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If you're in charge of vendor payments, treasury, or compliance, you've probably heard the buzz: Nacha is rolling out significant updates to the ACH Operating Rules, with full compliance expected by June 22, 2026. But what does this mean for you? In short, it's time to get serious about your ACH risk assessment processes and procedures. In this
article, we'll break down what an ACH risk assessment entails, why it matters, and how to prepare for the upcoming changes—all in plain English. Table of Contents Nacha Rule Changes in Plain English. Table of Contents Nacha?—Why did Nacha amend the rules?—Who is impacted by the rule change? What to Know About Compliance With Nacha's Risk-
Based Processes PaymentWorks: Your Partner in ACH Risk Assessments, Protection, and Indemnification — How we enable your organization to comply — What is an ACH risk assessment — Best practices for ACH risk management ACH Risk Assessments Underpin Compliance, Security Get Ready for
Vendor Management Day 2025 Want Help Aligning Teams On ACH Risk Assessments? Want Personalized Guidance On ACH Risk Assessments?
Clearing House (ACH) network. Why did Nacha amend the rules? The rise in sophisticated fraud schemes that rely on "false pretenses" (yes, that's now an official Nacha term)—especially Business Email Compromise (BEC) and vendor impersonation—has led to significant financial losses across industries. Recognizing this, Nacha is updating its
rules to require organizations to proactively assess and manage ACH-related risks. The emphasis is on implementing "risk-based processes" to detect and prevent fraudulent activities before they cause harm. You can find the new rules here. Who is impacted by the rule change? NACHA has publicly stated that these are "the most significant rule
changes in twenty years". Below is a framework for each of the participants in the ACH network, along with their new responsibilities. What to Know About Compliance With Nacha's new rules, let's get into the "what." Because yes, there are actual requirements—and
they're not just suggestions. Starting in June 2026, every business and public sector organization that sends ACH payments will be expected to follow a new set of standards around verifying bank account information. The days of casually updating payment details via email and calling it "good enough"? Those are officially over. At the heart of the
update is a big concept with a somewhat vague name: "risk-based process." It's Nacha's way of saying: "You know your organization better than we do, so build a fraud-prevention process that makes sense for you—but make sure it actually works." So, what does a risk-based process really involve? How do you comply? And is automation the only way
to stay sane while doing it all? Let's break it down. So, what is the rule change? Non Consumer Originators (i.e., all companies and public sector institutions) are required to implement a "risk-based Process" mean? Nacha understands there is no "one
size fits all" solution. Rather, each organization must establish processes and controls that are unique to the nature of the payments it makes. What is required to comply with the new rules? The bare minimum for meeting the rules is the following: Complete a risk analysis by segmenting outbound payment
transactions into low/high risk categories and identify potential gaps in the process/controls. Establish a formal process to ensure bank information for high-risk transactions are verified through a validated source and implement controls to ensure bank information for high-risk transactions are verified through a validated source and implement controls.
However, depending on the size and complexity of an organization, applying human effort may not be scalable and sustainable. Also, because manual-based processes & controls are generally ineffective against increasingly sophisticated bad actors, Nacha strongly encourages originators to automate both: 1) payee onboarding and 2) ongoing
transaction monitoring. Examples of systematic controls recommended by Nacha: Multi-layered identity verification Name, Address, Phone number, and Email validity SSN / TIN verification against government databases Sanction and Watchlist Screening Device intelligence and geolocation checks Real-time MFA authentication to ensure you know
who you are talking to Account Ownership and Payment Information Matching Deploy bank account verification processes to confirm the account details match the entity's legal registration. Behavioural & Predictive Analytics Use machine learning to detect patterns of unusual/suspicious activity. Ongoing Payment Monitoring Segment high-value
transactions at the time of payment to ensure the necessary safeguards and controls (above) have been performed. When do non-consumer originators need to comply? That depends. If your organization originated more than 6 million ACH transactions or received more than 10 million in 2023, you're on the hook by March 20, 2026. Everyone else?
You've got until June 22nd, 2026. With both compliance deadlines approaching, it's crucial to start your ACH risk assessment process now. Early preparation allows ample time to identify vulnerabilities, implement necessary controls, and ensure your organization meets Nacha's updated requirements. What happens if my organization doesn't comply?
Non-Consumer Originators can be denied access to the ACH network by their ODFI as well as be subject to the normal rules violation process and potentially incur fines or penalty fees. Why will most organizations comply with the rule changes? Prior to these rule changes, Non-consumer originators that experienced fraud were unwitting victims of
bad actors ("shame on them"). After the rule changes, those same organizations will be considered delinquent for ignoring / not complying with the new rules ("shame on you"). If you'd like to download this guide on the new rules ("shame on you").
