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### TREASURY ROADMAP:

# ADDRESSING 2026 ACH FRAUD RULE CHANGES THAT IMPACT YOUR COMPANY



VP Product, PaymentWorks



#### **MARK DIXON**

Senior Consultant, Nacha Consulting Services

#### **CRAIG JEFFERY**

Founder & Managing Partner, Strategic Treasurer



#### **WHAT**

Discussing what the fraud rule changes mean for your team, your processes, and your banking relationships.



#### WHEN

Wednesday, November 12, 2025 2:00 PM - 3:00 PM EST



#### **WHERE**

Live online presentation Replays at StrategicTreasurer.com









### **TODAY'S SPEAKERS**



**TAYLOR NEMETH**VP Product, PaymentWorks



MARK DIXON
Senior Consultant, Nacha
Consulting Services



**CRAIG JEFFERY**Founder, Managing Partner,
Strategic Treasurer

#### PaymentWorks



# TOPICS OF DISCUSSION

KEY AREAS OF FOCUS & ANALYSIS



#### **VENDOR FRAUD**

LANDSCAPE AND SIZE OF THREAT



#### **RULE CHANGES**

**DETAILS AND AFFECTED PARTIES** 



# IMPLICATIONS OF CHANGES

**VENDOR-RELATED PROCESSES** 



#### FIGHTING FRAUD

THROUGH MULTIPLE LAYERS



#### TIME TO COMPLIANCE

APPROACHING DEADLINE



#### **KEY TAKEAWAYS**

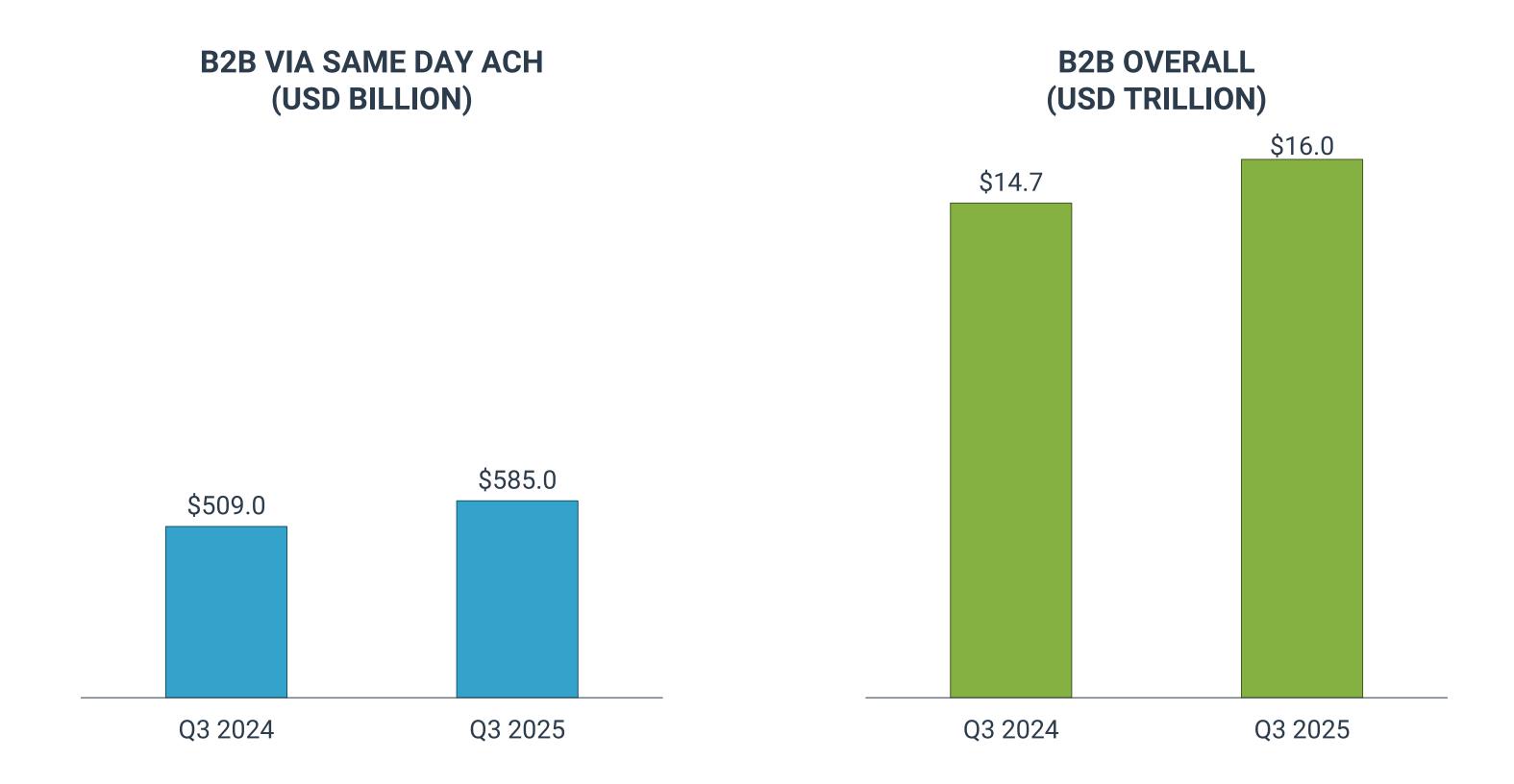
AND FINAL THOUGHTS





### **ACH NETWORK GROWTH**

SAME DAY ACH VOLUME INCREASES YEAR OVER YEAR AS VALUES RISE





Q3 2025 total ACH network volume: 8.8 billion transactions

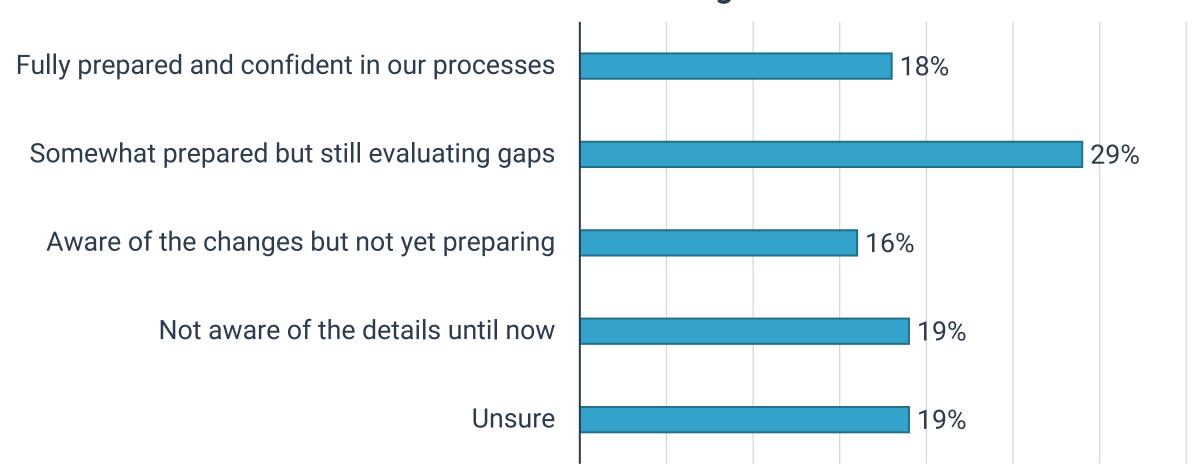
- 4.9 billion debits
- 3.9 billion credits





