

# ACH Origination

## User Guide *for Business*

Version 2.0



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# Overview

This ACH Origination guide covers key aspects such as account setup, transaction reviews, updates to payment instructions, handling of returns and reversals, and proper termination of services. Together, these steps create a reliable framework for overseeing ACH transactions from initiation to completion.

## How it Works

**Originator > ODFI > ACH Operator > RDFI > Receiver**

### Originator

The Originator is the business initiating ACH transactions, whether deposits (credits) or payments (debits). It must maintain and provide authorization upon request and is liable for all transactions processed, requiring evaluation of its creditworthiness.

### ODFI (Originating Depository Financial Institution)

The credit union acts as the ODFI, processing ACH transactions for Originators and is an intermediary between the Originator and the ACH network.

### ACH Operator

The ACH Operator is a clearing facility that receives transactions from credit union, routes them to RDFIs, and handles settlement functions.

### RDFI (Receiving Depository Financial Institution)

The RDFI processes transactions into the Receiver's account and manages exceptions like insufficient funds or unauthorized transactions. Non-compliance with ACH Rules may result in fines or loss of standing.

### Receiver

The Receiver is the individual or business that authorizes the ACH transaction. For payment (credit) transactions, written authorizations are required. While written authorizations for collection (debit) transactions are not mandatory, they are strongly encouraged for record-keeping and compliance purposes.

## 1. Gettings Started

This guide will help you understand the essential aspects of using ACH Origination, ensuring a smooth and secure process. Our goal is to provide clear guidance on your role and responsibilities while addressing any expectations with transparency and efficiency. By following best practices and security measures, you can maximize the benefits of ACH Origination and your overall banking experience.

## 2. The Key Essentials

Before we begin, it's important you feel well-informed and confident in navigating ACH Origination discussions, comply with regulatory requirements and optimize your operations.

Below is a list of items that will help with this process:

## 2.1 Role + Responsibilities

### I. Understanding NACHA

Retain a copy of National Automated Clearing House Association (NACHA) Operating Rules and comply with all requirements of the rules.

If you do not have a copy of the NACHA rules, an ACH Quick Reference Guide can be found by visiting [verveacu.com/business/resources/](https://verveacu.com/business/resources/)

### II. Customer + Vendor Impact

- Collect and securely store necessary account information for credit / debit authorizations.
- Inform customers and vendors about ACH transaction schedules and ensure their accounts are prepared.
- **Regulation E** is a consumer protection that allows a consumer **up to sixty (60) days** to dispute unauthorized or incorrect transactions.

### III. Personnel + Training

- Ensure employees handling ACH transactions are trained on compliance and operational requirements.
- Ensure two authorized individuals (dual control) are involved in the approval process.
- Avoid password sharing and maintain individual credentials to uphold security and accountability.

## 2.2 Fraud + Security

### I. Safe Storage of Data

- Retain all Authorizations at least **two (2) years** from final ACH transfer - including revocations.

#### Samples for use:

1. [Authorization for ACH Debit](#)
  2. [Authorization for ACH Credit](#)
- Ensure that all documentation, whether physical or electronic, are securely stored in a locked or encrypted space. Once the retention period has passed, securely shred documents to safeguard sensitive information and prevent fraud.

**Recommended:** Create a disaster recovery plan to safeguard critical operations in the event of an unexpected disruption or system failure.

## II. Fraudulent Activity

- Utilize fraud detection tools and secure systems for initiating ACH transactions.
- Understand the risks of ACH fraud, including unauthorized transactions.
- Report any fraud or irregular activity to the credit union **immediately**.

## 2.3 General

### I. Limits

- The credit union uses a good funds model, ensuring that all funds are verified and available for processing transactions.
- Be aware of transaction thresholds for Single, Daily, Weekly, and Monthly limits.
- Clearly define limits for all users and restrict access to only the necessary accounts.
- Implement secondary approval authorizations to mitigate risk.

