Nasdaq
Verafin

ACH Fraud Detection

As scams leveraging social engineering become increasingly prevalent, many financial institutions are struggling with ineffective detection, overwhelming volumes of false positive alerts, and an inability to truly understand customer activity. The tools available to financial institutions, both internally and externally, do not provide a complete picture of payee risk — to understand the full picture, and effectively detect ACH fraud and related mule activity, you need an approach that analyzes your institution's own valuable data and uses consortium data to analyze the counterparty.

Combining behavioral evidence with consortium insights, Nasdaq Verafin's ACH Fraud solution provides financial institutions with powerful ACH fraud prevention, offering insight into both the payor and payees who do not bank at your institution. Our unique approach uses a consortium data set, representing 2500 financial institutions and over 575 million counterparties, to provide comprehensive insight into ACH payment risk — beyond the limitations of an individual institution and without sharing Personally Identifiable Information (PII).

- **Profiling Payor & Payee Accounts.** Nasdaq Verafin's Consortium Analytics use rich demographic and payment transaction data to create account profiles for every payor and payee involved in ACH, wire, real-time and other payments across our network of 2500 financial institutions, including entities banking beyond those institutions who interact with our consortium. Numbering over 575 million, each counterparty profile encapsulates the nature of a payor or payee and the extent to which their activity is known and legitimate. Together, this allows Nasdaq Verafin to consider the risk of the accounts on both sides of an ACH payment to improve fraud detection and reduce false positives, customer friction and operational costs.

- **Analyzing Risk Across Transactions & Institutions.** Using insights from over 575 million counterparties, Nasdaq Verafin's ACH fraud analytics consider the complete picture of risk across the entirety of a transaction. ACH payments involving known accounts with a history of legitimate activity across the consortium are analyzed as lower risk, while ACH transactions involving unrecognized accounts are analyzed as higher risk — representing potential mules or other accounts opened to facilitate fraud. This allows your institution to effectively detect potentially suspicious ACH payments and combat authorized push payment fraud while allowing legitimate transfers to proceed uninterrupted.

Additional Benefits

Global Coverage
Nasdaq Verafin uses insights from across our consortium, such as identified money mule accounts, to enhance ACH fraud prevention for our entire network of financial institution customers. All member financial institutions benefit from this global coverage, regardless of their location.