# POLL QUESTION

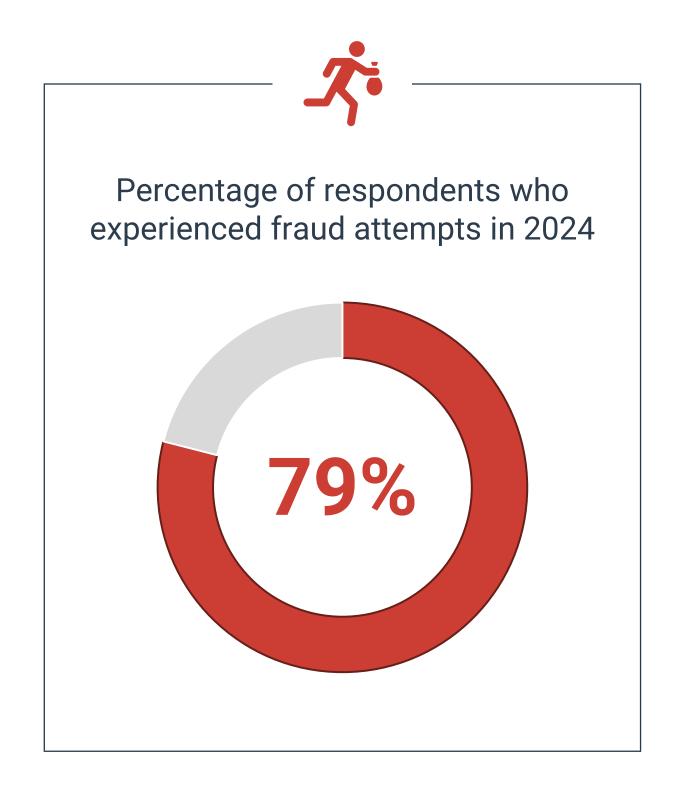
Poll 1 - How prepared is your organization for the upcoming 2026 ACH fraud rule changes?





### **PUSH PAYMENT FRAUD**

#### PROBLEM OF GREAT MAGNITUDE





#### International scope

- Cross-border collaboration
- Organized crime syndicates
- Rapid shifts in industries targeted



