Treasury Management and The Fraud Pandemic

AMERIS BANK

Member FDIC

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Course Objectives

- Introduction
- Understand what Treasury Management is and the products/services offered in treasury
- To be able to explain the basics of Treasury Management products and how they can benefit the customer and the bank
- To illustrate the importance of leading sales calls with Treasury Management
- Understanding Fraud and how treasury can mitigate internal and external Fraud
- To be able to demonstrate how Analysis Accounts work and how to use them to protect/increase fee income for the bank

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What is Treasury Management?

Treasury Management (TM) entails management of an enterprise's financial holdings, focusing on the firm's liquidity, and mitigating its financial, operational and reputational risk. TM's scope thus includes the firm's collections, disbursements, concentration, investment and funding activities.

TM is a Working Capital conversation, an understanding of how the enterprise is deploying all assets to achieve their goals.

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What is Treasury Management?

The umbrella of products and services to support a client's cash optimization and risk mitigation.

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Who is a good Treasury Management candidate?

Why?

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Treasury Services

Treasury services uses advanced technology and systems to maximize your efficiency ensuring to have the cash to operate without letting assets sit idle.

What Treasury Management solutions will:

Speed Receivables to Increase available cash

Optimize Payables to increase working capital

Gain Insights through reporting

Mitigate Bank Fraud to protect accounts and profits

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Treasury Management Questions Simplified

1. What is the flow of money for the business?
2. How does money *need* to leave the account?
3. What does the money do while it stays in the account?
4. What is working well and where are the opportunities to create efficiencies?
5. What technology is currently being used in the banking, accounting, or reporting functions?
6. What are the Human Capital constraints?

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ACCOUNT MANAGEMENT

Streamline your operations with automated processes and make sound business decisions with timely, accurate and complete reports

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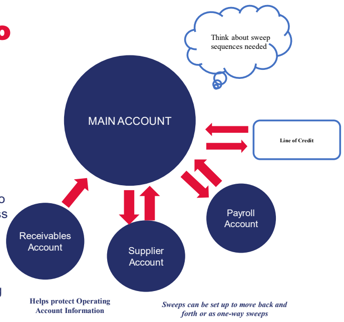
Sweeps & Zero Balance Accounts

Consolidate funds from other accounts to make your cash management efforts more efficient.

A Zero Balance Account (ZBA) is designed to add something simple to your organizations' complex business life. The ZBA functions as a main account, the hub for your banking activity.

- Accurate and efficient accounting through a monthly statement detailing all transfers
- Funds move as needed to cover payments without leaving large balances in multiple accounts



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RECEIVABLES

Add predictability to your organization's cash flow

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Collections or AR Solutions

- Core Deposits- branch deposits
- Remote Deposit -> different than Mobile Deposit
- ACH Credit
- Drawdown Wire
- EBPP
- Merchant Services
- Cash Courier
- Virtual Vault
- Lockbox Solutions- expeditated payment solutions

  Retail Lockbox- captures the remittance data along with payment- check or card payments. Examples: Tax Payments or Utility Payments

  Wholesale Lockbox- fewer payments mailed to Lockbox. Examples: Medical Practices, Insurance Companies

  Wholetail Lockbox – combination of Retail and Wholesale need
- File Transmission- BAI Files, FTP- X9 Files

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PAYABLES

Manage outgoing funds with automated processes and controls

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Disbursement or AP Solutions

Paper Checks - least efficient (cost and control challenges)

ACH Disbursement- Non-Urgent Payments
File Upload
ACH Template
Same Day ACH

Wire Transfer- Urgent or Same Day Payments
International Payments
Finality of Wires vs. ACH

Commercial Card Payments- provides the ability to take advantage of discounts without impacting cash flow
T&E
Fleet Cards
Purchasing Card Solutions- Rebates, Company Financials used to underwrite, Virtual Card and Single Use Cards

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FRAUD PROTECTION

Protect your accounts and your organization with important safeguards

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The threat is real

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Association for Financial Professionals Fraud and Control Survey Statistics

