



ACH Glossary

For additional information, refer to the current National Automated Clearing House Association (NACHA) Rules or contact us at 205-469-4000 or 888-902-4227.

ABA Number — also known as Routing/Transit Number. A nine-digit number that identifies a specific financial institution. These numbers are assigned by the Thompson Financial Information and are listed in its annual publication *Key to Routing and Transit Numbers*.

Access Device — a device used to access a consumer's account to initiate an electronic funds transfer (card or code). This does not include telephones and personal computers.

ACH Credit — a transaction through the ACH network originated to pay a receiver (deposit funds into an account).

ACH Debit — a transaction through the ACH network originated to remove funds from the receiver (withdrawal from account).

ACH Network — a funds transfer system, governed by the *NACHA Operating Rules*, that provides for the interbank clearing of electronic entries for participating financial institutions.

ACH Operator — the Federal Reserve Bank or other organization operating as a clearing house for automated entries. The ACH Operator acts as a central facility for the clearing, delivery and settlement of entries between or among the participating financial institutions.

Addenda Record — an ACH record type that carries the supplemental data needed to completely identify an account holder(s) or provide information concerning a payment to the Receiving Depository Financial Institution and the Receiver.

Authentication — a data security technique used to ensure that the professed sender of information or payment order is actually who they claim to be.

Authorization — an agreement by the Receiver that will allow ACH debits and credits to post to their account.

Automated Clearing House (ACH) — an electronic funds transfer system governed by the Rules of the National Automated Clearing House Association which provides for the interbank clearing of electronic entries for participating financial institutions.

Automated Deposit — a deposit made directly to an account at a depository institution through the ACH network (i.e. payroll deposits, social security payments, and retirement benefits).

Banking Day — any day on which a participating financial institution is open to the public during any part of the day for carrying on substantially all of its banking functions, and, with reference to an ACH Operator, any day on which the appropriate facility of such ACH Operator is being operated.

Batch — a group of records or documents considered as a single unit for the purpose of data processing.

Beneficiary — a person who has applied for and is entitled to Federal benefits payable by law.

Blank Effective Dates — settlement will occur on the first available date for that type of entry.

Business Day — a calendar day other than a Saturday, Sunday, or Federal holiday in the United States.

Collected Funds — funds for which final payment has been received.

Commercially Reasonable — a commercially reasonable practice, system, or technology is one that corresponds to commonly accepted practices among commonly situated Originators conducting a similar business.

Commercially Reasonable Security Procedure — a security procedure for the transmission of payment orders which meets the criteria as established by the Uniform Commercial Code Article 4A.

Company Identification Record — the number in the Company Batch/Header Record that identifies the Originator to the ODFI.

Consumer Account — an account held at a participating depository financial institution and established by a natural person primarily for personal, family or household use and not for commercial purposes.

Corporate Credit or Debit (CCD) – a debit and credit entries initiated by an Originator to affect a transfer of funds to or from the account of that organization or another organization. A CCD entry may be accompanied by one Addenda Record that relays information in payment related ANSI ASC X12 data segments or NACHA-endorsed banking conventions. A CCD entry that is a Health Care EFT Transaction must include one Addenda Record that contains the ASC X12 835 TRN (Reassociation Trace Number) data segment in the Payment Related Information Field.

Corporate-to-Corporate Payments — payments made between trading partners through the ACH Network. CCD, CCD+, and CTX are the Standard Entry Class Codes used to identify these payments.

Corporate Trade Exchange (CTX) — a credit or debit entry initiated by an Originator to pay or collect an obligation of such Originator and destined for the account of another organization and may be accompanied by addenda records that relay information formatted in accordance with ANSI ASC X12.5 and X12.6 syntax, an ASC X12 transaction set containing a BPR or BPS data segment, or payment related UN/EDIFACT syntax. A CTX entry can contain up to 9,999 addenda records.

Correcting File – a File that corrects the Entries contained in an Erroneous File.

Corrected Return — a return that is sent from the RDFI to the ODFI correcting a dishonored return. The deadline to correct a dishonored return is two banking days.

Customer (Receiver) — a person(s) that maintains an account at a Depository Financial Institution. A customer may authorize a financial institution to debit/credit their account in response to an ACH entry.

