MARYLAND ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

2025 ANNUAL CONFERENCE

PAYING YOUR BILLS IS EXPENSIVE AND MANUALLY INTENSIVE

Ocean City, Maryland

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With advancements in payments technology, vulnerabilities are multiplying

Fraud tactics are shifting with the change to digital…

65%
of organizations report having been victims of payment fraud attacks[1]

6%
increase in fraud instances via ACH credit payments in 2022 versus 2021[1]

30%
of financial professionals reported fraud attacks via ACH debit[1]

71%
of organizations experienced attempted or actual business email compromise fraud[1]

…and driving a rise in ACH debit and credit fraud attempts

[1] Association for Financial Professionals, "2023 AFP Payments Fraud and Control Report."

What keeps you up at night?

How will **you mitigate against synthetic imposter fraud** and **payments to unintended recipients?**

How will you balance your clients' **needs for data privacy and protection?**

Are you prepared for the **consequences of not being compliant** with Nacha Web Debit rule?

How will you avoid fees associated with funds returned due to bad account data?

How will you address **growing financial crime complexity** and **business email compromise?**

How will you prepare for **risk to institutional reputation?**

Do your business resiliency plans include **stronger fraud prevention and detection controls?**

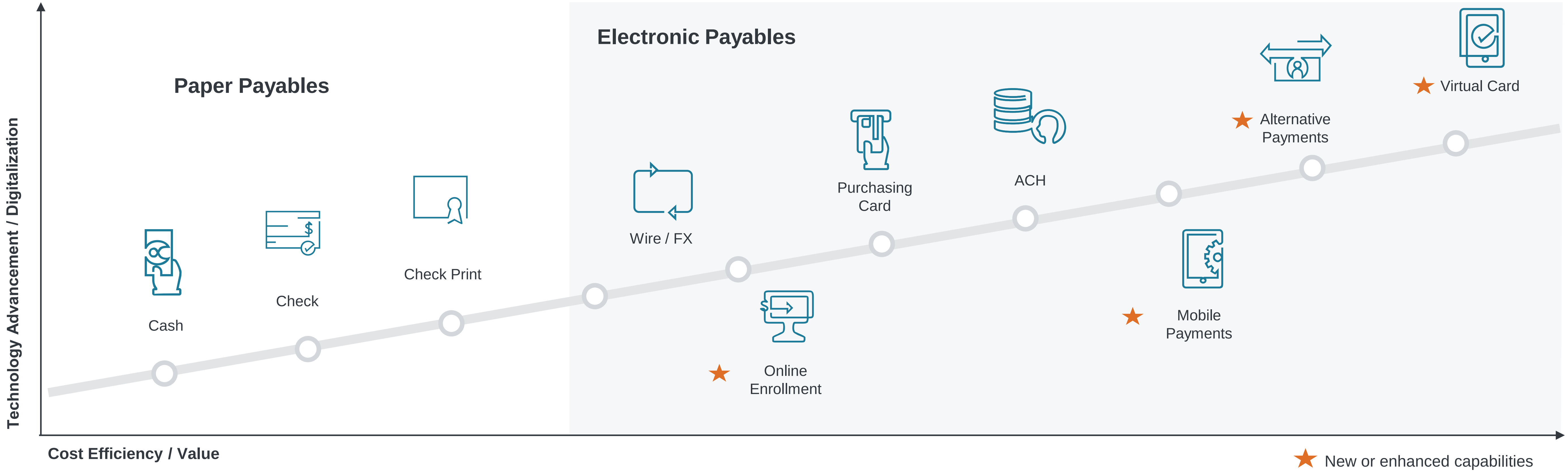
Are you staffed to manage an **increase in manual payment related exceptions?**

What is your potential business impact of not investing in a validation solution?

- Fraud risk
- Returned payments
- Payments to unintended recipients
- Operational efficiency
- Risk of non-compliance

Are you prepared to solve for these?

