

Fraud Insights – The Next Steps

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The image features a glowing blue padlock icon centered within a square frame, all set against a background of a complex circuit board. The padlock is rendered with a bright blue outline and a glowing effect, giving it a digital or technological appearance. The circuit board background is filled with intricate patterns of lines and components, also illuminated with a blue glow. In the upper right corner, there is a semi-transparent blue rectangular box containing the text "Threats in the world of fraud".

Threats in
the world of fraud

Avoid being susceptible by taking measures to prevent fraud related to...



Internal control methods for check fraud

Establish rules and outline responsibilities



Recommended practices

- Positive Pay
- Payee Validation
- Daily Reconciliation
- Segregation of accounts
- Check Block for non-disbursing accounts

Steps to help protect against BEC fraud



Verify the request

- Watch for red flags, especially if a request seems out of the ordinary
- Verbally verify and confirm the request
- Only use the contact information on file



Implement dual custody

- Serves as a second chance to identify potential fraud
- Verify changes and pay attention to the details
- Confirm changes are verified before approving payment



Monitor accounts

- Reconcile bank accounts daily and pay close attention to account activity
- Protect your email account and login credentials

Steps to help protect against ATO fraud

Best practices

- Don't share online banking credentials
- Don't click on links or download programs or attachments in emails or text messages, unless they're from a trusted sender
- Be wary of unsolicited phone calls concerning unreported system issues. Immediately contact your bank representative
- Use notification and alert services to receive text or email notifications regarding electronic debits from your accounts

Implement dual custody

- Requires two users, on different devices, to initiate and approve online payments, payment instruction changes and administrative changes
- Verify payment changes with requestor before initiating a request
- Review payment details, and note changes from the information you have on file
- Confirm any changes are verified before approving a payment – Approvers must verify both the payment and payment instructions

Account Validation Services (AVS)

3 Variations

- Graphical User Interface (GUI)
- Logic Box
- Full Response (API)



Account Validation services (AVS) information



Status or ownership can be queried for ACH, check, or wire transactions on deposit accounts (checking or savings)

Available for business and consumer accounts



Account status

Confirm a deposit account is open, valid, and assess the risk of items returning. Some accounts have more available detail (65%), and some have less (35%)

Account ownership

Determine whether your customer has authorization to transact on the account

National Shared DatabaseSM Resource

What is it?

A nationwide database that contains data on nearly 593 million participants and scored accounts from a vast network of financial institutions.

Who maintains it?

Early Warning Services, LLC, serves as the Trusted Custodian[®] role over the National Shared Database Resource.

Early Warning Services, LLC

- 100% bank owned service
 - Wells Fargo
 - BB&T
 - Chase
 - U.S. Bank
 - Bank of America
 - Capital One
 - PNC
- Regulated by Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau
- Recognized as a Specialty Consumer Reporting Agency
- Processed 13 billion transactions in 2021 and alerted customers to \$33.8 billion in high-risk transactions*



* Early Warning Services internal marketing information, 2021

AVS use cases

Receivables

ACH

- ACH enrollment
- Recurring and one-time payments
- Collections
- Established customer changing payment bank

Check

- Risk screening check payments
- In-store partial payments with cash back
- Check cashing services

Merchant screening

- Meet compliance requirements to screen your customer's customer
- Internal use for changes in external accounts (e.g., merchant acquiring, controlled disbursements)

Payables

ACH

- Vendor/supplier payments
- Insurance disbursements
- Customer refunds and rebates
- Court-ordered funds distribution



Account Validation services: Graphical User Interface

Now there's an easier way to access the information you need to make sound choices and keep your payments secure.

Our Graphical User Interface (GUI) is a simpler alternative to implementing the Account Validation services (AVS) API.

Rather than committing your valuable resources to a potentially complicated and time-consuming setup, you can access the service and your inquiry results directly from a URL-based web connection.

Payment types that work well with the GUI include payroll setup or changes, reimbursements, vendor payments, and wires.

