

**ValidiFI**<sup>®</sup>

Bank Account and Payment Intelligence | 2025 Q1 REPORT

# The Power of Profiles

How financial institutions and service providers can reduce payment risks and protect the bottom line with consumer banking profiles.

# The days when financial institutions and service providers could evaluate a payment transaction with a simple “yes” or “no” are gone.

On one hand, ACH volumes are soaring across all categories, with **same-day ACH payment volume topping the \$1 billion mark in 2024.**

This is great for consumers and businesses in today’s high-speed, on-demand marketplace.

Yet, as the volumes and amounts continue to grow, payment transactions are increasingly vulnerable to evolving risks associated with everything from high-tech fraud schemes and digital banking operations to unrelenting consumer economic pressures.

In short, it’s becoming harder for financial institutions (FIs) and providers to accurately assess

payment risks using standard verification and risk mitigation practices alone.

And, despite today’s banking landscape being more complex, nobody wants to add more friction to the payments process; everyone wants a definitive yes or no, in seconds.

This **ValidiFI Bank Intelligence Quarterly Report** can help by revealing key consumer banking profiles, behaviors, and contextual insights that enable financial institutions or service providers to better predict the risk of payment fraud, non-sufficient funds (NSFs), errors, and other issues that lead to failed payment transactions.



In this report, we will cover:

- Links between today’s unprecedented market conditions and the **success — or failure — of payment transactions.**
- How different FIs or service providers, based on size and structure, are represented in **today’s payment trends.**
- **Banking profile characteristics** of high-risk and low-risk consumers.
- Steps FIs, service providers, and payment executives can take to more **confidently evaluate growing numbers of payment transactions** in real-time without adding unnecessary friction.

The data reflected in this report is based on an in-depth analysis of Q4 2024 activity from the ValidiFI exclusive database of predictive bank account and payment intelligence.

# ACH volumes rose across all categories in 2024



**1.2B**

Same-day ACH payments

— totaling \$3.2 trillion —



**16.38B**

consumer bill payments

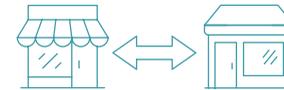
— totaling \$10.96 trillion —



**8.6B**

direct deposits

— totaling \$15.79 trillion —



**7.35B**

B2B payments

— totaling \$58.24 trillion —

# Two key trends to watch

Our analysis reveals clear trends in consumer financial institutions or service providers profiles are emerging, which may be related to or directly influenced by today's rapidly evolving market conditions.



## Economic turbulence

With consumer confidence hitting a **12-year low** in March, many are struggling amid stubborn inflation, high interest rates, and a volatile job market. Consumer household **debt is rising**, as are **serious delinquencies**, and the resumption of student loan payments may further exacerbate the issue for many.

Knowing this, it remains crucial to verify an account holder's identity and devices. However, understanding their banking profile can reveal if the account has been flagged multiple times for NSF, which can indicate high risk.

*According to ValidiFI's bank intelligence data:*

- High-risk accounts are **3.75X more likely to experience NSF returns** compared to low-risk accounts.
- Accounts with a recent NSF have **2.75X more NSFs than average**.
- High-risk accounts have **88% fewer successful transactions** than low-risk accounts.
- High-risk accounts have a **return on 62.5% of transactions**, compared to low-risk accounts, which only experience a 5% return of transactions.



## Ever-evolving fraud

What if an account holder has 10 addresses, four emails, and five phone numbers linked to their consumer banking profile? That's not typical and has a high potential of being associated with fraud.

**Fraudsters are using increasingly advanced technologies**, such as AI and automation, to execute mind-bogglingly sophisticated schemes that appear legitimate on the surface — at least to standard account verification protocols. However, upon closer examination of consumer banking profiles, trends in bank account behaviors begin to emerge that may indicate a high risk of failed payments.

*According to ValidiFI data, accounts associated with a high risk of fraud have:*

- **12 account inquiries** within 30 days.
- **5 unique SSNs** associated with the account holder.
- **4 or more emails** associated with the account holder.
- **6 or more phone numbers** associated with the account holder.

# Transaction risk by bank type

As part of our quarterly analysis, we also examined **three common banking models** to help identify differentiated trends based on the type of financial institution.

What emerged is both interesting and insightful, providing data-backed considerations FIs can use to inform their ongoing risk mitigation strategy.



## Top U.S. Banks

*Traditional, omni-channel banks, serving a national audience of consumers and businesses*

- The largest portion of ValidiFI database inquiries originates from just a few of the largest banks in the U.S.
- Consumers with an account from a top U.S. bank typically performed better than other institutions.



