Faster Settlement and Funds Availability
Same-Day ACH
Talk About Payments Webinar

March 14, 2018
Retail Payments Risk Forum
Federal Reserve Bank of Atlanta

The views expressed in this presentation are those of the presenters and do not necessarily reflect the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.
Detect and identify, assist and encourage

• Identify what?
  o Risk, in existing and emerging retail payments

• Help how?
  o Contribute to mitigating payment risks by:
    ▪ Researching products, services, and systems
    ▪ Collaborating with industry
    ▪ Convening

➤ Take On Payments weekly blog
  ▪ takeonpayments.frbatlanta.org/
Webinar Presenters

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Faster Payments

Resources:

www.fedpaymentsimprovement.org/
Initiatives

- Visa Direct
- MasterCard Send
- Zelle
- Real-Time Payments
- Same-Day ACH
Distribution of Noncash Payments: The number of payments by type is inverse to the value of those payments.
ACH Transaction Flow: The Fed’s Role

- Receiver
- RDFI
- Originator
- ODFI
- ACH Operator
SAME DAY ACH SPECIFICS

All Receivers - both RDFIs and businesses - are required to receive same-day payments, which are available for virtually any ACH transaction. Only International ACH Transactions (IATs) and single transactions over $25,000 are excluded. Additionally, Receivers are obligated to post same-day entries and make funds available, as required.

Same-day returns are optional with Same Day ACH. RDFIs can choose to send returns same day, whether the forward entry was same day or not. Same-day returns can be sent up to 4 pm ET for settlement that afternoon.

<table>
<thead>
<tr>
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<th>Phase 1 Sept. 2016</th>
<th>Phase 2 Sept. 2017</th>
<th>Phase 3 March 16, 2018</th>
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</thead>
<tbody>
<tr>
<td>Eligible Transaction Type</td>
<td>ACH Credits</td>
<td>ACH Credits and Debits</td>
<td>ACH Credits and Debits</td>
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<tr>
<td>Processing Deadlines</td>
<td>10:30 am and 2:45 pm ET (4 pm for returns)</td>
<td>10:30 am and 2:45 pm ET (4 pm for returns)</td>
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<tr>
<td>Settlement Times</td>
<td>1 pm and 5 pm ET</td>
<td>1 pm and 5 pm ET</td>
<td>1 pm and 5 pm ET</td>
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<tr>
<td>Funds Availability</td>
<td>End of RDFI processing day</td>
<td>End of RDFI processing day</td>
<td>5 pm local time</td>
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Learn more at www.nacha.org/same-day-ach.

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PREPARING FOR SAME DAY ACH

PHASE THREE: FUNDS AVAILABLE BY 5 PM LOCAL TIME

Same Day ACH builds upon the ACH Network’s existing next-day settlement functionality and provides a ubiquitous option for same-day processing and settlement of ACH transactions. This creates a host of new opportunities for you, as well as obligations, as a Receiving Depository Financial Institution (RDFI).

- **UNDERSTAND** schedules for receipt of same-day transactions
- **DETERMINE** how and when to post same-day transactions and make funds available by 5 pm local time
- **REVIEW** corporate reports, treasury management and online banking systems
- **CONSIDER** opportunities to accelerate returns
- **REQUEST** support from vendors and processors

SAME DAY ACH USE CASES

Same Day ACH has numerous use cases that can benefit all consumers, businesses, government entities and financial institutions that use the ACH Network. Significant use cases can enable:

- **Same-Day Payroll**
- **Business-to-Business Payments**
- **Expedited Bill Payments**
- **Account-to-Account Transfers**

And for RDFIs, Same Day ACH can enable faster returns and Notifications of Change (NOCs), as well as the faster delivery of payment remittance information.
2017-2018 Same Day ACH Transaction Volume

Average number of daily transactions: 304,700

FedACH Items

Total Network Items
Average value per payment: $1,146
2017 SAME DAY ACH VOLUME
75.1 Million Same Day ACH Payments Were Made in 2017, Totaling More Than $87.1 Billion.

DEBIT VOLUME

- Consumer Bill Pay and Account-to-Account Transfer: 1.4M (8%)
- Business-to-Business Payments: 16.9M (92%)

CREDIT VOLUME

- Direct Deposit for Payroll and Other Consumer Dispersements: 4.6M (8%)
- Business-to-Business Payments: 6.8M (12%)
- Person-to-Person: 18.8M (33%)
- Consumer Bill Pay: 26.6M (47%)

3Q AND 4Q 2017 SAME DAY ACH VOLUME

- Credits: 18.8M
- Debits: 2M

DEBIT VALUE

- $12.2B (84%)
- $2.3B (16%)

CREDIT VALUE

- $35.4B (49%)
- $4.9B (7%)
- $3.8B (5%)
Discussion

- Financial institution strategy and trickle-down effect
- Product development
- Marketing
- Communications
- Risk-mitigation models
- Fraud related to faster payments
- Credit underwriting
Resources

https://fedpaymentsimprovement.org/
Questions & Discussion

Ask a Question:
- Click the “Ask Question” button in the webinar tool
- Email rapid@stls.frb.org

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