



Payments Innovation and the Evolution of ACH Transactions

A faster payment option will soon be available to meet the modern needs and demands of business. NACHA, the Electronic Payments Association, adopted a rule in May 2015 to provide the capability for expediting Automated Clearing House (ACH) payments. The rule, referred to as the Same Day ACH Rule and supported by the Federal Reserve, will enable same-day processing of nearly all payments conducted via the ACH Network.

Same Day ACH—A benefit to business

Same Day ACH capability builds upon existing, next-day ACH Network capabilities by establishing two new same-day settlement windows. The rule also requires that all Receiving Depository Financial Institutions (RDFIs) receive same-day transactions for credit to customers' accounts.

Currently, most ACH payments are settled on the next business day. There are many uses of ACH payments, however, for which businesses and consumers could benefit from same-day processing. The NACHA rule change will enable ACH originators that desire same-day processing the option to send same-day ACH transactions to accounts at any receiving financial institution.

Not only will Same Day ACH offer a new payment option for moving funds faster, this infrastructure is expected to be a springboard to facilitate future payments innovation in products and services.

The rule will be implemented in three phases to accommodate both financial institutions and their clients:

- **Phase I (Effective September 23, 2016):** ACH credit transactions will be eligible for same-day processing, supporting business uses such as hourly payroll, person-to-person (P2P) payments and same-day bill pay.
- **Phase II (Effective September 15, 2017):** Same-day ACH debits will be added, allowing for a wide variety of consumer bill payment use cases like utility, mortgage, loan and credit card payments.
- **Phase III (Effective March 16, 2018):** Faster ACH credit funds availability requirements will be introduced for RDFIs; funds from Same Day ACH credit transactions will be available to customers by 5 p.m. RFI local time.

continued

for more
about
Same Day
ACH, visit

www.nacha.org/same-day-ach.

for more
about IAT

Contact your Regions relationship manager or Treasury Management officer.

As indicated, most ACH payments, including credits and debits, will eventually be eligible for same-day processing. **However, this excludes international ACH transactions (IATs) and high-value transactions above \$25,000, which will not be eligible.**

Expect to hear more from Regions about this forthcoming payment option as it is implemented.

Uses and Benefits of Same Day ACH:

- Flexibility in the event of a missed deadline or emergency payroll situation
- Faster credit when consumers or businesses move funds between accounts
- Settlement of trading partner payments, still allowing for the inclusion of payment related/remittance information
- Ability for consumers to make same-day bill payments

International ACH transactions (IATs)

Regions is introducing IAT this quarter. This evolution of ACH payments allows businesses to leverage ACH transactions internationally using Regions iTreasury and direct transmission.

NACHA implemented the IAT standard entry class code to enable all U.S. based financial institutions to send and receive cross-border ACH payments. Through the Federal Reserve Bank Services' FedGlobal® programs, clients' IAT destination countries can include Canada, Mexico, Austria, Belgium, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom. Through Regions' IAT program, clients will initiate transactions in USD, which Regions will then convert to the respective foreign currency, deducting a foreign transaction fee. ▲

