



Same Day ACH: FAQ

What are the major provisions of Same Day ACH?

The Rule will enable the option for same-day ACH payments through new ACH Network functionality, without affecting existing ACH schedules and capabilities:

Originating financial institutions (ODFIs) would be able to submit files of same-day ACH payments through two new clearing windows provided by the ACH Operators:

- A morning submission deadline at 10:30 AM ET, with settlement occurring at 1:00 PM.
- An afternoon submission deadline at 2:45 PM ET, with settlement occurring at 5:00 PM.

Virtually all types of ACH payments, including both credits and debits, would be eligible for same-day processing. Only international transactions (IATs) and high-value transactions above \$25,000 would not be eligible. Eligible transactions account for approximately 99 percent of current ACH Network volume.

All RDFIs would be required to receive same-day ACH payments, thereby giving ODFIs and Originators the certainty of being able to send same-day ACH payments to accounts at all RDFIs.

RDFIs would be mandated to make funds available from same day ACH credits (such as payroll Direct Deposits) to their depositors by 5:00 PM at the RDFI's local time.

To allow financial institutions and businesses to acclimate to a faster processing environment, as well as to ease the implementation effort, these new capabilities would become effective over three phases beginning in September 2016.

What are the Effective Dates?

The rule would become effective in three phases:

- Phase 1 would become effective on September 23, 2016;
- Phase 2 would become effective on September 15, 2017;
- Phase 3 would become effective on March 16, 2018.

Why is implementation in three phases instead of all at once?

The implementation was designed as a three-phased approach in response to the feedback that NACHA received from an earlier same day proposal. Spreading implementation across three phases would ease the industry's implementation effort, and allow the industry to acclimate to a faster processing environment with same-day ACH credits prior to processing same-day ACH debits.

How did NACHA develop the business case for the rule?

In developing this rule on Same Day ACH, NACHA engaged an external, expert economics consulting firm to independently evaluate the benefits and costs of Same Day ACH for both ODFIs and RDFIs.

The firm directly collected data from and individually interviewed 14 large RDFIs. A survey request to

other RDFIs was distributed via NACHA's RPA members, and a total of 175 additional RDFIs provided cost data in response to the survey request. Together these two groups of RDFIs represent 48% of all RDFI volume. Additionally the firm interviewed three core processing companies that service large numbers of RDFIs.

The firm also used both primary and secondary research to develop use cases and volume estimates, and conducted in-depth interviews with ODFIs to estimate their Same Day ACH implementation costs, ongoing costs, and anticipated margins on future Same Day ACH services.

How will Same Day ACH transactions be identified?

Same Day ACH transactions would be identified and processed by the ACH Operator using that day's date in the Effective Entry Date field of the batch of Same Day ACH transactions and meeting the ACH Operator processing deadline. If the entry contained a stale or invalid date in the Effective Entry Date field, the Operator will process the entry in the next available window, which could be same day or next day.

ODFIs at their discretion may require their Originators to further show intent for same-day settlement using an optional, yet standardized, same-day indicator in the Company Descriptive Date field. The Company Descriptive Date field (5 record, field 8) is an optional field with 6 positions available (positions 64-69). Currently, the Rules provide that the "Originator establishes this field as the date it would like to see displayed to the Receiver for descriptive purposes." NACHA recommends that, as desired, the content of this field be formatted using the convention "SDHHMM", where the "SD" in positions 64- 65 denotes the intent for same-day settlement, and the hours and minutes in positions 66-69 denote the desired settlement time using a 24-hour clock. When electing to use this convention, the ODFI would validate that the field contains either "SD1300" for settlement desired at 1:00 PM ET, or "SD1700" for settlement desired at 5:00 PM ET.

Why start with same-day credits?

The decision to start with credits was based upon the feedback that NACHA received during an earlier same day proposal in 2012. Credits generally cause fewer exceptions and returns than debits, and so are viewed by many as a good way to gain initial experience processing same-day ACH transactions.

When would RDFIs have to make funds available?

By the Phase 3 implementation date, all RDFIs would be required to make available funds from same-day ACH credits no later than 5:00 PM at the RDFI's local time. This is to ensure that the recipients of same-day ACH credits have access to funds in their accounts by the end of the business day. This functionality is important in supporting use cases such as payroll, in which it is critical that an employee be able to withdraw cash on payday. RDFIs may make funds available earlier at their discretion.

