



**National Association
of Federal Credit Unions**
3138 10th Street North
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

January 13, 2014

Maribel Bondoc
Manager, Network Rules
13450 Sunrise Valley Drive
Suite 100
Herndon, VA 20171

RE: Improving ACH Network Quality

Dear Ms. Bondoc:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I write to you regarding NACHA - The Electronic Payments Association's (NACHA) proposed rule regarding improving ACH network quality and reducing exceptions.

In summary, the proposed rule would set forth a system of economic incentives for originating depository financial institutions (ODFI) to improve the quality of their originated ACH transactions. The incentives would take the form of fees paid by the ODFI and passed through to the receiving depository financial institution (RDFI) to offset RDFI exception and customer service costs. The fees would apply where: an RDFI returns an ACH transaction due to incorrect account data; an RDFI corrects the information associated with an ACH transaction and sends the correction back; or an RDFI returns an ACH transaction due to a problem with the receiver's authorization.

NAFCU generally supports NACHA's efforts to improve ACH network quality and reduce the frequency of exceptions. NAFCU believes that RDFIs both bear significant costs associated with returned entries and have the least ability to influence the frequency of returns resulting from poor origination practices. Instead, the ACH participants responsible for originating potentially fraudulent or erroneous entries, ODFIs, originators, and third-party senders, are in a superior position to improve origination practices and safeguard the ACH from problematic entries.

NAFCU supports the proposed rule to the extent the proposed fees shift the costs associated with exceptions to the appropriate ACH participant. NAFCU encourages NACHA to ensure that any fees assessed are at a level that incentivizes enhanced origination practices without reaching a level that is unnecessarily punitive. This would include taking into consideration current market

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practices that incentivize accurate information to be obtained by the ODFI. NAFCU also seeks greater clarity on how these fees will be transferred from the responsible ODFI to the appropriate RDFI. NACHA should take a direct role in developing a timely and transparent system for transferring assessed fees between depository financial institutions, but should not withhold any portion of the fees for itself.

NAFCU appreciates the opportunity to provide our comments. Should you have any questions or concerns, please feel free to contact me at ameyster@nafcu.org or (703) 842-2272.

Sincerely,

A handwritten signature in black ink, appearing to read "Angela Meyster", with a long horizontal flourish extending to the right.

Angela Meyster
Regulatory Affairs Counsel