

ACH Basics and Benefits

guide



WHAT IS ACH AND HOW CAN IT HELP MY BUSINESS?



WHAT IS ACH?

ACH stands for Automated Clearing House, a financial network used for electronic payments and money transfers.

Types of ACH transactions:

- **ACH Credit:** Funds are pushed from the originator to the recipient (e.g. payroll).
- **ACH Debit:** Funds are pulled from the recipient's account (e.g. customer billing).

ACH transactions are typically settled within 1-2 business days. Same-day ACH is available for eligible transactions. Cutoff times vary by bank.

BENEFITS OF USING ACH

Businesses gain several advantages by using ACH:

- **Cost Savings:** ACH is more affordable than checks or wire transfers.
- **Cash Flow Management:** Predictable payments and timing aids in planning.
- **Security:** Reduces the risk of check fraud and lost payments.
- **Convenience:** Ideal for recurring payments like payroll or subscriptions.
- **Environmental Impact:** Paperless transactions reduce waste and improve efficiency.

COMMON BUSINESS USE CASES

ACH is versatile and supports a wide range of business needs:

- **Payroll:** Direct deposit of employee wages.
- **Vendor Payments:** Pay suppliers electronically.
- **Customer Billing:** Collect recurring payments from clients.
- **Government Payments:** Submit taxes and fees electronically.

ACH SECURITY

Best practices for ACH security:

- Use dual control for transaction approval.
- Monitor your accounts daily for unauthorized activity.
- Implement ACH Positive Pay.
- Train employees to recognize phishing and fraud attempts.

ACH offers a secure, cost-effective way for businesses to manage payments. By understanding the basics and implementing best practices, your business can benefit from streamlined operations and improved financial control.