Indemnification Good news! Organizations can use third parties like PaymentWorks to comply. Platforms like PaymentWorks not only streamline ACH onboarding and verification—they provide the ongoing fraud monitoring capabilities Nacha expects, with built-in alerts and analytics. Plus, our payments security platform is the first (and only) of its
kind to indemnify customers from fraudulent payments, so you get peace of mind and protection. How we enable your organization to comply PaymentWorks: Is the definition of a "risk-based process" to eliminate BEC / Social Engineering / Vendor Impersonation fraud Provides an out-of-the-box solution to meet all the new (and existing) Nacha
requirements Offers ACH risk assessment templates Stands behind the platform by providing fraud indemnification to customers What is an ACH risk assessment? An ACH risk assessment templates Stands behind the platform by providing fraud indemnification to customers What is an ACH risk assessment templates Stands behind the platform by providing fraud indemnification to customers What is an ACH risk assessment?
fraud risks.. The goal is to implement controls that mitigate these risks, ensuring the security and reliability of your ACH activities. Key components of an ACH risk assessment Identify Risks: Start by mapping out your ACH processes and pinpointing areas where risks may arise. This includes evaluating the potential for unauthorized transactions due
to social engineering or vendor impersonation fraud. Assess Risks: Determine the likelihood and potential impact of each identified risk. This helps prioritize which areas need immediate attention and resources. Implement Controls: Develop and enforce policies and procedures to mitigate the identified risks. This could involve multi-factor
authentication, employee training, and regular audits. Monitor and Review: Continuously monitor your ACH activities to detect anomalies and review your risk assessment periodically to adapt to new threats or changes in operations. Best practices for ACH risk management Segregation of Duties: Ensure that no single individual has control over all
aspects of a financial transaction. Employee Training: Educate staff on recognizing phishing attempts and other social engineering tactics. Vendor Verification: Implement procedures to verify the legitimacy of vendors before initiating payments and confirming bank information against a verified source (phone calls to company switchboard or using
Early Warning Systems) Use of Technology: Leverage software solutions that offer real-time monitoring and alerts for suspicious activities. ACH Risk assessments underpin Compliance, Security Navigating Nacha's new rule changes and the complexities of ACH risk assessments may seem daunting, but with a structured approach and the right
resources, your organization can enhance its payment security and comply with Nacha's forthcoming rules. Nacha offers numerous resources that can be valuable as you prepare. Remember, proactive risk management isn't just about compliance—it's about protecting your organization's financial integrity and reputation. If you need assistance with
your ACH risk assessment or have questions about the upcoming changes, don't hesitate to reach out. We're here to help you every step of the way. Get Ready For Vendor Management Appreciation 2025 The Vendor
date on honoring one of the most important, under-recognized roles across industries: vendor management. Join us in observing Vendor Management Appreciation Day (VMAD)! We're gearing up for the 2025 celebration, and we want you to be a part of it! VMAD is a new holiday geared toward unifying vendor management professionals and
celebrating innovation in the field. Moreover, we've released gifts each month to help you supercharge your vendor management efforts. Additionally, we're planning some awesome events so everyone can connect and celebrate the important, strategic role of vendor management. In the meantime, learn more here, and grab some free vendor
management goodies. Want Help Aligning Teams On Achieving "Business Identity Verification - Get vendor Verification - Get vendor Verification Process: How NOT to Do it and What to Do Instead Fraudsters Love Your Company
Culture. Here's How to Fix It (and Stop Fraud) With Vendor Onboarding Best Practices The New Face of Vendor Fraud Cases Interested in Regular Tips On Achieving "Business Identity Verified" Status? Contact Us-we'd love to help you You can bank to result of the New Face of Vendor Fraud Cases Interested in Regular Tips On Achieving "Business Identity Verified" Status? Contact Us-we'd love to help you You can bank to result of the New Face of Vendor Fraud Cases Interested in Regular Tips On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status? Subscribe to our blog Want Personalized Guidance On Achieving "Business Identity Verified" Status Subscribe to our blog W
on it. Americans rely on banking. Annual reports from the FDIC show only 4.5% of American households were unbanked in 2021, a level that has steadily decreased since the first survey in 2009. Unbanked households are those without anyone in them who uses a bank or credit union. That widespread adoption can help consumers in multiple ways,
not least of which is receiving funds on every wage earner's favorite day: payday. In 2022, the American Payroll Association's "Getting Paid in America" survey reported that 93% of respondents receive wages via direct deposit - a form of ACH or bank-to-bank transactions. Because so many Americans rely on ACH, keeping these transactions safe.
