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Introduction

Remote Deposit Capture (RDC) Overview

The Remote Deposit Capture (RDC) product provides the ability for commercial clients to electronically submit deposits to HSBC Bank USA, NA (HSBC). Deposits include checks and money orders drawn on US Financial Institutions written in US Dollars. Only corporate customers and Financial Institutions (FFIs) that are affiliated with HSBC are eligible for this service.

This product offering is a benefit of the “Check Clearing for the 21st Century” (Check 21) legislation that enables US Financial Institutions to provide substitute checks as legal tender for check processing in place of the original US paper checks. A substitute check, also referred to as an Image Replacement Document (IRD), contains an image of the front and back of the original check and a Magnetic Ink Character Recognition (MICR) line, duplicating that from the original item (with some exceptions).

Deposit transactions are captured using a special desktop document scanner and formatted for transmission to HSBC where central processing and validation take place. The HSBC RDC Monitoring Facility performs further review of deposits. If corrections to the deposit are required, adjustments will be made via a deposit correction advice and applicable service fees may apply. Currently, all RDC transactions are processed at the HSBC Buffalo Check Processing Site. After deposits are submitted via RDC to HSBC, the terms and conditions governing the RDC service require the customer to store the actual paper checks in a secure location for a designated period of time.

The purpose of this document is to provide instructions for preparing and processing remote deposits from the remote site to be transmitted to HSBC. For more information please see the “Cash Management Services Agreement”, and/or “Rules for Cash Management Services – Remote Deposit Capture”.

Using the RDC System

Deposit Batch

A deposit batch consists of one or more checks for deposit. The maximum number of items that may be included in one batch is 300. If more than 300 items are to be deposited, they must be separated into two or more deposit batches and submitted separately.

For easier handling and reconciliation, it is recommended to:
- Split the total deposit into multiple deposits containing 25 to 50 checks < OR >
- Calculate a subtotal at 25 to 50 check intervals for reference to use as you scan and capture items. The interval subtotal(s) can be used as checkpoints to validate against the RDC “in process” captured total which is continuously updated and displayed at the bottom right of the screen. If you are out of balance at one checkpoint, you may choose to stop capture and reconcile what has been captured thus far, or continue until all items have been captured and then reconcile.
- Multiple deposits may be submitted throughout the day. Caution should be taken to ensure items are not scanned more than once. (See Prepare Deposit with Quality Check).

Equipment

The Remote Deposit Capture application requires two components at the client site:
- Personal computer running Windows® 7,8.1 or higher, and 10 (32 or 64 Bit). (See RDC via HSBCnet System Requirements, for further information).
- A check scanner to scan the items for input into the RDC system.

Please review the documentation included with the scanner for instructions on how to order consumable supplies.

Security

Corporate clients and HSBC affiliates are responsible for securing access to the RDC Software and Check Scanner. Your HSBCnet System Administrator(s) manage(s) access to the RDC tool. Designated RDC users will have access to the account(s) specified by the HSBCnet System Administrator. When not in use, the Check Scanner should be stored in a secure location and accessible only to authorized users.

Transmission of checks from the client site to HSBC is accomplished using Secure Hypertext Transfer Protocol (https) over a 128 bit encrypted connection.

Procedures for Inability to Process

In the event that the RDC system is not available for use or you are unable to successfully transmit items to HSBC:
- Contact the HSBC Helpdesk or Technical Support to diagnose the problem. If problem cannot be immediately rectified, then deliver the deposit, including deposit ticket and checks to your nearest HSBC branch < OR >
• Send the deposit, including deposit ticket, using overnight mail service to:

HSBC Bank USA, N.A.
Bank by Mail
12929 Walden Ave
Depew, NY 14043

RDC Process Flow

The key steps in the RDC process are as follows:
1. Prepare Deposit with quality check (See Prepare Deposit with Quality Check below).
2. Ensure all items are endorsed to your deposit account number.
3. Logon to HSBCnet and select the RDC tool from the drop down menu.
4. Launch the RDC application.
5. Select a deposit account, enter deposit amount, and insert checks in the scanner document feeder.
6. Review RDC deposit including item correction and balancing.
7. Look at each image for clarity and/or overlapping items.
8. Submit deposit and print deposit receipt, if desired.
9. Exit the RDC application.
10. Prepare checks and documents for further processing and archiving/safekeeping

Prepare Deposit with Quality Check

To prepare the deposit:
• Remove all staples, clips, and calculator tapes from items to be scanned.
• Endorse all checks.
• Include only US Dollar checks drawn from US Banks.
• Ensure items have not been submitted in previous deposits.
• Align or jog the items by tapping the bottom edges and then the right edges on a hard flat surface, such as the top of your desk.

