



## Same Day ACH: solid early volume with expansion efforts underway

Proving that U.S. payers are ready for faster payment options, early Same Day ACH volume is strong. In October 2017 — a little more than a year after Same Day ACH credits were launched and in just the second month of Same Day ACH debit activity — overall Same Day ACH payment volume reached 10 million payments, totaling more than \$9 billion, according to NACHA – The Electronic Payments Association.

The introduction of Same Day ACH, an optional alternative to the one to two-day settlement provided by standard Automated Clearing House (ACH) service, is a key development in the faster payments movement in the United States. Businesses can now look to their banks to support same-day settlement of domestic ACH transactions initiated by a mid-day cutoff time.

Previously, the standard same-day payment option was always wire transfer, which settles in real time. The new, faster ACH service provides a more economical same-day payment option when businesses need to make urgent exception payments or want to improve the customer experience.

### Same Day ACH debits: off and running

Same Day ACH debit volume was strong from the start, hitting two million payments in September, its first month, and immediately more than doubling to 4.2 million in October, according to NACHA. The vast majority of initial Same Day ACH debit volume (94 percent) was comprised of consumer bill payments and account-to-account transfers, compared to only six percent that were business-to-business payments, NACHA reports.

Same Day ACH debits allow companies to offer their customers an option for making last-minute payments to avoid late payment fees. Another typical use would be a business initiating a reversal of a duplicate payment, such as a payroll payment.

*Continued on page 6*

*Continued from page 5...*

One U.S. Bank client, a real estate company that maintains depository relationships at several banks to maintain FDIC coverage, has used Same Day ACH debits for cash concentration into its main U.S. Bank account to cover operating expenses and also to collect last-minute monthly assessments from condominium owners.

Some of the best candidates for using Same Day ACH debits are businesses that regularly collect from consumers, such as insurance companies, utilities, telecommunications firms, condominium associations and health clubs.

An important caveat for users of Same Day ACH debits is to make sure the paying party has authorized a transaction on the debit date. This requires monitoring the effective dates in transmission files. “You would want to avoid any consequences that could result from debiting someone’s account earlier than they expected,” explains Beth Anne Hastings, a group product manager in Treasury Management at U.S. Bank. “For example, you don’t want to inadvertently debit the accounts of a large group of customers ahead of schedule.

### [An update on Same Day ACH credits](#)

Same Day ACH credit volume was fairly stable in 2017, generally hovering around the four million mark each month but then rising in October to nearly six million transactions. In that month, 41 percent of Same Day ACH credits were direct deposit for payroll or other consumer disbursements, while 30 percent were business-to-business payments, according to NACHA.

Indeed, emergency payroll remains the top use of Same Day ACH credits at U.S. Bank, says Lisa Hunt, ACH product manager. “We had a large energy company use Same Day ACH to avert a payroll crisis on the very first day we made the same-day service available,” she notes.

### [Refining the rules](#)

To build upon strong early volumes, NACHA is working to revise its rules to make it easier for more businesses to use Same Day ACH for more transactions.

NACHA has proposed adding a third Same Day ACH processing window to expand same-day access to later in the day. This proposed change has the potential to benefit all users of same-day processing, but will specifically address concerns of companies in Western time zones that have been challenged by the current mid-day (Eastern Time) file-delivery cutoff time (which translates to early a.m. Pacific Time).

Another proposed amendment to NACHA operating rules would increase the Same Day ACH transaction dollar limit to \$100,000 from the current \$25,000. This change would enable use of Same Day ACH for larger-dollar trade payments, for example.

*Continued on page 7*

*Continued from page 6...*

## Opt in to avoid last-minute scramble

U.S. Bank recommends that clients work with their relationship manager or treasury management consultant to opt into the bank's Same Day ACH service before an emergency payment need arises. "There is no cost to opt in. If you opt in now, on the day of your payment emergency, you only need to focus on one thing: meeting the daily cutoff," Hunt explains.

Learn more about the opportunities presented by Same Day ACH, as well as related new developments, by accessing NACHA's Same Day ACH Resource Center (<https://resourcecenter.nacha.org>) or the U.S. Bank Same-Day ACH reference site (<http://www.usbank.com/ach> using access code "fastach16").