



FEDERAL RESERVE BANK
OF DALLAS

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

DALLAS, TEXAS
75265-5906

October 18, 2002

Notice 02-57

TO: The Chief Operating Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

**Four FedACHSM Distributions Per Day
Beginning September 19, 2003**

DETAILS

The Federal Reserve announces that effective **September 19, 2003**, distribution of FedACH output files will occur four times per day. Making ACH payments available more frequently throughout the day

- Sustains ACH growth and new business needs of ACH participants;
- Supports more timely posting of ACH payments to receiver accounts, a quality improvement need identified in the National Automated Clearing House Association's Next Generation ACH Task Force Report; and
- Provides both receiving and originating depository financial institutions an opportunity to manage processing loads that may currently be concentrated unevenly at certain points during the day's processing cycle.

Supporting Continued Growth and Improvement Within the ACH Network

As an ACH operator and as a provider of FedACH services, we recognize and encourage the important role that ACH plays in the U.S. payments system. Steady annual volume growth confirms that businesses and consumers also recognize the many benefits of originating and receiving ACH payments.

In addition, findings from our recent Retail Payments Research Project underscored the extensive use of ACH to convey payments. The study also revealed that for consumers and business

payments traditionally made by check, ACH payments are increasingly viewed as viable, preferred substitutes for many checks. We cite these examples of robustness and growth potential surrounding ACH as an acknowledgment and commitment that our FedACH services must and will keep pace. Distributing FedACH output files four times per day to all our customers is one way we will foster and support continued growth and improvement within the ACH network.

How Will My Institution Be Affected?

Many of our customers are already recipients of four distributions per day; therefore, this change should have no processing impact. For customers receiving only one file per day, we are announcing this change well in advance to mitigate the impact, which we expect to be minimal. Many of our customers and vendors of ACH software have told us that receiving more than one file per day is easily accommodated and does not cause processing problems.

For receiving depository financial institutions (RDFIs) that act as their own receiving points and for ACH processors receiving on behalf of RDFIs that do not currently receive multiple file output within a day's cycle, we encourage you to test multiple file output well in advance of September 19, 2003. All receiving points that continue to pick up their ACH payments once a day on and after September 19, 2003, will need to be prepared to receive and process more than one file. As a reminder, there are no FedACH file fees associated with output files.

Action Required

Testing is an important step that will help you identify software and other processing changes you may need to make. Once you have determined that your software can accept multiple files per day, you will not need to make additional changes on September 19, 2003. For questions or to arrange testing, contact our FedACH operations site at (888) 883-2180.

MORE INFORMATION

For more information about our FedACH services, please contact one of the Federal Reserve Business Development representatives listed below.

Dallas	Jim McCammon	(214) 922-5491
	Susan Vice	(214) 922-5430
El Paso	Lupe Edens	(915) 521-8248
Houston	Michele Hitchings	(713) 652-9141
	Kathy Waggoner	(713) 652-9146
San Antonio	Rick Flansburg	(210) 978-1661

Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at <http://www.dallasfed.org/banking/notices/index.html>.

Sincerely,

