Q3 2026

Payments Newsletter

For Treasury Customers

Nacha Rule Alert: New International ACH Transaction (IAT) Definition

Effective September 18, 2026, Nacha is broadening the definition of an IAT. If your business sends or receives automated clearing house (ACH) payments tied to accounts outside the U.S., this change may affect how those transactions are classified.

What is changing: The current rule covers payments through a "foreign bank." The new rule is broader, covering any "financial agency" outside the U.S., including non-bank entities such as foreign telecom or payment providers. As a result, some ACH payments once treated as domestic may now require IAT classification, and vice versa.

What this means for you: If your business regularly sends or receives payments involving accounts outside the U.S., even through a domestic-looking intermediary, it is worth reviewing that activity now. A transaction that used to clear as standard ACH could require IAT handling going forward.

What to do:

- Review recurring payments involving foreign parties, foreign vendors, or accounts held through a non-U.S. financial agency
- Confirm with your accounting, payroll, or payment software provider that their system reflects the new definition
- Contact your treasury or account officer if you are unsure whether a payment may be affected

This change takes effect automatically and requires no action on your part, but reviewing your activity ahead of September 18 can help avoid delays or reclassification surprises. For details, visit www.nacha.org.



Is Your Security Strong Enough?

Most companies build their ACH, wire, and remote deposit capture controls around how fraud used to work, but fraud does not stay still. A dual approval process built for a straightforward wire request, or a check review built for a forged signature, can quietly stop protecting the company once fraudsters shift tactics, often unnoticed until a loss occurs. According to the 2026 Association for Financial Professionals (AFP) Payments Fraud and Control Survey, 76% of U.S. organizations experienced attempted or actual payments fraud in 2025.

Checks remained the most targeted method, cited by 58% of respondents, followed by ACH debits (30%) and wire transfers (25%). Business email compromise, where a fraudster impersonates an executive, vendor, or customer to redirect a payment, affected 74% of organizations in 2025, a sharp rise from prior years.

Business email compromise is dangerous because it exploits routine, not a technical weakness. A finance team that always wires funds after a familiar email, or a payroll clerk who updates direct deposit on request, is simply following a pattern fraudsters have learned to exploit. Security built around "the way we've always done it" is exactly what fraudsters count on. The same AFP survey found that 48% of organizations under $1 billion in revenue, and 66% above it, reported financial losses from payments fraud in 2025.

Strong security is not a one-time setup. Periodically ask whether your approval process, verification steps, and staff training still match how fraud is actually attempted today. An untested callback procedure, a dual control step that has become a single click, or an unstressed wire verification process are gaps that go unnoticed until exploited. Treat your controls as something worth testing regularly, not taking for granted.



Keeping Your Team Ready for the Unexpected

Treasury exceptions move fast. A missed file, a returned ACH entry, a notification of change, or a needed reversal each carry deadlines measured in hours, not days. Documenting what happens when something goes wrong is one of the most valuable steps a treasury customer can take.

A documented exception procedure gives your team a plan instead of relying on one person's memory. If the usual ACH contact is out, a colleague can step in with confidence: what counts as a missed file, who to notify, the backup submission method, and how much time remains.

Missing an ACH File

Best Practices:

- Maintain a documented backup transmission process (secondary user, secondary system access) so a missed file isn't dependent on one person
- Know your same day cutoff times. Same Day ACH has three processing windows throughout the day (morning, afternoon, and a later afternoon submission deadline), so a file missed for standard next-day processing can often still be re-cut and submitted same-day if caught early enough
- Confirm Same-Day is enabled.

Reversing an ACH File or Transaction

Nacha rule requirements (per Nacha's official reversal guidance):

- A reversal may be **used only to correct an erroneous entry, including a duplicate payment,** incorrect amount, payment sent on the wrong date, or payment sent to an unintended account.
- The reversing entry **must be transmitted within five banking days after the Settlement Date of the erroneous entry**.
- Formatting: the word "REVERSAL" (all uppercase) must appear in the Company/Entry Description field, and the SEC Code, Company Identification, and amount must remain unchanged from the original entry; the Originator's name must remain readily recognizable to the Receiver.

Recovering from a Fraudulent ACH, Wire, or Check

Best Practices (Speed and Pre-Established Processes Are Everything):

- **Act within minutes/hours, not days**
- **Have a pre-agreed internal escalation path**
- **Publish "the number to call"**
- **Document everything in real time**
- **Debrief and feed findings back into monitoring**

The real value comes from training every employee on exception processing, not just the primary contact, so turnover, vacations, or bad timing never catch the company short. A regular review with more than one person comfortable handling each deadline keeps treasury operations running smoothly.

Contact First American Bank & Trust Commercial Services at cs@fabt.bank or 706-354-5063