



Same Day ACH: Moving Payments Faster

Executive Summary October 26, 2015

NACHA has adopted a Rule to provide a new, ubiquitous capability for moving ACH payments faster. The Rule will enable the same-day processing of virtually any ACH payment.

Currently, most ACH payments are settled on the next business day. There are many uses of ACH payments, however, for which businesses and consumers could benefit from same-day processing. A NACHA rule change will enable ACH Originators that desire same-day processing the option to send same-day ACH transactions to accounts at any receiving financial institution (RDFI). The Rule includes a “Same Day Fee” on each Same Day ACH transaction so that RDFIs would recover, on average, their costs for enabling and supporting Same Day ACH.

THE MAJOR COMPONENTS OF THE RULE ARE:

1. 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 Operators¹:
 - 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.
2. The Rule is based on a solid foundation of economic research on the use cases for Same Day ACH:
 - All consumers, businesses, government entities and financial institutions that use the ACH Network to move money between bank accounts will benefit from the option to move ACH payments faster.
 - NACHA projects that ACH Originators would generate approximately 1.4 billion same-day ACH payments annually as of ten years after full implementation and rollout, primarily for transactions

¹ The actual ACH Operator schedules are not determined by the *NACHA Operating Rules*.

that can be initiated before 2:45 PM ET on business days (not on weekends or holidays), and that do not require real-time functionality.

- Using an expert, third-party economist, NACHA assessed 10 primary use cases for Same Day ACH (and a total of 63 sub-use cases). Significant use cases for Same Day ACH include:
 1. Same-day payrolls, supporting business' needs to pay hourly workers, and providing flexibility for late and emergency payrolls and missed deadlines; and enabling employees to have faster access to their pay in these cases;
 2. Business to-Business payments, enabling faster settlement of invoice payments between trading partners, and including remittance information with the payments;
 3. Expedited bill payments using both ACH credits and debits, enabling consumers to make on-time bill payments on due dates, and providing faster crediting for late payments; and,
 4. Account-to-account transfers, providing faster crediting for consumers who move money among various accounts they own.
- 3. The Rule uses a balanced approach among ODFIs and RDFIs:
 - To create a new, viable capability for moving ACH payments faster, both ODFIs and RDFIs must see a rational business justification for making the required investments.
 - ODFIs would be able to develop Same Day ACH products and services for a variety of use cases that are enabled by the new ACH Network functionality. NACHA estimates that on average ODFIs would earn a positive margin on Same Day ACH products and services.
 - Implementing Same Day ACH would be mandatory for RDFIs, as they would be required to receive same-day ACH payments in order to provide certainty to Originators, but without certainty of recovering their costs. Therefore, the rule includes a Same Day Entry Fee paid from the ODFI to the RDFI to recover RDFIs' costs, on average, over a reasonable period for enabling and supporting Same Day ACH.

CHANGES FROM THE ORIGINAL PROPOSAL IN THE REQUEST FOR COMMENT ARE:

- 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.
- Supplemental material clarifies the processing of Entries with invalid or stale Effective Entry Dates, and clarifies aspects of processing returns.