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same-day ACH payments through new ACH Network functionality.

James Paille • Aug. 07, 2015



The Electronic Payments Association (NACHA, previously the National Automated Clearing House Association) has adopted a rule to move payments faster by enabling same-day processing for ACH payments.

Currently, NACHA moves money between financial institutions with a guarantee of 48-hour transactions. Many settle in just 24 hours. Today, in order to move money faster, an expensive wire transfer is required.

The move to same-day ACH is game-changing. The rule would enable the option for same-day ACH payments through new ACH Network functionality.

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a threshold of \$25,000 would not be eligible.

Generally all financial institutions would be required to participate. If the sender participates, the receiving bank must participate. Specifically, payroll transactions (direct deposits) would be available to depositors by 5:00 p.m. local time.

The implementation of these rule changes becomes effective in three phases over a three-year period starting September 2016. The price of these transactions between banks is estimated at 5.2 cents. The price incurred by the customer (i.e. the payroll service bureau) will vary by financial institution – suffice it to say that the cost will be a fraction of the charge of a wire and no charge to the receiver.

The rule would become effective in three phases:

- **Phase 1**, effective September 23, 2016: ACH credit transactions will be eligible for same-day processing through the Federal Reserve at 10:30 a.m. ET and 3:00 p.m. ET-supporting use cases such as hourly payroll, person-to-person payments and same-day bill pay.
- **Phase 2**, 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 3**, effective March 16, 2018: Funds from Same Day ACH credit transactions will be available to customers by 5:00 p.m. RDFI local time.

The effective dates of the three implementation phases are contingent on receiving written confirmation from the Federal Reserve to support the rule, which is necessary to ensure that Same Day ACH is ubiquitous across all 12,000 financial institutions in the U.S.

A common question is whether there will be a separate indicator for same-day

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While Same Day ACH is not here yet, this is a major effort to move to same-day transactions. Stay on the lookout for further information and clarifications as this rule change moves forward-these rules are still being developed, and changes may occur between now and the effective date of September 23, 2016.

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