

eCheck Solutions

GENERAL INFORMATION

What is ACH?

The Automated Clearing House (ACH) is a funds transfer system, governed by NACHA, The Electronic Payments Association. It's operating rules, provide the interbank with clearance for electronic entries for participating financial institutions. The ACH network allows financial institutions to electronically process and settle payment information. Merchants and consumers often refer to ACH transactions as "direct debits."

What is an eCheck?

An electronic check (or eCheck) is a paper check that is converted to an electronic transaction (ACH) at a defined point in the sales process.

What's the difference between ACH and eCheck?

An eCheck is an ACH transaction that is converted from a paper transaction or authorized at a particular point in the sales process (i.e., point of sale, lockbox, Internet, or telephone).

What are the benefits of offering eCheck as a payment option to my customers?

- Improved cash flow
- Streamlined billing process
- Reduced administrative costs
- More cost effective collections
- More secure transactions
- Increased revenue streams from incremental business opportunities
- Reduced write-offs
- Increased customer loyalty

How many parties are involved in an ACH transaction?

There are up to six parties involved in an ACH transaction, including:

- The Originator (the merchant/biller)
- Third Party Processor (optional)
- The Originating Depository Financial Institution (ODFI)
- The ACH Operator [either the Federal Reserve Bank or the Electronic Payments Network (EPN)]
- The Receiving Depository Financial Institution (RDFI)
- The Receiver (the consumer)

How much will it cost my company to offer eChecks?

eCheck payments are extremely cost-effective. In fact, according to NACHA, eChecks save companies an average of 11.5 cents per payment, due to reduced processing costs.

How will accepting eChecks affect my average collection total in late fees?

Your company may see a decrease in total late fee collections; however, with eChecks, your company will pay less to manage collections and receive on-time payments more consistently. Additionally, offering an eCheck payment method can help attract and retain customers, boosting additional revenue to offset any decrease in late-fee collection.



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Can I accept eCheck payments over the telephone?

Consumers may authorize one-time electronic check payments over the phone. When accepting this type of ACH payment, the merchant must abide by NACHA's guidelines for obtaining the consumer's authorization.

Can I accept ACH payments via the Internet?

Both one-time and recurring eCheck payments can be authorized by a consumer via the Internet.

Can eChecks be accepted for recurring payments?

Yes, eChecks can be accepted for recurring payments. The customer's authorization for this payment process must be obtained in writing prior to the first payment. You must also provide your customer with a copy of the authorization, as well as instruction on how to cancel the authorization.

How will my customers who have authorized recurring payments know when the payment was withdrawn from their bank accounts?

You and your customer agree on the date that funds are debited from the customer's bank account. If the amount of the payment varies each month, NACHA requires that your company send statements. These transactions also appear on your customer's monthly bank statement.

What if my customer's bank or credit union is not enabled to process eCheck or ACH debits?

While most financial institutions are capable of processing ACH transactions, some of the smaller banks or credit unions may not be able to process ACH debits to their customer's accounts. In these situations, Chase Paymentech will create a paper draft which will be deposited to your company's account.

When should I ship goods to the customer?

The timing of shipment depends on your business requirements. Typically, goods are not shipped until a merchant or biller is satisfied that no return items were processed against a particular order.

In what currencies can my company process eChecks through Chase Paymentech?

Chase Paymentech processes eCheck transactions in U.S. and Canadian dollars. Our European Direct Debit Service offers a similar transaction in Euro and British Pound.



What versions of the Chase Paymentech Technical Specifications include eCheck formats?

Chase Paymentech supports eCheck processing in our Spectrum SDK, 120-byte batch processing, 96-byte Batch processing and online technical specifications. If you are already processing your credit card payments with Chase Paymentech, you will not need to code to a separate specification. You may also process eChecks through our Orbital Gateway solution.

What technical development is required to begin processing ACH payments?

Your company may code directly to our online or batch technical specs, utilize a third-party vendor or software supplier that has certified to our specs, or utilize our Orbital payment gateway.

What is the timeline for submitting eCheck transaction files?

All batch files must be received in their entirety, by Chase Paymentech, by 10 p.m. EST, Monday through Friday. Files received after this time will be processed the next business day. Files received on a non-business day (Saturday, Sunday and holidays) will be processed on the next business day.

Do I have to submit eCheck data to Chase Paymentech in a unique submission file?

You can combine all your payment transactions in a single file to submit to Chase Paymentech. There is no need to separate your transactions by payment method.

Can I submit eChecks via the Orbital Gateway?

Yes. eChecks are an optional payment method available via both the Orbital Gateway and Orbital Virtual Terminal.

Will I have to submit additional data to Chase Paymentech to process eChecks?

No additional data is needed for standard eCheck processing. Additional data is required for optional services, such as soft descriptors, ID verification and enhanced validation.

Do I have to complete a contract addendum to add eChecks Processing?

A contract addendum is necessary for eCheck processing.

What paperwork do I need to complete to add eCheck processing to my merchant account?

You will need to complete a Chase Paymentech New Division Set-up Form.

What software vendors and submitters are certified to support eChecks?

Many of Chase Paymentech's certified software vendors and submitters support eCheck processing. A complete list is available upon request.

Do you have any partners who can supply us with front-end ARC, POP, BOC and/or Check 21 processing?

US DataWorks, eFunds, EFC Systems and Aria Systems offer front-end solutions that integrate with Chase Paymentech processing.



