

Memento Helps Protect Banks from Emerging ACH Fraud Threats
Changing Electronic Transactions Landscape Makes ACH Network
More Vulnerable to Deceptive Merchants and Fraudsters

CONCORD, Mass., Feb. 5, 2008 – Memento, Inc., a leader in fraud detection and risk mitigation for banks and credit unions, today introduced a solution to address the escalating Automated Clearing House (ACH) fraud problem. Through proactive monitoring and detection, Memento Security, the company's flagship platform, quickly identifies fraudulent activities that include identity fraud, kiting, reverse phishing, insider fraud and counterfeiting.

The ACH network – traditionally a low-risk network – has recently expanded to include more participants, continuously changing relationships, new types of non-recurring payments and greater risk. Additionally, the number of ACH payments has increased from 3.9 billion in 1996 to nearly 16 billion in 2006 with transaction values almost tripling to \$33.7 trillion during the same period.

“With broad changes underway in the payments system, all indications are that the ACH channel will become an increasingly attractive target for fraud,” said Avivah Litan, VP and Distinguished Analyst at Gartner.

The combination of new payment types and increased traffic has exposed the ACH network to increased fraud. To completely and securely utilize the expanded ACH channel, banks must implement effective fraud detection and risk mitigation strategies. By protecting ACH transactions, Memento Security helps banks and credit unions improve customer service, protect their reputation, expand revenue streams and avoid increased regulatory oversight.

“We know from history that fraudsters tend to migrate to the least resistant path or product,” said Tim Brady, Senior Vice President for Loss Management, Wachovia. “As banks and consumers move toward ACH as a channel of choice for payments, fraudsters will make it their channel of choice unless fraud prevention practices and tools block their way.”

Once a relatively closed system with a known set of trusted participants and negligible fraud, the ACH network has become an open network with unknown, uncontrolled risks including:

- Increased Credit, Reputation and Transaction Risk – Increasing non-recurring ACH transactions and growth of third-party payment processors give banks less visibility into the legitimacy of ACH transactions.
- New Transaction Types – Back-office conversion, web and telephone ACH transactions give fraudsters increased access to the ACH channel and customer accounts.
- New Network Participants – Third-Party Service Providers (TPSP) originate electronic bill pay transactions and merchants originate check conversion transactions, enabling minimal and inconsistent monitoring of new originations.
- Shorter Settlement Times – One-day settlement times for ACH transactions leave little room for error and more opportunities for fraud.

“The multitude of new payment types coupled with the explosive growth of electronic payments has opened up the ACH channel to numerous risks that banks must take control of or they will lose more than just customers and credibility,” said BC Krishna, founder and CEO, Memento. “Along with industry associations like NACHA and government regulators like the OCC, Memento is committed to implementing the appropriate controls to support new ACH activities and end fraudulent and inappropriate transactions.”

Memento Security has been built from the ground up to bring a more effective approach to fraud management. The platform brings a new level of monitoring to key applications such as general ledger activity or customer call center records – where evidence of fraud and inappropriate activity first appears. Proprietary indexing and advanced fraud-scenario modeling and monitoring techniques enable Memento Security to sift through huge volumes of data efficiently – zeroing in on telltale events and patterns.

About Memento

Memento, Inc. (www.mementosecurity.com) is a recognized leader in delivering proactive risk, fraud, and compliance solutions. Memento Security 4.0 – the company’s award-winning solution – is an innovative platform for monitoring, detecting, and investigating fraud and inappropriate activities by a wide range of fraudsters, from trusted insiders to criminal outsiders. Used by the world’s largest and most influential financial institutions, Memento’s patent-pending technology is business-focused, easy to use, and quick to implement. By detecting inappropriate activities early and precisely, Memento Security gives enterprises the information they need to mitigate risk, protect revenue, and prevent loss. Based in Concord, Mass., Memento has offices in Washington DC, New York, Los Angeles, Milan and London.

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