

SYSTEM AND METHOD FOR PROCESSING OFFENDING ITEMS IN A FINANCIAL SYSTEM

CROSS-REFERENCE TO RELATED APPLICATIONS

The present application is a continuation-in-part of and claims the benefit of priority from U.S. application Ser. No. 11/555,444, filed Nov. 1, 2006 and entitled "SYSTEM AND METHOD FOR DUPLICATE DETECTION," the content of which is incorporated herein in its entirety.

BACKGROUND

The efficiency and speed with which financial processes are performed often have substantial impact on a company's operating costs and profits. Customers may also be drawn to financial companies that are able to perform transactions more expediently than others. For example, the speed with which checks are deposited and reflected in a customer's account may affect a customer's satisfaction with the financial institution. More efficient processing of financial transactions may further prevent financial irregularities in the bank's accounting ledger and/or transaction log.

One area in which financial institutions may encounter operational delays is duplicate detection and processing. With the advent of electronic banking and electronic processing of financial transactions, duplicate detection is often needed to prevent double processing of the same financial document (e.g., negotiable instrument) or transaction. However, current electronic duplicate detection systems may be over inclusive and flag non-duplicate documents as duplicate items. For example, rebate checks having the same check number and deposited by multiple customers of the same banking institution may be flagged as a duplicate document or item. In another example, a returned check may also be erroneously labeled as a duplicate item based on the same micr line information and/or check number. As such, false-positives may create significant delays in the processing of various transactions.

Additionally, current financial transactions are generally processed locally at each banking site (e.g., local bank branch, automated teller machine (ATM)). Thus, when the local banking site closes, the processing of financial transactions is also generally shut down for the day. This produces significant delays in the completion of transactions that are not entered in time to be processed the same day. Further, since financial documents are processed locally, duplicates submitted at different bank branches or sites often go undetected.

SUMMARY

This summary is provided to introduce a selection of concepts in a simplified form that are further described below in the Detailed Description. The Summary is not intended to identify key features or essential features of the claimed subject matter, nor is it intended to be used to limit the scope of the claimed subject matter.

A regional or central duplicate detection system allows local capture sites such as local branches and ATMs to submit captured documents for review and processing. For example, a check deposited at a local ATM may be scanned into electronic format and forwarded to a regional processing center. By processing documents regionally, the scope of duplicate detection is expanded and consequently, the accuracy of

duplicate detection may also be enhanced. A reformatter system at the regional processing center may initially determine whether the check should be flagged as a false-positive. This determination may be made based on predefined rules and preferences. If the check constitutes a false-positive, the check may be flagged and forwarded to a duplicate detection system. Flagging potential false-positive documents may reduce the over inclusiveness of duplicate detection systems. The duplicate detection system may then evaluate the check to determine whether or not the check is a duplicate. If the check is flagged as a false-positive, the duplicate detection system may then apply different duplicate detection rules than if the check were not flagged. Duplicates and non-duplicates may subsequently be transferred back to the reformatter system. The non-duplicates may be released for posting or dispatching while the duplicates may be submitted to a manual review system. For example, partner non-duplicate documents may be dispatched as an image cash letter to the responsible financial institution while on-us non-duplicate documents (i.e., documents or instruments that are charged against the processing financial institution) may be posted for internal reconciliation and processing.

In one or more aspects, suspected duplicate documents identified by the duplicate detection system may be forwarded by the reformatter system to a review system. The review system may distribute suspected duplicates to one or more workstations. Personnel at the workstations may then manually review the suspected duplicate item and the alleged original item to determine whether or not the suspect duplicate is a true duplicate or a false positive. If the suspect duplicate is a true duplicate, the duplicate may be charged to a general ledger suspense account and further evaluated by a research and adjustments department. If, however, the suspect duplicate is a false-positive, the suspect duplicate may be flagged appropriately and re-processed.

According to another aspect, multiple false-positive flags may be defined corresponding to different levels of evaluation of the duplicate detection system. That is, a first false-positive flag may instruct the duplicate detection system to identify a flagged false-positive as a duplicate if the document includes the same micr line as another document. A second false-positive flag, however, may indicate to the duplicate detection system that a document flagged with the second false-positive flag is not a duplicate, even if the item sequence number matches that of another document.

According to yet another aspect, a regional processing system may separate out suspected duplicates and non-duplicates so that non-duplicates may be processed, dispatched, and/or posted without having to wait for resolution of the suspected duplicates. In addition, regional processing allows financial transactions to be processed independent of a local capture site's hours of operation. As such, even when a local capture site (e.g., a local bank branch) has closed, the transaction documents captured at the site may still be processed.

According to another aspect, suspected duplicate items may be removed from a processing stream and replaced by a substitute transaction. The substitute transaction may be created in a work-in-progress ledger of a financial institution processing the suspected duplicate items. The substitute transaction may be a temporary way to keep the system in balance while the suspected duplicate items are resolved. If a suspected duplicate item is determined to be a false positive duplicate, the suspected duplicate item may be reinserted into the processing stream and the substitute transaction canceled. Alternatively, if the suspected duplicate item is determined to