Payments Myth Busting

MYTH: Direct Deposits aren't processed on weekends, but bill payments are.

FACT: The ACH Network does not settle payments on weekends (or holidays) when the Federal Reserve system is closed. This applies to both ACH credits (Direct Deposits) and ACH debits (bill payments). Standard industry practice is that paydays that otherwise would be on a weekend or holiday are paid on the prior Friday, while bill payments are due and collected on the next business day; in each case favoring the employee/consumer.

MYTH: 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 employees' accounts by 9 a.m. on Friday in virtually all cases. For example, if your payday is Friday, Aug. 27, 2021, and you receive it through Direct Deposit, the money will be available in your account by 9 a.m. on Friday to withdraw or cover other payments. Even a Direct Deposit sent on Friday morning can be available to an employee by 5 p.m. using the modern ACH Network's Same Day ACH capability. Ninety-four percent of American workers use Direct Deposit, according to a 2020 survey by the American Payroll Association, enabling fast access to their money on payday. Workers paid by check do not get access to their funds until after the check is cashed or deposited.

MYTH: 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 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 by 9 a.m. on payday to cover other payments such as bills.

MYTH: 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: The ACH Network keeps bankers' hours.

FACT: The modern ACH Network is open for processing payments 23¼ hours every business day and settles payments four times a day. Files can be submitted to an ACH Operator through 2:15 a.m. ET for settlement at 8:30 a.m. ET. Three additional Same Day ACH processing schedules exist throughout the day. Payments are settled on business days when the Federal Reserve's settlement service is open. Currently, the Federal Reserve's settlement system closes every business day at 6:30 p.m. ET, and after Friday, it re-opens on Monday at 7:30 a.m. ET (or Tuesday if Monday is a federal holiday).

MYTH: ACH payments take 3-5 days to process.

FACT: The modern ACH Network offers the choice to process ACH credits as either "same-day," "next-day," or "2-day" payments. Employers may 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 by 9 a.m. on payday.

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

Processing of ACH payments may happen over the weekend, but settlement only occurs when the Federal Reserve's settlement service is open.

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

FACT: The modern ACH Network has been continually advancing since its inception, adding new capabilities and transaction types, improving processing speeds, and expanding operating hours. Same Day ACH went live in 2016 and in March 2021 was expanded to three same-day settlement windows each day. This brings the total ACH settlement windows per day to four.