



# **Account Reconciliation Plans (ARP) and Positive Pay Transmission Toolkit**

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## Overview

Account Reconciliation (ARP) Services provide you with summary and detailed information on your paid and outstanding check items to assist you with your internal reconciliation and balancing processes. Positive Pay is a service to help you detect and prevent fraudulent items from posting to your account. These services often work together; Positive Pay, however, is also available independently.

Two levels of ARP services are available: Full Reconciliation or a Partial Reconciliation. Reporting for both Full and Partial ARP services is available through KeyBank's KeyNavigator<sup>SM</sup> service or via direct file transmission. Reconciliation information coincides with your Statement Cut date, and is usually monthly.

An account with Full reconciliation and Positive Pay, or with Positive Pay Only, requires that you provide an input file containing check issue information. A Partial Reconciliation does not require an input file.

Positive Pay exceptions are viewed and decisioned via KeyNavigator or KeyNavigator Mobile Web.

It is recommended that you utilize the Payee Name Verification (PNV) option with Positive Pay) as an added layer of protection.

## ARP Guidelines

- You should submit your file of issued check information prior to your distribution of the checks. Our suggested best practice is for you to have the file to us by 11:00 P.M. ET on the day **prior** to the physical distribution of checks (this includes manually issued checks). Any delay in providing the issue file will result in positive pay exceptions; meaning checks may be presented that have no corresponding issue record. These are called Paid No Issues.
- You, the client, are responsible for validation of any Paid No Issue items on your reconciliation as a result of an incomplete or missing issue file. In addition to the files described in this document you can submit issue and cancel/void information manually by selecting the Payables section of KeyNavigator and going to the Account Reconciliation section, then selecting the Check Issue Maintenance function.
- You will automatically be granted access to the Daily Audit Listing Report on KeyNavigator. This report shows all Issues and Cancels on the previous day's file. This report will be available for you to review on KeyNavigator after 9:00 A.M. ET.
- KeyNavigator Web Based File Transfer clients: Please note that the connectivity confirmation for account reconciliation issue files only indicates that a file has been received by KeyBank; it does not validate the contents of the file. Use the Daily Audit Listing Report on KeyNavigator to validate the file has been processed.

- In the event that an incorrect file was sent to KeyBank, you will need to have the file backed out. Please send an email to **ARP\_Transmissions@KeyBank.com** for assistance with backing out the file. Please make sure that you include your name and phone number in the email with the subject line 'Need File Assistance.' An Account Reconciliation associate will then call to assist you.
- If you are an existing Full Reconciliation client with Positive Pay, and you are adding Payee Name Verification, the verification on payee will begin on the implementation date for this option. Historic payee data cannot be loaded into the system as issuance data already exists for the previously issue items.
- If you are not able to create check issue input files according to KeyBank's standard formats, you can utilize our File Translator Tool to create your issue disbursement files. Please contact your Payment Advisor for more information on this solution.
- KeyBank's Consolidated Payables and File Management services also provide file translation services. Please contact your Payment Advisor if those services are needed.

## File Formats

There are two input file formats and two output file formats included in this document. Depending on your level of service you will utilize a subset of these four.

## Input Files

### Standard Check Issue Input Transmission File Format Specifications

This format is used for Full Reconciliation with Positive Pay - or - for Positive Pay Only.

If using Payee name Verification please see the second input format below as additional data is needed for that service.

- Record Format: **EBCDIC or ASCII\***
- Block Size: **8000**
- Record Length: **80**

Field #	Column Begin	Column End	Field Description	Format
1	1	2	Region Code (unused)	Blank or "00"
2	3	17	Account Number	Numeric, Zero-Filled, Right Justified
3	18	27	Check Number	Numeric, Zero-Filled, Right Justified
4	28	35	Date	YYYYMMDD
5	36	45	Amount	Numeric, Zero-Filled, Right Justified, no decimal point
6	46	46	Void Character	"C" if void item; otherwise blank
<b>THE FOLLOWING FIELD IS OPTIONAL:</b>				
7	47	61	Additional Data**	Alpha or Numeric – used to provide Optional client specific information
8	62	80	Not used	

\*If an ASCII format is used, the receiving mainframe will convert the file to EBCDIC format through a protocol converter. Report-type formats are not acceptable.

\*\*The Additional Data field is used to input any information that is pertinent to your individual company to help identify payees, such as vendor name, employee ID, etc. Please note the Additional Data will show on your ARP Reconciliation reports. Confidentiality should be considered before putting data in this field.



Standard Input Transmission Format Specifications (continued)

Two examples:

The first example is a check issue:

Account 1234567, Check Number 1000023476, Date June 14 2016 for \$1,688.12

The second example is a cancel (a.k.a. void) for a check on a previous issue file:

Account 1234567, Check Number 23477, Date June 14 2016 for \$68,956.24

- As a best practice a cancel/void should be used in situations where you still have physical possession of the check. If the check has been released to the payee and is no longer in your possession it is recommended that you issue a stop payment on that check number.