Optimize working capital when you make the switch from paper to electronic



Check Print

- J.P. Morgan Access® Checks
- Check Print Outsourcing
- Direct transmission
  - File Transmission Payments

Checks

- Controlled Disbursements
- Account Reconciliation
- Positive Pay
- Online check image storage and inquiry

Card

- Card Solutions
  - Purchasing Card
  - Virtual Card
  - Travel
  - Rebates

E-Payments

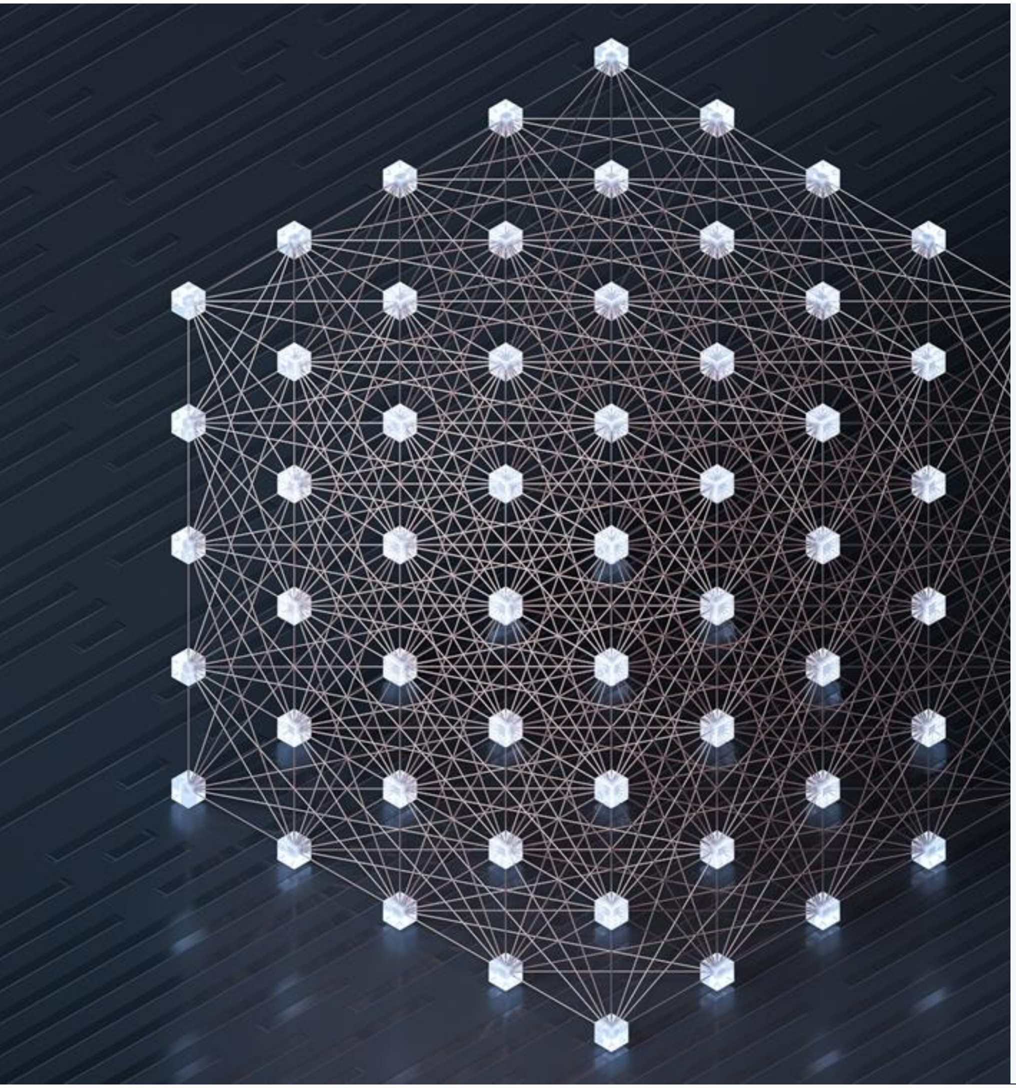
- Timeliness and certainty of payments
- FedWire/CHIPS
- ACH
- Alternative payments (real-time payments, Push to Card)

Connectivity

- API
- File Transmission Payments
- J.P. Morgan Access®
- Chase Connect

Act to combat fraudsters and reduce risk with J.P. Morgan Account Validation Services (AVS)

Originate payments with confidence leveraging information regarding **the status** and/or **ownership** of the accounts



1 **INCREASED PAYMENT CONFIDENCE**

Validate accounts in real-time across multiple data providers, decreasing the likelihood of returned or erroneous payments

