How One Company Is Supporting Banks in Their Same Day ACH Testing

A CASE STUDY OF TREASURY SOFTWARE

The Challenge
With Same Day ACH implementing Phase 1 on Sept. 23, 2016, financial institutions need a way to create files and test the updates to their processing systems. This can be challenging as “dummy” files need to be created to allow for testing, which takes time and resources that financial institutions don’t readily have available.

The Opportunity
Enter Treasury Software. With 75 to 80 percent of its client base consisting of ACH users, the company was uniquely positioned to see the nuances of the Same Day ACH Rule from customers’ perspectives, and took action to update ACH offerings accordingly. This forward thinking enabled an early release of the company’s Same Day ACH solution, providing a way for banks and credit unions of all sizes to begin testing Same Day ACH files in their own infrastructures.

The ACH Solution
In April 2016, Treasury Software announced that its ACH Universal product had been updated to allow users to initiate Same Day ACH payments—a move that many felt was an early signal to the business community to begin assessing Same Day ACH origination options. While that concept supported the company’s client base, Treasury Software confessed its primary motivator was more bank-centric.

“We are a testing tool that the banks will use to create files that they will put through their systems,” said Glenn Fromer, CPA, director of development, Treasury Software. “What’s the value of the first fax machine? Nothing, as you need both a receiver and a sender to gain any value. In a similar sense, you can build the ACH network for Same Day ACH – but if businesses and other originators aren’t ready – there’s no value.”

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Same Day ACH Case Study: A Future of Faster Payments

In fact, Treasury Software came out with its updates to ACH Universal to be ahead of the curve for the industry, emphasizing its readiness to support Same Day ACH capabilities. With painstaking care, the organization modified its software to be compliant with the new Rule, allowing for:

• An optional indicator of the Same Day ACH file in the descriptive date, coded to SD1300 or SD1700, allowing an automatic insertion of the appropriate time-stamp indicator.

• Full compliance with batching rules for both effective and descriptive dates. System defaults allow for Same Day (0 day) transactions.

Further complying with the Rule, in the update, ACH Universal excluded international transactions from the same-day settlement option; however, the $25,000 transaction limit restriction was lifted from the software during the testing period to allow financial institutions to use ACH Universal to test their in-house systems. Similarly, both debits and credits can be tested, though ACH debits will not be available for same-day services until September 2017.

Fromer points out that these open-ended options are necessary for testing. “You want to make sure the internal system flags disallowed transactions, and the team figures out what happens if a non-allowed file is originated. What if there’s a $26,000 payment? What does the bank do? Do they automatically process it and make next-day or do they reject it? Using our software allows them to figure this out in a real-life scenario.”

The Results

Treasury Software’s customers—FIs and businesses alike—have an exclusive preview of same-day functionality that they can apply to their own internal systems. While Same Day ACH will not be live on the ACH Network until Sept. 23, this early offering from Treasury Software enables widespread testing options.

For more information on how to prepare for Same Day ACH implementation, visit nacha.org/same-day-ach.

For more information on Treasury Software’s Same Day ACH testing capabilities, visit treasurysoftware.com/ACH/Same-Day-ACH.aspx.