secure, and efficient impacts the daily lives of people at every income level across the country. But payday is not the only reason to care about ACH. Businesses also draw funds for services via ACH, and governments use them as convenient ways to issue refunds and other payments. Who makes sure everything works out? You do. Everyone who uses
the ACH network contributes to its good function by responsibly following rules designed for that explicit purpose. Those rules are set by the non-profit group, the National Automated Clearing House (ACH) network by creating the rules for it. NACHA
does not process bank-to-bank transactions, however. The operators of the system are the Federal Reserve and The Clearing House. NACHA has created rules for
bodies, businesses, and individuals using ACH are all expected to comply with NACHA's ACH rules to ensure that the system functions smoothly. NACHA does not create the only rules applicable to ACH, but they are important and mandatory. Their rules of the road govern your journey. So what are these rules, exactly? According to NACHA.org
"NACHA operating rules are the foundation for every ACH payment." The rules are continually updated, according to NACHA themselves, and a complete written list of reasons why those rules matter is a key for any person or
organization doing business: NACHA rules inspire trust. There are a number of ways they do this. NACHA operating rules standardize the procedures for initiating or receiving an ACH transaction so that many parties can use one system seamlessly. Standardization contributes to efficiency, which is itself a core value reflected in the rules of using the
ACH system. Timeliness is essential in this area of financial transactions, further fostering trust by ensuring that funds are sent and arrive quickly and reliably. Security becomes easier to ensure with standardized, timely, efficient systems as well. NACHA rules include guidelines on protecting personal identifying information as well as financial
information, especially for consumers. Because of the nature of ACH information, NACHA hopes to secure its system and prevent fraud or other breaches do occur, NACHA rules govern the way to handle these exceptions and discrepancies, whether it includes disputing charges or returning
funds. NACHA establishes operating rules or requirements for many areas of ACH. They aim to keep financial information safe and secure and update it to keep pace with changing uses of the entire ACH system, but they do
interact with it. Authorization is often where consumers meet a layer of security around ACH. NACHA requires that authorization be obtained before money can flow from one bank account to another, so consumers may sign off either physically or digitally on allowing an ACH transaction before it can occur. Other security rules for non-consumers
include requirements such as encrypting all sensitive information sent, received, or stored online. Paper documents with sensitive information must also be kept in a safe place, often under lock and key. Some rules govern WEB debits for consumer payments "authorized or initiated over an online channel." These rules tell the originators of these
transactions to use a "commercially reasonable fraudulent transaction detection system." Staying up with the times is a big deal for NACHA, who reported their awareness of consumers attempting to pay bills via virtual assistant technologies like Alexa and Siri. Rules address ways to make this possible and secure, too. Since merchants and financial
institutions which process fraudulent transactions are liable for them, learning the rules around what to do when you discover fraud to quickly correct affected transactions are liable for them, learning the rules around what to do when you discover fraud to quickly correct affected transactions are liable for them, learning the rules around what to do when you discover fraud to quickly correct affected transactions are liable for them, learning the rules around what to do when you discover fraud to quickly correct affected transactions are liable for them, learning the rules around what to do when you discover fraud to quickly correct affected transactions are liable for them, learning the rules around what to do when you discover fraud to quickly correct affected transactions are liable for them.
bank to return funds to the payer from a payees account. International transactions have their own set of rules, you'll need to set up clean processes of your own. It's a great idea to consult peers in your field for ideas on implementation, but first, you have to
understand sound approaches that keep you compliant with NACHA operating rules. This understanding can help you decide which process truly meets NACHA standards. The ship is only as tight as your own comprehension of mandatory rules. Some of your compliance goals will include validating routing numbers. Six-digit codes, routing numbers
can be checked with a lookup tool. Payroll administrators may rely on outside payroll administration partners to help them securely check this as well. Other areas of compliance include confirming the identity of your customers, diligently monitoring for any fraud which may occur, documenting the ways you protect private information and
implementing the plan, and more. Best practices already exist, so it's not necessary to reinvent the wheel. Just be sure you do get yourself a wheel sized for your specific needs. Every business is capable of carrying out the procedures which make them compliant with NACHA rules. If you're enrolled in automatic bill pay, you should already be familiant with NACHA rules.
