

Category:

- ACH Quality and Risk

Attention Required:

- Technology/Systems
- Administrative

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Date Approved: November 19, 2018

End-user Briefing

Issue Date: June 3, 2020

Supplementing Fraud Detection Standards for WEB Debits

Does this rule impact me?

If your organization allows consumers to make purchases or payments via the internet or mobile devices and directly, electronically withdraws payments from their checking accounts, this rule applies to you:

- All industries, any size
- Governments included (C2B/C2G)

What is the purpose of this rule?

This rule is intended to help prevent fraud on the ACH Network and protect financial institutions from posting fraudulent or incorrect unauthorized payments. Merchants and billers (and their processing partners) are in the best position to detect and prevent fraud related to payments they are initiating.



For more detailed information, see nacha.org/WEBDebit

What is the rule?

The first time a consumer checking account is used for an electronic (ACH) payment, if the payment is taken or initiated over an online channel, the account number must be validated first.

- This could be the first time a customer makes a payment, or when a consumer changes the account number being used for online payments.

What does the rule NOT cover:

- Payments made by Business/Corporate/Government entities (B2B/B2G/G2B)
- Consumer payments when the account number has successfully been used for a previous payment
- Recurring payments after the first payment
- First-time consumer payments taken and initiated via methods that do not use the internet
- Any other payment method, including credit and debit cards

The rule does not prescribe a specific method of validation, but requires that a commercially reasonable method be used; options include but are not limited to:

- ACH Prenotification Entry
- Micro-Transaction Verification
- Third Party Validation services

How and when do I prepare for this change?

Immediately

Contact your financial institution(s) and/or payments and technology vendors

- Do they offer or recommend any validation method or service?
- Do they offer any analysis on competitors and the commercially reasonable standard for your industry?

The remainder of 2020

- Prepare an implementation plan that starts with a validation method selection
- Determine current capabilities and include a vendor selection plan – if your organization uses a third-party service
- Review implementation and testing timelines if using a customized solution
- Update policies, procedures and documentation

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Account validation for new consumer account numbers that are used for online payments must be live.



Where can I get more information? Visit our Account Validation Resource Center.

nacha.org/AVRC



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