



PAYMENTS MYTH BUSTING



MYTH 1 If payday is on a Friday, you won't get your money until Monday (or later if Monday is a holiday)

FACT If payday is Friday, payroll payments made by Direct Deposit are available in the employees' account at the opening of business on Friday in virtually all cases. For example, if your payday is Friday, Aug. 30, 2019, and you use Direct Deposit, the money will be available in your account at the opening of business on Friday to withdraw or cover other payments. Ninety-three percent of American workers use Direct Deposit, according to a 2018 survey by the American Payroll Association, enabling fast access to their money on payday. Workers that get paid by paper paychecks do not get access to their funds until after the check is cashed or deposited.

MYTH 2 Direct Deposits for American workers are costly

FACT Banks, credit unions and employers do not charge employees to receive a Direct Deposit to a bank account. According to an April 2016 report by Javelin Strategy and Research, 95% of Americans receiving Direct Deposit via ACH are very satisfied with it, and one of the main reasons is that it does not have an associated cost. Direct Deposits also can help employees avoid other fees because money is in their accounts at the opening of business on payday to cover other payments such as bills.

MYTH 3 A paycheck is a Direct Deposit

FACT A paycheck is a physical, paper check, and is processed through the check collection system. A Direct Deposit is an electronic transfer that is processed through the ACH Network. A paper paycheck is not processed through the ACH Network (even if it is deposited electronically via remote deposit), and cannot be processed on existing or future instant payment systems.

MYTH 4 The ACH Network keeps bankers' hours

FACT The modern ACH Network is open for processing payments 23¼ hours every business day. Files can be submitted to an ACH Operator through 2:15 a.m. ET for settlement at 8:30 a.m. ET.

The ACH Network can only settle payments on business days when the Federal Reserve's settlement service is open. Currently, the Federal Reserve's settlement system closes every business day at 5:30 p.m. ET, and after Friday it re-opens on Monday morning at 7:30 a.m. ET (or Tuesday if Monday is a holiday). Nacha and others in the industry have been working with the Fed on extended settlement hours.

MYTH 5 ACH payments take 3-5 days to process

FACT The modern ACH Network offers the choice to process all ACH debits as either "same-day" or "next-day" payments.

The modern ACH Network offers the choice to process all ACH credits as either "same-day," "next-day," or "2-day" payments. Employers choose to schedule payroll Direct Deposits 1-to-2 days in advance so that they can efficiently pay workers via Direct Deposit and have money available in their employees' accounts at the opening of business on payday.

Currently, these processing times do not include weekends and holidays as the Federal Reserve's settlement system is not open.

MYTH 6 The U.S. payments infrastructure hasn't been upgraded in the last 40 years

FACT The modern ACH Network has been continually advanced since its inception, adding new capabilities and transaction types, improving processing speeds, and expanding operating hours. A new Same Day ACH capability went live in 2016; and extended Same Day ACH operating hours are scheduled for March 2021 pending a final decision from the Federal Reserve Board of Governors.

Other payment systems even older than the ACH also have made substantial improvements. Credit card systems have moved from paper slips and charge plates to fully electronic processing and authorizations. The ATM card evolved from local, proprietary systems into nationwide, point-of-sale debit systems. The check clearing system has become more electronic. A new check image exchange system was built in the 2000s after the passage of the Check 21 Act.



About Nacha

Nacha is a nonprofit organization that convenes diverse organizations to enhance and enable ACH payments and financial data exchange within the U.S. and across geographies. Through the development of rules, standards, governance, education, advocacy, and in support of innovation, Nacha's efforts benefit all stakeholders. Nacha is the steward of the ACH Network, a payment system that universally connects all U.S. bank accounts and facilitates the movement of money and information. In 2018, there were 27 billion ACH payments, and more than \$51 trillion in value moved across the ACH Network. Visit nacha.org for more information.



Nacha

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