

Navigating ACH payments:

A practical guide for small
business owners

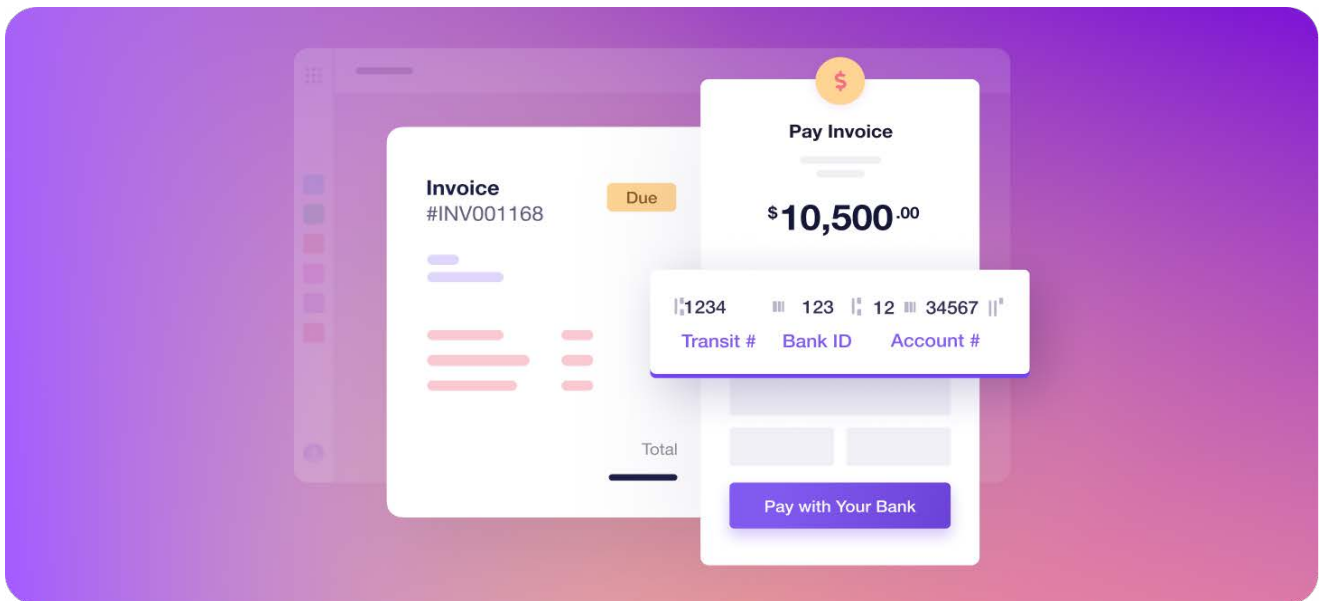


helcim

Welcome to ACH payments!

You may have searched about [ACH payments](#) or direct deposits and wondered how this helps businesses like you. But what is it really and how does it impact you as a merchant?

Whether you're looking to get paid, streamline payroll, or simplify your bill payments, this guide has everything you need to understand ACH payments: what they are, how to get started and how to get your customers to pay you via this low-cost payment method.



What is ACH?