Data Encryption — a technique by which a message is scrambled into an undecipherable stream of bits for transmission for security purposes.

Day Cycle — the first scheduled time for transmission of ACH files from the ODFI to the ACH Operator.

Death Notification Entry (DNE) – a notice initiated by an agency of the Federal Government to notify an RDFI of the death of a Receiver. A DNE entry must be accompanied by one Addenda Record that relays information, such as date of death and social security number of the Receiver using a NACHA endorsed banking convention. A Death Notification Entry is a non-monetary entry.

Direct Debit — a method of ACH collection used where the debtor gives authorization to debit his or her account upon the receipt of an entry issued by a creditor.

Direct Deposit — an ACH service that provides for the electronic transfer of funds directly into the account of a payee, usually an employee receiving pay or a Social Security beneficiary receiving retirement benefits.

Direct Payment — a method of collection used in the ACH Network for certain claims, generally those that are repeated over a period of time, for which the debtor gives the Originator authorization to debit his or her account.

Effective Entry Date — the date the originating company expects payment to take place. The ACH Operator reads the effective entry date to determine the settlement date that is usually the next available business day. The Effective Entry Date is set by the Originator.

Electronic – relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

Electronic Authorization — an alternative means of authorization for ACH transactions. Electronic authorizations must be displayed in such a manner that the consumer can read the authorization, create a record or hard copy of the authorization so the consumer can refer back to it and must be authenticated in a similar manner to that in which a signature authenticates a written authorization (digital signature, PIN or other code which identifies the consumer).

Electronic Check — an ACH transaction that started out as a check but has been converted to an ACH transaction. The original check is returned to the check writer at the point of purchase or retained by the collecting agency.

Electronic Funds Transfer (EFT) — a generic term used whenever money is moved without the use of a check or draft.

Electronic Funds Transfer Act (EFTA) — the law passed by the U.S. Congress in 1978 which set out the rights and obligations of consumers and their financial institutions regarding the use of electronic systems to transfer funds. This act is implemented in the Federal Reserve Bank's Regulation E.

Electronic Record — an agreement, authorization, written statement under penalty of perjury, or other record created, generated, sent, communicated, received, or stored electronically.

Electronic Signature — an electronic sound, symbol, or process attached to or logically associated with an agreement, authorization, written statement under penalty of perjury, or other record and executed or adopted by a person with the intent to sign the record.

Eligible Source Document - a Check that is used as a source of information for ARC, BOC or POP Entries.

Encryption — a data security technique used to protect information. Information appears to be a meaningless string of letters and symbols.

Encryption Key — a string of characters or numbers, shared between the parties, which allows the Originator of a message to encrypt and the Receiver to decrypt the message.

Entry — an order or request (1) for the transfer of money to the account of a Receiver, (2) for the withdrawal of money from the transaction account or general ledger account of a Receiver, (3) a zero dollar entry, (4) a DNE entry, or (5) an ENR entry.

Entry Data — as applicable, prenotification, returned entries, adjustment entries, notifications of change, and/or other notices or data transmitted through one or more ACH Operators pursuant to these rules.

Erroneous Entry — an Entry that is a duplicate of an Entry previously initiated by the Originator or ODFI; orders payment to or from a Receiver different than the Receiver intended to be credited or debited by the Originator; or orders payment in a dollar amount different than was intended by the Originator.

Erroneous File - a File that is a duplicate of previously submitted File, or a File in which each Entry, or each Entry in one or more batches contained in such File, is an Erroneous Entry.

Exception Item — any entry that requires special attention or processing, such as return entries, stop payments, notifications of change, dishonored returns, etc.

Existing Relationship — there is a written agreement in place between the Originator and the Receiver or the Receiver has purchased goods or services from the Originator within the past two years.

Exposure Limit — a maximum total limit established by an ODFI for each of its Originators beyond which the ODFI is unwilling to process additional files.

Extended Return Entry — an Entry initiated by an RDFI in accordance with the *NACHA Operating Rules* that returns a previously originated debit Entry to an ODFI.

