






TPA 2014 ACH Industry Updates

March 5, 2014




Industry Update Topics

 ACH Data Security Rule	 Healthcare
 Same Day ACH	 WEB Credits





ACH Data Security




Applies to:
Originators,
Financial institutions, and
Third-Party Processors

1. Protection of sensitive data and access controls
2. Self-assessment
3. Verification of identity of Senders and Originators



Compliance with ACH Data Security




Determine how ACH data is:

- Initiated
- Processed
- Stored


Establish,
Implement, and/or
Update:

Security Policies
Procedures
Systems



Determine:


- Where executed stops, written statements and authorizations are retained.
- If your financial institution originates ACH
 - Internal? External?
- IF ACH processing is outsourced
- What departments process ACH or hold/have access to account related information




Policy/Program Considerations

IT/IS Policy
Vendor Management
Security Policy
Clean Desk Policy
ACH Risk Assessment

Also applies to Third-Party Processor and Originators




Healthcare Payments



The movement of healthcare payments to ACH payments is a key component to Healthcare Reform.

More than 8 million Healthcare Payments via ACH (ACH CCD+ payments) were processed through the ACH Network in January 2014.



Compliance with Healthcare Payments

Identify Healthcare Payments


- HCCLAIMPMT
- Company Entry Description Field

Provide addenda

- Reassociation TRN*1*12345*1512345678*999999999\
- Within 2 banking days of receipt

Electronic Delivery Option


- Receive or access information in a secure manner (128 bit minimum)
- Non-consumer Only



FRB Same-Day ACH Opt-In Service

**ODFI &
RDFI
Opt In**

**Credits
&
Debits**



Opting In-Opting Out

On a monthly cycle

List of participants is web accessible

Participant list may be printed or downloaded

Side-By-Side Service Comparison

	FedACH Next-Day	FedACH SameDay																		
Participation	Mandatory RDFI	Opt-In for ODFI and RDFI																		
Interoperator Service	Yes	No																		
Payment Types	All Credits and Debits	All Credits and Debits																		
SEC Codes	All	All except IAT, TRC, TRX																		
Dollar Cap	\$25,000: ARC, BOC, POP \$2,500: RCK Unlimited: TEL, WEB	\$25,000: ARC, BOC, POP \$2,500: RCK, XCK Unlimited: All Other SECs																		
Settlement Day	Credits: Day 1 or Day 2 Debits: Day 1	Day 0																		
Schedule	<table border="0"> <tr> <td><u>Forward</u></td> <td><u>Return</u></td> </tr> <tr> <td>2:15 pm ET</td> <td>2 pm</td> </tr> <tr> <td>6 am</td> <td>4 pm</td> </tr> <tr> <td>8:30 pm (Credits)</td> <td>5 pm</td> </tr> <tr> <td>11 pm (Debits)</td> <td></td> </tr> </table>	<u>Forward</u>	<u>Return</u>	2:15 pm ET	2 pm	6 am	4 pm	8:30 pm (Credits)	5 pm	11 pm (Debits)		<table border="0"> <tr> <td><u>Forward</u></td> <td><u>Return</u></td> </tr> <tr> <td>2 pm</td> <td>4:30 pm</td> </tr> <tr> <td>4 pm</td> <td>5 pm</td> </tr> <tr> <td>5 pm</td> <td>5:30 pm</td> </tr> </table>	<u>Forward</u>	<u>Return</u>	2 pm	4:30 pm	4 pm	5 pm	5 pm	5:30 pm
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Implementation		April 2013																		

11


Comparison of Forward/Return Payment Deadlines in ET



	Next-Day Service (all forward/return payments)	SameDay Service (SameDay-eligible forward payments)
Input file from ODFI	2:15 a.m.	2 p.m.
Output file to RDFI (no later than)	6 a.m.	4 p.m.
Settlement	8:30 a.m. (credits), 11 a.m. (debits)	5 p.m.

	Immediate Service (all return payments)	SameDay Return Service (SameDay-eligible return payments)
Input file from ODFI	2 p.m.	4:30 p.m.
Output file to RDFI (no later than)	4 p.m.	5 p.m.
Settlement	5 p.m.	5:30 p.m.

12




SameDay Fees

Payment Type	Per Item <small>(after surcharges and discounts)</small>	Per Addenda <small>(after surcharges and discounts)</small>
ODFI Forward	\$0.006 (6 mils)	\$0.0030 (3 mils)
ODFI Return	Free	Free
RDFI Forward	Free	Free
RDFI Return	Free	Free

Transaction charges associated with SameDay payments apply surcharges and discounts to existing transaction fees.


