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NACHA Rules Updates

Reversals Rule: *Effective Date June 30, 2021*

What does this do? Expands the permissible reasons for a Reversing Entry. Valid reasons for reversing an Erroneous Entry include:

- 1) Duplicate of an Entry previously initiated
- 2) Receiver is different than intended
- 3) Payment is in a different dollar amount than intended
- 4) Debit entry settles on a date earlier than intended or credit Entry settles later
- 5) A Prearranged Payment and Deposit (PPD) credit related to a Receiver's employment, the amount was delivered via check to the Receiver, and the Entry was transmitted before the delivery of the check.

If a request for a reversal is received by Core and the reason differs from those listed here, the reversal can/should be denied.

Helpful Hints and Reminders: Core Bank must receive the request for a reversal within 5 days of the original settlement date. *A request to delete a file transmitted in error does not fall into this category and must be reported to the bank much sooner- same day. The Company/Originator must make a reasonable attempt to notify the Receiver(s) of the Reversing Entry and the reason for the reversal no later than the Settlement Date of the Reversing Entry.

NACHA rules can be a little too technical. Let's break it down and work through some examples:

Scenario #1: Oops! Tom with ABC Company was scheduling an ACH payroll file and accidentally clicked submit too fast with the wrong date listed in the file. What can be done? In this case, Tom caught his mistake immediately. Tom can contact his Treasury Services representative at the Bank to have the file deleted before it heads out the door. Crisis averted.

Scenario #2: Tom with ABC Company was looking through his emails and realized he received two confirmations for the ACH payroll file he submitted three days prior. Upon examination, Tom realized he accidentally sent two payroll files for the exact same amount that will settle on the same day. What can be done? Since the second file submission was a duplicate and he is within the 5-day window, Tom can contact his Treasury Representative and a reversal file can be originated (by the Bank) on his behalf. Tom will also want to contact the employees to let them know they will see multiple entries in their account.



Scenario #3: Tom is having a rough time sending out these ACH entries/files for ABC Company. He has been

out of the office for a week and upon returning, realized that he sent out a payroll file to be credited on a date earlier than intended. What can be done? In this case, there are two issues – 1) Credit Entries that settle earlier than intended is not a permitted reason for initiating a reversal, 2) Tom is outside the 5-day window for notifying Core Bank. The Bank will be unable to send a reversal file. Tom can either attempt to send correcting entries or he can work with the employees directly to resolve.



Other Authorization Issues Rule: Effective Date Sept 17, 2021 What does this do? The Rule will apply the standards of “readily identifiable” and “clear and readily understandable terms” to consumer debit authorizations. Authorizations for debit Entries to consumer accounts (PPD debit) must meet the minimum requirements outlined:

- 1) Language regarding whether the authorization obtained from the Receiver is for a Single Entry, Multiple Entries, or Recurring Entries
- 2) The amount of the Entry(ies) or a reference to the method of determining the amount of the Entry(ies)
- 3) The timing (including the start date, number, and/or frequency of the Entries)
- 4) The Receiver’s name or identity
- 5) The account to be debited
- 6) The date of the Receiver’s authorization and
- 7) Language that instructs the Receiver how to revoke the authorization directly with the Originator.

Helpful Hints and Reminders: Authorizations can be signed or similarly authenticated meaning digital signatures are acceptable. Starting in 2022, Core Bank will be requesting a copy of debit authorizations to verify they meet the minimum requirements.



NACHA rules can be a little too technical. What do you really need to know for this one? Answer: This is more of a heads up...Make sure that if you utilize debit authorization forms for consumers (example: recurring payments collected from an individual’s account) that you include as much information as possible and make the forms easy to read/interpret. Core Bank will be reaching out in 2022 to help review your authorization forms for the required items. Again, if you have any questions, please reach out to Core Bank’s outstanding Treasury Services team.

Payment Industry Trends

Same Day ACH has been around for five years!

Same Day ACH turned 5 in September 2021. Over the last few years, there has been tremendous growth in both volume and totals.

“In the first half of 2021, there were more than 291 million Same Day ACH payments – debits and credits – transferring \$439 billion. Those figures are up 86.3% and 123% respectively from the first half of 2020.” – Jane Larimer, President and CEO NACHA

Same Day transaction limits are on the rise! To meet increasing adoption and customer demand, in March 2020, the individual limit bumped up to \$100,000.00. In March 2022, the limit will increase once again to \$1 million making Same Day a viable alternative for most payments issued through by your business.

How could this affect you? In addition to the increasing limit, Core Bank added an additional Same Day ACH window in our portal that allows our users to submit Same Day ACH files until 1pm CST. Send more, later!

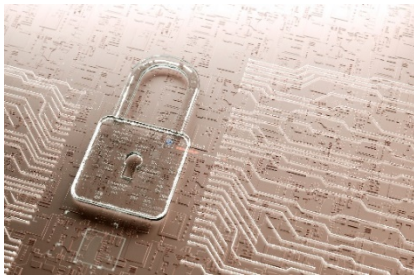
Interested in sending Same Day ACH? Contact our Treasury Services team today!



Notes from the Bank

ACH Fraud

Recently, there has been an uptick in the number of fraudulent transactions originated via ACH. How are the fraudsters making this happen? One current trend is Business Email Compromise – requesting updated ACH credit information via an email address that has been compromised and made to look authentic. Please refer to the links from the FBI under the Additional Resources section to make sure you have the facts on Business Email Compromise. Best practice – if you receive an email with updated ACH instructions, make sure you reach out via phone or in person (if applicable) to verify the Requestor's identity.



New ACH Reporting

Accuracy. Automation. Efficiency. Correcting missing/incorrect information in your ACH files is now a whole lot easier! No more waiting for calls from the Bank and no more having to manually edit the templates.

As of November 1st, 2021, ACH Return Notices and ACH Notices of Change will be online and available via our portal.

Watch those Returns

Quick reminder- NACHA requires returns to be under certain thresholds.

- Overall Returns – 15%
- Administrative Returns – 3%
- Unauthorized Returns – .05%

As your ACH partner, Core Bank monitors return rates and may reach out if percentages are getting too high.

Additional Resources

[Same Day ACH at Five: Strong Growth and a Bright Future | Nacha](#)

<https://www.nacha.org/content/ach-rules-resources-corporates>

<https://www.fbi.gov/scams-and-safety/common-scams-and-crimes/business-email-compromise>

<https://www.fbi.gov/news/pressrel/press-releases/fbi-anticipates-rise-in-business-email-compromise-schemes-related-to-the-covid-19-pandemic>

Contact Information

Treasury Services can be reached at 402-898-3397 or treasuryservices@corebank.com.