2 **ENHANCED FRAUD RISK PROTECTION**

Review potentially high-risk changes to payment instructions, received via non-secured channels, such as email or fax

3 **HELPS ALIGN WITH NACHA RULE**

Helps align with Nacha's Web Debit Rule, which requires the use of a commercially reasonable validation solution

4 **STRENGTHEN CONTROLS**

Receive information that helps strengthen internal controls and provides time to take preventative action on high-risk accounts

Validate identity and accounts in real time to help prevent erroneous payments and fraud

Identity Verification[1]

Verify personal name, address, DOB, government issued IDs against third party sources

Account Owner Authentication

Confirms account owner or authorized user on the associated account

Business Verification[1]

Verify a business based on name, address, and/or government ID

Account Verification

Provides real-time account status for consumer and business accounts using bank routing and account number

Account Confidence Score

Provides a fraud detection service that helps clients to determine the likelihood of fraudulent activity associated with a beneficiary's account prior to initiating payment.

[1]These services are not intended to, and do not, satisfy any regulatory or other requirements for the establishment or maintenance of any Sanctions, Anti-Money Laundering, or Know-Your-Customer program. Clients using entity validation service products remain subject to and solely responsible for compliance with their own regulatory and sanctions obligations. Use of the services does not constitute a guarantee that transactions will be processed for verified or screened counterparties.

Help prevent synthetic identity fraud and manage risk with J.P. Morgan Entity Validation Services (EVS)

Ensure the **individuals** and **businesses** you're paying are real, trusted, verified and accurate to stay ahead of fraudulent activities

1 **DECREASE THE LIKELIHOOD SYNTHETIC FRAUD**

Verify identity of those that you do business with—in real time—to onboard counterparties onto payments platform

2 **DETECT POTENTIAL FRAUD RISKS**

Review information from payee change requests before updating details to mitigate risk of re-direction of funds to unauthorized recipients

3 **INCREASE OPERATIONAL EFFICIENCY**

Custom response mapping to support client decisioning based on internal payment risk, reducing operating costs of manual reviews

4 **ENHANCED SECURITY**

EVS utilizes J.P. Morgan's global network of trusted data sources and does not retain personally identifiable information

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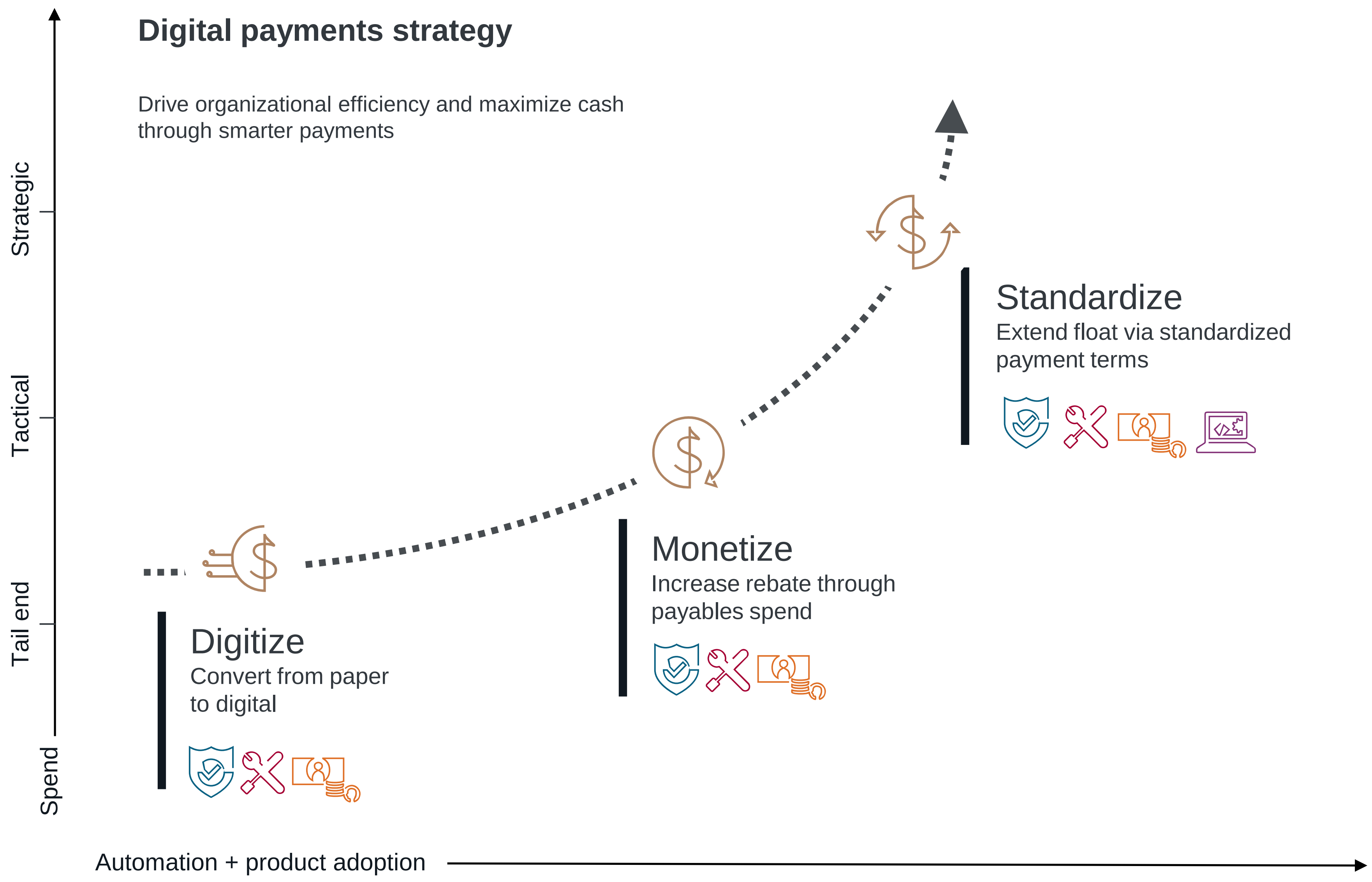
Optimize the payables process by enabling a digital payments strategy



