



ACH Operations Bulletin #4-2019

Extension of the Effective Date for Rule on Supplementing Fraud Detection Standards for WEB Debits July 8, 2019

EXECUTIVE SUMMARY

The upcoming effective date of the rule on Supplementing Fraud Detection Standards for WEB Debits is extended from January 1, 2020 to March 19, 2021. This extension is in response to industry requests to allow additional time for awareness, education and implementation.

DISCUSSION

In November 2018, the Nacha membership approved a set of rule changes related to ACH quality and risk management. Included as part of these rules changes was a supplement to the existing rule on fraud screening for WEB debits.¹

Under the current rules, Originators of WEB debits are required to use a “commercially reasonable fraudulent transaction detection system” to screen WEB debits. The new rule makes explicit that account validation is an inherent part of any commercially reasonable fraudulent transaction detection system. Originators of WEB debits will be required to validate the Receiver’s account number for its first use with a WEB debit entry, and for any subsequent changes to the account number, on a going-forward basis beginning on the effective date.

As originally approved, this rule change would have become effective on January 1, 2020. In response to industry needs for additional time to implement the rule, the Nacha Board of Directors has approved an extension of the effective date of this rule until March 19, 2021. Additional guidance and resources on the rule will be forthcoming.

¹ The rule language is provided and explained in Supplement #2-2018 to the Nacha Operating Rules (issued on November 11, 2018, and also published in the 2019 Nacha Operating Rules & Guidelines beginning on Page ORxli).