



# 2025 ACH Rule Changes and Updates

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*2025 ACH Rule Change and Updates Webinar* discussed in this presentation is the current version with effective date of *January 22<sup>nd</sup>, 2025*.

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



# Agenda



Secrets of the Past: Rule Review 2024

Follow the Evidence: What's to come in 2025

Find the Clues: Rules disguised until 2026

Future Investigations

Feedback & Ideas

Thank you & Questions





# Secrets of the Past: Rule Review 2024

EFFECTIVE OCTOBER 1, 2024

- Expanded Use of Return Reason Code R17
- Expanded Use of ODFI Request for Return (R06)
- Additional Funds Availability Exceptions
- Timing of Written Statement of Unauthorized Debit (WSUD)
- Prompt Return of Unauthorized Debits





# Expanded Use of Return Reason Code R17

EFFECTIVE OCTOBER 1, 2024

- Usage
  - Optional for RDFI
  - No compliance obligation by effective date
  - Rule **allows** but does **not require** an RDFI to use R17 for suspected fraudulent activity
- Requirements
  - Return Addenda Record must contain “QUESTIONABLE”
- Intended Benefit
  - Improve recovery of funds originated due to fraud



# Expanded Use of ODFI Request for Return (R06)

EFFECTIVE OCTOBER 1, 2024

- Usage
  - Optional for ODFI
  - No compliance obligation by effective date
  - The rule expands the uses for Request for Return (R06) to **allow** an ODFI to request a return from the RDFI for **any** reason
- Requirements
  - ODFI indemnifies RDFI for compliance with request
  - RDFI must respond to ODFI's request within 10 banking days of receipt of ODFI request (**EFFECTIVE APRIL 1, 2025**)
- Intended Benefit
  - Improve recovery of funds when fraud has occurred



# Additional Funds Availability Exceptions

EFFECTIVE OCTOBER 1, 2024

- Usage
  - RDFIs are provided with an additional exemption from funds availability requirements
    - **ACH Credits RDFI suspects are originated under False Pretenses**
    - **Tool for questionable entries**
- Requirements
  - RDFIs are still subject to Reg CC requirements for funds availability
  - RDFIs still have the obligation to promptly make funds available as prescribed by the rules
  - RDFIs utilizing this exemption must take reasonable steps to promptly notify the ODFI
    - **Return R17 or Contact to ODFI would satisfy the notification requirement**
- Benefit Intention
  - Improve recovery of funds when fraud has occurred



# 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.”





# Timing of Written Statement of Unauthorized Debit (WSUD)

EFFECTIVE OCTOBER 1, 2024

- Usage
  - The rule **allows** a WSUD to be signed and dated by the Receiver **on or after the date** the entry is presented to the receiver, **even if the debit has not yet been posted**
- Requirements
  - RDFIs still have the requirement to obtain a WSUD
- Benefit Intention
  - Process improvement for unauthorized debits
  - Limit possible harm to the Receiver



# Prompt Return of Unauthorized Debits

EFFECTIVE OCTOBER 1, 2024

- Usage
  - This rule requires an RDFI to return ACH debits as unauthorized or improper in the extended return timeframe by **opening of the sixth banking day** following the completion of its review of the receiver's signed WSUD
- Requirements
  - RDFIs still have requirement obtain a WSUD
- Benefit Intention
  - Improve the recovery of funds and reduce future fraud occurrences
  - Alert ODFI and Originator that there could be a problem or fraud

# Following the Evidence!

What can secret agents expect in 2025?

- Effective April 1, 2025
  - Expanded Use of Request for Return (R06)
    - **10 Banking Days** to respond to ODFI request





**FIND THE CLUES!**





# Rules Disguised Until 2026

- **EFFECTIVE MARCH 20, 2026**
  - **Fraud Monitoring – ODFIs**
  - **Fraud Monitoring (2023 Volume of  $\geq 6M$ )**
    - **Non-Consumer Originators**
    - **Third Party Senders (TPS)**
    - **Third Party Service Providers (TPSP)**
  - **ACH Credit Monitoring – RDFIs (2023 Volume  $>10M$ )**
  - **New Company Entry Descriptions**
    - **PAYROLL**
    - **PURCHASE**
- **EFFECTIVE JUNE 19, 2026**
  - **Fraud Monitoring (ALL)**
    - **Non-Consumer Originators**
    - **Third Party Senders (TPS)**
    - **Third Party Service Providers (TPSP)**
  - **ACH Credit Monitoring – RDFIs (ALL)**



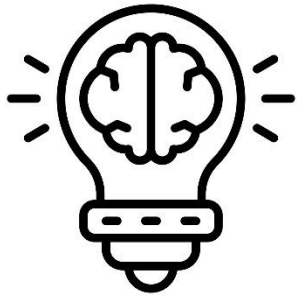


# Fraud Monitoring by Originators, TSPs, TPSPs and ODFIs

- New requirement for non-consumer Originators, Third Party Senders (TPSs), Third Party Service Providers (TPSPs), and ODFIs to establish and implement risk-based processes and procedures to identify ACH entries initiated fraudulently
- This rule calls for an expansion to the current Nacha Rules that require Originators to use a commercially reasonable fraud detection system to screen WEB debits and while utilizing Micro-Entries
  - **All participants are encouraged to implement systems to prevent and detect fraudulent activity**
- Phased Effective Dates for Rule Implementation
  - MARCH 20, 2026
    - **All ODFI's**
    - **Non-consumer Originators, TPSPs, and TPSs with annual ACH origination volume of 6 million or greater in 2023**
  - JUNE 19, 2026
    - **All other non-consumer Originators, TPSPs, and TPSs**