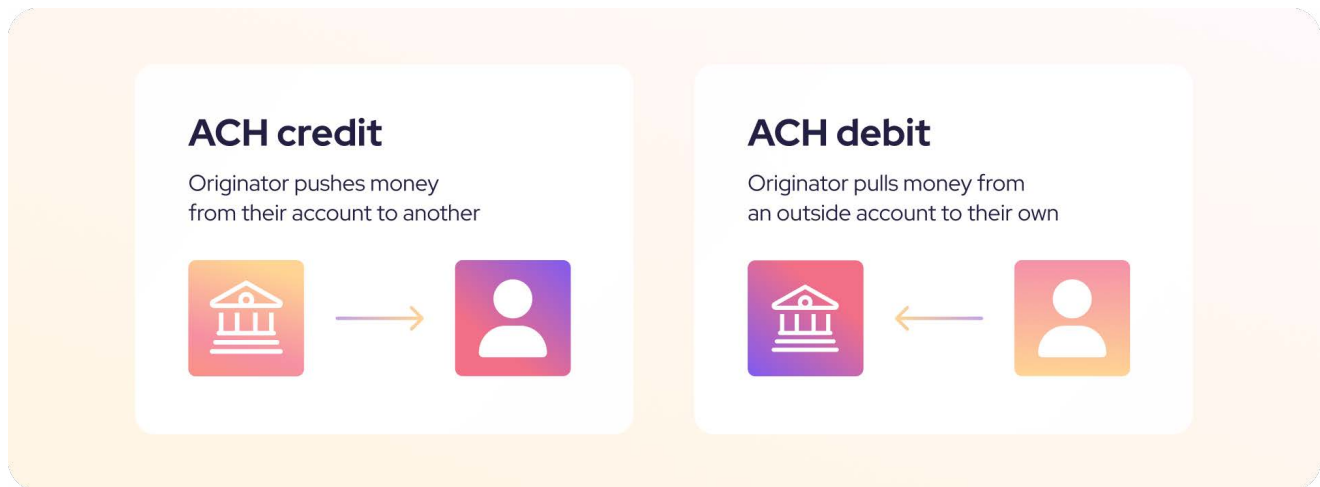
ACH, or Automated Clearing House (Electronic Fund Transfer in Canada), has been around since the 1970s to reduce paper checks. It processes electronic payments between bank accounts and is essential to the U.S. and Canadian banking systems. In fact in 2023, the ACH network handled [nearly 31.5 billion payments worth \\$80.1 trillion](#).

Governed by NACHA, the ACH network ensures secure, reliable transactions by setting rules and standards. It connects financial institutions, offering a secure, efficient alternative to traditional payment methods like paper checks and wire transfers.



The two main types of ACH payments.

- **ACH credit** – Involve funds being sent from an account commonly used for payroll, tax refunds, or government benefits.
- **ACH debit** – Involve funds being pulled out or withdrawn from an account to pay invoices, bills, suppliers, or other obligations. This can include recurring payments like subscriptions, vendor payments, and utilities.



ACH vs wire transfers.

Often people think that ACH payments and wire transfers are the same. While both are being used to move funds, there are key differences to note if you plan on using any of them.

	ACH	Wire Transfer
Speed	Slower Settlement takes 1 – 4 business days with same-day option	Faster Settlement is instantaneous
Cost	Cheaper 0.5 – 1.5% per transaction	Expensive \$15 – \$50 per transaction
Usage	Recurring payments, payroll, small ticket transactions	Urgent transfers, lump sum one-time payments
Reversals	Easy	Hard

What industries work best for ACH?

ACH payments are perfect for businesses that handle recurring or ongoing transactions. Since ACH payments do not process in real-time and do not clear instantly, they are not suitable for point-of-sale or e-commerce scenarios. However, for businesses with ongoing customer relationships and regular invoicing, ACH is an excellent fit for businesses and fee types like:

- **Landlord:** Rent payments
- **Education:** Tuition fees, daycare fees
- **Financial institutions:** Loan payments, mortgage fees
- **Fitness center:** Membership fees
- **Accountant/bookkeeper:** Fees based on hourly rates or retainer fees
- **Internet service provider:** Fees based on services used
- **Marketing agencies:** Fees based on hourly rates
- **Not-for-profit organizations:** Donations