with the regular notifications you receive to remind you that funds will be withdrawn from your account, per the permission you granted upon enrolling. That regularly scheduled notice arrives because NACHA mandates those messages. If you're the originator of an ACH transaction, be sure to notify any consumer or business before either pulling
from or depositing funds into their bank accounts to remain compliant. Keep in mind that separate rules govern various transaction types, meaning you'll need to be familiar with the rules for things like payroll deposits, collecting bill payments from consumers, and paying your vendors. You may never win a round of trivia with the competence and
knowledge you accrue from studying ACH compliance, but Noggin Guru's certifications will spur your professional advancement. Our certifications can help you to prove your grasp of and practiced skill in key areas of this important financial discipline. For ACH, we have arranged a body of knowledge into discreet sessions. Altogether, these sessions
add up to a comprehensive overview of ACH processing and the ways it will intersect with your business. We invite you to explore our nearly six-hour certification directly addresses NACHA operating rules and the requirements for passing electronic data
interchange to your clients in the session on ACH Exception Item Handling. A young man knows the rules, but a wise man knows the exceptions are addressed here too. Additionally, we address the periodic ACH risk assessments required by
NACHA operating rules in the session of our ACH Certification called "ACH Risk Management, Reporting and Monitoring." Our sample ACH risk assessment will help you understand and discern outcomes representing areas of greatest financial exposure or risk to your institution. Banking professionals and those working with financial transactions
on a regular basis are also encouraged to browse our list of targeted certificates for areas such as debit cards, fraud, and wire transfers. These areas operate separately from ACH and the purview of NACHA but are also widespread methods for moving capital. The thorough know-how you'll pick up with the Noggin Guru certifications are credentials
you can take to the bank. Do you accept ACH payments from customers? If so, you should be aware of the Operating Rules and requirements oversee every ACH payment and provide exact guidelines for securely storing, accessing, and transmitting
sensitive customer information. You should have a basic knowledge of NACHA requirements even if you use a third-party payment processing system like PaySimple. It's your responsibility to know these ACH rules and make sure your business is compliant. You can get a copy of ACH rules directly from NACHA. They release an updated publication
each year, so familiarize yourself with the most recent NACHA requirements and updates. What is NACHA requirements and updates.
and direct payments for all U.S. bank and credit union accounts. Some of the group's responsibilities are: Translating federal legislation and executive rules for all 10,000+ member banks and network participants; Enforcing those rules for all 10,000+ member banks and network participants; Enforcing those rules for all 10,000+ member banks and network participants.
ACH system; and Acting as a trade organization (e.g., education, advocacy, roundtables, etc.) What are MACHA requirements are meant to safeguard your customers' sensitive financial and non-financial data and ensure that all ACH transactions are handled smoothly and securely. Sensitive information includes things like bank
account and routing numbers, social security numbers, driver's license numbers, and more. If you collect and store non-public sensitive information like this, then you must to comply with NACHA requirements. Here's a brief overview of the main principles behind NACHA requirements. Here's a brief overview of the main principles behind NACHA requirements.
send, receive, or store sensitive information online, it must be encrypted email or insecure web forms, for example. To ensure that your business is compliant, only transmit sensitive information through secure web forms and encrypted email like Microsoft Office 365 Message Encryption. If you
use PaySimple to process ACH transactions, you're already covered by our strong web and database encryption. Safely Store Paper Documents If you collect hard copies of customer data, then you must ensure they are stored securely. You should keep these documents in a safe location, like a locked file drawer or safe, and only allow employee
access for legitimate business purposes. Validate Routing Numbers are valid. A reputable payment processing system, like PaySimple, will do this automatically by checking the routing number against a database of valid possibilities. From the
President of PaySimple to You: The Small Business Sales Guide Click here to access the FREE guide Verify Customer Identity ACH rules require you to make reasonably sure a customer is who they say they are. Whether a transaction is authorized online or by phone, you must do what you can to ensure it's coming from a valid source. You could
check the person's driver's license number, use a third-party verification service, or deposit test amounts into a customer's bank account. You can also authenticate users via a user ID and password, or through a known IP address. A good payment processing system will take care of customer identification for you. Be Vigilant About Possible Fraud
You are responsible for detecting possible fraud. You have to do what's "commercially reasonable" to make sure the ACH transactions you initiate aren't fraudulent. Your payment processing system should have robust fraud detection capabilities, which may include flagging duplicate transactions or suspicious activity or deploying complex algorithms
that can pick up on fraudulent patterns. Outline a Clear Security Policy You should have a clear written policy that governs how you protect confidential data from various threats and unauthorized use. If you already accept credit card payments and are PCI
Compliant, then you likely have a clear set of security policies in place, so all you need to do is expand them to include ACH transactions. Remember to add a section about how you validate a customer's identity for telephone and web transactions. Remember to add a section about how you relicate that your security policies in place, so all you need to do is expand them to include ACH transactions. As part of your security policies in place, so all you need to do is expand them to include ACH transactions.
