



Strengthening Operations

BEST PRACTICES FOR PAYMENT PROCESSING

As businesses continue to navigate the evolving payments landscape, implementing strong operational practices is essential to minimize risk, ensure accuracy, and strengthen your financial processes. This quarter's newsletter highlights proven best practices for key payment channels, with a focus on operational excellence and security.



BEST PRACTICES

FOR WIRE TRANSFERS

Wire transfers remain a critical payment method for high-value transactions. To protect your business:

- Require dual authorization for all wire transfers to ensure oversight and reduce errors.
- Use callback verification for wire details, confirming information with the beneficiary through a separate communication method.
- Maintain strict access controls for initiating and approving wire transactions.
- Regularly review and adjust wire limits to align with your operational needs and risk tolerance.



FOR ACH PAYMENTS

ACH payments provide a convenient way to handle recurring payments and direct deposits. Enhance your ACH processes by:

- Implementing ACH Positive Pay to block unauthorized debit transactions and protect your accounts.
- Using standardized descriptions for all ACH transactions to improve transparency and minimize confusion.
- Monitoring ACH activity daily to detect any suspicious or unusual activity quickly.

FOR CHECK PAYMENTS

Despite the shift to electronic payments, checks are still in use for many businesses. To reduce the risk of check fraud:

- Use secure check stock that includes watermarks and micro-printing.
- Implement Positive Pay for checks to compare presented items with issued items and prevent check fraud.
- Establish clear internal approval limits and ensure manager-level oversight for large-dollar checks.
- According to Jack Henry, "83 % of organizations use Positive Pay to guard against check fraud, making it the most widely adopted method for protecting accounts from counterfeit or altered checks"

BEST PRACTICES

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FOR RECONCILIATION

Timely and accurate reconciliation is key to identifying discrepancies and preventing errors. Strengthen your reconciliation process by:

- Performing daily reconciliations to ensure your records match your bank activity.
- Segregating duties so that individuals preparing, approving, and reconciling transactions are different.
- Using reconciliation software or automated solutions to streamline workflows and reduce manual errors.

FOR DUAL CONTROL

Dual control is an essential safeguard for reducing errors and preventing fraudulent activity. Consider these practices:

- Apply dual control to all critical processes, including payment creation, approvals, and vendor setup.
- Clearly define roles and responsibilities for each team member involved in the payment process.
- Conduct regular reviews to ensure that dual control measures remain effective and are adjusted for evolving risks.

FOR CASH FLOW ANALYSIS

Understanding your cash flow is essential to maintaining a healthy business and meeting your financial obligations. Strengthen your cash flow analysis by:

- Monitor cash inflows and outflows weekly to identify trends and potential gaps.
- Develop cash flow forecasts to anticipate periods of surplus or shortfall and plan accordingly.
- Analyze the factors driving cash flow changes, such as seasonal cycles, payment terms, and inventory levels.
- Use insights from cash flow analysis to make informed decisions about expenses, investments, and growth initiatives.

FOR ACCOUNT ACCESS & SECURITY

Securing access to your bank accounts is critical for preventing unauthorized activity and safeguarding your financial data. Enhance account security and cash flow analysis by:

- Regularly review who has access to your bank accounts and remove access for former employees or inactive users.
- Enforce complex password requirements and change passwords regularly.
- Require multi-factor authentication (MFA) for online banking and payment platforms to strengthen security.

WHY IT MATTERS

Combining these best practices: dual control, required authentication, Positive Pay, daily monitoring; tackles the most common and costly fraud channels:

Channel	Primary Risk	% of Risk	Mitigation	Benefit of Mitigation
Wire Transfers	Business Email Compromise (BEC)	63%	Dual authorization and callback verification	Helps prevent losses—BEC scams led to \$2B in losses
Checks	Check Fraud	\$24B+	Positive Pay	83% adoption has led to a 77% drop in fraud
ACH	Unauthorized Debit Fraud	34%	ACH Positive Pay	Flags and blocks suspicious transactions

Sources: FBI IC3 2024; AFP Payments Fraud and Control Survey 2023–2024; Nacha ACH Fraud Insights 2023.

Our Treasury Services team is here to support your business with these best practices and more. Reach out to us at TreasuryServices@CoreBank.com to discuss your operational needs.

Looking for a Payments Partner? Core Bank's Partner Banking team is ready to help you build secure, efficient payment processes. Visit us at corebank.com/partner-banking to learn more.

For additional information on how Core Bank can help mitigate payment fraud please contact the Treasury Services Team at treasuryservices@corebank.com.

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