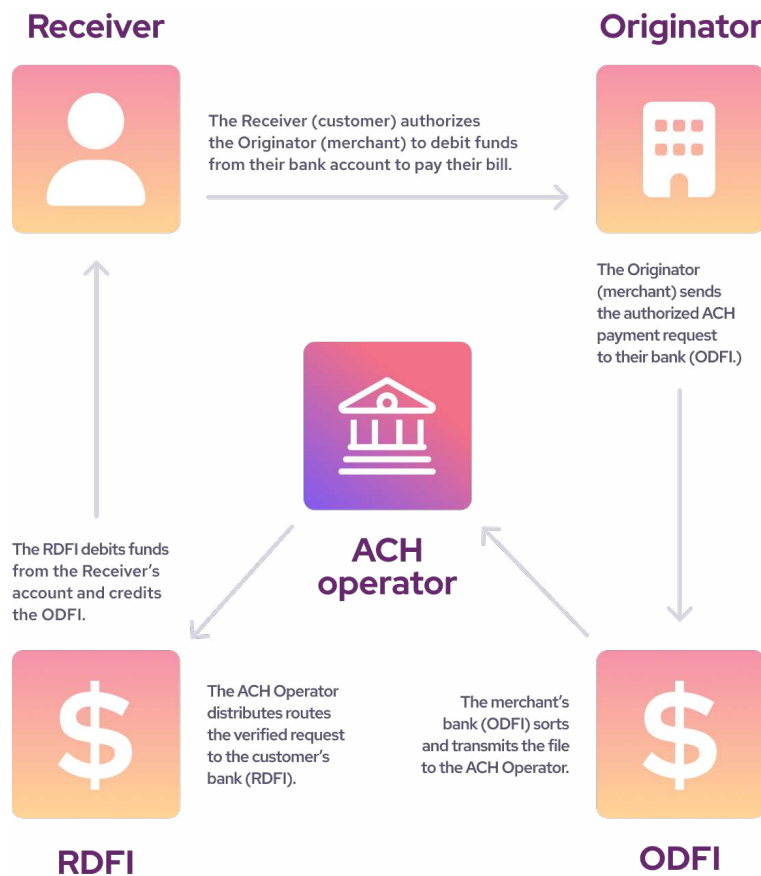
How ACH payment works?

Before we get into the process of how ACH payment works, it's good to have an understanding of the key players involved.

- **Originator** – Initiates the payment instructions
- **Receiver** – Receives the debit/credit amount
- **Originating Depository Financial Institution (ODFI)**: Merchant's bank that starts the transaction.
- **Receiving Depository Financial Institution (RDFI)**: Customer's bank that receives the debit or credit transaction.
- **ACH Operator**: The middleman (like the Federal Reserve) that processes and sorts the transactions.

ACH direct debit transaction flow.

For merchants, ACH Debit is often used to process payments for goods and services. Here's how it typically works:



Benefits of ACH for businesses.

ACH offers numerous benefits for businesses, including cost savings, improved cash flow, and enhanced security.

- **Cost efficiency.** ACH payments are generally cheaper than credit card transactions and wire transfers, helping you save on fees. While most ACH processors provide a flat-percentage, there are payment providers like Helcim, which offer a cheaper rate at 0.5% of 25c and a fee cap of \$6* so you don't overspend on processing fees.

Transaction Amount	Typical ACH Processing fee with Helcim**	Typical credit card processing fee***	Savings
\$100	\$0.75	\$2.90	\$2.15
\$500	\$2.75	\$14.50	\$11.75
\$1,000	\$5.25	\$29.00	\$23.75
\$5,000	\$6.00 (cap)	\$145.00	\$139.00

* up to transactions worth \$25,000, ** based on Helcim's ACH rates at 0.5% + 25c, capped at \$6, ***based on average market flat-rate providers 2.9%

Improved cash flow management. You can schedule payments with ACH, making your cash flow more predictable. Automate payroll, vendor payments, and customer billing to ensure everything runs smoothly.

Enhanced security. ACH transactions are encrypted and monitored for fraud, reducing the risk of check fraud and lost or stolen checks.

Convenience and automation. ACH allows for automatic recurring payments, cutting down on manual processing and administrative tasks. This frees up your time to focus on growing your business.

Additional Resources:

NACHA: <https://www.nacha.org/content/ach-supports-small-businesses>

FitSmallBusiness: <https://fitsmallbusiness.com/what-is-an-ach-payment>

Get Helcim's affordable rates for your ACH payments.

Enjoy no monthly fees, no contracts, and no exorbitant NSF charges. Just one straightforward rate: 0.5% + \$0.25, capped at \$6.