#### AI = Speed and volume increases

• Size of opportunity no longer an issue for criminals



# Improved cyber defense does not stop social engineering

Staff training is essential





## DOING BUSINESS WITH A VENDOR

#### MANY ACCOUNTS TO KEEP UP WITH

					PLEASE DO NOT STAPLE Vendor/Payee Registr PART A – Contact Details			S UNIVERSITY ERTIFICATION FORM IDENTIFICATION AND CERTI	FICATION
Lennox School District Vendor Information Form  In order to process any type of payment and issue a purchase order, your organization or company information must be added or verified in our system. Please complete this Vendor Information form and return promptly via email to purchasing@lennoxk12.org, If further assistance is needed, please contact us at (310) 695-4013.  PLEASE PRINT OR TYPE  Company/Organization Name:		Walmart :	University of Wendor Add/Update Request For Massachusetts  Form Use: Internal form used for requesting an update to an existing vendor completed, this form should be forwarded to the address below for processing.		Mailing Address:  City: State: Zip code:  Contact Person:  Telephone Number:  Email Address:  PART B - Vendor/Payee Registration  Request for Taxpayer Identification Number and Certification - Substitute Form W-9  1. Legal Name (as shown on your income tax return):			DBA NAME OR LEGAL NAME CATION NUMBER  LS, THIS IS YOUR SOCIAL SECURITY NUMBER  EMPLOYER IDENTIFICATION NUMBER	
Other Names(s) Organization is "Doing Business As" (DBA):		etterhead, dated within the	Vendor Name:  Current Vendor ID:	2.Business Name, if different from Legal Name above – e.g., Doing Business As (DBA) Name:  3. Check ONLY ONE box:  SSN or EIN:  Individual/Sole Proprietor (Including LLC-Sole Proprietor)  Corporation (Including S-Corp, Local Government			her (or I am waiting for a number to be issued to me), AND thholding, or (b) I have not been notified by the Internal Revenue are to report all interest or dividends, or (c) the IRS has notified me that		
Email address to send Purchase Orders to:    Mailing Address   Remit Ad	/Zip: To:	georgia	State of Georgia, Department of Revenue Software Vendor Registration in Georgia Tax Center (GTC)  re Vendor Registration Form	☐ Cha ☐ Add ☐ Cha	SSN only: Lived Experience - Class 1 Volunteer Board/Committee member  4. For Corporation or Partnership Ol	Partnership (Includes LLC)  Non-Profit Organization  Tax Exempt Organization  NLY, check one box below if applicable:  torney/Legal	State Government Federal Government (including Tribal) Trust/Estate	r disqualified under the non-procuremen and certain Federal assistance and benef Date: Title: CANDEIS UNIVERSITY PAYMENT EASE LIST IF YOU OFFER DISCOL	TERMS ARE NET 30,
Accounts Receivable Primary Contact Name:		Please complete the information below so that we can register you company in our Georgia Tax Center (GTC) electronic system to certify for substitute paper and electronic returns. Upon completion and return of this document, we will create your account in GTC and assign a Vendor Identification Number (VIN). This number along with the FEIN provided will be required for your developers to complete the Letter of Intent, register products/ID, review specifications/schemas, view test cases, and check the status of test submissions.		5. Legal Address (number street and apt or suite no) This should be the address on file with the IRS:  6. City, State, Zip:  7. Tax Identification Number (TIN) PLEASE CHECK ONE  For individuals, this is your social security number (SSN)  For other entities, this is your employer identification number (EIN)  PROSPECTIVE VENDOR/		NE SUPPLIER PROFILE FORM			
W-9 FORM (Rev. October2018) MUST ACCOMPANY THIS VENDOR INFORMATION FOR For all Public Works Projects (Pursuant to Labor Code 1725.5 & 1771.1) All contractors and subcontractors into bid or perform work on a public works project (\$1,000 or more) are mandated to annually register with the De of Industrial Relations (DIR).  Contractor DIR Registration No.:  Contractor License No.:  Expiration Date:  Contractor License Type(s):  Revised 10/2021  Purcl  By Signing this document, I agree to:  1 have read and agree to be bound by, the terms		Business Type (LLC, Corp, INDV, Part)		d Legal Ad	Enter your EIN or SSN (do NOT enter  8. Certification  I. The number shown on this form	both): m is my correct taxpayer identification number (or I am waiti	COMPANY INFORMATION  Dun & Bradstreet (DUNS) No.:  Company Name (Provide legal name as listed on Dur	Date:	z zipcode
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		Business Location Address			Certification instructions: You must cre failed to report all interest and dividends on The Internal Revenue Service does r	IV. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA report of the IRS that you are currefailed to report all interest and dividends on your tax return. Please note this form does not include a FATCA exemption. The Internal Revenue Service does not require your consent to any provision of this document of		Year Business Established: # of Employees:  Annual Sales \$:	
forth abov  I am auth this progr  (Print Name)  Title:	orized and empowered to sign this doc	City/State/ Zip Code  Business Mailing Address		10 mass.edu	backup withholding.	<del>,</del> ,	Geographical Service Area:  Insurance Carrier:  Check the description that best matches your compo	any:	
Phone #:	Ext: Fax #:	City/State/ Zip Code					What type of vendor are you?  Domestic Manufacturer International Manufacturer International Manufacturer Is your company affiliated with another company?	nufacturer   Importer   Distributor   Yes   No	
		Name of State Where Registered					If yes, explain:  Can your company process EDI transactions either in-	-house or through a 3 <sup>rd</sup> party provider?	
		Company's Website Address  Business Contact Email					Has your company previously submitted information to the yes, what has changed? (Developed new capabilith than expected volume growth?)  Comments:		
	•	1		_			ULINE SHIPPING SUPPLY SPECIALISTS PAGE 1	REVISED 6/09	

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### **FALSE PRETENSES**

#### NEWLY DEFINED TERM IN NACHA'S RULE AMENDMENTS



"The inducement of a payment by a person misrepresenting:

- (a) that person's identity,
- (b) that person's association with or authority to act on behalf of another person, or
- (c) the ownership of an account to be credited."



"This definition covers common fraud scenarios such as business email compromise (BEC), vendor impersonation, payroll impersonation, and other payee impersonations, and complements language on 'unauthorized credits' (account takeover scenario)."

