



ACH 101

ARC Accounts Receivable Conversion



Who Uses ARC?

ARC payments are prevalent and valuable for industry types such as:

- Non-profit Organizations
- Property Management Companies
- Health Care Providers
- Lenders
- Credit Card Companies
- Utilities

In fact, any company that receives payment by check through the mail or drop box location is a great candidate for the value and benefits that ARC can provide.

What is it?

ARC is an acronym for Accounts Receivable Conversion, an electronic check conversion method in which a paper check received in the mail or drop box location for payment is converted to an ACH debit transaction (electronic check, e-check, eCheck, automated check, check processing, check clearing). This type of debit request will appear on a customer account statement as an "ACH" transaction.

Requirements:

The merchant must receive a paper check via the mail or lock box in order to convert it to an electronic transaction. The physical check is the authorization for the transaction, and must be retained for two years after the transaction is processed. The following checks cannot be converted:

- 3rd Party Checks, including bill pay
- Government checks (federal and state)
- Checks including an auxiliary on-us field
- Checks over \$25,000.00

Note: Record retention regulations changed effective March 17, 2007. A scanned image is no longer required, and the original check no longer needs to be destroyed.

How does it work?

Once a paper check is received for payment from a customer, an ARC payment can be initiated by logging into the First ACH Payment Gateway and entering the customer's contact, bank, and payment info using that check and then submitting it for payment. The primary active components other than basic customer information and payment amount are the bank **routing number**, the bank **account number**, and the **check serial number**, all of which are located on the bottom of the paper check on hand (see *check image*). You can print the confirmation of payment submission and the funds are released to your account three business days after the Effective Date (the business day the payment was submitted). The customer will receive a full accounting on their bank statement for the payment..

Benefits:

- Payments converted electronically are processed faster and before paper checks and therefore are more likely to be received.
- Errors are less likely when using electronic format vs. processing checks manually.
- Save money by reducing the expense of dealing with conventional paper items.
- Get notification on returned checks faster. ARC provides notification within 3 business days or less.
- Accounts receivable reporting is more efficient as electronic conversion allows for streamlining.
- No more trips to the bank!

Check Information Collected:

- Customer name and contact information
- Bank *Routing Number*
- Bank *Account number*
- Check Serial Number
- Dollar amount of check