ACH rules (PaySimple is!). Stay Compliant with NACHA requirements NACHA requirements NACHA requirements NACHA requirements NACHA requirements of the NACHA requirements NACHA requirements NACHA requirements of the NACHA requirements of the NACHA rules publication. You should always follow the best practices and regulations for all ACHA rules publication. You should always follow the best practices and regulations for ACH transactions. For example, you should always follow the best practices and regulations for all ACHA rules publication.
transactions, whether they're one-time or recurring. If you're changing the charge amount or date that the transaction occurs, you should notify customers several days in advance. And of course, if a customer asks to cancel their ACH payments, you have to do so as soon as they request it. These ACH best practices will not only help you be compliant
with NACHA Rules, but maintain great customer relationships. We hope that this guide gave you a helpful overview of ACH rules and how to make sure you comply with NACHA requirements. Of course, this isn't a substitute for the published rules and how to make sure you comply with NACHA requirements.
updates. Finally, if you'd like more insights on securing customer data and complying with NACHA Rules, check out our post on ACH security requirements for merchants. Start a 14 day Free Trial and streamline your business with PaySimple: Start My Free Trial American payment system organization For other uses, see Nacha (disambiguation).
This article may rely excessively on sources too closely associated with the subject, potentially preventing the article from being verifiable, independent sources. (October 2023) (Learn how and when to remove this message)
NachaFoundedJune 20, 1974 (1974-06-20)TypeNot-for-profitTax ID no. 23-7451693[1]Legal status501(c)(6)[1]PurposeTo promote the development of electronic solutions that improve the payment system for the benefit of its members and their customers.[1]LocationUnited StatesServicesFinancial services trade associationMembers500+President,
Chief Executive Officer]ane Larimer[2]Revenue$23,616,643 (2019)Volunteers100 (2019)Volunteers100 (2019)Websitewww.nacha.org Nacha, originally the National Automated Clearinghouse Association,[3] manages the ACH Network, the backbone for the electronic movement of money and data in the United States, and
is an association for the payments industry.[4] The ACH Network serves as a network for direct consumer, business, and government payments industry.[4] In 2022, the Nacha through its ACH network handled
30.00 billion payments (3.03% year-over-year (YoY) gain), totaling US$76.7 trillion (5.6% YoY gain).[5] From 2013-22 overall gain in the volume of the transactions was 98.25%, or 7.08% annualized.[5] Nacha is a not-for-profit association under the Internal
Revenue Service code 501(c)(6) and was incorporated in 1974.[6] It represents more than 9,000 financial institutions divided into ten regional payments associations, but develops rules and standards and provides education, accreditation, and advisory services.[7] In
1972, the California Automated Clearing House Association (now called WesPay) was formed, becoming the first operational ACH associations were formed. The association in the United States.[8] After two years, other regional ACH association were formed. The association in the United States.
the ACH Network. While Nacha governs the ACH Network, it does not operate the physical ACH Network; the processing of transactions is handled by the Federal Reserve and The Clearing House Payments Company (also known as EPN).[9] Originally part of the American Bankers Association, Nacha separated in 1985 and hired Bill Moroney as its
first Chief Executive Officer. He was succeeded in 1988 by Elliott McEntee's retirement in 2008, Janet O. Estep became Nacha's President and CEO. In 2019, Jane Larimer became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Jane Larimer became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President and CEO. In 2019, Janet O. Estep became Nacha's President
governance and administration of Nacha as ACH Network administrator and industry association.[8] The 2022 Board of Directors: Joe W. Hussey, Managing Director, North America Payables & Receivables Product Executive, J.P. Morgan Chase & Co., Chairperson Laura J. Listwan, AAP, CTP, Senior Vice President, Head of Commercial Payments
Products and Service, Fifth Third Bank, Vice Chairperson John E. Lucas, CCM, Treasury & Payments Solutions Director of Product Management and Development, Synovus Financial Corporation, Secretary/Treasurer Jane Larimer, President & Chief Executive Officer, Nacha Jeanine M. Andol-Moeller, CCM, Group Vice President, M&T Bank Marlene
Barkheimer, President & Chief Executive Officer, Farmers State Bank Sarah T. Billings, Senior Vice President, Payments Group. Corporate America Credit Union Elizabeth A. Cronenweth, AAP, CCM, Senior Vice President, Payments Group.
Product Manager, UMB Bank, N.A. Nicholas J. Drinkwine, APRP, Head of Transaction Operations, Varo Bank, N.A. Vikram Israni, Chief Financial Officer, Wings Financial Credit Union Stephen C. Max, Executive Vice President, Head of Operations, Varo Bank, N.A. Vikram Israni, Chief Financial Officer, Wings Financial Credit Union Tina M. Knapp, CPA, Vice President & Director, Payments & Service Support, ESL Federal Credit Union Stephen C. Max, Executive Vice President, Head of Operations
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Services Officer, The Cape Cod Five Cents Savings Bank William J. Schoch, President & Chief Executive Officer, Wespay Carl Slabicki, AAP, CTP, Managing Director, Treasury Services, BNY Mellon Michelle E. Ziolkowski, CTP, Senior Vice President, Head of Global Payables, Wells Fargo The ACH Operator Advisor Representatives to the Board: Jasor
Carone, AAP, APRP, CTP, Senior Vice President, ACH Product & Strategy Management, The Clearing House Keith Melton, Head of Product & Strategy Management, Retail Payments office, Federal Reserve Bank of Atlanta The ACH Network processes payments. ACH payments office, Federal Reserve Bank of Atlanta The ACH Network processes payments.