Not Used	Account Number	Check Number	Date	Amount	Void	Additional Data Up to 15 characters
00	000000001234567	1000023476	20160614	0000168812		Invoice 2345
00	000000001234567	1000023477	20160614	0006895624	C	
00	000000001234567	1000023478	20160615	0000069500		



If you will be utilizing Payee Name Verification use this format.

## Payee Name Input Transmission Format Specifications

Field #	Begin	End	Field Description	Format
1	1	2	Region Code (unused)	Blank or "00"
2	3	17	Account Number	Numeric, Zero-Filled, Right Justified
3	18	27	Check Number	Numeric, Zero-Filled, Right Justified
4	28	35	Date	YYYYMMDD
5	36	45	Amount	Numeric, Zero-Filled, Right Justified, no decimal point
6	46	46	Void Character	"C" if void item; otherwise blank
7	47	61	Optional Additional Data**	Alpha or Numeric: used to provide Optional client specific information ; SPACE FILLED
8	62	136	Payee line 1*	<b>Alpha or Numeric – CAPITALIZED - <u>exactly</u> as it appears on the check: spelling, capitalization, order of first and last names; LEFT JUSTIFIED</b>
9	137	211	Payee line 2**	<b>Alpha or Numeric – CAPITALIZED – usually a second name; <u>exactly</u> as it appears on the check: spelling, capitalization, order of first and last names; if your check has payee data that wraps to a second line you must provide the second line exactly as it prints on your check otherwise it will be flagged as an exception; LEFT JUSTIFIED; SPACE FILLED IF UNUSED</b>  <b>NOTE: Do NOT include an address in the Payee line 2 section of your issue file. Only Payee Name or other identifying information should be contained here.</b>
10	212	220	Filler	Spaces

\* These Fields must be CAPITALIZED for the cleanest read and subsequent comparison.

\*\* The Additional Data field is used to input any information that is pertinent to your individual company to help identify payees, such as vendor name, employee ID, etc. If you include an address in Payee Line 2 of your check please ensure you DO NOT include the address in your check issue file as this will cause the item to be flagged as an exception. Please note the Additional Data will show on your ARP Reconciliation reports. Confidentiality should be considered before putting data in this field.

**Note: Do not include any additional records/fields in your input file other than what is specified above.**



Payee Check Issue Input Transmission File Format Specifications (continued)

Three examples with left justified payee names in CAPITAL letters:

The first example is a typical check issue with two payees identified. Account number 1234567, Check number 1000023476, Issue date June 29 2016 for \$1,688.12 to M Douglas Hurley and Laura Hurley

The second example is a typical check issue with a single payee.

The third is an example from a check writing system that includes additional data in payee line two that makes it look like an additional payee. Remember that what is on the check needs to exactly match what is sent in the issue file, with the exception of an address. Address information should not be included in an issue file.

Not Used	Account Number	Check Number	Date	Amount	Void	Additional Data Up to 15 characters	Payee Line 1 Up to 75 characters	Payee Line 2 Up to 75 Characters
00	000000001234567	1000023476	20160629	0000168812			M DOUGLAS HURLEY	LINDA HURLEY
00	000000001234567	1000023477	20160614	0006894573			SENEGA MCCANN	
00	000000001234567	1000023478	20160615	0000069500		Invoice 3456	BRISBANS, MILDRED	SERVICE COORDINATOR

Note: Do NOT include an address in Payee Line 2.



## Output Files

### ARP Transmission Output Format (Paid Items Only)

- Record Format: **EBCDIC**
- Block Size: **9990**
- Record Length: **90**
- Full or Partial reconciliation
- Daily or monthly

Field #	Column Begin	Column End	Field Description	Format
1	1	15	Account Number	Numeric, Zero-Filled, Right Justified
2	16	25	Check Number	Numeric, Zero-Filled, Right Justified
3	26	35	Amount	Numeric, Zero-Filled, Right Justified, no decimal point
4	36	41	Date	<b>MMDDYY</b> – the date the item presented for payment
5	42	61	Not used	
<b>THE FOLLOWING FIELDS ARE OPTIONAL:</b>				
6	62	67	Issue Date	<b>MMDDYY</b> – the date you supplied on your issue file
7	68	75	Sequence Number*	Numeric
8	76	90	Additional Data**	Alpha

\*The Sequence Number is the sequence number of your paid check.

\*\*Additional Data Field contains the data you provided in that field on your input file when you issued the items. It can be used to retain information with the check issue that is pertinent to your individual company to help identify payees, such as vendor name, employee ID, etc. Please note the Additional Data will show on your ARP Reconciliation reports. Confidentiality should be considered before putting data in this field on your issue file.

