What leading U.S. payment originators do differently

Seven best practices explained

WELLS FARGO

Standing out from the competition

The largest U.S. payment originators — including payroll providers, lenders, billers, fintechs, insurance carriers, government agencies, and marketplaces — process billions of transactions annually. At this scale, even small inefficiencies multiply into material financial loss, operational drag, and increased regulatory exposure.

Through industry research and subject matter expertise, we have studied the best practices of leading originators and distilled them into simple steps your organization can take. These practices focus on operational modernization, risk reduction, intelligent automation, and payments infrastructure design that supports both growth and resilience.

Drawing on the challenges observed across high volume originators and the emerging architecture of best in class payment environments, we provide a practical roadmap for organizations looking to optimize cost, reliability, fraud controls, reconciliation efficiency, and customer experience.

> Do not let legacy payment operations drain your team's time. Nearly 7 in 10 financial decision makers say inefficiencies from manual processes and system sprawl are holding them back.* Modernization is how leaders pull ahead.
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> * Modern Treasury. The State of Payment Operations 2025. January 2025.

Challenges faced by large payment originators

Improving payment processes starts with understanding the challenges faced by organizations that originate high volumes of transactions. While every company has its own unique complexities, we consistently see common themes emerge across many of our clients in this space.

Operational complexity

As companies work to modernize and improve their payment operations, one of the most persistent barriers can be the complexity of entrenched systems and processes. Internal business units and subsidiaries often operate independently, creating fragmented payment workflows, inconsistent controls, and duplicated efforts. This is often amplified by acquisitions.

Multiple ERPs and workstations further compound the problem, introducing data silos and varied file formats from banking and trading partners. These disparities drive manual intervention and reconciliation, slowing operations and increasing risk. Ultimately, this lack of integration and efficiency leads to inconsistent experiences for payment partners and end recipients.

Risk and compliance

As payment volumes grow, so does the exposure to fraud and regulatory risk. Fraudsters have become more sophisticated in account takeover, synthetic identity, and phishing, making manual fraud detection insufficient. Companies need automated, real-time controls to identify and mitigate threats before they impact operations.

Beyond fraud, compliance requirements, such as sanctions screening and ACH and Nacha return monitoring, demand robust processes that can scale as volumes grow. Without automation, these tasks become labor-intensive and error-prone, increasing the risk of regulatory breaches and reputational damage.

Additionally, payment provider concentration risk increases exposure to single points of failure. Integration with multiple processors can provide BCP confidence in the event of outages but will also increase operational complexity.

Liquidity management

Managing liquidity effectively becomes increasingly difficult as transaction volumes grow. Timing mismatches between payment origination and settlement can create cash flow challenges, while limited real-time visibility into account balances and payment status complicates forecasting and intraday liquidity management. Bank-imposed credit limits and cut-off times further restrict flexibility, leaving organizations vulnerable to missed opportunities and operational risk. Without tools that provide real-time insights and automation, treasury teams are often left reacting rather than proactively managing liquidity.

Returns and rejections

High volumes of returns, whether due to insufficient funds, closed accounts, or unauthorized debits, create operational strain and liquidity challenges. Manual investigation of chargebacks and exceptions slows resolution and impacts customer experience. Delayed or failed payments ripple through the organization, affecting cash flow and increasing the cost of remediation. Automating exception handling and customer notifications is no longer optional; it is essential for efficiency and trust.

Reconciliation and reporting

Fragmented data sources and batch-based settlement processes make timely reconciliation difficult. Without unified reporting, organizations lack visibility into payment status, exceptions, and customer-level analytics. Manual reconciliation not only consumes resources but also introduces compliance gaps and error risk. A modern approach requires real-time dashboards and automated matching to deliver transparency and control.

What success looks like:
Seven best practices you can implement today

1 Centralize and standardize your payments infrastructure

Why it matters

Large originators operate across multiple ERPs, business units, rails, and banking partners. Fragmentation creates inconsistent controls, manual work, and operational fragility. A unified infrastructure is the foundation for scale, modernization, and future innovation.

Best practice

Build a centralized payments hub that:

- Consolidates initiation, validation, routing, settlement, and reconciliation
- Standardizes formats (ISO 20022 for multi rail, Nacha for ACH only)
- Connects to all banks and processors through APIs, Swift, and H2H
- Provides a unified operational console for exceptions and returns

Outcomes

- Reduced operational cost and manual effort
- Consistent controls, approvals, and audit trails
- Streamlined onboarding for new business units or acquisition integrations
- Improved resilience and scalability

A hub based architecture lays the foundation for intelligent routing, fraud detection, instant payments, and real time liquidity monitoring.

2 Implement upfront account validation and authentication controls

Why it matters

ACH fraud, account takeover, and unauthorized transactions scale rapidly in high volume environments. Downstream detection and manual review are costly and ineffective once payments are already in flight.