2025 AFP Payments Fraud and Control Survey Report-Comprehensive Report

Protecting from Fraud

- 79% of organizations were victims of attempted or actual fraud in 2024, down slightly from 80% in 2023. The one-percentage drop point is not very encouraging (65% in 2022- fraudsters have not been deterred by the anti fraud protections)
  - 63% Checks (65% in 2023)
  - 30% Wires (24% in 2023)
  - 38% ACH Debits (33% in 2023), 21% Credit cards (20% in 2023), 20% ACH Credits (19% in 2023)
- 63% of organizations have been subject to attempted or actual Business Email Compromise (BEC). One significant change seen in this year's survey is the decline in "classic" BEC scams
  - Increased vigilance has reduced this from a high of 80% in 2018
  - 34% of organizations reported financial losses as a result of Business Email Compromise
- 79% of BEC Fraud is from spoof emails, 45% vendor impersonation and 24% from invoice fraud
- 59% of payments fraud is discovered by treasury staff
- 35% of organizations discovered fraud within a week of the incident, 21% within one or two weeks, 16% took an additional two weeks, and 25% took a month or longer

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Sources of Attempted Fraud

2025 AFP Payments Fraud and Control Survey Report-Comprehensive Report

Sources of Attempted/Actual Payments Fraud Attempts (Percentage of Organizations Experiencing Payments Fraud)

	2024	ANNUAL REVENUE LESS THAN $1 BILLION	ANNUAL REVENUE AT LEAST $1 BILLION	ANNUAL REVENUE AT LEAST $1 BILLION AND FEWER THAN 26 PAYMENT ACCOUNTS	ANNUAL REVENUE AT LEAST $1 BILLION AND MORE THAN 100 PAYMENT ACCOUNTS
Business Email Compromise (BEC)	62%	59%	63%	59%	66%
Individual external to the organization using tactics other than email (e.g., forged check, stolen card, fraudster, corporate synthetic identity fraud)	49%	47%	51%	51%	50%
Vendor imposter	45%	40%	48%	50%	49%
Invoice fraud	24%	22%	26%	23%	32%
U.S. Postal Service office interference	23%	20%	25%	30%	19%
Imposter to a client posing as representative from your company	14%	9%	18%	18%	20%
Third-party or outsourcer (e.g., vendor, professional services provider, business trading partner)	12%	12%	11%	7%	19%
Account takeover (e.g., hacking a system, adding malicious code — spyware or malware from social network)	12%	9%	14%	15%	16%
Compromised mobile device due to spoof/spam text message or call	8%	8%	8%	6%	15%
Organized crime ring (e.g., crime spree that targets other organizations in addition to your own, either in a single city or across the country)	7%	5%	8%	11%	5%
Deep-fake attempt (e.g., voice and/or video swapping, "deep voice" technology, vishing)	5%	3%	5%	3%	11%
Ransomware	4%	2%	5%	4%	9%
Internal party (e.g., malicious insider)	3%	2%	4%	2%	8%

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Controlling Check Fraud

2025 AFP Payments Fraud and Control Survey Report-Comprehensive Report

Effectiveness of Fraud Control Procedures and Services used to Protect Against Check Fraud

Effectiveness of Fraud Control Procedures and Services Used to Protect Against Check Fraud
(Percent of Organizations Using Checks)

	IMPLEMENTED	VERY EFFECTIVE	EFFECTIVE	SOMEWHAT EFFECTIVE	NOT VERY EFFECTIVE	VERY INEFFECTIVE
Positive pay	**93%**	73%	23%	4%	--	--
Daily reconciliation and other internal processes	**90%**	50%	37%	11%	1%	1%
Segregation of accounts by function for single purpose	**86%**	45%	39%	13%	2%	1%
Payee positive pay	**85%**	76%	21%	2%	1%	--
Tamper resistant features on checks	**83%**	33%	32%	24%	8%	3%
"Post no checks" restriction on depository accounts	**73%**	66%	25%	7%	1%	1%
Reverse positive pay	**52%**	60%	31%	9%	--	--
Non-bank fraud control services	**47%**	37%	36%	23%	3%	1%

