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Does your Business have a Plan for the New Same-Day ACH Options?

Back in 2015, NACHA announced its plan to adopt the long awaited Same-Day ACH rules. The first phase of this process was implemented on September 23rd allowing for the functionality to deliver ACH Credits (an ACH Credit is when a Payer instructs their bank to post a credit to the Payee's bank account) of up to \$25,000 per transaction on the same business day. While this first phase only enables the ability to handle same day initiated ACH credits (not ACH initiated debits), it does allow for two additional time processing windows each day. Your organization can utilize these new ACH rules to greatly benefit your accounts receivable collection and accounts payable disbursement operations.

Prior to September 23, 2016, there was only one processing window a day for ACH payments. In addition, and most importantly, under the old rules, an ACH took no less than a day and generally two to three days to clear both Payer and Payee bank accounts. These were never same day ACH availability under the old rules. Under the new rules, there are two additional clearing windows from which you can generate these payments: a morning and afternoon (ET) window for same day settlement are now available.

- A morning submission deadline at 10:30 ET, with settlement at 1:00 PM ET
- An afternoon submission deadline at 2:45 PM ET, with settlement at 5:00 PM ET

Approximately 99% of the current available ACH transactions processed daily are eligible for same-day processing.

There are many benefits to taking advantage of the Same Day ACH rules for your Business. They include: Multiple settlement windows which can translate to improved collections and accelerated cash flows.

For example:

B2B Accounts Receivable and Cash Collections

- Offers opportunity for improvement in key operational metrics such as reduction in overall cash flow, days sales outstanding (DSO), average days delinquent (ADD) and your collection effectiveness index (CEI).
- Your organization will likely see an increase in receipt of payables on the exact due date, your finance team will need to have a procedure in place to settle accounts and process invoices that arrive "today".
- Data and Information Enhancements: ACH payments in CTX format can support over 9,000 lines of remittance data, this data can be instrumental in the A/R reconciliation process.
- Same Day ACH can improve reconciliation of delinquent accounts and for receipt of off cycle payments.

- Same Day ACH can remediate a lengthy A/R process, if same-day ACH payments can be matched to receivables due dates.

What does Same-Day ACH mean for your business operations and what are some of the implications to your organization?

[A NACHA survey revealed that 95% of financial institutions plan to offer same-day B2B payments.](#)

One of the key benefits of the new Same-Day ACH rules is the ushering in of the new era of “real time” payments, i.e. real time availability, settlement and processing. This move towards innovation by the Banking Community is in response to both business and consumer demand, that previously had been widely ignored by the ACH network, NACHA and its participating banks.

A primary operational benefit of this rollout is the ability for businesses to change their behavior. Adoption of same-day settlement may initially be very slow but it surely opens up an opportunity for organizations to achieve efficiencies and cost savings in accounts receivable and collection functions. It provides an opportunity to streamline your processes and make them more efficient. As organizations adopt this functionality, they will begin to see the full scope of benefits.

If you would like information on how Same-Day and Real-Time ACH payments can improve your operations, please contact Vizant today!

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