Best practice

Embed real time, upfront validation that combines:

- Front end account validation (bank-sourced status, Nacha WEB verification, behavioral and device checks)
- Real-time sanctions screening, velocity checks, and transaction monitoring
- Machine learning-based fraud detection that adapts to patterns in seconds
- Strong customer and account authentication

Outcomes

- Reduced ACH returns and unauthorized errors
- Lower fraud losses and chargeback workloads
- Stronger regulatory posture with immediate interdiction
- Higher straight-through-processing and improved customer experience

Upfront validation is one of the most effective cost reduction and risk mitigation levers available by preventing exceptions before they occur.

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3 Operate an intelligent, multi-rail payment routing strategy

Why it matters

ACH remains a cost-effective option; however, it is not always the optimal rail. Real-time payments, wires, card-based disbursements, and internal transfers may be better suited depending on transaction urgency, value, risk, and customer expectations.

Best practice

Deploy intelligent routing that evaluates each transaction based on:

- Cost and fee structure by rail and partner
- Customer preference for speed versus cost
- Transaction value and risk profile
- Bank cutoff times and SLA performance
- Liquidity thresholds and funding position
- Real-time rail availability

Outcomes

- Higher success rates and fewer exceptions
- Faster settlement for time-sensitive use cases
- Potentially lower payment expenses
- Greater resilience during rail or processor disruptions

Intelligent routing empowers originators to treat payment rails as flexible, interchangeable pathways instead of fixed defaults, enabling greater adaptability in transaction management.

4 Maximize on-us routing through a multi-bank strategy

Why it matters

Payments routed between accounts held at the same bank avoid interbank clearing, settlement delays, and network fees. At scale, this creates meaningful cost and efficiency advantages.

Best practice

Design for on-us optimization by:

- Maintaining relationships with multiple strategic banking partners
- Identifying recipient bank alignment at the account level
- Automatically routing payments internally whenever possible

Outcomes

- Lower transaction costs by avoiding interbank rails
- Enable later processing cutoffs and faster settlement
- Reduce payment failures and timing mismatches
- Improve liquidity control and operational resilience

On-us routing can drive significant annual savings while also improving posting accuracy, funds availability, and customer outcomes.

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5 Enable real-time visibility into payments and liquidity

Why it matters

Batch-based reporting limits treasury's ability to forecast, fund, and respond proactively. Without real-time visibility, teams are forced into reactive decision-making.

Best practice

Leverage real-time dashboards that deliver:

- Intraday cash visibility across all banks and accounts
- End-to-end payment lifecycle monitoring
- Immediate alerts for returns, rejects, and failures
- Credit utilization and funding threshold tracking

Outcomes

- More accurate liquidity positioning
- Fewer failed payments due to insufficient funds
- Improved treasury control and confidence
- Reduced operational engagement in urgent matters

Actionable data is increasingly a competitive differentiator rather than a discretionary capability, strengthening forecasting accuracy and allowing organizations to better leverage their working capital.

6 Automate exception handling, returns, and reconciliation

Why it matters

Returns and exceptions are unavoidable regardless of scale, but manual investigation and reconciliation drive significant operational cost and delay resolution.

Best practice

Automate post-payment workflows using:

- Intelligent exception classification
- Automated customer notifications and outreach
- Rules-based or AI-assisted reinitiation logic
- Automated reconciliation across rails and bank statements

Outcomes

- Substantial reduction in manual workload
- Faster resolution and improved SLAs
- Lower operating cost per transaction
- Greater accuracy and audit readiness

Embedding automation into exception handling and reconciliation processes reduces friction, improves data integrity and supports a more resilient and transparent payments infrastrcture.

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7 Strengthen fraud, compliance, and decisioning with real-time controls

Why it matters

Fraud, compliance risk, and operational complexity are evolving faster than what static rules and batch controls can address, and manual oversight alone cannot scale. Leveraging advanced technology, such as agentic AI, enables organizations to adapt and respond to risk management concerns.

Best practice

Adopt real-time and intelligent control layers that:

- Perform continuous fraud and sanctions screening
- Monitor transactions, velocity, and behavioral patterns in real time
- Dynamically adjust controls, routing, and thresholds
- Orchestrate decisions autonomously across rails, banks, and risk signals

Outcomes

- Immediate interdiction of fraud attempts
- Reduced regulatory exposure and compliance risk
- Lower customer friction through smarter controls
- Enable a future-ready operating model that adapts as volumes and threats evolve

Using innovation and available technology, including agentic AI-driven decisioning, represents a paradigm shift from focusing on rules-based automation to developing autonomous payment operations.

Motivation for change

The largest payment originators are transforming their operational environments to achieve higher efficiency, lower cost, and greater resilience. By adopting the best practices we have outlined — including centralized infrastructure, intelligent routing, real-time controls, automated reconciliation, and robust fraud and compliance frameworks — organizations can unlock substantial financial and operational value.

As the U.S. payments landscape continues evolving, leaders will distinguish themselves not simply by processing higher ACH volumes, but by doing so smarter, faster, and more securely.