

Reducing Payment Fraud

Steve Weber
President & CEO
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Background

Steve Weber – CEO, PaperTrl

- **An ERP & AP Automation thought leader**
 - Co-founder & CEO of **PaperTrl**, a platform that bridges **ERPs, banks, and suppliers** for seamless payables.
 - Deep expertise in **ERP integration, financial workflows, and payment automation.**
 - Formerly founded **nChannel**, a leading cloud-based ERP and eCommerce integration platform
- **Strategic Leadership & Industry Impact**
 - Built **key partnerships with Visa, U.S. Bank, and Elan Financial Services** to enhance payment solutions.
 - Passionate about **helping businesses streamline ERP-based AP processes** and improve financial control and buying the best software to make that easier
 - Leads PaperTrl in providing **predictable, transparent, and efficient** payment automation.

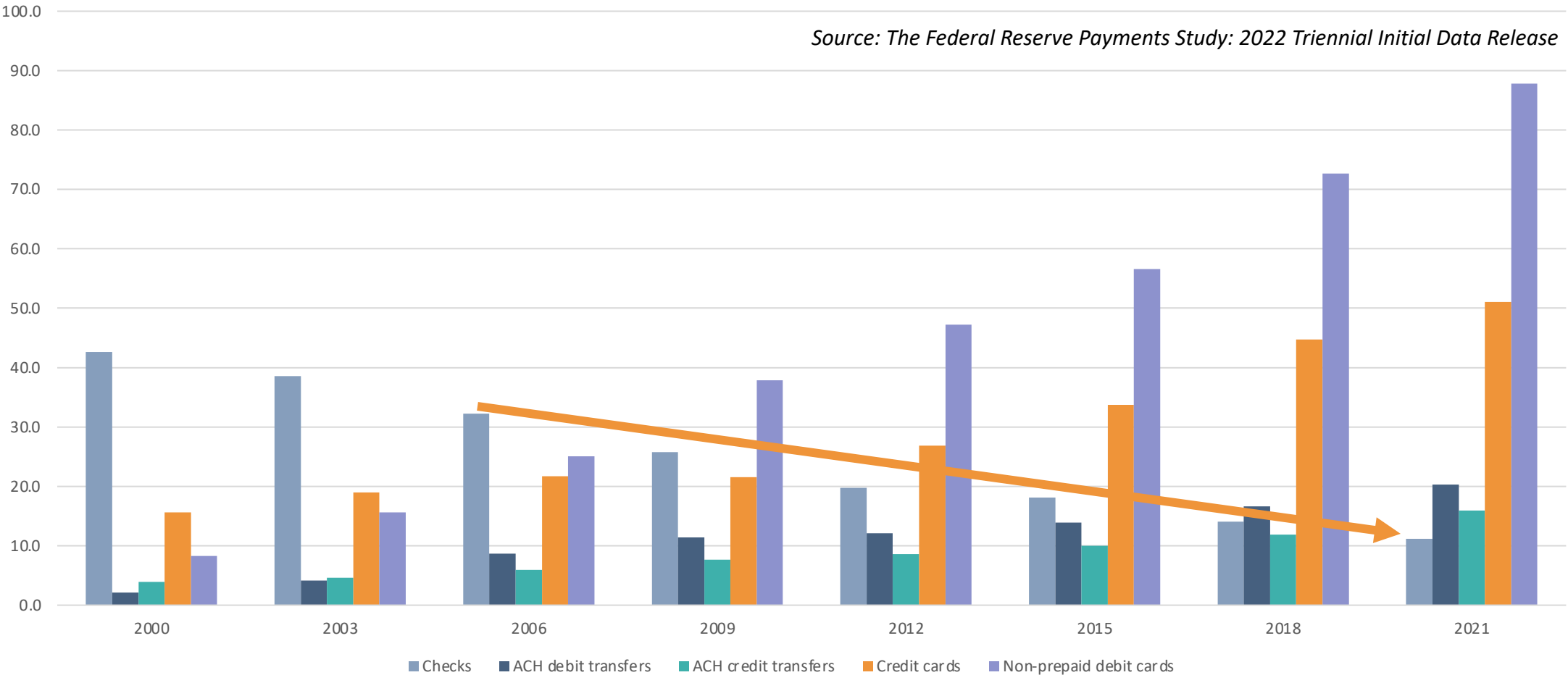
Learning Objectives:

