

**Illinois Community College
Chief Financial Officers
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Update in the Banking World

Presented by:

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NACHA Rule Change – Same Day ACH

- A new rule has been adopted by NACHA to allow ubiquitous capability for same day ACH entries, which is being implemented in three phases. The first phase started in September of 2016.
- All receiving financial institutions (RDFI's) will be required to receive same day ACH transactions.
- But it doesn't require that an originating financial institution (ODFI) has to offer clients the service.



ACH on the Same Day

- Certain Criteria is needed to be met to be eligible
 - The transaction must be < \$25,000.00
 - Can't be an international ACH transaction (IAT)
 - Can't be an automated enrollment entry (ENR)
- Pre-notifications, remittance information and notifications of change are eligible.
- 99% of current ACH volume meets the criteria to be considered same day.



Phase One

- The first phase of the rule change went into effect on September 23, 2016.
- This phase requires all funds related to same day ACH entries must be made available at the end of day processing for the RDFI.
- This impacts only credit entries.



Phase Two

- Goes into effect on September 15, 2017.
- This will allow originators to begin submitting ACH debit entries with same day effective dates.
- The RDFI still has until the end of day processing to make the funds available.



Phase Three

- The final phase rule change will be effective on March 16, 2018.
- The requirement being that funds related to same day transactions be available at 5:00 PM local time for the RDFI.
- You may want to discuss same day ACH with your bank for cost effectiveness and any changes you might make to allow of this.



Resource Material

- NACHA website

- <https://www.nacha.org/rules/same-day-ach-moving-payments-faster>

- Federal Reserve website

- https://www.frbservices.org/resourcecenter/sameday_ach/index.html



Electronic Fraud

- **Risk of Electronic Fraud**

- Properly safeguarding against electronic fraud requires proactive daily monitoring. Without trained staff dedicated to this ongoing task, erroneous electronic postings may go unchecked, resulting in lost revenue.

- **Strengthen Fraud Protection**

- Reduce the risk of fraud and theft by implementing safeguards that make daily monitoring of fraudulent activity possible



Automated Clearing House (ACH) Positive Pay

Enables companies of all sizes to safely allow electronic withdrawals from their business checking accounts by authorized vendors, suppliers, or trading partners, while controlling how much can be debited by each entity.

Features and Benefits:

- Protection against fraud and losses from unauthorized transactions.
- Client directed online decisioning capabilities gives you more control to monitor payments.
- Automatic cross-referencing of incoming ACH debits against authorized records.
- Save time by allowing certain payees to debit your account for payments to entities such as utility companies or for recurring payments.
- Capability to set maximum dollar limits by company to help manage unauthorized debit activity.
- View ACH Positive Pay history, along with “pay or reject” decisions, for each item.
- Receive optional email notifications informing you when you have items to review.



Automated Clearing House (ACH) Positive Pay, cont.

How It Works:

- Through your bank's online Treasury Management platform, you're able to maintain a list of entities authorized to debit your account, add new records, create an authorization from an item that was flagged for review, and set maximum withdrawal amounts for each company.
- Your bank then compares ACH debits attempting to post to your account with the information you provided. Then we identify discrepancies. Through this online platform, you review your discrepancies and choose to pay or reject any items.




YOUR COMPANY NAME HERE
123 MAIN STREET
YOUR TOWN, STATE AND ZIP

1001

00-8789/0000

DATE _____

PAY TO THE ORDER OF _____ \$

DOLLARS 

YOUR FINANCIAL INSTITUTION
CITY, STATE AND ZIP

FOR _____

⑈00100⑈ ⑆000067894⑆ 12345678⑈



Check Positive Pay Service

Checks can be easily stolen, forged, duplicated, or altered and the resulting loss of money and time can be significant. Positive Pay service is designed to help protect district's of all sizes from check fraud.

Features and Benefits:

Take Advantage of Better Controls and Detailed Online Reporting

- View a list of all exception items online and identify the reason each item was flagged for review. Also view the front and back of the image.
- Add items that were not included on an issue file for instances when you need to make payments outside of a typical check run.
- Strengthen your internal controls with the option to require at least two people to authorize the payment of an exception item.

Save Time and Prevent Losses

- Discrepancies are quickly and easily identified, enabling you to reject any suspicious items *before* they post to your account.
- Reconciliation is easier when dollar amount or other errors are already identified for you.



Check Positive Pay Service, cont.

How It Works:

- When you issue checks, you provide your bank with a file of those items using direct transmission or by uploading directly to its online platform. The file should be provided at least one hour before disbursing checks.
- Your bank then compares checks that are presented for payment to your issue file and identifies any discrepancies.
- Mismatched items are available for you to review and decide whether to pay or reject them.
- Any items that you have not opted to pay or reject will be automatically returned in order to protect your account.



Questions?

Thank you!



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