Sources and Uses of NACHA ACH Network Administration Fees

Under the Nacha Operating Rules, depository financial institutions participating in the ACH Network pay a fee on all inter-bank ACH transactions. In addition, each participating financial institution pays an annual fee. Per-transaction and annual fees are collected on behalf of Nacha by the ACH Operators as of their monthly billing process.

Nacha uses these fees to cover costs incurred in six major program areas as an Administrator of the ACH Network.

### ACH Network Administrative Services

<table>
<thead>
<tr>
<th></th>
<th>2016 audited</th>
<th>2016 % of Costs</th>
<th>2017 audited</th>
<th>2017 % of Costs</th>
<th>2018 audited</th>
<th>2018 % of Costs</th>
<th>2019 audited</th>
<th>2019 % of Costs</th>
<th>2020 audited</th>
<th>2020 % of Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>per entry fee</td>
<td>$0.000162</td>
<td></td>
<td>$0.000162</td>
<td></td>
<td>$0.000185</td>
<td></td>
<td>$0.000185</td>
<td></td>
<td>$0.000185</td>
<td></td>
</tr>
<tr>
<td>annual fee</td>
<td>$216.00</td>
<td></td>
<td>$216.00</td>
<td></td>
<td>$264.00</td>
<td></td>
<td>$264.00</td>
<td></td>
<td>$264.00</td>
<td></td>
</tr>
</tbody>
</table>

**Sources**

- ACH Network Administration Fees-per entry: 6,649,000 (76.21%) 7,027,511 (70.55%) 8,581,264 (84.36%) 9,250,602 (85.94%) 10,014,488 (84.17%)
- ACH Network Administration Fees-annual fee: 2,445,678 (28.03%) 2,353,176 (23.63%) 2,766,104 (27.19%) 2,665,652 (24.76%) 2,579,940 (21.71%)

**Uses**

- Rulemaking: 2,280,305 (26.14%) 2,275,322 (22.84%) 2,595,659 (25.52%) 2,532,322 (23.53%) 2,407,675 (20.26%)
- Risk Management: 1,773,548 (20.33%) 2,239,672 (22.49%) 1,966,362 (19.33%) 2,025,385 (18.82%) 2,432,960 (20.48%)
- Rules Enforcement, (net cost): 539,751 (6.19%) 528,955 (5.31%) 536,460 (5.27%) 287,092 (2.67%) 645,070 (5.43%)
- ACH Network Advocacy: 1,619,744 (18.57%) 1,589,204 (15.96%) 2,209,358 (21.72%) 2,660,154 (24.71%) 2,706,435 (22.78%)
- Administration of National Marketing Campaign: 614,629 (7.05%) 674,827 (6.78%) - 0.00% - 0.00%
- Network Development (net cost): 1,896,155 (21.73%) 2,652,370 (26.63%) 2,863,822 (28.15%) 3,259,333 (30.28%) 3,690,429 (31.06%)

**Net Income/(Loss) from source**

<table>
<thead>
<tr>
<th></th>
<th>370,546</th>
<th>(579,663)</th>
<th>1,175,707</th>
<th>1,151,968</th>
<th>698,859</th>
</tr>
</thead>
</table>

**Note 1**

NACHA-The Electronic Payments Association is a 501(c)6 organization of which the sources and uses represent a portion of the organization's overall financial performance and fulfillment of its mission statement.

**Note 2**

NACHA will provide its ACH Network Administrative services to the industry "at cost." The accumulated Net Income/(Loss) represents Board Designated Net Assets, which are used for longer term ACH Network initiatives and development for the benefit of all ACH Network financial institutions.
Additional information about the major program areas of ACH Network Administrative Services

Rulemaking
Nacha provides the legal foundation for the ACH Network through the development and maintenance of the Nacha Operating Rules. Rules and guidelines are established for participants in the ACH Network and ensure that the Network infrastructure, applications, rules and enforcement are consistent with processing payments in a secure, reliable and efficient manner. Examples of activity costs in the ACH rulemaking process include work on Rules proposals, Requests for Comment and ballots, Rules interpretations, Operations Bulletins, and other guidance, and managing the workflow for the Rules and Operations Committee and other rules work groups. Nacha also answers rules questions from the industry.

Risk Management
Nacha develops and implements a comprehensive risk management framework for the Network that covers requirements prior to origination, ongoing origination requirements, and ACH Operator risk mitigation services. Nacha also works to create and implement robust risk management tools to reduce risk and improve ACH Network quality that are consist with the risk management framework. Examples of activity costs in risk management include Network monitoring and reporting services, ODFI risk counseling, Risk Management Advisory Group, Participant Alert Services, Third Party Registration and Nacha Certified.

Rules Enforcement
Nacha provides enforcement of the Nacha Operating Rules through the National System of Fines. Examples of activity costs included rules enforcement include ODFI/RDFI counseling, processing filings of potential rules violations, and managing rules violation cases on behalf of the ACH Rules Enforcement Panel. Revenue received from the fines is netted against the costs of this program.

ACH Network Advocacy
Nacha promotes and consistently communicates the value and best uses of the ACH Network to depository financial institutions and their customers through advocacy, education and research. Nacha broadly engages key external audiences to communicate the value proposition of the Network and ACH Payments. Examples of activity costs are included in ACH Network communications, press releases, public relations, Rules education plans such as Same Day ACH, and ACH Network statistics.

Administration of the National Marketing Campaign
Nacha actively promotes the value and use of electronic payments through education and public relations. Nacha coordinates the annual Direct Deposit and Direct Payment via ACH national campaign, highlighting the benefits of ACH payments, and supports communications and education to encourage the use of Direct Deposit as a savings tool in collaboration with the America Saves program. Examples of activity costs include the administration of national messaging initiatives, www.electronicpayments.org website, and development of ACH payments educational and communications resources.

Network Development
Nacha develops new payment applications through an open and disciplined process to measure the impact on all Network participants, including originators and receivers, and is responsive to the priorities of depository financial institutions. Example activity costs would include business case and pilot proposal development for new ACH applications. Nacha has launched payment applications such as Phixius and EBIDS in addition to development of framework proposals for business-to-business, healthcare, mobile, international payments and ISO20022. Revenue received from independent vendor support is netted against the costs in this program.