Start saving now

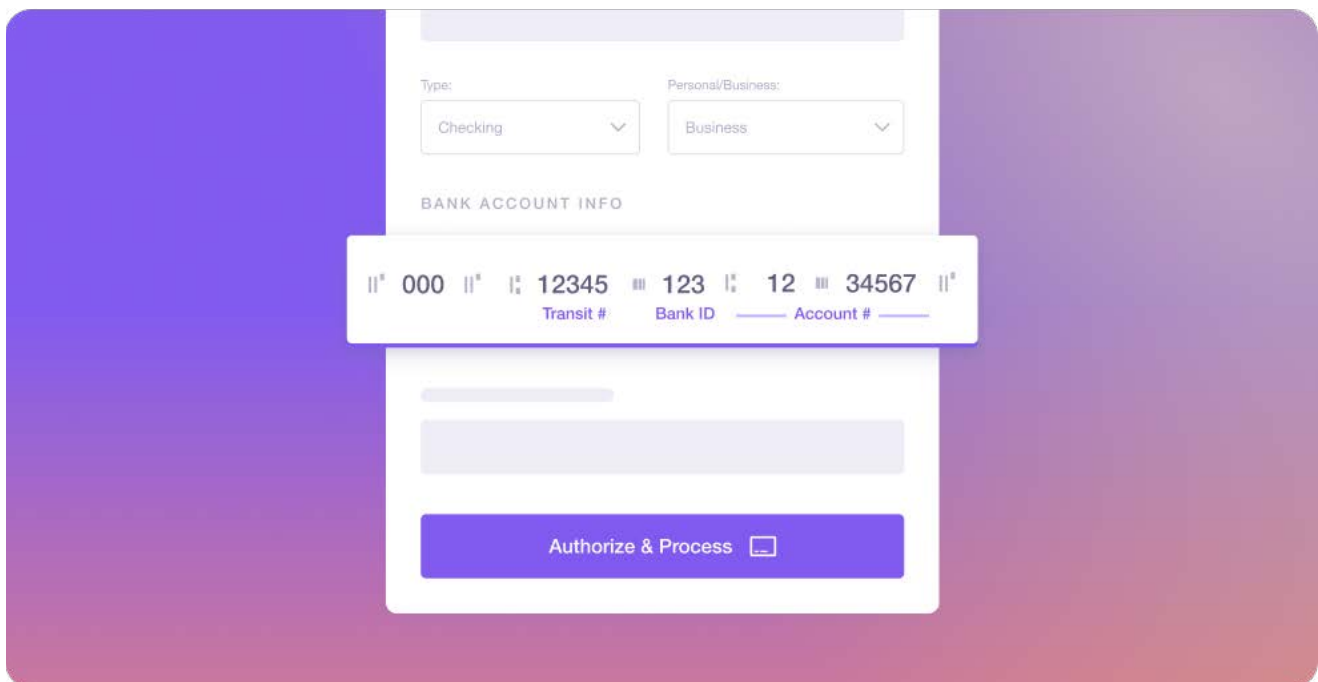


Your quick-start guide to ACH payments.

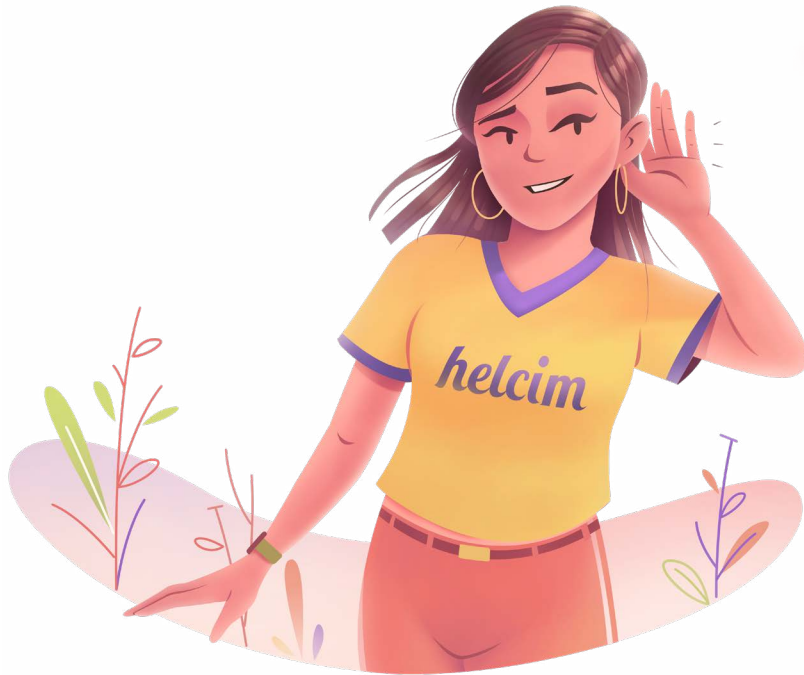
Now that you understand what ACH is, here's a quick-reference guide to using a NACHA-compliant ACH system for your business.