How we enable efficiency with Virtual Cards

Security
Help reduce fraud by leveraging modern, digital payments

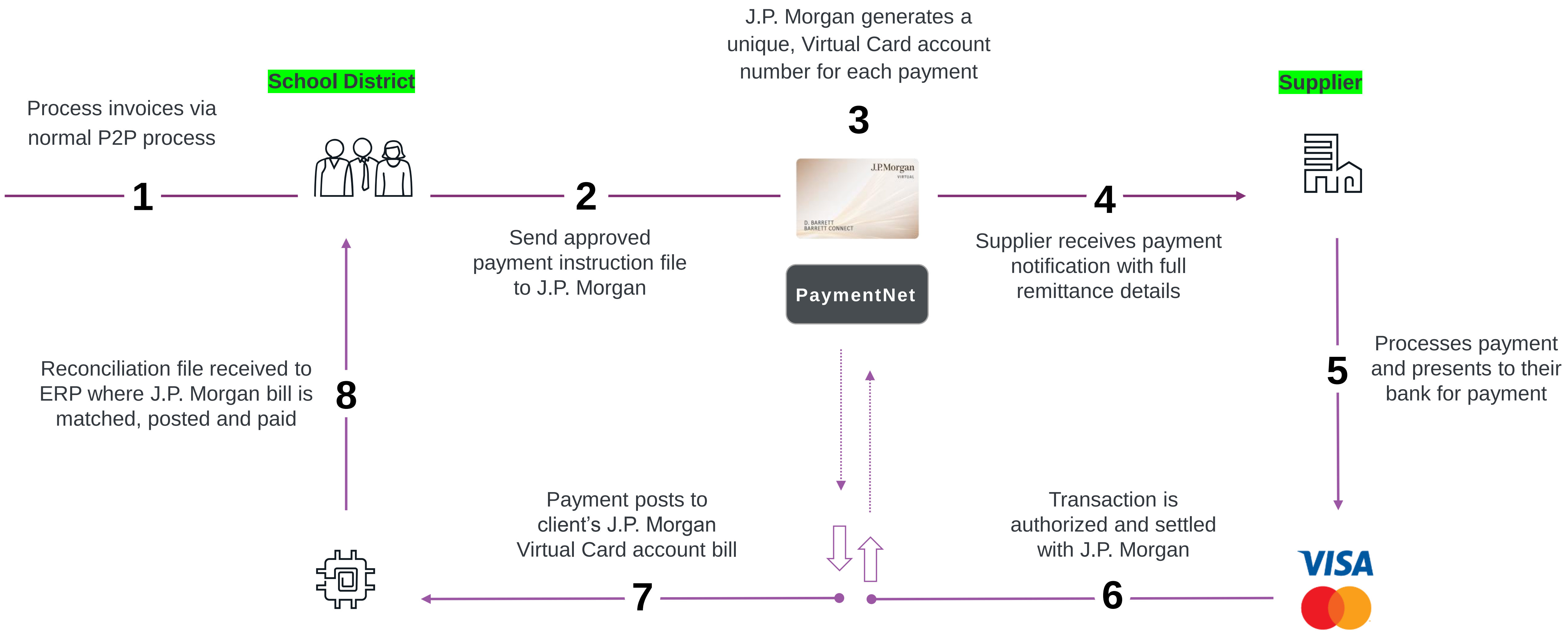
Flexibility
Multiple payment channels to meet buyer and supplier needs

