

Continuous Verification of Encoding Quality of Cheques



ASSOCIATION CANADIENNE DES PAIEMENTS
CANADIAN PAYMENTS ASSOCIATION

Norme 006/Standard 006

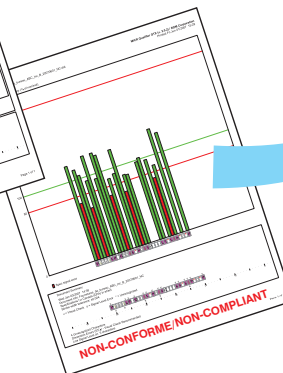
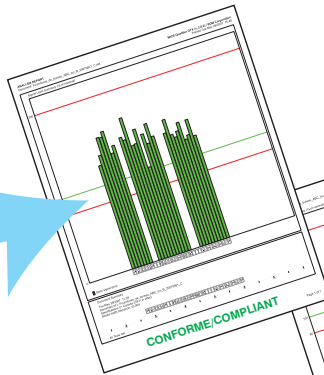
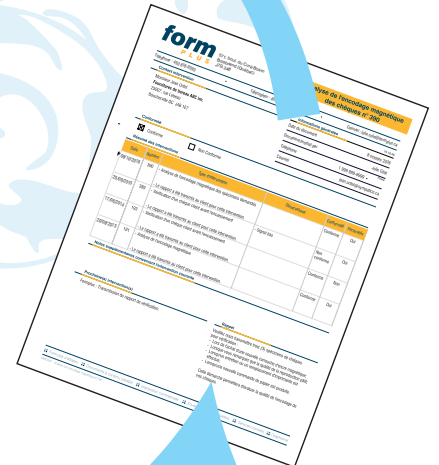


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Formplus is at your service!

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Introduction to the concept

The Canadian Payment Association (CPA) states that all cheques emitted after June 30, 2006, must be in conformity with *Standard 006*, which was published in early 2005.

The introduction of this *Standard* will allow, among other things, for financial institutions to make digital images of cheques and make those images available for visualization to the issuer via the internet.

Since the introduction of this *Standard*, we have had to revise the design of cheque base forms and of the laser cheque printing solutions that we provide to our clients to make sure they are compliant with the latest changes or precisions published by the CPA.

The following is an excerpt of *Standard 006, Annex 1*:

Technical Specifications for E13-B Characters in MICR Band

1.2 Laser-Printed Documents

The use of laser-printing technology to produce MICR-encoded documents has become more prevalent for a variety of reasons. These include the ease with which appropriate equipment can be obtained and the requirement for certain clients to print their documents in-house.

A printer or business that implements a laser-printing solution should be aware of the following common quality assurance problems attributable to this printing method, and the fact these problems may result in high reject rates:

- inadequate permanence/fusion of MICR toner to paper which may cause:
 - characters to flake off the paper and MICR ink to melt or smear as the document is read by a high-speed reader/sorter. This in turn may cause magnetic particles to transfer to other documents and lead to a build-up of magnetic toner on the read film of processing equipment.
 - E13-B character distortion.

It is important to note that every component in the printing solution must work well together in order to produce quality documents. Where strict attention is paid to quality laser-printed cheques can be of very high quality.

It is strongly recommended that the following principles be implemented at the printing/user site in order to ensure the production of quality documents:

- a laser printer should be designated for all MICR-encoded documents (Note: Every printer is unique in terms of fusing properties and therefore some printers may not be well suited for MICR printing);
 - clients should use supplies that are compatible and recommended by the equipment manufacturer (Note: Each toner product is developed for a particular print engine);
- printing equipment should be calibrated and maintained by qualified professionals on a regular basis;
- MICR-encoded document samples (such as cheques) should be forwarded to the client's financial institution's Quality Assurance department (refer to *Appendix V*) for testing on a regular basis, or every time a component in their end-to-end solution changes (alterations to any component in the printing solution may affect the MICR print quality); sample cheques (refer to subsection 1.4 and 1.4.1 of the *Supplement for quantities*) should be submitted in their final format (i.e., not just the MICR-line) (exact amount is at the discretion of each financial institution).
- a variety of testing devices to measure the quality of MICR printing are available in the industry. The use of such devices is encouraged; and
- special training on current MICR standards may be required for in-house printing of laser-produced documents.

