

Still receiving checks from your business partners?

Confused about receiving “ACH” electronic payments?

The Remittance Coalition Presents:

ACH Payments and Remittance Information Solutions for Businesses

Receiving payments by check from your business partners?

- ◆ Switch to ACH (Automated Clearing House) electronic payments to gain internal processing efficiencies, accelerate cash flow, and reduce trips to your bank.
- ◆ ACH is a secure, reliable network used to send and receive billions of electronic payments each year. The ACH is used by almost all financial institutions (FIs) and their customers, whether they know it or not. A popular use of ACH is for “direct deposit” of payroll and social security payments. Many businesses use ACH for business-to-business (B2B) payments and related information.
- ◆ Many of your business partners who are paying you now by check can probably pay you electronically via the ACH, if you ask them. You will also need to work with your FI to request ACH payments and the delivery of remittance information related to these payments. See the box at the end of this article for examples of questions that will help get the conversation started with your banker.

Having issues with ACH payments?

- ◆ You may already receive ACH business payments but find them difficult to understand, process, and apply to open receivables.
- ◆ Sometimes businesses receive one ACH payment that covers multiple outstanding invoices, but that payment is not accompanied by the remittance information needed to understand and reconcile the payment to the open receivables items.
- ◆ Fortunately, the ACH can assist with this situation. An electronic ACH payment file offers a standard format to carry remittance information to explain what the payment is for – e.g., invoice numbers, SKU numbers, adjustment information, discounts and so on. Many businesses use the ACH network now to send both payment and related remittance information, which is often referred to as Electronic Data Interchange or EDI.
- ◆ If you want to receive electronic remittance information with an ACH payment from a business partner, you’ll need to ask them to provide it and ask your FI to deliver that remittance data to you. Your trading partner may be able to send it to you in several different electronic formats, so ask what options you have. One format type may be more beneficial to you or your FI than another.
- ◆ You may find out that your trading partner is already sending the electronic remittance information to you, but that your FI has not been passing it on to you. You will need to ask your FI to deliver this information to you.
- ◆ All FIs are required by the ACH network rules to provide this information to business customers, if asked. Be sure to specify the method of delivery and the format you want. If you are looking to integrate this file into your accounting software, you may want to bring your IT support to a meeting with your bank.

Your financial institution has tools available to provide you with remittance information delivered through the ACH network.

- ◆ Many FIs have software installed as part of their ACH service allowing them to provide you with the remittance information you want.
- ◆ FIs that don't already have their own software available can access easy to use, low cost capabilities through one of the two ACH operators in the U.S.—FedACH® operated by the Federal Reserve Banks or the Electronic Payment Network (EPN) operated by The Clearing House. Both of these ACH operators offer services or products that translate remittance information carried in an ACH payment file into reports or electronic files that your FI can provide to you.
- ◆ If your FI uses FedACH, they will have access to FedPayments® Reporter Service, a web-based service.
- ◆ If your FI uses EPN, they will have access to ACHREDI®: Financial EDI translation & delivery software, a windows-based application that FIs can run at their sites.

You do not need to know who your bank processes with, however, as regardless they should be able to provide you with the remittance information you need.

ACH payment remittance detail is easy to decipher with FedPayments Reporter Service from FedACH and ACHREDI from EPN.

- ◆ Your FI can use their ACH operator's software to automatically send you electronic files or e-mails containing payment-related remittance information formatted in an easy-to-read or downloadable report.
- ◆ Your FI can let you know when you can expect to receive your reports.

Looking for efficiencies in processing ACH payments?

- ◆ Do you have an accounting package that can upload electronic files of ACH payment-related remittance information? This could be as simple as a spreadsheet or a comma delimited file format. Talk to your software vendor for details they can provide.
- ◆ If your accounting package can accept electronic files, you're in luck. You won't need to manually reconcile payments to open receivables anymore. Many FIs can automatically send a machine-readable file with this information.

Are you a health care provider?

