

The background features a light blue-to-white gradient. Scattered throughout are various 3D-rendered numbers in shades of blue and white, some appearing to be cut out of a surface. The numbers vary in size and orientation, creating a sense of depth and movement. The overall aesthetic is clean, modern, and data-oriented.

Understanding ACH Timeframes

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Agenda

The session topics include:

- Fundamental Timeframes in ACH Transactions
- Standard ACH vs. Same-Day ACH
- Impact on Customers and Financial Institutions
- Best Practices for ACH Timeframe Management

Fundamental Timeframes in ACH Transactions

Future Dated Forward Items

Transmission Deadline ¹	Target Distribution ²	Settlement Schedule ³
10:30 a.m. ET (1030 ET)	Noon ET (1200 ET)	8:30 a.m. ET (0830 ET) – future business day ⁴
2:45 p.m. ET (1445 ET)	4:00 p.m. ET (1600 ET)	8:30 a.m. ET (0830 ET) – future business day ⁴
4:45 p.m. ET (1645 ET)	5:30 p.m. ET (1730 ET)	8:30 a.m. ET (0830 ET) – future business day ⁴
8:00 p.m. ET (2000 ET) ⁵	10:00 p.m. ET (2200 ET)	8:30 a.m. ET (0830 ET) – future business day ⁴
10:45 p.m. ET (2245 ET)	11:30 p.m. ET (2330 ET)	8:30 a.m. ET (0830 ET) – future business day ⁴
2:15 a.m. ET (0215 ET)	6:00 a.m. ET (0600 ET)	8:30 a.m. ET (0830 ET) – future business day ⁴

Fundamental Timeframes in ACH Transactions

Same Day Eligible Forward Items

Transmission Deadline¹	Target Distribution²	Settlement Schedule³
10:30 a.m. ET (1030 ET)	Noon ET (1200 ET)	1:00 p.m. ET (1300 ET) – current day
2:45 p.m. ET (1445 ET)	4:00 p.m. ET (1600 ET)	5:00 p.m. ET (1700 ET) – current day
4:45 p.m. ET (1645 ET)	5:30 p.m. ET (1730 ET)	6:00 p.m. ET (1800 ET) – current day

Standard Return Timeframe

- Section 3.8 RDFI's Right to Transmit Return Entries
 - An RDFI must Transmit a Return Entry to its ACH Operator by the ACH Operator's deposit deadline for the Return Entry to be made available to the ODFI no later than the opening of business on the second Banking Day following the Settlement Date of the original Entry,
- No Holiday
 - Entry tries to post on Monday, Returned on Tuesday, back at ODFI by opening of business on Wednesday
- Weekend or Holiday
 - Entry tries to post on Friday, Monday is a Holiday, Returned on Tuesday, back at ODFI by opening of business on Wednesday

Standard Return Timeframe for RCK Entries

- Subsection 3.8.3.3 Timing Requirements for Return of RCK Entries
 - An RDFI must Transmit a Return Entry relating to an RCK Entry to its ACH Operator by midnight of the RDFI's second Banking Day following the Banking Day of the receipt of the RCK Entry.
 - “Midnight” deadline is due to check law

Standard Return Timeframe Return Reason Codes

R01 – Insufficient
Funds

R02 – Account Closed

R03 – No Account /
Unable to Locate
Account

R04 – Invalid Account
Number Structure

R08 – Payment
Stopped

R09 – Uncollected
Funds

R12 – Account Sold to
Another FI

R14 – Representative
Payee Deceased or
Unable to Continue in
that Capacity

R15 – Beneficiary or
Account Holder
(Other Than a
Representative Payee)
Deceased

Standard Return Timeframe Return Reason Codes

R16 – Account Frozen /
Entry Return per OFAC
Instruction

- “Possible” new return reason code R90 for Entry Return per OFAC Instruction

R17 – File Edit Criteria /
Entry Initiated Under
Questionable
Circumstances / Return of
Improperly-Initiated
Reversal

R20 – Non-Transaction
Account

R24 – Duplicate Entry

R29 – Corporate Entry
Advises Not Authorized

R39 – Improper Source
Document / source
Document Presented for
Payment

Extended Return Timeframe

- Subsection 3.13.1 RDFI May Transmit Extended Return Entries
 - An RDFI may Transmit an Extended Return Entry with respect to any debit Entry for which it recredits a Receiver's account in accordance with Section 3.11 (RDFI Obligation to Recredit Receiver), provided that:
 - a) no error was made by the RDFI in the debiting of the original Entry to the Receiver's account, except with respect to a stop payment order; and
 - b) the RDFI Transmits the Extended Return Entry to its ACH Operator by its deposit deadline for the Extended Return Entry to be made available to the ODFI no later than the opening of business on the sixth Banking Day after the Banking Day on which the RDFI completes its review of the Receiver's signed Written Statement of Unauthorized Debit, but in no case later than the opening of business on the Banking Day following the sixtieth calendar day following the Settlement Date of the original Entry.

