template. These include:

- Expanding the check number field from 10 to 15 characters
- Enabling the dollar amount filed to handle both decimals and implied decimals
- Using any English alphabet character other than V to indicate an item is an issue (for example, A, B, C, D, E, F ... and so on)
- No longer truncating the payee name field at 16 characters and allowing you to send payee names with up to 70 characters
Instead of phone calls the next day to inform you of a problem processing your Positive Pay file, you can elect to receive alerts about processing issues for individual records (or items) within your issue file. The alert will prompt you to log in online and resolve the issue exception in real time. This ensures that your payees do not experience any lag or hiccups when cashing their checks, if there happened to be a problem with the file you sent to BBVA Compass.
Real-time Positive Pay protection occurs on multiple customer facing channels, including the bank’s branches (teller lines). Bank tellers will be able to do a real time inquiry into Positive Pay to determine the status of the check being presented for payment. As long as you send your issue file to BBVA Compass at least 30 minutes before your payee shows up at a BBVA Compass branch, there should be no problem with negotiating the check. Tellers will not have the ability to override mismatches, so it is important that your issue file exactly match the checks distributed. If there is a mismatch, bank tellers will tell the payee to contact you for details.
What’s changing with void functionality?

- Voids will no longer match against an issue – they will change the status of an item to cancel, but you will be able to see both the issue and the void transactions. If you send a void instruction to match against a previously issued check, it is important for the void instruction to match the issue by both check number and dollar amount. If it does not match on both fields, the item will go into a “void unmatched” status.
- A void that matches up against an existing issue because the check number and dollar amount match exactly will have a status of “cancelled issue”.
- Voids will no longer drop off the system after the current reconciliation cycle – they will remain on the system until removed.
- Voids do not expire.

What’s staying the same with void functionality?

- You can still send in void instructions without a matching issue on file.
- If a check is presented for payment against an item with a status of void/cancel, it will be reported as a Positive Pay exception item with the exception reason of “cancel on file.” Your default decisions will still apply if you fail to provide us with pay or return instructions on the exception.
- There is still no cost to send in a void instruction as part of your issue file or using the manual void screen.
The current functionality you have to create Positive Pay issue and void instructions using online forms, which is called Manual Issues and Manual Voids, will remain the same. The screens will look a little different. Information will be posted to your account(s) in real time.
What’s changing with business rules?

- You will have the ability to change your default disposition (from “Pay” to “Return” or vice versa) on each Positive Pay account via online screens. Changes made are in real time but will not impact existing exception items already reported to you.

- You can add additional business rules such as “Maximum Dollar Notification” and “Stale Date Notification” along with the criteria on what constitutes maximum dollar and/or stale date to your company. There is no additional charge to add the filters, but each item flagged as a stale date or maximum dollar exception will be counted as a Positive Pay exception.

- These features can be enabled or disabled for various users within your company. Corporate administrators will always get an alert notification informing them of a change that a user made to a business rule.

What’s staying the same with business rules?

- You will continue to be able to choose between “Pay” or “Return” as your default disposition (action the bank takes in the event that we do not receive your instructions by the response deadline).

- If you already had the “Maximum Dollar” or “Stale Date” notification filters in
place, they will convert as-is.
This is a list of the alerts available with the RealTime Positive Pay and ARP system. You have the flexibility to customize alerts to your preferences. For example, you can have an alert sent to you every time a RealTime Positive Pay exception is reported. Or, you can have a summary sent to you early the next day of all exceptions reported the previous business day. You can have an alert sent even if there are no exceptions on your account that day. Here are some sample alerts so you can see what they look like.
There are two alerts that are considered mandatory and are automatically set up when an account is on Positive Pay. These alerts are to notify you of a problem processing your Positive Pay issue file and a notification of changes a user in your company made to business rules on the company’s account(s).
Once your accounts are converted to the new system, you will be able to talk to your Treasury Management Officer (TMO) about adding Payee Positive Pay or ACH Positive Pay to your account. If you currently use Deposit Positive Pay, we enhanced that service to include presentment, so you can change your Deposit Positive Pay – automatic return service to Deposit Positive Pay with Presentment.
The corporate administrator on your account(s) will receive credentials on how to log into the new BBVA Compass net cash system several days before the actual conversion.
Given the significant number of changes to the Positive Pay system, we highly recommend that you carefully review conversion letters, brochures and emails upon receipt. We have conversion guides on the conversion website that provide you with much more detail than this presentation. You can also contact your treasury management officer with any questions.
Thank You for Your Interest in our BBVA Compass net cash Product

For customized treasury management solutions, contact a BBVA Compass treasury management professional at 1-888-558-7568. Or visit us on the web at www.bbvacompas.com.

Thanks for attending this conversion training session for RealTime Positive Pay in BBVA Compass net cash. Are there any questions?