

Nacha Rule Changes:

## 1) Fraud Monitoring

Phase 1 Effective Date: March 20, 2026

Who is Impacted:

- All Originating Depository Financial Institutions (“ODFI”)
- Non-Consumer Originators, Third-Party Service Providers (“TPSP”), and Third-Party Senders (“TPS”) with annual ACH origination volume of 6 million or more in 2023

Phase 2 Effective Date: June 19, 2026

Who is Impacted:

- All other non-Consumer Originators, TPSP, and TPS regardless of volume

What’s Changing?

- This rule amendment will require all ODFI, and each non-Consumer Originator, Third-Party Service Provider, and Third-Party Sender with annual ACH origination volume outlined in Phase 1 above to establish and implement risk-based processes and procedures reasonably intended to identify ACH Entries initiated due to fraud by March 20, 2026. Phase 2 will apply to all other non-Consumer Originators, TPSP, and TPS regardless of ACH volume.
- This expands beyond current requirements which only applied to WEB debits and Micro-Entries to all transaction types.
- The standard shifts from “commercially reasonable detection system” to “processes and procedures reasonably intended to identify fraud.”
- Monitoring is not required pre-processing, but processes must be reviewed at least annually.

Why This Matters

- The amendment is intended to reduce the incidence of successful fraud attempts and improve the recovery of funds.
- Regular monitoring helps establish normal activity patterns, making unusual transactions easier to spot.

Action Steps

- Assess current fraud monitoring practices
- Develop or update risk-based processes to identify fraudulent entries
- Document and review annually to ensure compliance

## 2) Company Entry Descriptions

Effective: March 20, 2026

Who is impacted:

- All Originators must now apply two new standardized Company Entry Descriptions for specific transactions related to PAYROLL and PURHCASES.

What’s Changing?

- PAYROLL transactions

1. Applies to PPD Credit Entries for wages, salaries, and similar compensation.
  2. The Company Entry Description field must contain "PAYROLL."
  3. Helps RDFIs identify payroll transactions and mitigate payroll redirection fraud.
- PURCHASE transactions
    1. Applies to WEB debit Entries for e-commerce purchases (including recurring purchases first authorized online).
    2. The Company Entry Description field must contain "PURCHASE."
    3. Supports better identification of online purchase transactions.

#### Action Steps

- Update your systems to include these required Company Entry Descriptions for applicable transactions no later than March 20, 2026.
- You may begin using these descriptions as soon as practical.

For full details, please refer to NACHA's official rule amendment documentation or contact us with any questions.