payments can be initiated and completed within a single day and as fast as a matter of hours.[10] Nacha's establishment led to the first ACH rules being drafted, and that in turn paved the way for the very first type of ACH transactions, known as Direct Deposit. The U.S. Air Force became the first employer in the nation to initiate a Direct Deposit
payroll program. Direct Deposit is the way nearly 94 percent of Americans get paid.[12][13] In March 2020, the Coronavirus Aid, Relief, and Economic Security Act provided Economic Securi
and administers the Quest Operating Rules for Electronic Benefits Transfer (EBT) which have been in place since 1996.[16] These rules in their contracts with private sector service providers. Nacha also develops additional
standards for related programs.[18] Under the administrative simplification provisions of the Affordable Care Act, Nacha was designated by the United States Department of Healthcare Electronic Funds Transfer (EFT). The Healthcare Electronic Funds Transfer (EFT)
standard supports electronic claim payments and remittance information between health plans and health care providers, accelerating cash flow and simplifying reconciliation for providers. [19] Nacha's CCD+Addenda payment (a business-to-business payment with one addenda record of remittance information) is the standard for healthcare EFT
transactions. Under the ACA's administrative simplification framework, health plans are required to pay claims using the standard EFT transaction, whenever requested by healthcare, medical or dental practices. In 2018, more than 306.7 million ACH EFT payments, valued at $1.59 trillion, were made from health plans to healthcare providers.[14] Ir
the second quarter of 2021, health processed 108 million EFTs, up almost 36% from the same 2020 period. [20] Today, 84% of providers prefer EFT from payers. [21] On 12 August 2020, Nacha reported that Visa has entered a growing list of collaborators piloting Phixius. Phixius is a Nacha-built and managed business that uses technologies,
structured APIs and rules to allow interoperability in a secure network of linked credentialed service providers (CSPs) for the protected exchange of payment related details.[22] In 2022, Phixius forecasts 1 million transactions, reaching more than 1,700 financial institutions and 7,000 businesses.[23] Nacha has more than 500 members, and offers the
following membership categories. Nacha Direct Members are Financial Institutions and Payments Associations, and other stakeholder organizations whose policies affect the payments system. As Direct Members, these
entities vote on amendments to the Nacha Operating Rules. Payments Innovation Alliance is a membership group of domestic and international organizations who develop new ideas and initiatives to advance the electronic payments industry. Nacha Affiliate Program [26] The Affiliate Program is an information of the electronic payments industry. Nacha Affiliate Program [26] The Payments Innovation Alliance is a membership group of domestic and international organizations who develop new ideas and initiatives to advance the electronic payments industry.
only membership option that gives access to resources on the ACH Network and the Financial services industry. These programs include: Smarter Faster Payments Conference[27] Smarter Faster Payments is an annual conference for the financial industry, which
includes an exhibit hall, education events and networking opportunities. Payments Institute [28] The Payments Institute is an in-person academic program where students build their own curriculum from five schools of study, two master's
programs, and lecture halls. TPI Homeschool is a virtual option for the Payments Institute. Payments Institute of Payments Institute. Payments Institute of Payments Institute of Payments Institute. Payments Institute of Payments Institute of Payments Institute of Payments Institute. Payments Institute of Pa
 The Summit serves to provide attendees with the knowledge necessary in ACH compliance and regulations in the payments industry to protect clients and organizations, including the Accredited ACH Professional (AAP) and the Accredited Payments Risk
Professional (APRP) accreditations.[31] Accredited ACH Professional[32] The Accredited ACH Professional (AAP) is a professional certification designating that an individual has demonstrated a comprehensive knowledge of all areas of ACH, a deep understanding of and experience in one or more specific ACH subjects, and a broad knowledge of
while mastering the complexities of risk management for ACH, check, wire, debit, credit, and prepaid cards, and emerging and alternative payments. In March 2018, Nacha launched Afinis Interoperability Standards, a membership-based standards organization
to develop interoperable, portable financial services standards. [17] Nacha announced it had acquired the Business Payments Directory Association in October 2018. [18] BPD supports business (B2B) payment services, including blockchain-based B2B transactions. [19] ACH Network
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updated our website. Please change the password for your account on nacha.org to explore new features and realize membership benefits. Note, your login credentials for the Nacha website is different than the Risk Management Portal and Nacha Operating
Rules Online, LoginAccess the ACH Contact Registration, Direct Access Debit Registration, and the Terminated Originator Database. Portal LoginYou must have a current Online Resource subscription code or for more product information,
visit nacha.org/rulesyourway. Subscriber Login Learn how to expertly execute global payments for streamlined accounts payable and business efficiency. Nacha issues operating rules and guidelines for completing electronic ACH payment and direct deposit transactions, requiring compliance by its member financial institutions and third parties to
