

ACH RISK ASSESSMENT COMMON FINDINGS 2023



STANDARDS

COMPLIANCE

REGULATIONS

POLICIES

About NEACH Payments Group

Who We Are

NEACH Payments Group (NPG) is a wholly-owned subsidiary of NEACH, the New England Automated Clearing House Association. We work hard to create a payments landscape that is safe, compliant and sustainable.

We help organizations like yours—financial institutions, businesses and third-party providers—manage risk, drive improvements, maintain compliance and strengthen the bottom line. Our suite of audit, risk assessment and consulting services will help you do just that.

Our Values

We prioritize delivering high-quality services tailored to your specific needs, fostering trust through integrity and mutual respect, ensuring transparent communication, delivering on promises, and providing a responsive and personalized approach to every interaction.

What We Do

NPG delivers personalized payments expertise, driven by top-quality advisors who offer unique solutions tailored to clients' needs. With nationally-recognized experts, we provide practical guidance and customizable support to strengthen and future-proof payments programs, ensuring client success.

Our Expertise

Our esteemed team of Accredited ACH Professionals (AAPs), Accredited Payments Risk Professionals (APRPs), Certified Treasury Professionals (CTPs), Certified Enterprise Risk Professionals (CERPs), Certified Anti-Money Laundering Specialists (CAMS), and National Check Professionals (NCPs) bring over 200 years of collective payments experience to each engagement.

We understand each organization has unique challenges across all payment systems and bring our extensive knowledge to help you solve operational and regulatory challenges, manage risk, and drive improvements.



Risk Navigation in the ACH Landscape: Insights from NEACH Payments Group's 2023 ACH Risk Assessments

Introduction

In an ever-evolving financial landscape, the ACH Network plays a pivotal role in facilitating electronic payments. As financial institutions strive for efficiency, security, and compliance, the 2023 ACH Risk Assessment findings emerge as a compass for navigating the complexities of ACH operations. This high-level summary delves into the top discoveries across various sections of our ACH Risk Assessments, providing valuable insights to help financial organization fortify systems, controls, credit management, compliance, vendor management, direct access, and more.

This summary guide is the first of many resources to come from NEACH Payments Group as we work to continuously provide useful market intelligence to improve the overall health of the payments systems. Further reports will contain breakdowns by asset size to help financial institutions benchmark their activity against their peers as well as recommendations to address the common findings.

Comments or questions regarding this report can be sent to info@neachgroup.com.



NPG FACTS

NPG Conducted

80

ACH RISK ASSESSMENTS IN 2023

NPG Conducted

256

TOTAL CONSULTING SERVICES IN
2023

NPG Serves Over

390

CLIENTS

Common ACH Risk Assessment Findings

The following insights encapsulate a subset of common findings identified in our 2023 ACH Risk Assessments. While these highlights shed light on prevalent areas of focus, they do not represent an exhaustive list. Stay tuned to NEACH Payments Group for more detailed reports.

Systems & Controls Findings

- Lack of a comprehensive ACH Policy.
- Board of Directors lacks ACH risk-related training.
- Lack of formal ACH Risk Management and Enterprise-Wide Risk Management Policy.
- ACH Reporting lacks breakdown by SEC Code.
- ACH Policy not aligned with operational practices.

Credit Management

- Lack of onboarding procedures for new Originators.
- Lack of overall exposure consideration across payment types and days.
- No documented transfer dollar or velocity limits.
- Posting credits in advance of settlement date.

Compliance Management

- Outdated language in ACH Agreements.
- Lack of OFAC compliance program.
- BSA Policy gaps.
- Inadequate documentation of dispute procedures.
- Overdraft/NSF fees disclosure omission.

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Common ACH Risk Assessment Findings

Third-Party Vendor Management

- Lack of Vendor Management Policy.
- Insufficient documentation and procedures for new vendors.
- Vendor Management Policy lacks vetting processes, performance evaluations, and contingency planning.
- Lack of formalized requirement for ACH-related vendors to provide proof of ACH Rules Compliance Audit.

Direct Access

- Lack of controls to ensure appropriate activity sent to ACH Operator.
- Non-registration of Direct Send participants with Nacha.
- Lack of Originator activity tracking.
- Absence of documented Direct Access Policy decisions.

Operational & Transactional

- Return guidelines lack Regulation E compliance.
- Written Statement of Unauthorized Debit lacks Return Reason options.
- Stop Payment form includes incorrect duration information.
- Absence of suspicious ACH transaction monitoring.
- Heavy reliance on core provider procedures.

Information Technology

- No formalized or documented ACH Contingency Plan.
- Cyber-Security Information Program lacks details on data protection, employee access, change management, and information security.
- No Online Banking Risk Assessment performed.
- Inconsistent Business Continuity Planning or incomplete.

Same Day ACH

- ACH Policies and Procedures lack Same Day ACH integration.
- Outdated Same Day ACH limits in ACH policy.
- Contracts, Agreements, and Policies lack Same Day ACH details.
- Funds Availability requirements not clearly stated.
- No mention of Same Day ACH in Enterprise Risk Policy or Credit Policy.

More information can be obtained from:

NEACH Payments Group

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