Reasons for Considering Eliminating the Use of Checks
(Percent of Organizations Planning to Eliminate Use of Checks)

Manual process	75%
Vulnerability to fraud	66%
Administrative and labor costs	61%
Administrative burden	56%
Escheatment process	26%
Float time	25%

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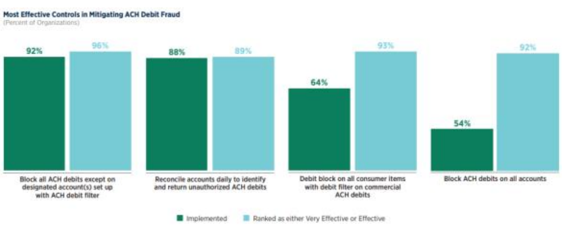
Controlling ACH Fraud

2025 AFP Payments Fraud and Control Survey Report-Comprehensive Report

Effectiveness of Controls in Mitigating ACH Debit Fraud (Percent of Organizations)



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Fraud Tools of Treasury

CHECK Fraud Mitigation
- Daily Reconciliation
- Check Positive Pay
- Payee Name Positive Pay
- Reverse Positive Pay

ACH Fraud Mitigation
- Daily Reconciliation
- ACH Debit Block and/or filter
- ACH Positive Pay

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The Threat Landscape:
Business Email Compromise

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Business Email Compromise

- Posing as Senior Executives in emails
- Impersonating Vendors
- Pretending to be other third parties

Other Types of email used in attacks are:

- Faxes requesting revisions to bank accounts
- Emails from fraudsters who hacked Senior Executives
- Emails impersonating HR Departments
- Emails requesting change in payroll info

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Fraud Tools of Treasury

System Forced Dual Control
Account Alerts
Out of Band Authentication
Cash Vaults
Soft Apps (Token)

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Business Email Compromise:

Security and Compliance Measures

- Review emails forwarded outside of your organization
- Color-coded emails with colored banners or other methods of distinction, indicating they are external
- Intrusion detection systems that flag emails with extensions similar to company emails (example: where "rn" could be in the place of an "m")
- Prohibiting, or at least quickly detecting, emails where the "reply" email address is different than the "from" email address shown
- Utilizing bank/vendor solutions that captures beneficiary information managed by the beneficially for refunds/returns
- Train associates on all vendor management policies.
- Empower employees to ask questions when in doubt.
- Know your vendor.
- Plan how your vendor will connect with you.
- Require verbal confirmations.
- FOLLOW YOUR OWN PROCEDURES!!!!!!

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FBI Tips and Preventative Measures

1. Regularly Back Up Data
Maintain offline, encrypted backups of all critical data. Test backups regularly to ensure they work. Do not store backups on the same network as the data they back up.

2. Patch and Update Systems Promptly
Apply security patches and software updates as soon as they are released. Prioritize critical vulnerabilities, especially in:
- Operating systems
- Web browsers
- VPNs
- File transfer software (e.g., MOVEit, Citrix, etc.)

3. Use Multi-Factor Authentication (MFA)
Enforce MFA for all remote access and privileged accounts. This significantly reduces the effectiveness of credential-stealing attacks.

4. Segment Your Network
Limit access between networks so ransomware can't spread easily. Use firewalls and network segmentation to contain threats.

5. Limit User Privileges
Apply the principle of least privilege—users should only have access to systems they need. Admin accounts should be separate from regular user accounts.

6. Disable Unused Services and Ports
Close unnecessary RDP (Remote Desktop Protocol) and SMB ports. Disable macros in email attachments and Microsoft Office files when possible.

7. Educate and Train Employees
Run regular phishing awareness training. Teach staff to recognize and report suspicious emails and links.

