



# The State of ACH

MAAFP

January 2017



# Do You Remember



# Okay – Real Quick

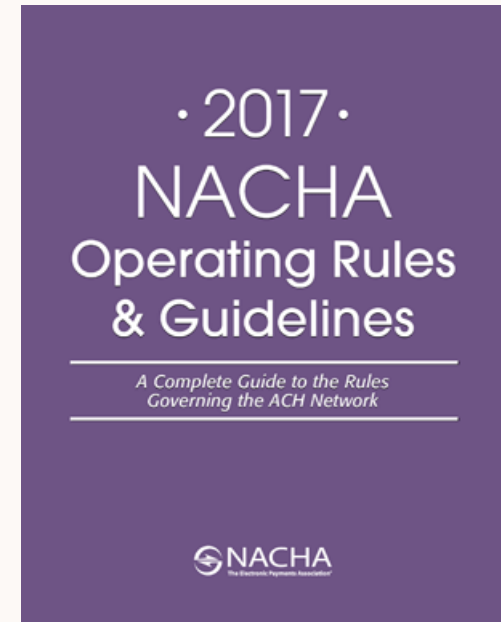
- Data
- Reminder
- September 2017
- Happenings



***“The Need for Speed”***

# For the True Payments Geek

- *2017 NACHA Operating Rules*
  - **Purple Cover** = 3 pounds 8 ounces!
  - [www.achrulesonline.org](http://www.achrulesonline.org)
    - Access to Rules supplements
  - Revisions Section
    - Rules passed
    - Reminder – highlighted text
      - New or revised Rule



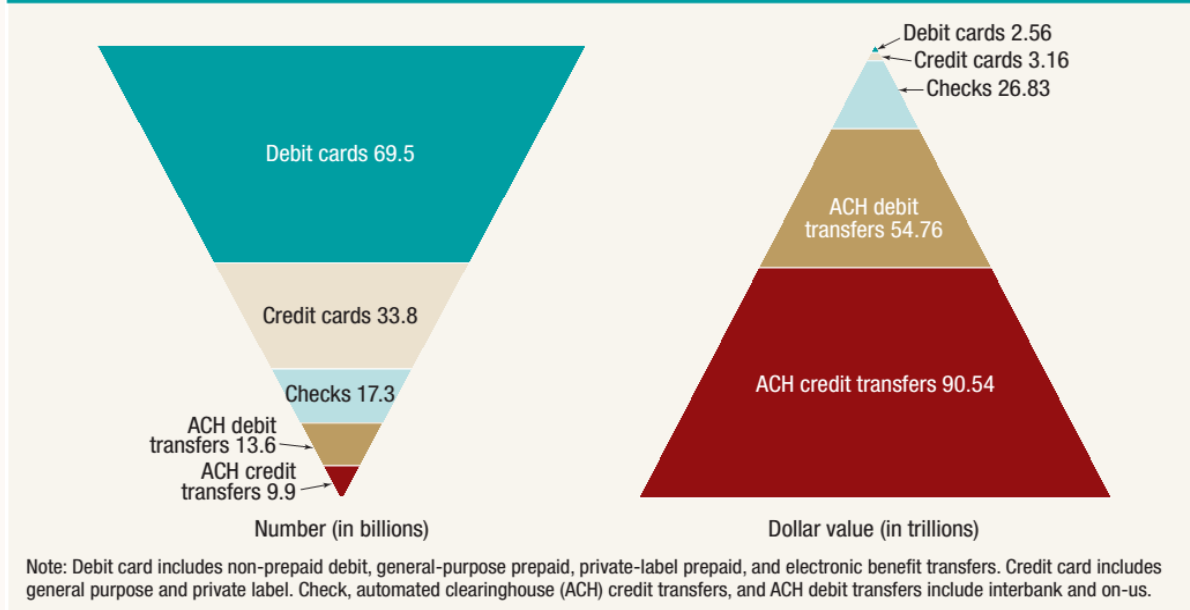
***Not a sprint***

# Counting Payments

- Federal Reserve Payments Study 2016

- <https://www.federalreserve.gov/newsevents/press/other/2016-payments-study-20161222.pdf>
- 144 billion noncash payments = \$178 trillion

Figure 1. Distribution of core noncash payments by type, number, and value, 2015



Source: *The Federal Reserve Payments Study 2016*

# ACH Profile (2015)

- Nearly 24 Billion
- 5.6% growth in 2015
- 60% of ACH = debit transactions
- Corporate ACH improved = 7.2%
  - Healthcare payments grew 39%
- P2P (first full year) – grew 670%!?!



