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Dec 13, 2024

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

RE: NACHA SAME DAY ACH AND FASTER ACH 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 Same Day ACH and Faster ACH Topics. The request for comment includes two proposals: 1) the addition of a fourth daily Same Day ACH processing window, and 2) the acceleration of funds availability for certain non-Same Day ACH credits. Additionally, Nacha’s request for information seeks input on the industry’s need for 2-day ACH credits and strategies to encourage same-day returns.

Summary

This letter summarizes ICBA’s responses to Nacha’s questionnaire submitted through Nacha’s online portal. The responses represent input from member banks located on both the East and West coasts—regions most impacted by time constraints. The feedback includes perspectives from banks that process ACH in-house, those that rely on third-party service providers, and banks that offer correspondent services to other community banks.

ICBA opposes adding a fourth Same Day ACH (“SDA”) window with the proposed effective date of September 19, 2026. The current rules provide five windows for originating depository financial institutions (“ODFI”): three SDA windows as well as 1-Day and 2-Day ACH options. Adding a sixth option through a fourth SDA window might benefit West Coast Originators by providing an additional opportunity to send files. However, it would impose significant challenges on receiving depository financial institutions (“RDFI”), including late-day operational stress, accounting challenges and settlement risk, especially on weekends. These burdens would disproportionately impact community banks, especially those that process ACH transactions in-house or provide correspondent services to other community banks.

ICBA also opposes the proposal to accelerate funds availability for certain non-Same Day ACH credits, with a proposed effective date of September 18, 2025. Requiring RDFIs to post non-Same Day ACH

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.

files received after 5:00 pm local time to be made available by 9:00 am local time the next day imposes undue risks and operational challenges. While many banks may choose to provide early access to non-Same Day ACH credits, this practice should remain optional, not mandatory. Early access to funds should only be considered after the new RDFI ACH Credit Monitoring rules are fully implemented and their impact is thoroughly evaluated.

Background

The ACH network, the backbone of the modern banking system, is both ubiquitous and interoperable. 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 bill payments. According to Nacha, the ACH network processed over 31 billion transactions, valued at more than \$80 trillion in 2023.³

Nacha’s current rules provide ODFIs with five processing windows —spanning 2-day, 1-day and three SDA windows —to send payment instructions for timely credit. In SDA processing, the final ODFI window is at 4:45 pm ET, which is 1:45 pm PT, and cut off for the Originators are earlier. Nacha is proposing adding an 8:00 pm ET window which would be 5:00 pm PT. (see chart)

SDA Window	ODFI Submission	RDFI Distribution	Settlement	Funds Availability
First	10:30 am	12:00 noon	1:00 pm	1:30 pm
Second	2:45 pm	4:00 pm	5:00 pm	5:00 pm
Third	4:45 pm	5:30 pm	6:00 pm	End of RDFI’s processing day
Fourth	8:00 pm	9:30 pm	10:00 pm*	End of RDFI’s processing day

Fedwire has a daily cut off time of 7:00 pm ET with a new accounting day starting at 9:00 pm ET. SDA entries processed in the proposed fourth window would be processed on the current calendar day but on “tomorrow’s” accounting day with respect to Federal Reserve settlement accounts. For Friday payments, this would require RDFIs to make funds available for SDA credits on Friday night with settlement delayed until Sunday night. Under this scenario, the RDFI would be required to make funds available to the consumer on Friday night, yet not receiving funds from the ODFI until after 9:00 pm Sunday night. This extended settlement period creates significant risk for banks, as the receiving bank assumes the risk of making funds available to the consumer without timely settlement from the originating bank.

Accelerated Funds Availability for Non-Same Day ACH Credits (Proposal #2).

Under the current Nacha Rules, an RDFI must make funds available for a non-Same Day ACH credit by 9:00 am in the RDFI’s local time on settlement day, provided the credit is received by 5:00 pm local time the day before settlement. Nacha reports many RDFIs make funds available by 9:00 am for ACH credits received from the ACH Operator. This proposal would eliminate the 5:00 pm local time receipt condition, so funds availability would be required on settlement day at 9:00 am in the RDFI’s local time

² Board of Governors of the Federal Reserve System, Federal Reserve Payments Study, <https://www.federalreserve.gov/paymentsystems/fr-payments-study.htm> (last visited Dec 9, 2024).

