

FedACH Risk[®] Management Services



As ACH volume continues its rapid growth, depository financial institutions are looking for ways to mitigate ACH risk and monitor their origination processes, returns and incoming files. The suite of FedACH Risk Management Services provides the tools to help, all easily accessible via the FedLine Web[®] and FedLine Advantage[®] customer access solutions.

FedACH Risk Management

Three risk monitoring tools make up the suite of FedACH Risk Management Services:

The FedACH Risk Origination Monitoring Service helps ODFIs control ACH payments originated by customers regardless of the network entry point or ACH software used.

The FedACH Risk RDFI File Alert Service provides notice of unusual conditions within an RDFI's incoming FedACH[®] files, helping to alert the RDFI to potential fraud attempts and/or significant origination errors.

The FedACH Risk Returns Reporting Service gives ODFIs the ability to generate reports listing returns for any originator.

FedACH Risk Origination Monitoring Service

As the first service of its kind in the ACH industry, the FedACH Risk Origination Monitoring Service allows ODFIs to monitor ACH batches with selected routing transit numbers (RTNs) and company IDs. Control ACH payments originated by your customers regardless of the network entry point or your ACH software.

Tailor and self-administer the monitoring criteria to reflect your particular risk management strategies and customer profiles.

Key Features and Benefits

Using self service, customized monitoring features, your institution sets and controls debit and credit caps, end-of-day defaults and monitoring time frames.

Choose from three ways to set debit and credit caps from easy-to-use Web screens:

- **Select** – Determine individual company IDs for which you want to set and monitor caps. Batches with undefined company IDs will be processed without review by the service.
- **Inclusive** – Define an inclusive list of company IDs associated with the RTN for which you want to monitor caps. This customization prevents payments from originators not defined by you in advance. Batches with undefined company IDs will be pended rather than processed.
- **ODFI RTN** – Choose to compare a sum of all batches associated with a specific RTN to your pre-defined caps.

Monitor accumulated totals covering a single processing day or multiple exposure days. The monitoring function is performed at the batch level, rather than at the file level. You make the decision whether to release or reject pended batches. In extraordinary situations, batches that remain in a pend status at the end of the day are either automatically released or rejected based on your end-of-day default settings.

Based on your risk criteria settings, the FedACH Risk Origination Monitoring Service provides e-mail notifications about pended batches to up to three contacts. When monitoring by company ID, you can also define up to one additional contact for each monitored company ID.

Key Features and Benefits

- Customize your origination monitoring criteria at the company level for your entire ACH origination business or for a specific RTN.
- Monitor accumulated origination totals over a single processing day or multiple exposure days.
- Receive e-mail notifications of originated batches exceeding caps and of incoming files exceeding thresholds.
- Alert contacts within your organization to unusual conditions within your institution's incoming FedACH files.
- Access within FedACH® Information Services via the FedLine Web or FedLine Advantage access solution.
- Streamline ACH risk monitoring, maintain consistency in ACH risk mitigation and facilitate easy access for key people within your organization.

FedACH Risk RDFI File Alert Service

The FedACH Risk RDFI File Alert Service provides notice of unusual conditions within an RDFI's incoming FedACH files. The service helps alert the RDFI to potential fraud attempts and/or significant origination errors. Use the service to help proactively manage your potential risks as an RDFI.

Key Features and Benefits

The RDFI file alert service is an information only service that monitors FedACH files without interfering with or delaying payments processing. Select your file thresholds based on debit dollar amount, credit dollar amount and/or transaction (item and addenda) count, and the service compares these thresholds to the size of each file at the time of distribution from FedACH. Any file that exceeds your pre-set thresholds triggers e-mail alerts to your designated points of contact.

Depending on the times of your file distributions, notifications of threshold breaches may arrive throughout the day, providing you with valuable time for research and allowing you to act on potential issues earlier to minimize their effect on your institution.

Automated monitoring helps improve time-consuming and potentially error-prone manual monitoring processes and address audit and compliance concerns. Even if you outsource your FedACH processing or have complex organizational structures, RDFI File Alert Service can help strengthen your risk management processes.

FedACH Risk Returns Reporting Service

The FedACH Risk Returns Reporting Service provides ODFIs with the ability to obtain reports listing returns, whether unauthorized or

administrative, for any originator with even a single return. Reports can be generated for either a single processing day or for a range of up to 10 days within the 60 previous business days. This reporting capability gives ODFIs one more way to help identify potential ACH fraud or problem accounts.

Convenient, Easy, Inexpensive Access

FedACH Risk Management Services require no complicated or costly implementation process, hardware or software. You simply access them within FedACH Information Services (where you see your settlement and file information) via the FedLine Web or FedLine Advantage access solution, both of which provide a user-friendly environment available through virtually any Internet connection.

Full functionality for RDFI file alert and risk returns reporting services is included with your FedLine® Customer Access Solution monthly fee, as is basic subscription to origination monitoring at the RTN level or for one company ID. Fees for monitoring additional company IDs are tiered, decreasing as the number of company IDs monitored increases.

The FedACH Advantage

The Federal Reserve Banks are the nation's largest ACH operator, with nearly 40 years of experience and ACH expertise. As a leader in electronic access to services, the Federal Reserve Banks are committed to developing innovative options to meet your changing needs. A combination of high dependability, security and innovation enables you to provide the best ACH services to your customers.

Federal Reserve Financial Services

The Federal Reserve Banks provide a full range of innovative and progressive financial services that can help you capitalize on growth and revenue opportunities. Our services are designed to provide the accessibility and flexibility you need to compete in a dynamic and evolving industry. Given our integrity and reliability, you can count on the Federal Reserve Banks to provide you with services that deliver benefits. Visit FRBservices.org to discover the full range of financial services.

Where Can I Get More Information?

To learn more about the suite of FedACH Risk Management Services, contact your District FedACH Sales Specialist.