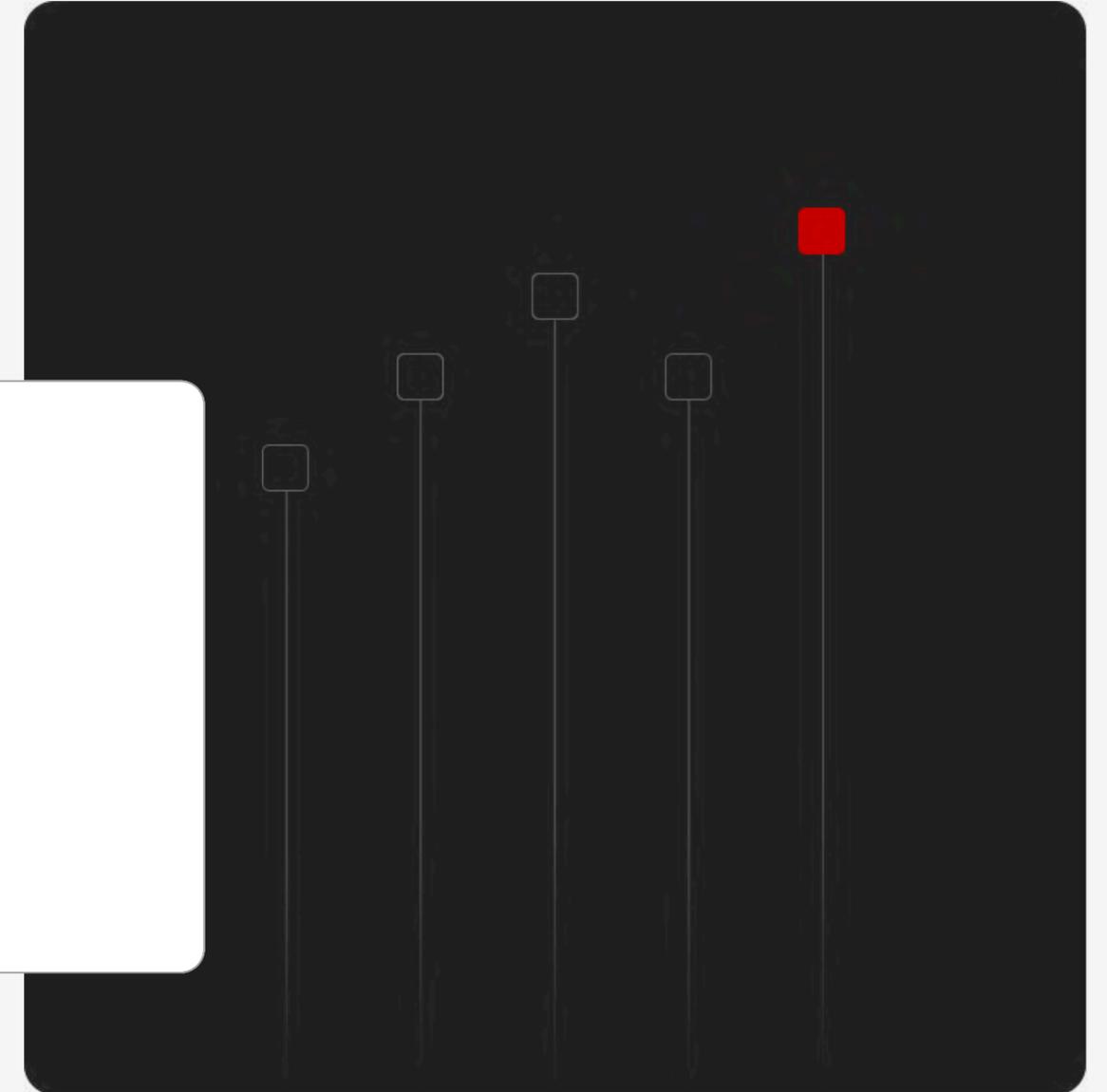


Layered Defense: **The Smarter Way to Stop the Next Fraud Wave**

Agenda

A look at what we'll cover in today's session

- The state of fraud
- Fraud news & trends
- Why legacy defenses fall short
- What layered defense looks like
- Preparing for what's next
- Discussion & questions



YOUR SPEAKER

Robbie Dickerson

Relationship Manager, AFS



■ About Robbie

Robbie Dickerson is a Relationship Manager at Advanced Fraud Solutions, working daily with financial institutions to navigate rapidly changing fraud trends across check, ACH, and wire channels. He partners closely with fraud, operations, and payments teams to identify risk, close gaps, and implement practical defenses that protect both institutions and their account holders. Robbie brings a perspective grounded in real-world fraud scenarios and operational realities.

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75%

U.S. banks and credit unions cited check fraud as a major concern

Jack Henry 2024 Benchmark

63%

Of surveyed organizations faced check fraud in 2024

AFP 2025 Payments Fraud & Control Survey

80%

of financial firms list check fraud as a priority concern

DataVisor/PwC 2025

91%

of organizations saw either the same or an increase, in payments fraud in 2024

The 2025 AFP Payments Fraud Survey Report

38%

Of organizations were subject to attempted/actual ACH debits fraud

AFP 2024 Payments Fraud & Control Survey

30%

Of organizations impacted by wire fraud.

AFP 2024 Payments Fraud & Control Survey

1.4B

Same Day ACH Volume in 2025. Up 17% from 2024

Nacha

50%

Of organizations reported that ACH Credits were targeted by Business Email Compromise.

