

March 23, 2017

Maribel Bondoc  
Manager, ACH Network Rules  
NACHA, The Electronic Payments Association  
13450 Sunrise Valley Drive  
Herndon, VA 20171

Re: Request for Comment on IAT Topics – Date of Birth, and Split Payments

Dear Ms. Bondoc:

The American Bankers Association<sup>1</sup> (ABA) respectfully submits its comments to NACHA, the Electronic Payments Association (NACHA) on the IAT Topics – Date of Birth, and Split Payments Request for Comment (RFC) published on February 9, 2017. The opportunity to review and comment on NACHA’s proposed changes is appreciated.

The RFC describes proposed changes in two areas. The first change would require that International ACH Transactions (IATs) contain the date of birth for all natural persons who are a party to the transaction. The second would require additional information accompany IATs when those transactions are part of a “for-further-credit to payment.”

ABA supports goals of both proposed changes to the rules related to IATs. ABA has a broad membership with financial institutions ranging from the smallest to the largest in the United States. The vast majority of these institutions do not originate IAT transactions or receive a significant number of these ACH Entries although all are subject to the requirement to check transactions against the OFAC Specially Designated Nationals (SDN) list. The institutions receiving these transactions will benefit by being able to screen flagged transactions faster. These changes will have a far greater financial effect on institutions that originate IATs as opposed to the broader population of institutions in the United States that only receive them.

The proposal to require the date of birth for the Originators and Receivers of transactions is meant to make reviews of SDN matches more efficient to resolve. For example, if there is a name match on the SDN list for an ACH received at Main Street Bank for “John Smith” the Receiving bank must determine whether Smith, their customer, is the same Smith that is referred to on the list. While the investigation is being conducted the transaction is being

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<sup>1</sup> The ABA represents banks of all sizes and charters and is the voice for the nation’s 414 trillion banking industry and its 2 million employees. ABA’s extensive resources enhance the success of the nation’s banks and strengthen America’s economy and communities. Learn more at [www.aba.com](http://www.aba.com).

held in suspense. Including the date of birth with the ACH transaction will allow institutions to identify false positives more quickly and allow valid transactions to be processed with fewer delays.

This proposed change would place a greater burden on Originating Depository Financial Institutions (ODFIs) that will need to change work processes to include the date-of-birth on all transactions. It will benefit Receiving Depository Financial Institutions (RDFIs) by reducing the resources required to resolve positive matches to the SDN list.

The split payment rule would apply to situations where the foreign ODFI initiates an entry to a financial institution within the United States. The ODFI may or may not be the FI where the funds will ultimately be sent if it is a debit entry. At times, another financial institution may use the ODFI to originate the transaction that will then transfer the money to the unidentified financial institution. This rule change would require that ODFIs identify any FI that will be the beneficiary of the ACH entry within the Addenda Record for Foreign Correspondent Bank Information.

ABA supports this rule change to improve the data associated with each entry to improve compliance with OFAC rules with the understanding that the effectiveness of the rule relies on the ODFI populating the data fields correctly and completely.

This change will require financial institutions and solution providers to update their software and processes for these transactions. This could be a significant expense to ODFIs. That uncertainty would be compounded if the proposed implementation date of September 21, 2018 is maintained. Given the Same-Day-ACH changes that will be required of all financial institutions to be completed in March of 2018, ABA supports extending the effective date of these changes to March 2019.

### Conclusion

ABA would like to thank NACHA for the opportunity of responding to the RFC on IAT changes. If you have any questions about these comments, please contact the undersigned at (202) 663-5147.

Sincerely,



Stephen K. Kenneally  
Vice President