### II. Submissions

- Next day vs. Same Day ACH submissions (notify for emergencies)

### III. Cutoffs, Holidays, and Weekends

- ACH credit and debit files should be submitted before **1:00 pm CST one (1) day before** the effective date of the file.
- Transactions intended for **Same Day settlement** must be submitted by **1:00 pm CST**.

"Business days" are days the Federal Reserve is open. ACH file transfers and online funds transfers will not be processed on days Verve is closed, including federal holidays, Saturdays, and Sundays. Originators must avoid setting settlement dates for these days.

For updates, visit [federalreserve.gov](https://www.federalreserve.gov) for the 'Holidays Observed - K.8'.

### III. Prenotifications

- Prenotifications, or Prenotes, are zero-dollar transactions that verify a recipient's account information and ensure accuracy before sending actual funds.
- Prenotes are not required but are strongly encouraged. If sent, must wait at least **three (3) business days** after they are processed before initiating a live transaction.

### IV. Returns + Errors

## Returns / Notice of Change

Must be completed within **two (2) business days** from the settlement date.

## Reversals

Allow for **three (3) business days** to ensure there are no potential returns from the RDFI.

- The reversal must be initiated within **five (5) business days** from the settlement date of the original transaction.
- The originator must notify the receiver of the reversal.
- You are generally allowed **one (1) attempt** to reverse an erroneous or duplicate ACH transaction.

## Re-presented Entries (RCK)

In the case of a returned item due to insufficient funds (NSF) or uncollected funds, you are allowed up to **two (2) attempts** to re-present the ACH debit entry for collection. These attempts must occur within the allowed timeframes and meet specific conditions.

## 2.4 Risk Assessments

- The credit union mandates a regular risk assessment of the business's ACH practices at least annually.
- Authorizations must be readily accessible so if warranted, a copy can be provided **within a ten (10) day** timeframe required by NACHA rules.

## 2.5 Support

- Technical assistance and support for ACH Origination is available by contacting:  
**Business Support** at 800.448.9228, Option 5

# 3. Templates

## 3.1 Create a Template

An ACH template is a set of instructions that once created and saved, can be used in the future as the starting point from which to send payments.

Before you can create ACH templates, you must be assigned to a role with **Create ACH Template, Edit ACH Template, and ACH Account permissions**.

To create a new template:

1. Click the New Template button, the **+ New Template** window will display.
2. Enter a **Template Name**.
3. Select an **Offset Account, Company Name, and Transaction Type** from the dropdown menu.
4. Enter a **Company Entry Description**. This provides a description of the transaction to the payee.
5. Select an **Access Level** for the template. A template marked as Restricted would only be viewable by a user with Access to Restricted Templates permissions.
6. Click the Import Payees button to upload a NACHA (.nec) or .csv (comma separated value) file into business banking for future use (optional). The format required for the file upload is noted in the Show file setup instructions link.
7. Click the **Create Template** button to save the new template or click the Cancel button to close the New Template window without saving.
8. A confirmation message will display confirming the template has been created.

## 3.2 Edit or Delete

### I. Edit

The edit template function allows business users to edit the Template Name, Company Entry Description, Offset Account, and the Access Level. Edits aren't applied to templates pending authorization, authorized templates, or future-dated templates. To edit a template, business users must be assigned the **Edit ACH Template** permission.

To edit a template:

1. Select the template to Edit
2. Click the **Details** tab.
3. Click **Edit** next to the field to edit.
4. Update the field as needed.
5. Click **Save Changes**. The **Verification Needed** window might open for the business user to verify their identity.
6. Click **Verify**. A message confirms the template is updated.

**Note:** Edits are not applied to templates pending authorization, authorized templates, or future-dated templates.

## II. Delete

Business users can delete ACH templates. Business users must be assigned the **Delete ACH Template** permission to delete a template.

A user can't delete templates that are pending authorization, authorized for future use, or future-dated.

To delete a template:

- a. Select the template to delete.
- b. Click the **Details** tab.
- c. Click **Delete template**.
- d. In the **Delete Template?** dialog, click **Delete Template**. A message confirms the template is deleted.