- **Choose an ACH service provider:** Pick a [payments provider](#) that offers ACH services tailored to your needs. The key things to note are their fees, their funding times, and their customer support.
- **Set up an ACH merchant account:** Open a merchant account with your chosen payment provider. A merchant account lets you start and receive ACH transactions and deposit those payments to your bank account. Make sure to review their terms and conditions, pricing, and funding times.
- **Collect and verify customer authorizations:** Gather necessary customer details, like bank account information and authorization (PAD). You can use paper forms, online forms, or recorded verbal authorizations, ensuring compliance with NACHA rules. You can also make your own NACHA-compliant PAD forms, but if you want to save time, use Helcim's readily available template [here](#).
- **Submit and manage transactions:** Use your provider's platform to submit transactions. Providers like Helcim offer various payment options such as invoicing, virtual terminals, recurring payments, and payment links to take ACH payments. Ensure all information is accurate, and regularly review your transaction history to address any issues.
- **Notify Customers:** When taking ACH payments, communicate payment schedules clearly. For variable payments, it's best to notify customers 10 days before processing, or include a waiver in the original agreement.
- **Implement security and record keeping:** Ensure your payment provider is PCI-DSS compliant and comply with the rules. Encrypt sensitive information and limit access to authorized personnel. Maintain ACH-related documents and an audit trail for at least two years.

By following this streamlined checklist, small business owners can ensure compliance with ACH regulations and provide a secure, efficient payment process.



The image shows a screenshot of a payment form interface. At the top, there are two dropdown menus: 'Type:' with 'Checking' selected, and 'Personal/Business:' with 'Business' selected. Below these is a section titled 'BANK ACCOUNT INFO'. A white box highlights a field containing the routing and account numbers: '||* 000 ||* |; 12345 ||| 123 |; 12 ||| 34567 ||*'. Below this, the labels 'Transit #', 'Bank ID', and 'Account #' are visible. At the bottom of the form is a blue button labeled 'Authorize & Process' with a small icon to its right.



ACH authorization template.

The following are mandatory requirements for an ACH Authorization from NACHA. The template below is compliant with these requirements.

1. Payor's account and routing numbers
2. Type of account (checking or savings)
3. Clear payment details (amount, frequency, dates)
4. Payor's signature or identity authentication (online/phone)
5. Date of agreement
6. Contact information for your business
7. Instructions on how to revoke authorization

Pre-Authorization Debit Form.

Company Name

Contact Information

Business Address

Customer Information

Name

Email

Address

Payment Information

Amount

Frequency

Process Date

No of Installments

Authorization

I authorize the above business to debit my bank account as outlined in the payment terms of this agreement.

Recourse

I/we have certain recourse rights if any debit does not comply with this agreement. For example, I/we have the right to receive reimbursement for any ACH that is not authorized or is not consistent with this ACH Agreement. I understand that this authorization will remain in effect until it is canceled in writing and I agree to notify the above business at least 15 days in advance to any changes.

To obtain more information about your recourse rights, you can visit www.nacha.org.

Authorization

Please attach a void cheque or fill out account details.