Why are large dollar transactions (above \$25,000) ineligible?

Faster velocity of payments is expected to introduce risks that must be managed and mitigated. A per-transaction dollar limit is one way to mitigate risk. Financial institutions and businesses will also have to adjust their end-of-day balance forecasting and funding, and the dollar limit is a way to limit the impact. Currently, more than 99% of ACH transactions are under \$25,000, so the overall impact of the same-day limit is expected to be modest.

Will Same Day ACH be available for all account types?

Any account that is able to receive ACH entries today could receive Same Day ACH entries.

How would the \$25,000 limit be enforced?

The ACH Operators will edit for the \$25,000 limit for Same Day ACH transactions, and will assign next

day settlement to any transactions above the limit.

What is the Same Day Entry Fee?

A Same Day Entry Fee will be paid from the ODFI to the RDFI for each Same Day ACH transaction. Based on the estimated costs and Same Day ACH volume quantified in research during development of the Rule, the resulting Same Day Entry Fee will be 5.2 cents per same-day ACH transaction. Collection and disbursement of Same Day Entry Fees for ODFIs and RDFIs will be handled by the ACH Operators through monthly billing.

Why are IATs ineligible?

The receipt of an IAT triggers the burden of the OFAC screening requirements. Receiving IAT items late in the day could impose a significant burden on many financial institutions to complete the OFAC screening in a timely manner.

Will non-monetary ACH transactions be eligible for Same Day processing?

For non-monetary transactions, there are no funds to settle. Generally, these transactions would benefit from same-day processing. Under this rule, most of these transactions would be eligible for same-day processing beginning with Phase 1 of implementation.

The eligible non-monetary transactions include:

- Prenotifications (Prenotifications for future debits will become eligible in Phase 2)
- Notifications of Change (NOCs)
- Remittance information (using CCDs and CTXs)
- Death Notifications (DNEs)

Automated Enrollment Entries (ENRs) would not be processed as same-day entries. ENRs do not use Effective Entry Dates, so there is no way to differentiate same-day from next-day.

How will returns be affected by Same Day ACH?

For ACH transactions that need to be returned, faster processing of the return is typically a “win-win” for all parties. ODFIs and Originators will learn about problems sooner and RDFIs will have exceptions processed and settled faster.

Same Day ACH will allow for the same-day processing of returns, regardless of whether the forward transaction is a same-day transaction or not. Returns that are settled on a same-day basis are not subject to the Same Day Entry Fee and are not subject to the eligibility limit on forward Same Day transactions (i.e., \$25,000 per transaction; IAT).

An RDFI is not required to process returns on the same day an Entry is received, regardless of whether the Entry is a Same Day Entry.

A forward Same Day ACH entry that is returned by the ACH Operator (and does not reach the RDFI) will not be charged a Same Day Entry fee.

Will Same Day ACH transactions be able to carry remittance information?

CCD and CTX entries, as well as other entries that carry remittance, may be eligible to be sent as Same Day ACH. Requirements related to provision of remittance to Receivers will not change.

What is the difference between Same Day ACH and real-time payments?

Same Day ACH and real-time payments would offer complementary options for users, as they would have distinct functionality and thereby meet distinct needs of various use cases. Today’s ACH Network supports traditional ACH debit payments –bill payments, for example – as well as traditional credit

payments like payroll. Approximately 60% of ACH transactions are debit payments. A real-time system would likely provide credit payments only; however, there is benefit to moving both credits and debits faster.

What changed from the original proposal in the Request for Comment?

- The morning same-day window has been modified. The estimated ACH Operator deadline would be 10:30 AM ET, instead of 10:00 AM ET as originally proposed. The settlement time associated would be at 1:00 PM ET, instead of at 12:00 noon ET as originally proposed; and would become effective in Phase 1, instead of in Phase 3 as originally proposed.
- The methodology for calculating the Same Day Entry fee has been modified, resulting in an estimated Same Day Entry fee of 5.2 cents for each same-day transaction, instead of 8.2 cents as originally proposed.
- In addition to using the Effective Entry Date, an optional, standardized method is provided for ODFIs to use, at their discretion, with their Originators in identifying intent for same-day settlement.
- The supporting material clarifies processing of Entries with invalid or stale Effective Entry Dates, and clarifies aspects of processing returns.