8. Use Antivirus and Endpoint Protection
Install reputable antivirus software on all devices. Enable automatic updates and real-time protection features.

9. Monitor and Log Network Activity
Use intrusion detection systems (IDS) and log analysis to detect early signs of intrusion.

10. Create an Incident Response Plan
Prepare for a ransomware event with a documented plan. Include how to isolate affected systems, notify stakeholders, and contact law enforcement.

Source:
FBI Internet Crime Complaint Center (IC3): www.ic3.gov
FBI Cyber Division and CISA Joint Alerts (2024–2025)

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Account Analysis Terminology

- **Average Collected Balance**: Average Ledger Balance – Average Deposit Float
- **Reserve Requirement**: The amount the bank is required to maintain with the Fed based on balances held by the customer (usually 10%).

Historically, reserve balances needed to satisfy a bank's reserve requirement were non-interest bearing, hence the reasoning of deducting the RR from balances that receive an earnings credit. Just as banks are now allowed to pay interest on commercial accounts, reserve banks in the US now pay interest on reserve balances. Many banks, however, still deduct the reserve from available balances in calculating earnings credits.

- **Service Charges**: per unit prices for transaction activity and Treasury Services
- **Earnings Credit Rate**: Set by the bank based on competitive market rates. A commonly used ECR is based on the 90 day T-Bill.
- **Excess Funds or Investable Balance**: These are the balances in excess of what is needed to cover the services charges based on the ECR. Anything over the defined Target Balance will sweep into an interest-bearing account which is why it is referred as Investable Balances.
- **FDIC Fees:** FDIC fees are charged to cover the cost of federally mandated deposit insurance. The FDIC does not object to banks passing along these fees to the customer. In 2012 the FDIC ordered banks to stop labeling these fees with "FDIC" and other government names, saying it could mislead customers into thinking that those fees go directly to the government instead of the banks themselves.

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Account Analysis Calculations

Earnings Credit Calculation

$$EC = CB \; x \; (1 - RR) \; x \; ECR(\frac{D}{365})$$

EC= Earnings Credit
CB= Collected Balance
RR= Reserve Requirement
ECR= Earnings Credit Rate
D= Number of days in the month

Calculation of Required Balances

$$CB = \frac{SC}{ECR \; x \; (\frac{D}{365}) \; x \; (1 - RR)}$$

CB= Collected Balance to offset service charges
SC= Service Charges
ECR= Earnings Credit Rate
RR= Reserve Requirement

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ABC BANK ACCOUNT ANALYSIS WORKSHEET				
Georgia Manufacturing Company			Relationship Manager:	
1234 Main Street				
Anytown, GA				
Days in Month: 30			5/15/2024	
Earnings Credit Rate 1%			Statement Cycle: April 2024	
BALANCE SUMMARY			**EARNINGS CREDIT SUMMARY**	
Average Ledger Balance	$658,987.26		Available Balance for Earnings Credit	$542,747.15
Less: Average Float	$ (55,934.89)		Earnings Credit Allowance	$ 401.47
			Less: Charges for Services	$ (820.50)
Average Collected Balance	$603,052.24			
Less: Reserve Requirement (10%)	$ (60,305.24)		Service Charge Amount:	$ 429.03
Average Available Balance	$542,747.13			
Analysis Account Activity	**Volume**	**Unit**	**Total Fees**	
Account Maintenance Monthly Fee	4	$ 20.00	$ 80.00	
Credits *(deposits)*	94	$ 0.25	$ 23.50	
Deposited Items	1745	$ 0.10	$ 174.50	
ACH Credits	800	$ 0.10	$ 80.00	
ACH Debits	500	$ 0.10	$ 50.00	
Checks Cleared	250	$ 0.10	$ 25.00	
Cash Deposits	5000	.25 per 100	$ 12.50	
Returned Items	2	$ 5.00	$ 10.00	
Stop Payment	2	$ 20.00	$ 40.00	
			$ -	
ACH Monthly Fee	1	$ 25.00	$ 25.00	
ACH Batches	5	$ 10.00	$ 50.00	
ACH Per Item	500	$ 0.10	$ 50.00	
			$ -	
RDC Monthly Fee	2	$ 75.00	$ 150.00	
			$ -	
Positive Pay Fee	1	$ 50.00	$ 50.00	
			$ -	
Total Monthly Service Charge			$ 820.50	