Note: Some documents may require manual keying of the Bank Routing and Transit (R/T) number and/or dollar amount as checks are processed through RDC. The R/T number is located on the MICR line at the bottom of the check. (See MICR Line Specifications for Personal Style Checks and/or MICR Line Specifications for Business Style Checks).

The following items should NOT be included with your deposit:
• Checks which are post-dated or stale-dated (date of check is 6 months or older)
• Checks requiring advice of payment.
• Checks drawn in US Dollars on a non-US Bank.
• Checks drawn in currency other than US Dollars.
• Checks which are torn, folded, mutilated, or partially destroyed.
• Any type of photocopies including faxes.
• Checks which are suspected to be counterfeit or contain material alterations.
• Items which contain forged, missing, or unauthorized endorsements. (i.e. the beneficiary’s signature is forged or unauthorized)
• Non-check documents (i.e. discount certificates, gift certificates, pay stubs, money order stubs).
• Foreign checks not drawn on a US Financial Institution even if written in US Dollars.
• Deposit tickets are not required when using the RDC via HSBCnet service. The system creates a virtual deposit ticket.
• Traveler’s Checks

**US Postal Money Orders – Special Requirements and Restrictions:**
If your deposit contains sequentially numbered money orders with total value exceeding $20,000.00, or if the total value of non-sequential or money orders payable to a single party exceeds $20,000.00, a High Value Deposit Declaration Form must faxed to 212-382-5573 at the time of your deposit. Please note, this number is not intended for correspondence and should not be used for purposes other than providing the High Value Deposit Declaration Form. (See Appendix 1 for Corporates/ See Appendix 2 for Affiliated Financial Institutions).

This service is not intended for use with a savings account or any non-checking account. Such RDC deposit attempts into a savings account or any non-checking account may result in deposit adjustment fees being charged.

**For Customers Located Outside of the United States:** Domestic US Postal Money Orders labeled “Negotiable Only in the US and Possessions” are ineligible for processing and cannot be accepted for deposit through RDC from locations outside of the United States.

**MICR Line Specifications for Personal Style checks**

![MICR Line Specifications](image)

Note: Insert checks into scanner with the front of the check (displayed above) facing outward.
Start Up Procedures for Remote Deposit Capture (RDC) Application

Log on to HSBCnet and select the Remote Deposit Capture (RDC) tool from the drop-down menu.

Click the Launch RDC Application button. For SmartSource Scanners: Ensure the power switch is in the “ON” position prior to clicking Launch RDC Application. If this is your first time using RDC via HSBCnet, please contact HSBC Technical Support to schedule training.
After launching, the system will check for and install any updates, then perform startup.

Next, the RDC landing page will be displayed. From this page you can:
- Make a deposit
- Review recently completed deposits
- Exit Remote Deposit Capture (RDC)

**Capture and Review Deposit**

To make a deposit, select an account from the account list on the left of the screen.

Enter the Expected Total of the deposit, using a decimal point, and click *OK*. This virtual deposit ticket is used in place of a paper deposit ticket.
Note: If the account you are attempting to deposit into is not displayed, please contact your HSBCnet System Administrator.

Scanning / Remote Deposit Processing

Begin scanning checks:
Checks should be placed on the feeder right side up (MICR Line at the bottom) with the front of the check facing outward. Place approximately 25 items on the feeder at one time. Replenish feeder as needed until all checks have been scanned.

- A Document Item Number (DIN) will be sprayed on the back of each item.
- RDC will read and display the transactions in the Item Display Window.

The system will attempt to read and validate all MICR fields on the check.
- Image and handwriting recognition are used to validate the amount of the check. Both the Courtesy and Legal amount fields can be read to make this determination.

HSBC Affiliates (Mandatory 6 Fields Input Required)

Once the eligible checks are scanned, additional information for each check will be required. A message will be displayed with the check and the additional information that is required.

Once the checks are scanned, a correction screen will appear and the Depositor’s Account Number will need to be entered, this field input is required to complete the deposit. Press SAVE CHANGES after Account
Number has been entered. If the Depositor’s Account number has been used previously, the remaining mandatory fields will pre-fill the rest of the information.

If the Depositor’s account number has NOT been used previously the mandatory fields will be highlighted.

