Navigating the 2026 ACH Rule Changes and Updates

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Navigating the 2026 ACH Rule Changes and Updates Webinar discussed in this presentation is the current version with effective date of *February 3rd, 2026*.

The comments today are my own and not necessarily those of MY CU Services or the MY CU Services membership.

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Agenda

- 2026 Rule Updates Overview
- Rule Updates: 2026 & Beyond
- Request for Comment
- Educational Resources
- Feedback & Ideas
- Questions

2026 Rule Updates Overview

Minor Topics – Effective January 1, 2026

R17 Return Code

- ❑ "QUESTIONABLE"

Definition of Banking Day

- ❑ Removal of "Participating DFI" Language

RDFI Requirement to Provide Payment-Related Information

- ❑ Non-Consumer Receivers of CCD, CTX, CIE & IAT Entries

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2026 Rule Updates Overview

Phase One – Effective March 20, 2026

New Company Entry Descriptions

- ❑ PAYROLL
- ❑ PURCHASE

Fraud Monitoring

- ❑ All ODFIs
- ❑ All Non-Consumer Originators, Third Party Service Providers (TPSP), and Third-Party Senders (TPS) with ACH Origination Volume of 6M or greater (2023)

ACH Credit Monitoring

- ❑ RDFIs with ACH Receipt Volume of 10M or greater (2023)

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2026 Rule Updates Overview

Phase Two – Effective June 22, 2026

Fraud Monitoring

- ❑ All Remaining Originators, Third Party Service Providers (TPSP), and Third-Party Senders (TPS)

ACH Credit Monitoring

- ❑ All Remaining RDFIs

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2026 Rule Updates Overview

Minor Topic - Effective September 18, 2026

Funds Availability for Non-Same Day Credit Entries

- ❑ Eliminates 5 PM Local RDFI time receipt condition
- ❑ 9 AM Local RDFI time on Settlement Date
    - ❑ All Non-Same Day Credits
- ❑ Accelerates funds availability for some ACH credits

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Standard Company Entry Description - PAYROLL

EFFECTIVE MARCH 20, 2026

PPD Credits

- Wages, Salaries, and/or similar types of compensation

Company Entry Description

- "PAYROLL"

Intended Benefits

- RDFIs will have insight regarding ACH Credits for new and/or multiple payroll payments to a receiver account
- Supports RDFI logic to provide or not provide, early funds availability
- Fraud Reduction
  - **Payroll redirections**

Rule includes New Language for:

- Warranty

  "The use of the term "PAYROLL" in this field is descriptive and by use of the word, neither the Originator, nor the ODFI (or any TPSP acting on behalf of the Originator or ODFI), makes any representation or warranty to the RDFI or the Receiver regarding the Receiver's employment status."
- Employment Status
  - **"The ODFI has no obligation to verify the presence or accuracy of the word "PAYROLL" as a description of purpose or employment status."**

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Standard Company Entry Description - PURCHASE

EFFECTIVE MARCH 20, 2026

E-Commerce Purchases

- Debits for individual purchases made online
  - **WEB Debits**
    - **Largest transaction type by volume**
  - **Buy Now, Pay Later (Initial Payment, Subsequent Payments)**
    - **Excludes Recurring Online Payment for Mortgage/Rent and Utility Bills**

Company Entry Description

- “PURCHASE”

Rule includes New Language for:

- Defining E-Commerce Purchases
  - **“For this purpose, an e-commerce purchase is a debit Entry authorized by a consumer Receiver for the online purchase of goods, including recurring purchases first authorized online. An e-commerce purchase uses the WEB debit SEC Code, except as permitted by the rule on Standing Authorization to use the PPD or TEL debit SEC Code.”**
- Obligations of ODFI’s for Originator’s proper usage
  - **“The ODFI has no obligation to verify the presence or accuracy of the word “PURCHASE” as a description of purpose”**

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False Pretenses

"The inducement of a payment by a Person misrepresenting (a) that Person's identity, (b) that Person's association with or authority to act on behalf of another Person, or (c) the ownership of an account to be credited."