avoid significant fines and arbitration claims for damages or suspension. Nacha operating Rules define roles for financial institutions that are Nacha Direct Members and
guidance for third-party ACH network participants for electronic bank transfer transactions through the Automated Clearing House network, governed by the Nacha organization. Besides Nacha operating Rules and guidelines annually for
Nacha rule changes. Nacha offers book, website, and eBook PDF formats of the yearly Nacha operating rules and guidelines through the online Nacha also publishes the ACH Compliance Manual, a book
offered through the Nacha Store about how to comply with ACH Nacha members and $100 for nonmembers. The bundled price for buying the most current annual operating rules and upcoming
Nacha rule changes and guidelines are announced with an effective date and described on Nacha's website. Nacha rules apply to everyone using the ACH network to complete ACH transactions, including financial institutions, businesses, consumers, and government entities. U.S. banks and
credit unions are the financial institution members of the Nacha organization, using its ACH network to send and receive electronic ACH payments and deposits domestically within the United States. Nacha rules and regulations cover: Roles and responsibilities of members Guidelines for third-party Network participants when using the Automated
Clearing House (ACH) network ACH rules for debit and credit transactions Data security requirements Yes, Nacha rules compliance is required. Nacha rules apply to member financial institutions (FI), including banks and credit unions, and provide guidelines for non-FI (financial institution) Originators, Third-Party Service Providers (TPSPs), Third-Party Service Provid
Party Senders (TPSs), and other ACH Network participants. Financial institutions report Nacha rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 1 rules violation or hefty fines of up to $500 for a first-time Class 2 rules violation or hefty fines of up to $500 for a first-time Class 3 rules violation or hefty fines of up to $500 for a first-time Class 3 rules violation or hefty fines violation or hefty fi
thousand per occurrence for a Class 3 violation (egregious violation) and possible suspension. RDFI (receiving financial institution) arbitration claims for damages against an ODFI are filed with Nacha for non-compliance. For Nacha reports these regular types of non-compliance issues: In January 2021, Nacha implemented an
enforcement rule that defines the meaning of an egregious violation and specifies fines, enforcement procedures, and consequences for offenders. According to the Nacha rule: "This Rule defines an Egregious Violation as: A willful or reckless action, and Involves at least 500 Entries, or involves multiple Entries in the aggregate amount of at least
$500K. The Rule also allows the ACH Rules Enforcement Panel to determine whether a violation as a Class 3 violatio
Rule expressly authorizes Nacha to report Class 3 Rules violations to the ACH Operators and industry regulators." A Nacha compliance audit is required annually by the Nacha Operating Rules for member financial institutions (banks and credit unions) using the ACH network for electronic bank transfers in the U.S. Through its Store, Nacha offers an
annual ACH Audit Guide in CD format to help financial institutions complete the detailed steps of a Nacha audit to follow audit requirements. The FAOs section answers specific questions about Nacha rules and guidelines for ACH electronic bank transfer processing.
These FAQs provide Nacha rule examples. In the United States, the Federal Reserve Banks, operated by the Fed, include functionality as a national ACH network (EPN), and follow Nacha operating rules. Federal Reserve Banks perform these ACH payment activities: 1.
Receive batch files of electronic ACH payments from each ODFI (originating depository financial institution) 2. Edit and sort ACH payments to each RDFI (receiving depository financial institution) articipating in the transactions through credits and debits to depository financial institutions.
settlement accounts 5. Work with the Electronics Payment Network on ACH payments. Effective March 2021, Nacha implemented a rule that requires originators of WEB debits to validate first-use consumer account information in one of three possible ways: •
An ACH prenotification [prenote] • ACH micro-transaction verification • Commercially available validation service. According to Nacha, WEB debits are "consumer debit payments authorized or initiated over an online channel". In its Account Validation Resource Center, Nacha describes this rule and provides a list of Third-Party Validation Service.
Vendors that are a Preferred Partner (PP), Payments Innovation Alliance Member (PIA), or Nacha Certified (NC). A prenote (prenotification) is a zero-dollar transaction for validation of a bank account number and routing number sent before making an ACH debit or ACH credit payment or direct deposit. Nacha rules specify the optional use of
prenotes. A set of Nacha rule change prenotes proposals would require RDFI (receiving depository financial institution) acknowledgment of Yes or No in the ACK SEC code and speeding up the timing of prenotes from three banking days before processing the ACH by the ODFI (the ACH originator) to immediately upon receiving a Yes response from
permitting reversals covers: "1) the reversals covers: "1) the reversal of a debit Entry that was for a date earlier than intended by the Originator, or 2) a credit Entry that was for a date later than intended by the Originator, or 2) a credit Entry that was for a date later than intended by the Originator, or 2) a credit Entry that was for a date later than intended by the Originator, or 2) a credit Entry that was for a date later than intended by the Originator."
