

# NACHA Request for Information: *Payment Related Information via Expanded Addenda Records*

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April 1, 2014

Responses requested by May 16, 2014

# Request for Information Concepts

Concepts within the scope of this RFI include:

- Expanding the number of Addenda Records available for use with ACH payments to up to nine for all SEC Codes that now have zero or one Addenda Record allowed
- Increasing the number of Addenda Records allowed for CTX (and perhaps ENR, and TRX), or remove the 9,999 limitation entirely
- Creating additional Addenda Type Codes to provide Depository Financial Institutions with more information on the type of information they are receiving, such as free text, URL, XML, etc.
- Establishing service-level requirements for Receiving Depository Financial Institutions (RDFIs) to provide the payment related information in addenda records to their consumer Receivers

# Developing Payments and Remittance Information Capabilities

RFI concepts align with strategic goals for the ACH Network

- Supporting enhanced remittance data increases opportunities for FIs to offer value-added payment services
- Flexibility of format also aids in straight-through processing by accommodating various global industry standards
- Ability to support messaging enhances the network's value and risk management ability
- Addressing formats broadly positions network participants to react quickly to innovation and customer needs

# Expanded Addenda Record Use Cases

The RFI describes use cases for additional types and uses of addenda records.

NACHA requests feedback and information from the industry on these scenarios, as well as ideas for other scenarios.

# Scenario 1 –Business to Business

- CCD or CTX Entry with remittance information included in the form of a URL in the Addenda Record linking to additional information about the payment in the addenda record
  - Allows for additional information than could fit into the record itself under current format
  - Simplification of processing, reduced exceptions, and enablement of the automation for payables and receivables (straight-through processing)
  - Benefits both the Originator and Receiver

## Scenario 2 –Business to Consumer

- A company debits or credits a consumer via ACH and places a URL in the Addenda Record linking to a web page containing additional information about the payment
  - Could be used with ARC, BOC, MTE, POP, POS, PPD, RCK, SHR, TEL, TRC, WEB, and XCK SEC Codes
  - Possible documentation uses: a receipt for a purchase; a copy of the bill being paid (EBIDS today); a copy of the recording of a telephone authorization; an acknowledgement of enrollment; or converted/truncated check image
- Reduce return rates and customer service costs

## Scenario 3 –Consumer to Business

- Consumer provides additional information associated with a bill payment, such as: payment cycle; service date; name, address, phone number or email address of payor; or other information to assist with timely posting.
  - May be entered by the consumer or presented via invoice by the bill payment service provider
  - ODFI includes the additional remittance information when originating an ACH credit using the CIE SEC Code
- CEBP introducing Bill Pay Exception (BPE) Opt-in program

## Scenario 4 –Person to Person

- Consumer sending a credit to another consumer provides additional information about the reason for payment in free text format, such as “December rent”, “Friday night dinner”, or “January allowance”
- Allowed in new P2P rules for WEB credit Entries, under the current size limitation of one Addenda Record
  - No requirement for RDFI to provide to consumer Receiver



## Scenario 5 –DFI to DFI

- RDFI provides additional information and/or documentation to the ODFI about the reason the RDFI is requesting a change to an ACH Entry
  - Utilizes the COR SEC Code
  - Information is passed to the Originator of the Entry
  - Could include free text format explanation of the required change or a URL linking to documentation showing the basis for the requested change
- *Variation:* RDFI provides additional information and/or documentation to the ODFI about why an entry is being returned, dishonored, or contested
  - Could include free text format explanation of the return, or a URL linking to a copy of a written statement, stop pay order, or original authorization

## Scenario 6 –Operator to Sending Point

- ACH Operators provide information back to the sender of rejected entries on why the entry was rejected utilizing the ADV SEC Code

# Scenario 7 – B2B – more than 9,999 Addenda Records

- CTX Entry provides detailed invoice information (could be for multiple invoices) exceeding the number of characters permitted in 9,999 Addenda Records and includes, for example, inventory management information
  - May facilitate greater use of XML or other a machine-readable formats to produce documentation formatted to the sender or receiver's specifications and increase straight-through processing

# URL Security

- RFI includes a summary of the work performed by the Internet Council's URL Task Force in the form of sound practices for safety and security
  - Agreement modification
  - Additional warranties and indemnifications by the ODFI
  - Education
- Suggests a possible option for SAML server usage, as in EBIDS today

# Information Requested

- Survey questions seek input on:
  - Expansion of number of Addenda Records permitted by SEC Code
  - Use case/scenario desirability – do these scenarios make sense? Other scenarios to consider?
  - Creation of Addenda Type Codes
  - RDFI service levels for provide remittance data to consumers and non-consumer Receivers
  - Other barriers of usage for Addenda Records
  - URL security
  - Impacts to each party
- Responses are requested by Friday, May 16, 2014
  - See <https://www.nacha.org/page/request-comment>