- Identify the weak points that expose your AP process to check and ACH fraud
- Implement safer, automated workflows without requiring full payment method conversion
- Use secure vendor onboarding, audit trails, and bank-grade file delivery to eliminate manual risk
- Leverage tools like virtual cards where they make sense — without disrupting vendor relationships

Check volume is down 62% since 2006

(number of checks presented)

Trends in noncash payments, by transaction count
(in Billions)



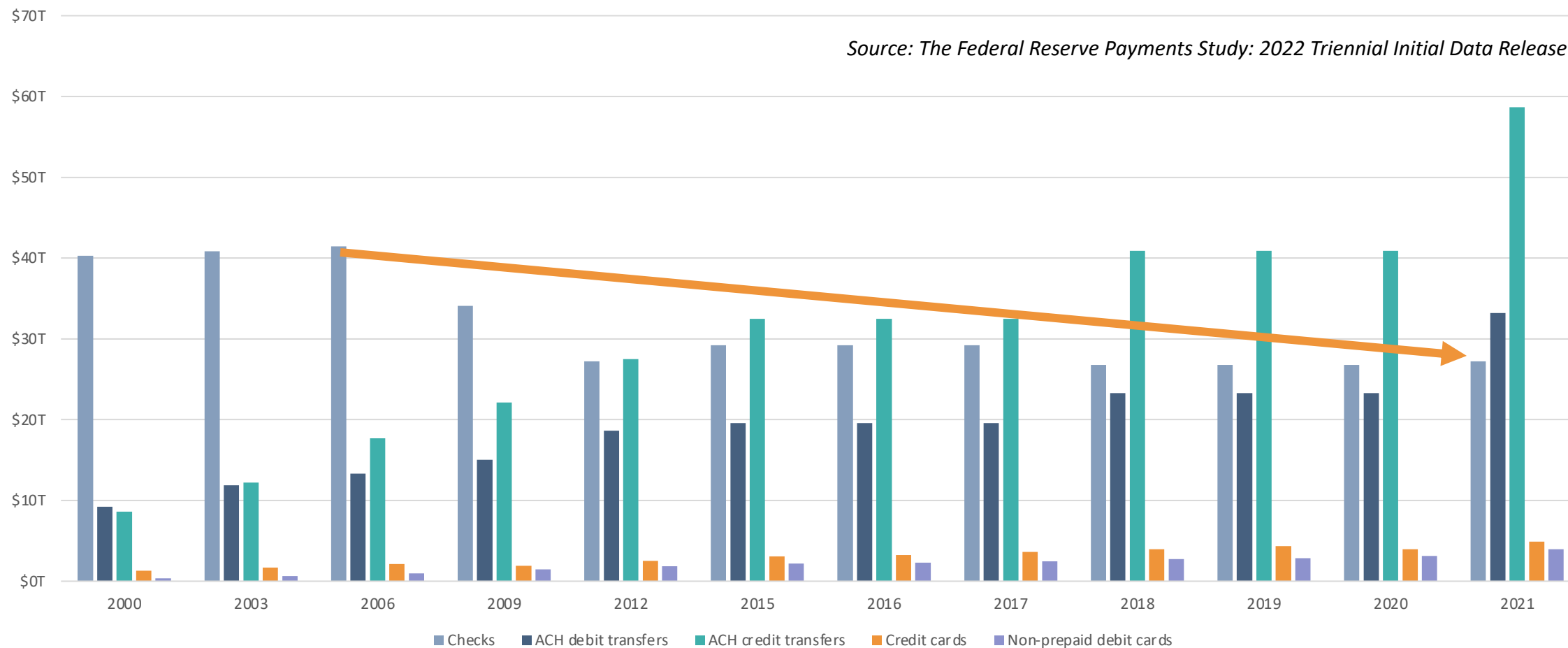
Federal Reserve Note: All estimates are on a triennial basis. Credit card payments include general-purpose and private-label versions. Flat p/p indicates where no new data are available.

