To: Members of the House of Representatives

On behalf of NACHA- The Electronic Payments Association, I am writing in support of the goals and objectives of H.R. 766, The Financial Institution Customer Protection Act of 2015. This legislation prohibits a federal banking agency from formally or informally discouraging a financial institution from providing services to a legitimate business that is not engaged in fraudulent or illegal activity. Often, certain types of “high risk businesses” are targeted regardless of their legal standing.

Since 1974, NACHA has served as trustee of the ACH Network, managing the development, administration and rules for the payment network that universally connects all 12,000 financial institutions in the U.S., moving money and information directly from one bank account to another. Through NACHA’s expertise and leadership, the ACH Network is now one of the largest, safest, and most reliable systems in the world, creating value and enabling innovation for all participants.

NACHA’s primary responsibility is to create rules that enhance the quality and integrity of the ACH Network. ACH payments are governed by the NACHA Operating Rules, which offer significant consumer protections beyond those required by Regulation E. Through rules efforts and other educational initiatives, the Network continues to enjoy extremely low unauthorized return rates, historically lower than credit cards and signature debit cards - without restricting access to specific industries.

To ensure continued quality on the Network, NACHA constantly works with the industry to identify opportunities to further improve the quality of the payments system and reduce risk to Network users. Recently, a NACHA rule was implemented that will help reduce the incidence of returned ACH entries and the associated costs, both financial and reputational, that such returned entries impose on the Network and its participants. The rule lowers the unauthorized return rate threshold, helping to support the identification of “Outliers” with poor origination quality, and establishes an inquiry process through which NACHA can research the facts behind an Originator’s ACH activity when established administrative and overall return levels are exceeded. These efforts will help ensure that NACHA can identify and enforce the Rules against those “Outlier” Originators that may be responsible for a disproportionate level of returns and exceptions, facilitating the continued integrity and quality of the ACH Network for all who use it.

The ACH Network remains an open, universal payments system, supporting the governments, business and consumers who want to move their money via ACH. We support Congressional efforts to focus regulatory action on bad actors that attempt to unfairly defraud consumers while preserving banking services for legally operating businesses.
Sincerely,

/S/

William D. Sullivan
Senior Director & Group Manager
Government & Industry Relations