

May 30, 2025

Jane Larimer
President and CEO
Nacha
11951 Freedom Drive, Suite 1001
Reston, Virginia 20190

RE: NACHA INTERNATIONAL ACH TRANSACTIONS AND RELATED TOPICS

Dear Ms. Larimer:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to provide feedback to Nacha on its Request for Comment and Information regarding International ACH Transactions (IAT) and Related Topics. The request for comment outlines seven proposals related to IAT, ranging from operational changes, such as new return reason codes, to language updates, including revised definitions and reference examples. In addition, Nacha's request for comment seeks input and perspective on four other topics related to IAT processing.

Summary

This letter summarizes ICBA's responses to Nacha's questionnaire, submitted via Nacha's online portal on May 28, 2025. The feedback reflects perspectives from banks that process ACH in-house, those that use third-party service providers, and banks that provide correspondent services to community banks. This letter focuses on three proposals that have the greatest impact on community banks:

- The expansion of IATs to Same Day ACH (SDA)
- Registration of IAT Contacts in the ACH Contract Registry

¹ The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams. For more information, visit ICBA's website at icba.org.

- Valid Characters for ACH Records

Background

The ACH network serves as the backbone of the modern banking system due to its ubiquity and interoperability. ACH transactions are electronic ‘store and forward’ messages, also known as batch processing, first implemented in 1968 to handle the growing volume of paper checks. Today, ACH debit and credit transactions account for the largest value of non-cash payments.² Consumers primarily use ACH for larger, scheduled transactions such as payroll deposits and electronic bill payments. According to Nacha, the ACH network processed over 33.5 billion transactions, valued at more than \$86 trillion in 2024.³

ICBA Response to Select Proposals

Eligibility of IAT Entries for Same-Day Processing (Proposal #2)

Does your organization support the domestic leg of an international payment (i.e., the IAT Entry) being eligible for Same Day ACH?

While ICBA generally supports efforts to advance faster payments in the United States, we do not support making the domestic leg of IAT transactions eligible for SDA. IATs carry a different risk profile than domestic SDA transactions.

Nacha is proposing to apply Same-Day ACH (SDA) processing to IATs, which is currently an option on domestic transactions that accelerates funds availability. Currently, there are three SDA processing windows for qualified transactions. In the first window, the Originating Depository Financial Institutions (ODFI) submits the file at 10:30 a.m. Eastern Time. Settlement with the Receiving Depository Financial Institution (RDFI) occurs at 1 p.m. Eastern Time, and funds are made available to the consumer by 1:30 p.m. Eastern Time.

While SDA processing is appropriate on domestic transactions, applying it to IATs at this time is premature. Currently there are two open proposals and a new rule implementation deadline impacting SDAs. These include Nacha’s recent fourth window SDA proposal and Nacha’s ACH Credit Monitoring rule changes. Additionally, the Federal Reserve is proposing to extend

² Board of Governors of the Federal Reserve System, Federal Reserve Payments Study, <https://www.federalreserve.gov/paymentsystems/fr-payments-study.htm> (last visited May 27, 2025).

³ Nacha, Overall ACH Network Volume, <https://www.nacha.org/content/ach-network-volume-and-value-statistics> (last visited May 12, 2025).

operating hours for Fedwire and NSS, the wholesale payment system used to settle ACH. These three items should be reconciled before further SDA expansion.

Additionally, ACH Credit Monitoring by RDFIs is a new rule with a June 2026 deadline for smaller institutions. Nacha should evaluate the effectiveness of ACH Credit Monitoring before including IAT in SDA. This new rule is designed to mitigate the movement of funds connected to scams. Adequate time should be allowed for adjustment and assessment of ACH Credit Monitoring before expanding SDA to IATs.

Registration of IAT Contacts (Proposal #5)

Would having a designated contact for IAT inquiries available in the ACH Contact Registry be helpful with reviewing and posting IAT entries?