Rewards
Improve float by earning rebate and reducing check costs

Automation
Automate manual tasks to save time and drive greater efficiencies

Virtual Card Accounts – What is the process flow?

All the benefits of a card with enhanced controls, data capture and integration



PaymentWorks

What Does Outsourcing AP Mean?

What

- Using a third-party entity to process payments that would typically flow through a government's accounts payable process.

How

- Approved payables sent by government to the 3rd-party who will then issue payments via check, ACH, or other means.

Why

- Saving staff time
- Risk mitigation and improved security
- Generate Revenue or lower overall cost

Determining the Right Strategy for Your Entity

Identify goals and challenges

- Save time
- Save costs
- Enhance organizational efficiency
- Reduce tasks (1099/ escheatment)
- Reduce paper
- Mitigate risk
- Reduce fraud

Consider your options

- Outsource all payables/ all types
- Outsource by payable type
    - Checks
    - Virtual
    - other digital options
- If outsourced, then:
    - How are payments made?
    - Who decides?

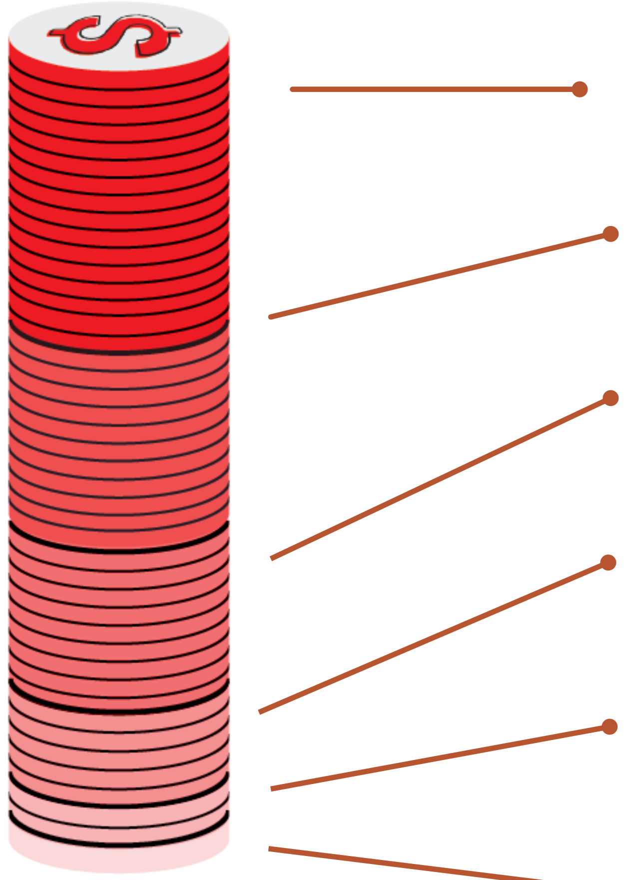
Weigh strategy that make sense

- Issue Payments, solely
- Vendor Management, solely
- Both Issue Payments and Vendor Management
    - What are downstream impacts
    - What are overall benefits
    - What is the ROI over time

