

Upgrading Account Validation: Making the most of your data

June 12, 2024

Account Validation

Agenda

What is Account Validation?

Where is the data?

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Account Validation Data

Opportunities with the data



Bank Account and Routing Number

- **Discussed:** Since the 1990's
 - **Approved:** November 2018
 - **Effective:** March 19, 2021
 - **Enforceable:** March 19, 2022
- **Enabled:** Open Banking and API's
 - **Application:** Realtime Payments, Pay by Bank, etc.
 - **Added Value:** Personalized Bill Pay Experience, Account Behavior Analytics: Fraud and Credit Risk



Opened the Door for Added Value Use of the Data!

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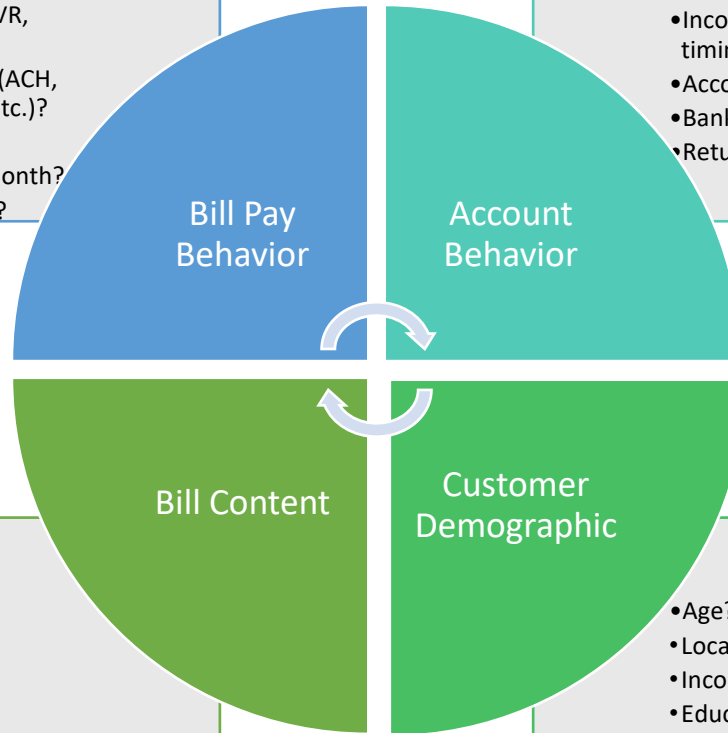
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Opportunities with the data



- User Interface – mobile, web, IVR, App?
- Payment type (ACH, Card, ,wallet, etc.)?
- Size of bill?
- Time of Day/month?
- # of payments?



- Cash Flow?
- Income / Expense timing?
- Account type?
- Bank Type?
- Returns, etc.?

FIRST BANK OF WIKI		CHECKING ACCOUNT STATEMENT	
1000 BANK OF WIKI		Page 1 of 1	
1000 BANK OF WIKI		12/31/2014	
1000 BANK OF WIKI		12/31/2014	
2013-12-31	Balance	1000.00	1000.00
2013-12-31	Interest	0.00	0.00
2013-12-31	Withdrawals	(1000.00)	(1000.00)
2013-12-31	Deposits	1000.00	1000.00
2013-12-31	Balance	1000.00	1000.00



- What?
- When?
- How much?
- Frequency?

- Age?
- Location?
- Income?
- Education?
- Occupation?



It is all about the data!
 Improved Adoption | Higher Retention | Lower Receivables | Reduce Fraud