File — a group of ACH batches initiated into the ACH Network or sorted for delivery to ACH receiving point(s). A file must be transmitted electronically via data transmission between the sending point and the receiving point. A file may be delivered to an end-point via direct data transmission, magnetic tape, or floppy diskette. A file may contain one or more batches of entries.

File — a group of Entries associated with a given transmittal register and the control totals set forth therein.

Fraud Risk — the risk that a payment transaction will be initiated or altered in an attempt to misdirect or misappropriate funds.

Funds Availability — the time at which funds associated with paperless entries have been made available to the customer.

Incomplete Transaction — a payment to an intended third-party payee that was not made or completed by the Originator, Third-Party Sender or ODFI of a corresponding debit entry authorized by a consumer Receiver (or any Receiver with respect to an ARC, BOC or POP entry) for the purpose of funding the payment to the third-party payee. A partial or erroneous payment to the intended third-party payee is not an incomplete transaction.

Individual Identification Number — the number used in an ACH transaction by the Originator to identify the Receiver.

Internet-Initiated Entry/Mobile Entry (WEB) — a debit entry initiated by an Originator to a consumer account of the Receiver based on: an authorization that is communicated, other than by an oral communication, from the Receiver to the Originator via the Internet or a Wireless Network, or any form of authorization if the Receiver's instruction form the initiation of the individual debit entry is designed by the Originator to be communicated, other than by an oral communication, to the Originator via a wireless network; or a credit entry initiated by or on behalf of the holder of a consumer account that is intended for the consumer account of a Receiver, regardless of whether the authorization of such entry is communicated via the Internet or wireless network.

Legal Requirements – any law, statute, rule or regulation, or any binding published interpretation of any of the foregoing, issued by any government authority (including courts), and any judicial, governmental, or administrative order, judgment, decree or ruling, in each case as applicable to the subject matter and the parties at issue, and as amended, supplemented, modified or replaced from time to time.

Live Dollar Entry — “live” refers to an entry that affects a funds transfer rather than non-dollar entries.

Memo Posting — a notation posted to an account which indicates credit funds will be posted, but have not yet been posted to the account.

National Automated Clearing House Association (NACHA) — a body which oversees all ACH activities and procedures and is composed of all local ACHs.

Non-Business Effective Dates — non-business effective dates are those entries deposited with an effective date of Saturday, Sunday, or a business holiday. Settlement will occur on the next available business date for that type of entry.

Non-Consumer Account – an account held by a Participating DFI and established by an Organization primarily for commercial purposes. A Non-Consumer Account may be established by a natural person if the Participating DFI's records indicate that the account is primarily for commercial and not for personal, family, or household purposes (i.e., it is not a Consumer Account).

Notification of Change (NOC) — a non-monetary entry transmitted by an RDFI for the purpose of identifying incorrect information contained within an entry and providing correct data to be used on future entries. A NOC is also known by the SEC Code COR. The SEC Code COR is also used by the ODFI to create a refused Notification of Change to refuse an NOC entry containing incorrect or incomplete information.

Office of Foreign Assets Control (OFAC) — the agency of the United States Government that administers economic sanctions and embargo programs that require assets and transactions involving interest of targeted parties be blocked or frozen.

On-Us Entries — the entries in an ACH File that belong to the originating financial institution. These entries may be stripped from the file and posted internally before a file is sent to the ACH.

Operational Risk — the risk that a transaction is altered or delayed due to unintentional error in transmission, receiving, or processing.

Organization – a corporation, partnership, association or other entity, governmental or private, or a natural person, provided that, in the case of a natural person, any account of such person to be debited or credited with the amount of any entry is maintained primarily for commercial and not for personal, family or household purposes.

Originating ACH Operator – an ACH Operator that receives entries from an ODFI with which it has an agreement. In the event entries are transmitted between an ODFI and an RDFI through a single ACH Operator, the term refers to the ACH Operator.

Originating Company — an organization or company that produces an ACH file and delivers it to an ODFI for introduction into the ACH network.

Originating Depository Financial Institution (ODFI) — a participating depository financial institution with respect to entries that it transmits directly or indirectly to an ACH Operator for transmittal to an RDFI, and on which it is designated as the ODFI in accordance with Appendix Three. An RDFI is not considered an ODFI solely by reason of its initiation of Acknowledgment Entries, Return Entries, Extended Return Entries, or Notification of Change.

