PaymentSpring Direct
Release Notes for March, 2021

Environment: Production (PROD)

Effective March 3, 2021, PaymentSpring Direct will implement enhancements for:

- Nacha Mandate: WEB Debit Account Validation Phase II, Integration with Tokenization Service

Client Action

Client action is not required for these enhancements.

Review this information to determine potential impacts to your business processes, policies, and systems to support these enhancements.

Clients who choose to utilize these features are strongly encouraged to complete testing prior to implementing in their production environment.

The PaymentSpring Direct User Acceptance Test (UAT) environment is available for clients to test new functionality and for regression testing.

If you have any questions, contact PaymentSpring Client Services at ClientServices@PaymentSpring.com or 1.866.431.4637.

Nacha Mandate: WEB Debit Account Validation Phase II, Integration with Tokenization Service

PaymentSpring Direct is implementing new processing in support of the Nacha – Supplemental Fraud Detection for WEB Debits (i.e., WEB Debit Account Validation) rule change. The Nacha rule change takes effect March 19, 2021. PS-Direct is implementing their changes in advance of the effective date to provide their clients with sufficient development time to meet the effective date.

The Nacha rule change states - Currently, Originators of WEB debit entries are required to use a "commercially reasonable fraudulent transaction detection system" to screen WEB debits for fraud. This existing screening requirement will be supplemented to make it explicit that "account validation" is part of a "commercially reasonable fraudulent transaction detection system." The supplemental requirement applies to the first use of an account number, or with subsequent changes to the account number, when used for WEB debit entries.

To implement this mandate, PS Direct integrated with a third party provider, GIACT. The GIACT Verification Services API hosts services for real-time identification, verification, and authentication of bank account and customer data. PS Direct will utilize the GIACT gVerify bank account verification service. gVerify verifies the current reported status of the bank accounts in real-time and returns an account response code to indicate the account status.

PaymentSpring implemented ACH validation with a two-phase approach:

- **Phase 1** - Functionality in this phase is intended for PS Direct clients who will utilize the validation web service to complete an ACH validation without sending PS Direct an ACH transaction. Phase 1 included:
    - Integration with a third party provider, GIACT.
    - A web service with a custom message for clients. Web service would be utilized by clients needing to complete ACH validation but that do not use PS Direct for ACH processing.
    - Message structure is not third party specific so that other vendors can be added or used in the future.
    - The message structure allows the validation of up to three accounts in one request.
    - For PS Direct merchant setup, there is no setup requirement to utilize the PS Direct WEB debit validation service, other than having a PS Direct customer record.
- **Phase 2** - Functionality in this phase is intended for PS Direct clients that utilize PS Direct for ACH transaction processing. Phase 2 included:
    - Merchant-level configuration field to enable/disable ACH validation (the default is enabled).
    - PS Direct report to reconcile validation counts.
    - New PS Direct response codes:
        - To indicate routing/account was previously active and does not require validation (value = 3).
        - To indicate stand-in processing (value = 4).

- To indicate a previously validated 'good' account, response code assigned by PS Direct (value = 5).
  - Inclusion of the third party response code in response message to client.
  - Integration of PS Direct ACH tokenization process with the ACH Account Validation web service (from phase 1).
  - Revised logic to send a validation request to GIACT when a subsequent request is received on an account that previously received a GIACT response code of '1' (bad) or '2' (unknown).

Client Setup

There is no setup requirement to utilize the PS Direct WEB debit validation service, other than having a PS Direct customer record.

PaymentSpring ACH Account Validation API

PS Direct has the following four sources for ACH validation requests:

1. PS Direct ACH Account Validation web service request (phase 1)
2. PS Direct ACH API transaction request
3. PS Direct ACH API token request
4. PS Direct Gateway Tokenator request

Please refer to the ***PaymentSpring Direct ACH Account Validation API Specification*** for API specification details.

Reporting

PS Direct implemented a new ACH Account Validation Report. The report will be used by PS Direct to monitor the PS Direct ACH Account Validation process and to reconcile processing counts with GIACT.