- ◆ Does your business provide health care services, and are you receiving a greater number of ACH payments and working harder and longer to apply them to open accounts? Future changes in the healthcare payments system will be pushing more payments to the ACH.
- ◆ The information you need may be contained in the payment-related EDI information carried along with the ACH payment. The FedPayments Reporter Service and ACHREDI each provides a human-readable report of the payment details, such as originator's name, payment amount, effective entry date and the Reassociation Trace Number which is needed for associating the payment with the healthcare remittance information.

Would a report like one of these be helpful?

FedPayments Reporter Reports

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ACH Bank, Pleasant Town, USA
Telephone: 555-555-5555, Fax: 555-555-5556, Email: Customer.Service@ACHBank.com

ACME Widgets

REMITTANCE ADVICE SUMMARY REPORT

ACH INFORMATION

Receiver Name:	ACME Widgets	Originator Name:	AAA SUPPLY COMPANY
Settlement Date:	June 6, 2013	Effective Entry Date:	June 6, 2013
DFI Account number:	999999999	Trace Number:	999999999123456
Amount:	\$300.00	SEC Code:	CTX
Transaction Type:	22	Transaction Description:	Demand Credit – Auto Deposit

REMITTANCE INFORMATION

Remittance Advice Accounts Receivable Open Item Reference

Seller's Invoice Number:	AAA12345
Amount Paid:	\$100.00
Total Invoice or Credit/Debit Amount:	\$100.00
Amount of Discount Taken:	\$0.00
Purchase Order Number:	PO1234567
Actual:	June 1, 2013

Remittance Advice Accounts Receivable Open Item Reference

Seller's Invoice Number:	AAA12346
Amount Paid:	\$200.00
Total Invoice or Credit/Debit Amount:	\$200.00
Amount of Discount Taken:	\$0.00
Purchase Order Number:	PO1234568
Actual:	June 1, 2013

*** END OF REPORT ***

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ACH Bank, Pleasant Town, USA
Telephone: 555-555-5555, Fax: 555-555-5556, Email: Customer.Service@ACHBank.com

Big City Hospital

REMITTANCE ADVICE SUMMARY REPORT

ACH INFORMATION

Receiver Name:	Big City Hospital	Originator Name:	BLUECARE
Settlement Date:	March 2, 2013	Effective Entry Date:	March 1, 2013
DFI Account number:	999999999	Trace Number:	999999999123456
Amount:	\$5,000.00	SEC Code:	CCD
Transaction Type:	22	Transaction Description:	Demand Credit – Auto Deposit

REMITTANCE INFORMATION

Trace:

Current Transaction Trace Numbers:	SX1234567555
Originating company identifier:	9876543210
Reference Number:	XY01

*** END OF REPORT ***

EPN ACHREDI Report

Sample Report 2 invoices paid with 1 payment

ACH Payment and Remittance Reports

11/08/2013 12:02 PM

From: BRILLIANT BANK
ACH File: 121107.M

Originating Company: JONES PLUMBING

CTX PAYINVOICE

Batch: 1
Company ID: 1311234567
Discretionary Data:

Effective Entry Date: 11/07/13
Settlement Date: 11/07/13
Originating DFI: 88888888

<u>\$ Addenda / Company</u>	<u>Trace Number</u>	<u>Type</u>	<u>Amount</u>
0008 SMITH FAUCETS	88888888-0038729	DEPOSIT	\$75.01CR
ID: 123456789012345		DDA	RDFI: 082000021
DFI ACCT: 1182389281			

Payment Accompanies Remittance Advice
Amount: \$75.01CR
by Automated Clearing House (ACH)
Corporate Trade Exchange (CTX) (ACH)
Originating Company ID: 1311234567
ABA Transit Routing Number Including Check Digits (9 digits)
RDFI: 082000021
Demand Deposit
Receive Account: 1182389281
Effective Entry Date: 11/07/13
Current Transaction Trace Number
Reference Number: EP10019

Payer
JONES PLUMBING
Assigned by Seller or Seller's Agent
ID: 123456789012345

Payee
SMITH FAUCETS

Entity
Number: 1

Remittance Advice / Accounts Receivable Open Item

Seller's Invoice Number
Reference: 3920394930203
Amount Paid: \$30.01
Invoice Amount: \$40.01
Amount of Discount taken: \$2.00