Fraud Monitoring

Originators, TPSs, TPSPs and ODFIs

New Rule Language

- “Each Non-Consumer Originator, ODFI, Third Party Service Provider or Third-Party Sender acting on behalf of an Originator, Third-Party Sender or ODFI, must:
  - **(A) Establish and implement risk-based processes and procedures relevant to the role it plays in the authorization or Transmission of Entries that are reasonably intended to identify Entries that are suspected of being unauthorized or authorized under False Pretenses; and**
  - **(B) At least annually review such processes and procedures and make appropriate updates to address evolving risks.”**
- Risk Based Approach
  - **Cannot conclude no monitoring is necessary**
  - **Minimum Requirement**
    - **Risk Assessment to Identify Higher & Lower Risk Transactions**

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Fraud Monitoring

Originators, TPSs, TPSPs and ODFIs

ODFIs can consider the processes and procedures implemented by other participants in the origination of entries while monitoring for fraud and while creating, reviewing, and maintaining their own processes and procedures

- **Must be clear and reasonable**
- **Does not affect obligations of originating participants**

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Rule Considerations

Fraud Monitoring by Originators, TPSs, TPSPs, and ODFIs

Includes All SEC Codes

Not Required by the Rule

- ❑ Screening of every ACH Entry Individually
- ❑ Screening Prior to the processing of Entries
    - ❑ Monitoring prior to posting increases early fraud detection and prevention (BEST PRACTICE)

Implementation

- ❑ Risk Assessments
    - ❑ Risk Profile
- ❑ Expand Existing Processes & Procedures for Monitoring
    - ❑ Abnormal or Anomalous Activity
    - ❑ Velocity
    - ❑ Account Validation
- ❑ Risk Contracting/Sharing
    - ❑ Address Roles and Dependencies

Rule Considerations

Fraud Monitoring by Originators, TPSs, TPSPs, and ODFIs

Identify and Act

- ❑ Review and Stop Flagged Transactions
- ❑ Confirm Transaction Validity
    - ❑ Consult Originator
    - ❑ RDFI Contact - Receiver Account
        - ❑ Red Flags
        - ❑ Request Funds be Returned or Frozen
- ❑ Consult Internal Teams
    - ❑ Assess Transaction Red Flags from all perspectives

Rule Intentions

- ❑ Improve Fraud Prevention
- ❑ Increase Recovery of Funds
- ❑ Improve Communication

Nacha Operating Rules and Guidelines

Updated Guidance

Fraud Monitoring Rule Summary

- ORxxii

ODFI Risk Management

- Chapter 7
- OG 36-45

Originator Risk Management

- Chapter 15
- OG 74-80

Third-Party Sender Relationships with Originators & ODFIs

- Chapter 22
- OG 113-116

Third Party Service Provider and Third-Party Sender Risk Management

- Chapter 52
- OG 318-331

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ACH Credit Monitoring
RDFIs

New Rule Language

- “Each RDFI must:
  - **(A) Establish and implement risk-based processes and procedures relevant to the role the RDFI plays in connection with the receipt of credit Entries that are reasonably intended to identify credit Entries that are suspected of being unauthorized or authorized under False Pretenses, including processes and procedures for responding when credit Entries are identified as potentially unauthorized or authorized under False Pretenses; and**
  - **(B) At least annually review such processes and procedures and make appropriate updates to address evolving risks.”**
- Risk Based Approach
  - **Cannot conclude no monitoring is necessary**
  - **Minimum Requirement**
    - **Risk Assessment to Identify Higher & Lower Risk Transactions**

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Rule Considerations

ACH Credit Monitoring - RDFIs

Not Required by the Rule

- Screening of every ACH Entry Individually
- Screening Prior to the processing of Entries
  - Monitoring prior to posting increases early fraud detection and prevention (BEST PRACTICE)

Implementation

- Risk Considerations
  - SEC Code
  - Account Activity
  - Account Age
  - Account Name
    - No rule requirement
  - Account Type
  - Credit Type (Normal Behavior)
    - Early Funds Availability

