



Introduction to ACH

Sharing our passion for payments



**NACHA
DIRECT
MEMBER**



Regional Payments AssociationSM

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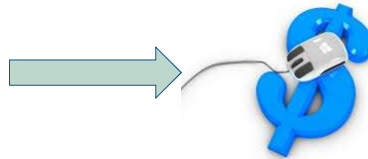


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Benefits of ACH

- » Safer than checks
- » Efficient
- » Cost effective
- » Improved cash forecasting
- » Used for payment or collection of funds
- » Multiple entries in a single batch



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Terms & Definitions

- » ACH: Automated Clearing House
- » ACH Operator: Exchanges entries and settlement of funds between financial institutions
- » Originator: A business sending ACH Entries into the system and has an agreement with a Receiver (This is you!)
- » RDFI: Receiving Depository Financial Institution - Receiver's financial institution
- » ODFI: Originating Depository Financial Institution. Originator's financial institution
- » Receiver: Person or company that has authorized an Originator to debit or credit their account



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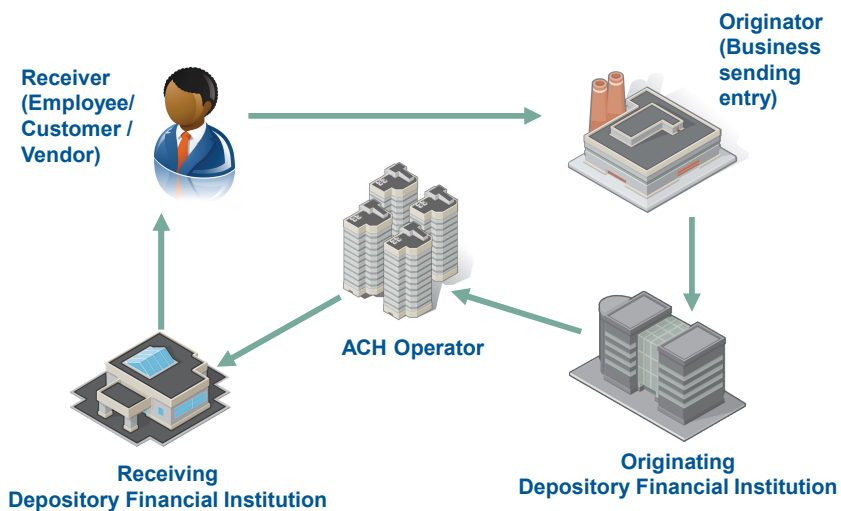
- » NACHA: National Automated Clearing House Association
- » Effective Entry Date: Date selected by Originator when they would like funds to credit/debit Receiver
- » Settlement Date: Date funds are exchanged between financial institutions by ACH Operator
- » ACH Credit: Credit to Receiver's account (Direct Deposit)
- » ACH Debit: Debit to Receiver's account (Direct Payment)
- » Prenotification: Optional test transaction used to verify Receiver's account
- » NOC: Notice of Change. Notification of corrected information for an ACH Entry



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ACH Participants



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Consumer vs. Business Entries

» Consumer Entries

- Debit / Credit to natural persons
- Require Authorizations
- RDFI may return up to 60 days



» Business Entries

- B2B entries
- Authorization by Agreement
- ODFI must receive by 2nd banking day following settlement



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Prearranged Payment and Deposit (PPD)

- » Single or recurring to consumer account
- » Authorization for debits must be in a writing, signed or similarly authenticated
- » Credits may be authorized verbally



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Corporate Credit or Debit (CCD) Corporate Trade Exchange (CTX)

CCD

- » ACH debit or credit where funds transferred between businesses
 - Businesses have agreements
- » May also be used to transmit intra-company cash concentration and disbursement transactions

CTX

- » Business to business (B2B) entry which may contain additional information, such as invoice numbers, etc.



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Your Role and Responsibilities

- » Must be in compliance with Rules
 - Consider obtaining ACH Rules
- » Obtain authorizations
 - Retain for 2 years
 - Provide to ODFI when requested
- » Process lawful ACH entries
 - OFAC
- » Respond to NOCs



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Your Role and Responsibilities

- » Accuracy of information
 - Receiving financial institution posts only on account number
- » Posting of entries for accounting purposes



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Roles and Responsibilities

- » Receiver
 - Authorizes ACH entries
 - Reviews account statements
 - Complies with error resolution deadlines
 - Notifies Originator of revoked authorizations



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**THANK
YOU**

Should you have questions or require clarification, please
contact your financial institution or ACH Origination
Service Provider



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