ValidiFI®

Beyond compliance:

Elevating risk-based bank account validation

Streamline approvals and ACH payment processes with next-generation bank account validation solutions.

If your business processes ACH transactions, it's essential to stay compliant with industry rules while being able to distinguish between high-risk and low-risk bank accounts.

Nacha, the governing body of the ACH network, establishes guidelines like the WEB Debit Account Validation Rule, which requires businesses to verify bank account information to prevent fraud and reduce risk.

But beyond compliance, having clear visibility into the connections between consumer application data, bank accounts, and payment performance adds significant value.

Nacha
Preferred Partner

Bank account validation not only helps you avoid approving high-risk consumers or sending payments to fraudulent accounts, but it also enhances your decision-making process.

This is where ValidIFI can help. As a Nacha Preferred partner, we help you visualize, better understand, and act on hidden risks and opportunities by giving you comprehensive bank account and payment intelligence based on:

63M+ bank accounts

51M+ unique consumers

160M+ payment records

967M+ inquiries

Our always-growing database offers an inclusive, linked analysis of consumers and bank accounts that seamlessly integrates into your existing account validation workflows in real-time.

Did you know?

For high-risk and NSF-risk bank accounts, **2/3 of transactions result in a return.**

Meanwhile, low-risk bank accounts have a **97% payment success rate.**[1]

1 Source: ValidiFI Data & Analytics, 2024

ValidiFI performed an in-depth analysis of low-risk, NSF, and high-risk bank accounts. Turn the page to reveal key insights that bank account and payment intelligence can offer.

Gain deeper, more actionable visibility into bank accounts, including behavior and payments insights.

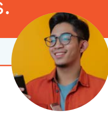
To help businesses better understand common indicators of high-risk and low-risk accounts, as well as the risk associated with insufficient funds (NSF) returns, we performed an in-depth analysis of bank accounts included in our market-leading database of bank account and payment intelligence.

To illustrate the insights from our database, we analyzed real-life examples from each risk segment.

High-risk

- 3 transactions on average
- 1 successful or cleared transaction
- 2 ACH returns

High risk accounts have a documented history of fatal returns, such as R03 (no account/unable to locate) and R04 (invalid account). These return codes suggest potential issues, including misentered information or, in some cases, fraudulent activity. Accounts flagged with such return codes are often linked to unsuccessful payment attempts, and they serve as critical indicators for potential fraud or data entry errors.



- 3 SSNs for bank account
- 36 transactions
- 36 ACH returns
- 0 successful transactions

NSF-risk

- 3 transactions on average
- 1 successful or cleared transaction
- 2 NSF returns

Bank accounts with a risk of NSF (Non-Sufficient Funds) are valid accounts, but often have a high occurrence of R03 (no account/ unable to locate account) returns. This highlights potential issues with account validity or accessibility, making it crucial to monitor these accounts to prevent transaction failures and reduce the risk of financial loss.

- 1 SSN associated
- 12 transactions
- 10/12 transactions resulted in an NSF return

Low-risk

- 6 transactions on average
- 6 successful or cleared transactions
- 0 ACH returns

Low-risk accounts are characterized by stable, consistent, and positive bank account activity with no signs of concerning behaviors or risk factors.

- 1 SSN associated
- 12 transactions
- 12 successful or cleared transactions
- 0 ACH returns

Approve more of the good-performing applicants you want while stopping high-risk and fraudulent consumers at the door.

Based on insights revealed by ValidiFI's bank account and payment intelligence, organizations can create tailored treatment strategies.

High-risk insights

1/3 of transactions result in a fatal return

11x more ACH returns than low-risk accounts

14% of subsequent payments result in success

High-risk accounts flagged with fatal return codes are often linked to unsuccessful payment attempts, and they serve as critical indicators for potential fraud or data entry errors. By identifying and addressing these risks early, organizations can minimize financial impact from defaults and improve the accuracy of their payment processes.

