

News from FedACH

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3

NEWS KIOSK
Account to Receiver Payments Guide Available



6

Q&A- HEALTH CARE PAYMENTS AND THE ACH



- 2 NEW INTERNATIONAL SERVICE
- 4 WHAT'S COMING UP
- 4 NEW YEAR BRINGS NEW RISK SERVICES

Bank of Oklahoma

STILL LEADING THE WAY AFTER A CENTURY OF INNOVATIVE CUSTOMER SERVICE

In 1910, a group of oilmen who needed funding for drilling activity in the Tulsa, Okla., area founded Exchange National Bank of Tulsa. One hundred years later, with a new name and countless accomplishments to its credit, BOK Financial Corporation is headquartered in Tulsa and serves communities in Oklahoma and seven surrounding states. As a financial holding company comprising seven main bank subsidiaries and nearly 200 banking locations in the Midwest, Southwest and Rocky Mountain regions, BOK Financial Corporation's assets total \$24 billion. While BOK Financial can trace its roots back to loaning money to those in the oil industry, the holding company's customer base has expanded to include consumers and a variety of businesses. This diverse customer base, partly a result of a large geographic footprint and partly a result of an effective strategy, has sustained BOK Financial throughout the economic challenges in recent years.

One of the seven banks under the umbrella of BOK Financial Corporation is Bank of Oklahoma, the FedACH customer that was first to use the FedACH SameDay Service earlier this year. Looking more closely at Bank of Oklahoma, it is not at all surprising that an institution with a history of first-of-its-kind innovations was ready to take advantage of the first material change in ACH schedules in 35 years. With a reputation for delivering responsive customer service, Bank of Oklahoma has provided its customers with an array of ACH products and services ranging from origination of any SEC code to debit blocks to online reporting of incoming ACH



photo of the Bank of Oklahoma in Tulsa, Oklahoma. Located in the new Tulsa Hills shopping center on South 71st Street and Highway 75.

items, and the list goes on. According to Debi Briscoe and Candice Williams, senior product manager and assistant vice president, respectively, the bank offers a full range of ACH services to customers large and small.

Teamwork and Training Are Essential

For Williams, who has responsibility for the bank's ACH operations area, working closely with Briscoe and her staff in treasury services is a critical component to managing daily operations and customer service issues. Briscoe echoes that sentiment, underscoring the need for treasury services to stay abreast of new ACH products as well as rules and regulatory changes in order to best serve the bank's customers and to support the commercial client services area that has responsibility for fielding customer inquiries.

Key to keeping staff in each area of the bank knowledgeable and able to respond to inquiries are the bank's training programs, many of which rely upon the resources from Bank of Oklahoma's regional payments association, EPCOR. While EPCOR serves as a

reliable source of periodic training, Williams acknowledged that, “with seven AAPs on staff, and nearly 200 years of ACH experience within the bank, experience allows us to handle many cus-

“Same day credits would be awesome, and I have high hopes that we will get more participants.”

tomers inquiries.” “But,” she continued, “EPCOR is always there for us, particularly when questions come up concerning more recent ACH rules changes.”

Speaking of rules changes, Briscoe confirmed the bank has a well-documented process for deciding whether to offer origination of a particular transaction type. This process includes a close analysis of any new SEC code, a thorough risk assessment, and a review of any necessary contractual or operational changes. Also factored into the decision is customer demand for the product, as evidenced in the bank’s recent offering of mobile banking. While this service has been available to customers for a short time, Briscoe said that reception of mobile banking has been tremendous.

High Hopes for Same-Day Service

Bank of Oklahoma is now hoping to see the FedACH SameDay Service thrive. When the service launched earlier this year, Williams said the bank went through its usual vetting process and, after identifying no downside risks, Bank of Oklahoma signed up for and used the same-day ACH service. The plan was to get an early start with low volume so that any minor problems could be resolved before adding more transaction types or experiencing increased volumes.

