

Real-time Account Validation

Mitigate fraud and stay compliant with WEB debit entries

The Challenge

As of March 19, 2021, Nacha will be mandating that all ACH originators of WEB debit entries must include account validation as part of a commercially reasonable fraudulent transaction detection system. This applies to financial institutions as well as corporations that are originating these transactions.

Alongside this rule change, fraudsters are continuously finding new methods of fraud as payments speed up and organizations are moving more digital transactions to real-time. To mitigate account takeover and other ACH-facilitated fraud, organizations need a solution that can verify account and account owner information in real-time while simultaneously identifying high-risk transactions.

NACHA RULE CHANGE

Effective March 19, 2021



Currently, ACH Originators of WEB debit entries are required to use a "commercially reasonable fraudulent transaction detection system" to screen WEB debits for fraud. This existing screening requirement will be supplemented to make it explicit that "account validation" is part of a "commercially reasonable fraudulent transaction detection system." The supplemental requirement applies to the first use of an account number, or changes to the account number.

– Nacha

The Solution

Early Warning's solutions leverage the industry's most current and accurate source of collaborative account information through our *National Shared Database*™ Resource to validate accounts and provide responses for high-risk transactions.

With a single inquiry, Early Warning's solutions can answer the following questions in real-time:

- Is the person transacting authorized to do so on this account?
- Is the account open and active?
- Is the account new?
- Is the account in a negative status?
- Is the account a 'non-DDA' account?
- What is the account's associated risk?
- Am I able to debit this account?

USE CASES



Payments and deposits – check, ACH, wire, mobile deposit remote capture



WEB debit account validation



Credit card payments or ACH payment enrollment



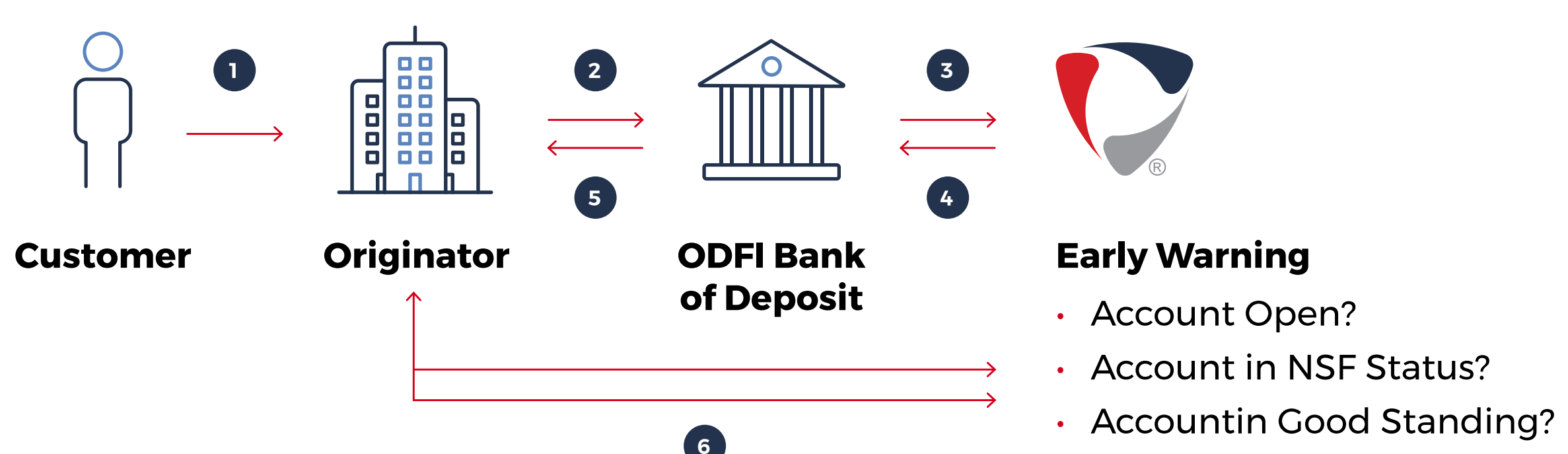
Online new account funding



External account linkages for money movement

HOW IT WORKS

- Confirms account ownership
- Identifies open/valid accounts at point of transaction
- Provides specific condition of that account
- Provides immediate notification of high-risk transaction
- Identifies accounts that are currently returning transactions



Account Status, Score, Item Level and Account Owner Details

Responses will fall into one of the following categories.



ACCOUNT STATUS

- Represent what a paying organization reports as of the prior day's close of business
- Include Open, Closed or Overdrawn status
- Informational responses indicate if an item is drawn on a credit card, brokerage or other type of account



ITEM LEVEL

- **Stop Payments** – identify checks that have a stop placed
- **Duplicate items** – detect items that may have already been presented
- **High-focus item/counterfeit** – identify potential counterfeit suspects



RISK SCORES

- Analysis of millions of transactions associated with the accounts of participant and non-participant financial institutions
- Predictive scores are delivered, indicating the level of risk



ACCOUNT OWNER

- Account names/owner matching (first, last, business)
- Account address
- Date of birth
- Identification/DL number, Type of Issuance, ID Issuance Date
- SSN or Tax ID
- External account type indicator
- Signer or owner match indicator

About Early Warning

Early Warning is a fintech company owned by seven of the country's largest banks. For almost three decades, our identity, authentication and payment solutions have been empowering financial institutions to make confident decisions, enable payments and mitigate fraud. Today, Early Warning is best known as the owner and operator of the Zelle Network®, a financial services network focused on transforming payment experiences. The combination of Early Warning's risk and payment solutions enable the financial services industry to move money fast, safe and easy, so people can live their best financial lives.

To learn more about Early Warning, visit earlywarning.com.

For more information about Real-time Account Validation, contact an Early Warning Account Manager at webinquiry@earlywarning.com.