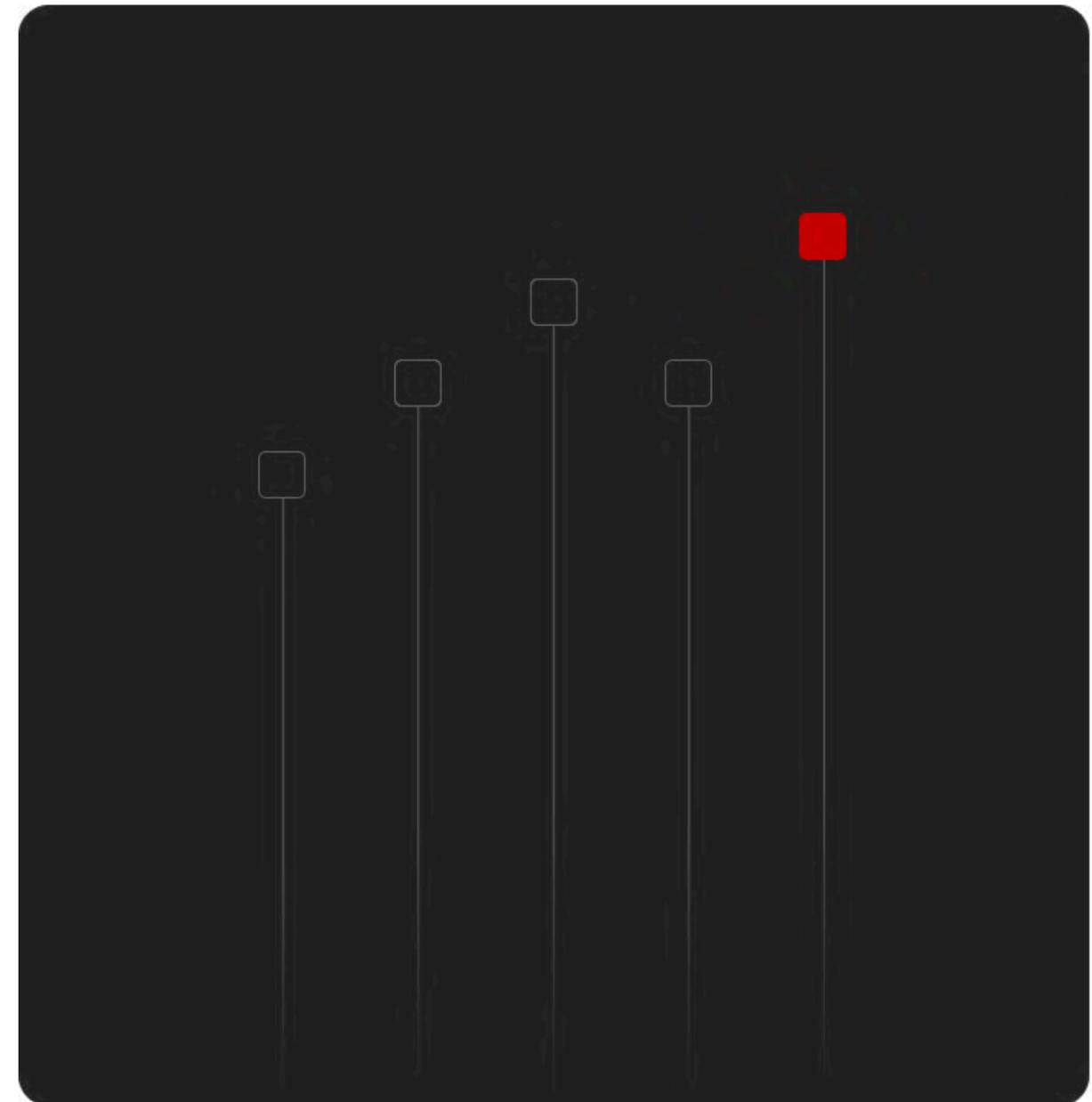
The 2025 AFP Payments Fraud Survey Report

Behind the Stats: The Real Cost of Fraud

- Operational strain on back office and frontline

- Account holder trust and reputation risk

- Delayed response makes losses exponentially worse



Every Dollar Lost to Fraud Costs US Financial Institutions \$5.75

The Multiplier Effect

- Fraud costs spiked +25% from 2021 to 2025, driven by complex scams that require longer manual reviews.
- **The Bottom Line: A \$100k fraud loss is actually a \$575k hit to the P&L.**