Routing Number

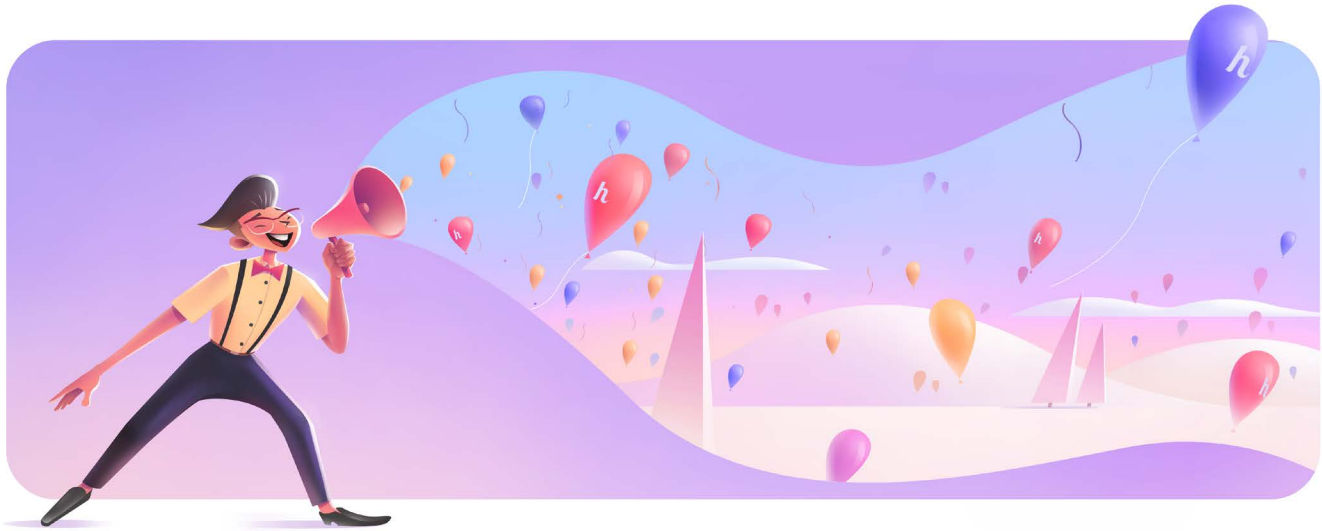
Account Number

Max auth. amount

Signature & Date

How to get your customers to pay by ACH.

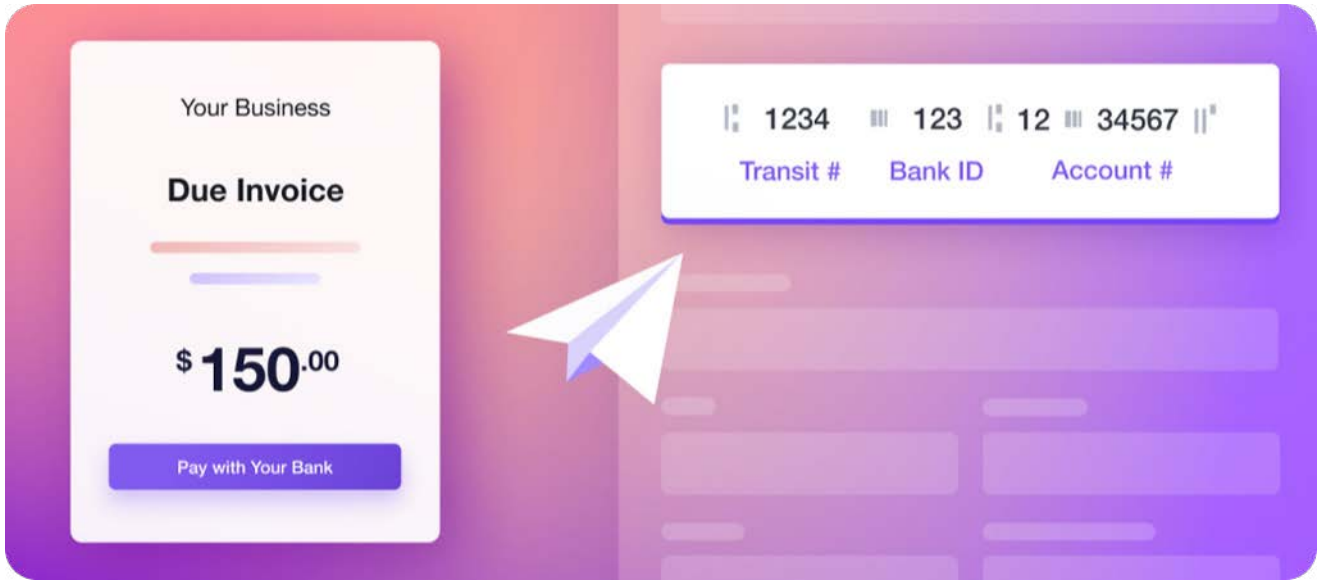
Woohoo! You're almost done setting up ACH payments for your business! Now, help your customers use ACH too. Here are some tips to encourage them, plus a quick guide you can print or share to make the transition easy for everyone.