# Additional Considerations

Fraud Monitoring by Originators, TSPs, TPSPs, and ODFIs



- Rule does not require monitoring be performed prior to processing entries
  - Monitoring prior to posting increases early fraud detection and prevention
- Cannot conclude that no monitoring at all is not necessary
- Action taken on suspect transactions can include:
  - Confirm validity of transaction
    - Consult transaction Originator
  - Determine all flags transaction raises
    - Consult internal teams
    - Contact RDFI for receiver account red flags
      - Request a return of funds or to freeze funds/account



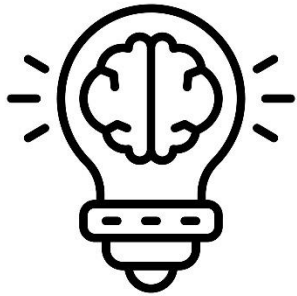


# ACH Credit Monitoring - RDFIs

- This rule requires RDFI's to implement and establish risk-based processes and procedures reasonably intended to identify fraudulently initiated ACH credit entries
- Intent is to reduce the rate of successful fraud and to enable increased incidence in funds recovery due to fraud
- Phased Effective Dates for Rule Implementation
  - MARCH 20, 2026
    - **RDFI's with annual ACH receipt volume of 10 million or greater in 2023**
      - **Should apply to approximately 175 RDFIs or about 70% of ACH Network received volume (2023 ACH Volume Survey)**
  - JUNE 19, 2026
    - **All other RDFI's**

# Additional Considerations

## ACH Credit Monitoring - RDFIs



- Rule does not require monitoring be performed prior to processing credit entries
- Rule does not require screening of each ACH credit entry individually
- Keep on the lookout for indications an ACH credit was initiated under False Pretenses, consider:
  - SEC Code
    - Does the SEC Code align with the receiving account type?
  - High or Large Dollar Transactions
    - Does the transaction align with the baseline of normal activity for the receiving account?
  - Increased activity of similar entries
    - Has there been an increase in similar credits over a short period of time?
  - New, Dormant, and Mule Accounts
    - Is the account suddenly active after being unused for a long period of time?
    - Is the account holder a new member?
    - Are credits being received and then immediately moved to another FI or account?



# Standard Company Entry Description - PAYROLL

EFFECTIVE MARCH 20, 2026

- PPD Credits
  - Wages, Salaries, and/or other types of compensation
- Company Entry Description
  - “PAYROLL”
- Intended Benefits
  - RDFIs will have better information regarding ACH Credits for new or multiple payroll payments to a receiver account
  - Supports RDFI logic to provide or not, early funds availability
  - Fraud Reduction
    - **Payroll redirections**
- Rule includes language for:
  - 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”**



# Standard Company Entry Description – PURCHASE

EFFECTIVE MARCH 20, 2026

- E-Commerce Purchases
  - Debits for online purchases of goods
    - **WEB Debit**
    - **PPD or TEL Debits (Standing Authorization)**
- Company Entry Description
  - “PURCHASE”
- Rule includes language for:
  - 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”**



# FUTURE INVESTIGATIONS

- Requests for Comment
  - Same Day ACH
    - Fourth Daily Same Day Processing Window
  - Accelerate Funds Availability (Certain ACH Credits)
- Requests for Information
  - Two Day ACH Credits
  - Same Day Returns



# Request for Comment

DUE DECEMBER 13, 2024




## Fourth Daily Same Day Window Processing

- M-F, Close of business Pacific Time
- Increased timeframe to submit entries (approx. 3 ¼ hrs.) SDA Entries
- Increase SDA volume, use cases, and potentially encourage faster returns



## What is the expected impact?

- ALL RDFIs would need to implement the receipt of SDA files and meet funds availability for SDA credits
  - RDFIs will need to pay close attention to their net-debit position during settlement and fund accounts as needed
  - Consumer and business receivers should monitor their accounts for funding to avoid negative account balances or returns due to SDA entries
- 



# Request for Comment

DUE DECEMBER 13, 2024



## Accelerate Funds Availability (Certain ACH Credits)

- Eliminates 5 PM Local RDFI time receipt condition
  - Funds availability required on settlement day at 9 AM Local RDFI time for all non-SDA Credits
- Many RDFIs make funds available now but are not currently required by the Rules





# What is the expected impact?

- Potential for consumers and businesses to receive earlier funds availability for ACH Credits
  - Payroll, Refunds, Benefit Payments, etc.
- Accelerates funds availability for ACH credits that are currently received after 5 PM local RDFI time and not currently made available until 9 AM local RDFI time
- RDFIs may need to review and update processes and procedures for next day ACH Credits received after 5 PM local RDFI time
  - Posting and Funds Availability by 9 AM local RDFI time
  - RDFIs may already be doing this



# Request for Information

DUE DECEMBER 13, 2024



## Two Day ACH Credits

- Eliminate use of Effective Entry Dates that are 3 & 4 banking dates in the future for ACH Credits
  - At current:
    - Same Day
    - 1 Banking Day (1 Day or Next Day Credit)
    - 2 Banking Days (2 Day Credit)



# Request for Information

DUE DECEMBER 13, 2024



## Same Day Returns

- All returns are currently eligible for same day processing
- Low usage in across industry
  - Nacha would like to better understand why this may be



# Feedback & Ideas!

We always want to hear from our members about how we can help, what we are doing that works, what can be improved, and what could make things easier for our members.

Have Feedback or Ideas?

Contact Us!





**Thank You!**

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