\$4.00

2021

\$4.23

2022

\$4.41

2023

\$4.76

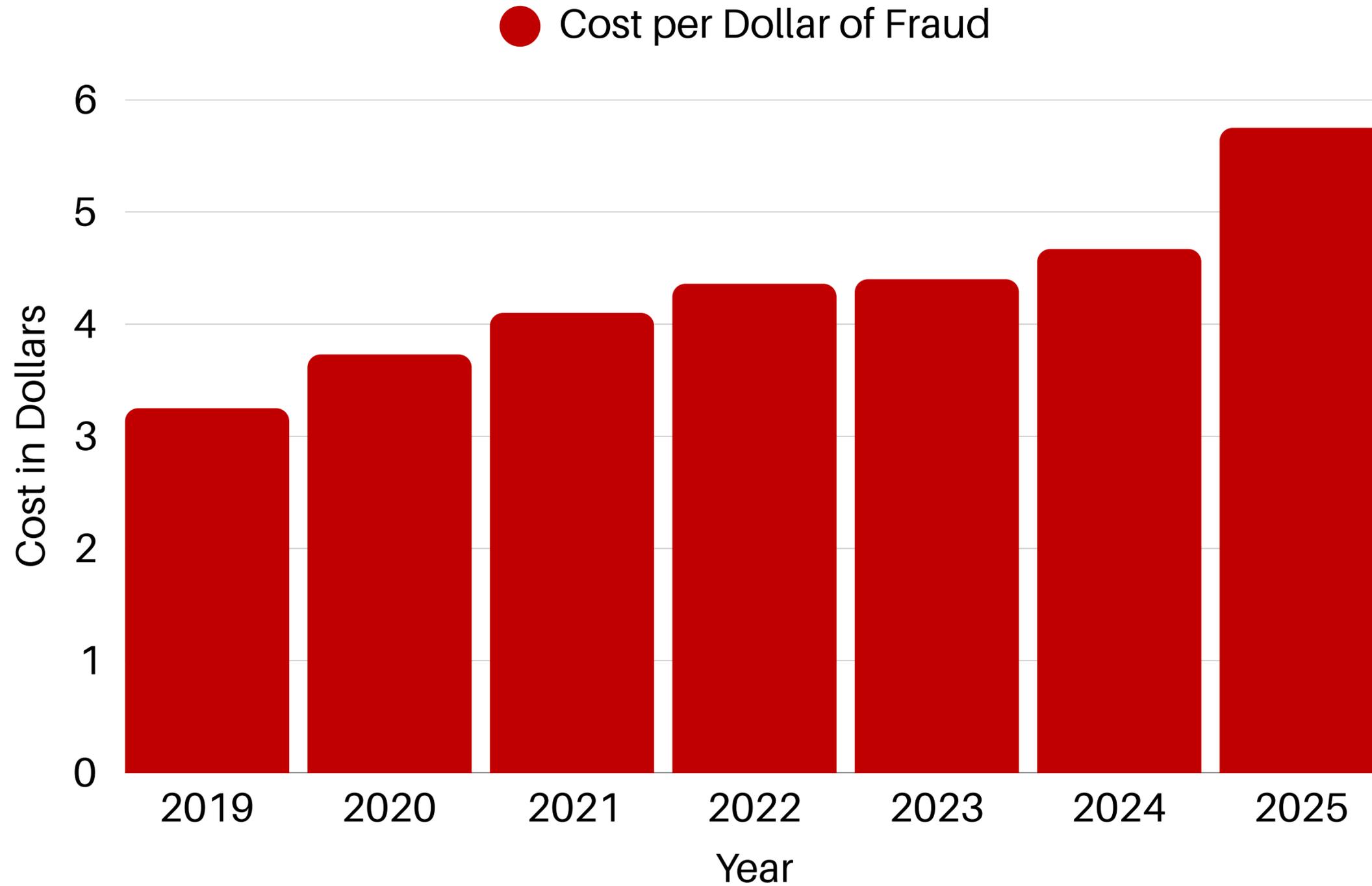
2024

\$5.75

2025

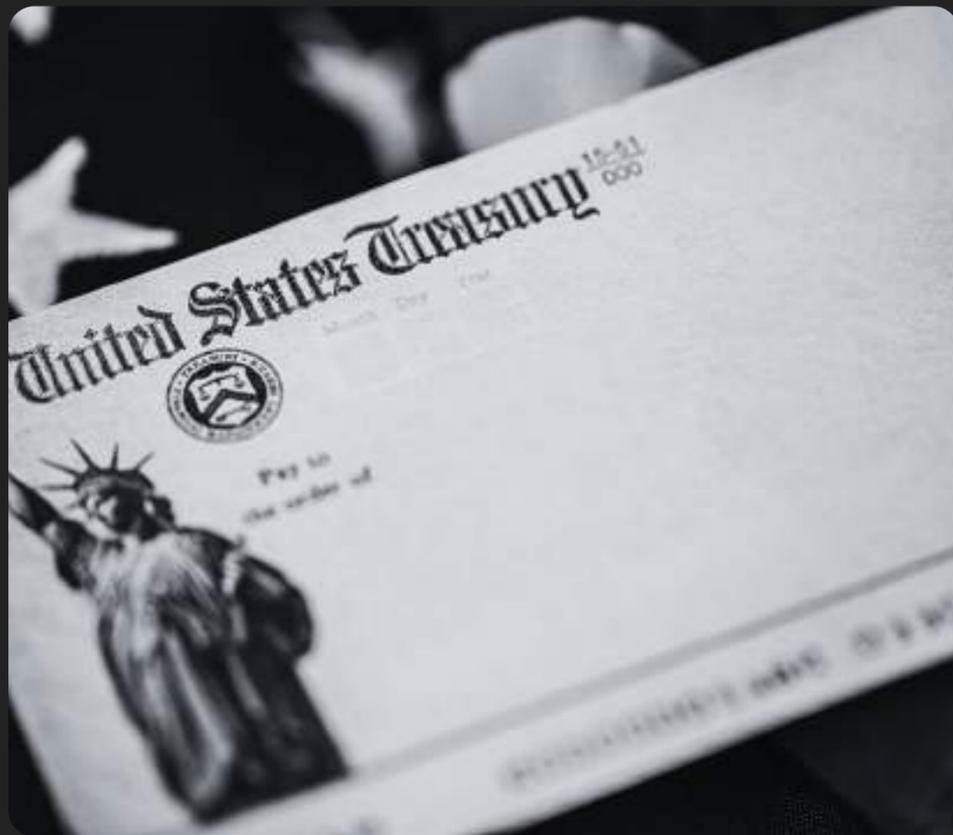


Cost Per Dollar Of Fraud



Source: 2025 LexisNexis True Cost of Fraud Survey

Fraud News & Trends



Treasury Checks



Romance Scams



Nacha Rules

Treasury Checks Aren't Going Away

Policy slowed fraud. It didn't stop it.



What happened?

Fraud adapted faster than regulation — and financial institutions still carry the risk.

The data:

- Fraud dipped, then rebounded
- Decline was temporary
- Criminals adapted

Romance Fraud: In the Real World

Real Case: Elderly Romance Scams

Online relationship

Fake identities

Emotionally vulnerable victims

- Urgency
- Money flows
- Identity reused



Romance Fraud: The Playbook



Targeting

- Lonely
- Financially stable
- Emotionally responsive



Trust building

- Daily contact
- Emotional mirroring
- Long timelines



Isolation

- "Don't tell anyone."
- "They don't understand"
- Secrecy



Payment shift

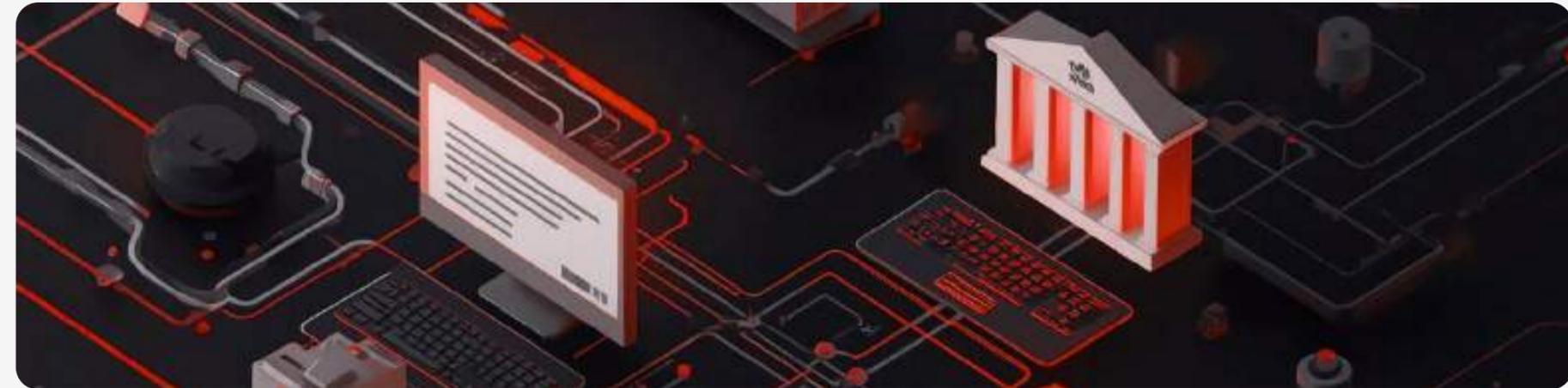
- Starts harmless
- Moves to check, ACH, wire



Exit

- Funds moved
- Identity reused
- Victim left

Nacha Rules 2026 Changes are Here



ACH compliance has leveled up. Is your FI ready?