The Real Costs and Risks of Manual Onboarding

Cost to Onboard/Maintain a Supplier Per Year

Average: $100 - $200 per Supplier



35% AP/Procurement Overhead

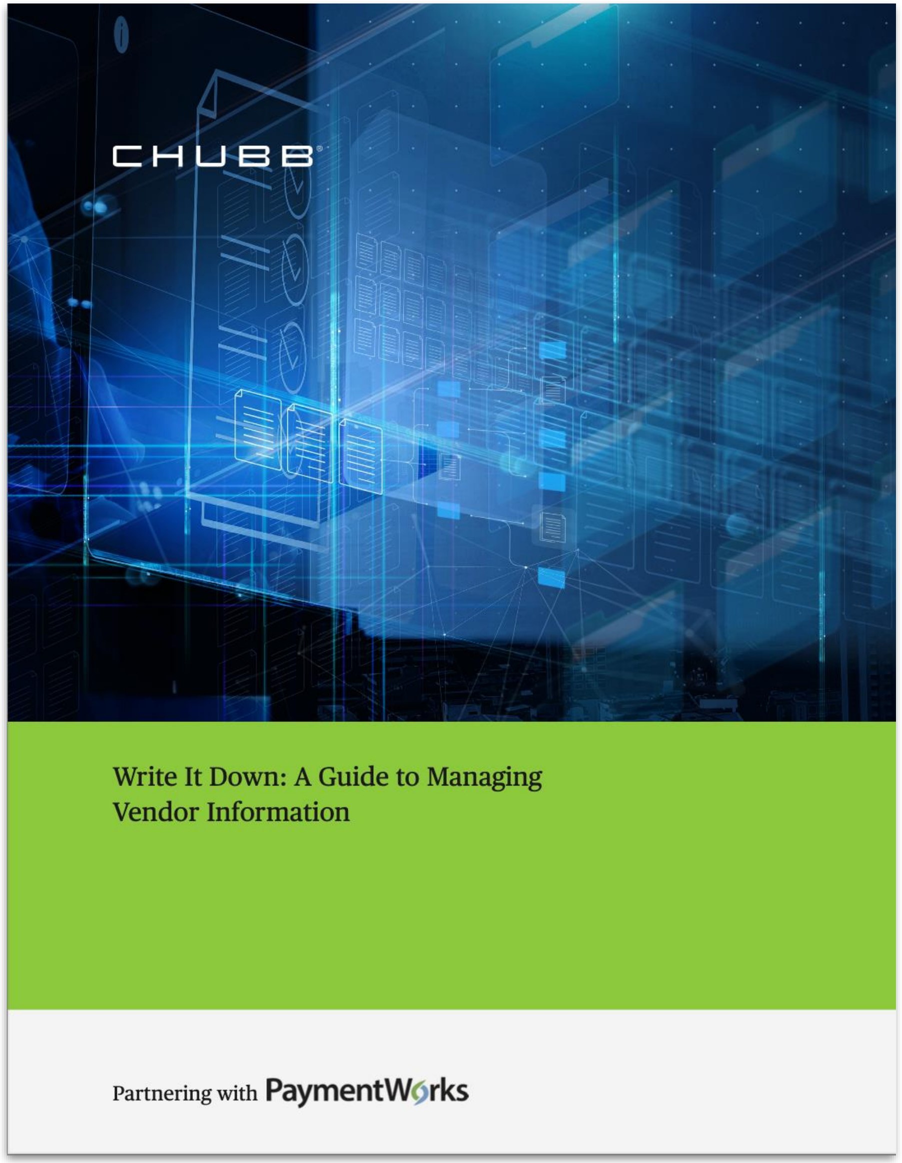
25% Payments Fraud Risk

20% Department Overhead

12% Check Costs

5% PII Risk

3% 3rd Party Tools



Write it Down

Concourse

JPMorgan Concourse

Concourse is a secure, digital experience for businesses to make payments to consumers and small businesses. It encourages electronic payment adoption and reduces the burden of collecting, storing, and validating payee payment information.

With Concourse, you are easily able to offer faster payment options desired by your payees (defined as "Counterparties" in Concourse), supporting paper to electronic migration.