Tips & tricks to encourage customers to pay with ACH

- **Notify customers early:** Send an email informing customers that ACH is your preferred payment method. Highlight the benefits for them, such as enhanced security, convenience, and reliability.
- **Offer incentives:** Encourage customers to switch to ACH by offering discounts or freebies. Ensure the cost of these incentives is manageable for your business.
- **Promote ACH payments:** Display the availability of ACH payments prominently on your website, in your store, and across your social media platforms to increase awareness for this payment method.
- **Include ACH payment in onboarding:** Incorporate the ACH authorization form into your new customer onboarding process. Make it easy for new customers to opt into ACH payments from the start.
- **Train your team:** Educate your employees on the benefits of ACH payments and how to address common customer questions. This helps speed up transition and smooths out the customer in-take process.





Guide on ACH payments.

What is ACH?

The Automated Clearing House (ACH) is a network for processing electronic payments and transfers between bank accounts. It offers a secure, efficient alternative to paper checks and credit card transactions.

Benefits of ACH Payments for you.

- **Convenience:** Set up once and automate your recurring payments. No more manual entries or reminders.
- **Reliability:** With ACH, there's no risk of payments being missed due to expired or lost cards.
- **Simplicity:** Track all your payments easily with automated records and notifications

How to get started with ACH payments.

1. **Fillout the form:** Complete the ACH authorization form with your bank details.
2. **Submit the form:** Return the form to our office or upload it online.
3. **Relax:** Enjoy hassle-free, automated payments!

Contact Us

For any questions or assistance on setting it up, please contact our team:



[Your phone number]



[Your phone number]



[Your phone number]



Example email notification.

Subject: Save time and money with ACH payments!

Dear [Customer Name],

We're excited to announce you can now pay by ACH! Here's why you'll love it:

- **Convenience:** Set up once and automate your recurring payments. No more manual entries or reminders.
- **Reliability:** With ACH, there's no risk of payments being missed due to expired or lost cards.
- **Simplicity:** Track all your payments easily with automated records and notifications

To get started, fill out the attached authorization form [link / attachment]. If you have any questions, our support team is here to help.

Thank you for choosing [Your Business Name]!

Best regards,

[Your name]

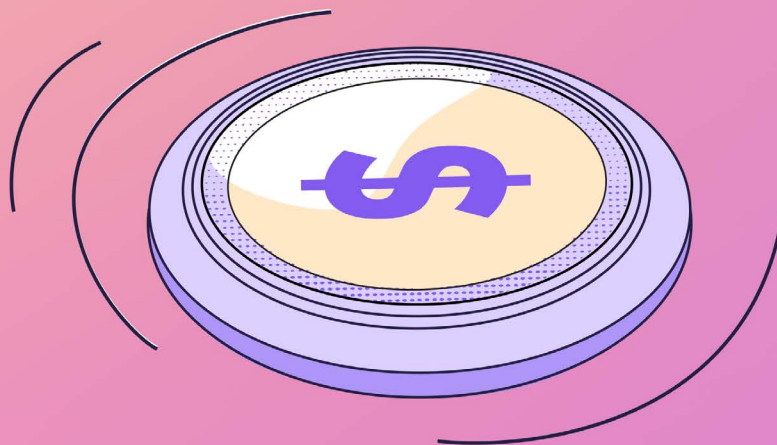
[Your contact information]



Get Helcim's affordable rates for your ACH payments.

Enjoy no monthly fees, no contracts, and no exorbitant NSF charges. Just one straightforward rate: 0.5% + \$0.25, capped at \$6.

Start saving now



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