

New wave of banking: Check deposit via smart-phone photo

July 21 2010, By Becky Yerak

Customers at Chase Bank have a new way to deposit checks: Just snap, snap and tap. Chase has introduced an iPhone application allowing consumers to deposit checks with the camera-enabled smart device, which means no more trips to a local bank branch or ATM or hassling with deposit slips.

Customers simply use their phone's camera to snap pictures of the front and back of the endorsed check and electronically send them to Chase. The bank responds with a text message that says the images have been successfully uploaded. The service is free, but depositors must be enrolled in Chase's online banking program to use the mobile app.

Meanwhile, Bank of America said it's testing a [mobile-banking](#) app also allowing customers to make deposits remotely.

The deposit-making alternative is occurring as roughly a quarter of mobile-phone users have [smart phones](#), according to market research firm Nielsen.

Still, consumers interested in making smart-phone deposits may have to look hard to find banks who offer the technology. A study last August by Celent, a research firm, found that 71 percent of financial institutions had no plans to offer deposit programs on mobile phones. Many cited risk or compliance fears, including concerns about check-image quality and security. Also, self-service deposits are at odds with many institutions' cross-sell cultures, which depend on foot traffic in retail

branches.

The practice of remotely depositing checks using an electronic device, typically a scanner, started taking hold around 2005, but was primarily offered to businesses, said Bob Meara, a Celent senior analyst. In 2007, USAA became the first bank to offer remote deposit capture broadly to consumers via home-based scanners.

Last August, USAA, which mostly serves members of the military and their families, also launched its mobile phone deposit app.

"It has exceeded expectations," USAA spokesman Paul Berry said of the mobile deposit phone app for iPhone and Android. More than 1.5 million checks with \$940.8 million in deposits have been submitted, he said. USAA has only one branch with tellers, in San Antonio.

"This technology works great for us because most members are in the military and located somewhere else," Berry said.

Few banks offer mobile phone deposit apps, Celent's Meara said.

But "a larger group of financial institutions is testing it," and Chase's new offering of iPhone deposits will likely "inspire other banks to jump in," he said.

Chase said it has "had thousands of consumers use the app without issue."

Ian Rosen, a New York financial professional who provides information services to the investment banking industry, was driving to a Bon Jovi and Kid Rock concert recently with some friends when one of them mentioned the new iPhone deposit app from Chase.

Later, Rosen, 36, used his iPhone to deposit a \$20 check into his Chase account.

"The process was as clear as crystal," he said. "The hardest part is making sure the check is centered, and you're holding the camera steady, but it worked on the first try.

"It removes one of last reasons why I'd go to a Chase ATM."

After a few days, when he saw the deposit added to his Chase account, he shredded the check.

But at least one technology analyst and Chase customer has blogged about a glitch he experienced in Chase's fledgling service.

Bart Narter, a senior vice president for Celent in San Francisco, said the only reason he goes to a branch or ATM is to get cash or deposit checks.

So he "was very excited to learn about Chase's new mobile remote deposit capture."

He said in a July 7 blog that the app is intuitive and "very user-friendly": Type in the amount of the check. Take pictures of both the front and back of the endorsed check. Verify and then submit.

But it didn't work for him.

"I typed in the amount, but the character recognition couldn't find that amount on the check, so the system rejected the deposit," Narter said.

"This was a machine-generated check with everything typed," so character recognition should have been easy, he said.

"Chase needs to go back to the drawing board on the character recognition, and I need to go to the ATM to deposit the check," Narter said. "I anxiously await the next version."

Some smaller institutions are also offering remote deposit services for consumers.

Sharon Credit Union, in Sharon, Mass., offers "VIP Deposit," or virtual item processing, in which consumers can deposit checks from home using their personal computer, a scanning device and software provided by the bank. It's free for eligible consumers. Sharon is evaluating remote deposit for smart phones, a spokeswoman said.

Digital Federal Credit Union of Marlborough, Mass., enables customers to deposit checks through a home-based scanner system and through Apple iPhones or Android-powered smart phones with cameras. About \$300 million has been deposited remotely in the credit union since it began its home scanner program in 2008, and in April it began offering remote deposit capabilities through the smart phones, spokesman John Lahair said.

Randolph Brooks Federal Credit Union of Live Oak, Texas, also offers an "eDeposit" service through a home-scanning system and through iPhone and Android devices.

HOW IT WORKS:

QUESTION: What is the latest time I can submit a deposit if I want it to be processed that day?

ANSWER: If Chase receives your deposit before 9 p.m. ET on a business day, it will process it that day. The funds will be available

subject to schedules provided by your account. If Chase receives your deposit after 9 p.m. ET, you'll be able to see the deposit in your account immediately, but it'll be processed the next business day.

Q: Can you deposit money into someone else's account?

A: You can deposit only into your accounts.

Q: Is there a limit on the number of checks or value?

A: You can submit as many deposits as you need to each day, up to \$1,000 an account, and there's a \$3,000 monthly limit per account for deposits made with Quick Deposit, the name of Chase's iPhone deposit app.

Q: What should a consumer do with the paper check after it has been deposited via iPhone?

A: Once you've scanned and submitted your deposit, you should mark the checks as having been deposited and store them in a secure location until you destroy them. No laws or regulations specify any length of time you need to keep the original checks. Chase recommends that you destroy the original checks immediately after the deposits have been posted to your account.

Q: What types of checks can't and can be processed over the iPhone?

A: Chase Quick Deposit can process checks payable in U.S. dollars and drawn on any U.S. bank, including, but not limited to, personal checks, business checks, U.S. Treasury checks, traveler's checks and money orders. Foreign currency checks can't be processed.

Q: How long can I see information about my submitted deposits?

A: You can see detailed information about a submitted deposit at Chase.com for 120 calendar days.

Q: How can I be sure my Chase Mobile app for [iPhone](#) information is secure if someone steals my mobile device?

A: Chase requires users to enter a valid Chase Online user ID and password to access your account. You should also consider contacting your wireless service provider to have your device deactivated.

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