**Note:** Deletion does not apply to templates pending authorization, authorized templates, or future-dated templates. **If you delete an ACH template that has been scheduled, the system will allow the credit union to process the already scheduled template.**

To cancel a future-dated template, click the **Scheduled** tab and click **Cancel** for the template to prevent it from being processed.

## 3.3 Payees

Before a business user can add payees to a template, the business user must have **Payees** with ACH **Payment methods** and must be assigned the **Manage Template Entries** permission.

Business users can't use a mobile device to delete ACH Template payees, but they can add payees or edit ACH Template Payee amounts and statuses.

### I. Add a Payee to a Template

- a. Select the ACH template for which you need to add a payee.
- b. Click **Add Payees**.

The **Add Payees to Template** window opens. If needed, a business user can click **Manage Payees** to open the **Business Admin** widget to create, modify, or delete payees.

- c. Find the **Payees** to add. Use the **Search Payees** field if necessary.
- d. Select the checkbox next to the payees you want to add to the template.
- e. Click **Add Payees**. You can't add duplicate payment methods for the same payees in ACH template submissions. Alkami's Pass Thru feature supports this feature.

The **Verification Needed** window might appear for the business user to verify their identity.

7. Click **Verify**. A confirmation message confirms the payees are added to the ACH template.

## II. Edit a Payee in a Template

Business users can edit payees in a template. Business users must be assigned the **Manage Template Entries** permission to edit a Payee.

Changes to payees aren't applied to templates pending authorization, authorized templates, or future-dated templates.

1. Select the ACH template that has a **Payee** needing an update.
  - i. **Payees** to the right of the **Amount** column label. To update the amount to zero (\$0) for all payees, click **Set All Amounts to \$0**. All active payees' amounts are set to \$0 in the ACH Template.
  - ii. All active payees must have an amount greater than \$0 to make **Save Changes** active.
  - iii. The **Account** column displays the ACH account assigned to the payee and can't be changed. You manage ACH accounts in the payee's payment methods.

2. In the **Status** list, select from the following statuses:

### Active

The payee is a live entry that is included in the template sent to your FI for processing.

### On Hold

The payee isn't a live entry and isn't included in the template submission. For example, an employee on unpaid leave can be designated on hold until they return. A hold icon (●) along with a number indicating the number of payees with an On Hold status appear on the ACH template.

### Prenote

The system creates a zero-dollar prenote entry in the template. Prenotes are optional. If you use them, they must be sent at least three days prior to submitting a live entry. For example, your business can submit a prenote entry for a new employee using direct deposit to ensure the accuracy of the payee's bank and account information. A prenote icon (■), along with a number indicating the number of payees in a Prenote status, appear on the ACH template.

3. In the **Amount** field, enter an amount that is greater than \$0 for payees in an Active status.
4. Optional:
  - In the **Addenda** field, enter up to 80 characters of additional details for the transaction. For example, invoice details or reference numbers that help the payee apply the payment in an accounting program.
  - Optional: In the **Discretionary Data** field, enter a two-character code for a company's internal use. No specific format is required.
5. Click **Save Changes**. A message confirms the template is updated.

### III. Remove a Payee from a Template

Business users can remove payees from a template. Before payees can be removed from a template, a business user must be assigned the **Manage Template Entries** permission.

1. Select the ACH template from which to remove the payee.

**To remove an individual payee:**

- a. Click **Edit** next to the payee to remove.
- b. Click **Remove Payee**.
- c. In the confirmation prompt, click **Yes, remove**.

**To remove multiple payees in a template:**

- a. Click **Edit All** Payees to the right of the Amount column label.
- b. Select the checkbox for each payee you want to remove or click **Remove** to select all payees.
- c. Click **Save Changes**. A confirmation prompt appears.
- d. Click **Remove Payees**. A message confirms the template is updated.

## 3.4 Submitting

### I. Submit a Template

The Submit Template feature allows you to submit templates for authorization (if needed) and processing.

