

Regions Bank TPS Authorizations

0:02

Welcome to the Regions Bank Third Party Center training.

0:06

My name is Carrie Selen.

0:08

In this session, I will go over the Notcher Rule requirements for ACH authorizations that originators must obtain from their receivers before setting ACH credit or debit entries.

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Generally, and regardless of the nature of the relationship or the parties involved, certain minimum authorization standards apply to all ACH payments.

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Before transmitting one or more entries to any receiver's account, the originator must obtain the receiver's authorization to originate those entries.

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Except for credit entries where both the originator and receiver are natural persons, all P to P entries must be processed as web credits and no authorization is required.

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The consumer sending the credit to the other consumer is considered the originator of the entry.

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In this case, the consumer originator's name is in positions 50.

1:03

Sorry 40 to 54 in the individual name field.

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All authorizations must comply with applicable legal requirements, be readily identifiable as an ACH authorization, have clear and readily understandable terms, and be retained, retained for a minimum of two years from the date of the termination or revocation.

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Consumer authorizations For credit entries.

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The originator may obtain the receiver's authorization in any manner permitted by applicable legal requirements.

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Not Your recommends getting this in writing.

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For debit entries, it must contain the minimum requirements that will review on the next slide.

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Must be in writing and signed or similarly authenticated unless otherwise expressly permitted by the rules, such as an oral authorization over the telephone, and the originator must provide an electronic or hard copy of the authorization to the receiver.

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Minimum requirements for a debit authorization to a consumer account.

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Includes language regarding whether the authorization obtained is for a single entry, recurring entries, or subsequent entries based on a standing authorization, the amount of the entry or entries, or a reference of the method of determining the amount of the entry or entries.

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Timing, including the start date, number, and or frequency of the entries.

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The receiver's name or identity.

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The account to be debited, which includes both the routing and account number, the date of the receiver's authorization, and any revocation language that instructs the receiver how to revoke the authorization directly with the originator, including the time and manner in which the receiver's communication with the originator must occur for a single entry scheduled in advance.

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The right of the receiver to revoke the authorization must afford the originator a reasonable opportunity to act on the revocation prior to initiating the entry.

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So there are notices that have to be provided to a consumer if there is a change in the amount or change in the date of a recurring transaction.

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So if the notice of change in amount.

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If the amount of a debit recurring entry to be initiated to a consumer account differs from the amount of the immediately preceding debit recurring Entry related to the same authorization or differs from a pre authorized amount.

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An originator must send the receiver written notification of the amount of the entry and the date on or after which the entry will be debited at least 10 calendar days prior to the date on which the entry is scheduled to be initiated.

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If there's a change in the date, an originator that changes the scheduled date on or after which a debit recurring entries are to be initiated to a receiver's account must send to the receiver written notification of the new date on or after which reoccurring entries are scheduled to be debited to the receiver's account.

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The originator must send such notification to the receiver at least 7 calendar days before the first such entry is scheduled to be debited to the receiver's account.

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For purposes of this subsection, variation in debiting dates due to Saturdays, Sundays, or holidays are not considered to be changes in the scheduled dates.

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An RD5 that requires a copy of the receiver's authorization must send a written request for a copy to Regions Bank.

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Upon receipt of the Rd.

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5 written request, Regions Bank will must provide the RDF Five with the original copy or other adequate accurate record of the receiver's authorization.

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Within 10 banking days, Regions Bank will reach out to its originator or third party sender and request the authorization.

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The originator or third party center must provide the record or information to Regions Bank in such time and manner as to enable Regions Bank to deliver the information to the requesting RDFI within 10 banking days of the RDF IS request.

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Authorizations to non consumer accounts may be obtained in any manner permitted by legal requirements and every authorization must contain language that binds the business to the Nacho operating rules for proof of authorization requests.

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The RDFI requests must be in writing to the ODFI.

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For copies of non consumer authorization request such as ACCD or CTX or inbound IAT entries, Regions Bank must provide either an accurate record evidencing the receivers authorization or the contact information for the originator, which is at a minimum the name and phone number or e-mail address of the originator.

6:13

The Third Party Center must provide a copy of the authorization or information to Regions Bank in such time as to allow Regions Bank to act on the request for the copies within the 10 banking daytime frame.

6:31

A rule that went into effect in September of 2020-2021 is that to reduce the cost and time needed to resolve some exceptions in which proof of authorization is requested, Regions Bank and its originators or third party senders may agree to accept the return of the debit rather than provide an authorization to the RDFI.

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In these cases, Regions Bank must provide the RDFI with written confirmation that Regions Bank has agreed to accept the return of the entry at any time within 10 banking days of providing the confirmation to the RDFI.

7:09

Even when Regions Bank has accepted the return or has agreed to accept the return of the entry, it is still possible that the RDFI may require a copy of the receiver's authorization.

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In these situations, the RDFI will need to submit a subsequent written request to Regions Bank for evidence of the receiver's authorization.

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Regions Bank then must provide the original copy or other adequate accurate record of the authorization to the RDFI within 10 banking days of the RDFI's subsequent request.

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So let's talk about other consumer authorization methods.