You

Send payment intent through:

- API
- File transmission
- J.P. Morgan Access

Payees

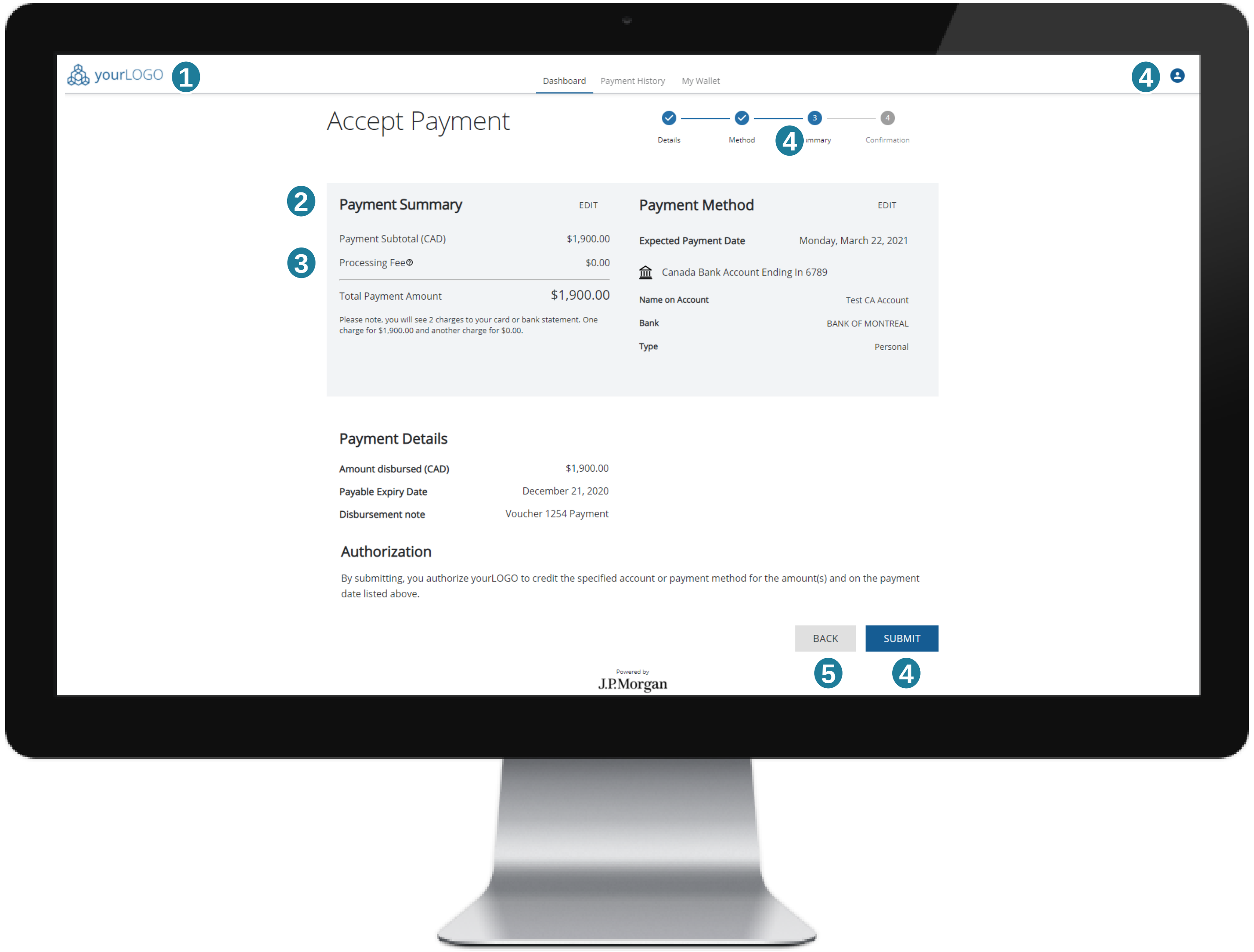
Select payment method preference and provide account details

[1] USD and CAD payments. *CAD is in pilot and limited to EFT and check payment options*. Bank Account Validation via Early Warning Services available for US ACH and real-time payments

Fully Hosted Standard Style Options

Concourse's Online & Mobile portal includes a variety of standard customizable style elements which you can use to match your desired look and feel

1. Your logo
2. Primary Text Color
3. Secondary Text Color
4. Primary + Highlight Color
5. Secondary + Highlight Color



Counterparty Notification Experience

Working together with our Fully Hosted experience is Concourse's comprehensive notification engine, providing a consistent, branded experience