## Neobanks

*Digital-only banks that solely offer their banking services online and via mobile apps*

- Neobank accounts have recently started appearing in our network.
- We are sometimes seeing significant increases in risk associated with these accounts.
- Consumers with neobank accounts can be highly volatile, appearing in our data with multiple accounts, phones, and email addresses.



## Credit Unions

*Member-owned, not-for-profit banks that aim to offer their members better service and rates and lower fees than traditional banks*

- Credit unions account for one-fifth all ValidiFI database inquiries.
- Credit union accounts perform about average, however, with an increase in fatal ACH return rates.
- Credit union account holders have profiles similar to those of top U.S. banks.

# A closer look at consumer profiles by bank type



## Top U.S. Banks

## Neobanks

## Credit Unions



### Account Holder Characteristics

**35%** of all Q4 2024 inquiries had bank accounts from top U.S. banks

These accounts have been **active for 500 days** on average

**Higher payment success rates** and 26% decrease in NSF Rate

**50%** of consumers in our database have had a bank account with a top U.S. bank at some point

Database inquiries related to this group represent **13% of Q4 2024 inquiries**

These accounts has been **active for 340 days** on average

Significantly lower payment success and **2.5X higher NSF rate**

Database inquiries related to this group represent **13% of Q4 2024 inquiries**

These accounts have been **active for 430 days** on average

**20% increase in fatal return rates** for ACH payments

**36%** of consumers have a credit union bank account



### Average Account Holder Profile

#### An average consumer with a top U.S. bank has:

- 3.5 bank accounts
- 3 emails
- 3 phone numbers
- 34 requests (or inquiries within the ValidiFI database)

#### An average consumer with a neobank has:

- 4.1 bank accounts
- 3 emails
- 3.6 phone numbers
- 34 requests (or inquiries within the ValidiFI database)

#### An average consumer with a credit union has:

- 3.3 bank accounts
- 2.6 emails
- 2.8 phone numbers
- 28 requests (or inquiries within the ValidiFI database)

# Low-risk vs. high-risk profiles

To help FIs and service providers better understand the evolving profiles of consumer account holders, our analysis delves deeper into identifying data-driven characteristics of low-risk, average, and high-risk profiles.



## Low-Risk Consumer Profile

- 2.4 bank accounts
- 2.25 email addresses
- 2.25 phone numbers
- 8.2 cleared payments
  - 1.5 ACH returns
  - 1.25 NSF returns
- 5% negative loan performance rate



## Average Consumer Profile

- 3.5 bank accounts
- 2.8 email addresses
- 3 phone numbers
- 3.6 cleared payments
  - 3.2 ACH returns
  - 2.75 NSF returns
- 17.7% negative loan performance rate



## High-Risk Consumer Profile

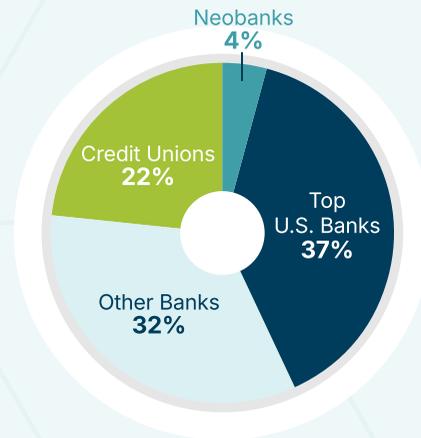
- 4.4 bank accounts
- 3.2 email addresses
- 3.75 phone numbers
- 2 cleared payments
  - 3.7 ACH returns
  - 3.2 NSF returns
- 35% negative loan performance rate

# Profile risk distributed across bank types

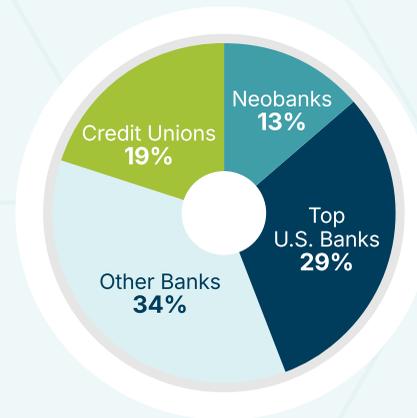
Except for the neobank category, consumer banking profiles remain relatively consistent across both average and low-risk consumers. However, starker differences emerge when analyzing the distribution of high-risk consumers.



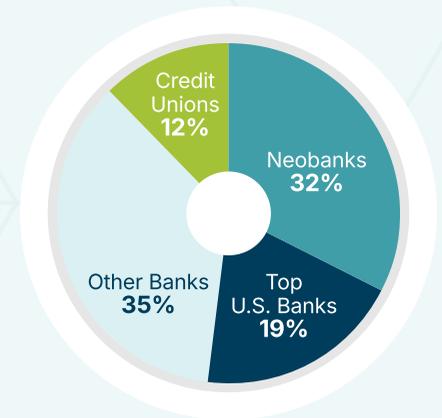
Banking representation of **low-risk consumers**



Banking representation of **average consumers**



Banking representation of **high-risk consumers**



Top U.S. Banks here are identified as the eight largest banks by asset size at the time of publication, as reported by Forbes.