Origination Agreement – a written agreement between an ODFI and an Originator or Third-Party Sender that authorizes the ODFI to transmit entries to a Receiver's account and that meets all other applicable requirements set forth in the *Rules*.

Originator – a person that has authorized an ODFI to transmit, for the account of that person, a credit entry, debit entry, or non-monetary entry to the Receiver’s account at the RDFI.

Participating Depository Financial Institution (DFI) — any financial institution that (1) is authorized by law to accept deposits, (2) has been assigned a routing number by Accuity, and (3) has agreed to be bound by these rules as in effect from time to time.

Person – means a natural person or an organization.

Person-to-Person Entry – a credit entry initiated by or on behalf of a holder of a consumer account that is intended for a consumer account that is intended for a consumer account of a Receiver. A P2P entry uses the Internet-Initiated/Mobile Entry (WEB) SEC code.

Point-of-Purchase (POP) — a single entry debit initiated by an Originator (merchant) pursuant to a source document at the point-of-purchase or manned bill payment location to affect a transfer of funds from an account of the Receiver. The customer’s information is obtained electronically from the MICR line of the check. The dollar amount is key-entered. The check is stamped void and returned to the customer.

Point-of-Sale (POS) — a debit entry initiated at an electronic terminal as defined in Regulation E to pay an obligation incurred in a point-of-sale transaction, or to effect a transfer of funds from a deposit account (i.e., a point-of-sale terminal cash withdrawal), and reversing, adjusting, and other credit entries relating to such debit entries, transfer of funds or obligations. POS entries are originated in a non-shared system in which no agreement other than these Rules exists between the ODFI and the RDFI, and in which transactions are typically initiated by use of a merchant issued plastic card. A POS entry must be accompanied by an Addenda Record to provide terminal location, city, state, and other required information.

Posting — the process of recording debits and credits to individual account balances.

Prearranged Payment or Deposit (PPD) — a credit or debit entry initiated by an organization pursuant to a standing or single entry authorization from a Receiver to affect a transfer of funds to or from a Consumer Account. PPD+ is a PPD entry with one addenda record.

Prenotification (Prenote) — a non-dollar entry sent through the ACH Network by an Originator to an RDFI to verify the accuracy of the account information. Prenotifications are optional. If an Originator chooses to send a prenotification the RDFI must verify the account information. An originator initiating a prenotification may not send the live entry until at least six banking days following the settlement date of the prenotification.

Processing Day — any day that a member institution is open to the public to conduct business, or that an ACH facility is being operated.

Protected Information – the non-public personal information, including financial information, of a natural person used to create or contained within, an Entry and any related Addenda Record.

Receiver — an individual, corporation or other entity who has authorized an originator to initiate a credit or debit entry to an account held at an RDFI.

Receiving ACH Operator – an ACH Operator that distributes entries to an RDFI with which it has an agreement. In the event entries are transmitted between an ODFI and an RDFI through a single ACH operator, the term refers to that ACH Operator.

Receiving Depository Financial Institution (RDFI) — a receiving financial institution is an ACH transaction’s final destination. The receiving financial institution may receive the entries directly from an ACH Operator or may work through a processing center, which is the actual receiving point.

Receiving Point — the designated organization that receives ACH entries on behalf of an RDFI. The Receiving Point can be the RDFI itself, a third party processor or correspondent.

Record – information that is inscribed on a tangible medium or that is stored in an Electronic or other medium and is retrievable in perceivable form.

Regulation CC — a regulation published by the Federal Reserve Bank to implement the law regarding the availability of deposited funds.

Regulation D — a regulation published by the Federal Reserve Bank regarding the reserve requirements for financial institutions.

Regulation E — a regulation promulgated by the Federal Reserve Board of Governors in order to ensure consumers of a minimum level of protection in disputes arising from electronic funds transfers.

Required Field — the omission of a required field in an ACH entry will not cause the entry to reject at the Operator level. The entry may reject at the RDFI level.

Return Entry — an item/entry that cannot be processed and is being returned by the RDFI to the ODFI.