Payments data is valuable

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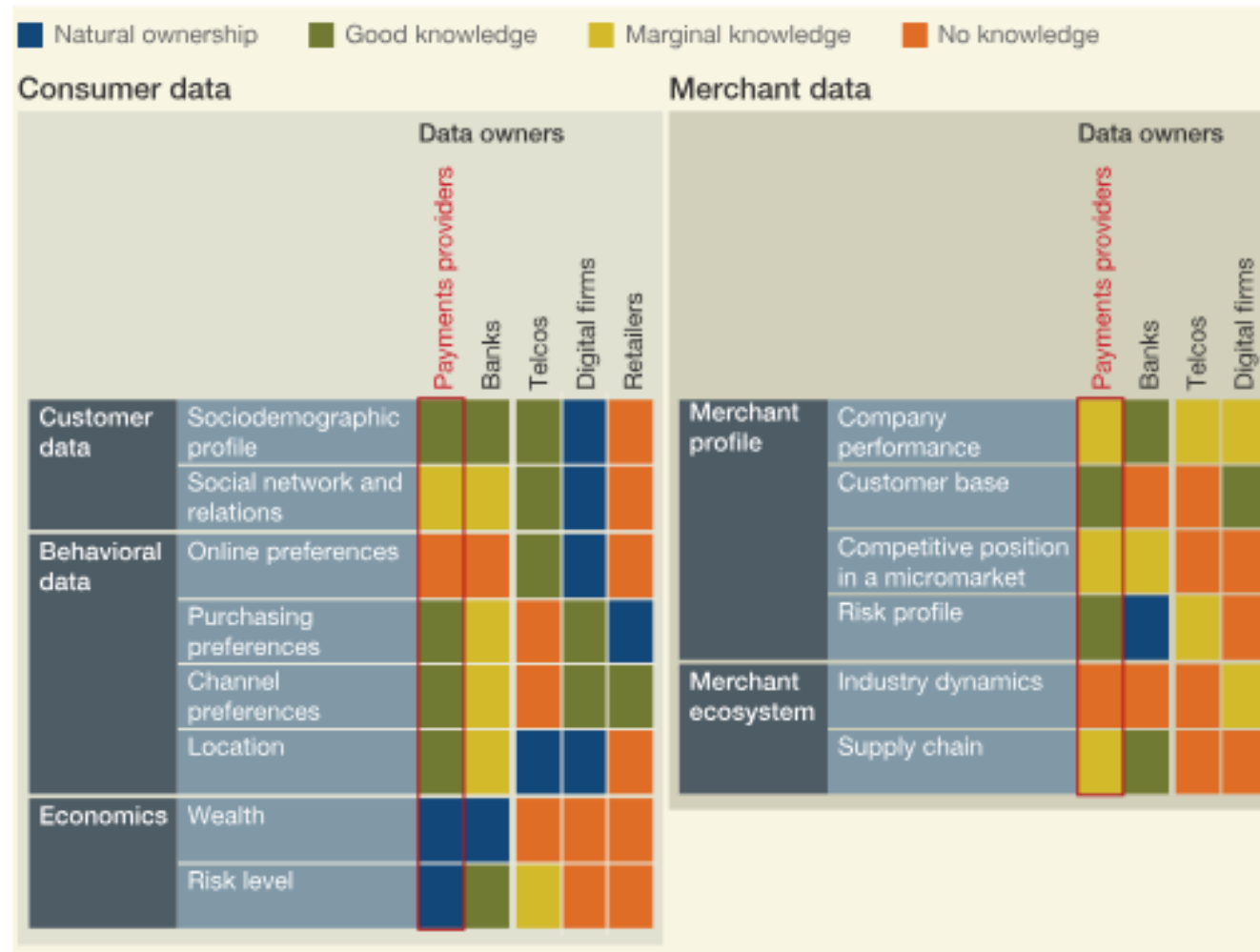
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<https://www.mckinsey.com/industries/financial-services/our-insights/monetizing-data-a-new-source-of-value-in-payments>

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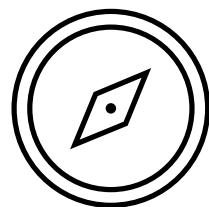
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Payments data is valuable

90% of banks' useful data, comes from payments

93% of banks think alternative data will have positive impact to their bottom lines

43% of banks have regulatory changes in data privacy and cybersecurity as their top concern



Payments execs view data as the compass to navigate uncertain times

<https://www.pwc.com/gx/en/industries/financial-services/publications/financial-services-in-2025/payments-in-2025.html>

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Personalization is now an expectation

Consumers are now used to personalized payment experiences in other lifestyle activities such as shopping and ride shares, and that simplicity is reshaping their expectations for loan repayment.

68% of respondents said they would be very likely or likely to recommend a lender if it offered a highly personalized experience.

65% of consumers who do not use Autopay say it's because they want more control, which highlights the need for more flexible and personalized options

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General Expectations

Gen Z and Millennials showed the highest increase in average debt

These generations have grown up with digital/personalized experiences

Total Average Debt by Generation				
Generation	2021	2022	2023	Change, 2022-2023
Generation Z (18-26)	\$20,803	\$25,851	\$29,820	+15.4%
Millennials (27-42)	\$100,906	\$115,784	\$125,047	+8%
Generation X (43-58)	\$146,164	\$154,658	\$157,556	+1.9%
Baby boomers (59-77)	\$95,607	\$96,087	\$94,880	-1.3%
Silent Generation (78+)	\$39,859	\$39,345	\$38,600	-1.9%

Source: Experian data from Q3 of each year; ages as of 2023

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Personalized (just in time) offers

- “The Amazon Effect”
- “You might also like”
- One click purchase
- Know my payment preferences



Why isn't your bill pay experience as easy as this?

