

From Manual to Mandated

Navigating the NACHA Phase 2 Risk Landscape

The analog perimeter has collapsed.

In 2022, fraud was a manageable operational risk. By 2026, it has become an enterprise liability event driven by GenAI enabled account takeover and regulatory escalation.

Bad actors are no longer targeting the "big swing" alone. They have automated the attack surface, allowing them to scale personalized impersonation at a pace that manual reviews cannot match.

If you take a look at the data, the message is clear:
Your 2022 playbook will not survive a 2026 NACHA Phase 2 audit.

ATO Surge Comparison: 2022 to 2026

The following data highlights the structural transformation of the threat landscape over the last four years.

Metric	2022	2024	2026 (proj.)	Insight
Monthly ATO Volume	185	337 (+82%)	588 (+217%)	GenAI enables mass-scale, automated attacks.
Avg. Disbursement Requested	\$182k	\$118k (-35%)	\$88.5k (-51%)	Fraudsters micro-target below manual thresholds.
Onboarding Abandonment	5.1%	8.4% (+65%)	12.6% (147%)	The "friction tax" compounds as verification complexity grows.
Regulatory Penalties (H1)	\$102M	\$482M (+372%)	\$1.38B (+1,254%)	Regulators no longer accept manual "best efforts".

Source: [2026 Retirement Fraud Trends Strategic Intelligence Brief](#)

The Math Has Changed

The drop in average disbursement requests is not accidental - it is engineered.

Fraudsters deliberately micro-target amounts below manual review limits to avoid detection while maintaining high frequency volume.

The 2025 [Microsoft Digital Defense Report](#) reveals that 97% of identity attacks now target password-based vulnerabilities, including legacy MFA methods like SMS codes.

This gap exists because most firms lack a real-time execution layer. They rely instead on flagging suspicious activity after the transaction has already moved.

Furthermore, every manual form carries a baseline "Analog Processing Tax" of approximately \$35.00. This cost accounts for FA coordination, physical fulfillment, and postage before a single error or fraudulent event occurs.

At a volume of 50,000 annual transactions, a firm burns \$1.75M in headcount budget on paper alone.

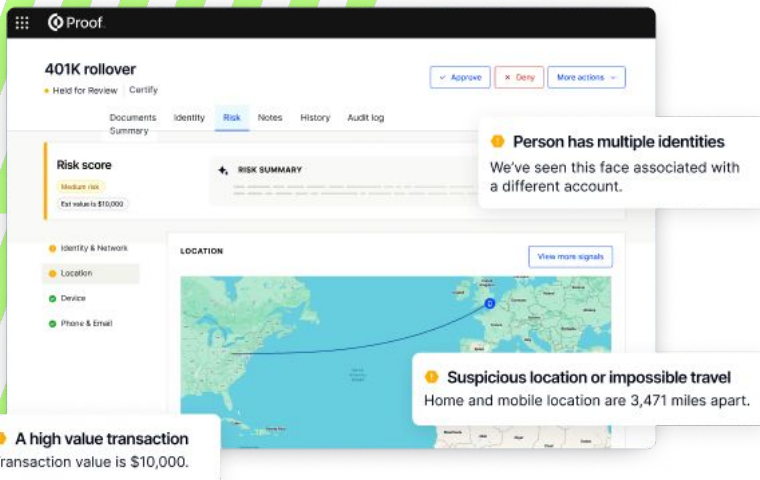
The 2026 Compliance Floor

The [June 22 NACHA Phase 2 mandate](#) effectively ends the era of manual "best efforts" for the mid-market. To satisfy the False Pretenses rule, firms must demonstrate active, auditable identity verification.

The emerging regulatory gold standard is [NIST 800-63 IAL2](#). This standard requires:

- **Document verification:** Remote identity proofing with government issued ID.
- **Biometric binding:** A live facial biometric match at the moment of the transaction.
- **Liveness detection:** Technical controls to defeat deepfakes and replay attacks.

Firms relying on legacy Knowledge-Based Authentication (KBA) or SMS codes will find themselves exposed during the next ODFI audit.



Bridge the June 22 Gap

The June 22 deadline is a forced evaluation of your fraud gates. You can treat this mandate as a compliance hurdle to clear, or as the strategic catalyst to finally close your analog holes for good.

Proof provides the only deployed [IAL2 execution layer](#) that satisfies the False Pretenses mandate while reducing NIGO rates by 79%. We help you move from simply flagging risk to executing identity in real time, collapsing month-long manual workflows into eight minutes.

Set your firm up for a successful June 22 instead of spending the next quarter reacting to a compliance failure.

[Try the ROI calculator](#)

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About Proof

Proof provides the high-assurance digital identity infrastructure for the internet's most important transactions. As a digital identity issuer, Proof verifies who is behind a critical action and ensures every interaction is continuously secured through our Identity Authorization Network. Our platform empowers organizations to authorize high-stakes actions and preserve verifiable records that are both defensible and authentic. To date, Proof has secured over \$640B in transactions across critical workflows including account recovery, financial approvals, and the Notarize Network, the world's largest on-demand notary platform.

Learn more at proof.com.

