



July 01, 2015

Via Email to: regs.comments@federalreserve.gov

Robert de V. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

RE: Public Comment on Enhancements to Same Day ACH Service; Docket No. OP-1515

Dear Mr. Frierson:

The Western Payments Alliance (WesPay) values the opportunity to comment on the enhancements that the Federal Reserve Banks are considering to their current same-day Automated Clearing House (ACH) service. We believe the amendments to the *ACH Operating Rules* recently approved by NACHA's members for Same Day ACH are a significant enhancement to modernize the ACH payments network and will significantly improve the experience of participants. In addition, these changes directly support the Federal Reserve System's "*Strategies for Improving the U.S. Payments System*" vision by implementing an industry-approved approach to faster settlement and funds availability.

Introduction

WesPay facilitates and promotes the growth and best use of electronic payments through education, information, advisory services and advocacy on behalf of its 1,200 clients. As the oldest and one of the nation's largest payment associations, WesPay works with NACHA - The Electronic Payments Association and member financial institutions to serve as an Automated Clearing House (ACH) rule-making body. Twelve western states – Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Wyoming, Oregon, Utah, and Washington, as well as American Samoa, Guam, and the Northern Mariana Islands – constitute WesPay's current service area. The region represented by WesPay is home to 25 percent of the nation's population and a corresponding volume of payments.

These comments represent a compilation of feedback provided by 117 clients to an online survey regarding the Same Day ACH proposal and discussions with our Rules Advisory Council and Board of Directors.

Mandatory RDFI Participation

NACHA's Same Day ACH Rule will require mandatory participation for all Receiving Depository Financial Institutions (RDFIs). 83% of WesPay clients responding to our survey agreed that RDFIs should be required to receive Same Day ACH transactions to ensure network ubiquity with same day funds availability.

The 17% of WesPay clients that opposed mandatory RDFI participation are, on average, "RDFI-only" participants. These clients expressed concern that the investment required to implement and sustain Same Day ACH exceeds the value gained by their institution and Receivers. In private conversations with smaller WesPay clients, many convey a concern regarding the significant operational changes required by Same Day ACH and the added expense of extending the hours for operations staff to support this new service. The questionable payback is most acute with small volume ACH participants.

We believe the low enrollment in the FedACH® SameDay service demonstrates the challenges of voluntary participation. This fact is recognized by WesPay's clients and underscores the importance of mandatory participation to ensure ubiquity in the service.

Interbank Fee

NACHA's Same Day Rule includes an interbank fee to be charged to the Originating Depository Financial Institution (ODFI) and passed to the RDFI. Survey responses indicate that WesPay clients are split in their support, with 51% indicating they would support the rule even without a corresponding interbank fee, and 49% indicating that their support for the rule is contingent upon the interbank fee. Clients supporting the fee specified that associated revenue provides a business case and required funding for the incremental investment. Clients supporting the change without a fee specified that the return on investment timeframe is too long to positively impact RDFIs with relatively small ACH transaction volumes.

Clearing and Settlement Times

NACHA's Same Day Rule proposes two processing window input times of 10:30 a.m. and 3:00 p.m. ET. In defining these two windows, we understand that the Federal Reserve's National Settlement Service (NSS) deadline of 5:30 p.m. ET was a key determinant. This deadline equates to 2:30 p.m. PT and will negatively impact clients of WesPay from fully participating in this Same Day ACH service.

A prevailing concern identified with WesPay clients is that the first processing window is too early to be utilized by many Originators, and in some cases their financial institutions, located in the Mountain, Pacific, Alaskan, and Hawaiian time zones. We commend NACHA for working with the ACH Operators to push this first window back one-half hour from the original proposal in an attempt to accommodate participants in the Western Time Zones, but feedback from our clients continue to indicate that it is still too early to be fully utilized by our clients and their Originators.

It is WesPay's opinion that, to level the playing field for all payment systems participants across U.S. time zones for clearing, settlement, and exception functions, the Federal Reserve should extend the National Settlement Service deadline to be inclusive of business hours in all U.S. time zones. The current deadline of 5:30 p.m. ET presents a significant roadblock to the modernization of payments systems in the U.S.

Summary

A large majority of WesPay clients support the Same Day ACH Rule (82%), and agree that mandatory RDFI participation is critical for the value of faster ACH payments to be achieved for end users. While the number of clients supporting the interbank fee is split, it represents a large number of RDFIs who feel that it is important that their investment required to support Same Day ACH can be recouped.

WesPay appreciates the opportunity to share our thoughts and would be pleased to discuss our clients' comments in more detail.

Regards,



William Schoch
President & CEO

cc: WesPay Board of Directors
WesPay Rules Advisory Council