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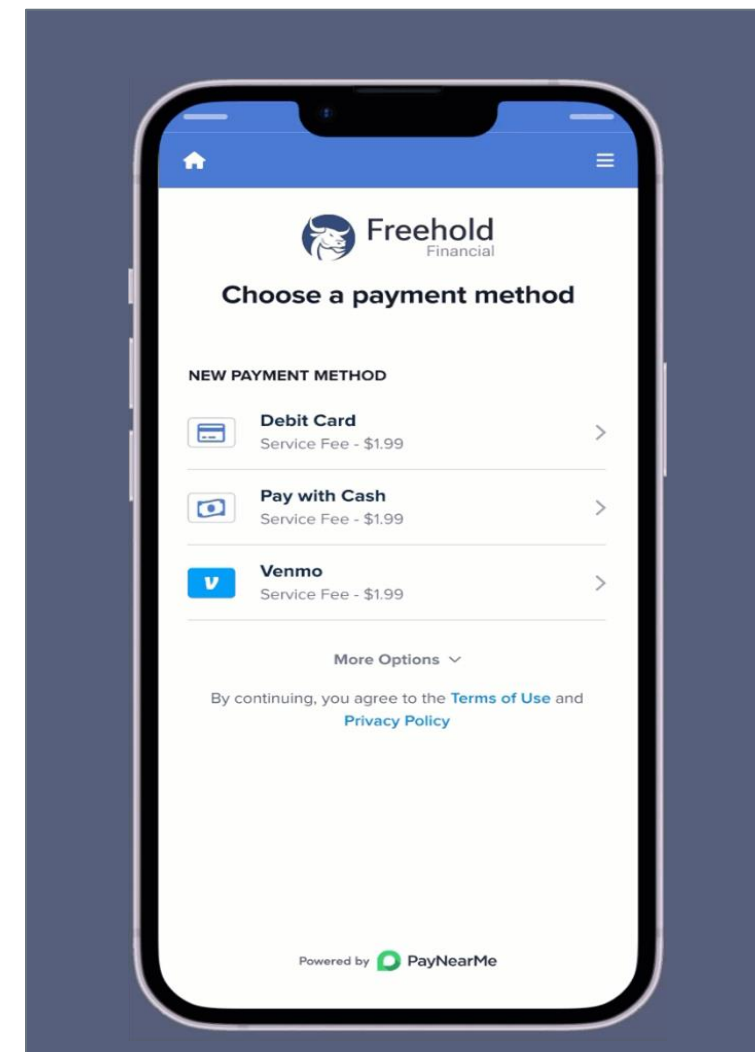
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Hyper personalized payment options

Simplified payment selection

- Consumer drop off rate is highest when selecting a new payment type
- Leveraging a data model, determine best option for consumer to successfully complete the payment
- Is this consumer a good candidate for Autopay ?
 - Is there a day of the week that is best for them ?



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Make payments predictions based on past behavior

- Make better-informed decisions
- Proactively reach out to customers
- Timing of payments and/or autopays

Example:

AI can be trained to identify at-risk borrowers as soon as a change in their payment behavior suggests financial trouble. With that data in hand, you can proactively alert those customers, suggesting alternative payment schedules that may keep them from defaulting.

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Digital bank share continues to grow