What legal guidelines pertain to ACH/eCheck transactions?

ACH transactions are governed by the National Automated Clearing House Association (NACHA), which is responsible for the ACH Operating Rules and Guidelines. The guidelines are updated on an annual basis. ACH entries are also subject to applicable federal and state law, such as the Electronic Funds Transfer Act (EFTA) and Article 4A of the Uniform Commercial Code.

What is a consumer's 60-day right of return?

In accordance with NACHA, the 60-day right of return offers an automated process to return unauthorized debits through the ACH network.

How does my company obtain the customer's authorization to process an eChecks?

The mechanisms and requirements for obtaining consumer authorization vary, depending on the payment channel.

- In a face-to-face environment, you must obtain written consent to convert a paper check to an eCheck.
- In a telephone eCheck transaction, companies are required to record the consumer authorization, either using a voice recorder, or by creating a written record of the authorization and pertinent details. You must send written notice of this authorization to the customer, either via e-mail or regular mail, before you initiate the transaction.
- In an Internet transaction, companies are required to gather consumer information via secure forms. You must be able to provide your customer with a copy of the authorization, which includes making the authorization available to print.

- In an Accounts Receivable Check (ARC) conversion environment, you must notify your customers that their paper checks will be converted to electronic checks before the customer submits the check. The receipt of the check by your company serves as the customer's authorization. You must provide notice of intent to convert prior to each payment.
- In a Back Office Conversion (BOC), proper notice and contact information must be provided to the customer and they must be given the opportunity to opt out. As is the case with ARC, the receipt of the check by your company serves as the customer's authorization.

Do you support encryption to enable our company to comply with the Gramm-Leach-Bliley Law?

Chase Paymentech can exchange encrypted eCheck data files with several financial institutions and store your eCheck transaction information in an encrypted format to ensure protection of your customer data.

How long does my company have to retain the customer's authorization?

NACHA rules indicate that consumer authorizations must be retained at least two years from the date of a single authorization, and for two years following the revocation of an authorization for a recurring payment.

Can my company obtain authorization via the telephone for recurring payments?

When using a TEL entry, telephone authorizations for eCheck transactions can only be used for a one-time debit to the consumer's bank account. You must obtain a telephone authorization each time an eCheck transaction is processed; however, a consumer can provide the merchant with a standing written authorization for the transmission of multiple but non-recurring ACH debit entries to his account. Although the purchase may be transacted via telephone, authorization and banking information will have been provided by the consumer via a separate written authorization to the merchant.



How does Chase Paymentech identify that check data is accurate?

Chase Paymentech's validation routine includes several steps to ensure valid check processing. First, the Notification of Change database is scanned to determine if any account data has changed. Second, the transaction is routed to our internal Negative Block File which stores negative account information such as "account closures." Third, the system verifies the bank routing and transit numbers and confirms that a bank participates in the ACH system via the Thompson File.

Can Chase Paymentech help my company identify potential check fraud or risk?

Chase Paymentech's verification service uses the SCAN database, which stores bad check or account data. Chase Paymentech hosts the database and receives daily updates from SCAN. The file contains

an estimated 14 million unique records and is used by the country's major retailers. Chase Paymentech merchants may choose to submit bad check data to SCAN, increasing its viability in the card-not-present space.

Does Chase Paymentech perform consumer authentication on eCheck transactions?

Chase Paymentech does not currently perform consumer authentication services for eCheck transactions. We will continue to assess marketplace demand for this service.

How do I convert consumers to eCheck from other payment methods?

Chase Paymentech can provide you suggestions on consumer conversion practices.

How do I inform customers of my eCheck program?

A robust marketing approach is essential to spread the word to your customers about these payment types. There are a variety of ways to communicate this option to your customers – a few examples include:

- Solicitation messages displayed directly on the customer's bill statement or your Web site
- Voice response unit (VRU) messaging
- Provide incentives for customers to enroll in a recurring payment program (discounts offered to customers may be offset by the savings of conversion to electronic payments)

What are the settlement time frames?

Your eCheck transaction proceeds are included in your regular settlement activity. eCheck settlement takes two business days.

Will Chase Paymentech assist us with the process of returns?

Chase Paymentech has an automated process that resubmits qualifying items and reports non-qualifying items directly to you.

Where will I find eCheck transaction information on my financial reports?

Your eCheck transaction information is included in your consolidated daily financial reports, accessible via Web interface or as an electronic file. Your eCheck transaction data will appear on your Deposit Activity Summary Report (FIN-0010).

How will I be notified of return items?

Returned eCheck items will be included in the daily ECP Returns Report (PDE-0018).

What other reports are available to support my eCheck processing program?

The eCheck Notification of Change (NOC) Report (ACT-0019) provides information about changes to consumer bank accounts and reasons why a NOC was issued. This report is available on a weekly basis.

How do I access my eCheck reports?

Your financial reports are available via our secure, Web-based report center, 24 hours per day. They can be viewed online and downloaded in Excel or PDF formats. Alternatively, you can access Delimited File Reports, which your company can easily upload into an internal database or other application.

Can returned items be resubmitted automatically?

Yes. Chase Paymentech can automatically resubmit returned items, based on parameters set by your company.

Make the Right Call

Ask your Chase Paymentech representative for more information about Chase Paymentech's eCheck solutions.

800.788.6010

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