In order to submit ACH templates, you must be assigned a role with **Submit Template permissions, permissions for the ACH transaction type, and the offset account used in the template**.

**To submit an ACH template:**

- a. Select the desired template to submit for processing.
- b. Click the **Review and Submit** button.
- c. Select the template to be a **One Time** or **Recurring** submission.

**If you select One Time:**

- i. In the **Deliver By** field, select a date.

The deliver by date represents the date the transactions are expected to settle with the payee's account. The system checks the daily cutoff time, business processing days, holidays, effective entry date rules, and future day limits to determine if, and when, the template can be scheduled.

Select the current date to submit a Same Day ACH. If the ACH template is submitted with the current date but is past the cutoff time, the template is considered for processing and settlement the following business day.

- ii. Click **Submit**.

If submitting a Same Day ACH, a confirmation window opens. Click **Submit Template** to confirm the Same Day ACH submission.

If submitting an immediate ACH template that matches an existing immediate ACH submission or if submitting an ACH template with the same Deliver By date and amount as an existing ACH submission, a confirmation window opens. Click **Yes, resubmit** to confirm the submission.

If you select **Recurring**:

**Note:** Recurring submissions can't be set up using a mobile device.

- i. In the **Frequency** list, select the recurring timeframe.
- ii. In the **Starting** field, use the calendar to select a start date.
- iii. In the **Ending** field, select **Never** or use the calendar to select a specific date.
- iv. In the **Non-Business Day Handling**, select whether the template must be submitted before or after the non-business day.
- v. Click **Submit**.

## II. Submit a Quick ACH

Using Quick ACH, your business users can send a one-time debit or credit ACH. Quick ACH supports all ACH Transaction Types that are enabled for the business. Any ACH Transaction Type that is only available for ACH Pass Thru submissions aren't eligible for Quick ACH.

**To submit a Quick ACH:**

- a. Go to **Create an ACH > Quick ACH**
- b. From **Offset Account**, select the account for the transaction.
- c. Select the **Payment Company** if more than one is available.
- d. Select the **Transaction Type**, such as Consumer Credits or Business Debits.
- e. Enter the **Entry Description**. This information describes the transaction to the payee.
- f. Select the **Access Level** as **Normal** or **Restricted**.
- g. Enter the **Amount** of the transaction.

- h. Enter the **Deliver By** date for the transaction.
- i. Start typing the **Payee's** name. If the payee already exists, the name appears.

To create a new Payee for the transaction, click **+ Create New Payee**. A new window opens so the business user can fill in the information.

If the business wants to use this Payee in future, select the **Save Payee For Future Submission** checkbox. If this is a one-time use Payee, leave the checkbox cleared. A one-time Payees' information is available in the **Pending** and **History** pages for the business user and is saved in reports for the FI Administrator to provide research and customer service.

- j. If you selected an existing Payee, the payees' **Payment Methods** open. The business user can select the Payment Method to use for the transaction.

If the Payment Method doesn't exist, the business user can click **Add new payment method** to enter a new Payment Method for this Payee.

- k. Click **Submit**. The submission status might display as **Scheduled, Needs Authorization, or Pending FI Review** based on the limits of the submitting user and business.

### III. Submit a Pass Thru

A pass thru file contains detailed information about transactions, such as payees, account and routing numbers, and amounts for a more efficient way of processing transactions.

#### To submit an ACH Pass Thru file:

- a. From the **Create ACH** list, select **Import File**.
- b. Click **Browse Files** or drag-and-drop to upload a Nacha TXT or CSV file.
- c. Click **Continue** or click **Save Template Only** to import batches and payees from the file as templates for future use.
- d. Online banking validates the file. If there is an issue with the file, an exception or error message appears. Messages in an orange box are exceptions and are informational. This allows the business user to proceed; the system corrects exceptions. Messages in a red box are errors, and the business user can't proceed until they upload a corrected file.