NACHA 2026: The Rules Are Catching Up to Reality

What's changing?

ACH changes reinforce a clear message: fraud prevention must happen earlier, faster, and in real time — not after funds move.

Fraud-Monitoring Requirements



Institutions must adopt “risk-based processes and procedures ... reasonably intended to identify ACH entries initiated due to fraud.

Phase 1: Effective March 20, 2026

- **Originating Depository Financial Institutions (ODFIs)** and non-consumer Originators, TPSPs, TPSs with annual ACH origination \geq 6 million in 2023.
- **Receiving Depository Financial Institutions (RDFIs)** with annual ACH receipt volume $>$ 10 million in 2023.

Phase 2: Effective June 22, 2026

- all other non-consumer Originators, TPSPs, TPSs and RDFIs.

Two New Mandatory Descriptors



Effective March 20 2026, two new mandatory descriptors:

- **PAYROLL** for PPD credits of wages/salaries/compensation.
- **PURCHASE** for e-commerce WEB debits (online goods) as defined.
- Originators must insert “PAYROLL” in the Company Entry Description field when applicable.
- For “PURCHASE”, ODFIs are not obligated to verify correctness of the descriptor but the Originator must include it.

Documentation Requirements

- 
- **Written fraud-monitoring policy** and procedures (risk assessment, how alerts are handled).
 - **Vendor and account-verification process** (how new or changed accounts are confirmed).
 - **ACH file-template update records** (who changed it, when, how tested).
 - **Audit trails:** logs of flagged transactions, investigations, and outcomes.
 - **Staff training records** and change-control documentation
 - **Updated contracts** with vendors and Third-Party Senders reflecting the new obligations.

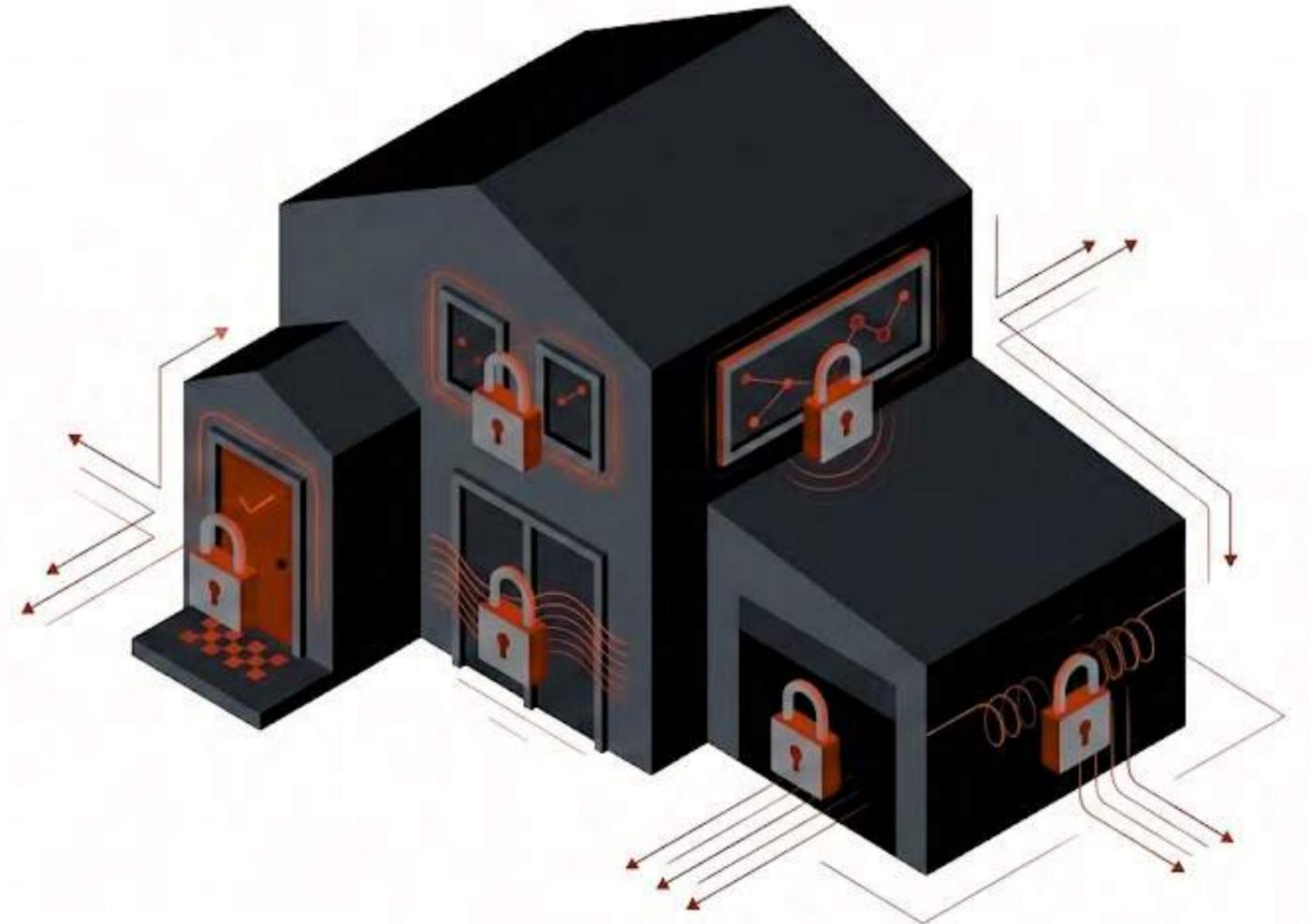
LET'S DIG IN

What's your FI's readiness?