Completely digital banks are taking an increasing share of consumer's wallet

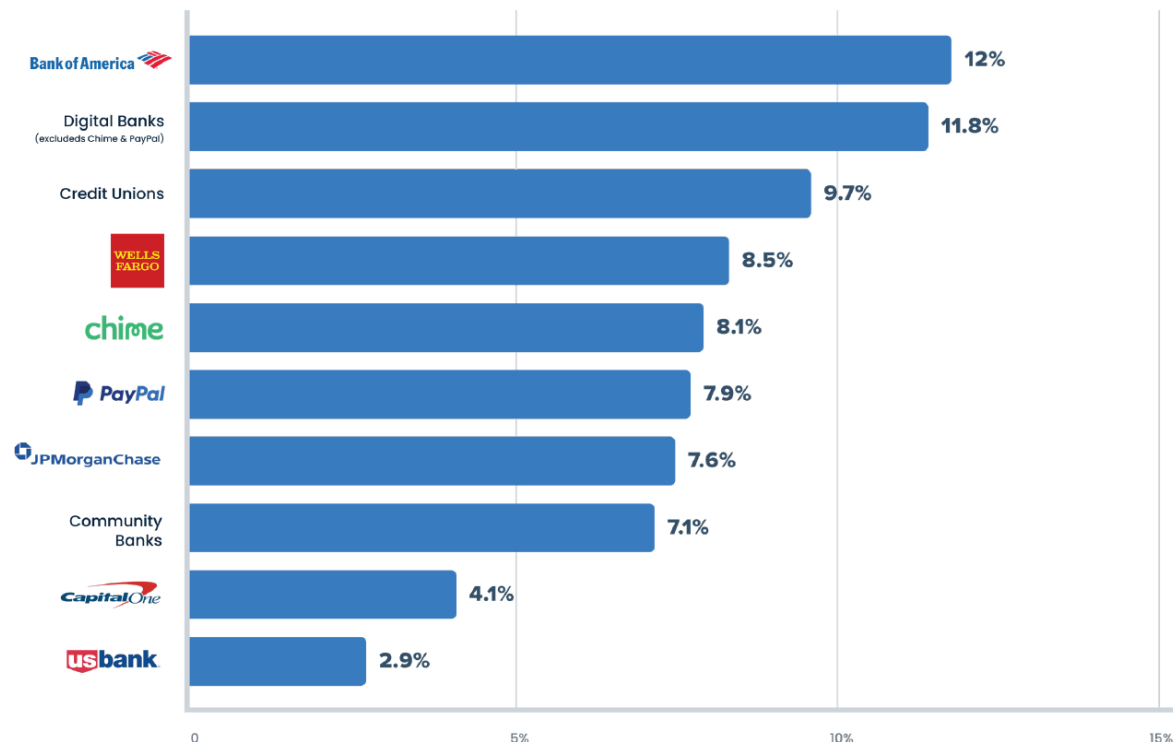
These are all digital services, with data driven offers

How do you make use of all the monthly data from your consumer experience?

Primary Checking Account Market Share

(% of Americans that consider firm to be their primary checking account provider)

Source: Cornerstone Advisors



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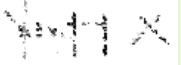

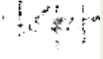

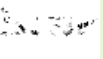

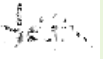



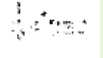







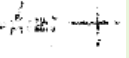

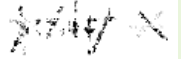

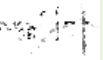
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Other Banks Have Your Data

 Checking	
 Brian ..5981 Bank of America	
 HIGH INTEREST CHECKING ..7124 Quontic	
 TOTAL CHECKING ..6384 Chase	
 Card Balance	
 BRIAN DAO -31002 ..1002 American Express	
 CREDIT CARD ..7414 Chase	
 CREDIT CARD ..1670 Chase	
 Net Cash	
 Savings	
 Investments	
 Individual Brokerage -4441 ..4441 E*TRADE Financial	

Nacha Fraud Monitoring Rules

Effective Dates: March 20, 2026 *(ODFIs >6M annual ACH Origination)*
June 19, 2026 *(All Originators)*

This rule requires each ODFI, TPSP, and TPS to establish and implement risk-based processes and procedures reasonably intended to identify ACH Entries initiated due to fraud.

Rule Language:

“Each Non-Consumer Originator, ODFI, and Third-Party Service Provider or Third-Party Sender acting on behalf of an Originator, Third-Party Sender or ODFI, must:

- establish and implement risk-based processes and procedures relevant to the role it plays in the authorization or Transmission of Entries that are reasonably intended to identify Entries that are suspected of being unauthorized or authorized under False Pretenses; and
- at least annually review such processes and procedures and make appropriate updates to address evolving risks.

