

ELECTRONIC CURRENTS

March 1995

News and Views
on
Electronic Services

Expect Changes in Fedline, EDITH Deadlines for Entering TT&L Advices of Credit



Approximately 800 corporate taxpayers nationwide—those with annual employment taxes of more than \$78 million—were required to submit their tax payments electronically through a financial institution or a Treasury fiscal agent effective Jan. 1, 1995.

The directive was a first in a six-phase plan to convert

the current paper-based tax payment system to electronics by the year 2000. The second phase of the electronic tax initiative—affecting those corporate taxpayers with employment taxes in excess of \$47 million—will take effect on Jan. 1, 1996.

Currently, financial institutions have three alternatives for initiating electronic payments:

ACH Credit, ACH Debit or Fedwire Funds Transfer. Beginning April 1, 1995, the Electronic Tax Application and a new non-value Fedwire Funds Transfer message will also be available for institutions to submit tax payment

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1995 NACHA Rules Changes Announced

Beginning April 14, 1995, seven NACHA rules changes will take effect. Financial institutions are encouraged to review the complete description of the changes included in the 1995 edition of *ACH Rules: A Complete Guide to Rules and Regulations Governing the ACH Network*. For your convenience, a summary of the amendments follows.

Opening of Business Availability on Consumer PPD Credits

The receiving financial institution (RDFI) must *make*

funds available to consumers at the opening of business on settlement date for PPD credit entries which the ACH operator has made available by 5 p.m. local time on the banking day prior to the settlement date. The rule defines “opening-of-business” as the later of 9 a.m. local time or the time its teller facilities—including ATMs—are available for customer account withdrawals. This definition is consistent with Regulation CC. One additional note: Though this rule requires funds to be made available to the consumer for withdrawal or

cash withdrawal at the opening of business on settlement day, it does not specifically include withdrawals from ATMs.

Affidavit Requirements and Time Limitations

An RDFI must obtain a signed written affidavit from a receiver prior to returning an entry as R10 (unauthorized) or as R07 (authorization revoked). The originating financial institution, or ODFI, may request a copy of the affidavit within one

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Fedline's Spring Training Begins Soon

Below are the training sessions scheduled for the second quarter of 1995.

Date	Class	Location
April 10	Fedline ACH Origination Training	St. Louis
April 11-13	Fedline Training	St. Louis
April 25-27	Fedline Training	Memphis
May 9	Fedline ACH Origination Training	Memphis
May 10-12	Fedline Training	Memphis
May 16-18	Fedline Training	St. Louis
June 13	Fedline ACH Origination Training	St. Louis
June 14-16	Fedline Training	St. Louis
June 20-22	Fedline Training	Memphis

As a reminder, the introductory Fedline training sessions last three days—one-half day for Local Security Administration (LSA) training and two-and-a-half days for Fedline training. The ACH Origination sessions are one-day sessions for current Fedline customers. Each financial institution may send two staff members to a training session.

For cost information, or to register for a class, please contact Customer Access Support at (314) 444-8680 or toll-free at 1-800-333-0869.

Take Time Now To Save Time Later

By the end of last year, all of our Fedline customers had converted to the 800 number connecting them to Fed services via the new consolidated National Dial Center (NDC). The NDC will support dial line speeds up to 14.4 kbps—which reduces your overall connect time.

The faster modem speed is now available for any customer

using the AT&T Paradyne 3820 modem. In addition, new modems currently being delivered by AT&T have been configured to connect at the 14.4 kbps speed. If you've had a modem for some time, however, chances are you're still connecting at 9600 bps. To check your speed, watch the modem display during a host communication. At some point, the display will show either ONLINE: 9600 or ONLINE: 14.4.

If you are connecting at 9600 bps and would like to have your modem reconfigured to connect at 14.4 kbps, you have two options: One, you may call AT&T at 1-800-237-0016 and request that the new configuration be down-

loaded to your modem. Be sure to have your model number, serial number and modem telephone number handy. Or, call us at (314) 444-8711 or toll-free at 1-800-333-0861 and press "1" for Customer Access Support. Ask the Fedline support staff member to help you reconfigure your AT&T Paradyne 3820 to connect at 14.4 kbps. We'll walk you through the change, which takes about five minutes.



ELECTRONIC News Briefs

Thanks Again

The following customers volunteered their time and personnel to participate in the Jan. 7 contingency test—the only test held during the first quarter of this year. Many thanks to all who participated.