Formplus's Proactive Approach

Our goal is to make sure that every component of the cheque printing solution we provide is in accordance with the *Standard* at the moment of conception and that it remains so as time goes by.

- Imaging of your cheque bases

We apply systematically the recommendations of the CPA so that the financial institutions will be able to digitize the cheques in accordance with the *Standard*.

If the need arises, while printing your cheques base forms, an imaging test can be performed with the same equipment as the one used by financial institutions.

- The cheque printing solution

By using our cheque printing solution, you are able to print high quality cheques in-house, in accordance with the *Standard* and encoded with magnetic ink.

To help you do so, Formplus has acquired the same magnetic encoding testing device that is used by the Quality Assurance departments of financial institutions.

Quality Control of Magnetic Encoding

During the initial installation, we are able to verify the laser-printing solution you have acquired and certify that it is in accordance with the *Standard*. Afterwards, we propose to do periodical quality control tests of the magnetic encoding so as to make sure that your financial institution doesn't reject your documents.

For every control intervention, you will receive a report and the results of the analysis, describing the state of your situation so that corrective measures can be applied now or in the future.

You must be aware that the following situations might diminish the magnetic encoding quality of the documents you print:

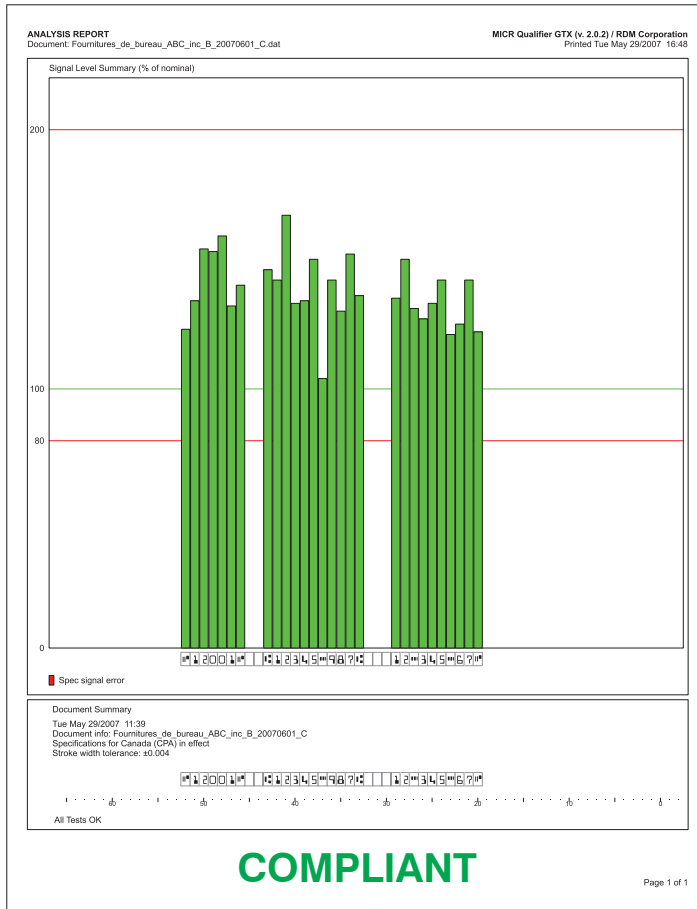
- the purchase of a new printer;
- the maintenance of the printer;
- the use of a new magnetic ink cartridge;
- the use of a new production of cheque base forms;
- the questionable quality of the documents used.