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Today's Bank Account Fraud

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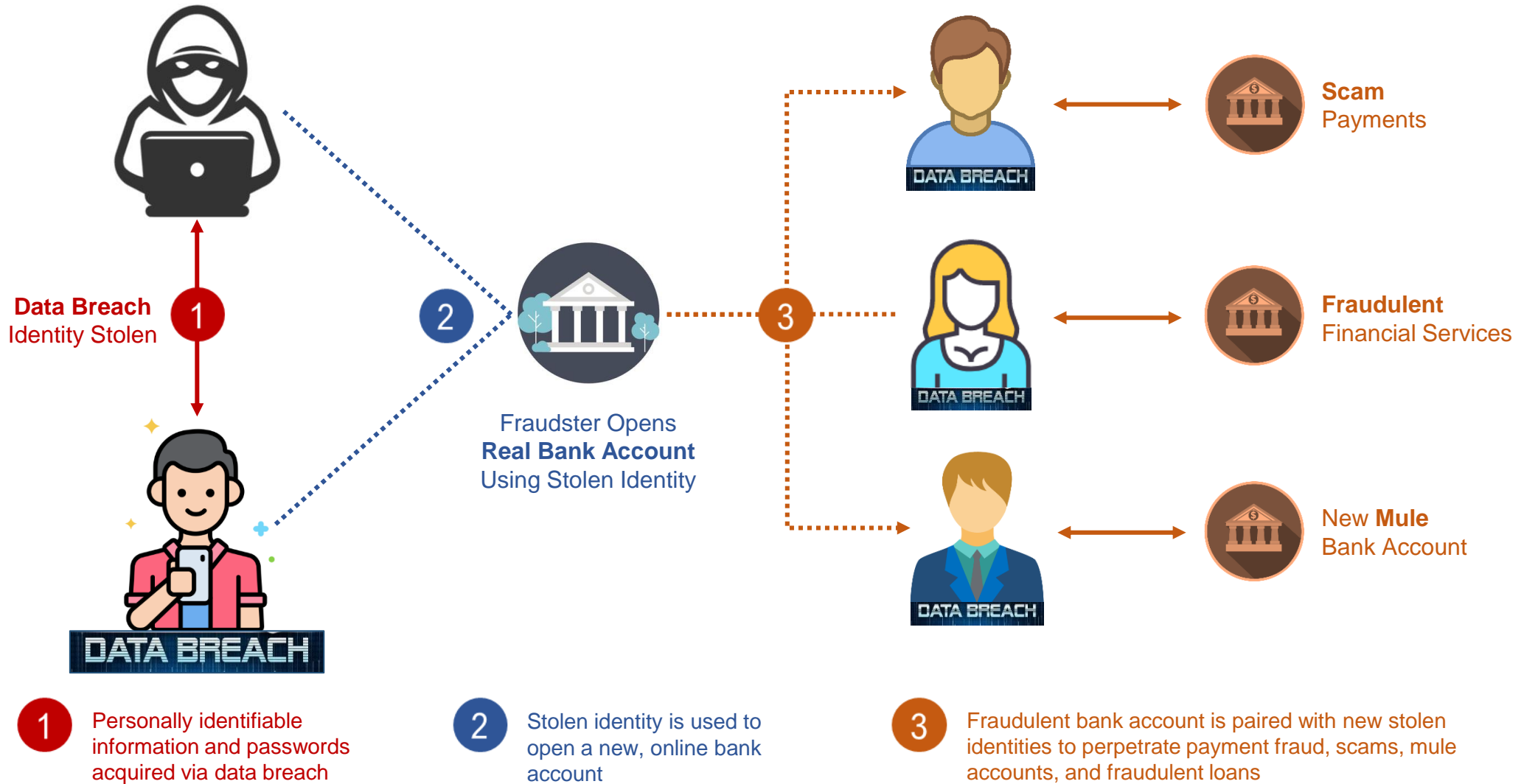
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Recent Fraud Signals

ValidiFI Data Network reveals that an account transacting with:

- **3+ phone #'s** used in past 30 days are **70.5% higher risk**
- **3+ SSNs** used in past 90 days is **59.5% higher risk**
- **3+ emails** used in past 30 days is **58.2% higher risk**

	Bank A	Bank B	Bank C	Total
# of Accounts Transacting w/Multiple Phone #'s				
3+ Phone #'s	2,340	404	141	2,885
10+ Phone #'s	32	2	4	38
# of Accounts Transacting w/Multiple SSNs				
3+ SSNs	13,496	2,103	1,932	17,531
10+ SSNs	603	95	262	960
Single Account - Worst Offenders				
Most Phone #'s	168	152	18	
Most Emails	178	197	21	
Most SSNs	8,136	348	143	
Most Addresses	9,099	377	160	

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Bank Account Behavior Insights

ValidiFI Data Study Example



64.5% provide their primary bank account (primary income source)

Non-primary bank accounts are 3X higher risk than primary accounts



80% have experience and success with similar payments

Affordability analytics used **\$180 average payments**



40% have experience with returned payments

80% of consumers with high-risk returns (R02,R07,R08,R10) will be **repeat offenders**



