



The ACH Processing Option

Check Services

Once thought of only in direct deposit scenarios, few businesses are aware of the benefits – both in dollars and time – that ACH processing can provide. Whether for recurring payments, Internet transactions, or paper check conversion, ACH processing can reduce processing costs while adding another payment method for customers.

ACH Processing

ACH (Automated Clearing House) transactions move through an electronic network typically used for processing large volumes of credit and debit card transactions in batches. ACH transfers include automatic withdrawals and deposits, check conversion into electronic transactions, and acceptance of unscheduled transactions over the phone or Internet.

Businesses are increasingly using ACH as an online payment option for customers, in addition to credit and debit cards.

How ACH Transactions Work

Depending on business needs, TSYS Merchant Solutions handles ACH transactions separately, or integrated in the same batch file as credit transactions. Either way, the process is transparent to both business owners and their customers. Here's an overview of an integrated (credit, debit and ACH) application.

1. A customer submits a payment (over the phone, through a Web site or through the mail) or a recurring payment.
2. The business owner enters the transaction information into a file or POS system (for Web transactions, the customer completes the information). At the end of the day, ACH and credit card transactions are routed to TSYS Merchant Solutions for processing.
3. The business owner receives ACH payment with credit card funds in one deposit. The ACH transactions are submitted via file to the ACH Operator (Federal Reserve).
4. The ACH operator (Federal Reserve) submits transactions to the customers' banks.
5. Customers' accounts are then debited or credited.

Because ACH processing does not use the usual card networks, it can result in lower processing costs. However, there are precautions similar to accepting credit or debit cards for payments. There is no guarantee of funds and no real-time authorization, putting business owners at risk if consumers' accounts do not cover the cost of payments. Additionally, the Federal Reserve can take up to 48 hours to accept or reject the transaction. (In mail order applications, business owners may hold shipments until customer transactions clear to ensure payment.)

Who is ACH processing for?

ACH processing works well in B-to-B and B-to-C environments in which business owners accept recurring payments, or know their customers well. It is also well suited for business owners looking to expand the payments they offer customers – especially those consumers who are more comfortable paying by check.



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The most common ACH transaction types are:

- Direct deposit (Payroll)
- Recurring payments
- Cash concentration
- Corporate payments
- Mail order form
- Non-scheduled telephone transaction
- Web transactions
- Conversion of a paper check

WHO WE ARE

TSYS Merchant Solutions is a leading payment processor with more than 30 years of experience providing first-rate service and comprehensive end-to-end payment solutions to businesses accepting payments across North America. Our dedicated, experienced team of industry professionals provides innovative card-acceptance solutions and unparalleled customer service every day to meet the long-term needs of our customers.

TSYS Merchant Solutions is a wholly owned subsidiary of TSYS® (NYSE: TSS). TSYS delivers advanced technology and enhanced value to many of the world's leading companies, making it possible for hundreds of millions of consumers to use their credit, debit, commercial, private-label, prepaid and chip cards safely and securely.

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