Would you lock just the front door?

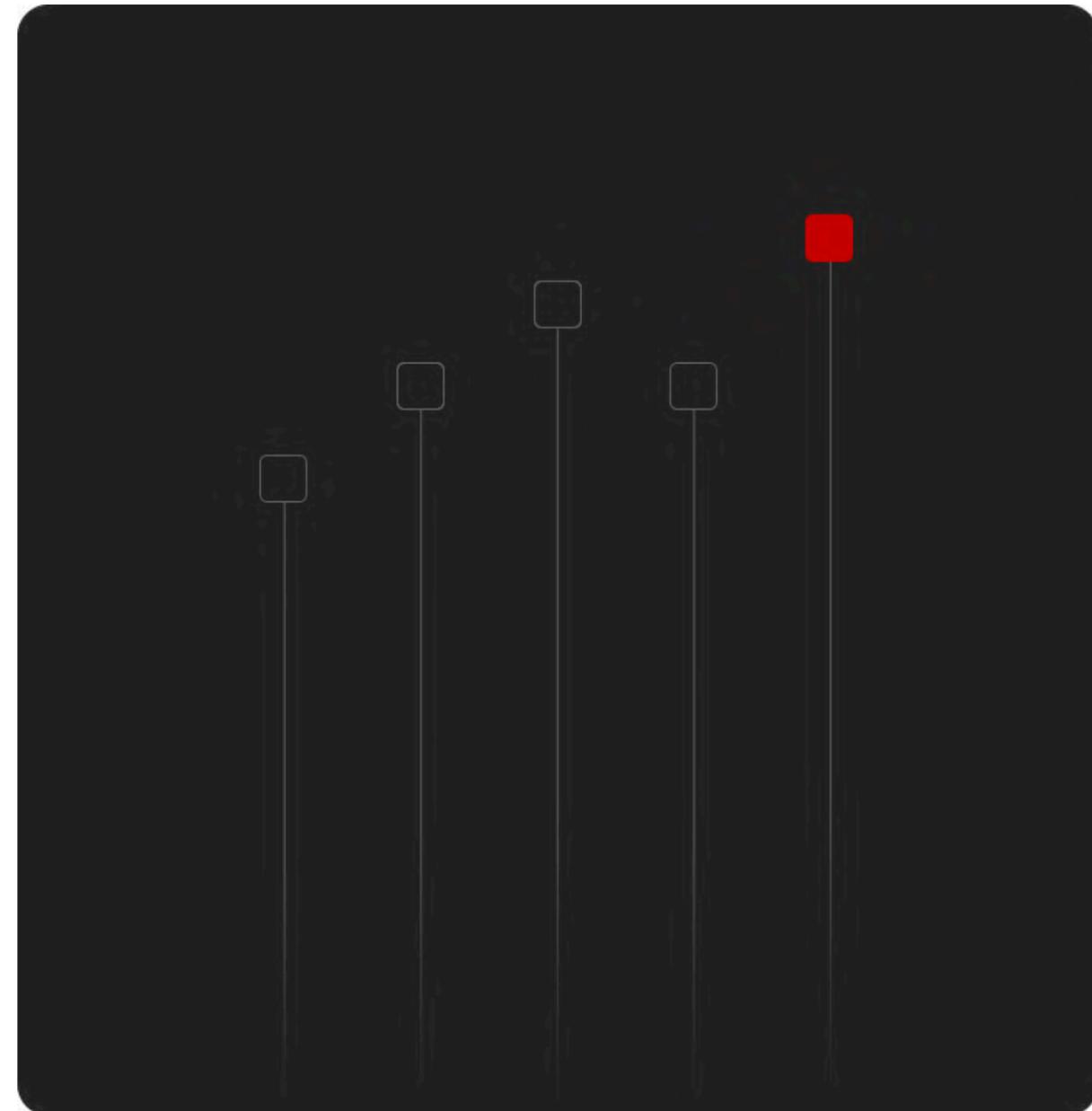
- Fraud migrates
Fraud doesn't disappear; it shifts.
If you secure one channel, it'll test the next.

- Think of home security
You wouldn't install a home alarm and leave the back gate open.



Fraud Migration Defined

- Fraud migration is when criminals shift tactics—moving from one channel (like teller line) to another (like RDC, ACH, or wires) as soon as controls tighten. It's not a drop in fraud. It's a shift in where it hits. **It means that securing one channel isn't enough. Fraud will target the next weakest point.**



Where Fraud Hits



Teller Line:

Washed checks,
impersonation,
treasury checks



ACH Fraud:

Account takeover,
spoofed requests



RDC, ATM, ITM:

Duplicate
deposits,
altered/stolen
check images



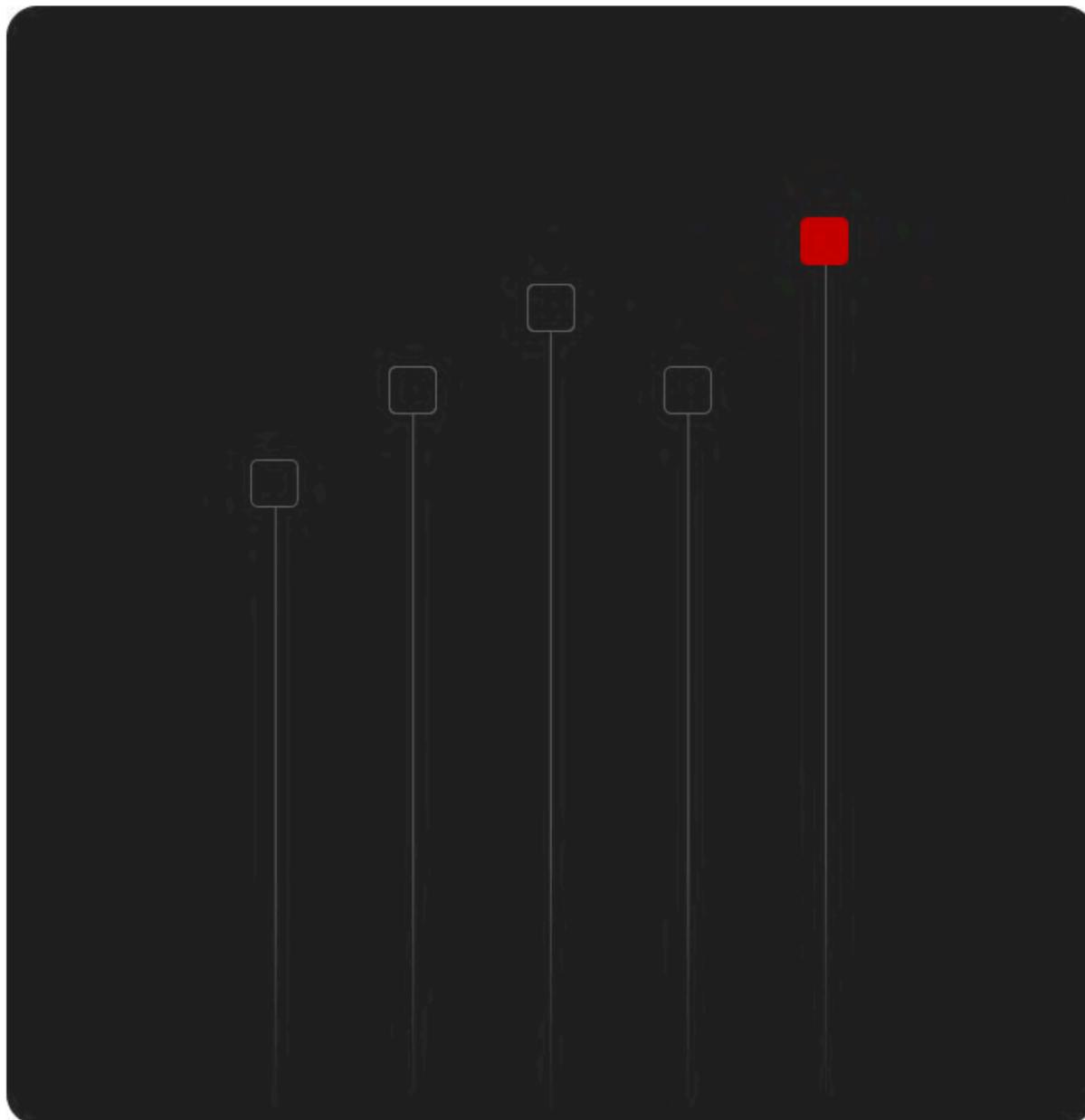
Business Fraud:

Invoice scams,
payroll, washed
checks



Wire Fraud:

Vendor executive
impersonation,
business email
compromise



Fraud Migration: Checks

- Checks continue to be a favored payment method and remain easy targets for criminals

- Shift from in-branch deposits to contactless deposits

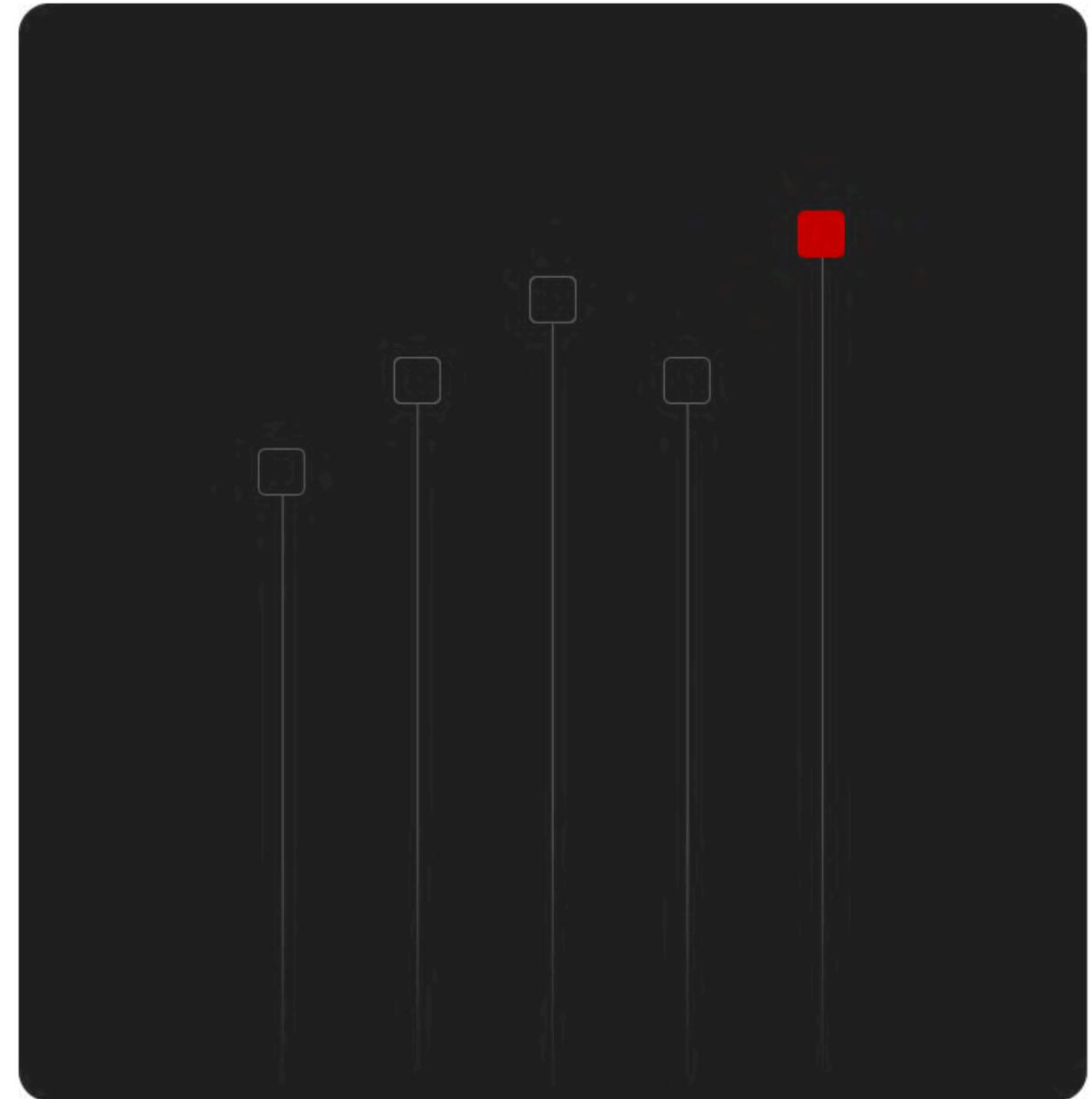
- According to AFP, 75% of organizations currently have no plans to reduce check usage in the next 2 years

