

Check this out: Deposit money by taking a photo

February 23 2010, By ANDREW VANACORE , AP Business Writer

(AP) -- In the near future, you might not even have to visit a bank or an ATM to deposit a check. You'll simply snap a couple of photos of it with your cell phone.

Applications to do just that are already available for Apple's [iPhone](#) and other gadgets from USAA, a company that provides insurance and banking mainly for military veterans. Chase, Bank of America and Citibank are among the [banks](#) planning to release similar applications this year.

Although the technology, known as remote-deposit capture, promises to save consumers time, it adds a new wrinkle to concerns about fraud and the privacy of financial data. But the banks and the technology companies helping them say they have largely overcome these concerns. And with new guidelines from federal regulators, more banks could start to feel comfortable putting the technology in consumer hands.

"Our customers are becoming more and more tech-savvy," said Marylou Dowd, senior vice president for Citibank's [mobile banking](#) division. "We're trying to support those people on the go."

Here's how it works. When you take a picture of a check, a computer that receives the image looks for the amount, the check number and the digits on the bottom with information on the check writer's account number and the bank's routing number. A photo of the back of the check verifies that it's been signed by the recipient.

A banking clearinghouse then routes the funds from the check writer's account to that of the recipient. That also prevents the same check from being deposited multiple times.

Remote-deposit capture started as a way for big companies and financial institutions to process huge numbers of checks without having to ship them around the country.

Regulators were surprised when the Sept. 11, 2001, terrorist attacks caused delays in financial transactions. With air traffic grounded for several days, the bundles of checks that banks and other businesses needed to move around couldn't get cleared.

So in 2003, Congress passed a law commonly known as Check 21. It allows anyone who receives a check to make a digital image of it rather than having to deliver it physically. The law has led many companies to install scanning machines that digitize thousands of checks at a time for deposit.

The same technology is present in ATM machines used by Bank of America and other institutions so customers can submit checks without a deposit slip.

But the technology has had to clear hurdles before making it onto cell phones.

Among other things, banks were concerned about hackers manipulating the process. Banks have tried to improve the security of the technology by making sure that the software used for remote deposit stores no check information on customer devices, said Bob Meara, an analyst at the market research firm Celent who tracks the industry. All information leaves a [cell phone](#) and is encrypted as it travels to the bank.

Anyone who has taken a photo with a cell phone can predict that banks will sometimes get photos that are blurry or otherwise unreadable. Generally, a bad image will bounce back within half a minute and customers will be asked to try again, said Jim McShea, chief revenue officer for J&B Software, a company that handles remote-deposit transactions for banks.

Without a good picture, the customer would have to go the old-fashioned route and bring or mail the [check](#) to the bank.

USAA has limited its remote-deposit app to customers who also qualify for its insurance - mostly former armed services members, said Jeff Dennes, the bank's executive director for mobile services. But Dennes said more than 150,000 people have used the application, and the bank will probably end up lifting that restriction.

"The industry has kicked the tires," McShea said. "They've gone through the due diligence and they want to get ahead of the next evolution in the technology."

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