



## ACH Marketing Module 3



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# Marketing ACH Products and Sales Strategy

# Marketing ACH Products and Sales Strategy

## Overview

- One of the most important decisions your FI will make is choosing a sales and marketing strategy for the organization
- Marketing strategy is different for each institution and help unite the business vision and the objectives set fourth

# Marketing ACH Products and Sales Strategy

## Overview

- Key steps to developing a comprehensive ACH Marketing Strategy
  - Obtain senior management support
  - Form an internal task force
  - Establish ACH marketing and sales team
  - Know your prospective users
  - Develop a prospects list
  - Evaluate prospects
  - Analyze prospects' needs
  - Prioritize prospects
  - Prepare the customer

# Authorization Requirements

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# Authorization Defined

- An authorization must
  - Be readily identifiable as an authorization
  - Have clear and readily understandable terms
  - Provide that the Receiver may revoke the authorization only by notifying the Originator in the manner specified in the authorization



# Consumer Authorization

- Debit Entries to Consumer Account
  - Must be in writing and signed or similarly authenticated
    - Except for specific types of Entries (notice)
    - Originator must provide each Receiver with an electronic or hard copy of the authorization

# Non-Consumer Authorization

- Credit or Debit Entries to a Non-Consumer Account
- An agreement in place between two companies doing business together
- Originator must obtain the Receiver's agreement to be bound by these Rules

# Prearranged Payment and Deposit Entry (PPD)

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# Prearranged Payment and Deposit Entry (PPD)

## Unique Marketing and Selling Points

- Debit – Direct Payment via ACH
  - Improved collections
  - Timely payments
- Credit – Direct Deposit via ACH
  - Saves time
  - Convenient
  - No lost or stolen checks
  - Improved funds availability

# Internet-Initiated Entry/Mobile Entry (WEB)

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# Internet-Initiated Entry/Mobile Entry (WEB)

## Things to cover with Originator

- Authentication must take place before Receiver can authorize a WEB debit
- Authentication vs. Authorization
  - Authentication
    - Confirms the identity of the Receiver
    - Protects Originator from fraudulent transaction
    - Protects Receiver from unauthorized use of account information
  - Authorization
    - Provides Originator permission to initiate transaction
    - Must provide means to revoke the authorization

# Internet-Initiated Entry/Mobile Entry (WEB)

## Things to cover with Originator

- Establish and implement commercially reasonable systems to
  - Detect fraudulent transactions
  - Verify Receiver's identity (authentication)
  - Verify routing number validity

# Internet-Initiated Entry/Mobile Entry (WEB)

## Things to cover with Originator

- Conducting annual audit covering
  - Physical security to protect against theft, tampering or damage
  - Personnel and access control to protect against unauthorized access and use
  - Network security to ensure secure capture, storage and distribution



# Internet-Initiated Entry/Mobile Entry (WEB)

## Things to cover with Originator

- WEB credit
  - Regardless of whether the authorization is communicated via the Internet or Wireless Network, Originators must use WEB SEC Code
  - Applies to all situations where a consumer requests money be moved to another Consumer Account, no matter how the request is made or who the owners on the accounts are!
  - P2P credit Entries do not need to be authorized in writing or similarly authenticated

# Internet-Initiated Entry/Mobile Entry (WEB)

## Unique Marketing and Selling Points

- Debit
  - Creates cost efficiencies for the business
  - Offers a different way for the consumer to pay directly from his/her bank account
- Credit
  - Provides consumers control over payment
  - Another way for consumers to initiate payments to another consumer via ACH
  - Allows FIs to remain central to the payment and for the business to capitalize on that trusted relationships

# Telephone-Initiated Entry (TEL)

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# Telephone-Initiated Entry (TEL)

## Things to cover with Originators

- Originators have established and implemented commercially reasonable systems to
  - Verify Receiver's identity (authentication)
  - Verify validity of routing number

# Telephone-Initiated Entry (TEL)

## Things to cover with Originators

- Retention for single Entry TEL
  - Originators must retain for two years from date of authorization
    - Original or duplicate audio recording; or
    - A copy of the written notice
- Retention for a recurring TEL
  - Originators must retain for two years from termination or revocation
    - Original or duplicate audio recording of the oral authorization; and
    - Evidence that a copy of the authorization was provided to the Receiver in compliance with Regulation E

# Telephone-Initiated Entry (TEL)

## Unique Marketing and Selling Points

- Offers another payment options for the consumer
- Ensures timeliness of payment for both business and the consumer
- Allows the business to accept and the consumer to make time sensitive payments in another way

# Re-presented Check Entry (RCK)

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# Re-presented Check Entry (RCK)

## Things to cover with Originators

- Provide Posted Notice at location
- Only for NSF and Uncollected Funds
- Utilize this product within 180 days or less from the date to which the RCK relates
- Presentments
  - Check, check, RCK
  - Check, RCK, RCK