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### **ACH FRAUD FRAMEWORK**

STRENGTHENING MONITORING, RETURNS, AND COMMUNICATION STANDARDS



#### **FRAUD MONITORING**

- Originator
- Third-Party Service Provider (TPSP) / Third-Party Sender (TPS)
- Originating Depository
   Financial Institution (ODFI)

Standardized descriptions



RECEIVING DEPOSITORY
FINANCIAL INSTITUTION
(RDFI)

- ACH credit monitoring
- Exemption from funds availability
- Expanded use of R17 RRC (Return Reason Code)



**EXPANSION OF ODFI REQUEST FOR RETURN** 





### NACHA RISK MANAGEMENT RULES

#### SCOPE OF RULE CHANGES



#### **WHO**

 Fraud monitoring by originators, Third-Party
 Service Providers (TPSPs), and Originating Depository
 Financial Institutions (ODFIs)



#### **WHEN**

- Phase 1: March 20, 2026
  - Fraud monitoring by all ODFIs, as well as non-consumer originators, TPSP/TPS, and with annual ACH origination volume of 6 million or greater in 2023
- Phase 2: June 19, 2026
  - All other nonconsumer originators, TPSP, and TPS



#### **WHAT**

 Establish and implement riskbased processes and procedures reasonably intended to identify ACH entries initiated due to fraud



### **MONITORING FRAUD**

#### **EXPECTATIONS AND RECOMMENDED ACTIONS**



A risk-based approach cannot be used to conclude that no monitoring is necessary at all; at a minimum, an entity should conduct a risk assessment to identify and differentiate higher-risk from lower-risk transactions



Monitoring transactions prior to processing provides the greatest opportunity for detecting and preventing potential fraud, but it is not required



For transactions in which monitoring identifies a high potential for fraud, the originator should consider some action based on the monitoring results. Actions may include, but are not limited to:

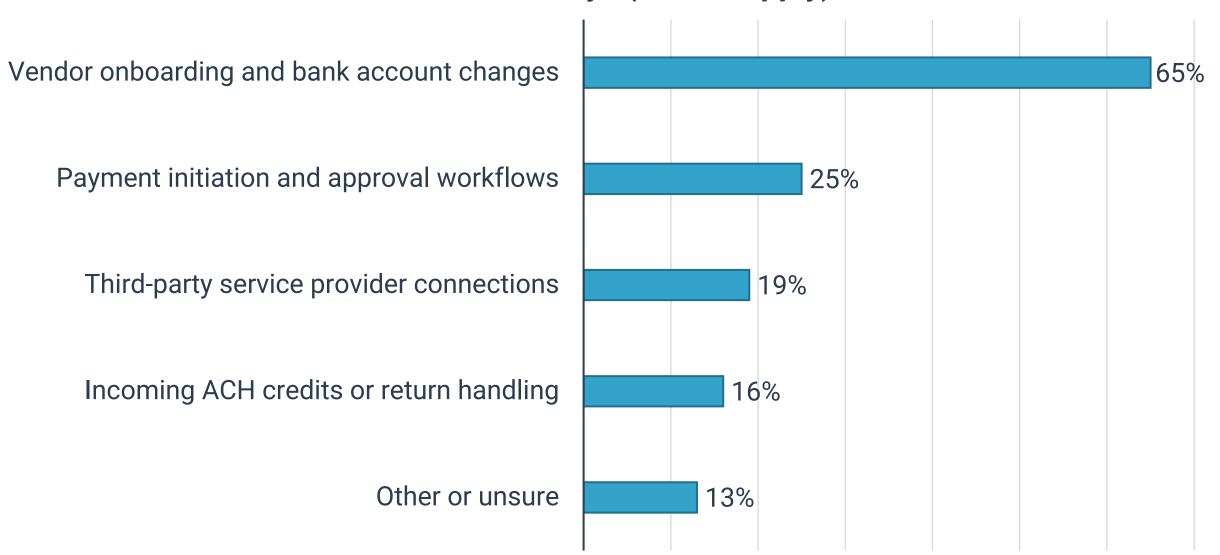
- Stopping further processing of a flagged transaction
- Consulting with the receiver, using previously verified communication methods, to determine the validity of the transaction
- Consulting with other internal monitoring teams or systems to determine if the transaction raises other flags
- Using the results of account validation methods completed prior to ACH origination to determine if characteristics of the receiver's account raise additional red flags