- ATM and Mobile/RDC deposits are big targets of check fraud

- FED 2024 Survey found counterfeit checks, payee forgery and check washing were top fraud

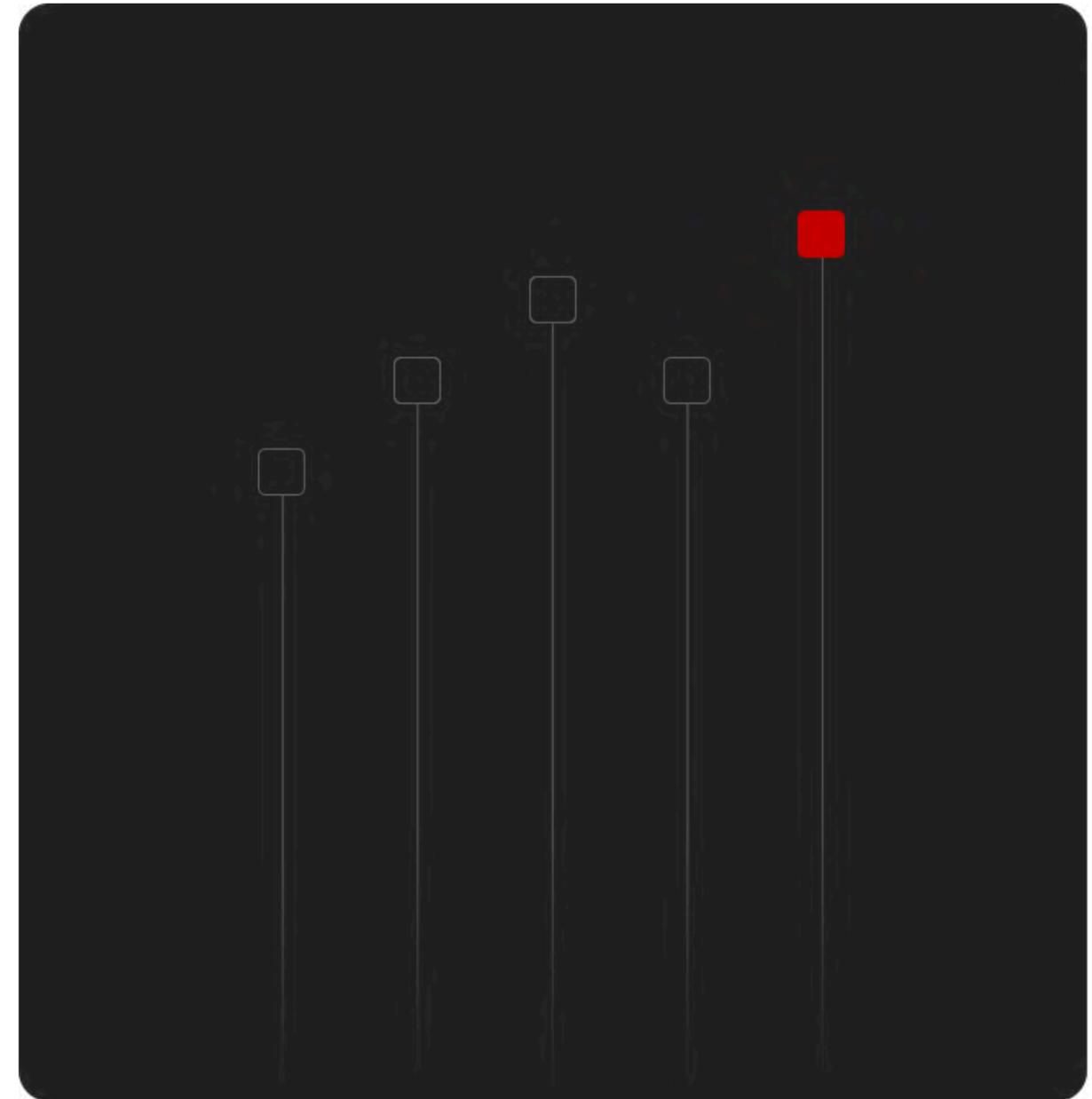
Fraud Migration: Checks to ACH

- According to AFP, 38% of organizations were subject to attempted/actual ACH debits fraud
- 20% subject to ACH credits fraud
- Potential stop with Treasury checks will increase volume of ACH payments
- Top ACH scams of 2024 according to FTC: Imposters, Online shopping, Business & Job opportunities
- Younger people lost money more often, while older adults lost more amount of money



Fraud Migration: Consumers to Business

- As check and ACH controls tighten, fraudsters shift to business accounts, business check fraud is surging
- The Federal Reserve 2024 Business Payment Study found that payment choice varies by businesses
- Small businesses – Higher volume and use of checks
- Large businesses – Higher volume and use of ACH
- Many treasury departments still lack advanced controls like Positive Pay or have old, unusable legacy systems



Old way

- Block one channel
- More losses elsewhere

New way

- Anticipate migration
- Implement layered defense



The Future-Proof Fix

Layered Fraud Defense Scales

Layered Defense Lineup

Real-time

- Prevention at the frontlines: Teller APIs, mobile deposit filters, account validation
- Real-time intelligence: Fraud data at decision points across ACH, checks, and wires
- Integrations

Cross-channel

- Channel-based rules: Tailored rule logic for RDC, OLB, and branch
- Behavioral + transactional signals: Combine what users do with what funds do
- Cross-channel visibility: Unified alerting + risk indicators across systems

Layered Defense: What it Looks Like

Layered defense example in an FI

Channel / Entry Point	What Happens	How Risk is Managed
Teller / ITM / ATM	Check accepted or cashed	Real-time validation with payee match capability
Mobile / RDC	Check submitted remotely	Duplicate & counterfeit check detection
Online Banking (OLB)	ACH or Wire initiated	Account validation with fraud risk assessment at origination
Treasury / ACH Origination	Batch file sent	Automated decisioning with return code response logic

Questions

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About AFS



Founded

In 2007, Advanced Fraud Solutions was incorporated in North Carolina.