Magna Bank; Belleville IL
Mark Twain Bank; St. Louis, MO
Old National Bank; Evansville, IN
City Bank and Trust Company
of Moberly; Moberly, MO
Pine State Bank; Kingsland, AR
Midwest Independent Bank;
Jefferson City, MO

If you would like to participate in future tests, please call Barb Mettelle of Customer Access Support at (314) 444-8711 or toll-free at 1-800-333-0861.

Fed Introduces Improved Dial-Out Service

The Fed's Dial-Out Overnight Manager (DOM) service enables the Fed's host computer to call your Fedline terminal overnight. DOM was just introduced in late 1994, but already there is a way to make it even more convenient and secure for our customers to use.

We now offer the flexibility to choose a specific timeframe or window during which the DOM service will transmit traffic—messages and files—to your Fedline terminal. For even more security, there are also options available under Host Communications to store messages.

Remember, it's easy to take advantage of this free service:

- leave your Fedline terminal on overnight with the "Fedline Local Sign On" screen showing. We suggest turning the monitor down so the screen appears blank;
- have a compatible modem; and
- have a dedicated telephone line.

To sign up for the DOM service, or for more information, please contact Customer Access Support at (314) 444-8711 or toll-free at 1-800-333-0861.

Coming Soon... Fed ACH

Later this year, the Federal Reserve will begin the transi-

tion of each district's individual ACH software to a centralized ACH software, Fed ACH. A schedule for converting each district will be announced soon.

Good things are in store after the Eighth District has converted to Fed ACH: Customers will be able to request additional deliveries of ACH items "on-demand."



In addition, after all of the Fed districts have converted, we'll offer customers many new features, including continuous-flow processing as well as quick online access so you can trace items and files or request remakes. You'll also be able to view the most current information on the Commercial Receiver File (CRF) as well as your own customer profile.

As with any major software conversion, our plan is to ensure a smooth transition by providing information well in advance of changes. So keep an eye out for customized bulletins that will include specific information you'll need to prepare for the changes, as well as how to take advantage of the new features. Bulletins can be identified by a purple version of the logo you see above.

Attention Local Security Administrators

By now all Fedline and FlashLight® Local Security Administrators should have received new host user codes (HUCs) which conform to a standard format—HnXXXy; where:

H = the FRB Eighth District identifier

n = the Eighth District office identifier:

- 1 = St. Louis office
- 2 = Little Rock office
- 3 = Louisville office
- 4 = Memphis office

XXX = the user's initials

5 or 6 = an indicator that the HUC belongs to a financial institution user, and

y = a numeric tie-breaker in case of duplicate initials within the host system.

HUCs that do not conform to these standards will be removed from the system in the next few months. If any Fedline users at your institution do not have a standard HUC, please call Data Security at (314) 444-8711 or toll-free at 1-800-333-0861.

Deadline

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information for their customers. Each new option has a deadline of 2 p.m. local time as determined by the Reserve Bank's head office.

Regardless of when your institution is required to

submit tax payments electronically, Fedline® and EDITH® customers will be directly affected by the following deadline change. As a result of accepting electronic tax payments until 2 p.m., we will also extend until 2 p.m. the deadline for entry of the Advice of

Credit through EDITH and Fedline effective April 1, 1995. Please note that this later closing will prevent advance staging of the next day's Advices of Credit until later in the day, at approximately 4 p.m.

If you have any questions about the electronic tax payment

system or payment options, please call Kathy Stogner at (314) 444-8987 or toll-free at 1-800-333-0810, ext. 8987.

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year, and the RDFI must respond to that request within 60 days.

Single-Entry Reversals

The authorization requirement for single-entry reversals has been eliminated.

Wording for Sixty-Day Right-of-Adjustment

The language describing the timeframe for an RDFI to return an adjustment entry for an unauthorized consumer

transaction was modified to be consistent with the description for return timeframe deadlines.

Self-Audit Procedures for Funds Availability

The funds availability section of the self-audit procedures was changed to include the new rule for opening-of-business availability of consumer PPD credits.

Unauthorized Corporate Credits

Return reason code R23 has been clarified and renamed to

include the return of unauthorized corporate credits.

Notifications of Change

An RDFI is now able to identify itself in the Notification of Change format when it purchases branches or accounts from another RDFI.

By applying the NACHA rules to your operation, you can reduce processing errors as well as improve the quality and efficiency of the ACH system for

you, your customers and other financial institutions.

If you have any questions about these changes, contact John Hargett at (314) 444-8713 or toll-free at 1-800-333-0810 ext. 8713.

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