

Same Day ACH Frequently Asked Questions

General FAQs

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) will 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, will be eligible for same-day processing. Only international transactions (IATs) and high-value transactions above \$25,000 will not be eligible. Eligible transactions account for approximately 99 percent of current ACH Network volume.

All RDFIs will 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.

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.

- Phase 1- September 23, 2016: applicable to ACH credits only and non-monetary entries, with funds availability due at the end of the RDFI's processing day.
- Phase 2- September 15, 2017: addition of ACH debits to same day processing.
- Phase 3- March 16, 2018: ACH credit funds availability updated to 5:00 p.m., RDFI local time.

RDFIs will 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 in phase 3.

How did NACHA develop the business case for Same Day ACH?

In developing 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.

General FAQs

Who at my institution needs to know about Same Day ACH?

Many different areas of your financial institution need to be aware of Same Day ACH. These areas include:

- Senior management/executive staff
- Product development
- Sales
- Compliance
- Operations
- BSA and Fraud Monitoring
- Customer service/call center/front-line

Is there a fee for Same Day ACH entries?

Yes, a Same Day Entry fee is paid from ODFIs to RDFIs to recover RDFIs' costs, on average, over a reasonable period for enabling and supporting Same Day ACH.

The Same Day Entry fee is 5.2 cents for each same-day transaction. The per-entry fee will never exceed 5.2 cents but could be reduced as volume is evaluated over time.

The fee is collected, disbursed and billed by the ACH Operators. DFIs will be notified of the amount via a monthly statement from their Operator.

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

Same Day ACH and real-time payments offer complementary options for users, as they 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.

Does my institution have to participate in Same Day ACH?

- Origination of Same Day ACH entries is optional
- Receipt of Same Day ACH entries is not optional

What are the Effective Dates?

The rule will become effective in three phases:

- Phase 1 - effective on September 23, 2016
- Phase 2 - effective on September 15, 2017
- Phase 3 - 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 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.

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.

At what point on September 23, 2016 will Same Day ACH become effective?

ACH batches containing the Effective Entry Date of 160923 (or a stale or invalid date) that meet eligibility requirements and are transmitted to the ACH Operator no later than 10:30 am ET on September 23, 2016 will be included in the first processing window for Same Day ACH.

How will Same Day ACH transactions be identified?

Same Day ACH transactions will 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 contains 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.

Are there other methods that can be used to identify Same Day ACH transactions?

ODFI's 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."
- The content of this field may 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 should 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 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.

How will 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.

The ACH Rules Enforcement Panel will have final authority on any instances when it appears that an ODFI, Originator or Third-Party Sender is attempting to evade the limit.

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 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. Most non-monetary transactions will be eligible for same-day processing beginning with Phase 1 of implementation. *(Note: Prenotes with debit tran codes will not be eligible in Phase 1)*

The eligible non-monetary transactions include:

- Prenotifications
- Notifications of Change (NOCs)
- Remittance information (using CCDs and CTXs)
- Death Notifications (DNEs)

Automated Enrollment Entries (ENRs) will 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.

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.

How can unintentional Same Day ACH entries be avoided?

ODFIs must work with their Originators to review the proper usage of the Effective Entry Date field.

- ODFIs with their Originators should determine if an optional indicator will be used and how to resolve instances of inconsistencies between the content of the Effective Entry Date field and the indicator.
- Remember, the ACH Operator will process on the content of the Effective Entry Date field.

When would RDFIs have to make funds available?

By the Phase 3 implementation date, all RDFIs will 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.

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- Will my institution have to repeat our ACH processes multiple times each day?
- What if my institution is not open those hours/days?
- What is end of processing day for phase one and two?

Each RDFI will need to assess their daily operations schedules to determine the answers to these questions. Prior to Phase 1 implementation the RDFI should confer with each affected department enterprise-wide to review policies and procedures.

Questions RDFIs may want to ask their ACH Operator(s):

- Will I receive my Same Day ACH files from my Operator in a separate file?
- Will a Same Day ACH file be identified differently?
- Same Day Exceptions FAQs

How will 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.

How should reversals be handled with Same Day ACH?

The timeframes in the *Rules* will not change, Same Day ACH will allow the RDFI to act more quickly on reversals, however the debit for the reversal MAY NOT settle in advance of the related credit entry.

Will prenotifications that are transmitted as Same Day ACH be required to be handled on the day received?

Timing for prenotifications does not change but Same Day ACH will allow the RDFI to respond more quickly.

Do Same Day ACH Entries have to be returned on the same day received?

No, Same Day ACH Entries do **NOT** have to be returned on the same day they are received.

Can non-Same Day ACH entries be returned in a same day window?

Yes, the same day window is available for all returns.

- Same Day ACH Corner
 - http://paymentsfirst.org/aws/PFI/pt/sp/samedayach_resources