³ Nacha, Overall ACH Network Volume, <https://www.nacha.org/content/ach-network-volume-and-value-statistics> (last visited Dec 9, 2024).

for all non-SDA credits. RDFIs would need to revise internal processes and procedures to post and make funds available by 9:00 am local time for next-day ACH credits received after 5:00 pm local time, including those in the 6:00 am ET FedACH file.

ICBA Response to Major Questions

Fourth Same Day ACH Window (Request for Comment Proposal #1)

Does your organization support adding a fourth Same Day ACH processing window on Monday-Friday aligned with the close of the business day in the Pacific Time Zone?

ICBA does not support adding a fourth SDA window. Although ICBA members support efforts to advance faster payments in the United States, they assert that the current SDA windows are adequate to meet customer needs for ACH transactions as consumers primarily use ACH payments for larger, scheduled transactions like payroll deposits and bill payments.

The ACH system has five processing windows between 2-day, 1-day and three SDA opportunities. Adding a fourth SDA window and requiring access to funds before settlement will introduce more risk than benefit to the payment eco-system.

ICBA advocates for prioritizing consumer protection, such as the ACH Credit Monitoring by RDFIs, which is required by June 2026. This payment eco-system tool launches only three months before the proposed fourth SDA window. Adding a fourth SDA window so quickly after the ACH Credit Monitoring rolls out will create false urgency and increase consumers' exposure to scams.

SDA entries processed in the new fourth window would be processed on the current calendar day but assigned to "tomorrow's" accounting day for Federal Reserve settlement accounts. As a result, RDFIs must make funds available for SDA credits on Friday night, but settlement would be delayed until Sunday night. This creates settlement risk for banks, specifically the risk that the ODFI does not provide funds. Adding a fourth window on a Friday exasperates fraud losses related to credit push fraud by requiring the RDFI to make funds available faster than risk management can be performed. These burdens will be felt more strongly in community banks that are in-house processors and those who provide correspondent services.

If a new Same Day ACH window goes into effect, does your organization agree with the proposed processing times?

The SDA current and proposed settlement times are 1:00 pm, 5:00 pm, 6:00 pm and 10:00 pm. The Proposal shifts the times to 11:30 am, 2:30 pm, 6:00 pm and 10:00 pm. ICBA has no concerns over spacing the first three windows more evenly. The fourth SDA window settlement time is complicated by the Federal Reserve Fedwire daily cut off time of 7:00 pm and a new accounting day that starts at 9:00 pm. SDA entries processed in a new fourth window would be processed on the current calendar day but on "tomorrow's" accounting day with respect to Federal Reserve settlement accounts. RDFIs would have to make funds available for SDA credits on Friday night with settlement delayed until Sunday night. This creates settlement risk. ICBA does not believe the benefits of a fourth SDA window is outweighed by the settlement risk.

ICBA does not support the September 19, 2026, effective date. The adoption of ACH Credit Monitoring by RDFIs is scheduled for completion on June 20, 2026, just three months before the proposed

implementation of the fourth SDA window. To allow sufficient time for adjustment and evaluation, the interim period between the rollout of ACH Credit Monitoring and the introduction of a fourth SDA window should be a minimum of two years. Furthermore, the expansion to a fourth window should be contingent on demonstrable progress in reducing credit-push fraud.

Accelerated Funds Availability for Non-Same Day ACH Credits (Request for Comment Proposal #2)

Does your organization support requiring funds availability by 9:00 am local time on settlement day for all non-Same Day ACH credits?

This proposed change represents a significant undertaking. Although some community banks provide early funds availability for non-same day ACH credits, this practice is not extended to all ACH credits. Providing early funds availability is up to the RDFI, based on various risk factors. RDFIs receive transactions that require manual intervention for fraud review and posting. Additionally, Nacha's requirement for RDFIs to enhance the monitoring of ACH credits poses a challenge if RDFIs are also required to accelerate funds availability. If Nacha mandates that all non-same day ACH credits post by 9:00 am, there will not be sufficient time for monitoring. Community banks prioritize making funds available as soon as it is safe to do so; however, funds availability should not come at the expense of security and fraud prevention.

Originators currently have five opportunity windows to send credit instructions for timely receipt, including 2-day, 1-day and the current three SDA windows. RDFIs should not be forced to rush through necessary processes and incur risks to make funds available at 9:00 am from files that are received after 5:00 pm, the preceding day. ACH is the primary system used for payroll and invoice payments, which should be scheduled. A failure on the part of an Originator to send timely credit instructions should not force rush and risk on the RDFI.