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Electronic signatures include not only actual electronic signatures like those obtained through products like DocuSign, but also oral authorizations communicated via a telephone call or a video communication over the Internet.

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A record that is required by the Nacho rules to be signed or semi authenticated may be signed with electronic signature in conformity with the terms of the Electronic Signatures in Global and National Commerce Act, including the provisions that reference state versions of the Uniform Electronic Transactions Act and in a manner that evidences the identity of the person who signed and that person's assent to the terms of the record.

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The rule that electronic authorizations must be visually displayed in a manner that allows the consumer to read the communication does not apply to oral authorizations.

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So for oral authorizations, tell authorizations must beat the debit authorization requirements that we discussed on the earlier slide.

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They must also meet additional requirements such as the use of the proper standard entry class code and security requirements if it is authorized over an unsecured electronic network such as Alexa or Siri.

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To comply with regulation, ES authorization process should evidence the consumer's identity and assent to the authorization.

9:21

For a single entry authorized by the receiver orally, the originator must make an audio recording of the oral authorization or provide the receiver with written notice confirming the oral authorization prior to the settlement date of the entry and retain the original or a duplicate audio recording of the oral authorization or the original or a copy of the written notice confirming the oral authorization for two years from the date of the authorization.

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For a recurring entry authorized by the receiver orally, the originator must comply with the requirements of Regulation E for the authorization of pre authorized transfers, including the requirement to send a copy of the authorization to the receiver and retain for two years.

10:12

For the termination or revocation of the authorization the original or a duplicate audio recording of the oral authorization and evidence that a copy of the authorization was provided to the receiver in compliance with Regulation E.

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So for a single entry you can choose between audio recording or providing the written notice prior to settlement date or for recurring you have to do both.

10:43

So standing authorizations, a standing authorization is an advance authorization by the receiver of future entries to the receiver consumers account that requires further affirmative action by the receiver to initiate future entries.

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And the subsequent entries is an entry to a consumer account that is initiated by the receiver's affirmative action in accordance with the terms of a standing authorization.

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So let me give you an example of standing authorization with subsequent entries.

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I'm going to give you an Uber example.

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So I downloaded the Uber app and on my phone and it should have contained authorization language related to subsection 2.3 dot 2.2 debit entries to consumers accounts that we previously reviewed.

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Included in the authorization would have been the affirmative action I need to take for subsequent entries, such as I authorize Uber to debit my account each time I log into the app, request a right, and confirm the payment.

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When Uber must provide proof of authorization, they would provide my standing authorization and then proof that I logged into the app, requested a ride, and press the payment button.

12:05

When Uber must provide proof of the authorization, they would provide my standing authorization and also the time stamps of when I logged into the app, requested a ride and press the payment button.

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Where standing authorization is involved, the rules allow for some flexibility and how an originator may identify subsequent entries.

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In general, and subject to certain exceptions, an originator may identify a subsequent entry using the standard entry class code that is appropriate to either the manner in which the receivers standing authorization was communicated to the originator or the manner in which the receivers affirmative action to initiate the subsequent entry was communicated to the originator.

12:58

There are some exceptions to this, so see Appendix H in the notch of guidelines.

13:09

Originators will be able to use Tel or Web standard entry class code for subsequent entries when initiated by either a telephone call or via the innerless Internet or wireless network, regardless of how the standing authorization was obtained.

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In such cases, the originator will not be required to meet the authorization requirements of Tel or WEB, but will need to meet the risk management and security requirements of those standard entry class codes.

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So, for instance, if it was the subsequent entry was sent out as a Tel, the originator has to verify the receiver's identity using commercially reasonable means.

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Verify the receiver's routing number using commercially reasonable means and provide the receiver with the originator's phone number if the subsequent entry is going to go out as a web standard to class code.

14:02

The originator must establish A commercially reasonable fraudulent transaction detection system to verify or validate that routing and account number for its first time use.

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Conduct an annual Web debit and audit.

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Verify the receiver's identity using commercially reasonable means and verify the receiver's routing number using commercially reasonable means.

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So the risk management pieces of those standard class codes still apply.

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So standing authorization in writing.

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So the consumer opens an account at the bank branch and authorizes in writing debits to transfer funds into the account and initiate such debits via the bank's website.

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This could be either APPD or web transaction.

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So if you're looking at this chart, you see on the left the form of standing authorization in writing telephone off or Internet or wireless network off.

15:01

So that's how they got the standing authorization.

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The method of the receiver's affirmative action could be a written request via a telephone call or through the wireless of the Internet or a wireless network.

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So when you look at these, you're going to say the the standing authorization was in writing, so that means it would be APPD.

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But the method of affirmative action was also in writing, so that has to be APPD.

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If you look at the one next to it in writing was the PPD, but the affirmative action was through a telephone call, so it could be either APPD or TELL.

15:44

And then the third one, the written request was in writing, but the affirmative action was over a wireless network or the Internet, so it could be either APPD or web.

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So that gives some flexibility for the originator to send it out under different standard entry class codes.

16:03

This concludes the training on ACH authorizations.

16:07

Thank you and have a great day.