

Validating Same-Day ACH Payments with Behavioral Biometrics

May 2015 will be remembered in the financial industry as a revolutionary month. NACHA's announcement of same-day ACH (Automated Clearing House) payments will benefit both businesses and consumers whose payments are eligible for same-day transaction processing. But it will also strain banks that need to operate under the new guidelines and protect vulnerable ACH transactions from fraud.

According to NACHA, 99 percent of current ACH Network volume will be eligible for same day payments. The volume and faster time constraints will impact many banks as they prepare for the changes to start in September 2016.

Phase 1 - effective on September 23, 2016

Phase 2 - effective on September 15, 2017

Phase 3 - effective on March 16, 2018

The Need for Speed

ACH is used for payments like online bill payments, mortgages, and payroll with most payments getting settled the next business day. ACH operates only on banking days so payments must settle at 7PM the night before each banking day. Payments submitted at 7PM on a Thursday are sent for settlement only on Sunday at 7PM (unless Monday is a holiday). The schedule of submission for settlement is strict and the inefficiencies helped contribute to making the change.

Most common use for ACH payments:

1. Bills
2. Mortgage
3. Payroll

The most common use cases that consumers and organizations can benefit from same-day payments include:

- Business-to-business payments - faster settlements of invoices
- Account-to-account transfers - enabling faster money movement among various accounts
- Payroll - faster access to pay
- Person-to-person payments
- Bill payments - enabling consumers to make more on-time bill payments and providing faster crediting for late payments

The BioCatch Advantage

As phase 1 is approaching, banks are starting to make the necessary adjustments with their systems and operations team. **Whereas settling a payment would usually take one to four days, the new time frame can be as short as two hours.** Financial Institutions will need to review thousands of additional transactions per day and they will need to adjust by adding significant staff to the review team. **The effect of processing payments in such a short time frame will be felt at the operational level and result in an increase in costs.**

BioCatch™ uses behavioral biometrics to authenticate online users. Once installed, BioCatch collects and analyzes more than 500 cognitive parameters to generate a unique user profile. This profile ‘follows’ the user whenever he/she goes online and accesses his/her bank. Using behavioral biometrics, BioCatch detects anomalies in real-time and indicates account takeover and malware without friction for the end users.

With NACHA’s same-day processing new rule, banks will need to adjust to the excessive amount of reviews per day.

BioCatch’s authentication allows banks to process ACH payments well before the afternoon deadline, find fraudulent transactions, and save on operational costs by reducing the number of payments that require manual review.

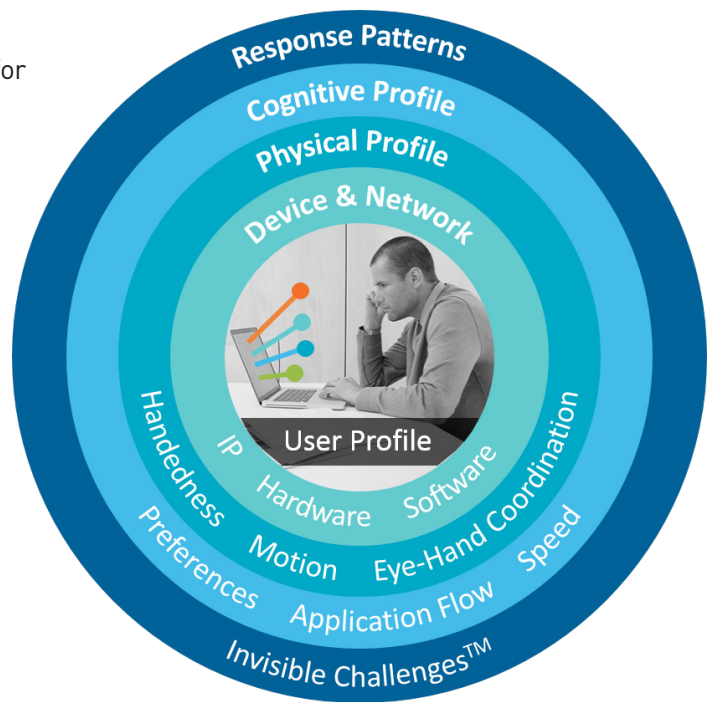


Figure 1: BioCatch Behavioral Profile

About BioCatch™

BioCatch is a leading provider of Behavioral Biometric, Authentication and Malware Detection solutions for mobile and web applications. Available as a cloud-based solution, BioCatch proactively collects and analyzes more than 500 cognitive parameters to generate a unique user profile.

Organizations use the platform to continuously authenticate users during their online sessions, protecting against cyber threats and fraudulent activity, such as account takeover and RAT-in-the-Browser (RitB).

The Company was founded in 2011 by experts in neural science research, machine learning and cyber security and is currently deployed in leading banks and e-Commerce websites across North America, Latin America and Europe. Please visit www.biocatch.com