Cross-Channel Intelligence
Nasdaq Verafin reduces false positives by providing a holistic view of your customers' activities and relationships across multiple payment channels.
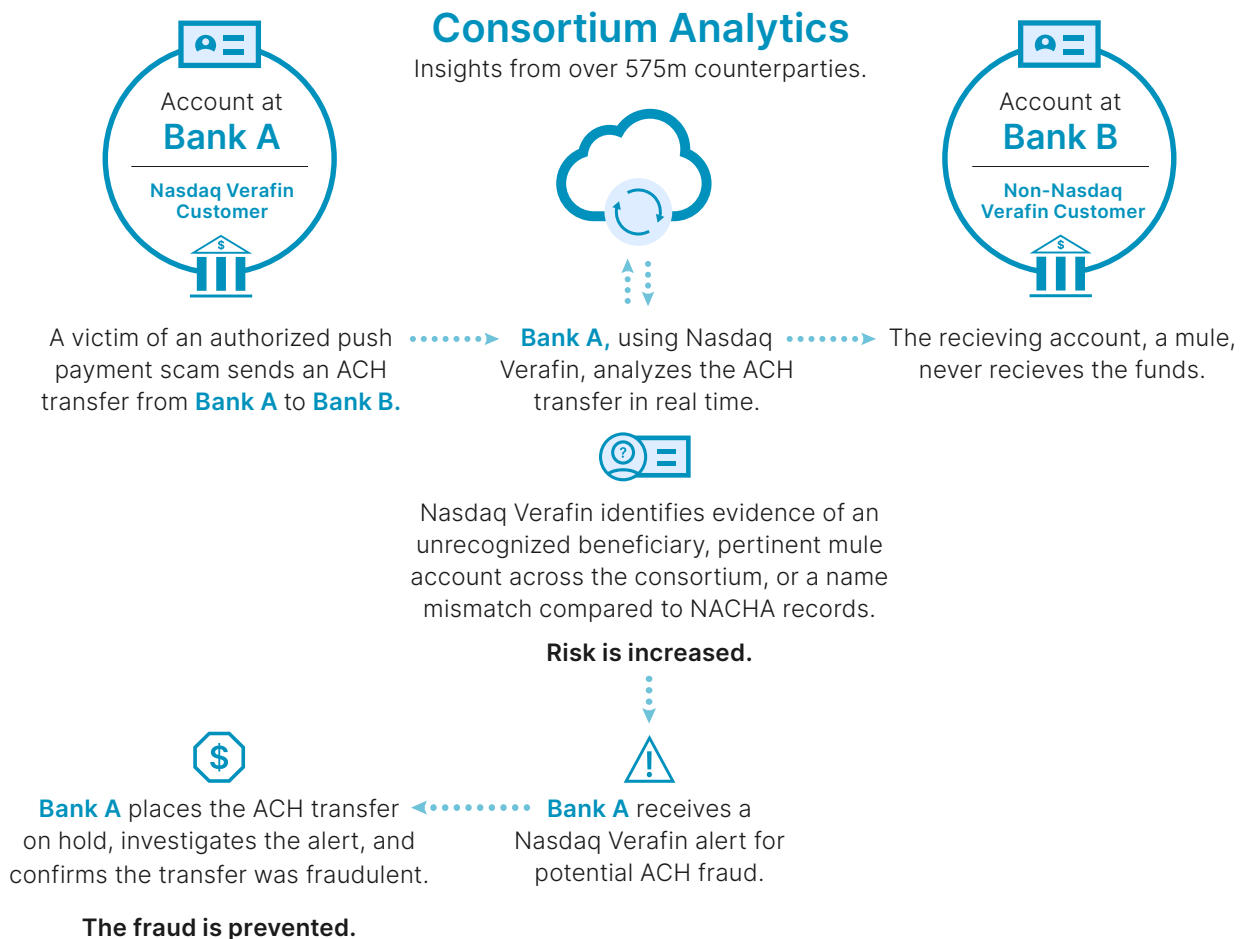
Real-Time Delivery Options
Nasdaq Verafin's ACH Fraud detection provides real-time, inline analysis and interdiction capabilities, deliverable as an individual solution, as part of a robust Financial Crime Management platform, or through risk scores from real-time APIs to integrate into your existing payment fraud prevention approach. Verafin also offers ACH fraud detection as part of a larger Payment Fraud offering, with monitoring for faster payments.
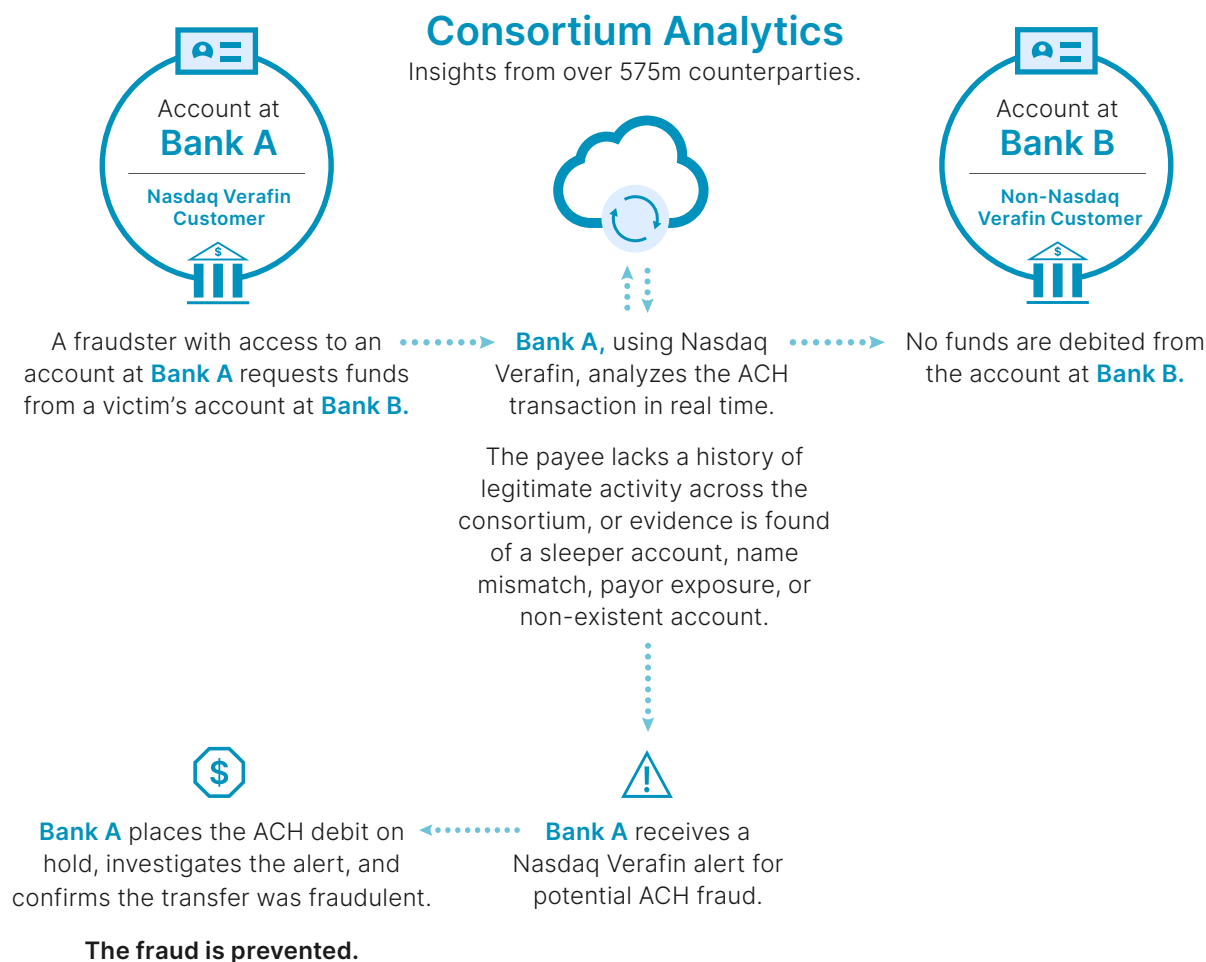
- **Rapidly Detect Name Mismatches.** Nasdaq Verafin's ACH Fraud analytics leverage insights from 575 million counterparties to identify payor-payee name mismatches in real time to improve fraud detection.