**Founded
2007**



**Inc. 5000
Honoree**

Inc. 5000 Honoree

Seven-time honoree on the Inc. 5000 list of America's fastest growing private companies.

Clients Nationwide

Over 1200 clients across the United States consisting of institutions of all sizes.



**Trusted
Nationwide**



**Recognized
Leader**

Recognized Leader

AFS is a leader in the industry, offering comprehensive fraud management tools.

Our Solutions

TrueChecks®

Our real-time deposit fraud detection software catches bad checks and reduces losses for banks and credit unions.

TrueACH

TrueACH with Account Validation enables financial institutions to confirm both the status of an account and its authorized user(s).

TrueWire™

TrueWire delivers consortium-powered, real-time protection to stop fraudulent wire transactions before they impact your bottom line.

TrueAccount™

Currently in development, with an anticipated Q2 2026 release.

Positive Pay by AFS

Positive Pay protects businesses and FIs from unauthorized transactions, specifically targeting check and ACH payment fraud.

TrueChecks



The TrueChecks Edge

Large Database

Struggle to train new staff on procedures.

Flexibility

Reg CC funds availability and associated risk.

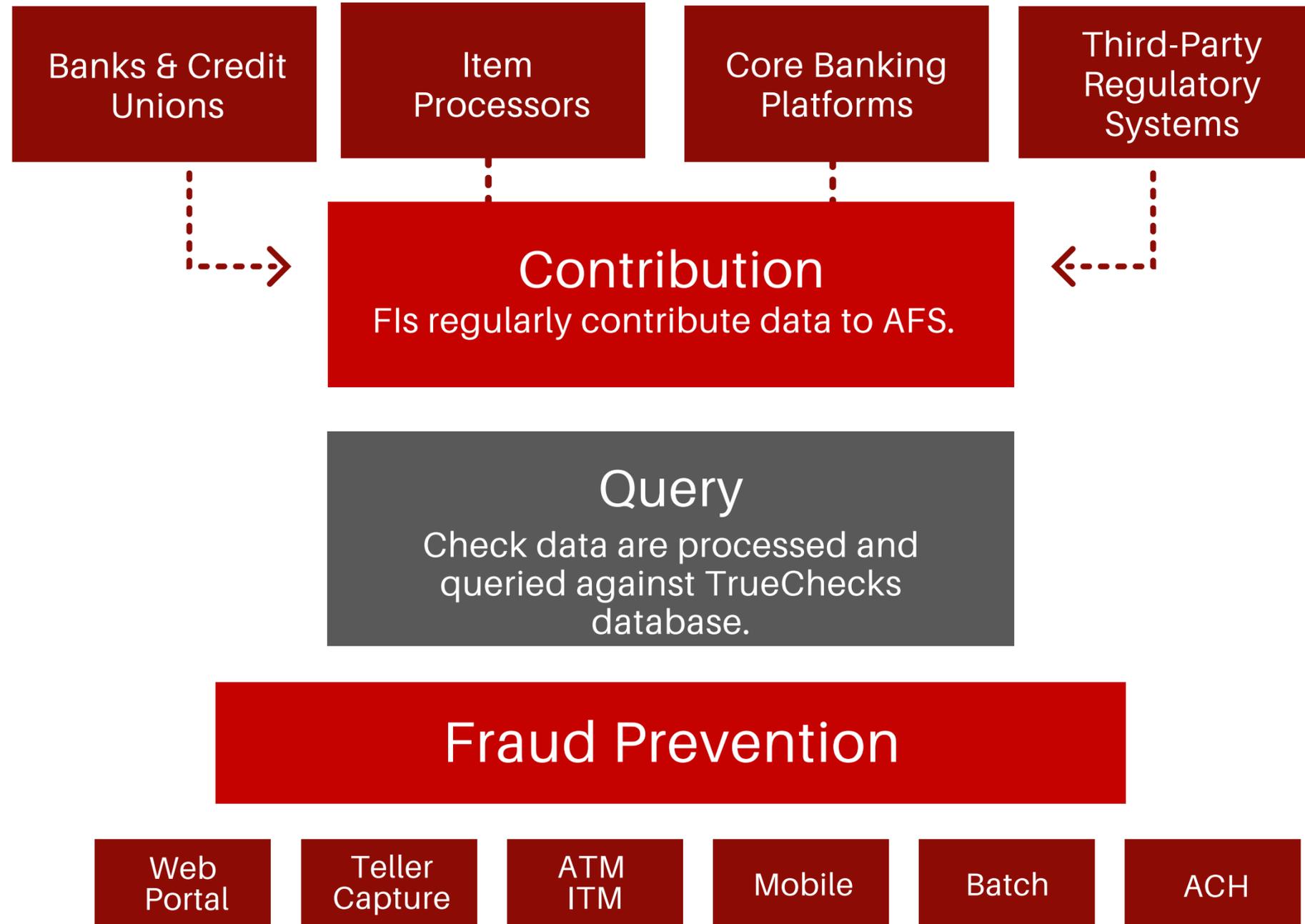
Usability

Foolproof and easily deployable to any financial institution.

Decision Power

Displays Reg CC-recommended action and associated risk.

TrueChecks Database



Top 10 Most Fraud Prone States

Other Notables: New York (12th)

Lowest: West Virginia
(previously Kentucky)

1. Delaware
2. Florida
3. Washington D.C.
4. Nevada
5. Georgia
6. Texas
7. California
8. Illinois
9. New Jersey
10. South Carolina

According to WalletHub research



Most Identity Theft Complaints

Florida had 528 identity theft complaints and 2,163 fraud complaints per 100,000 residents last year, the highest and second-highest rates in the nation. A major factor is the lack of laws protecting against these crimes, such as an identity theft passport program and regulations against spyware. The state also had the fifth-highest median loss due to fraud, exceeding \$500.

1. Florida
2. Georgia
3. Washington D.C.
4. Nevada
5. Texas



