

SAME DAY ACH EDITION - 2016

Same Day ACH - Your Top Five Need to Know Facts

The Same Day ACH: Moving Payments Faster rule allows for same-day processing of virtually any ACH payment. Companies that desire same-day processing will be able to send same-day ACH transactions to accounts at any RDFI. Companies are encouraged to talk to their ODFI about the Same Day ACH options that will be available for use.

FACT 1

THE BUSINESS CASE: The speed, ubiquity and security of Same Day ACH presents Companies with the option to send virtually all ACH credits, debits and non-monetary Entries to any Receiving Depository Financial Institution for same-day processing and settlement. The rule change comes in response to an ever-growing need to move payments with the speed of industry needs.

NACHA identified 10 major use cases and 63 specific sub-cases to categorize how Companies may use Same Day ACH to send faster credit, debit and non-monetary entries. The primary uses cases include urgent business to consumer payments, such as emergency payroll or disbursing other urgent claims. Same Day ACH business-to-business credits will not only allow for faster funds delivery, but also faster delivery of critical payment-related information. Visit [NACHA's Resource Center](#) for more information about Same Day ACH's use cases.

Other use cases include using Same Day ACH to receive payment prior to delivering a service or product and providing a solution for expedited consumer bill payments. Same Day ACH payments can also benefit cash management practices by allowing for same day transfers between accounts. Companies should speak with their financial institutions to learn more about whether Same Day ACH is appropriate for their business.

FACT 2

KEY COMPONENTS OF THE SAME DAY ACH RULE:

- Phased Implementation – Same Day ACH Credits on September 23, 2016; Same Day ACH Debits on September 15, 2017; and defined ACH Credit funds availability on March 16, 2018
- ODFIs will be able to submit Same Day ACH files through two new clearing windows provided by the ACH Operators:
 - i. Morning window submission deadline of 10:30 a.m. ET, with settlement at 1:00 p.m. ET
 - ii. Afternoon window submission deadline of 2:45 p.m. ET, with settlement at 5:00 p.m. ET
- Same Day ACH transactions will be identified by the Effective Entry Date, found in the Company/Batch Header Record
- All SEC codes will be eligible for same-day processing except IAT (International ACH Transactions) and individual transactions more than \$25,000
- Return entries may be processed as Same Day at the discretion of the RDFI
- Same Day ACH transactions will be assessed a Same Day Entry Fee of 5.2 cents per same-day entry
- All RDFIs must receive Same Day ACH Entries

FACT 3

ELIGIBILITY FOR SAME DAY PAYMENTS - THE EFFECTIVE ENTRY DATE:

As a part of an implementation strategy to prepare for Same Day ACH, Companies are encouraged to take steps to ensure they are using the Effective Entry Date field appropriately. Understanding this field and how to use it effectively will be essential in order to originate Same Day ACH Entries. The Effective Entry Date will serve as the only identifier of a Same Day Entry. There will be no unique identifier,

such as a new SEC code. In order to initiate a Same Day ACH credit transaction, the Company must select the current date as the Effective Entry Date, then submit that transaction to their ODFI on the current date prior to one of the two new same-day last deposit windows.

In the current processing environment, if a Company selects as the Effective Entry Date any federal holiday or a Saturday or Sunday, the ACH Operator will assign the next business day as the Settlement Date; likewise, if the Effective Entry Date is stale dated (dated for a day in the past) the ACH Operator will settle those entries on the next available opportunity, which is typically the next banking day. Stale-dated entries will continue to settle at the next available opportunity; however, the introduction of Same Day ACH means the next available opportunity could be same day. Therefore, if an ODFI receives a stale-dated entry prior to the 2:45 p.m. ET deposit window, that entry will process and settle on the same day.

Whether you intend to originate Same Day ACH entries or not, Companies are encouraged to review processes and systems to determine how Effective Entry Dates are handled today. Improper use of the Effective Entry Date field could result in unintended Same Day ACH transactions and the assessment of the Same Day Entry Fee, as well as impact the Receiver of the Same Day ACH entry.

Talk to your ODFI about how you currently use the Effective Entry Date field and to find out if your ODFI may have options available to help limit unintended Same Day ACH transactions.

FACT 4

RECEIPT OF SAME DAY ACH ENTRIES: Whether or not you choose to originate Same Day Entries, you must be prepared to receive Same Day ACH credits as of September 23, 2016. The Rule requires all RDFIs to receive Same Day ACH which means any Receiver is eligible to receive a Same Day credit, including your company.

If you receive a Same Day credit in payment for a bill or other obligation, your records should

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reflect the payment received as of the settlement date. The *ACH Rules* require a non-consumer Receiver, such as a business or other organization, to update their records to record a Company's payment as being received no later than Settlement Date. The *ACH Rules* allow for a reasonable period of time for Non-Consumer Receivers to make this update after the RDFI posts the Entry to the Receiver's account. Receivers should also verify that their internal bookkeeping systems are capable of reflecting a same day credit to a Company's account.

Other concerns for corporate Receivers may be related to your cash and treasury management functions. The possibility to receive Same Day ACH entries later in the day, plus additional ACH settlement times at 1:00 p.m. and 5:00 p.m. could affect your cash position and flow. You may want to speak with your financial institution to learn if they will offer products and services to help your organization's cash management capabilities.

FACT 5

PREPARE FOR SAME DAY ACH DEBITS: While the focus in 2016 is the implementation of Same Day ACH Credits, Same Day ACH debits will be implemented on September 15, 2017. It's not too early to start thinking about the impact of Same Day ACH Debits from both an origination and receipt perspective.

The eligibility requirements for Same Day ACH transactions remain the same for Same Day ACH Debits, so there aren't any new *Rules* requirements to implement. Same Day ACH Debits provide many more use case opportunities for Companies. Currently, debits constitute approximately two-thirds of all ACH Entries, so the extension of Same Day ACH to include debits will likely increase the number of Same Day ACH transactions and facilitate a wider range of payment types. From a Company perspective, faster debits will allow you to collect funds more quickly and benefit your Receivers

by allowing them to satisfy their obligations in a timelier manner. You should speak with your financial institution to learn how Same Day ACH can improve your debit origination practices.



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