Rule Considerations

ACH Credit Monitoring - RDFIs

Identify and Act

- Flagged Transactions
  - Funds Availability Exemption
  - R17 Return – “QUESTIONABLE”
- Confirm Transaction Validity
  - Consult ODFI

Rule Intentions

- Improve Fraud Prevention
- Increase Recovery of Funds
- Improve Communication

Nacha Operating Rules and Guidelines

Updated Guidance

RDFI ACH Credit Monitoring Rule Summary

- ORxxiii

RDFI Risk Management

- Chapter 23
- OG 117-121

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Rule Updates: 2026 & Beyond

International ACH (IAT) Topics

- ❑ Definition of IAT Entries
- ❑ IAT Contacts – ACH Contact Registration
- ❑ Date of Birth Field (Optional)
- ❑ Non-Bank Foreign Financial Agencies
- ❑ Sanctions Compliance Obligation Return Reason Code

Definition of IAT Entries

Effective September 18, 2026

New Definition Language

- Section 8.55 “International ACH Transaction” or “IAT Entry” or “IAT”
  - **“an Entry that is the U.S. ACH network component of an international payment transaction.**
  - **For purposes of this definition, an international payment transaction is a transfer of funds or monetary value that (a) originates with, transits through, or is delivered to an account at an office of a financial agency located outside of the U.S., or (b) otherwise is received from a sender or delivered to a receiver, in each case, via a facility of a financial agency located outside of the U.S.**
  - **For purposes of this definition, financial agency means an entity that is authorized by applicable Legal Requirements to provide financial asset accounts, including deposits, or to conduct the business of issuing general purpose payment instruments or transferring funds or other monetary value for third parties.**
  - **An IAT Entry cannot be a Same Day Entry.”**

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IAT Contacts – ACH Contact Registration

Effective January 1, 2027

ACH Contact Registry

- ❑ Launched in 2020
- ❑ Nacha Risk Management Portal
- ❑ Requirement to Register Contacts for:
  - ❑ **ACH Operation Contacts**
  - ❑ **Fraud/Risk Management Contacts**
  - ❑ **NEW – IAT Contacts**
- ❑ Review and Update Annually (at minimum)

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Date of Birth Field & Non-Bank Foreign Financial Agencies

Effective March 19, 2027

Date of Birth Field

- ❑ Optional Field Addition for Date of Birth
- ❑ Increased Confidence in Screening Matches
- ❑ Increased Security (Data Sharing)

Expanded Field Descriptions

- ❑ Financial Agency
  - ❑ **Addresses Non-Traditional Receiver Accounts**

Financial Agency ID Number

- ❑ “Other” Option for Classification Code

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Sanctions Compliance Obligation Return Reason Code

Effective March 17, 2028

New Return Code

- ❑ Entry Returned Due to RDFIs Sanctions Compliance Obligations (R90)
- ❑ Requirement to Return within Two Banking Days from the RDFIs sanctions compliance determination

R16 Return Code Updates

- ❑ Defined for use as "Account Frozen/Entry Returned per OFAC Instruction"
  - ❑ **Removal of "Entry Returned per OFAC Instruction"**
  - ❑ **Revert to "Account Frozen"**
    - ❑ Defined as "Access to the account is restricted due to specific action taken by the RDFI or by legal action."

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Request for Comment

December 18, 2025

Increases Same Day ACH (SDA) limit from 1M to 10M per payment

Proposed Effective Date – March 19, 2027

Intended Benefits

- ❑ Greater SDA Eligibility
- ❑ Increased Adoption of SDA
- ❑ Alignment with other payment rails limits

Potential Impacts

- ❑ Settlement Dollar Amount Changes
- ❑ Review of SDA Limits (Systematically and Contractually)

Feedback & Ideas!

We always want to hear feedback from the credit unions that we serve about how we can help, what we are doing that works, ideas for enhancements and what could make things easier for our members.

Have Feedback or Ideas?

Contact Us!

Thank You!

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