# POLL QUESTION

Poll 2 - Which areas of your payment process present the greatest fraud risk today? (all that apply)







### ROLE OF YOUR BANK

AND HOW IT IMPACTS YOUR RESPONSIBILITIES AND WHAT YOU SHOULD DO



Your banking partner (ODFI) is ultimately responsible for ensuring the ACH entries it sends through the network meet all applicable requirements.



The ACH agreement with your banking partner drives your responsibility. This includes ACH Rule compliance!



What should you do regarding the new rules?

- Talk to your banking partner relationship manager. Understand what they expect from you.
- Review your current process with them and ask for feedback.
- Document your program, include the elements they requested, and share it with the bank.





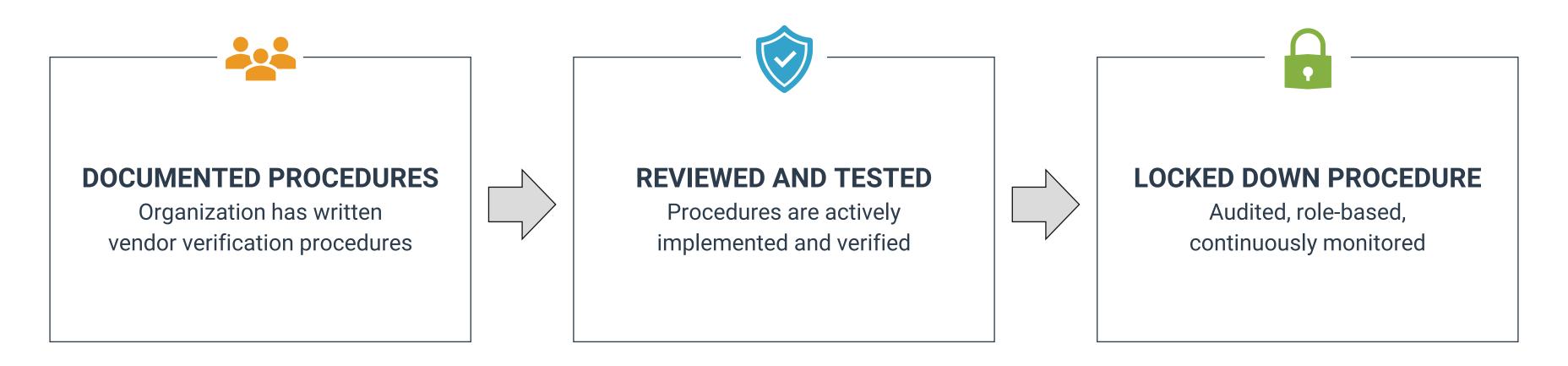
### POLICY VS. PROCEDURES

FRAUD POLICY SETS EXPECTATION, WHILE PROCEDURES DEFINE ACTION



#### **NACHA REQUIREMENT:**

Establish and implement risk-based processes and procedures reasonably intended to identify ACH entries initiated due to fraud



