

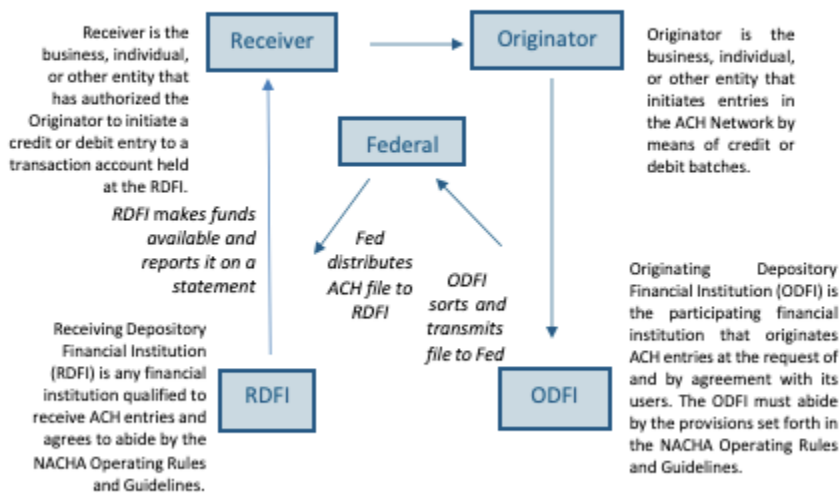
ACH: Payments Overview

Overview

Automated Clearing House (ACH) is a secure and efficient net-settlement payment network that provides businesses the power to transfer funds electronically between other businesses or individuals. All ACH payments follow the National Automated Clearing House Association (NACHA) transaction rules and format to move funds electronically between financial institutions in the United States Federal Reserve System.

The Federal Reserve Bank plays the role of the primary ACH processor and settlement facilitator between financial institutions. Commercial users create credit and/or debit payments, which they submit online to their financial institutions. The financial institution submits the ACH payments to the local Federal Reserve network to distribute to the receiving financial institutions.

The Federal Reserve collects and settles all the funds between the participating financial institutions.



ACH origination provides commercial users the power to manage their cash flows by means of efficient collection of receivables and controlled disbursements of payments. Examples of use cases of the ACH network include:

- Direct Deposit of payroll, tax refunds, social security and other government benefits
- Collection of consumer bills, such as mortgages, loans, utility, cable, and insurance premiums
- Business-to-Business vendor payments
- Represent Non-Sufficient Funds (NSF) Checks
- Cash Concentration Collection
- Federal tax payments

Digital Banking offers users the ability to:

1. View and search ACH payments
2. Create ACH Payments
3. Take action on ACH payments (search, edit, delete, approve, copy, etc.)

View and Search ACH Payments

Pending and processed ACH payments are displayed on the ACH Payments page when the user clicks the **Activity** link on the Payments & Transfers menu. The list defaults to displaying any transactions with a payment date 45 days in the past to all days in the future. See the [Payment List](#) document for more details on the payment list and payment statuses.

Pending and processed ACH payments are displayed in table format below the Filter section:

The screenshot shows a web interface for ACH Payments. At the top, there is a navigation menu with items: Overview, Accounts, Payments & Transfers (selected), Fraud Control, Reports, and Other Services. A search icon is visible on the right. Below the navigation is the heading 'ACH Payments' with a 'Show cut-off times' dropdown and an 'ACH Payment' button. A search bar contains the text 'Search name or tracking #'. Below the search bar is a filter section with dropdowns for Payment Date, Account, Recipient, Type, Status, and Amount. A toggle switch labeled 'Only show items needing action' is also present. The main content is a table with the following columns: Payment Date, Name, Tracking #, From, To, Type, Status, and Amount. A single row is visible with the following data: Payment Date: 1/31/2023, Name: Debit200, Tracking #: 5189392 (with a sub-row 'Copy of 5189390'), From: 2 Recipients, To: Savings *2001, Type: ACH Collection, Status: Needs 2 Approvals (with a sub-row 'Approve by 01/30/2023 at 1:30 pm EST'), and Amount: \$80.06 DR.

Users can use the Search and Filter criteria to limit the list in various ways.

- The **Search** box above the filters allows a user to search for payment name or tracking number. Once the user starts typing, the list starts filtering automatically. To find a specific payment, enter its payment name or tracking number in the **Name or Tracking #** search field.

- Following is the list of **Filters** available to the user to limit display of payments based on specific criteria. See the [ACH Payment Search](#) document for more information.

- Payment Date - effective date of the payment or collection
- Account - user's account where money can be withdrawn or credited
- Recipient - recipient name
- Payment Type - Payments, Collections, NACHA Import, ACH Same Day, Confidential, Prenote
- Payment Status - current status of the payment
- Payment Amount - the total amount of the payment or collection
- Only show items needing action - shows transactions in any of these statuses – Needs Approval, Incomplete, Not Scheduled, or Missed Cut-off:

The screenshot shows the 'ACH Payments' section of a software interface. At the top, there are navigation tabs: Overview, Accounts, Payments & Transfers (selected), Fraud Control, Reports, and Other Services. A search bar is present with the placeholder 'Search name or tracking #'. Below the search bar is a table of ACH payments. The table has columns for Filter, Payment Date, Account, Recipient, Type, Status, Amount, and a toggle for 'Only show items needing action'. The table contains four rows of payment data, each with a status indicator (e.g., 'Needs 2 Approvals') and a 'Let's talk!' chat bubble at the bottom right.