The GUI is a good fit for businesses that:

- Anticipate submitting fewer than 1,000 inquiries per month
- Don't intend to use batch files to submit inquiries



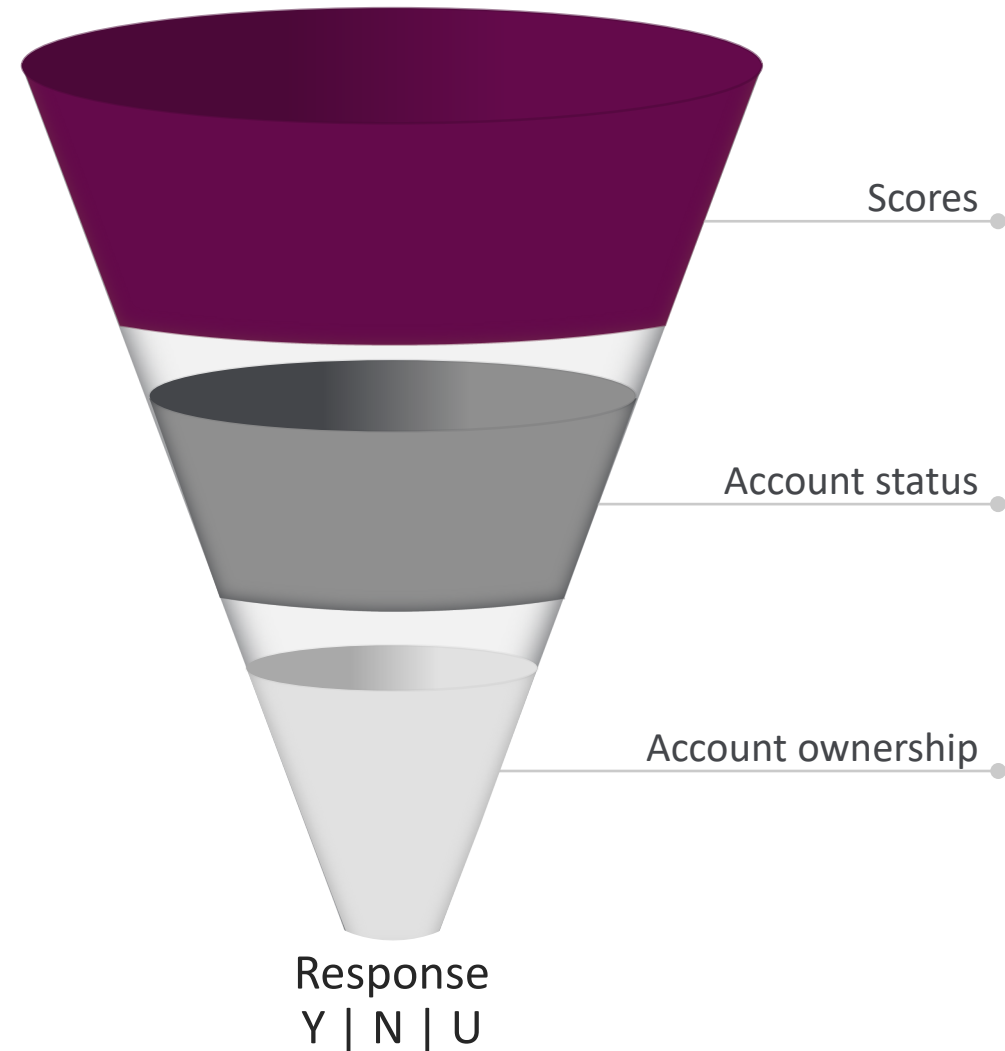
AVS simplified: Logic Box

How it works

- Receive a single response of Y | N | U instead of full granular detail
- Maintain Account Status and Account Ownership decision criteria at Wells Fargo instead of building in your systems

Potential benefits

- Reduced complexity
- Reduced development costs
- Faster implementation
- Full information security risk assessment not required (vetting still required)



Account Validation services

How to make it work for you

We give you two options for getting just the right amount of information you need to make good decisions about your payments.


Full Response

- Includes access to full account status and ownership details
- Recommended for businesses that need advanced analytics and have a high volume of inquires
- Available through our API or GUI channels


Logic Box

- Confirms the validity of accounts by returning responses in a simplified format: yes, no, or unavailable
- Recommended for businesses with a low to medium volume of inquiries and want a simpler solution to implement and support
- Available through our API channel only


Ensure fraud detection and planning part of your business' DNA



Review
and update your plan regularly



Document
your strategies for detecting fraud, including who is responsible for each task



Monitor
Knowing someone is paying attention and monitoring activity acts as a deterrent

Resources for more fraud protection information

Fraud websites for additional fraud assets

- Treasury Insights Fraud & Security page
<https://global.wf.com/treasury-insights/fraud-security/>
- Wellsfargo.com fraud page
<https://www.wellsfargo.com/com/fraud>

Fraud checklists

- Double your protection with dual custody checklist
https://global.wf.com/hub_infographic/double-protection-dual-custody-tm-12171/
- Triumph over account takeover checklist
https://global.wf.com/hub_infographic/triumph-over-takeover-tm-12170/

 Global Treasury
Management



Thank you
