



ACH Verification

A DIGITAL SAFETY PRECAUTION



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Contents

Introduction: Utilizing Safe Payment Methods

What is ACH Verification?

ACH Verification Benefits

ACH Verification Features

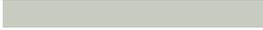
Who Should Use ACH Verification?

Historical Context & Modernization

About E-Complish



Utilizing Safe Payment Options



Checks are still commonplace payment methods, particularly among older generations uncomfortable with digital payment platforms or unaccustomed to their use. As such, check payments continue to be accepted by merchants, businesses, and governmental entities, including grocery stores, utility companies, real estate managers, and the local DMV. Unlike card payments, traditional check payments have the substantial drawbacks of processing time, cost, and fraud potential.

These issues increase the work associated with accepting check payments and the risk associated with them. Credit card payments offer convenience and security, but both come with a cost traditionally imposed as a percentage of the total amount. The trade-off between checks and credit card payment methods has historically been risk and time versus cost.

Automated Clearing House (ACH) Direct Payment methods bridge the trade-offs by lowering costs while increasing check processing efficiency and mitigating risk. The result has been an exponential increase in ACH processing by merchants and governmental agencies. The ACH network processed 29.1 billion payments valued at \$72.6 trillion in 2021, and Same Day payment volume grew by nearly 74%.

Companies are also rapidly adopting the use of the ACH network to save money and save time making customer payments through Direct Deposits. Insurance companies pay claims, finance companies disburse loan payments, and governmental agencies issue refunds through ACH, eliminating mailing costs, printing hassles, and payment disputes. Direct Deposits are beneficial for cost reduction, efficiency, and fraud prevention.

What Is ACH Verification?

ACH Verification is the digital safety precaution that merchants use to reduce any abuse or risk on the ACH network when accepting ACH Payments, whether at point-of-sale or online. The process can verify the account in real-time, thus reducing the potential for faulty payments or fraud. Nacha has continued to improve upon the ACH Verification system to minimize the risk to merchants, and the likelihood of ACH returns.

As of March 2021, Nacha introduced rule changes that codify payments made over the internet and require some sort of account verification before the ACH Payment can be processed. The regulation applies to payments that transact as WEB Debits coming from new or modified existing financial accounts. Those accounts must be validated through fraud detection systems to ensure they are authentic and active. The new regulations do not apply to existing accounts that have been transacting for WEB Debits.

While Nacha oversees ACH Verification services, the offerings are specific to ACH financial services companies such as E-Complish in partnership with Plaid. ACH Verification rules require one of three methods to verify that the funds are coming from or going to legitimate bank accounts. These methods include:

- Commercially Available Validation Services and Using APIs-A third-party 'Account Verification Provider' verifies the account is open and has more than a \$0.00 balance.
- ACH Micro-Transactions-Small transactions sent to the bank account owner are verified by the owner online to confirm account validity.
- ACH Zero-Dollar Prenotification-A much slower process, it is a proven method to verify an account is valid but trades off immediate processing.

ACH Verification Benefits

Organizations that use E-Complish as their ECommerce ACH Direct Payments and ACH Direct Deposits solutions provider realize the benefits of a more secure ACH Payment solution from two industry-leading companies. E-Complish partners with Plaid to offer a more secure ACH solution to its clients and a simple and secure payment portal for their customers. In working with Plaid, E-Complish is committed to confirming that accounts remain open, active, and sufficiently funded.

The E-Complish and Plaid joint solution offers clients the benefits of satisfying the Nacha regulations for supplementary levels of detecting fraud. Digital transactions are made more secure due to the instant and strong authentication of financial accounts. This higher level of authentication reduces ACH returns that might come from mistypes or non-sufficient funds. Strong authentication also results in reduced Notice of Change (NOC) fees.

A streamlined checkout process benefits your customers and results in higher conversion rates on ACH transactions. Your customers further benefit from data encryption that protects their personal information. Every one of your customers who desires this ease and security at checkout can connect their financial information with various financial institutions and applications.