Earnings Credit Calculation

$$542{,}747.13 \; x \; (1 - 0.10) \; x \; 0.01(\frac{30}{365})$$
$$542{,}747.13 \; x \; 0.90 \; x \; 0.0008219$$
$$488{,}472.417 \; x \; 0.0008219$$
$$= \$401.47$$

Calculation of Required Balances to offset service charges:

$$\frac{820.50}{0.01 \; x \; \left(\frac{30}{365}\right) \; x \; (1 - 0.10)}$$
$$820.50$$
$$\frac{820.50}{0.0008219 \; x \; 0.90}$$
$$\frac{820.50}{0.00073971}$$
$$= \$1{,}110{,}133.95$$

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ABC BANK ACCOUNT ANALYSIS WORKSHEET				
Georgia Manufacturing Company			Relationship Manager:	
1234 Main Street				
Anytown, GA				
Days in Month: 30			5/15/2024	
Earnings Credit Rate 1%			Statement Cycle: April 2024	
BALANCE SUMMARY			**EARNINGS CREDIT SUMMARY**	
Average Ledger Balance	$700,000.00		Available Balance for Earnings Credit	$621,000.00
Less: Average Float	$ (10,000.00)		Earnings Credit Allowance	$ 459.37
			Less: Charges for Services	$ (397.87)
Average Collected Balance	$603,052.24		Service Charge Waived *(Credit)*	$ 61.50
Less: Reserve Requirement (10%)	$ (69,000.00)		Service Charge Amount:	$ -
Average Available Balance	$621,000.00			
Analysis Account Activity	**Volume**	**Unit**	**Total Fees**	
Account Maintenance Monthly Fee	1	$ 20.00	$ 20.00	
Credits *(deposits)*	62	$ 0.25	$ 15.50	
Deposited Items	956	$ 0.10	$ 95.60	
ACH Credits	552	$ 0.10	$ 55.20	
ACH Debits	42	$ 0.10	$ 4.20	
Checks Cleared	215	$ 0.10	$ 21.50	
Cash Deposits	108	.25 per 100	$ 0.27	
Returned Items	1	$ 5.00	$ 5.00	
Stop Payment	0	$ 20.00	$ -	
			$ -	
ACH Monthly Fee	1	$ 25.00	$ 25.00	
ACH Batches	6	$ 10.00	$ 60.00	
ACH Per Item	206	$ 0.10	$ 20.60	
			$ -	
RDC Monthly Fee	1	$ 75.00	$ 75.00	
			$ -	
Positive Pay Fee	0	$ 50.00	$ -	
			$ -	
Total Monthly Service Charge			$ 397.87	

Earnings Credit Calculation:

$$621{,}000 \; x \; 0.90 \; x \; 0.01\left(\frac{30}{365}\right)$$
$$558{,}900 \; x \; 0.00082192$$
$$= \$\,459.37$$

Calculation of Compensating Balances:

$$\frac{397.87}{0.01 \; x \; \left(\frac{30}{365}\right) x \; (1 - 0.10)}$$
$$\frac{397.87}{0.00082192 \; x \; 0.90}$$
$$\frac{397.87}{0.00073973}$$
$$= \$537{,}858.41$$

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Why Lead with Treasury Management?

To support the enterprise's goal of managing financial aspects of cash flow, risk management, and investment decisions to ensure long-term financial stability and success.

Provides cash flow efficiencies and fraud mitigation so our customers can stay focused on what they do best, running their business.

Contributes to non-interest income to the bank, creates stickier relationships and helps grow core deposits.

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Stay in touch!

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