Accounts Receivable Open Item
Reference Number: 3920394930203
Reference Number: NEW BUILDING PROJECT
Invoice
Date: 10/21/2013

Adjustment Amount: \$-8.00
Reason: Pricing Error
Reference Number: USED CATALOG 199JAN2013
Reason for Change

Remittance Advice / Accounts Receivable Open Item

Seller's Invoice Number
Reference: 254221222500
Amount Paid: \$45.00
Invoice Amount: \$50.01
Amount of Discount taken: \$4.00

Purchase Order Number
Reference Number: 5722319
Reference Number: MARKETING DEPARTMENT ORDER
Invoice
Date: 10/19/2013

Adjustment Amount: \$-1.01
Reason: Item Not Accepted—Damaged

Sample EDI Datafile

2 invoices paid with 1 payment

ACH Remittance Processing

ISA *00* *00* *30*311234567 *14*9088877320000 *131107*1011*U*00401*000000001*0*P*~\
GS*RA*311234567*9088877320000*20131107*1615*1*X*004010\
ST*820*0001\
BPR*C*75.01*C*ACH*CTX*****1311234567**01*082000021*DA*1182389281*20131107\
TRN*1*EP10019\
N1*PR*JONES PLUMBING*91*123456789012345\
N1*PE*SMITH FAUCETS\
ENT*1\
RMR*IV*3920394930203**30.01*40.01*2\
REF*R7*3920394930203*NEW BUILDING PROJECT\
DTM*003*20131021\
ADX*-8*01*TD*USED CATALOG 199JAN2013\
RMR*IV*254221222500**45*50.01*4\
REF*PO*5722319*MARKETING DEPARTMENT ORDER\
DTM*003*20131019\
ADX*-1.01*04\
SE*15*0001\
GE*1*1\
IEA*1*000000001

Sample Healthcare Report

Includes Minimum ACH CCD+ Reassociation Data Elements

ACH Remittance Processing

ACH Payment and Remittance Reports 11/08/2013 11:33 AM

From: BRILLIANT BANK
ACH File: 121107.F

Originating Company: ENTERPRISE INS

CCD HCCLAIMPMT

Batch: 383780
Company ID: 9UA-3333DC
Discretionary Data:

Effective Entry Date: 11/07/13
Settlement Date: 11/07/13
Originating DFI: 88888888

<u>Company / Individual Name</u>	<u>Trace Number</u>	<u>Type</u>	<u>Amount</u>
DR WALKER	88888888-0383781	DEPOSIT	\$857,726.16CR
ID: NY1025010		DDA	RDFI: 081000128
DFI ACCT: 523456780			

Current Transaction Trace Number
Reference Number: 12345
Originating Company: 1222298765
999999~

***** END OF REPORT *****

Want to learn more?

Contact your FI and ask to speak to a small business, cash management, or ACH representative to learn how to get started. Your banker can explain how you can reduce your receipt of check payments and increase your receipt of ACH payments. They can also sign you up to receive reports containing remittance or other payment-related information delivered through the ACH, using the FedACH FedPayments Reporter Service, EPN's ACHREDI, or other similar services available to them.

Soon, you too will be enjoying the benefits of electronic payments.

<h3 style="text-align: center;">How to Approach Your Financial Institution to Learn More about Receiving Remittance Information Related to Your ACH Payments</h3>		
1	Ask to speak to a small business, cash management or ACH representative.	
2	I would like to begin receiving remittance information associated with the ACH payments my organization receives. Can you help me?	If no, ask to speak to someone else.
3	Can you explain to me your bank's capabilities to deliver this remittance information to me?	If no, ask to speak to someone who is knowledgeable.
4	How does this work?	
5	What do I have to do on my end to get started?	
6	What formats do I have to choose from?	
7	When would I receive these files?	
8	What will this service cost me?	
9	Can you send or show me an example?	
10	Can we arrange a test of this service?	
11	How long will it take to get the service up and running?	
12	Add your questions here:	

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