

SAME DAY ACH: *Moving Payments Faster*

NACHA is leading the industry and bringing ACH Network users together to move payments faster with a ubiquitous same-day capability for virtually all ACH payments.

Same Day ACH: *The Opportunity*

- **Act now and lead industry change.** Moving forward with Same Day ACH allows the industry to take action to move payments faster. It signals an immediate, tangible commitment to provide choices for consumers, businesses and governments who want to move money more quickly, directly between bank accounts.
- **Offer customer solutions.** End users want options, and introducing Same Day ACH allows financial institutions and businesses to offer the option of an efficient, cost-effective method of moving payments faster.
- **Create new business opportunities and reduce risk.** By increasing the speed of payments, Same Day ACH builds opportunities for innovation and new payment options. Same Day ACH also lessens outstanding credit risk between parties and reduces exposure to losses by settling transactions between parties more frequently.

In today's environment, everyone wants things faster, including payments. By creating the option to move payments faster with Same Day ACH, financial institutions expand current ACH offerings, providing the choice to efficiently and cost-effectively speed up payments for customers.

Same Day ACH: *The Business Case*

Today, the ACH Network securely and efficiently moves more than 71 million payments each day. Establishing Same Day ACH creates options for both credit and debit payments, while supporting existing capabilities of the ACH Network to send significant information with the payments.

Use Cases

NACHA engaged an external expert consulting firm to independently evaluate the industry's costs, potential use cases and transaction volume for Same Day ACH. More than 200 surveys and in-depth interviews were conducted with financial institutions of all sizes, businesses, and core banking processors to obtain detailed information on anticipated volumes, opportunities and costs.

The research identified 10 primary use cases and 63 sub-use cases. Significant use cases include:

1. **Same-day payrolls**, supporting business' needs to pay hourly workers, and providing flexibility for late and emergency payrolls and missed deadlines; and enabling employees to have faster access to their pay in these cases;
2. **Expedited bill payments**, using both ACH credits and debits, enabling consumers to make on-time bill payments on due dates, and providing faster crediting for late payments;
3. **Business-to-Business payments**, enabling faster settlement of invoice payments between trading partners, and including remittance information with the payments; and,
4. **Account-to-Account transfers**, providing faster crediting for consumers who move money among various accounts they own.

A Balanced Approach

Under NACHA's proposal, all Receiving Depository Financial Institutions (RDFIs) will be mandated to receive Same Day ACH files and to make funds available to their customers by the end of the work day. These requirements ensure certainty and value those who want the option to send Same Day ACH payments to any bank account in the U.S.

- External research concluded that RDFIs would have no certainty of revenue to recover costs or earn a reasonable return necessary to justify the investment of resources for implementing this mandatory measure.
- Therefore, the RFC proposal includes a methodology for setting an interbank fee (projected to be 8.2 cents per Same Day ACH transaction) to be paid from the ODFI to the RDFI. This interbank fee is designed to ensure ubiquity of a new, Same Day ACH capability.
- The RFC proposal also includes a built-in "checks and balances" methodology to measure the effectiveness of the interbank fee at defined intervals, and would reduce the fee if volume exceeds expectations.



To comment on NACHA's Same Day ACH proposal, visit nacha.org/same-day-ACH.

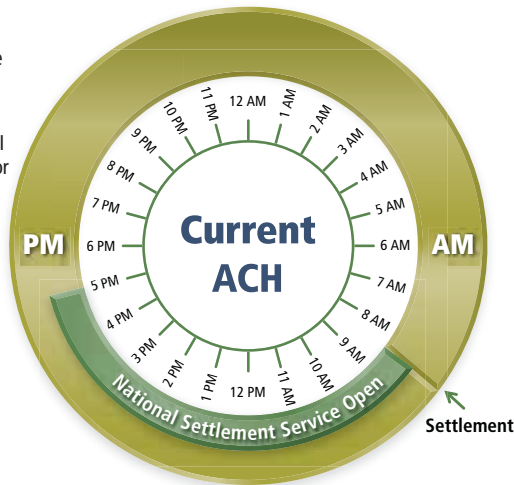
Same Day ACH: The Phased Implementation Approach

THE PHASES: Through a “phased approach” to implementing new functionality, NACHA seeks to move the ACH Network from today’s single, next-day settlement to multiple, same-day and next-day settlement options that would be available for virtually any ACH Network transaction.

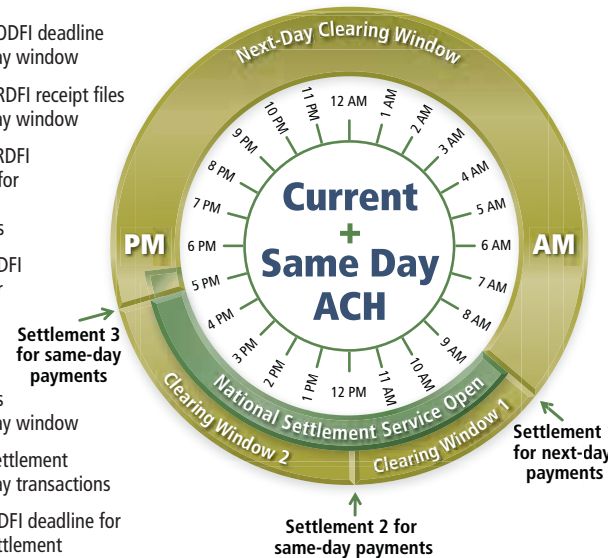
Same Day ACH: The Phased Approach			
Functionality	Phase 1 (Proposed Implementation: September 16, 2016)	Phase 2 (Proposed Implementation: September 15, 2017)	Phase 3 (Proposed Implementation: March 16, 2018)
Transaction Eligibility (\$25,000 limit; IAT not eligible)	Credits only	Credits and debits	Credits and debits
New ODFI ACH File Transmission Times	10:00 a.m. ET 3:00 p.m. ET	10:00 a.m. ET 3:00 p.m. ET	10:00 a.m. ET 3:00 p.m. ET
New Settlement Times	5:00 p.m. ET	5:00 p.m. ET	12:00 p.m. ET 5:00 p.m. ET
ACH Credit Funds Availability	End of RDFI’s processing day	End of RDFI’s processing day	5:00 p.m. RDFI local time

In combination, Current ACH + Same Day ACH provide **3** daily settlement options.

- 2:15 AM: ODFI deadline for next-day transactions
- 6:00 AM: RDFI receipt files for next-day ACH
- 8:30 AM: Settlement



- 10:00 AM: ODFI deadline for same-day window
- 11:00 AM: RDFI receipt files for same-day window
- 12:00 PM: RDFI settlement for same-day transactions
- 3:00 PM: ODFI deadline for same-day window
- 4:00 PM: Receipt files for same-day window
- 5:00 PM: Settlement for same-day transactions
- 2:15 AM: ODFI deadline for morning settlement



Same Day ACH: Quick Facts

End users want options to move payments faster with Same Day ACH.

- More than 90 percent of payroll providers in a recent NACHA/American Payroll Association survey stated that Same Day ACH would help them meet payroll needs.
- NACHA projects that nearly 1.4 billion Same Day ACH payments will be generated annually 10 years after full implementation and rollout.
- Research identified 63 sub-use cases for Same Day ACH.

Same Day ACH: Moving Payments Faster Now and into the Future

Same Day ACH will move payments faster, meeting the needs of today and serving as a building block for innovations of tomorrow. For more information on NACHA’s Same Day ACH proposal, visit nacha.org/same-day-ach.



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