A Deposit Memo may be entered, if desired. The Deposit Memo will appear on your Deposit Receipt as well as the Daily Deposit Detail Report and CSV file available through HSBCnet the day after your deposit is processed. Once all items have been entered the Deposit Memo field will appear at the top of the screen with the Submit Deposit button.
Balancing the Deposit

- When the deposit is in balance, the Total Amount will equal the Expected Total.
- Verify each image for clarity and/or overlapping items.
- Click “Submit Deposit” button to continue.

Deposit out of Balance

- Any difference between the Expected Total and the total of all checks scanned will be displayed at the bottom left of the screen below the scanned item list.
- Out of Balance deposits can not be transmitted as the Submit Deposit button is deactivated until the deposit is in balance.

**Note:** The Expected Total is the amount entered on the virtual deposit ticket. This amount should equal the Total amount, with no Difference, once all checks have been scanned correctly. (For additional information see Deposit Reconciliation – Correcting an Out of Balance Deposit).
Confirm Deposit

Once the deposit has been reviewed and is in balance, click on the “Submit” button to process. There is an option to print your Deposit Receipt on the following screen.

Deposit Receipt

The Deposit Receipt will be displayed with a date and time stamp. Click Print if desired. If printed, the Deposit Receipt can be kept with the scanned checks for archiving. (See Prepare Documents for Archiving for storage suggestion).

Note: This receipt is available for 45 calendar days from the Recently Completed Deposits section of the RDC landing page.
View Recently Completed Deposits

From the RDC landing page, click on the desired deposit to view the deposit receipt and images.

Note: Scanned images can be viewed immediately after a deposit is submitted and are available for 45 calendar days from the Recently Completed Deposits section of the RDC landing page.

View Recently Completed Deposits (continued)
The front and back of individual checks can be viewed by clicking on the Display Images link next to the item. Click Print if desired.

Note: Images of deposited checks cleared are available for 7 years through the HSBCnet Image Retrieval tool.
Exit Remote Deposit Capture Application

Click on the *Logout* button in the upper right corner.

**Deposit Recovery**

If your RDC session is shut down, the incomplete deposit will be displayed the next time the RDC application is accessed.

You may choose from the following options:

- Resume deposit
- Cancel Deposit
- Leave Deposit and Exit

**Note:** Cancelled deposits cannot be recovered.

**Reports**

*HSBCnet* provides three RDC reports the day after your deposit is processed.

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Format</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDC1A</td>
<td>CSV</td>
<td>Detailed deposit data captured during scanning, including customized data entered into Fields 1-8.</td>
</tr>
<tr>
<td>RDC2A</td>
<td>PDF</td>
<td>Totals, by account, for all deposits submitted by each user.</td>
</tr>
<tr>
<td>RDC3A</td>
<td>PDF</td>
<td>Detailed deposit data, by account, for all deposits submitted by each user.</td>
</tr>
</tbody>
</table>

All three reports are available through the Reports and Files Download Tool in *HSBCnet*. Reports are available for 7 calendar days.

For additional information and instructions on downloading reports, please refer to the *HSBCnet* User Guide for Reports and File Download.

**Sample RDC1A Report**
<table>
<thead>
<tr>
<th>Field Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Processed</td>
<td>Date deposit was processed by HSBC</td>
</tr>
<tr>
<td>Deposit Account Number</td>
<td>Account number deposit was made to</td>
</tr>
<tr>
<td>Location</td>
<td>Store/Location ID (if applicable)</td>
</tr>
<tr>
<td>Item RT</td>
<td>Routing and Transit Number of check scanned</td>
</tr>
<tr>
<td>Item Cheque Account Number</td>
<td>Account number of check scanned</td>
</tr>
<tr>
<td>Cheque Number</td>
<td>Check number of check scanned</td>
</tr>
<tr>
<td>CR/DR</td>
<td>Credit/Debit</td>
</tr>
<tr>
<td>Amount</td>
<td>Amount of check scanned</td>
</tr>
<tr>
<td>Currency</td>
<td>Currency of check scanned (always USD)</td>
</tr>
<tr>
<td>ISN</td>
<td>Unique Item Sequence Number assigned to check scanned</td>
</tr>
<tr>
<td>Fields 1-8</td>
<td>Optional 20 character alpha-numeric field (to be entered by customer)</td>
</tr>
<tr>
<td>Scanned By</td>
<td>Name of person that scanned deposit (name provided on HSBCnet user registration)</td>
</tr>
</tbody>
</table>

Sample RDC2A Report

Remote Deposit Capture - Daily Deposit Summary

Account: US
Account Holding Bank: HSBC BANK USA NA
Currency: USD
Work Of Date: NOVEMBER 15, 2011

Total Account Details:

<table>
<thead>
<tr>
<th>Total # Of Deposited Items</th>
<th>Total # Of Deposits</th>
<th>Total Amount Of Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>4</td>
<td>1,177.72</td>
</tr>
</tbody>
</table>

Location 10101 Details:

<table>
<thead>
<tr>
<th>Total # Of Deposited Items</th>
<th>Total # Of Deposits</th>
<th>Total Amount Of Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>1</td>
<td>397.00</td>
</tr>
</tbody>
</table>

Scanned By: MFB ANDA

Amount: 397.00

Location 101270 Details:

<table>
<thead>
<tr>
<th>Total # Of Deposited Items</th>
<th>Total # Of Deposits</th>
<th>Total Amount Of Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>2</td>
<td>912.73</td>
</tr>
</tbody>
</table>

Scanned By: BOB1

Amount: 912.73
**Jammed Documents**

- The scanner may stop when it detects a jammed item, displaying the error message below. The jammed item will not be displayed in the Image Display Window.
- Gently push the item out of the scanner. For SmartSource Scanners: press the blue document feed button at the top of the scanner. Review the Image Display Window to find the last item scanned in the current deposit.
- Click the OK button and rescan the affected item(s).

**Delete Item from Deposit**

If you wish to delete a check from your deposit while on the scanning screen:

- Select the item from the scanned item list on the left of the screen. Click the Remove Item button located on the bottom right of the screen.

Click Remove Item on the confirmation screen.

**Item MICR Line Correction / Editing Dollar Amount**

RDC requires validation of the Bank Routing and Transit (R/T) and Amount fields (any further validation is done at HSBC). If one of these fields cannot be read, the image in the display window will stop on the item in question and prompt the operator for field input. While the operator performs the necessary item correction the scanner will continue to scan the remaining items.

**Note:** When correcting a field be sure to work from the image displayed on the screen and not from an actual check. This will avoid confusing checks of the same amount or from the same entity.

**MICR Line Correction during Scanning**

If a field error is detected on individual items while scanning, the items will be displayed one at a time for review and correction. A window is displayed automatically, indicating the type of correction required. The field requiring correction will be noted within the window.

**Note:** When keying in the Amount field be sure to include a decimal point.
Canadian checks **can not** be processed via RDC. An error message will be displayed when a check with a Canadian R/T is detected. These checks must be pulled from the batch and deposited through alternative means.

**Editing Dollar Amount after Scanning**

If you wish to edit the dollar amount of a check from the scanning screen:

- Select the item from the scanned item list on the left of the screen.
- Enter the correct dollar amount with decimal point.
- Click *Save Changes*.

**Image Quality Assurance (IQA) – Flagged Items**

If an item fails the Image Quality Assurance (IQA) test, a window will display the reason for the failure. Review the reason and take the appropriate action. Options for handling IQA failures:

- Delete the item from the batch and scan a second time.
  - To delete, click the *Remove* button and confirm by clicking *OK*.
  - Replace the item in the scanner feeder.
- Delete the item and deposit via an alternative method.
  - To delete, click the *Remove* button and confirm by clicking *OK*.
  - Place item to the side for depositing via alternative means.
  - Modify the Expected Total.
- Override the IQA failure to keep the item in the deposit.
  - Before processing an override, ensure the image clearly displays the Date, Payee, Legal Amount and Signature. Additional bank processing fees may apply for transactions with images that are overridden incorrectly.
  - To override, click the *Accept* button.

When items have overlapped or “piggybacked” **DO NOT** perform an image override. Instead, delete the image and re-scan each item separately.

- To delete, click the *Remove* button and confirm by clicking *OK*.
- Rescan the affected items

**Note:** An error window may not always appear for all overlapping items.

*For this reason you should always review all images individually before clicking on Send Deposit.*
Duplicate Detection

RDC via HSBCnet provides on-screen duplicate detection for duplicate items scanned within the previous 45 calendar days. If a duplicate item is detected, the below error message will appear.

- Review the images to determine if the check was previously submitted
  - Select Different Check if it is determined that the check was not submitted in a previous deposit.
  - Select Same Check if it is determined that the check was submitted in a previous deposit.

To cancel a deposit:

If the deposit cannot be reconciled, or if necessary for any other reason, the deposit may be cancelled. **Note:** Once a deposit is cancelled it cannot be recovered and must be rescanned.

- To cancel a deposit, press the Cancel Deposit button and select Cancel Deposit.