Client-Branded

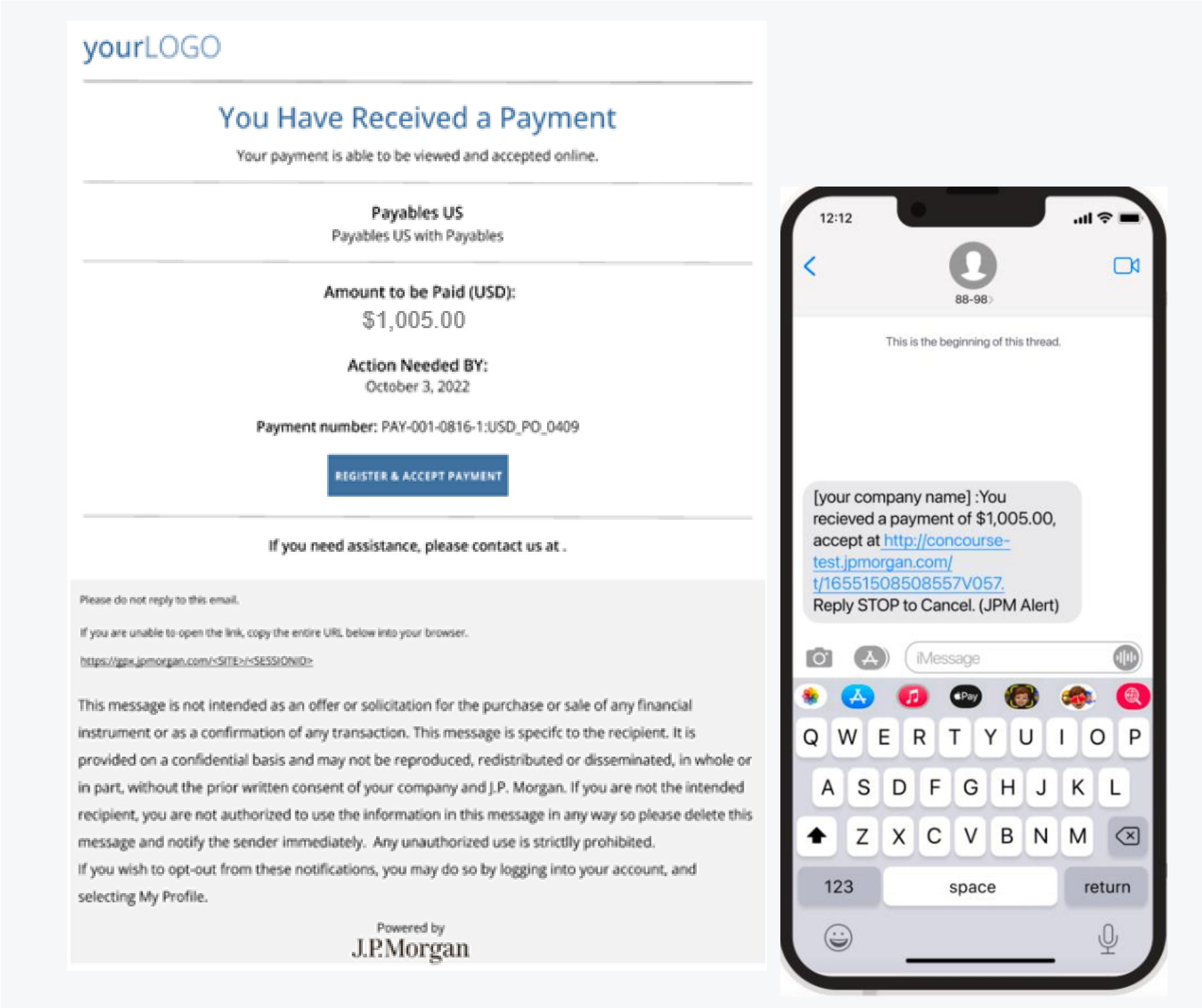
Match your branding, including logo, colors, fonts and even terminology.

Greater Control

Your customers can specifically choose which Programs they want to receive notifications for and how they want to receive those notifications – email, SMS, or other options in the future.

Compliance-Ready

One-click unsubscribe (and ‘STOP’), opt-out and number portability monitoring help ensure compliance with anti-SPAM and Telephone Consumer Protection Act (TCPA) regulations in U.S. and Canada.



Questions