

# Micro-Entries (Phase 2)

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This Rule will define and standardize practice and formatting of Micro-Entries, which are used by some ACH Originators as a method of account validation.

This phase of the Rule requires Originators of Micro-Entries to use commercially reasonable fraud detection, including the monitoring of Micro-Entry forward and return volumes.

## Details

- Originators of Micro-Entries are required to use commercially reasonable fraud detection, including the monitoring of Micro-Entry forward and return volumes
- This phase of the Rule became effective March 17, 2023.

## Technical

In Phase 2 of the Rule risk management requirements are applied to Originators.

An Originator of Micro-Entries must conduct commercially reasonable fraud detection on its use of Micro-Entries, including by monitoring of forward and return volumes of Micro-Entries

- The use of commercially reasonable fraud detection is intended to minimize the incidence of fraud schemes that make use of Micro-Entries
- Monitoring forward and return volumes, at a minimum, establishes a baseline of normal activity
- An Originator is not be required to perform an entry-by-entry review

## Impact

### *Benefits*

For ODFIs and their Originators

- Reduces the potential of originating fraudulently-initiated Micro-Entries

For the ACH Network as a whole

- Improve the quality of this type of Entry in the ACH Network

*Impacts*

Originators

Originators will need to conduct commercially reasonable fraud detection for Micro-Entries (Phase 2)

- Monitoring forward and return volumes of Micro-Entries
- Other desired velocity checks or anomaly detection