# Understanding high-risk profiles

Account holders with high-risk profiles demonstrate higher velocity activity across the board, as seen in the real-life analysis below.



	Top U.S. Banks		Neobanks		Credit Unions	
	Bank A # of accounts	Bank A % of accounts	Bank B # of accounts	Bank B % of accounts	Bank C # of accounts	Bank C % of accounts
4+ Phones	2,533	3.2%	2,040	5.1%	69	3.3%
7+ Phones	388	0.5%	321	0.8%	4	0.2%
3+ SSNs	2,511	3.2%	544	1.4%	69	3.3%
7+ SSNs	236	0.3%	28	0.1%	1	0.0%

	Number of single worst offenders (individual account holder) from each bank		
Most phone numbers	315	40	8
Most email addresses	307	39	7
Most SSNs	317	39	8

# What you don't know can HURT your bottom line.

Standard verification processes miss basic account holder details that are readily available, including:

- **Additional bank accounts** held by the account holder (outside the originating bank) and correlations across these accounts
- **Inconsistencies across identifiers** (ex. Address and phone numbers don't match)
- **Multiple phone numbers, addresses, emails, and SSNs** associated with the account holder
- **High-frequency changes** in consumer personally identifiable information (PII)
- **Invalid contact information**
- **NSF and payment returns**
- **A variety of error codes**, including invalid routing number

**NOT knowing** can lead to:

- **Increased fraud** potential and payment risk
- **Increased false positives**
- **Increased NSFs**, payment returns, and errors
- **Increased friction** and manual reviews
- **Slower onboarding**, approvals, payments, and disbursements



# A deeper, real-time understanding of consumer banking profiles is needed

Knowing what's really happening behind the scenes with account holders is crucial to helping banks identify high-risk identities, behaviors, and activities before onboarding or sending payments.



What if, in addition to this...

## Standard bank account validation

- Is bank account real?
- Is bank account open and active?

you could also know all of this...

## Validate the identity behind the account

- 4 SSNs  
██████
- 4 addresses  
██████
- 5 email addresses  
██████
- 7 phone numbers  
██████

...and this? You can!

## Understand banking profile and behaviors

- 6 bank accounts  
████████
- 24 transactions  
████████████████████  
████████████████████
- 12 ACH returns  
████████████████████

# 4 steps FIs can take TODAY to strengthen the account authentication process

1

## Audit your existing process.

Analyze your onboarding and payment decisions over a specific time frame to identify gaps and vulnerabilities. What is your decline rate versus your approval rate?

**Review the reasons for failure, including the frequency of NSFs, payment errors, routing number issues, and fraud flags, to identify trends.** Benchmark as many of these trends as possible against those of the larger banking industry — or your specific banking niche — to understand whether you're above, below, or aligned with industry performance standards.

2

## Identify areas for improvement.

If your payment failure or return rates are high, break down the process to pinpoint exactly how risk enters the process. For example, if your primary risk mitigation step is a standard account validation, yet you're experiencing a high rate of payment returns due to NSF, **consider layering additional insights into the decision-making process.** The same applies to other issues related to fraud, NSFs, and routing numbers.

3

## Take a step back.

As you rethink the process, take a step back to consider other factors. Customer friction and data quality can impact everything from the customer experience to decision-making accuracy and, ultimately, the bottom line.

**Ask detailed questions, both internally with functional teams and externally with a solution provider, to fully understand how potential solutions and enhancements are derived, delivered, and implemented.** This will help you better anticipate the broader impact on your process, your customers, and your banking operations.

4

## Consider emerging best practices.

Increasingly FIs and service providers are adopting a layered approach to account authentication and fraud mitigation. This involves layering new and differentiated data into the process, along with additional automated steps that are adjusted for controlled friction. For example, standard account authentication is often supplemented to validate the account holder's identity and **gain a deeper understanding of their broader banking profile.**

# Confidently evaluate payment transactions, in seconds.



**Understand the identity and banking profiles of account holders.**



**Reduce payment returns and false declines.**



**Stop fraud in its tracks.**

**CONTACT US TODAY** to initiate a complimentary data study and discover how **vAccount** and **vFraud** can help your organization better understand consumer banking profiles, enhance decision-making around payment transactions, and outsmart fraudsters.

**ValidiFI**<sup>®</sup>

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