

The ABCs of ACH: Why You Need It and How to Get It

Faster than checks, cheaper than credit cards, and more potentially lucrative than a free-standing Starbucks. And, not to mention, one of the more well-established superheroes of our payments options: Have you met ACH?

If you're a small business owner, you've probably heard of it, and you may even be using it? But are you aware of all the benefits that come with it? In a nutshell, Automated Clearing House (ACH) payments offer a way to get paid directly (or transfer money) without swiping, cashing, writing, or keying. It's a safe and secure automated transfer from one bank account to another, using the ACH network rails, via a direct payment or direct deposit.

So, what's the benefit for business owners? Where do we start?

The Autonomy of Automation

Running a business can be challenging! The number of hats you're forced to wear as a small business owner is innumerable and your bottom-line revenue tends to be a consistently moving target. ACH as a back-office protocol can be invaluable due to the autonomy it enables for B2B payments. In this blog, we'll focus on the top five reasons that businesses benefit from ACH, as well as how Biller Genie already has you covered as one of our subscribers.

1. **ACH payments are more efficient and more reliable than paper checks.** Gone are the days when submitting a check for payment will suffice. In today's fast-paced digital economy, paper checks have become a payments relic. Why? The closed loop play-by-play for this process includes:
 - a. The business owner waiting for snail mail to arrive with the check
 - b. Then going into the accounting suite and applying the check for processing
 - c. And finally driving out to the brick-and-mortar bank to deposit it

The entire ACH process, on the other hand, can be completed in the time it takes just to write the check. That means the entire transfer is complete before our previous example even gets to step one!

2. **ACH payments are more profitable than many of the other alternatives.** Did you know that the cost to issue a paper check is approximately \$3-\$5 per transaction (about as much as a café latte)? This accounts for printing, posting, and personal cost. And the average cost per credit card transaction ranges from 2%-5% per transaction. As for the average cost of an ACH payment, you're looking at typically less than \$1 per transaction. Not to mention, the ease and convenience offered by ACH typically results in faster payment remittance and more sustained cashflow.
3. **ACH payments are more reliable.** And this is true for many reasons. There are quite literally more than 100 different chargeback codes when it comes to credit card transaction disputes. ACH, on the other hand, can only be disputed for the following

three reasons: Either the transaction was issued using an unauthorized amount, it was processed earlier than the authorization date, or the transaction was not authorized at all. Plus, since invoices get paid faster and payment information doesn't expire, your cashflow stays more reliable and consistent.

4. **ACH transactions facilitate more financial certainty.** Not only do most banks process ACH payments before they process paper checks, ACH payments can also be set for recurring payment remittance or any kind of prearranged payment plan. This allows for more convenience and ensures more stability when it comes to settling invoices. And, on a more resource-conscious note, electronic payments eliminate the need for check paper, check ink, fuel to transport checks, time and labor to handle and deposit checks, and the like, leaving you and your staff additional time and money to focus on other areas of the business.
5. **And finally, electronic payments enable more coherent back-office protocols.** Making the conscious move from paper checks to electronic payments enables an automated accounts receivable process that streamlines cash flow, offers a more coherent back-office reporting strategy, and gets you paid on time, or even ahead of time, on a more regular basis. Popular offerings include the Biller Genie automated A/R platform with WEB ACH functionality already built in!

The Genie Advantage

So, it goes without saying that most standalone ACH originators do not have solutions required to connect to merchant accounting software systems or ERP's. Not to mention, there are significant requirements when it comes to establishing how you're authorizing ACH transactions – the burden for this often falling on the merchant.

Automated A/R platforms such as Biller Genie remove this burden for you.

How? We have all the tools necessary to manage proper encryption, authentication, and authorization protocols in a manner that ensures compliance with the National Automated Clearing House Association (NACHA) guidelines for ACH processing (including the most recent March mandates).

For those of you who may not know, there are three different transaction types when it comes to ACH processing:

- **Prearranged Payment and Deposit Entry (PPD)** is an ACH transaction that is initiated against a personal bank account with a signed authorization form.
- **Cash Concentration Disbursement (CCD)** is an ACH transaction this is initiated against a business bank account with a signed authorization form.
- **WEB ACH** (Internet-Initiated Entry) is an ACH transaction that is initiated against a personal bank account whereby the account owner accepts the terms and conditions for the transaction online, without a signed authorization form.

We have all three covered! Another Genie benefit? All ACH accounts that have been authorized via the pre-approved, NACHA compliant DocuSign forms for PPD and CCD (which we provide for you) can be setup for recurring transactions without the need for subsequent authorizations. What this means for you is no more chasing forms and no more jumping through hoops to retain your customers with recurring payment options. And, when it comes to expedited one-time payments, WEB ACH offers a fast, easy, and more cost-effective alternative for one-offs that requires no signed forms and is still much cheaper than credit cards. These transactions, however, cannot be submitted on a recurring basis as they do not require an authorization form.

A Strategy for Savings

And finally, since we know saving money is crucial for any small business in this economy, we recommend utilizing technology features that enable you to accurately assess and report your processing fees. Biller Genie's Technology Fees option is a good example of this in that it automatically aggregates your processing fees into a line-item detail that appears individually on your reporting dashboard.

The capacity to utilize ACH processing for your payment remittance and employ technology fees as part of your standard BAU practice on every transaction will offer a path to affordable A/R via what we call "the least-cost route."

Get the details on how to activate these options [here!](#)