Extended Return Timeframe Return Reason Codes

R05 – Unauthorized Debit to Consumer Account Using Corporate SEC Code

R07 – Authorization Revoke by Consumer

R10 – Customer Advises Originator is Not Known to Receiver and/or Originator is Not Authorized by Receiver to Debit Receiver's Account

R11 – Customer Advises Entry Not In Accordance with the Terms of the Authorization

Extended Return Timeframe Return Reason Codes

R37 – Source
Document
Presented for
Payment

R38 – Stop
Payment on
Source Document

R51 – Item Related
to RCK Entry is
Ineligible or RCK
Entry is Improper

R52 – Stop
Payment on Item
Related to RCK
entry

R53 – Item and
RCK Entry
Presented for
Payment

Extended Return Timeframes

- Subsection 3.8.3.4 Timing Requirements for Return of XCK Entries
 - An RDFI must Transmit a Return Entry relating to an XCK Entry to its ACH Operator by the ACH Operator's deposit deadline for the Return Entry to be made available to the ODFI no later than the opening of business on the Banking Day following the sixtieth calendar day following the Settlement Date of the XCK Entry.
 - R33 – Return of XCK Entry (at RDFI's sole discretion)



Not Defined Return Timeframe

Determined by the ODFI and RDFI

- Subsection 3.8.3.5 Late Return Entries for CCD or CTX Entries with ODFI Agreement
 - If an RDFI receives written notification from a Receiver that a CCD or CTX Entry that was debited to the Receiver's account was, in whole or in part, not authorized by the Receiver, the RDFI may Transmit a Return Entry to the ODFI after the time for return has expired, provided that the ODFI agrees, either verbally or in writing, to accept the late Return Entry.
 - Returned per ODFI's Request (any SEC code) – R06
 - Permissible Return Entry (CCD and CTX only) – R31

Credit Entries Declined by Receiver Returns

- Subsection 3.8.3.2 Timing Requirements for Credit Entries Declined by Receiver
 - Credit Entry Refused by Receiver - R23
 - An RDFI must return any credit Entry that is declined by a Receiver unless
 - i. there are insufficient funds available to satisfy the Return, including due to any third-party lien or security interest;
 - ii. the return is prohibited by Legal Requirements; or
 - iii. the RDFI itself has a claim against the proceeds of the credit Entry, including by offset, lien, or security interest.
 - The RDFI must Transmit any such Return Entry to its ACH Operator by the ACH Operator's deposit deadline for the Return Entry to be made available to the ODFI no later than the opening of business on the second Banking Day following the RDFI's receipt of notification from the Receiver that it has declined the Entry.

Fundamental Timeframes in ACH Transactions

Electronic Return Items

Transmission Deadline ¹	Target Distribution ²	Settlement Schedule ³
10:30 a.m. ET (1030 ET)	Noon ET (1200 ET)	1:00 p.m. ET (1300 ET) – current day
2:45 p.m. ET (1445 ET)	4:00 p.m. ET (1600 ET)	5:00 p.m. ET (1700 ET) – current day
4:45 p.m. ET (1645 ET)	5:30 p.m. ET (1730 ET)	6:00 p.m. ET (1800 ET) – current day
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ODFI Timeframes

10 banking days – timeframe to respond to RDFI's request for proof of authorization

RDFI Timeframes

- 10 banking days – timeframe to respond to ODFI’s request for a copy of a Written Statement of Unauthorized Debit (WSUD)
- 10 banking days – timeframe to complete a Regulation E dispute before having to provide provisional credit

Standard ACH vs. Same Day ACH

	Initiated Today	Settles Current Business Day	Settles Next Business Day	Settles 2nd Business Day
Standard ACH Debits	Yes		Yes	
Standard ACH Credits	Yes		Yes	Yes
Same Day Debits	Yes	Yes		
Same Day Credits	Yes	Yes		

Standard ACH vs. Same Day ACH

How quickly does the payment need to be made?

- Regularly scheduled payment
 - mortgage, auto loan, utility bill, cell phone, etc.

Is there an urgency to it?

- Is it a late (or almost late) payment?
 - electricity being turned off
 - last minute credit card payment to avoid a late charge

Standard ACH vs. Same Day ACH

Common Myths:

- Same Day exceptions must be returned Same Day
- I can only return same day entries for same day return crediting
- If I send returns sent in a Same Day window, I will be charged a same day entry fee

Impact on Customers and Financial Institutions

- Pricing Considerations:
 - Standard ACH
 - Federal Reserve - \$0.0035 (basically 1/3 of a cent)
 - Volume discounts
 - 750K to 1.5M - \$0.0027 (just over ¼ of a cent)
 - >1.5M - \$0.0025 (1/4 of a cent)
 - EPN (Electronic Payments Network) ACH pricing varies significantly depending on the type of service, volume, and negotiated rates with the provider
 - Same Day ACH
 - \$0.052 per transaction (about a nickel each, about 15 times the price of Standard ACH)
 - Fed adds a \$0.0010 surcharge to total \$0.0053 cents per item

Impact on Customers and Financial Institutions

- If you have business clients, ensure that they understand to necessity to review their debit transactions daily. **Yes, DAILY!**

Best Practices for ACH Timeframe Management

- If using a processor or correspondent, make sure you understand their cutoff timeframes as they would be earlier than the timeframes shown earlier.
 - If your return is late, you may suffer the liability!
- Ensure that you have properly trained backup

Best Practices for ACH Timeframe Management

- Have you considered using the ability to process same day returns?
 - Processing your regular returns during same day windows to get same day settlement
 - Any return can be processed as same day return (there is NO Same Day fee!)
 - Do you process return through Fedline or via your core processor / correspondent?
 - Efficiency
 - What if you have a very large return?

Questions?

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