Since signing up, the bank has kept a watchful eye on the list of participants, hoping to see the names of other financial institutions with which it exchanges ACH volume. As Briscoe matter-of-factly

stated, “We have to have players in the game for our customers to originate ACH items to, and we remain confident that we will get there.” The bank has customers who keep up with the payments industry and who have been anticipating the availability of a same-day ACH, so the customer demand is clearly there. Thinking more about the need for growing participation in the service, Williams said, “Same day credits would be awesome, and I have high hopes that we will get more participants.”

ACH Growth Is Inevitable

Bank of Oklahoma has been successful in promoting ACH services to customers through a number of channels. With a Web site that provides information on various ACH product offerings, existing and prospective customers have 24/7 access to information on the bank’s services. Perhaps more important, though, is Briscoe’s claim that for the treasury sales team, “ACH is one of their lead products. Whenever they talk to a prospect, ACH is always foremost because so many people need it and want it.”

The bank also sponsors internal promotions on a periodic basis and offers incentives to its sales force for selling specific ACH services. These incentive programs have proven to be quite successful for the bank’s ACH business. In considering the future of ACH at Bank of Oklahoma, both Briscoe and Williams expressed their desire to see new customers and growth in volume for existing customers. As we have heard so many times before, Williams went on to say that, “As checks and other payment methods continue to decline, ACH volume and all electronic payments will only grow.”

Given the bank’s belief that ACH is among the easiest services to sell along with a commitment to identifying new ways to use the ACH network as a benefit to customers and to Bank of Oklahoma itself, it seems inevitable that ACH volume will grow. Perhaps Briscoe summed it up best when she said, “Our goal is always to know what’s coming in the industry, what our customers need, and how to make our offerings better and more responsive to their needs.” ■

New International Service for Transatlantic Payments

October 25, 2010, was a landmark for FedACH Services: that was the day on which the Federal Reserve Banks and Equens processed the first ACH payments between the United States and Europe using a new standardized channel for low-value cross-border payments. The collaboration between these two organizations began in 2009 and enables U.S. financial institutions to send payments in U.S. dollars, euros, and British pounds to 22 countries across Europe via FedGlobal ACH Payments. Banks across Europe can send U.S. dollar payments via Equens to the United States.

The new channel for cross-border payments represents the first live implementation of the payments framework of the International Payments Framework Association, a collaborative effort involving public and private payment groups around the world to standardize and improve the efficiency of low-value cross-border payments.

In just the first eight days of the new service, nearly 1,700 payments valued at \$13.5 million were processed. For a complete list of countries served, and to find out how you can take advantage of the efficiencies offered by FedGlobal ACH Payments, contact your FedACH sales specialist. ■



- Following the introduction of the FedGlobal ACH Payments Account-to-Receiver (A2R) service earlier this year, FedACH customers now have access to a resource guide designed to assist financial institutions in their efforts to offer remittance services. Available on FRBservices.org, the guide features facts and figures about the remittance market to Latin America, ideas on developing a business case and marketing plan, and information on regulatory compliance requirements. Account-to-receiver payments are an option available to any FedACH customer acting as an ODFI, so don't miss your opportunity to offer this service to your customers.
- Payments 2011 is just months away, and we hope to see many FedACH customers in Austin, Texas, during the conference. We invite you to drop by our booth to talk with our account executives and product managers about FedGlobal ACH Payments, FedACH Risk Management Services, FedEDI Plus Service and FedACH SameDay Service and to ask any other FedACH questions you have. In addition to our booth presence, the Fed will also have a number of speakers during the conference. The topics vary widely, and we encourage you to attend those sessions you find most intriguing. Look for details in the next issue.
- After a major reorganization and redrafting of the *NACHA Operating Rules* referred to as simply "Rules Simplification," the 2011 *Rules* are expected to be easier to understand, easier to navigate, and generally speaking, more user-friendly. While the meaning of the Rules has not been altered, it is NACHA's hope that network participants will find compliance to be easier as well. For additional assistance in making the transition from the "old Rules" to the "simplified Rules," consider NACHA's publication, *Navigating the Simplified NACHA Operating Rules*, available at www.nacha.org.
- Congratulations to all who passed the Accredited ACH Professional (AAP) exam in October. We also applaud those who have retained and renewed their accreditations. If you would like to earn your AAP accreditation, the next exam period is set for October 10–29, 2011. In the meantime, visit www.nacha.org to find more information and to view a sample of a practice test.

