FedACH Risk® Management Services Getting Started Guide

Congratulations on completing the setup process for FedACH Risk Management Services. You now have access to a powerful suite of tools designed to help you better manage your payments business.

Now that the initial setup is complete, you need only to set monitoring criteria in order to begin using the services. Setting monitoring criteria is a simple process, and you can make adjustments at any time as you become more familiar with the services or as the business needs of your institution change.

This guide contains guidance on how to set up your monitoring criteria, as well as some useful information to help you determine the level of monitoring best suited to your institution.

FedACH Risk Origination Monitoring Service

Setting Monitoring Criteria for the FedACH Risk Origination Monitoring Service

Setting debit and/or credit caps in the Risk Origination Monitoring Service requires some advance planning. To get started, decide what level of monitoring best supports your institution's risk management strategy. You can choose from the following levels:

1) Monitoring risk exposure at the institution (RTN) level as a whole
2) Monitoring risk exposure at the individual originator, or originating Company ID, level

If you choose to monitor at the Company ID level, you will also need to decide whether to monitor batches that contain only certain Company IDs or whether to monitor all batches that contain any Company IDs.

2a) To monitor **batches that contain only certain Company IDs**, choose the **"Company ID Select"** option. The service monitors only the IDs on the select list; origination from any other IDs is not monitored
2b) To monitor all batches that contain any Company IDs, choose the **"Company ID Inclusive"** option. The service knows this is the complete list. It puts a period at the end and pends for your decisioning origination from any IDs not on the inclusive list

Selecting the Right Level of Monitoring for Your Institution

An institution might choose to monitor **at the RTN level** for the following reasons:
- It is concerned with financial exposure to ACH processing and would like to be alerted by the service on days with unusual levels of activity
- It views ACH as a general utility originating from various internal sources but lacks a simple, comprehensive and consistent process for monitoring and tracking exposure
- It uses a third party processor or correspondent to process ACH and needs an independent verification of its activity to satisfy audit or regulatory concerns
- It has assigned an originator with operator-direct access to a single RTN in order to isolate activity for monitoring purposes

Important – If your institution has more than one RTN, an originator or third party processor who creates its own batch header records may use an RTN for your institution other than the RTN your institution has identified in the FedACH Risk Origination Monitoring Service. Use of a different RTN may permit an originator or processor to circumvent your institution's debit or credit caps.

An institution might choose to monitor **at the Company ID level under the "Select" option** for the following reasons:
- To limit exposure to new originators for a period of time until relationship patterns are established

- To monitor originators requiring pre-funding or to limit originators to credit or debit origination only
- To monitor and track performance of a group of high-risk customers
- To comprehensively track individual customer relationships across more than one software application or outsourced processing relationship

Important – An originator or third party processor who creates its own batch header records controls the data in the Company ID field of the batch header record. Use of a Company ID other than the exact Company ID your institution has identified in the FedACH Origination Monitoring Service may permit an originator or processor to circumvent your institution's debit or credit caps.

An institution might choose to monitor **at the Company ID level under the "Inclusive" option** for the following reasons:
- To prevent unauthorized originators from originating under its RTN
- To know of any new originators set up on its RTN
- To use the most stringent risk origination monitoring option
- To supplement or replace a manual monitoring process in place today that lacks consistent application across all originators

Getting Started
Before you begin to enter your sets of origination monitoring criteria, you should have at hand all the required information for the RTN or for each of the Company IDs you choose to monitor.

- Debit cap
    Dollar amount
    "Blank," which means do not monitor
    "0," which means no debit origination allowed
- And/or Credit cap
    Dollar amount
    "Blank," which means do not monitor
    "0," which means no credit origination allowed
- End of day default of "release" or "reject" if no one is available to decision pended batches
- Monitoring timeframe of "current processing day" or "multiple processing days"
- E-mail addresses for those who will receive notifications of pended batches

Once you have decided at what level your institution wants to monitor and you have collected the criteria set information, you are ready to enter your criteria into the service screens so that the service can begin monitoring your payments.

FedACH Risk RDFI Alert Service

Setting Monitoring Criteria for the RDFI Alert Service

The RDFI Alert service is informational only; processing of payments flows as usual.

Users may establish criteria notification thresholds at any or all of the following levels:
- RDFI file
- RDFI batch
- receiver (customer/account holder) item

- At the File level:

When establishing file-level monitoring criteria in the RDFI Alert Service, users may set thresholds for the debit size of the file, the credit size of the file and/or the number of transactions size of the file. Since the service is informational and provides notifications only, you may wish to experiment with the thresholds for your institution and modify the settings as needed once you begin using the service.

- At the Batch and/or Item level:

The batch and item levels have two nearly identical entry sections, or tabs: one for creating criteria sets and another for building an e-mail address book, internal for batch level and external for item level. Criteria sets can be created from combinations of seven fields and given logical names such as "large web debits" for easy reference.

The batch level section has a unique entry tab for entering static e-mail heading and contact information to display on any item-level e-mail notifications sent to receivers.

The item-level section has a unique entry tab for entering the customer (receiver) information, specifically the customer account number against which the service will scan and a logical customer name to easily identify that account number.

Getting Started

- At the File level:

Getting file-level thresholds set to just the right level for your needs may take some refinement. To get started, enter only your e-mail address to receive notifications along with your best estimate of what a low threshold value might be, and then watch your e-mail inbox. As the e-mails begin to come in, monitor the number of notifications generated. If you decide that the number of notifications is too high or too low to be effective, simply adjust the values until you get them right. The FedACH® Search for Batch service screens in your FedLine® Access Solution make it easy to research file sizes to help fine-tune notification thresholds. Once you are satisfied with the thresholds,

enter the e-mail addresses for other individuals in your organization who are to receive notification whenever thresholds are exceeded.

- At the Batch and/or Item level

Decide on one combination of conditions that, when met, will generate a notification e-mail to you or other designated contacts within your institution. Enter values into the fields in the Batch Alert RDFI Maintenance section's Criteria Information tab and give the criteria set a meaningful name. Once you get a feel for how the service works, create and name additional criteria sets to notify on other conditions of interest to your institution.

Extend the service to customers by providing notification of incoming items. Set up customer account numbers and assign logical customer names in the Item Alert Customer Maintenance section's Customer Information tab. Build the customer's e-mail address book, create their item alert criteria sets and then assign recipients to the individual criteria sets.

Customer Support

A team of specially trained FedACH support specialists is available to answer any questions you may have and to provide assistance in finalizing the setup process for FedACH Risk Management Services. Please contact FedACH and Check Customer Support at the toll free number provided on FRBservices.org, Contact Us, FedACH Services, FedACH Customer Support or via this URL: https://www.frbservices.org/contactus/fedach_operations.html