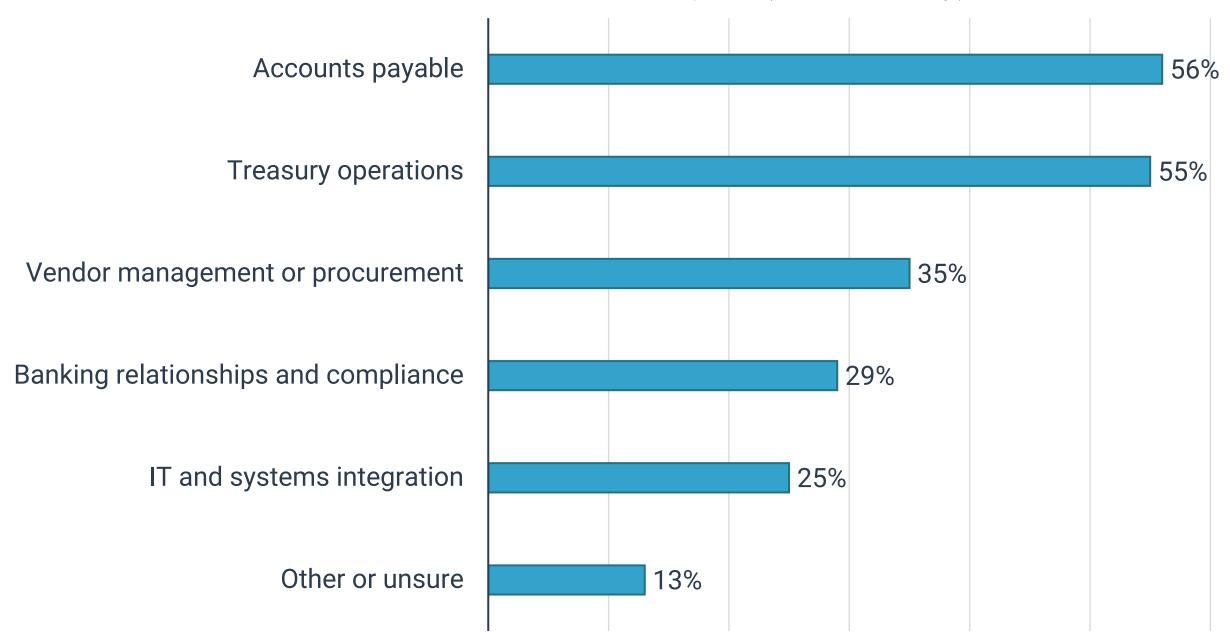
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# **POLL QUESTION**

Poll 3 - Which part of your organization will be most impacted by the 2026 ACH fraud rule changes? (all that apply)