To make it easier, here are two work methods to be used depending on the source of the problem:

INTERVENER	FREQUENCY	ACTION	INTERVENTION	COST
CLIENT - Purchase of a new printer - Printer maintenance - Magnetic ink purchase - Cheque base forms purchase - Poor printing quality	When needed	The shipping of 3 cheque samples to Formplus	Analysis of samples	\$84.00
			Corrective intervention, if necessary Conformity report	+ our usual hourly rate
*FORMPLUS Proactive analysis before cashing of your cheques	When needed	Payment interception	Analysis of samples	\$84.00
			Corrective intervention, if necessary Conformity report	+ our usual hourly rate

* Intervention billed only once a year if the cheques are in accordance with the *Standard*.

Quality Control of Magnetic Encoding (continued)



A positive analysis report

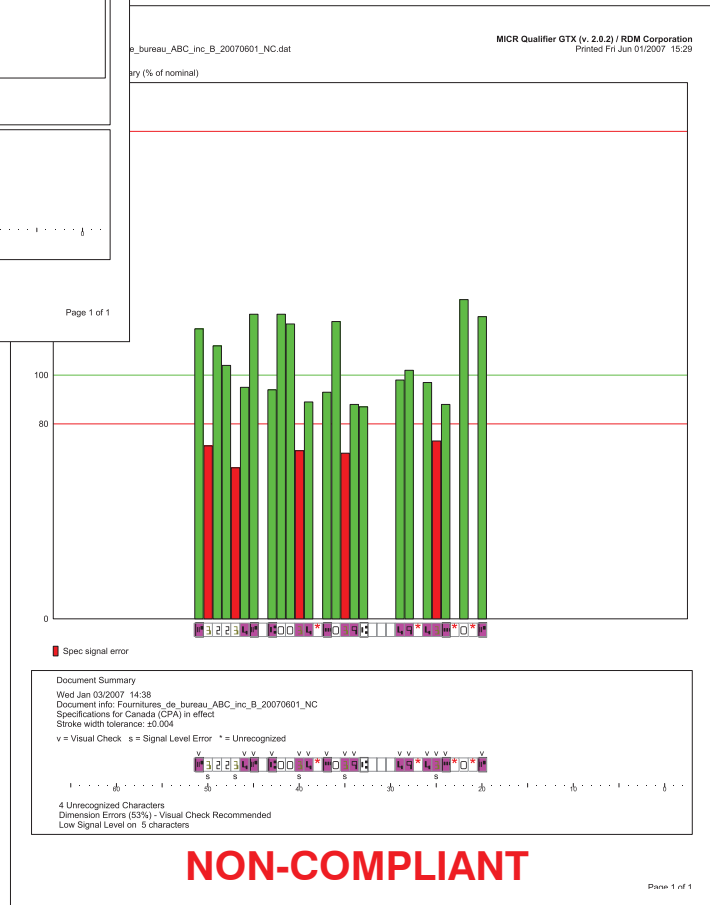
The intensity of the magnetic signal is in accordance to the *Standard*, which is between 80 and 200.

A negative analysis report

The intensity of the magnetic signal for some characters is below the limit permitted by the *Standard*.

One of the possible causes for this problem might be that the ink cartridge is almost empty or that it is expired.

In such case, Formplus will contact you to discuss the necessary corrective measures to be taken.



❖ Quality Control of Magnetic Encoding (continued)


Cheque Encoding Analysis Report

The imaging report is sent to you, as well as our cheque encoding analysis report. This report includes:

1. the conformity of the recent interventions;
2. a list of the last four interventions related to the present situation;
3. additional notes, if needed;
4. the next interventions needed to resolve the current situation:

for example, after intervention 193, two more interventions would be needed:

- i. client: purchase of a new ink cartridge;
- ii. client: the forwarding of three cheque samples for verification printed using the new ink cartridge.