- **Robust Account Validation.** Nasdaq Verafin's powerful ACH account validation verifies account ownership and status by identifying demographic mismatches, relevant transaction insights, online logs, account behavior and previously identified mule accounts within the Nasdaq Verafin network.

- **Enhanced Protection Against Unauthorized ACH Debits.** When the sending and receiving financial institutions are Nasdaq Verafin customers, our ACH Fraud analytics can provide enhanced protection against unauthorized ACH debits. This includes sleeper account detection for fraud scenarios where funds are suddenly debited from a dormant account, and payor exposure verification to ensure the payor has a sufficient balance to cover the transaction. Our analytics also detect the entry of non-existent accounts to protect against unauthorized ACH debits initiated by entering random account numbers.

- **Powerful Behavioral Evidence.** Nasdaq Verafin's ACH Fraud analytics analyze massive volumes of information, including NACHA, core, and third-party data, to generate behavioral evidences on unusual values, unusual fingerprints and more. These evidences are segmented by fraud typology, risk-scored, and considered in concert with consortium evidence by Nasdaq Verafin's ACH Fraud analytics for holistic coverage against ACH fraud.

- **Protection Against Money Mules.** As financial institutions across our consortium identify ACH payments as fraudulent, Nasdaq Verafin includes suspected mule accounts in any future analysis, ensuring your institution is not sending payments to suspected money mules. Nasdaq Verafin also alerts you to a potential mule account in your customer base when another institution within our network blocks a fraudulent ACH payment destined for your institution.

- **Real Time Interdiction.** With real-time analysis and interdiction, Verafin allows you to stop suspicious ACH transfers at the earliest opportunity — before funds are lost.

Combating Authorized Push Payment Fraud

Consortium Analytics
Insights from over 575m counterparties.

Account at
Bank A
Nasdaq Verafin Customer

Account at
Bank B
Non-Nasdaq Verafin Customer

A victim of an authorized push payment scam sends an ACH transfer from **Bank A** to **Bank B.**

Bank A, using Nasdaq Verafin, analyzes the ACH transfer in real time.

The recieving account, a mule, never recieves the funds.

Nasdaq Verafin identifies evidence of an unrecognized beneficiary, pertinent mule account across the consortium, or a name mismatch compared to NACHA records.

Risk is increased.

Bank A places the ACH transfer on hold, investigates the alert, and confirms the transfer was fraudulent.

Bank A receives a Nasdaq Verafin alert for potential ACH fraud.

The fraud is prevented.

Combating Unauthorized ACH Debits

Consortium Analytics
Insights from over 575m counterparties.

Account at Bank A
Nasdaq Verafin Customer

Account at Bank B
Non-Nasdaq Verafin Customer

A fraudster with access to an account at **Bank A** requests funds from a victim's account at **Bank B.**

Bank A, using Nasdaq Verafin, analyzes the ACH transaction in real time.

No funds are debited from the account at **Bank B.**

The payee lacks a history of legitimate activity across the consortium, or evidence is found of a sleeper account, name mismatch, payor exposure, or non-existent account.

Bank A places the ACH debit on hold, investigates the alert, and confirms the transfer was fraudulent.

Bank A receives a Nasdaq Verafin alert for potential ACH fraud.

The fraud is prevented.

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