

# ACH ORIGATION

Process of initiating electronic fund transfers between bank accounts through the Automated Clearing House network. It allows businesses and organizations to electronically collect payments, make direct deposits, or process recurring transactions.

## Benefits of ACH Origination



### Cost-effective

Generally more affordable than other payment methods like checks or wire transfers.



### Security

Subject to strict regulations and security protocols, ensuring the safety of sensitive financial information.



### Convenience

Can be scheduled in advance, automating recurring transactions.



### Efficiency

Processed electronically, reducing manual effort and paperwork.

## Types of ACH Origination



### Direct Deposit

Employers use ACH origination to deposit employee salaries directly into their bank accounts.



### Vendor Payments

Businesses can pay their vendors or suppliers through ACH origination, streamlining payment processes.



### Consumer Payments

ACH origination enables businesses to collect one-time or recurring payments from customers.

## How it Works:

### Authorization

Businesses obtain authorization from customers to initiate ACH transactions, either through signed agreements or electronic authorizations.

### Data Collection

Relevant payment information such as bank account numbers and routing numbers are collected from customers.

### File Creation

The collected payment information is formatted into an ACH file, including the necessary transaction details.

### Transmission

The ACH file is securely transmitted to the originating financial institution or a trusted ACH service provider.

### Processing

The originating financial institution processes the ACH file and initiates the fund transfers through the ACH network.

### Settlement

The receiving financial institution receives the ACH transaction and credits or debits the appropriate accounts accordingly.