FedACH Sales Specialists

Each of these account executives is an ACH resource expert and is dedicated to helping customers find just the right FedACH solution. We encourage you to contact the sales specialist for your district.

Atlanta	Nedelka Bell, AAP	816.881.2735
Boston		
New York	Lance Wagner, AAP	816.881.2498
Chicago	Robb Woldman, AAP	213.683.2468
Minneapolis		
San Francisco	Lance Wagner, AAP	816.881.2498
St. Louis	Susan Bivens, AAP	901.496.0626
Dallas	Matt Davies, AAP	214.922.5259
Cleveland	Lance Wagner, AAP	816.881.2498
Kansas City		
Philadelphia	Carol Chartrand, AAP	215.574.3414
Richmond	Della Tate, AAP, CTP	443.725.4675

Did You Know?

More U.S. Noncash Payments Now Electronic

According to the results of the Federal Reserve's 2010 study of noncash payments, consumers have demonstrated their growing acceptance of electronic alternatives for payments in the United States. The data showed that the proportion of electronic payments to overall non-cash payments increased from 67.9 percent to 77.6 percent in the last three years. Sixty percent of all noncash payments in 2009 were made with debit, credit, or prepaid cards, and ACH payments represented 17.5 percent of noncash payments. A study of check volume revealed that both the number of, and the value of, checks written declined between 2006 and 2009; however, the percentage of checks cleared electronically has more than doubled in that time. Perhaps not at all surprising to this audience is the fact that the number of business-to-business (B2B) checks declined only slightly in the three years when compared with the overall decline in checks written. The obvious conclusion is that there is still work to be done to convert B2B check volume to electronic payments.

For those interested in more findings of this latest research effort, a summary report of the 2010 Federal Reserve Payments Study is available at FRBservices.org. Detailed reports on the individual studies will be available in early 2011. ■



FEBRUARY 2011

Information Interchange 2011

February 6–8, 2011

www.eastpay.org

St. Petersburg, FL

Southern Financial Exchange's

21st Annual Conference & Expo

April 12–14, 2011

www.sfe.org

Biloxi, MS

MARCH 2011

Electronic Payments Conference 2011

March 21–23, 2011

www.wacha.org

Wisconsin Dells, WI

EPCOR Payments Conference

April 19–21, 2011

www.epcor.org

Columbus, OH

APRIL 2011

Payments 2011

April 3–6, 2011

www.nacha.org

Austin, TX

JULY 2011

The Payments Institute 2011

July 10–13, 2011

www.nacha.org

Washington, DC

A New Year Brings New Risk Services to FedACH Customers

There are countless ways to mark the beginning of a new year, but those of us working to provide FedACH Services to our customers will celebrate the newest release of FedACH Risk Services. More than 1,100 customers have already discovered that the FedACH Risk RDFI File Alert Service can help alert RDFIs to potential fraud attempts, significant origination errors, or both by monitoring FedACH output files—one file at a time—without interfering with or delaying payments processing. As of February 5, 2011, those customers and others will have access to the expanded service offering that will be known as the FedACH Risk RDFI Alert Service.

The RDFI Alert Service will offer FedACH customers all the benefits currently available to them for file monitoring and will expand their monitoring capability to include scanning and notification for designated fields at the file, batch, and item levels. E-mail alerts or notifications will be triggered when the established criteria are met. While at least one monitoring criterion must be set, multiple criteria may be set, and in those

instances an alert will result when all defined criteria are satisfied. Criteria may be defined using one or more of seven possible transaction source and type variables including Company ID and SEC Code. As part of the RDFI Alert Service, an Alert Scan Result screen will enable RDFIs to research alert notifications, to view item-level information, and to derive return items using FedLine Web.