# Influencing Your Actions



# Fees = Quality

- **October 3, 2016**
  - Unauthorized Entry Fee
  - ODFIs pay RDFIs a set fee
  - For all Return Reason Codes
    - Unauthorized (except IAT)
      - **R05, R07, R10, R29, R51**
  - Fee paid by ODFI will \$4.50 per Return
- Originators – your ODFIs could pass this fee to you

*Time  
Penalty*



# Only for Financial Institutions

- Third Party Sender Registration
- Starting September 29, 2017
  - ODFIs will need to register with NACHA
    - If you have Third-Party Sender relationships
      - Who they are
    - If you do not, stating that you don't
      - If you do not, you only need to register once
- No charge to ODFI for completing registration

# Same Day ACH Refresher

1.4 Billion

- Estimated Number of Same Day ACH by 2027

60%

- Volume Expected from Existing ACH

5.2 cents

- Per Transaction Fee paid by ODFIs to RDFIs

3

- Number of Final Settlements Each Day

\$25,000

- Dollar limit of individual ACH entries eligible
- No IAT entries

3 Phases

- Implementation occurs over 3 years
- 2016-2018 (2018 = 5:00 pm funds availability)

# Some Data – Same Day ACH

- October 2016 – 20 Processing Days
  - 3.8 million Same Day ACH
    - Divided by 12,000 FIs = 15.84 average per day
    - = 190,000 transactions per day for the month
    - = 114,000 of those entries “existing ACH volume”
  - 3.8 Million Same Day ACH
    - 60% to top 50 FIs = 2,280,000 entries
    - **Other 11,950 = 1,520,000 = 127 entries per month for an average of 6.36 transactions per day**

# When It Happens

Functionality	Phase 1 Sept. 23, 2016	Phase 2 Sept. 15, 2017	Phase 3 March 16, 2018
Transaction Eligibility (\$25,000 limit; IAT not eligible)	Credits only	Credits and <b><u>debits</u></b>	Credits and debits
New Same Day ACH Processing Deadlines <sup>4</sup>	10:30 AM ET and 2:45 PM ET	10:30 AM ET and 2:45 PM ET	10:30 AM ET and 2:45 PM ET
New Settlement Time(s)	1:00 PM ET and 5:00 PM ET	1:00 PM ET and 5:00 PM ET	1:00 PM ET and 5:00 PM ET
ACH Credit Funds Availability	End of RDFI's processing day	End of RDFI's processing day	5:00 PM RDFI local time

# Same Day ACH Debits

- September 15, 2017
  - Only adds debit entries
  - Still under \$25,000 (no international)
  - Originators
    - Reminder – what authorizations do you have in place – cannot debit prior to agreed upon date
    - Advantage – consumer receivables, lockbox processing
      - Potential for “faster” returns

# SDA = Information

- <https://resourcecenter.nacha.org/>

The screenshot shows the NACHA Resource Center website. The browser address bar displays <https://resourcecenter.nacha.org/>. The main heading reads "Welcome to the Same Day ACH Resource Center" with the subtext "Stay up to date on the latest information about the ACH industry." Below this, there are sorting options: "Sort By: Newest" (selected), "Oldest", "Type", "Reset", and a menu icon. The main content area features five article cards:

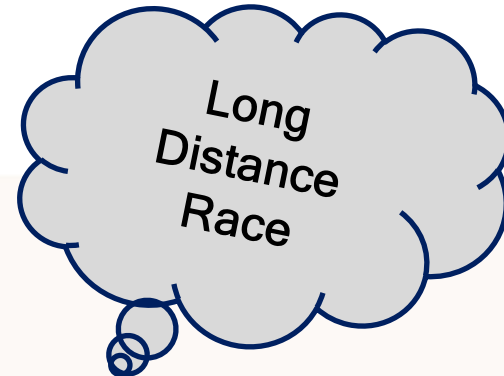
Date	Title	Topic
JANUARY 3, 2017	Same Day ACH Origination: Delivering a Competitive Advantage	TOPICS: Same Day ACH
DECEMBER 16, 2016	Same Day ACH today: UMB Shares Its Experience to Date	TOPICS: Same Day ACH
DECEMBER 12, 2016	New Report: US Finds Its Faster Payments Future	TOPICS: Same Day ACH
NOVEMBER 30, 2016	Podcast: \$5 Billion - Not Bad for a (Same) Day's Work	TOPICS: Same Day ACH
NOVEMBER 30, 2016	Faster Payments 2017 Conference	TOPICS: Same Day ACH

At the bottom, a statistics section states: "Approximately 191,000 Same Day ACH Transactions Daily" next to a circular icon with a dollar sign and a checkmark. To the right are five small image thumbnails.



# Happenings in the ACH

- Tokenization
- Account Validation
- APIs
- ISO 20022
  - *Say this too many times too quickly!*
  - *Mapping guide for ACH formats*
  - *Continued collaboration with US industry stakeholders*



# The Need for Speed

- **Fedpaymentsimprovement.org**
  - Federal Reserve Bank facilitated task force
    - Identifying effective approaches for faster payments in the US.
    - Developed 36 effectiveness criteria
  - Call for proposals
    - Received and reviewing 19 proposals against criteria
  - Two Part Report to be issued
    - First – history, background, assessment, gaps and opportunities
    - Second – assessment of submitted proposals
  - Possible strategic issues, recommend industry actions
- MACHA President – Bob Dael – participant on task force

# New Track

- ## The Clearing House

<https://www.theclearinghouse.org/payments/real-time-payments>

### Real-time Payments

The Clearing House is building an industrial strength clearing and settlement system to support Real-time Payments for the U.S.

This new system allows consumers and businesses to send and receive payments instantly, directly from their accounts at financial institutions. It also includes data and non-payment messages that financial institutions can use to build innovative digital commerce solutions.

#### New

The system is all new, built for a digital economy.

- 24 x 7 x 365
- Fast and final
- Modular architecture to adapt to changing needs

[Read More](#)

#### Better

Banks are combining payments, data and messaging capabilities to create services like:

- Business invoicing
- Just-in-time supply orders
- Insurance claim disbursements

[Read More](#)

#### For All

TCH's Real-time Payments System will be open to all U.S. depository institutions

Consistent with Federal Reserve and CFPB guidelines

Compatible with global standards

[Read More](#)

# ZELLE<sup>SM</sup>

- Early Warning October 2016

*“The Zelle<sup>SM</sup> network is open to all financial institutions nationwide and provides instant fund transfers and immediate funds availability. It encompasses solutions for multiple real-time use cases, including person-to-person (P2P) payments, disbursements for businesses and government entities, check deposits and bill payments.”*

*“Leveraging our extensive clearXchange<sup>SM</sup> network, our real-time P2P solution enables your customers to send money directly from one deposit account to another, using only the recipient’s email address or mobile number. Funds are made available for use by the recipient immediately.”*

**Source: Early Warning**

# Interesting Training Methods

- [https://www.fisglobal.com/-/media/FISGlobal/Files/Report/Flavours\\_of\\_Fast.pdf](https://www.fisglobal.com/-/media/FISGlobal/Files/Report/Flavours_of_Fast.pdf)
- FIS paper on “immediate” payment systems around the world

# ACH Speed Trials

- *“PAYMENTS 2017 marks an important milestone in how those who are driving and adopting innovative payments solutions and practices share information to create common goals that unite progress with clarity of purpose. This unique conference experience encapsulates the players and thought-leadership that are setting the agenda for the future, and propels industry dialogue forward to ensure the continued strength and integrity of the ACH Network and the U.S. payments ecosystem, and their responsiveness to the customer.” - Source: NACHA*





# Where I am Most Days

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