

Payments Executive Brief:

Same Day ACH: A Viable Faster Payments Solution for Community Banks

Even with the emergence of new and developing faster payments clearing and settlement solutions, such as The Clearing House’s Real-Time Payments network and the Federal Reserve’s FedNowSM service (set to launch as early as 2022), Same Day ACH remains a growing and viable faster payments solution for community banks. In 2018, Same Day ACH volume reached 178 million transactions, an increase of 137 percent over the previous year. As a readily available faster payments option, and one that many community banks are familiar with (given that most currently receive Same Day ACH transactions), Same Day ACH serves as a practical and immediate option to support your bank’s efforts to meet the faster payments needs of your business and consumer customers.

What is Same Day ACH?

Launched in 2016, Same Day ACH is the ACH Network’s solution for faster payments. With Same Day ACH, transactions process and settle on the same day, as opposed to the one-to-two-day processing and settlement times of traditional ACH transactions.

Same Day ACH allows for:

- Same-day processing of both credit and debit transactions
- Same-day processing of nearly all ACH transaction types (B2B, P2P, etc.)
- Transactions up to \$100,000 in value¹
- Customer assurance that they will have funds by close of business, if not sooner²

What Same Day ACH Use Cases and Opportunities Exist?

Same Day ACH can present a number of opportunities for your community bank. By opting to originate Same Day ACH, community banks can provide a host of new faster payments offerings to your customers, such as:

Business Opportunities	Consumer Opportunities
Payroll – Same Day ACH can provide your business customers with an option to easily and quickly pay hourly employees or freelance workers by the end of the business day.	Person-to-Person Payments – Same Day ACH can offer your consumer customers a cost-effective way to send money quickly to family and friends.
Disbursements – Same Day ACH can enable your business customers to issue refunds in a more timely fashion and make same-day emergency payments in the event of a disaster.	Bill Payment – Same Day ACH can give consumer customers an option to pay a bill on the due date to avoid a disruption in service.

What are the Advantages of Same Day ACH?

1. **Only ubiquitous faster payments option.** It is the proven option, having been in operation since 2016. Same Day ACH has the ability to reach all end points with accounts at a financial institution.

2. **Robust payment options.** It is the only option that allows for faster processing and settlement of both credits and debits, meeting the various payments needs of your customers. It also allows information to accompany the transaction, giving customers the ability to easily identify what a payment is for. Allowing “push” or “pull” payments for debits and credits also provides customers with the choice of how to move their money.

3. **Leverages existing infrastructure.** ACH is an established infrastructure already embedded in the business of community banks. Many community banks offer ACH payroll services and disbursement options to business customers and bill payment via ACH to their consumer customers. And most community banks today receive Same Day ACH transactions as receiving depository financial institutions (RDFIs) and follow required rules around posting and funds availability for those transactions. Origination of Same Day is a natural and logical next step to enhance support of your customers’ faster payments needs.

4. **Complements digital payments offerings and supports innovation.** As more and more community banks commit to starting or growing their digital payments capabilities to enhance the customer experience, Same Day ACH can serve as a value-add to your digital efforts by moving new digital payments capabilities even faster. It can also serve as a foundation to develop or support new innovations for customers. For example, ExcheQ is a faster payments solution for community banks, built on the ACH rails, that allows for same-day P2P payments.

What Considerations Should Community Banks Keep in Mind?

With the adoption of any faster payments’ solution, community banks should be mindful that:

- Faster processing may require operational changes and upgrades to current systems, such as telecommunications, security, and software.
- Additional staffing or resources may be necessary to meet requirements of Same Day ACH, such as funds availability.
- Staff affected by Same Day ACH may require training to understand its implications on their roles and to respond to customer inquiries or issues.
- New, additional services may be required from core service providers to support, enable or gain access to Same Day ACH.
- Enhanced authentication methods, more frequent transaction monitoring, or other heightened security measures should be employed to reduce the risk of fraud.
- Continual upgrades to Same Day ACH, such as the recently launched requirement for earlier funds availability and the potential for a later processing window, which would give banks until 4:45 pm ET to submit same-day transactions, would require community banks to regularly assess and modify operational processes as necessary.

Adopting Same Day ACH

Same Day ACH is a faster payments solution that community banks can take advantage of now, which should help with easier adoption of other forms of faster payments in the future as the resources, processes, and infrastructure to support faster processing and settlement will already be in place.

If you are not an ACH originating institution, but are interested in Same Day ACH origination opportunities, reach out to ICBA or your payments association at centerforpayments.org for resources and solutions to support implementation.

Nacha, the administrator of the ACH Network, has a host of resources available to support banks with implementation of Same Day ACH. Visit the [Nacha Same Day ACH Resource Center](#). Additionally, community banks should consult their core providers to learn about the Same Day ACH solutions and services they may offer. ICBA is also available to answer questions, offer guidance, and provide education to support your faster payments goals. For additional resources from ICBA on faster payments, visit icba.org/payments or contact us at info@icba.org.

¹ New transaction volume limit will become effective March 20, 2020.

² Close of business is equivalent to 5pm local time of the recipient/receiving bank.