If your institution is interested in taking advantage of the FedACH Risk RDFI Alert Service, please contact your FedACH Sales Specialist or your FedACH Central Operations Support Site using the contact information provided in this publication. ■



Customer Support Information

For FedACH Customers in these Districts

Boston (1)

New York (2)

Philadelphia (3)

Cleveland (4)

Richmond (5)

Atlanta (6)

Chicago (7)

Central Operations Support Site

Federal Reserve Bank of Atlanta

1000 Peachtree Street, N.E.

Atlanta, GA 30309-4470

Toll Free: 866.234.5681

Local: 404.498.8902

E-mail: achoperations.atl@atl.frb.org

For FedACH Customers in these Districts

St. Louis (8)

Minneapolis (9)

Kansas City (10)

Dallas (11)

San Francisco (12)

Central Operations Support Site

Federal Reserve Bank of Minneapolis

90 Hennepin Avenue

P.O. Box 291

Minneapolis, MN 55480-0291

Toll Free: 866.234.5681

E-mail: mpls.achcustserv@mpls.frb.org

Health Care Payments and the ACH

Earlier this year, NACHA began working with standards bodies and key organizations to facilitate broader health care industry adoption of electronic payments and remittance processing through the ACH network. Serving as project lead for these efforts is **PRISCILLA HOLLAND**, a senior director at NACHA. Holland has been with NACHA for 14 years with a background in standards development—X12 and XML—as well as having served as vice president and senior product manager over electronic products at a large commercial bank before coming to NACHA. We talked recently with Holland about the efforts she is leading and what financial institutions might need to know as recent legislation affects health care payments. Days before we talked, the National Committee on Vital and Health Statistics met with NACHA and others to continue discussions on standards and operating rules for electronic funds transfers and remittance advices. As the results of this meeting will not be available until early 2011, we fully intend to follow up with Holland at that time to gather additional information to share with our readers.



HOW WOULD YOU DEPICT THE CURRENT STATE OF HEALTH CARE PAYMENTS IN THE UNITED STATES? I would say that the current state of health care payments is one of change and of opportunity. With legislation mandating that all Medicare payments be handled via electronic funds transfer by January 1, 2014, change is inevitable. The opportunity arises as the health care industry looks for ways to automate the way things are done in order to help reduce the administrative costs associated with payment processing.

WHAT OPPORTUNITIES DO YOU SEE FOR THE ACH NETWORK TO PLAY AN INCREASING ROLE IN HEALTH CARE PAYMENTS? There are an estimated 400 million health care payments made from health care plans to providers each year, and current estimates are that only 10 percent of those payments are made electronically. The U.S. Healthcare Efficiency Index has estimated that moving all health care payments to Direct Deposit could save \$11 billion annually.

NACHA HAS ESTABLISHED A NUMBER OF RESOURCES AND EFFORTS AROUND HEALTH CARE PAYMENTS. WHAT ARE NACHA'S GOALS AT THIS POINT? NACHA's focus on health care is multi-faceted and I will try to briefly explain the various facets. First, we have established a rules work group that is already working on proposed changes to the NACHA Operating Rules to support health care payments. Education, of course, is a key component in all of NACHA's undertakings. We have established the Healthcare Payments Resources

page within NACHA's Web site, and we have held well-attended teleseminars to discuss HITECH, with more to come in 2011. There will be a dedicated health care track of educational sessions at PAYMENTS 2011, and we will continue to develop various resources around health care and implications for the financial services industry.

Another of NACHA's typical roles is one of advocacy and collaboration, and we will continue to serve in that role when addressing health care payments. As such, we will work with with the Council for Affordable Quality Healthcare (CAQH) to promote Committee on Operating Rules for Information Exchange (CORE) Operating Rules as the platform for the development of health care operating rules. Additionally, we will maintain dialogue with the ACH operators about infrastructure requirements while continuing our efforts to conduct a series of interviews, in conjunction with CAQH, of health care industry participants—health plans, health care clearinghouses, providers, vendors and financial institutions—to assess business models and requirements of plans and providers. Last, but not least, we will seek additional ways to represent the financial institution community in health care initiatives.