### Example:

In this example:

Account number 1234567, Check number 1000023476, Amount 1,688.12 with optional data fields issue date and sequence number being used. Data in these optional fields was supplied by you on the issue file and can be included in this paid file to you for your use in reviewing your items.

Field Names	Account Number															Check Number										Amount										Date					Optional Issue Date					Optional Sequence Number										Optional Additional Data																	
Column	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42 through 61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76 through 90																
Example	0	0	0	0	0	0	0	0	1	2	3	4	5	6	7	1	0	0	0	0	2	3	4	7	6	0	0	0	0	1	6	8	8	1	2	0	6	2	9	1	4											0	6	0	2	1	4	1	2	3	4	5	6	7	8								

## ARP Transmission Output Format (Complete File)

- Record Format: **EBCDIC**
- Block Size: **9990**
- Record Length: **90**
- Full reconciliation
- Based on statement cycle cut

Field #	Column Begin	Column End	Field Description	Format
1	1	15	Account Number	Numeric, Zero-Filled, Right Justified
2	16	25	Check Number	Numeric, Zero-Filled, Right Justified
3	26	35	Amount	Numeric, Zero-Filled, Right Justified, no decimal point
4	36	41	Paid Date	<b>MMDDYY</b> – that date the item presented for payment
5	42	61	Not used	
6	62	67	Issue Date	<b>MMDDYY</b> – the date you supplied on your issue file
7	68	84	Not used	
8	85	85	Item Indicators *	Alpha
9	86	90	Not used	

**\* Item Indicators are as follows:**

- C – Cancel
- S – Stop
- P – PNI – Paid No Issue means checks have been paid but no issue information was supplied for this check prior to it being presented for payment.
- R – Reconciled = paid item, matched to issue information
- O – Outstanding

**Example:**

In this example: Account number 1234567, Check number 1000023476, Amount 1,688.12, Paid Date June 29, 2014, Issue Date June 2, 2014, the item has been reconciled.

Field Names	Account Number															Check Number										Amount										Paid Date					Issue Date							Item indicator *																					
Column	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42 through 61	62	63	64	65	66	67	68 through 84	85	86 through 90																		
Example	0	0	0	0	0	0	0	0	1	2	3	4	5	6	7	1	0	0	0	0	2	3	4	7	6	0	0	0	0	1	6	8	8	1	2	0	6	2	9	1	4								0	6	0	2	1	4								R							

## Test File and Test Checks for Positive Pay or Payee Name Verification (PNV) Positive Pay

You will need to send a test file and matching test checks (or scanned images of the actual checks). Remember that if you are validating payee data the payee information on the checks must exactly match what is on the file.

The service level for validating files is seven business days from the receipt of the file. Any failures identified during testing will be communicated to you by a phone call, and then followed-up with an email notification. Rejections will include specific corrections and recommendations that are required before re-testing.

### Testing MICR line data for new check stock

Changes to preprinted check stock should be MICR line tested and approved before production. We suggest submitting at least 10 or more checks for testing. Your Payment Advisor can assist in getting that testing coordinated.

## Payee Name Verification Best Practices and Recommendations

### Font Type

- Times New Roman
- Courier
- Verdana
- Univers
- Tahoma
- Albertus
- Bookman
- Zurick

### Font Size

- 10 to 24 points

### Format Specifications

These recommendations will allow for appropriate spacing between individual letters allowing your Payee line portion of the check to read properly.

- Set Pitch proportionate to Font
- Use Upper-case Alphabetic Characters on your file and check
- Do not use tags (decorative or script font) that could be misinterpreted or act as connectors to the next character.

(An example of a font using tags, ANNESMITH)

- Do not use **Bold** or *Italic* effects
- Do not use leading or trailing asterisks (\*\*\*\*)
- Do not use extraneous print in the Recognition Area
- Do not use a Dot Matrix printer

## Payee Line Format Spacing

- Default font spacing must have a clear separation between individual characters and between lines of text.
- Minimum Separation between Payee lines of text is 0.050 inches
- Printing must be dark enough for a Minimum Contrast Signal of 0.60

