



CHECKPOINT:

Halfway Through The Year of Faster Payments

2019 will be remembered as **The Year of Faster Payments**. Industry stakeholders are taking bold steps to create solutions that bring increased speed, convenience, and accessibility to the payment and settlement system. New capabilities and interfaces are enhancing existing payment networks, and new rails are emerging in the faster payments landscape.

Same Day ACH transaction volume continued its impressive upward trajectory in the first quarter of this year, surpassing volume in the same period of 2018 by 24% for a total of 52.7 million transactions. While the three phases of Same Day ACH implementation are complete, the Nacha membership has approved several new rules that will offer additional enhancements:

- **Faster Funds Availability Rule, effective September 20, 2019** – This rule will provide faster funds availability for many ACH credits. Funds from Same Day ACH credits processed in the first processing window will be made available by 1:30 p.m., RDFI local time. Funds from non-Same Day ACH credits that are made available to the RDFI by 5:00 p.m., RDFI local time, on the banking day before Settlement Date will be available by 9:00 a.m., RDFI local time, on Settlement Date.
- **Same Day ACH Dollar Limit Increase, effective March 20, 2020** – This rule will increase the per-transaction dollar limit from \$25,000 to \$100,000. At implementation, both Same Day ACH credits and Same Day ACH debits will be eligible for same day processing up to \$100,000 per transaction.
- **New Same Day ACH Processing Window, effective March 19, 2021** – This rule will create a new processing window that will let ODFIs and their customers originate same day transactions for two additional hours each banking day. The new window will allow Same Day ACH files to be submitted to the ACH Operators until 4:45 p.m. ET. RDFIs will receive files from this third window by 5:30 p.m. ET, with interbank settlement occurring at 6:00 p.m. ET. RDFIs will need to make funds available for credits processed in the new window by the end of their processing day. All credits and debits, and all returns, will be eligible to be processed in the new Same Day ACH window, except International ACH Transactions, Automated Enrollment Entries, and forward transactions exceeding the per-transaction dollar limit.



**Same Day
ACH:
52.7 million
transactions in
1Q 2019**



**Responses to
Fed RFC to
support Same
Day ACH
DUE 7/15**

The new Same Day ACH processing window was a frequent topic of discussion with lawmakers and their legislative directors at Nacha's **Government Relations Advisory Group Capitol Hill Day** on June 6. ePayResources participated in this annual day of advocacy on behalf of our members, along with other payments associations and financial institutions. This rule ballot noted that the original proposed effective date of September 18, 2020 was contingent on receiving timely notification from the Fed Board of changes to Federal Reserve services necessary to support the new Same Day ACH processing window. The Fed Board subsequently informed Nacha that it would need to issue a **request for public comment** on modifications to the

National Settlement Service and Fedwire Funds Service before notifying the industry that it would support the new window. The effective date of the new Same Day ACH processing window has been deferred by six months to March 19, 2021 while the Fed considers the responses to its request for comment, which are due July 15, 2019. ePayResources will be submitting comments on behalf of our membership, and we encourage our member financial institutions to submit their own comments as well at the following link:

<https://www.federalregister.gov/documents/2019/05/16/2019-09949/potential-modifications-to-the-federal-reserve-banks-national-settlement-service-and-fedwire-funds>

The Clearing House's **Real Time Payments network** is also well-known on Capitol Hill among members of the House Financial Services Committee, the Congressional FinTech and Payments Caucus, and the Senate Payments Innovation Caucus. RTP now reaches over 50% of U.S. demand deposit accounts, and The Clearing House is actively collaborating with ePayResources and other payments associations, as well as service providers, consumer groups, and other industry stakeholders, to ensure that RTP works for - and is universally available to - financial institutions of all sizes. On June 18, a partnership between The Clearing House and digital payments company Payrailz was announced, whereby Payrailz will work as a Third-Party Service Provider to deliver real-time payments capability to their bank and credit union clients.

The Federal Reserve is contemplating entering the real-time arena as well. The Federal Reserve Board is currently considering public comments that were due last December on actions the Fed could take to support faster payments in the United States, including the development of a service for **real-time interbank settlement** of faster payments 24 hours a day, seven days a week, 365 days a year; and the creation of a liquidity management tool that would enable transfers between Federal Reserve accounts on a 24x7x365 basis to support services for real-time interbank settlement of faster payments, regardless of whether those services are provided by the private sector or the Federal Reserve Banks. ePayResources submitted a response to the Federal Reserve Board based on interviews with member financial institutions of various sizes.

Despite the projected demand for faster payment solutions, the recent **Center for Payments** study found that only 34% of respondents currently have a payments strategy in place to help set payment priorities, inform decision making, and focus resources. ePayResources is a member of the Center for Payments, as well as two other industry groups that are working together to leverage their collective expertise to address this gap. The **US Faster Payments Council**, which focuses on private-sector



**center for
payments**

**Only 34% of
financial institutions
have a payments
strategy!**



approaches to solving problems and driving broad adoption of faster payments, is collaborating with Nacha's **Payments Innovation Alliance** to develop the **Faster Payments Playbook**, an educational and online decisioning platform that will help banks, credit unions, and businesses develop a faster payments strategy. The first iteration of the Playbook, which is anticipated to be available in the 4th quarter of this year, will focus on financial institutions of all sizes and types, including credit unions, community banks, and regional banks, followed by a version for business end-users.

If you don't want to be left behind, it's time to **clear the clutter and strategize – NOW!** Join us for our new **Faster Payments Workshop**, a one-day expert-led session focusing on the players and technology in the faster payments space and how your institution - and your customers - can benefit! Sessions marked with an asterisk precede our two-day **Payments University** in those locations.

- *Orlando, FL - August 7
- *Richmond, VA - August 21
- *Austin, TX - August 21
- *Dallas, TX - September 4
- *Wilmington, NC - September 11
- Miami, FL - September 18
- Houston, TX - September 26