Accounts of their death has been greatly exaggerated

Dollar value of checks presented is down just 30%

Trends in noncash payments, by dollar value
(in Trillions)

Source: The Federal Reserve Payments Study: 2022 Triennial Initial Data Release



Federal Reserve Note: All estimates are on a triennial basis. Card payments were also estimated for 2016, 2017, 2019, and 2020. Credit card payments include general-purpose and private-label versions. Flat p/p indicates where no new data are available.

B2B's Role in Sustaining Check Usage

- **Prevalence in B2B Payments:** As of 2022, **33% of B2B payments** in the U.S. and Canada were made by check, down from 50% in 2013 and 81% in 2004 (nacha.org)
- **High-Value Transactions:** B2B payments often involve substantial amounts, which contributes to the higher average value of checks despite their reduced usage.
- **Industry Practices:** Certain industries, such as commercial real estate, finance, and manufacturing, continue to rely on checks for a significant portion of their B2B transactions. (pymnts.com)
- **Accepted Everywhere:** Checks continue to be the most widely accepted form of payment for B2B transactions

Middle Market Acceptance Behavior

Check	99%	acceptance
ACH	91%	acceptance
Wire	83%	acceptance
Business Credit Card	63%	acceptance

Source: Visa-commissioned Middle Market Study: Barlow Research Associates panel of 207 middle market companies fielded Jan 28th / 29th 2021 and VisaNet results

Check Fraud: High Risk, High Losses

- **Prevalence:** In 2023, check fraud incidents surged, with financial institutions reporting significant increases in fraudulent activities.
- **Losses:** Global check fraud losses reached \$26.6 billion in 2023, with 80% of those losses occurring in the Americas. (verafin.com)
- **Trends:** Despite a decline in check usage, fraudsters have increasingly targeted checks due to vulnerabilities like mail theft and check washing.

While 63% of organizations reported experiencing check fraud in 2024*:

- 34% experienced ACH debit fraud
- 50% of organizations reported that ACH credits were targeted in business email compromise attacks (BEC)
- 33% of large organizations experienced wire transfer fraud attempts.

Payment fraud across **all payment methods** remained high in 2024 with 79% of organizations impacted

* Source: Association for Financial Professionals

Threats & How to Defend

Prevent Data Breach

- Adopt the PCI “out of scope” posture
 - Do not **collect, store or transmit** sensitive data
- Conduct phishing security tests
 - Phishing simulators help you find/address vulnerabilities
- Explore virtual cards
- Avoid ACH/Card debit transactions
- Use Account Validation Service match for ACH transactions

Threats & How to Defend

Limit breach exposure

- Implement positive pay
- For the checks you must print, consider using a third-party printer
- Replace plastic with digital cards
 - One-time use
 - Discreet transaction
 - Set credit limits
 - Control activation period
- More frequent reconciliation

Threats & How to Defend

Protect Partner Data

- See **PREVENT DATA BREACH**
- Keep business transactions inside trusted financial applications
 - Email is not a trusted app
 - Adopt a vendor portal
- Manage employee/1099 reimbursement as vendors

Consider the use of Virtual Cards

What you should know:

- Virtual cards are....virtual
 - Typically used for a single transaction, but can be configured for recurring payments
 - Can either be pre-funded or tap a credit line
 - Credit lines may be larger, but often have shorter repayment terms
- Security
 - One of the safest & most secure payment methods
 - Not a very attractive target for hackers or employee theft
- Benefits
 - Often come with up to 1% rebate on purchases
 - Full credit card purchase protection (chargebacks, etc.)
 - Multiple AP automation solutions in the market available to enable virtual card and integrate with ERP/accounting platforms
 - Can be used for international payments

Consider the use of AP Automation Platform

What you should know:

- Secure vendor onboarding (email-free)
- Role-based approvals and dual control
- Positive Pay check security
- Virtual card enablement Bank-grade file delivery (no pre-funding)

Recommended Next Steps

- Talk to your bank, ERP Vendor
- Complete security audit checklist
 - (available from any PCI compliance auditor)
- Talk to us!

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- **PCI Security Council:** <https://www.pcisecuritystandards.org/>
- **Payment fraud:** <https://seon.io/resources/which-online-payment-methods-have-the-highest-fraud-risk/>