13



Benefits for RDFIs

- Earlier receipt of credits/ faster funds
- Direct Deposit of Payroll/less check processing costs
- Same day returns
- Earlier re-crediting of returns
- Contingency option

14




TPA Initiative

Michigan financial institutions
implement same day ACH


Free
Webinar
w/ FRB

2:00 pm


TPA will act as
your project
lead




New ACH Rules



Proof of authorization for non-consumer transactions - 9/19/14

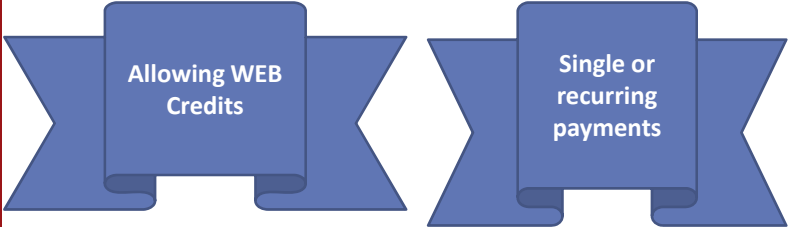


- Permit RDFIs to request proof of authorization for CCD, CTX
- Require ODFI to provide record of authorization within 10 banking days....OR
- Originator's name, phone number or email address




Person to Person Payments in the ACH

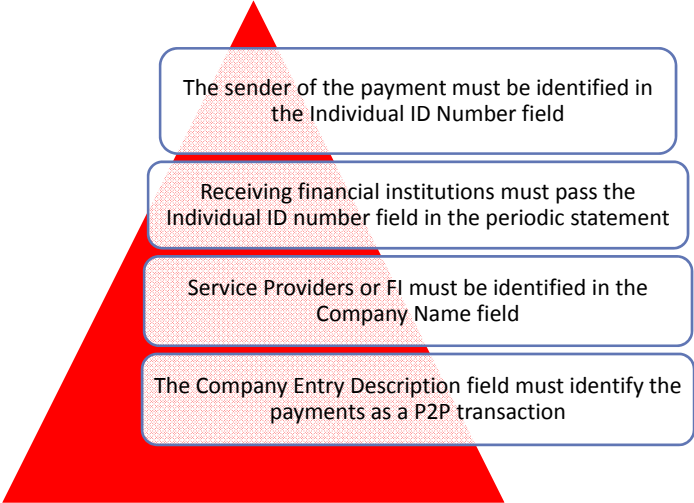
Effective 3/21/14
Mandatory use 3/20/14




Person to Person (P2P) defined as " a credit entry initiated by or on behalf of a holder of a consumer account that is intended for a consumer account of a Receiver."



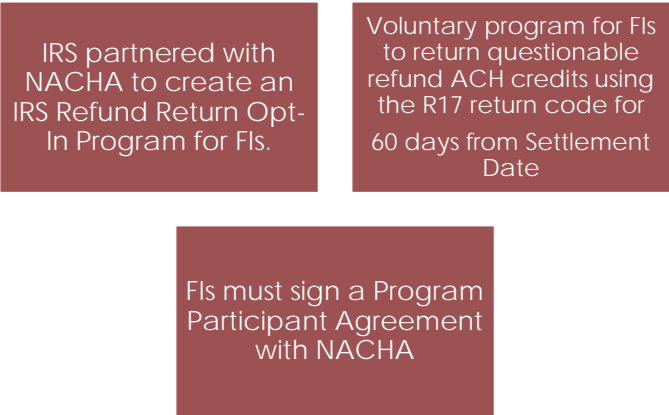
Compliance with P2P




- The sender of the payment must be identified in the Individual ID Number field
- Receiving financial institutions must pass the Individual ID number field in the periodic statement
- Service Providers or FI must be identified in the Company Name field
- The Company Entry Description field must identify the payments as a P2P transaction



How is the IRS combating fraud?




- IRS partnered with NACHA to create an IRS Refund Return Opt-In Program for FIs.
- Voluntary program for FIs to return questionable refund ACH credits using the R17 return code for 60 days from Settlement Date
- FIs must sign a Program Participant Agreement with NACHA



IRS Refund Return Opt-In Program

- Return of a tax refund in case of:
 - name and account number mismatch
 - Situations of taxpayer's ID theft
 - Questionable refunds that may indicate error or fraud

Program does not require RDFIs to perform name matching or screening of tax refunds prior to posting.





Program Agreement

The RDFI shall determine in its sole discretion whether to submit ACH return tax credits to the IRS under this Program. In the event of conflict among the agreement, the following order of precedent shall apply:

1. The Agreement
2. The Program Rules
3. The NACHA Rules

Agreement may be terminated by one party providing at least 30 days prior written notice to the other party





Opt-In Program for RDFIs -IRS Refund Returns

As of November 2013

88 FIs in Program	# of R17 returns 20,030
63% fraudulent	Over \$64 million returned



IRS External Leads Program

IRS partners with financial Institutions to recover funds related to questionable federal tax refunds



Communications are made via a group mailbox (efleads@irs.gov)

Leads may involve checks, ACH, refund anticipation loans, and pre-paid debit cards





Questions?



Additional Resources

- More detailed information is available at
 - http://frbervices.org/serviceofferings/fedach/sameday_service.html
- FedACH SameDay Service Participant Lists
 - http://frbervices.org/serviceofferings/fedach/sameday_service.html
- The Payments Authority
 - www.thepaymentsauthority.org
 - www.b2bsynergy.org

26



New Sessions in 2014

- Implementing EMV – On Demand**
- Preparing to Audit the New ACH Security Framework Rule On-Demand**
- Payments Strategy Workshop**
 - March 25 – Lansing Area
- Combating E-Commerce Threats**
 - June 17 - Webinar
- Card Strategies and Innovation**
 - July 15 - Webinar

www.thepaymentsauthority.org



Thank you

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