Prepare Documents for Archival or Further Processing

After deposits are transmitted via RDC to HSBC, store the original paper checks in a secure location for a designated period of time. This will prevent accidental redeposit and ensure checks are available for further review if needed. In the event that an image of a check is unreadable, HSBC may contact the affiliate or corporate client for either a replacement image or require the original paper check to be deposited through alternative means.

- Remove scanned documents from scanner maintaining sequential order.
- Place any calculator tapes and/or other supporting documents with scanned documents.
- Secure with rubber band and archive for designated period of time, currently 60 days.
- If printed, include a copy of the Deposit Receipt.

See examples below:

Work secured by three rubber bands only. No paperclips, staples or excessive rubber bands. Items stay flat and undamaged.
Work is secured by too many rubber bands and clips. This damages the MICR line and tears the items.

Small batch secured without excessive banding. No paperclips, staples or excessive rubber bands. Items stay flat and undamaged.

Small batch is banded too tightly. This damages the MICR line, may tear the items, and causes curling.

Note: After designated period of time dispose of all checks by confidential waste.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR/LAR</td>
<td>CAR (Courtesy Amount Recognition) / LAR (Legal Amount Recognition) is the process where the hand written Courtesy Amount or Legal Amount is systemically read to determine the amount of an item.</td>
</tr>
<tr>
<td>Check Truncation</td>
<td>Conversion of a paper check to electronic or digitized image for clearing. Check Clearing for the 21st Century (Check 21) regulation authorizes images to be used to produce substitute checks (also known as IRDs) for processing, in place of original paper checks. It also allows for Image Exchange to transfer or share images between financial institutions.</td>
</tr>
<tr>
<td>Deposit Transaction</td>
<td>Deposit ticket and checks presented for payment.</td>
</tr>
<tr>
<td>IQA</td>
<td>Image Quality Assurance – process performed to check the scanned images for quality.</td>
</tr>
<tr>
<td>MICR</td>
<td>Magnetic Ink Character Recognition – Line of information encoded in magnetic ink at the bottom of US checks. Includes:</td>
</tr>
<tr>
<td></td>
<td>• Auxiliary On-US (Serial or Store Number)</td>
</tr>
<tr>
<td></td>
<td>• Routing and Transit (R/T) which identifies the paying bank</td>
</tr>
<tr>
<td></td>
<td>• Account Number</td>
</tr>
<tr>
<td></td>
<td>• Serial Number</td>
</tr>
<tr>
<td></td>
<td>• Transaction Code</td>
</tr>
<tr>
<td>Auxiliary On-US</td>
<td>Field on MICR line of business style check that may contain the serial number of a commercial check or store number for an account. Field is generally blank on a personal check.</td>
</tr>
<tr>
<td>R/T</td>
<td>Routing and Transit Number (R/T) identifies the Payor Bank, printed as part of the MICR information.</td>
</tr>
<tr>
<td>Account Number</td>
<td>Account Number identifies the customer account at the Payer Bank.</td>
</tr>
<tr>
<td>Serial Number</td>
<td>Check Number printed as part of MICR information and on the check face.</td>
</tr>
<tr>
<td>Tran code</td>
<td>Transaction Code printed as part of the MICR line information that identifies the type of transaction. Can appear in the same area as a serial number on a personal check.</td>
</tr>
<tr>
<td>Amount</td>
<td>Amount field identifies the legal dollar amount the check is written for. Following Amount, Courtesy Amount is written in numerals – e.g. $100.50</td>
</tr>
<tr>
<td></td>
<td>Legal Amount is the amount written in numerals and words – e.g. One Hundred and 50/100 dollars</td>
</tr>
<tr>
<td>Substitute Check / IRD</td>
<td>Image Replacement Documents (IRDs) – a replacement document produced from an image of the original paper check. Position 44 of the MICR line contains IRD indicator 4 for substitute check and 5 for a returned IRD.</td>
</tr>
<tr>
<td>Transmission</td>
<td>Electronic method used to send check images.</td>
</tr>
</tbody>
</table>
RDC via HSBCnet System Requirements

Please verify that you meet all minimum system requirements below:

**Administration Rights**
- Depending on the security systems installed in your network environment, administrative rights are required to install the system hardware and software.
- Administrative rights are only required at initial install and for program updates.

**Recommended Hardware**
- 2.8GHz processor
- 2GB RAM
- 30 MB of local hard drive space (for Scanner Service install)
- 1 Mbs DSL internet connection
- 2.0 or higher USB port

**Supported Operating Systems**
- Windows 7
- Windows 8.1
- Windows 10

**Additional Required Software**
- Microsoft .NET 4.5.2

**Supported Browsers**
- Internet Explorer 9 or later