



Financial Services Policy Committee

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FOR IMMEDIATE RELEASE

New FedACH RiskSM Origination Monitoring Service to Premiere at NACHA's Payments 2006 Conference

Minneapolis, May 1, 2006—The Federal Reserve Banks will introduce its latest in a suite of services that provide depository financial institutions (DFIs) with tools to help them mitigate ACH risk, at the NACHA Payments Conference in San Diego. The FedACH Risk Origination Monitoring Service is a first-of-its-kind service in the ACH industry, providing enhanced control, flexibility and automated ease in monitoring the risks associated with originating ACH transactions.

Features that distinguish this new service include the ability to:

- Customize monitoring criteria at the company ID level or for a specific routing transit number.
- Monitor accumulated totals over the origination processing day or multiple exposure days.
- Receive e-mail notification of batches pending due to breached caps.
- Set end-of-day defaults to reject or release pending batches in extraordinary situations where batches remain pending at end of day.

Over the course of a recently completed pilot phase, 12 originating depository financial institutions (ODFIs) tested the FedACH Risk Origination Monitoring Service. As a result, the service has been fine-tuned, and is now available for general release.

Says pilot phase participant, Mark Pregler, vice president and accounting manager at The First National Bank and Trust Company in Chickasaw, Oklahoma: "We jumped at the chance to participate in the service pilot. We needed an all-in-one monitoring system that would work seamlessly with FedLine AdvantageSM and also afford us the opportunity to mold and shape a product that would have a direct impact on our efficiencies as a community bank."

Because the FedACH Risk Origination Monitoring Service is available through the Federal Reserve Banks' flexible FedLine Web[®] or FedLine Advantage access solution via FedACH[®] Information Services (where DFIs see their settlement and file information), it is easy for ODFIs to implement and use. Authorized personnel can access ACH monitoring information from virtually any Internet connection. This configuration integrates with many other Federal Reserve Bank account management functions.

"Our institution uses a third party ACH originator who processes these transactions through our bank to the Fed," said Steve Mullens, SVP, First National Bank of Central Texas in Waco, Texas. "The originator has had problems in the past administering the file limits set by us and them due to problems with their internal data processing systems or through human error. The FedACH Risk Origination Monitoring System gives us a second layer of control outside our originator's system. The Fed's service is an independent, unaffiliated service that the bank controls and monitors."

Both NACHA's Payments 2006 conference attendees and visitors to the FedACH Risk Management Services Web resource center (www.frbervices.org/Retail/fedachRisk.html) will find an array of interesting and informative resources at their disposal to learn more about the FedACH Risk Origination Monitoring Service and ACH risk.

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Conference attendees visiting booth #820 can access an *ACH Risk Quick Quiz* and talk with their District FedACH Sales Specialist and some of the pilot participants. Visitors to the Web resource center can also access the quiz plus other resources, including an online seminar (coming mid-May) that explores the new service features in depth, new video “webisodes” on ACH risk and the FedACH Risk Origination Monitoring Service and an informative white paper addressing the need for better ACH risk monitoring.

The FedACH Risk Origination Monitoring Service is the latest addition to FedACH Services. The FedACH Risk Returns Reporting Service has been available to FedLine Web Subscribers since October 2003. Work continues on ACH risk management services for receiving depository financial institutions.



The Federal Reserve Banks are the nation’s largest ACH operator, handling over 8.5 billion ACH payments in 2005. FedACH operator services extend nationwide to all banks, credit unions, and thrift institutions and include receipt and distribution of payroll, bill payment, check-to-ACH payments as well as corporate and vendor payments. International ACH payments are among the Federal Reserve Banks newest value-added services.

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