

Nacha Leads by Example in Making and Receiving ACH Payments



COVID-19 Pushes More Payments from Checks to ACH

As the steward of the ACH Network, Nacha is, of course, a proponent of making and receiving payments by ACH.

"For accounts payable, we were at 95% paid by ACH even prior to the pandemic," said Roxanne Orticke, CPA, Nacha Senior Director, Finance. "It's closer to 98% after COVID."

At a time when in-office staffing is minimal or non-existent because of the pandemic, paying bills by ACH is important for any business or organization, and Nacha is no exception.

"Before, we were typically processing check runs up to twice a month," said Orticke. "But since the pandemic hit, we've converted all active and recurring vendors to electronic payment, with the majority receiving ACH credits. We have not processed any vendor payments via physical check since mid-summer 2020."

Nacha, a nonprofit association, isn't shy about highlighting to vendors and suppliers the many benefits of receiving their money through ACH—be it from Nacha or other companies they do business with. Orticke said Nacha always points out that vendors "are getting [their] money pretty much the next day, it is directly deposited to [their] account, and the vendor has lower costs than with getting a check."

Some new vendors raise concerns about not getting the remittance information that accompanies an ACH payment. When that happens, Nacha explains that it sends an auto-generated remittance email on the day of processing with all necessary detail to accompany ACH payments.

ACH HELPS AT A CHALLENGING TIME

The coronavirus particularly highlighted the value of ACH. Orticke pointed to an example of one check, processed as a vendor reimbursement, that Nacha sent just as the pandemic began shutting offices. Four months later it still had not been deposited, believed to be in a pile of unopened mail at the recipient's premises, requiring Nacha to stop payment and replace it with an ACH payment. "The lesson learned is to insist on ACH payments for reimbursements," said Orticke.

There's another pandemic-related reason to drop checks in favor of ACH. Orticke called it a "health cost"—getting

people to leave their house, don a mask, and go to the office to write a check. And if a check must be issued, there's no other choice, because as Orticke noted, "It's really not safe to bring your company's check stock home. It's not a good idea. The best and therefore

preferred practice is to keep company check stock locked away in a secure place in the office." On the other hand, ACH payments, being electronic, can be securely issued from almost anywhere.

ACH also helps businesses with cash flow, as payments can be timed to a specific date using either traditional or Same Day ACH. Orticke also said that each ACH payment makes a statement about Nacha to the companies it does business with. ACH, she said, "shows that we're worthy of favorable invoice terms as a customer or client with assets liquid enough to pay invoices on-time or sooner."

"That reputational factor says that you're actually a pretty outstanding organization, that you can pay as early as next day, and it'll be straight from your operating account."

ACCOUNTS RECEIVABLE ADVANTAGES

For accounts receivable, about 76% of Nacha's total revenue is received by ACH.

Much the same way that consumers have recurring bills such as utilities, Nacha has several members and customers with recurring monthly charges, such as member dues and publication sales. Just as consumers authorize an electric company to debit their bank account for the amount of the bill, these Nacha members and customers have standing authorizations allowing Nacha to use ACH to debit their accounts for payments that are due.

For smaller contracts on the accounts receivable side, Orticke said that "in listing ways to pay we highlight that ACH is the preferred way to go." For larger contracts, "We have that right up front, written in the contract, that payment should be made via ACH."

Finally, all Nacha employees receive both salaries and expense payments 100% through Direct Deposit, which is probably the best-known feature of the ACH Network. As a result, all Nacha staff have received their money on-time during the pandemic.



Roxanne Orticke, CPA,
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