# Re-presented Check Entry (RCK)

## Unique Marketing and Selling Points

- Used for collection of returned checks
- Benefits
  - Effective method for merchants to process returned checks
  - Increases merchant's cash flow
  - Reduces check collection expenses

# Customer Initiated Entry (CIE)

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# Customer Initiated Entry (CIE)

## Unique Marketing and Selling Points

- Credit
  - Provides consumer control over payment
  - Creates efficiencies for consumers in managing and paying bills from one location
  - Offers a way for the FI to remain central to the payments

# Point of Sale Entry (POS)

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# Point of Sale Entry (POS)

## Unique Marketing and Selling Points

- Creates cost efficiencies for the business
- Offers consumer purchases data more directly for the business that enables it to offer personalized discounts and options that will benefit the consumer
- Enables consumers to pay for purchases at point of sale with debit to deposit account vs. check

# Corporate Credit/Debit (CCD) & Corporate Trade Exchange Entry (CTX)

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# Corporate Credit/Debit Entry and Corporate Trade Exchange Entry

## Unique Marketing and Selling Points

- Credit and debits
  - Creates a fully electronic payment between trading partners, creating efficiencies
  - Enables intra-organization movement of funds
  - Supports limited (CCD) or broader (CTX) payment-related data for straight through processing
  - ACH business payments can have one or more addenda

# Corporate Credit/Debit Entry and Corporate Trade Exchange Entry

- Benefits
  - Reduces internal processing
  - Reduces bank service charges
  - Improves cash flow
  - Improves vendor/customer relations
  - Reduces wire transfer volume
  - Improves trading partner relationships
  - Increases trading partner loyalty
  - Allows for renegotiation of trade terms
  - Efficient and cost effective



# Accounts Receivable Entry (ARC)

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# Accounts Receivable Entry (ARC)

## Things to cover with Originators

- Provide copy of authorization notice to Receiver at time of transaction if payment received at manned bill payment location
- Initially use reading device to capture MICR line
  - May only key-enter to correct errors

# Accounts Receivable Entry (ARC)

## Unique Marketing and Selling Points

- Creates efficiency and cost effectiveness for the business in transferring a paper check to an electronic payment
- Increase likeliness of a more rapid payment to business

# Back Office Conversion Entry (BOC)

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# Back Office Conversion Entry (BOC)

## Things to cover with Originators

- Verify the identity of the Receiver
- Initially use reading device to capture MICR line
  - May only key-enter to correct errors

# Back Office Conversion Entry (BOC)

## Unique Marketing and Selling Points

- Creates efficiency and cost effectiveness for the business in transferring a paper check to an electronic payment
- Increase likeliness of a more rapid payment to business

# Point-of-Purchase Entry (POP)

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# Point-of-Purchase Entry (POP)

## Things to cover with Originators

- Initially use reading device to capture MICR line
  - May only key-enter to correct errors
- Must void Eligible Source Document and return to Receiver
- Eligible Source Document must not have been used for prior POP Entry
- Provide receipt to consumer



# Point-of-Purchase Entry (POP)

## Unique Marketing and Selling Points

- Creates efficiency and cost effectiveness for the business in transferring a paper check to an electronic payment
- Increase likeliness of a more rapid payment to business

# International ACH Transaction (IAT)

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# International ACH Transaction (IAT)

## Things to cover with Originators

- Originator and ODFI must comply with U.S. Legal Requirements, including
  - OFAC
  - FinCEN
- Also includes complying with any Foreign Payment System Rules/laws

# International ACH Transaction (IAT)

## Unique Marketing and Selling Points

- Credit and debits
  - Offers businesses and consumers a unique, cost-effective way to transfer funds internationally
  - Supports extensive information to facilitates compliance and customer services

# Destroyed Check Entry (XCK)

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# Destroyed Check Entry (XCK)

## Unique Marketing and Selling Points

- Collection of an item contained in a cash letter that is lost, destroyed or otherwise unavailable
- Items that cannot be processed through applicable image exchange

# Financial EDI Applications

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# Financial EDI Applications

## ACH Network supports Financial EDI

- Electronic exchange of payments, payment information or financially related documents in standard formats between business partners
- CTX Entries accommodate ANSI ASC X12 Transaction Sets
- Examples
  - Vendor Express
  - State/Federal Tax Payments
  - Child Support
  - Health Care
  - Dealer Drafting



# Financial EDI Applications

## Unique Marketing and Selling Points

- Cost effective
- Incorporates payment into “computer-processable” business document cycle
- Allows use of “just-in-time” manufacturing
- Reduces operating costs - no re-keying of remittance data
- Facilitates reconciliation process
- Allows better payment timing

# Questions?



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