

Collections/Consumer Receivables/ Order-to-Cash

SAME DAY ACH ESSENTIALS LIST



While Same Day ACH is an optional payment method for sending payments, businesses that receive ACH payments will now be required to receive Same Day ACH payments in addition to “classic” ACH payments. This means that payments received with “today’s” date must be credited for being paid “today.” The “Essentials List” outlines considerations for a business to review to prepare for receiving Same Day ACH payments in the Collections/Consumer Receivables/Order-to-Cash processes.

Action 1:	Responsibility (examples):
<p>Understand Benefits/Consider Use Cases for Growing Same Day ACH for Receivables</p> <ul style="list-style-type: none">• Encourage Same Day ACH credit payments from customers versus other expedited options• Evaluate using Same Day ACH debits for collections and receivables• Evaluate using Same Day ACH non-monetary messages for receivables process improvements	<p>Accounts Receivable Director, Controller, Chief Financial Officer, Corporate Accounting, Treasurer</p>

Consider:

Low Receipt Cost for Expedited Payments – and Can Include Richer Remittance:

For customers that need to send payments to your business “today” (e.g., time critical/due date, offcycle/correction payments, etc.), Same Day ACH is a low cost expedited payment receipt option compared to other payment options. Same Day ACH payments can also include rich remittance data, thus expediting cash application.

Example metrics to track– cost per payment received, days sales outstanding (DSO), average days delinquent (ADD), collection effectiveness index (CEI), cash application cycle time, cash flow management/cash position, customer satisfaction

Reduce Risk/Improved Funds Availability Without Changing Customer Behavior:

Opportunity to speed cycle for funds collection, account verification and returns (e.g. insufficient funds, account not found, debit blocks/filters) for payment collection and receivables. Opportunity for positive impact to logistics cycle/disbursements of goods/services, improved product throughput, for example with cash only/credit hold customers, with faster availability of good funds.

Also opportunity for improved account management for debit payers – quicker funds withdraw. Does not require changing customer behavior.

Example metrics to track– cost per payment received, days sales outstanding (DSO), average days delinquent (ADD), collection effectiveness index (CEI), cash application cycle time, cash flow management/cash position, customer satisfaction

Same Day ACH for Businesses

Exception/Error Resolution:

Opportunity to expedite communications to payers regarding exceptions/errors on payments (e.g. notifications of change) to speed resolution and action (e.g., having payments corrected, re-initiated, resolving “dropped” payments queue).

Example metrics to track– DSO, ADD, CEI, cash application cycle time, cash flow management/cash position, customer satisfaction, call center/customer service requests

Action 2:	Responsibility (examples):
Review Bank/Payment Provider ACH Payment Receipt Services – Receiver-RDFI (Receiving Depository Financial Institution) Agreement	Accounts Receivable Director, Controller, Chief Financial Officer, Corporate Accounting, Treasurer, IT, Bank/Provider, Legal

Ask about:

Same Day ACH Payment/Posting/Cash File Delivery:

Requirement to provide credit “today” may necessitate more frequent delivery of monetary/remittance reporting/cash file from bank, and subsequently more updates to cash application and customer systems used to trigger collections/adverse actions. (Or, this may be accommodated via internal systems, e.g. back dating, or other mechanism).



New Collections File Submission Schedule/Cut-off Times:

Bank has two windows to submit Same Day ACH debit payments; bank will determine lead time necessary to execute Same Day ACH debit payments.

Non-monetary Receivable Transaction Submission Schedule/Cut-off Times:

Bank has two windows to submit Same Day ACH non-monetary transactions (e.g. notifications of change); bank will determine lead time necessary to execute non-monetary Same Day ACH transactions. Potential impact to return file decisioning as well with option of a late-day return window..

Funds Availability:

Through 2017, bank defines Same Day ACH funds availability. Timeliness of funds availability may have potential impact to cash position, and options/needs for borrowing, debt paydown, investments. In 2018, Same Day ACH funds must be made available by 5 pm local time. Note that some banks are planning to implement funds availability early and also do a mid-day posting as well.

Once funds availability schedule confirmed, evaluate impact on cash position/investment options/debt paydown with respect to cash reserves (e.g. investment options for late-day credits; impact of late-day debits; cash receipt may come too late to make investment or pay down debt).

Fees:

As with any service, banks may charge differently for Same Day ACH, and there could be other costs if payments/related receivables file delivery changes are needed. Check with your bank or service provider.

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Action 3:	Responsibility (examples):
Assess Internal Receivable Processes and Systems Impact	Accounts Receivable Director, Controller, Chief Financial Officer, Corporate Accounting, Treasurer, IT, Bank/Provider
Ask about:	

Same Day ACH Payment Posting:

Requirement to provide credit “today” may necessitate more updates to cash application and customer systems used to trigger collections/adverse actions. This may be accommodated via back dating (or building a “buffer” prior to collections/adverse actions, or other method) payment to Effective Date as an alternative (or in addition to) receiving more frequent delivery of monetary/remittance reporting/cash file from bank.

Trading Partner Agreement/Contract:

Review terms, especially regarding timing of payments, and applicable incentives and/or discounts.

Customer-facing Systems:

Opportunity to provide Same Day ACH as an additional payment option may require updates in customer-facing payment systems (e.g. portal, call center).

Cash Forecasting/Position/Investment/Debt Payments:

Once funds availability schedules are confirmed, evaluate impact on cash position/investment options/debt paydown with respect to cash reserves (e.g. investment options for late-day credits; impact of late-day debits). Cash receipt may come too late to make investment or pay down debt.

Operations Review:

Test file delivery methods and channels internally, and with bank/vendor partners.



For additional information, visit the Same Day ACH Resource Center:

www.nacha.org/same-day-ach

or NACHA's Corporate Relations site:

www.nacha.org/corprelations.

