

HOW TO CALCULATE UNAUTHORIZED RETURN RATE THRESHOLD



Nacha's ODFI Return Rate Reporting Rule improves ACH Network quality by reducing the incidence of exceptions, returned entries, and associated financial and reputational costs. Originating Depository Financial Institutions (ODFIs) are responsible for the continued monitoring of return rates of their Originators and Third-Party Senders.

CALCULATING UNAUTHORIZED RETURN RATE THRESHOLD*

The Nacha Rule establishes the unauthorized return rate threshold at **0.5%**. Make sure you are monitoring accurately by using one of these return rate calculations.

DEBITS RETURNED

APRIL MAY



300 + 200 = 500

DEBITS ORIGINATED

APRIL MAY



60,000 + 40,000 = 100,000



1

The number of debits returned divided by the number of debits originated for the preceding 60 days or two calendar months.

$$500 \div 100,000 = 0.5\%$$

DEBITS RETURNED

APRIL MAY



300 + 200 = 500

DEBITS IN ORIGINAL FORWARD ENTRIES



= 100,000

2

The number of debits returned for the preceding 60 days or two calendar months divided by the number of debits contained within the files in which the original forward entries were transmitted.

$$500 \div 100,000 = 0.5\%$$

*Return Reason Codes for Unauthorized include R05, R07, R10, R11, R29 and R51.

HOW TO CALCULATE ADMINISTRATIVE OR OVERALL RETURN RATE LEVEL

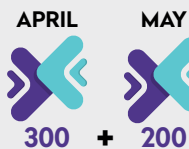


Nacha's ODFI Return Rate Reporting rule improves ACH Network quality by reducing the incidence of exceptions, returned entries, and associated financial and reputational costs. Originating Depository Financial Institutions (ODFIs) are responsible for the continued monitoring of return rates of their Originators and Third-Party Senders.

CALCULATING ADMINISTRATIVE OR OVERALL RETURN RATE LEVEL*

This Nacha Rule established an inquiry process and evaluation points if an Originator or Third-Party Sender exceeds an administrative return rate level of **3%** and/or an overall return rate level of **15%**. Make sure you are monitoring accurately by using one of these return rate calculations.

DEBITS RETURNED



DEBITS ORIGINATED

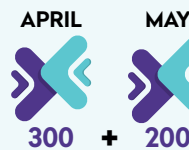


$$500 \div 100,000 = 0.5\%$$

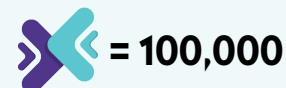
1

The number of administrative debit returns or all returns (for overall) divided by the number of debits originated for the preceding 60 days or two calendar months.

DEBITS RETURNED



DEBITS IN ORIGINAL FORWARD ENTRIES



$$500 \div 100,000 = 0.5\%$$

2

The number of administrative debit returns or all returns (for overall) for the preceding 60 days or two calendar months divided by the number of debits contained within the files in which the original forward entries were transmitted.

*Administrative Return Reason Codes include R02, R03 and R04, and overall returns include all Return Reason Codes. When calculating the Overall Return Rate, RCK Entries and RCK Returns may be excluded from both the numerator and denominator.