FOR THOSE LESS FAMILIAR WITH THE VARIOUS PIECES OF HEALTH CARE LEGISLATION, COULD YOU PROVIDE A SORT OF PRIMER? There are essentially three pieces of legislation to which we are responding in one way or another. The first of these is the Health Insurance

Portability and Accountability Act of 1996 (HIPAA), which provides federal protections for personal health information held by covered entities and grants patients various rights with respect to that information. The Health Information Technology for Economic and Clinical Health (HITECH) Act was enacted in 2009 and is intended to promote the adoption and meaningful use of health information technology. Last, the Patient Protection and Affordable Care Act (PPACA) of 2010—often referred to as “health care reform”—includes numerous health-related provisions scheduled to take effect over a four-year period. Each of these will have an impact on financial institutions’ efforts to achieve the objectives laid out in administrative simplification of healthcare.

WE HAVE HEARD SOME DISCUSSION ABOUT THE EXPANSION OF HIPAA REQUIREMENTS TO ACH NETWORK PARTICIPANTS. WHAT CAN YOU TELL US ABOUT THIS?

The typical financial institution may continue to receive health care payments to providers in the CCD+ format, pass along the re-association key in the “+” addenda record, and experience no major impact. The CCD+ does not carry protected health information and is within the guidelines of “minimum necessary” for payment processing. To receive and post the CCD+ payment, the financial institution would not need a business associate agreement that would, by definition, require HIPAA compliance. Any decision to provide additional services—beyond the basic payment—to a health care provider will require the financial institution to fully understand the impact and requirements of HITECH, HIPAA, and PPACA.

THERE IS TALK OF POSSIBLE EFFORTS TO ROLL BACK SOME COMPONENTS OF THE RECENT HEALTH CARE LEGISLATION SINCE THE NOVEMBER ELECTIONS. DO YOU HAVE ANY REASON TO THINK THAT THE PROVISIONS SURROUNDING THE ELECTRONIFICATION OF PAYMENTS ARE AT RISK?

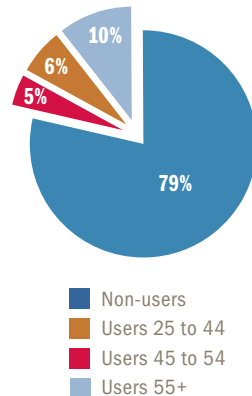
No, not at all, since there is no funding required in Section 1104—Administrative Simplification—of the legislation, and the industry can achieve substantial cost savings by moving ahead with its efforts. Currently, between 20 and 40 cents of each dollar spent on health care is used to cover administrative costs, so the potential savings are significant.

WHAT RESOURCES ARE AVAILABLE TO ACH NETWORK PARTICIPANTS INTERESTED IN FINDING OUT MORE ABOUT HEALTH CARE PAYMENTS AND THE ACH?

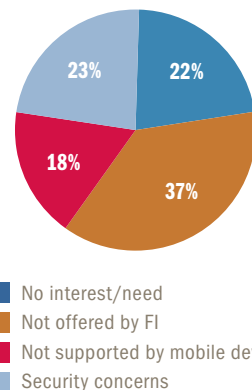
NACHA has created a health care payments resource that we will continue to maintain and update as new information becomes available. This resource page can be found on NACHA’s site at www.nacha.org/c/HealthcarePaymentsResources.cfm. ■

We appreciate the responses we received to our brief online survey on mobile banking in July. With fewer than 100 responses, we acknowledge the lack of statistical significance but found the results interesting and wanted to share them with our readers.

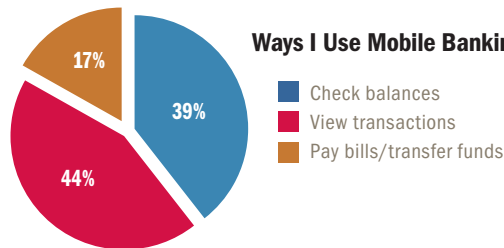
Mobile Banking Users



My I Do Not Use Mobile Banking



Ways I Use Mobile Banking



FedACH Services Performance Measures

YEAR-TO-DATE THROUGH 3RD QUARTER 2010

PERFORMANCE QUALITY MEASURE

99.99%

Transaction files processed and available timely
Online transaction files processed and delivered electronically by the scheduled delivery times

100%

ACH service availability (uptime)
Percentage of time FedACH service was available

100%

Research and trace requests resolved timely
Accounting and billing research requests and trace requests concerning ACH items or files responded to within 24 hours