## Check Background Payee Data

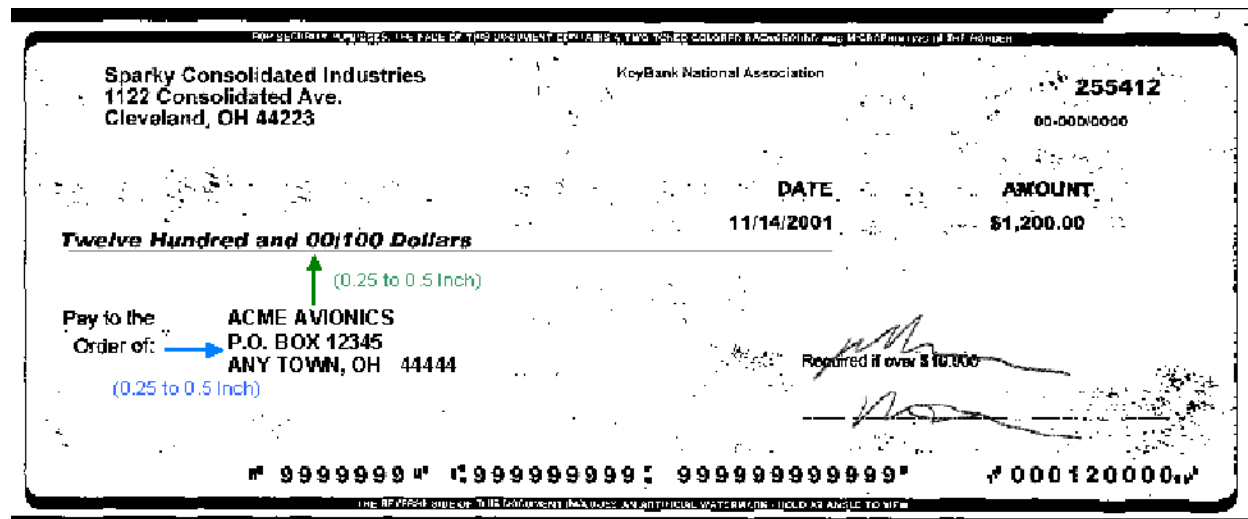
The area of the check in which the Payee Name and Address is printed must be white, or printed with a light pastel color of Print Contrast signal .30 or less and must extend at least .25 inches around the printing. There should be no other information, lines, symbols, or marks appearing in this region. This includes any type of security features added to check background.

## Payee Format Specifications

- Up to two lines of Payee Name information may be printed on the check for Payee data review.
- Up to 75 characters may be printed per line.

## Character Match

The format of the Payee Name information printed on the check must exactly match, character by character, the format of the payee name information submitted in the Issue information.



## Recognition Coordinates – One Set Per Account

- Location of the Payee Name(s) on the check and the Payee Font Type cannot vary for a given Routing-Transit/Account Number combination as the Bank is only able to define one set of coordinates per account.

**Frequently Asked Questions****1. What happens if transmission testing is not completed?**

Exceptions will be presented for review throughout the testing phase. Initially reporting will include all of your items as there will be no issue information on the system. When testing is complete only those items that are true exception will be presented for review. Completing testing and then sending files in a timely manner reduces the number of exception items that you must review and then pay or reject.

Paid No Issue (PNI) fees are typically waived during testing and for a short time after implementation so that you can adjust to the new process. Fees may be applied if testing is protracted.

**2. If I send a bad file, can I just resend a corrected file?**

No. You need to contact the ARP Operations transmission mailbox

**ARP\_Transmissions@KeyBank.com** or call the assigned reconciler so that the bad file can be backed out of the ARP software. After hours, until 9:00 PM ET, you can call Commercial Banking Services at 1-800-821-2829.

If the bad file is not backed out, the second file sent will reject because the check numbers are the same. Communication is the key to clean reporting when a bad file is discovered.

**3. I have my KeyNavigator confirmation, but I don't think the file was received because Positive Pay exceptions are showing. What's wrong?**

The file confirmation on KeyNavigator is a confirmation of connectivity. Actual file data cannot be validated until the file updates into the reconciliation software during Key's nightly batch processing. Any client that is sending a transmission file needs to view the Daily Audit Listing Report on KeyNavigator to validate the accuracy of their file and that the issues have been loaded. This PDF report is available at 8 AM the following business day.

**4. What is the purpose of my mailbox ID?**

The mailbox ID is your access to process a file on our KeyNavigator website. If you send a file to an incorrect mailbox ID, it will not process.

**5. Why do I have a Daily Audit Listing Report for an account I did not send a file to?**

The "lead/master account" processes all files sent, regardless of the account number. When a file is processed, the total items will show on the "lead/master account" and the detail will show on the Daily Audit Listing Report for the account the file was sent to.

**6. If I convert from Standard Positive Pay to Positive Pay with Payee Name Verification, do I need to resend outstanding check data with the payee names?**

No. KeyBank already has the issuance data. Any new data for the same check number will reject. An implementation date will be communicated once testing has successfully been completed. Only items issued after that date will go through the Payee Name Recognition process.

**7. When will I start to review Positive Pay Exceptions on KeyNavigator?**

Items will be available for you to view during the testing phase. It is important that you begin reviewing items at this time so that you can become accustomed to the reporting and action to be taken. Contact your Payments Advisor for your service start date.

**8. What is the difference between service start date and implementation date?**

The service start date is the date coincides with the DDA statement cycle. The implementation date is the date testing is completed and the file moves into production.