

Mobile Wallet SEC Code FAQ

What is a mobile wallet?

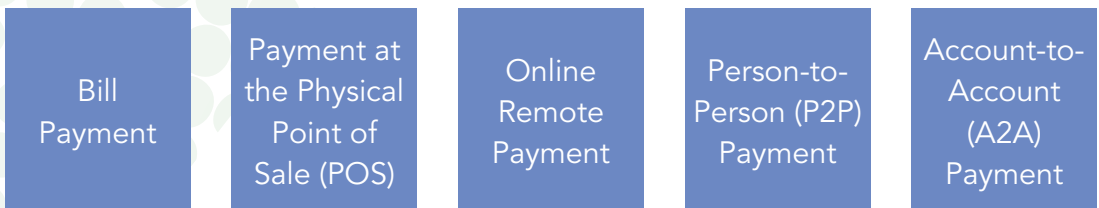
- A secure, consumer-facing app for managing payments, typically with the ability to access many different payment types
- Can be hardware-based (account credentials or tokens stored in physical mobile device) or cloud-based (account credentials or tokens stored in the cloud)

What are the different types of mobile wallets?

- Financial Institution (issued by a bank or credit union such as Capital One Wallet or ChasePay)
- Merchant (retailer-issued wallet such as WalmartPay or Starbucks)
- Third Party (third party wallet such as ApplePay, AndroidPay or PayPal)

** Note: Wallets can access multiple payment types, including credit cards, debit cards, prepaid or stored value cards, loyalty/reward points and ACH (direct debits to the consumer's financial institution account)*

How can a mobile wallet be used with ACH as the payment method?



Applicable for all use cases:

- All of the same rules and regulations that apply to an ACH payment must be followed when a mobile wallet is utilized for an ACH payment.
- The use of a mobile wallet does not change the authentication responsibilities for ACH payments. Different methods may be used for authentication to take advantage of options available within the mobile device, such as biometrics, geolocation and device verification.
- As with any ACH transaction, the Originator should assess the type and level of risk of a transaction when determining what risk mitigation techniques are necessary. Appropriate, commercially reasonable risk monitoring and management should be used.

What is a Standard Entry Class (SEC) Code?

- NACHA requires that when an ACH transaction is submitted for processing, it must include a SEC Code to designate how the transaction was authorized by the Originator.
- Some SEC Codes have specific requirements for Originators, including in scenarios when mobile wallets are used in ACH transactions.

Scenarios When Mobile Wallets Are Used in ACH Transactions	Examples	SEC Code to Use
<p>Online Remote Payments: A consumer uses a mobile wallet to initiate a debit entry to their financial institution account.</p>	<p>Consumer uses account credentials in mobile wallet to pay biller or merchant remotely (online). On settlement date, the consumer's financial institution account is debited and merchant/biller's financial institution account is credited.</p>	<p>WEB</p>
<p>Person-to-Person (P2P): A consumer uses a mobile wallet for a consumer-to-consumer credit entry such as P2P.</p>	<p>Consumer uses account credentials in mobile wallet to send funds to another consumer through a financial institution or third party P2P service. On settlement date, the sending consumer's financial institution account is debited and the receiving consumer's financial institution account is credited.</p>	<p>WEB</p>
<p>Account-to-Account (A2A): A consumer uses a mobile wallet to transfer funds between two accounts that are both owned by the consumer.</p>	<p>Consumer uses account credentials in mobile wallet to transfer funds from one of his/her accounts to another of his/her accounts. On settlement date, one financial institution account is debited and the other financial institution account is credited.</p>	<p>WEB</p>
<p>Payment at Physical Point of Sale (POS): A consumer uses a mobile wallet at an electronic terminal at the POS to initiate a debit entry to their bank account to pay for goods or services, or to receive cash back.</p>	<p>Consumer uses mobile wallet to communicate with an electronic terminal at the POS and make a payment. (Electronic terminals include traditional POS terminals such as store cash registers or automated fuel pumps, as well as mobile devices used as mobile checkout terminals.) On settlement date, the consumer's financial institution account is debited and merchant's financial institution account is credited.</p>	<p>POS (WEB is not appropriate if POS would apply because the WEB format does not include all of the necessary fields to communicate the POS transaction information.)</p>
<p>Bill Payment: A consumer uses a mobile wallet to initiate a credit entry to a business.</p>	<p>Consumer uses a mobile wallet to send funds for bill payment through an online/mobile banking product or bill payment service. On settlement date, the consumer's financial institution account is debited and biller's financial institution account is credited.</p>	<p>CIE</p>

Note: In some cases, a "good funds" model may be used, in which the debit to the consumer's account occurs before the credit is sent.

The Payments Innovation Alliance, a membership program of NACHA — The Electronic Payments Association®, brings together diverse, global stakeholders to support payments innovation, collaboration, and results through discussion, debate, education, networking, and special projects that support the ACH Network and the payments industry worldwide. The Alliance Mobile Wallet Team is an initiative designed to enable stakeholder companies and the broader mobile payments community to leverage an "open" acceptance platform that includes support for retailer- and bank-branded mobile wallets for electronic payments.

For additional information or to download the latest mobile wallet white paper, visit the Alliance at <https://www.nacha.org/content/payments-innovation-alliance>