2011 FedACH Services Fee Schedule¹

ORIGINATION

Item in small file (<2,500 items)	\$0.0030
Item in large file (>2,500 items)	\$0.0025
Minimum fee-forward origination	\$0.01-\$25.00 /Month

RECEIPT

Volume Discounts (excluding SameDay items)	\$0.0025
Items 1,000,001 – 25,000,000 per Month	\$0.0007
Per Item When Volume Exceeds 25,000,000 per Month	\$0.0009
Minimum fee-receipt	\$0.01 - \$15.00 /Month
Addenda Record	\$0.0015
Web-originated Return / NOC	\$0.30
Facsimile Exception Return / NOC	\$30.00
Voice Response Return / NOC	\$3.00
Automated NOC	\$0.15
Account Servicing	\$37.00 /RTN /Month
FedACH Settlement	\$45.00 /RTN /Month
FedACH Information File	\$75.00 /RTN /Month
IAT Output File Sort	\$35.00 /RTN /Month

FEDACH SAMEDAY SERVICE

Origination	
Forward item in a small file / large file	\$0.0030/\$0.0035 (surcharge)
Addenda record	\$0.0015 (surcharge)
Return item in a small file / large file	\$0.0030 / \$0.0025 (discount)
Receipt	
Forward or return item	\$0.0025 (discount)
Addenda record	\$0.0015 (discount)

FEDACH RISK ORIGINATION MONITORING SERVICE

Monitoring Criteria (per set of criteria)	
For sets 2-20 per Month	\$8.00
For sets 21-150 per Month	\$4.00
For sets 151 and above per Month	\$1.00
Batch Monitoring	\$.0025 /Batch

FEDEDI PLUS SERVICE

Standard Scheduled Report	\$0.20/report
Standard On Demand Report	\$0.75/report
Premier Report	\$10.00/monthly report \$0.50/daily report
Encrypted e-mail	\$0.20/e-mail
Report delivery via FedLine File Channel	\$0.30/report

FEDGLOBAL ACH PAYMENTS

Canada Service	
Item Originated to Canada	\$0.62 (surcharge)
Return Received from Canada	\$0.99 (surcharge)
Trace of Item at/not at Receiving Gateway	\$5.50/\$7.00

Latin America Service

A2R Item Originated to Latin America	\$4.40 (surcharge)
Return Received from Latin America	\$0.72 (surcharge)
Item Trace	\$5.00

Mexico Service

Item Originated to Mexico (including F3X)	\$0.67 (surcharge)
Item Originated to Mexico (including A2R)	\$3.45 (surcharge)
Return Received from Mexico	\$0.91 (surcharge)
Item Trace	\$13.50

Panama Service

Item Originated to Panama	\$0.72 (surcharge)
Return Received from Panama	\$1.00 (surcharge)
Item Trace	\$7.00
NOC	\$0.72

Europe Service

Item Originated to Europe (including F3X)	\$1.25 (surcharge)
Return Received from Europe	\$1.35 (surcharge)
Item Trace	\$7.00

¹ Refer to www.frb services.org for additional details

FedACH Services Performance Measures

YEAR-TO-DATE THROUGH 3RD QUARTER 2010

FedACH VOLUME STATISTICS	VOLUME (000)	DOLLAR VALUE (000,000)
Commercial Forward Value Items Originated	7,611,972	\$12,461,397
Government Forward Value Items Originated	930,358	\$3,365,019
Commercial Return Items Originated	79,985	\$41,271
Government Return Items Originated	3,670	\$10,313
Total Commercial and Government Non-Value Items Originated (includes NOCs, DNEs, ENRs, prenotes and zero-dollar entries)	82,173	N/A
TOTAL ITEMS ORIGINATED	8,708,158	\$15,878,000

Tell Us What You Think

Has your institution considered using FedACH SameDay Service?

Are you one of the early subscribers for this innovative service?

Are you aware of the benefits of using FedACH SameDay Service?

Share your feedback with us by clicking on the following link to take a short survey, and check out the next issue for survey results.

<http://www.frb services.org/app/capture/survey.do?id=2136>

