

# Your Regional Payments Associations: Surging ahead

By Amy Smith, AAP, CAE, President and CEO, The Payments Authority

What is a Regional Payments Association (RPA)? Covering the entire United States, Puerto Rico and Guam, RPAs are not-for-profit trade associations whose main membership includes the banks and credit unions within their market. One might consider RPAs the “grassroots” provider of the payments system leadership and support.

## Helping to manage the ACH network

All RPAs are direct members of NACHA–The Electronic Payments Association. They contribute to the success of the automated clearing house (ACH) network, which facilitates electronic commerce for an efficient, reliable and secure payments system. NACHA, led by member depository financial institutions and RPAs, fulfills this purpose by managing the development, administration and governance of the ACH network, as well as providing services and value to its members as the industry association responsible for ACH payments.

“One of the real strengths of the ACH network is the large number of financial institutions involved, thereby making it ubiquitous,” said Fred Laing II, AAP, CCM, president, Upper Midwest ACH Association (UMACHA). “The RPAs are the ones that bring the diverse positions of all those members together to ensure the network meets the needs of all,” Laing added.

On behalf of their members, RPA staff sit side by side with NACHA through participation on councils, standing committees, task forces, NACHA’s Board of Directors, the AAP Blue Ribbon Panel, payments conference planning committees and the Payments Institute Board of Regents and Faculty.

## RPAs: Growth by the numbers

19	Regional associations located throughout the United States
11,500+	Banks and credit unions that are members of RPAs
700+	Companies and other organizations that are members of RPAs
42,500+	Support phone calls received annually by the RPAs
50,000+	Payments professionals who attend over 1,800 workshops and teleseminars offered by the RPAs
600+	Required annual ACH audits completed for depository financial institutions by RPAs

Source: The Payments Authority in 2006 survey of Regional Payments Associations

## Aligning resources for membership support

RPAs frequently work with the Federal Reserve Banks on industry and regional initiatives. RPAs support a number of Federal Reserve initiatives, including the development of online customer authorization forms, participation at Directo a México Roadshows, speaking opportunities at conferences, hosting cross-border teleseminars and the sharing of content for publications. Together with the Reserve Banks, NACHA and the RPAs provide the country’s payments professionals with the tools and resources they need to do an effective job.

Donna M. Hobday, AAP, vice president of Cash Management and Electronic Services at Century Bank and Trust in Coldwater, Michigan, touted the benefits of membership by stating, “RPAs are a great resource and they’re always there to help provide an understanding of industry trends, payments types and new processes.” She added, “I believe the biggest role RPAs play is to weave a web of information that connects a financial institution to both its corporate customers and to its retail customers. It’s important that all three players are integrated and each has a full understanding of the options available within the payments industry, which helps everyone and in turn helps the network.” Hobday concluded by adding, “I would highly recommend utilizing your regional payments association.”

## Realizing the benefits of membership

So what does this all mean? RPAs distribute, explain and help to enforce the ACH rules. Undeniably, your RPA is an important resource for your operations staff, assisting with rules interpretation, technical guidance and help with ACH-related questions. Although each of the RPAs is a separate organization, there are a number of other key membership benefits that provide a common link: payments system education, marketing support and guidance, plus publications and online resources, to name a few. Members count on their RPAs to be their subject matter experts, sharing a common goal—to increase the use and awareness of electronic payments.

“One of the benefits of a RPA membership is the education value it provides, especially in today’s environment with the convergence of payments,” noted Mary M. Gilmeister, AAP, president of WACHA–The Premier Payments Resource. “The training that is provided helps a financial institution reduce losses, work more closely with its corporate customers, and reduce its risk and be compliant with the regulators as the network expands,” she added.

The benefits of membership in your RPA are many, for financial institutions and companies alike. Members realize continual growth in ACH volumes and therefore experience the maximum efficiencies and cost savings that the ACH network offers—increased income, lower costs, reduced risk and improved customer relations.

## Continuing the growth of the ACH network

According to NACHA statistics,<sup>1</sup> the ACH network grew by 15.6 percent in the fourth quarter of 2006, compared to the previous year. More than 3.24 billion transactions—worth more than \$6.75 trillion—were processed during the quarter, representing a growth rate of 8.1 percent over the same quarter of 2005. Included in these totals were the five ACH e-check applications that represent a combined total of 1.2 billion transactions (shown in Figure A).

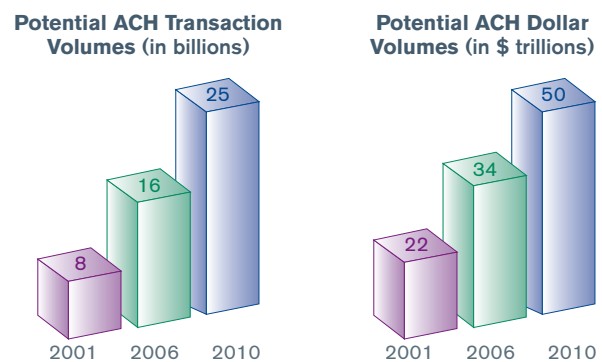
According to recent estimates from NACHA, potential ACH transaction and dollar volumes (shown in Figure B) are expected to increase rapidly over the course of the next three years, just as they have since 2001.<sup>2</sup>

Figure A

Electronic-check application	ACH Volume
ARC (accounts receivable check conversion)	613.2 million
WEB (consumer Internet initiated debits)	382.4 million
POP (point-of-purchase check conversion)	86.4 million
TEL (consumer telephone initiated debits)	76.2 million
RCK (re-presented check)	5.2 million

Note: These statistics include commercial inter-bank and government transactions, but not “On-Ups” transactions.  
Source: NACHA–The Electronic Payments Association

Figure B



Later this year, the Federal Reserve Banks will release the results of their payments studies currently underway to examine the nation’s check and electronic payments usage (see article on page 8). All indications point to the continuing—and accelerating—migration to electronic payments.

“With the extreme growth of the ACH network, education has never been more important for a financial institution in compliance and its management of risk,” summed up Holly Merrill, AAP, president and CEO of Payments Resource One.

## Positioning your institution as a leader

Look to your RPA for the expertise and guidance your organization needs to be a leader in the payments industry. To learn more about the associations and to locate one nearest you, visit [www.nacha.org](http://www.nacha.org) for a complete listing and an interactive locator map.

The Federal Reserve Banks welcome interesting and applicable articles or information from industry partner perspectives. The views presented in this article are those of the author and do not necessarily reflect the views of the Federal Reserve Banks.

<sup>1</sup>Fourth quarter 2006 statistics posted online at: <http://www.nacha.org/news/Stats/stats2006/4th%20Quarter%202006.pdf>.

<sup>2</sup>NACHA; 2006 and 2010 figures estimated by NACHA based on current growth rate. See <http://www.nacha.org/docs/Facilitating%20Commerce,%20Electronically%20-%20A%20Strategic%20Plan%20for%20the%20ACH%20Network%20and%20NACHA%20-%202006-2010.pdf>