("REVERSAL"): • The Company ID, SEC Code, and Amount fields of the reversal must be identical to the original entry • The contents of other fields may be modified only to the extent necessary to facilitate proper processing of the reversal * This is the same approach as the formatting requirements for Reinitiated Entries In addition, the rules
explicitly permit an RDFI to return an improper Reversal: • R11 for consumer accounts, 60-day return timeframe • An RDFI will be permitted to use R17 to return an improper Reversal that it identifies on its own (i.e., not based on a customer contact), 2-day
return timeframe" Nacha provides operating rules, addressing funds availability and the Nacha file format for submitting Same Day ACH transfers to the Automated Clearing House Network, and dollar limits per specified time periods for making ACH transfers to the Automated Clearing House Network, and dollar limits per specified time periods for making ACH transfers to the Automated Clearing House Network, and dollar limits per specified time periods for making ACH transfers to the Automated Clearing House Network, and dollar limits per specified time periods for making ACH transfers to the Automated Clearing House Network, and dollar limits per specified time periods for making ACH transfers to the Automated Clearing House Network, and dollar limits per specified time periods for making ACH transfers to the ACH file
processing schedules, known as time windows on Nacha. In June 2021, Nacha established a new rule to limit the time period during which the RDFI (receiving depository financial institution) for unauthorized ACH entries into the Automated Clearing House
(ACH) Network. According to the revised Nacha rule on warranty claims: "For non-consumer accounts, the time limit is one year from the settlement date" of the entry. In March 2006, Nacha issued an Operations Bulletin (Section 13.3 Interpretive Rules) to explain its
position on (Prearranged Payment and Deposit) PPD debit entries for check conversion vs. the exclusive use of POP formatting for the collection and electronic conversion of consumer checks accepted at the point of purchase (POP). Both PPD and POP require a consumer's written statement of authorization and can't be based on oral authorizations
as consumer debit authorizations, enhancing consumer protection. Nacha's interpretive conclusion for PPD debit entries vs. POP format is: "The practice of receiving checks at the point of purchase and then converting those checks to one-time PPD entries is inconsistent with the exclusive application of POP entries to such payments under the
Nacha Operating Rules. The rules for POP entries and POP SEC Code are the only rules, and the only SEC Code are the only rules, and the only rules, and the only rules for this purpose is not permissible under the Nacha Operating Rules." Nacha's rationale for this interpretive decision includes risk management,
consumer protection, and better customer service. According to Nacha: "The rules for POP entries establish the legal framework and requirements that the Nacha Voting Membership determined were needed to protect ACH participants with respect to check conversion transactions initiated at the point of purchase. The rules for POP entries also
establish requirements for the provision of information on the consumer to enable the consumer to identify the converted check and the location where the payment was made. [12] The POP application was specifically designed to provide consumer protections and requirements unique to this type of conversion activity.
These unique requirements were intended to mitigate risk and reduce customer service problems. These requirements do not apply to PPD entries and therefore the use of PPD entries and the use of PP
accommodate the inclusion of the check serial number from the consumer's source document. Similarly, the rules for PPD entries do not require the placement of this information on the consumer's bank account information drawn
from a check obtained from a consumer at the point of purchase, is used to capture the consumer's routing number, and check serial number, which are used to generate the ACH debit entry to the consumer's account. POP entries are
subject to special requirements under the Nacha Operating Rules. For example, authorizations for POP entries do not need to refer to an ability to revoke the entry, because revocation would not be practical for POP entries are
subject to requirements as to the types of checks that can be converted to POP entries,[3] the capture of MICR information, including, but not limited to, the Receiver's bank routing number, account number, serial number of the consumer's
source document, and location (city and state) of the electronic terminal used for the transaction from a Receiver to effect a transfer of funds to or from a Consumer Account of
the Receiver.[7] Prior to the origination of a PPD entry to the consumer must be in writing and signed or similarly authenticated by the consumer, and the consumer must be provided with an electronic or paper copy of the
authorization. The authorization must be readily identifiable as an authorization and must clearly and conspicuously state its terms, as well as indicate that the Receiver may revoke the authorization process must evidence both the consumer's identity and his or
her assent to the transaction.[8] Further, the Nacha Operating Rules require that the PPD entry contain certain information, including, but not limited to, the Receiver's bank routing number and account number.[9] In addition, the consumer must be provided an electronic or paper copy of the authorization.[10]"
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