Return Fee — a fee charged by an Originator to a Receiver for a debit entry or other item that was returned for insufficient or uncollected funds, to the extent permitted by applicable legal requirements.

Return Fee Entry — a single entry initiated by an Originator to the account of a Receiver to collect a return fee.

Reversal — an ACH entry or file sent to correct or reverse previously originated duplicate or erroneous files or entries. Reversals must be sent within five banking days of the settlement date of the original entry/file.

Routing Transit Number — also known as ABA Number. A nine-digit (eight digits and a check digit) number, which identifies a specific financial institution. These are numbers assigned by the Thompson Financial Directory and are listed in its annual publication *Key to Routing and Transit Numbers*.

Safekeeping — means a service whereby the financial institution does not return canceled checks to its customers with their statements. This was originally called truncation.

Sending Point — the designated organization which sends ACH entries to the ACH Operator on behalf of an ODFI. This may be the ODFI itself, a third party processor, or a correspondent.

Settlement — the actual transfer of funds between two parties. Settlement for ACH usually occurs through the Federal Reserve Bank.

Settlement Date — the date on which settlement occurs at the Federal Reserve Bank, i.e. funds actually change hands as a result of an ACH entry. The settlement date is set by the ACH Operator and is in Julian Format.

Single Entry — a one-time transfer of funds initiated by an Originator in accordance with the Receiver's authorization for a single ACH credit or debit to the Receiver's account.

Standard Entry Class Code (SEC Code) — a three character code within an ACH Company/Batch Header Record to identify the payment types contained within an ACH batch. (E.g. CCD, CIE, CTX, MTE, POS, TRC, TRX, PPD, etc.)

Statement of ACH Activity — the advice prepared by the ACH stating the number of entries and dollar value of an ACH file.

Third-Party Sender — a type of Third-Party Service Provider that acts as an intermediary in Transmitting Entries between an Originator and an ODFI, including through Direct Access, and acts on behalf of an Originator or another Third-Party Sender. A Third-Party Sender must have an Origination Agreement with the ODFI of the Entry. A Third-Party is never the Originator for Entries it transmits on behalf of another Organization. However, a Third-Party Sender of Entries may also be an Originator of other Entries in its own right.

Third-Party Service Provider — an organization that performs any functions on behalf of the Originator, the Third-Party Sender, the ODFI, or the RDFI related to the processing of entries, including the creation of the files or acting as a Sending Point or Receiving point on behalf of a participating DFI. An organization acting as Third-Party Sender also is a Third-Party Service Provider.

Trace Number — a 15-digit code assigned to every ACH entry by an originating institution that uniquely identifies that entry within a specific ACH file. The first eight digits of the trace number is the routing transit number of the ODFI and the last seven digits are sequence numbers assigned by the originator.

Transaction Account — a “transaction account” as that term is defined in Regulation D.

Transaction Code — the two-digit code in the ACH record that determines whether an entry is a debit or a credit to a DDA account, savings account, or general ledger account, or whether an entry is a credit to a loan account

Transmit — to send by Electronic means of communication.

Uniform Commercial Code — the Uniform Commercial Code as enacted in the State of New York, unless otherwise provided.

Uniform Commercial Code Article 3 — the section of the Uniform Commercial Code that defines negotiable instruments.

Uniform Commercial Code Article 4 — the section of the Uniform Commercial Code that deals with bank deposits and collections. Outlines the collection process of negotiable instruments.

Uniform Commercial Code Article 4A (UCC 4A) — Uniform Commercial Code (UCC) is a comprehensive body of state law governing commercial transactions. Article 4A covers certain funds transfers, including ACH credit transactions not subject to the Electronic Funds Transfer Act.

Unsecured Electronic Network (UEN) – A network, public or private, that is not located entirely within a single, contiguous, physical facility and any part of which that has not implemented security technologies that provide a level of security that, at a minimum, is equivalent to 128-bit RC4 encryption technology.

Wireless Network – an Unsecured Electronic Network for the communication of data using wireless technology.

Written Statement of Unauthorized Debit — a written notice submitted to an RDFI by a Receiver requesting recredit to the Receiver's account with the RDFI for a debit to the Receiver's account that was not authorized by the Receiver, was improper or was part of an Incomplete Transaction.