



BANKS APPROVE RULE FOR SAME-DAY ELECTRONIC PAYMENTS

Member banks of the National Automated Clearinghouse Association (NACHA), the industry group that oversees the ACH network, have approved a rule to allow same-day ACH payments on weekday transactions. All types of ACH payments, including both credits and debits, are eligible for same-day processing, except international transactions and high-value transactions above \$25,000.

Today, in the best-case scenario, ACH payments settle the day after they are initiated. By introducing two additional same-day settlement windows to the ACH network, payments can settle the same-day. The ACH network will continue to process payments in batches, a system design, which slows down the potential speed of ACH payments.

The rule requires the over 12,000 financial institutions that use the ACH network be able to receive same-day ACH payments. This requirement provides certainty that same-day payments can be made to any financial institution within the network. However, the rule does not require all financial institutions to have the capabilities to originate ACH payments.

Originating financial institutions will also have to pay receiving financial institutions an estimated 5.2 cents per ACH transaction. This interbank fee will help cover the cost of technology investments for banks that typically only receive payments.

The ACH network will be updated in three phases. Phase 1 will implement same-day processing for ACH credit transactions. Phase 2 will add same-day processing for ACH debit transactions. The final stage introduces faster ACH credit funds availability requirements. Updates should not affect existing ACH schedules or capabilities.

Tentatively, Phase 1 is scheduled to be completed on September 23, 2016 and Phase 3 is scheduled to be completed on March 16, 2018. These dates are conditioned on NACHA receiving confirmation from the Federal Reserve that it supports the same-day ACH rule. □

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