The E-Complish and Plaid joint solution mitigates overdrafts, returns, and Non-Sufficient Funds, thereby reducing transaction risk. Customers are delighted by the ease of the transaction resulting in increased transaction conversion rates. Both benefits equate to greater profitability for the merchant that uses ACH Payments.



ACH Verification Features



E-Compish clients have access to all of the features that come with Plaid.

- **Options:** Plaid is a Nacha preferred authentication provider and a data network that allows users to connect their financial accounts securely to more than 11,000 financial institutions.
- **Versatility:** Users can connect their financial accounts to thousands of financial applications, including Venmo, Paysafe, Expensify, and Betterment.
- **Security:** Your customer's data is safe over the Plaid network through a secure connection with their financial applications, and they have complete control over that connection.



Who Should Use ACH Verification?



As more and more transaction types move to online processing, every organization benefits from ACH Direct Payments and ACH Direct Deposits with ACH Verification. Customers benefit from convenience, and organizations of all kinds save time and money with reduced

risk. Companies that disperse funds, like insurance or finance companies, save time and the expense associated with mailing a physical check and delight customers with the near-immediate availability of funds without the hassle of making a check deposit.

While large government agencies, such as the IRS, have used the ACH network for a long time, many smaller governmental entities, like municipalities, still stand to benefit from the convenience and cost savings associated with ACH Direct Payments and ACH Direct Deposits.

Merchants seeking to minimize check-based payments and realize the benefits of faster payment processing with far less hassle realize tremendous benefits by moving to ACH Payments.

Every organization wishing to keep customers satisfied will realize benefits from the easy-to-use pay management system from E-Complish. Our experts are here to show you how to secure fast, efficient, and accurate payments for your business.

Historical Context & Modernization

While once the most efficient form of payment for both parties and far safer than managing cash, the time for banks to negotiate checks and then issue a credit or return the check is much too slow for the pace of business in the 2020s.

ACH Direct Payments first became an option in 2001, with customers able to pay via the internet or by phone. The method was convenient for the consumer and the merchant alike as the hassle of mailing payments and processing traditional check payments was eliminated. Additionally, companies that facilitated ACH payments saved substantially over traditional credit card fees while offering customers similar benefits.

The National Automated Clearing House Association (Nacha) is responsible for the administration and governance of the ACH Network. All U.S. bank and credit union accounts are capable of Direct Deposits and Direct Payments due to the management of Nacha. Nacha describes itself as a rule writer within the payments space committed to the development process and fostering growth, compatibility, and integration of the ACH payment system.

Same Day ACH Credit Payments became available in 2016, eliminating another advantage of credit card and digital payments. The Same Day network enhancements have continued year after year, with Same Day ACH enabled for Debit Payments coming online in 2017. Then, funds availability and transaction amount limits increase in subsequent years. As of March 18th, 2022, the Same Day ACH limit is now \$1 million, up from an original limit of \$25,000 in 2016.

ACH security has continually improved in line with the other network improvements through advancements in ACH Verification. Nacha has continued to expand the use of safety precautions and has advanced their use with rule changes that came into effect in March of 2021.

About E-Complish

E-Complish has been dedicated to expertise in making payment processing easy and secure for over 20 years. We have used this extensive experience to take full advantage of the innovations made to ACH verification processes.

Studies we have conducted inform an understanding that payment processing needs to be personalized and customized. This is why we employ in-house programmers to make every solution look, feel, and sound customized to an individual business.

Our service also provides in-house support staff dedicated to helping customers solve problems and make the most out of their payment services. We accomplish our goals by remaining flexible to the variety of moving parts involved in payment processing. E-Complish automates tasks so our customers can spend their time focusing on the more important things- like growing the business.

We continue a tradition and commitment to innovation, integration, and progressive technical solutions in the creation of our ACH verification.



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