

RULES & REGULATIONS EDITION

- ACH Rule Changes
- Best Practices for ACH & Wire Payments
- Wire Transfer Security Enhancements
- Fraud Prevention & Risk Mitigation



Industry Compliance
& SECURITY UPDATES

Staying compliant with evolving payment regulations is critical for businesses to reduce risk and keep payments secure. This edition covers key updates to ACH and wire transfer rules, fraud prevention measures, and best practices for payment security.

ACH RULE CHANGES

New rules from Nacha, the National Automated Clearing House Association, which oversees ACH payments in the U.S., aim to strengthen fraud prevention and improve efficiency.

KEY UPDATES EFFECTIVE IN 2025:

ENHANCED FRAUD MONITORING FOR ACH PAYMENTS

- Businesses processing over 6 million ACH transactions annually must implement fraud monitoring by March 2026.
- Banks processing over 10 million ACH payments per year must start monitoring incoming ACH credits for suspicious activity.

STANDARDIZED PAYMENT DESCRIPTIONS

- Payroll and purchase-related ACH transactions must use standardized descriptions to help detect fraud.

- For example, instead of vague descriptions like “PAYROLL” or “VENDOR PAYMENT,” businesses will need to use more specific terms such as “PAYROLL JOHN DOE” or “VENDOR OFFICE SUPPLIES.”
- Implementation begins March 2026.

WHY IT MATTERS

These changes improve fraud detection and help businesses recover unauthorized payments more quickly.



BEST PRACTICES: ACH AND WIRE PAYMENTS

To protect your business from fraud and ensure smooth payment processing, consider these security best practices:

STRENGTHEN PAYMENT APPROVALS

- Require dual approval for ACH and wire transactions.
- Keep payment processing separate from payee list management.

TRAIN YOUR TEAM ON FRAUD PREVENTION

- Educate employees on common fraud tactics like phishing and social engineering.

USE BANK SECURITY TOOLS

- Implement ACH Positive Pay, which matches incoming ACH transactions to approved payments.
- Require multi-factor authentication for online banking and payment portals.
- Use wire authentication tokens for an extra layer of security.

VERIFY PAYMENT RECEIPTS

- Assign a passcode or passphrases for each trusted payee.
- Confirm payment details using a verified contact method.

SECURE YOUR PAYMENT PROCESS

- Use a dedicated, secure computer for banking transactions.
- Monitor accounts daily and reconcile transactions promptly.
- Regularly update fraud risk assessments and security controls.

WIRE TRANSFER SECURITY ENHANCEMENTS

ADOPTION OF ISO 20022 (EFFECTIVE JULY 2025)

- Enhances wire transfer security and improves data-sharing between banks.
- Requires more detailed beneficiary (recipient) information to prevent errors and fraud.
- Enables faster domestic settlements, often within minutes.

FRAUD PREVENTION & RISK MITIGATION

As fraud continues to evolve, Nacha and financial institutions are enhancing security measures in 2025.

KEY UPDATES:

EXPANDED FRAUD FLAGGING FOR ACH PAYMENTS

- Banks can now flag suspicious ACH transactions and return them using a new fraud-related reason code, Return Code R17.
- Receiving Depository Financial Institutions (RDFIs), or the banks receiving ACH payments, may delay crediting funds if a payment appears suspicious or unauthorized.

STRONGER SECURITY FOR SMALL ACH TEST TRANSACTIONS (MICRO-ENTRIES)

- When businesses send small deposits to verify a bank account, they must now label them as “ACCTVERIFY” in the transaction description. Micro-entries are small test transactions, often just a few cents, used to confirm account details before larger payments are processed.

WHY IT MATTERS

These changes help prevent fraudsters from using test payments to validate stolen account information.

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