

Same Day ACH – Customer FAQ

This document is intended as a resource for Catskill Hudson Bank Cash Management customers to better understand Same Day Automated Clearing House (ACH) processing. Catskill Hudson Bank is providing this information to help you understand the upcoming rule change and its offerings.

What new service is Catskill Hudson Bank offering?

On March 16, 2018, Catskill Hudson Bank will enable the last phase of the implementation of Same Day ACH for debit and credit transactions. Catskill Hudson Bank (CHB) is offering this service to comply with a new rule adopted by the National Automated Clearing House Association (NACHA), which manages the development, administration and governance of electronic banking payments.

What is “Same Day ACH”?

“Same Day ACH” offers an option to consumers, businesses, and governments that want to move their money faster. It is an action that financial institutions have undertaken to modernize the payment system, which creates a building block for a variety of products and services.

Same Day ACH will build upon existing next-day ACH Network capabilities and establish a new option for same-day clearing and settlement via ACH.

Under the Rule, two new Same Day settlement windows will be added to the ACH Network, increasing the number of settlements between financial institutions from once each day to three times each day. The Rule requires that, on March 16, 2018, all Receiving Depository Financial Institutions (RDFIs) receive same-day transactions and provide faster funds availability to customers. Catskill Hudson Bank is pleased to offer Same Day ACH as a valuable service to allow you to receive payments faster.

When does this go into effect?

Same Day ACH has been implemented in a phased approach as outlined below:

Phase 1: Credits and non-monetary entries ONLY, was effective September 23, 2016

Phase 2: Credits and debits, was effective September 15, 2017

Phase 3: Mandatory 5 p.m. deadline for availability of credits, effective on March 16, 2018. This means that the Bank will make ACH credits available for withdrawal within the bank, as well as, for ATM/Debit cards transactions.

Are there fees associated with this service?

No, at this time, there are no fees associated with Same Day ACH.

Does Same Day ACH affect all credits and debits?

Yes, Phase 1 only affected credit transactions. Phase 2 added the ability to process both credits and debits, as long as they met specific criteria, which are outlined in an additional section below.

Are there limitations to the type of transactions that can be sent via Same Day ACH?

Yes, there are dollar limitation, SEC Code restrictions, and non-monetary restrictions that cannot be sent via Same Day ACH. These limitations and restrictions are defined below:

Transaction Limit: \$25,000

- The over \$25,000 value limit applies to a single item. In all three Same Day ACH implementation phases, no single item over \$25,000 will be eligible for same day settlement.

- In phase 1, only credit items are eligible for same day settlement. No forward debits of any kind are eligible for same day settlement. Any forward debit item(s) submitted in a batch that is processed as same day will be processed but will settle the next business day, whereas the credit items will settle same day.

Eligible SEC Codes for Monetary Transactions:

- All except IAT (International transactions)

Eligible Non-Monetary (Zero Dollar) Transactions:

- Pre-notes
- Notifications of Change
- Death Notification Entries (DNE)
- Remittance Information (CCD or CTX)
- Note that Automated Enrollment Entries (ENR) are NOT eligible for same-day processing
- Customer must gain prior approval with Bankers Trust for Same Day ACH Origination Services
- Receipt of Same Day ACH is mandatory and requires no prior approval

Federal Government Payments Exclusion:

- At this time, the Federal Government will not be participating in Phase 1 of the Same Day ACH implementation. Therefore, any forward entry originated from, or received by, the Federal Government will not be eligible for same-day settlement and will continue to settle on a future date regardless of submission date and time. Information regarding the Federal Government's participation in later implementation phases will be forthcoming.

Is Same Day ACH a unique offering by Catskill Hudson Bank?

No. All financial institutions are required to receive Same Day ACH payments and provide credit for same day transactions beginning September 23, 2016. Same Day ACH Origination is optional.

What changes will customers need to make to ACH files and transactions?

Catskill Hudson Bank encourages customers to fully understand what identifies an ACH transaction as Same Day to ensure we process your transactions as you desire. To ensure your transaction is processed properly, please make certain you provided the originator of the transaction with the appropriate Effective Entry Date. Customers that are creating bill pay transactions should also be aware of effective date of transaction as well.

How are Same Day ACH Transactions identified and what role does the "Effective Entry Date" have in the file transmission process?

- The Originating ACH ID needs to be pre-approved to originate Same Day ACH files.
- Same Day Entries will be identified based on the effective entry date and the time sent to the ACH Operator.
- Files with a current-day effective entry date, received prior to the deadline, will be considered Same Day ACH transactions.
- Coding the field with one or two days following "today's" date indicates "classic" ACH settlement.

NOTE: If the payment contains a stale (i.e. old) or invalid date in the Effective Entry Date field, the payment could be processed in the next available window, which could be same day or next day.

What will I need to do?

Catskill Hudson Bank customers will need to understand the following in regards to Same Day ACH:

- Use the appropriate Effective Entry Date.

- Transactions can be sent to the bank the same day they are processed up to 5:00 p.m. that business day.

How will Catskill Hudson Bank communicate about Same Day ACH?

In addition to providing this Q&A document, Catskill Hudson Bank will communicate with you about Same Day ACH in a variety of ways, including on the Catskill Hudson Bank website, within Netteller Internet Banking, and via mail.

What are the benefits of Same Day ACH?

There are several benefits of Same Day ACH. In most cases, Same Day would be of no cost, as opposed to other traditional payment methods such as wire transmission. This service will also allow customers to move money more quickly when needed within that same day. For example, same day bill payment.

What are the submission deadlines for processing Same Day ACH?

The origination of all Same Day ACH files, transactions and batches must be received by 12 a.m. ET to process as a Same Day.

When will I see the posting for any Same Day ACH Transactions to my account?

- In Phase 3, RDFIs (CHB) will be required to provide funds availability at 5 p.m. local time for Same Day credit entries.

When will funds be available for use?

Beginning in Phase 1, RDFIs should provide end-of-day funds availability for all Same Day credit entries received. Phase 3 will require RDFIs to provide funds availability at 5 p.m. local time for Same Day credit entries.

How will returns and NOCs (Notifications of Change) be handled?

RDFIs will not be required to process returns on the same day that the forward entry is received. The existing return timeframe will still be applicable. RDFIs will have the option of using any of the available settlement windows for returns, as long as the existing return timeframe is met.

What type of transactions are good candidates for Same Day ACH?

- Emergency payments
- Off-cycle disbursements and corrections or payouts
- Time sensitive payments
- Account transfers
- Errors/payment re-initiation, etc.
- Expedited credit ACH receipt
- Debit ACH collection
- Error correction

Who do I contact if I have questions regarding Same Day ACH?

Please contact the CHB Operations Department at 1-845-334-0070.