Advanced Fraud Solutions

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Preferred Partner

Navigating the
Fraud Challenge

This executive summary will highlight these factors and provide best practices to ensure fraud protection and prevention in ACH payments.

Executive
Summary

ACH payments are widely recognized as a safe and reliable payment method. However, it is crucial for financial institution leaders to be aware of the potential risks and compliance considerations associated with ACH transactions.

While ACH boasts one of the lowest fraud rates among major payment rails, there is still a present risk of fraudulent activities.

Fraudsters continually elevate their tactics to use stolen financial information to authorize transactions.

To combat this risk, FIs can leverage account validation tools founded on reputable national databases. Real-time account validation can help to ensure that genuine customers, rather than automated scripts or fraudulent entities, are entering financial information.

Account Status

A risk in ACH payments is the occurrence of returns due to issues with the account holder's bank account status. Since ACH payments do not settle immediately, there may be complications in accepting purchases if there are underlying problems with the buyer's account.

To mitigate this risk, it is recommended to implement real-time tools that utilize API endpoints to verify the status of the account before processing a transaction. This ensures that goods or services are provided only after a successful payment, and minimizes the risk associated with the account-related issues.

Consumer Expectations

ACH payments take 1 business day to process (unless Same Day ACH is used), which can sometimes lead to consumer confusion or surprises.

Account holders who are accustomed to near-instant posting via credit or debit cards may forget about their ACH payment if it is processed 1-2 days later. To manage customer expectations, it's essential for financial institutions to implement clear, proactive communication strategies.

Discover **TrueACH®** by Advanced Fraud Solutions
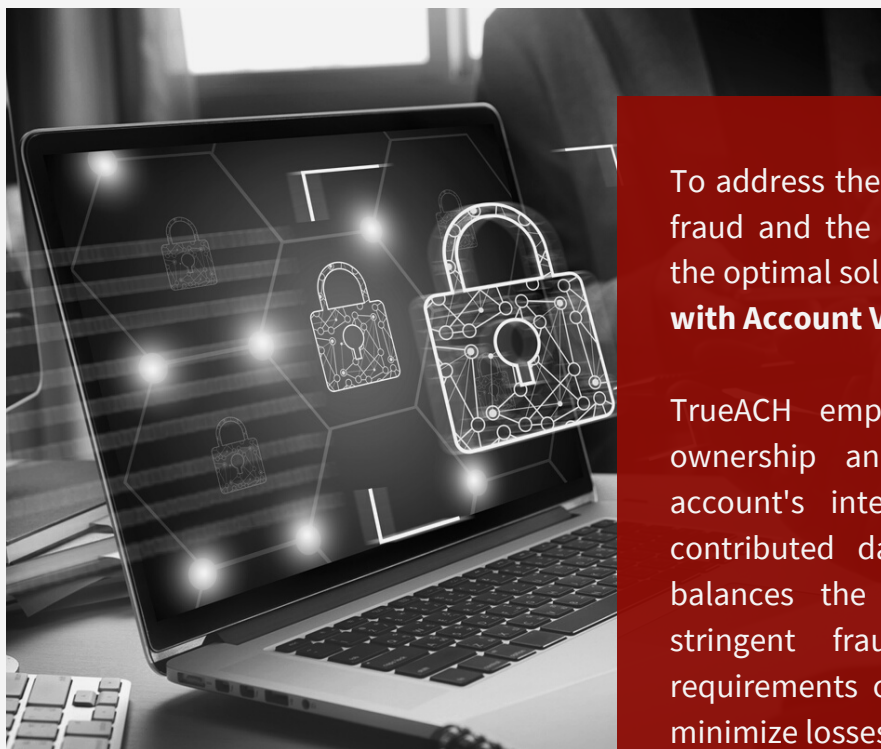
To address the escalating issue of electronic payment fraud and the need for swift transaction processing, the optimal solution is a hosted platform like **TrueACH with Account Validation by AFS.**

TrueACH empowers FIs to authenticate account ownership and authorized user(s), ensuring the account's integrity using an industry-leading, FI-contributed database for identity triangulation. It balances the demand for faster payments with stringent fraud prevention, aligning with the requirements of both consumers and FIs helping to minimize losses in a real-time posting environment.

Visit **advancedfraudsolutions.com** for more information.