

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 part 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	2013 audited	% of Costs	2014 audited	% of Costs	2015 audited	% of Costs	2016 audited	% of Costs	2017 audited	% of Costs
per entry fee	\$ 0.000145		\$ 0.000145		\$ 0.000162		\$ 0.000162		\$ 0.000162	
annual fee	\$144.00		\$180.00		\$216.00		\$216.00		\$216.00	
Sources										
ACH Network Administration Fees-per entry	\$ 5,141,582	71.40%	5,360,912	65.78%	6,318,078	82.13%	6,649,000	76.21%	7,027,511	70.55%
ACH Network Administration Fees-annual fee	1,839,768	25.55%	2,212,665	27.15%	2,549,106	33.14%	2,445,678	28.03%	2,353,176	23.63%
Total ACH Network Administration Fees	\$ 6,981,350	97%	7,573,577	93%	8,867,184	115%	9,094,678	104%	9,380,687	94%
Uses										
Rulemaking	\$ 2,200,588	30.56%	2,642,483	32.42%	2,089,022	27.16%	2,280,305	26.14%	2,275,322	22.84%
Risk Management	1,272,488	17.67%	1,237,651	15.19%	1,411,922	18.35%	1,773,548	20.33%	2,239,672	22.49%
Rules Enforcement, (net cost)	393,763	5.47%	379,253	4.65%	405,945	5.28%	539,751	6.19%	528,955	5.31%
ACH Network Advocacy	1,468,322	20.39%	1,470,040	18.04%	1,570,399	20.41%	1,619,744	18.57%	1,589,204	15.96%
Administration of National Marketing Campaign	589,462	8.19%	623,186	7.65%	610,601	7.94%	614,629	7.05%	674,827	6.78%
Network Development (net cost)	1,276,329	17.72%	1,797,200	22.05%	1,604,727	20.86%	1,896,155	21.73%	2,652,370	26.63%
	\$ 7,200,952	100%	8,149,813	100%	7,692,616	100%	8,724,132	100%	9,960,350	100%
Net Income/(Loss) from source	\$ (219,602)		(576,236)		1,174,568		370,546		(579,663)	
Accumulated Net Income/(Loss) from source (Note 2)	\$ 462,524		(113,712)		1,060,856		1,431,402		851,739	

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 institution participants.

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 consistent 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 EBIDS and SVP 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.