NSF-risk insights

8x more ACH returns than good performing bank accounts

For every successful transaction, there are **2 NSFs**

70% of subsequent payments result in NSF

For accounts with NSF risk, organizations may choose to deny transactions or require additional verification methods based on their specific risk tolerance. This could include real-time microdeposit verification to confirm account access or requesting an alternative bank account. These steps help mitigate the risk of insufficient funds and improving transaction reliability.

Low-risk insights

97% payment success rate

Low-risk consumers in the ValidiFI database demonstrate consistently good payment behavior, enabling them to be auto-approved. This process results in significant cost and time savings by streamlining approval workflows.

Low-risk accounts demonstrate consistent activity with no history of overdrafts, allowing organizations to increase auto-approvals. This not only saves time and reduces operational costs but also streamlines the process for consumers, improving their overall experience.

Make better risk decisions that help reduce failed ACH payments, defaults, and fraud.

Much like a bounced check, ACH transactions can be returned for various reasons, such as insufficient funds, closed accounts, invalid account numbers.

These returns cause disruptions in cash flow management and require immediate attention to resolve the issues, leading to increased workload and operational inefficiencies.

Common ACH payment return reason codes

R01 Insufficient funds (NSF)	**R04** Invalid account number
R02 Account closed	**R16** Account frozen
R03 No account/unable to locate	**R20** Non-transaction account

According to a comprehensive ValidiFI database analysis, one customer, a leading property management software provider that serves consumers across the credit spectrum, revealed

By identifying just 2% of accounts exhibiting risky or problematic behaviors, they were able to **eliminate 56% of all fatal returns.**

By proactively identifying and removing a small percentage of high-risk accounts, ValidiFI's predictive bank account and payment intelligence enables organizations to significantly reduce payment failures and transaction issues. This approach improves overall payment success rates without negatively impacting the total application volume, ensuring a more efficient and reliable process.

The real world — beyond compliance.

Most businesses want to grow. They want to be profitable. They want to be agile, efficient, and optimized. And they want to offer quality customer experiences that drive repeat business.

With 95% of U.S. households linked to a bank or credit union account, there is a vast and consistent opportunity in payments. Access to comprehensive bank account and payment data from ValidiFI are purpose-built to help support these and other real-world use cases.

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Streamline (and automate) the approval of good customers.

No matter if you're engaging in "everyday" transactions or higher-risk, high-dollar transfers, right-fit solutions are available that carefully control friction, while optimizing transaction speed, risk mitigation, and confidence for every situation. Likewise, you can significantly increase auto-approvals, which is good for your business...and your customers.

Detect fraud in real-time, up front.

Integrated analytics, automation, and velocity metrics can stop fraudsters in their tracks — before they enter the business — by automatically flagging fraud and risk indicators associated with frequent changes in consumer personal information, invalid contact data, and association to a provided bank account.

Reduce returns and payment issues.

Imagine if, in addition to bank account verification, you could get insight into transaction patterns, account stability, payment performance, and more. ValidiFI offers these expanded views to facilitate greater confidence in all transactions and reduce the risk of returned ACH payments and first payment defaults.

Cut costs and boost revenue.

Having the ability to identify and auto-approve low-risk consumers and accounts (while avoiding high-risk accounts) can help reduce costs, accelerate approvals, and fuel more efficient and profitable decisions throughout the customer journey. Likewise, accessing expanded insights on consumers and accounts can uncover new creditworthy customers who may have been previously overlooked, creating new growth opportunities.

Unlock the power of predictive bank account and payment intelligence for your business today.

- Streamline Nacha compliance.
- Boost ACH approval rates.
- Improve efficiencies and outcomes throughout the customer journey, from onboarding and beyond.

CONTACT US TODAY to initiate a complimentary data study for your business and learn how your new ValidiFI solution can be fully implemented and operational **in as little as 3 WEEKS.***

ValidiFI

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* Implementation timing can vary by customer.