**Note:** Submission names must be unique.

- e. In the **Offset Account list**, select an offset account. For credit templates, this account is debited to cover credit transactions such as payroll. For debit templates, this account receives the funds collected from payees.
- f. In the **Company Name** list, select a name. The ACH Payment Company Name values enable the business to use a unique company name and identification in batch header records. For example, if the business has two locations with separate payroll files, they might require a unique ACH Payment Company for each location. Your FI might require additional company names.
- g. In the **Deliver By** field, select a delivery date from a calendar.

- h. In the **Review batch details and submit** section, review the details of each batch. Batch Names are generated as [Submission Name\_#] and can't be edited.
- i. In the **Transaction Type** list, select a transaction type.
- j. In the **Company Entry Description** field, enter a description of the template transaction that is posted to the payee's account. The description can be no more than 10 characters. Examples include Payroll, Direct Dep, Reg Salary, Vendor Pmt, Loan Pymt, and Ins Prem.
- k. Select the checkbox for **Restricted Batch**.
- l. The Access Level, combined with ACH permissions, controls business user access to ACH templates. Leave the **Restricted Batch** checkbox cleared to allow all business users with requisite ACH permissions (for example, ACH Transaction Type or ACH Offset Account) to access the template. Select **Restricted Batch** to ensure only business users with the required ACH permissions plus the **Access to Restricted Templates** permission can access the template.
- m. Select the **Save as template** checkbox to add the batch to the saved templates for future use.
- n. Click **Save and Submit**. The **Verification Needed** window might open.
- o. In **Enter code**, enter the code you received and then click **Verify**. A message confirms the ACH Pass Thru is submitted.

### 3.4 Scheduled

The scheduled tab displays future-dated ACH submissions that are scheduled to be processed by the credit union.

On desktop, business users can click **Show Search** to view and search fields for scheduled ACH submissions, view scheduled ACH submission details, and cancel future-dated ACH submissions using specified search criteria.

On mobile, business users can only view scheduled ACH submission details.

### 3.5 History

The history tab displays pending batches (submissions available for processing) and a template history (submissions that have been completed or rejected by the credit union, rejected when in a **Needs Authorization** status, or canceled by a business user).

On desktop, business users can click **Show Search** to expand an advanced search area to search for completed ACH submissions and view details for these ACH submissions.

On mobile, business users can only view ACH submission details.

When a business user clicks an ACH submission, the ACH submission expands to display the status and additional details about the ACH submission.

### 3.6 Cancelling

**To cancel a scheduled ACH template:**

1. Click the **Scheduled** tab.

2. Find the ACH template and click **Cancel**.
3. Optional: In the **Reason** field, enter a reason for the cancellation.
4. Click **Yes, continue**. A message confirms the scheduled ACH template is canceled.

The status of the scheduled ACH template changes to canceled and appears on the **History** tab.

## 4. Notifications + Alerts

Business users can set alerts to stay informed when an ACH function has been completed. This allows users to maintain oversight of the basic functions of ACH Origination.

You can configure ACH alert contact methods in **Settings > Notifications**

You may turn on the option by selecting the green toggle button. Be sure to select the preferred delivery method for the alert and select **Save**.

ACH Origination supports the following alerts:

- ACH Template Submitted
- ACH Template Edited
- ACH Requires Authorization
- ACH Authorized
- ACH Authorization Rejected
- ACH Canceled
- ACH Expired (not approved by the cutoff time)
- ACH Processed

## 5. Submission Authorization or Dual-Authorization

For additional guidance, refer to the outlined steps in the [Business Admin – User Guide](#).

## Resources

Resources are links to other User Guides and any other resources related to the topic of this guide.

- [Business Admin – User Guide](#)
- [ACH Quick Ref Guide for Corp Users](#)
- [ACH Credit Authorization](#)
- [ACH Debit Authorization](#)

# Feedback

This is a living document and is updated as needed. Please contact the credit union with your feedback.

To ensure that feedback is adequately addressed, please include:

- Document name and version
- Section name
- Suggested feedback