ICBA has no objections to Nacha adding this requirement and has no concerns with the proposed September 2026 deadline. Community banks are supportive of actions that improve interbank communication. However, community banks express concern about the quality of the data in the ACH Contract Registry and the timeliness of updates.

The ACH Contact Registry is available to nearly all members in the ACH ecosystem, from the participating financial institutions to payment associations and ACH Operators. The contact information is password protected for bank-to-bank use. Currently there are two mandatory contacts: ACH Operations and Fraud/Risk Management. The accuracy of contact information is audited during the annual ACH audits and Nacha has stated that it will increase the number of random audits within its auditing process.⁴

Nacha is proposing that an IAT contact be the third mandatory contact. This would require either a name, title, email address and phone number for at least one primary and one secondary contact person, or a department contact and a working telephone number. While this may offer some benefits, community banks continue to face challenges in obtaining timely responses from other financial institutions and in relying on the accuracy of the information contained in the directory.⁵ Mandating a designated IAT contact does not resolve these issues if the data is outdated or inquiries go unanswered. Although Nacha mandates that updates to

⁴ Are Your Entries in the ACH Contact Registry Helping? Nacha is Checking | Nacha, <https://www.nacha.org/news/are-your-entries-ach-contact-registry-helping-nacha-checking>, August 11, 2022

⁵ Banks Struggle to talk about fraud, Payment Dive <https://www.paymentsdive.com/news/banks-credit-unions-communication-payments-fraud>, May 15, 2025

the directory be made within 45 days of staffing changes, this nearly six-week timeframe is insufficient for a service that is mission-critical to banking operations.

Valid Characters for ACH Records (Proposal #6)

Does your organization support the inclusion of the current “basic” characters shown in Table One of the RFC as defined Valid Characters?

Does your organization support the inclusion of the suggested extended characters shown in Table Two of the RFC as defined Valid Characters?

Nacha is proposing to include common Western European characters to the list of valid characters in the ACH system and to list them in a referenced table. Both these changes will impact the entire ACH system, not just IATs.

ICBA is supportive of the clarification of common characters in Table One. Replacing technical language by referencing a table of valid characters is simpler and easier to understand and prevents miscommunications.

However, ICBA has concerns about the inclusion of Western European characters. Most community banks do not have programs or systems that currently use or would benefit from the use of these characters. While the inclusion of commonly used characters such as ã, ö, é may be reasonable, as they are not limited to international names, their introduction to the ACH system should be carefully evaluated.

The ACH system was created 50 years ago, based on a punch card system and limited to all capital letters and basic alphanumeric characters. Computing technology has made significant advancements since the era of punch cards. At first glance, it appears logical that the ACH system would incorporate these expanded characters, which are now widely accepted in many modern computer systems.

However, adding new characters to the ACH system, and thus the entire banking eco-system, would place a large testing burden on smaller RDFIs to research downstream impact across all their interconnected systems. Community banks have very few character errors because they rely on the Operators (Federal Reserve Payment System or TCH), the bank cores, and correspondent service to receive well reviewed ACH files. It is the Operators responsibility to ensure that only valid data enters the ACH system. Community banks would be disproportionately burdened by testing the impact of these characters across all their individual systems, including legacy systems.

Conclusion

ICBA supports making payments faster, more convenient, and proving faster availability of funds. However, ICBA opposes expanding IATs to SDA availability. The benefits of enabling SDA for the domestic leg of IATs comes with significant operational effort and risk. While ICBA does not object to making an IAT contact mandatory in the ACH Directory, it urges Nacha to continue conducting random audits to ensure timely responses from listed contacts. Finally, ICBA supports the clarification of commonly used characters in Table One but remains concerned about the inclusion of extended Western European characters as valid entries.

For further information, please reference the full survey submitted by ICBA or contact Kari Neckel Mitchum at kari.mitchum@icba.org.

Sincerely,

Kari Neckel Mitchum

Kari Neckel Mitchum, AAP
Vice President, Payments Policy