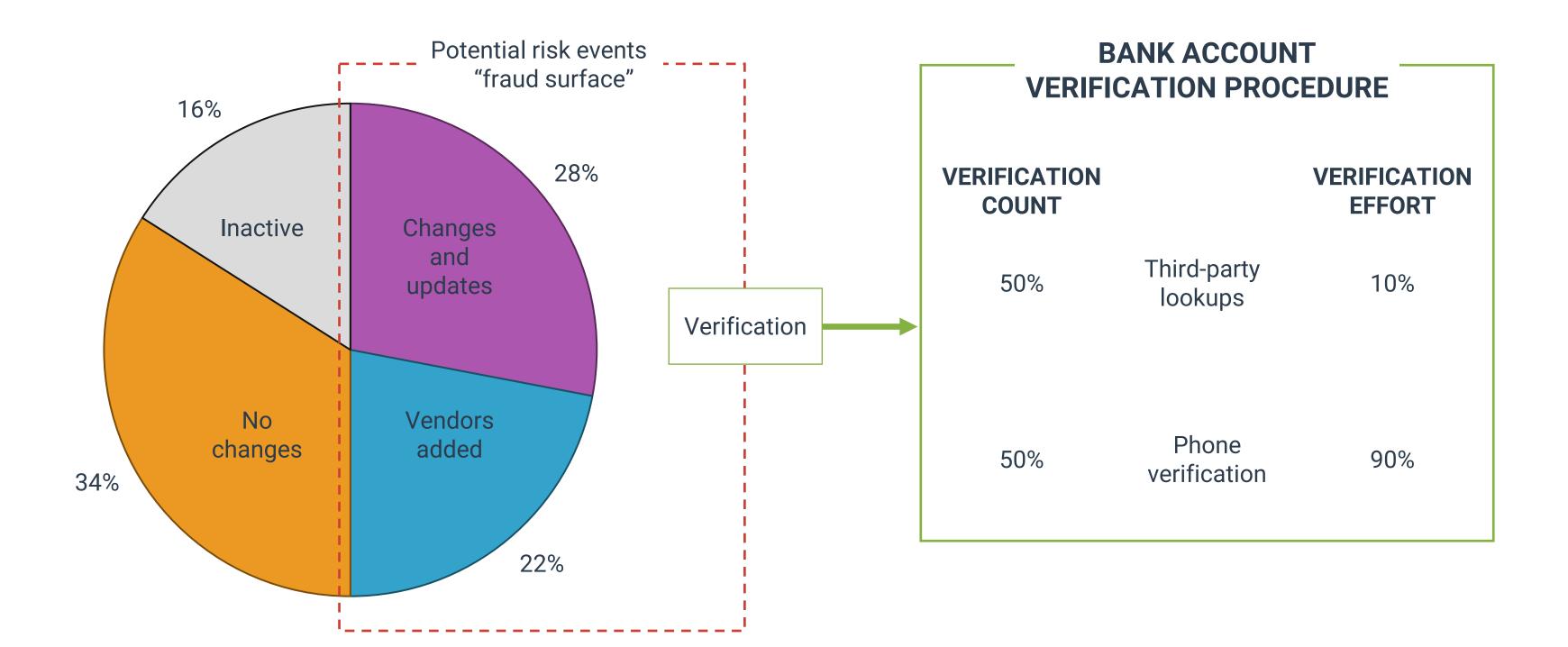




### **VENDOR CHANGES**

#### **KEY RISK EVENTS**

Vendor management is no longer just a clerical process







# **AUTOMATION REQUIRED**

FIGHTING FRAUD REQUIRES FOUR LAYERS OF DEFENSE

Continuous validation, monitoring, and risk review



#### **IDENTITY VERIFICATION**

- User level, entity level
- Validate name, address, phone, and email
- Verify SSN/TIN against government data
- Screen against sanctions and watchlists



#### **SCREENING AND ANALYTICS**

- Use machine learning to flag unusual or suspicious activity
- Device and user geolocation intelligence
- Apply advanced controls to high-risk payments



#### **PAYMENT MONITORING**

 Segment and scrutinize high-value payments in real time to ensure appropriate controls have been applied



#### **ACCOUNT VERIFICATION**

- Confirm bank account details match legal entity records
- Verification phone calls
- Exception approval workflow





### TIMELINE TO READINESS

#### KEY MILESTONES AND ACTIONS ALONG THE PATH TO COMPLIANCE

GAP ASSESSMENT AND IDENTITY VERIFICATION

TRANSITION TO RISK-BASED PROCESSES

AUTOMATION AND INNOVATION

2024

2025

2026

#### Pre 2025:

- Assessment of existing vendor management processes
- Identification of weaknesses and gaps
- Understanding of regulatory requirements

Transition to risk-based processes:

- Implement multi-layered identity verification
- Adopt automated verification techniques
- Reduce phone call verification effort

Automation and continuous innovation:

- Continuous monitoring of vendor identities
- Technical iteration of prevention methods
- Reduce fraud surface area through advanced identity platforms





### FINAL THOUGHTS

**HOW TO PROCEED** 



# DETERMINE SCOPE OF WORK

 Look at the size of your existing supplier file



# **GATHER KEY STAKEHOLDERS**

- Treasury, finance, procurement, risk
- Risk-assessment process



# ENGAGE YOUR FINANCIAL INSTITUTION

What are they expecting?

#### PaymentWorks



### LET'S CONNECT

# DON'T LET THE LEARNING END HERE... CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



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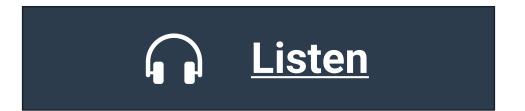
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- Treasury Technology



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- Research Report Access
- Industry & Peer Benchmarking
- Critical Treasury Assessment



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- Employee Security Training
- Compliance Services
- Connectivity & Onboarding



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- Technology Analyst Report
- Webinars (CE Credits)
- Podcasts & Videos
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- Marketing Team Support
- Content Amplification
- SME Speaker Bureau



#### RESEARCH Market Data

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- Survey Program Sponsorship
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- Platform Access & Distribution
- Targeted Demand Generation
- Custom Campaign Programming











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