571 Curé-Boivin Blvd
Boisbriand (Québec)
J7G 2A8

**MICR encoding analysis
of cheque no. 390**

Telephone: 450 818-9393
Fax: 450 818-9394
Email: julie.cote@formplus.ca

Intervention contact 2237

Mr. John Smith
ABC Office Supplies
25007, rue Lebeau
Boucherville QC J4B 1E7

General information 13:32:34

Date of document October 8, 2016

Document produced by Julie Côté

Telephone 1 999 999-9999 Extension

E-mail john.smith@sympatico.ca

Compliance

Compliant Non-compliant

Summary of interventions

Date	Number	Type of intervention	Observations	Compliance	Billable
08/10/2016	390	- Analysis of magnetic encoding of requested specimens - The report was sent to the client for this intervention.		Compliant	Yes
25/09/2015	389	- Verification of a cheque before deposit of payment received - The report was sent to the client for this intervention.	- Low signal level	Non-compliant	Yes
17/06/2014	193	- Verification of a cheque before deposit of payment received - The report was sent to the client for this intervention.		Compliant	No
20/08/2013	191	- Analysis of magnetic encoding - The report was sent to the client for this intervention.		Compliant	Yes

Additional notes concerning this intervention

Next intervention(s)

Formplus: Transmission of the verification report.

Rappel

Please send us 3 cheque specimens when:

- You purchase a new magnetic ink cartridge;
- You notice that the quality produced becomes pale;
- A maintenance or replacement of your printer occurs;
- A new paper order is produced.

This approach will allow for evaluation of the quality of the encoding of your cheques.

❖ Business Forms ❖ Variable Content Documents ❖ Commercial Printing ❖ Envelopes ❖ Labels ❖ Form Counseling Services ❖ Graphic Design

DMCR24 - Analyse de l'encodage magnétique au FMP

❖❖ Important Information Concerning Magnetic Ink

Product quality

There is a magnetic ink formula for every printer model (printer engine). Our experience has shown without any doubt that the poor quality of the magnetic ink is the most frequent cause of non-compliant documents. We recommend the use of original ink cartridges, not refurbished or compatible.

Lifespan of a ink cartridge

The lifespan of an ink cartridge is between one and two years, depending on the printer model. An expiration date is usually indicated on the cartridge.

The ink cartridge is new...

- The best way to proceed consists of printing twenty copies of any documents before using the new ink cartridge to print cheques. This operation will stabilize the quality of reproduction. Toner should be normalized at printing temperature for a minimum of 24 hours prior to use.
- Write down the name of the supplier as well as the date of purchase.
- Send us three cheque samples for analysis at the following address:

Formplus inc.
571 Curé-Boivin Blvd, Boisbriand QC J7G 2A8

The ink cartridge has reached its expiry date

- Order a new ink cartridge and follow the instructions above.
- You may use the remainder of the expired ink for all other printing purposes that require ordinary ink while making sure that the cartridge is labelled as an ordinary one.

Your printer displays the message: "Low ink"

- Order a new ink cartridge.
- It is not recommended to shake the cartridge to extend its lifespan.
- You can finish the current printing job.

Storage

The ink cartridge should be stored in its black plastic bag, in a dust-free environment.

Security

For maximum security, the magnetic ink cartridge and the cheque base forms should be locked up.

Also, you should use a *Cheque Base Form Use Record* that we provide at no extra charge.

You may request one at: service@formplus.ca

Where should I purchase magnetic ink (MICR)?

Some suppliers are better than others. We do not sell ink, but we are able to recommend a supplier whose product results are compliant with the *Standard*.

By using the following supplier, you can be assured that:

- the product is compliant and efficient;
- the quick service;
- the prices are competitive.

Gestion d'achats Ram inc.

918 Jean-Neveu, Longueuil QC J4G 2M1
Telephone: 1 800 556-7886
www.gestionram.com

Questions?

Contact us! It will be our pleasure to answer any question you might have.

Printing Broker



571 Cure-Boivin Blvd
Boisbriand QC J7G 2V8

Telephone: 450 818-9393 - 1 844 818-9393
Fax: 450 818-9394

Website: www.formplus.ca
Email: sales@formplus.ca