61% use all the money in their account each week

Affordability and **Stability** indexes are **early indicators of risk**



7% rely on gig work as their primary income source

Data most banks have

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Personal Identification Information (PII)

Financial Information

Credit Information

Account Activity and Behavior

Customer Preferences and Behavior

Risk Assessment Data

Biometric Data

Legal and Regulatory Data

Marketing and Demographic Data

Online and Mobile App Usage Data

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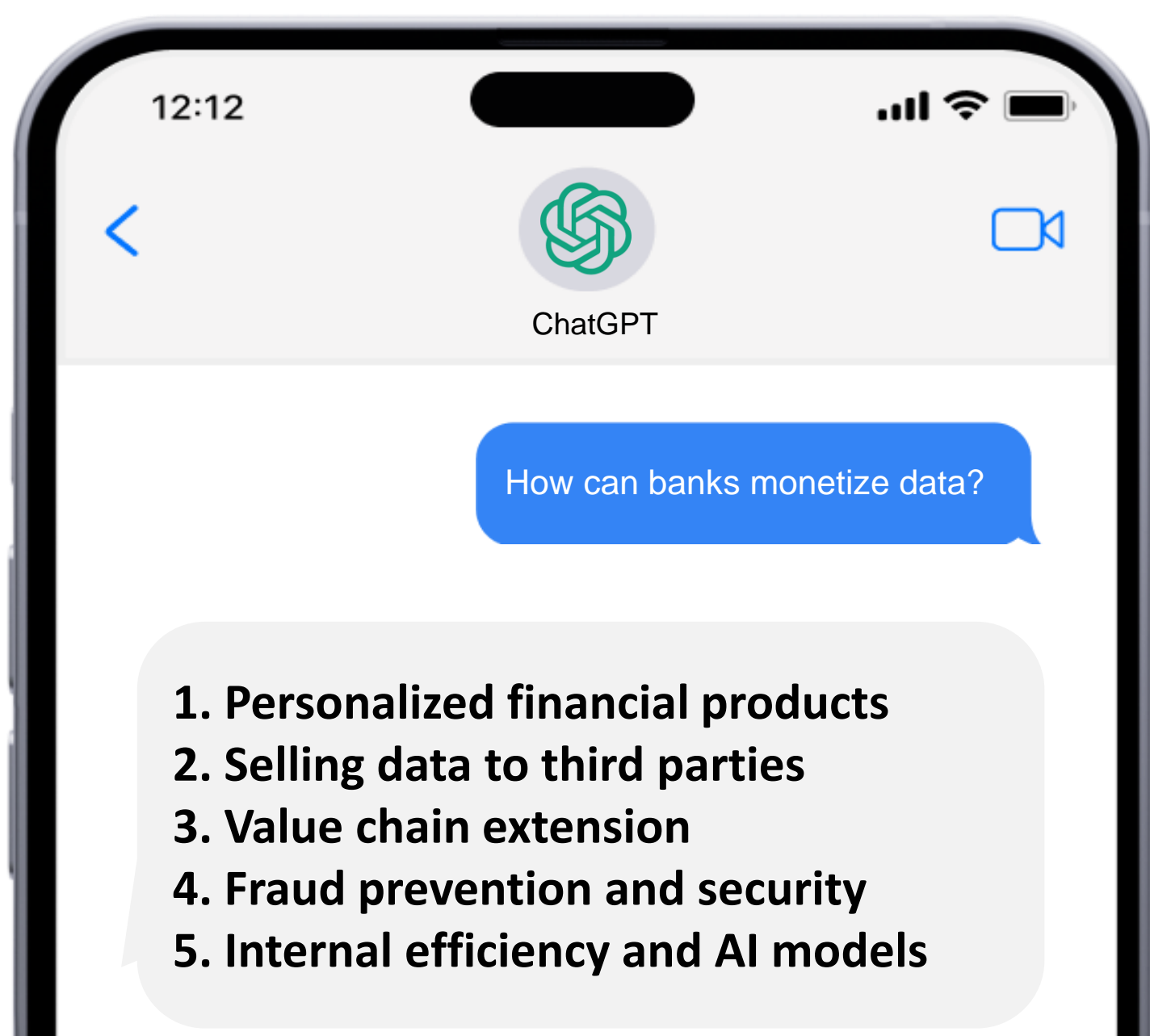
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Let's ask AI



Questions?

Brian Dao
VP Member
Engagement

Rick Fiorito
President

Shawn Princell
EVP Sales

Steve Kramer
VP Product