Does your organization support the proposed effective dates of September 18, 2025 for Accelerated Funds Availability for non-Same Day ACH Credits and September 19, 2026 for Fourth Same Day ACH Window?

ICBA does not support the proposed effective dates. Nacha's new ACH Credit Monitoring changes, which will aid banks in fighting credit push fraud, is fully effective just three months before the proposed fourth Same Day window and a year after the proposed accelerated funds availability proposal. Fraud monitoring by third party senders in the ACH system is also effective in June 2026. ICBA requests at least 24 months, including one full calendar year, with the new ACH Credit Monitoring and Fraud Monitoring changes before any expansion of SDA or accelerated funds availability. Having at least 24 months operating experience with the new industry tools will allow for accurate measurement of the impact of the tools to fight fraud. The industry should not be providing faster funds until new fraud and risk monitoring is fully functional and integrated.

2-Day ACH Credit (Request for Information Topic #1)

Does the ACH Network still need 2-day ACH credits?

Yes, the ACH Network still needs 2-day ACH credits. Currently, Nacha Rules allow an ACH credit to have an Effective Entry Date (the date on which the Originator intends settlement to occur) that is the same day, one Banking Day (1-day or next-day credit), or two Banking Days (2-day credit) in the future. The 2-banking-day period can lead to public misperception that payments are "delayed". In 2023,

Nacha estimated that 80% of all ACH payments settle in one day or less; the other 20% include 2-day ACH credits.

Although Nacha reports most transactions utilize 1-day or same-day settlement, 20% of ACH payments still use 2-day settlement. Originators that currently use 2-day credits, such as payroll processors, would have to adjust processing schedules (i.e., initiate next-day payroll credits on Thursday morning for Friday settlement), and the industry would have less time to correct errors using reversals. Removing 2-day ACH credits eliminates the opportunity for institutions to provide early funds access, cutting off a consumer benefit. Scams are successful when fraudster can quickly move funds. Maintaining the 2-day ACH credits provides RDFIs more time to monitor for incoming fraud to protect consumers.

Should the Nacha Rules be changed to require ACH credits to settle in either 1-day or on the same day? What are the potential impacts of such a change?

Although the majority of transactions already settle in 1-day or same-day, removing the 2-day option should not be mandated. ODFIs should be allowed to offer multiple credit options and RDFIs should be allowed to offer early access. The ACH system should continue to offer multiple options for sending credit files that fit with the Originators needs. The ACH system should not create a false sense of urgency around money movement by making 1-day or Same Day settlement the default rule.

Requiring 1-day or SDA credits would introduce several negative impacts, including increased exposure risks when reversal batches are required. Originators would lose flexibility in their processing schedules, potentially forcing them to submit files a day earlier due to scheduling conflicts. The loss of flexibility could create unnecessary challenges. Additionally, some banks rely on pending deposits to make authorization decisions, and reducing this flexibility could limit their ability to support customers effectively.

Encouraging Same-Day Returns (Request for Information Topic #2)

Since the inception of SDA, the same-day processing windows have been available to process ACH returns. All returns are eligible for same-day processing, regardless of whether the underlying entry was a Same Day Entry. According to Nacha, industry participants report low usage of same day return processing, despite benefits to both RDFI and ODFIs. Many community banks do not process same-day window returns due to reconciliation issues. Many RDFIs are reliant on technology partners, and updates are needed at the core and other provider levels. Individual transaction research and fraud concerns also hold back same day returns. Banks could be encouraged by financial incentives to process SDA returns.

Conclusion

ICBA supports making payments faster, more convenient, and proving faster availability of funds. However, ICBA opposes adding a fourth SDA window and accelerating funds availability as proposed. The benefit of a fourth SDA window is outweighed by the settlement risks and operational challenges that will be shouldered by community bank RDFIs. The proposal to accelerate funds availability for certain non-Same Day ACH credit requires significant effort and risk, without providing commensurate benefits to RDFIs. ICBA advocates for prioritizing consumer protection by Credit Monitoring adoption by RDFIs, set for full rollout on June 22, 2026. Adding additional SDA windows or accelerating funds availability will create false urgency and heighten consumer scam risk. ICBA supports implementing the

upcoming Nacha risk rules before expanding SDA or funds availability. For further information, please contact Kari Mitchum at kari.mitchum@icba.org or (202) 821-4445.

Sincerely,

Kari Mitchum

Kari Mitchum, AAP
Vice President, Payments Policy