Filter	Payment Date	Account	Recipient	Type	Status	Amount
<input type="checkbox"/>	1/31/2023	Debit200	5189392 Copy of 5189390	2 Recipients Savings *2001	ACH Collection	\$80.06 DR
<input type="checkbox"/>	1/30/2023	YearlyRec	5200440	Basic Checking *1001	ACH Payment	\$48.18 CR
<input type="checkbox"/>	1/30/2023	A	5200112	Basic Checking *1001	ACH Payment	\$12.99 CR
<input type="checkbox"/>	1/27/2023	PmtAct	5200150	Savings *2001 Kari Jones	ACH Payment	\$38.88 CR

Create ACH Payments

ACH Payments are made through a stepped ACH workflow. The system helps facilitate this process by setting up the user's files according to NACHA rules. There are five main steps to creating a new ACH Payment:

1. **Step 1: Create Payment.** The user can select whether they are sending a payment (amount is credited to the recipient) or collecting a payment (amount is debited from the recipient) and the type of recipient, business or individual, for

the payment. Users, depending on their privileges and the FI's configurations, could have the ability to create the payment types below. See [Payment Type](#) documentation for more details.

- Payment to Individual (PPD credit)
 - Payment to Business (CCD credit)
 - Payment to Business (CTX credit)
 - Collect from Individual (PPD debit)
 - Collect from Individual (TEL debit)
 - Collect from Individual (WEB debit)
 - Collect from Individual (RCK debit)
 - Collect from Business (CCD debit)
 - Collect from Business (CTX debit)
 - NACHA Import
2. **Step 2: Add Recipients.** After determining the payment type, the user must add recipients to the payment. The user can add recipients manually or import them from a file. The recipient information includes the recipient's name along with their account information and the payment amount.
 3. **Step 3: Processing Details.** After adding recipients to their payment, the user can add processing details around their payment, including the funding account to be debited or credited for the payment amount, originator of the payment, payment frequency, and payment date. There is also a Same Day payment option available if they have privileges to create same-day payments.
 4. **Step 4: Review & Submit.** After entering the processing details, the user can add the last details needed to successfully submit the payment, including a payment name and description and whether the payment should be marked as confidential or whether prenotes should be created.
 5. **Step 5: Confirmation.** Once the user clicks the Submit button, a confirmation pop-up window is displayed. The pop-up window displays the number of approvals needed along with the funding account, recipient, payment frequency, payment date, payment amount, and tracking number. The payment must be approved before it can be processed. The payment can be approved only by someone who has been given appropriate approval authority.

Take Action on ACH Payments

The user can initiate a variety of actions on transactions. The actions available on each payment depends on the payment's status and the user's privileges. See the [Payment Action](#) document for more details. Actions include:

- Notify Approver(s)
- Approve

- Reject
- Unapprove
- Copy
- Export
- Delete
- Create Report
- Reverse

The user can receive notification that their payments have been processed by setting up an alert on the **Notify Me Alerts** page under **Messaging Alerts** tab.

While creating ACH payments or collections, the user can see validations that require them to take an action for the payment to be submitted successfully. These validations show when submitting or saving the payment for later or while approving the payment:

1. As the user clicks on **Next** or **Finish Later**, the payment is validated and saved. If errors are made while inputting payment details, the payment cannot be saved. The user can see the error detail near the respective input field. For example:



The screenshot shows a form field for a routing number. The field is labeled "Routing Number" and contains the value "567765788". The field is outlined with a red border, indicating an error. Below the field, the text "Routing number is invalid" is displayed in red. To the right of the field, there is a "Routing Lookup" link with an external link icon.

1. The Create Payment pages automatically populate warnings for information that can prevent the payment from being approved. Warning text is located at the top of the page and provides reasoning for the warning. Refer to the screen below.
2. If any warnings exist in the payment, the user is alerted with a red Warning text. With warnings, the user can proceed to the next step; however, this may affect payment processing as the payment cannot be approved until warnings are fixed.

Review & Submit

Review payment and submit for processing

● Payment
Payment to Individuals (PPD)

⚠ Recipients
Edits Required
6 Recipients
\$94.34

● Processing Details
Payment Date 03/13/2023
From Basic Biz Checking *0058

● Review & Submit

This transaction requires edits before it can be submitted

Add a name and description for this payment

Payment Name
Expenses

Payment Description (optional)
Office Supplies

Mark payment as confidential ⓘ

Send prenotes for newly added recipients ⓘ

Submit Payment

Finish Later

1. When the user clicks on **Approve**, the approval can fail if there is a condition that prevents processing the payment, such as exceeding the company limit. If the payment is not approved by a specific date to achieve the desired payment effective date, the payment will be put in a Missed Cut-off status.