



# Procure-to-Pay/Payables

## SAME DAY ACH ESSENTIALS LIST

Same Day ACH is an optional payment method, where payments sent “today” will be received and credited “today.” This “Essentials List” outlines considerations for a business to review when evaluating the Same Day ACH payment opportunity in Procure-to-Pay/Payables processes.

Action 1:	Responsibility (examples):
Assess Opportunity/Use Case Analyses <ul style="list-style-type: none"><li>• Low cost</li><li>• Detailed remittance</li><li>• Improved processes</li></ul>	Accounts Payable Director, Disbursement Manager, Controller, Chief Financial Officer, Central Purchasing Office, Treasurer

### Consider:

#### Low Cost – Greatest Reach for Expedited Payments with Remittance:

Low cost expedited payment option that can also include rich remittance data, and Same Day ACH payments can be sent to any bank account in the U.S. Expedited payment can also include richer remittance data compared to other payment options, which can speed supplier/vendor cash application.

*Example metrics to track*– cost per payment/disbursement, labor related to verifying payment status, supplier/vendor satisfaction

#### Time Critical/Due Date Payments and Transfers:

Low cost option to send payments that have to be received the same day to meet due date/deadline, also including account transfers/cash concentration.

*Example metrics to track*– related labor, cost per payment/disbursement, days payable outstanding (DPO)/cash flow management/cash position

#### Exception/Error Resolution:

Will receive faster notifications regarding problem payments (e.g. account not found, incorrect account number), improving speed for resolution and action (e.g. re-initiating payments, stop payments).

*Example metrics to track*– DPO/cash flow management/cash position, labor related to researching problem payments

## Same Day ACH for Businesses

Action 2:	Responsibility (examples):
Review Bank/Payment Provider ACH Payment Services – Originator-ODFI (Originating Depository Financial Institution) Agreement	IT, Accounts Payable Director, Disbursement Manager, Controller, Treasurer, Bank/Payment Service Provider, Accounting/ERP Provider, Legal

### Ask about:

#### Same Day ACH Service Availability:

Facilitating Same Day ACH payment initiation is optional for banks.

#### New File Payment/Collections File Submission Schedule/Cut-off Times:

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

#### Non-monetary Payable Transaction Submission Schedule/Cut-off Times:

Bank has two windows to submit Same Day ACH non-monetary transactions (e.g., pre-notes, reversals); bank will determine lead time necessary to execute non-monetary Same Day ACH transactions.

#### Payment Confirmation and Return Notifications:

Some banks/providers offer confirmation/status messaging and notifications of returns regarding initiated payments; payers may need more frequent notifications if this service is used.

#### Schedule/Timing for Funds Withdraw:

Same Day ACH may affect the timing for when funds are withdrawn from the payer's transaction account, and/or there may be updated pre-funding or other eligibility requirements.

#### Fees:

As with any service, banks may charge differently for Same Day ACH. Check with your bank or service provider.



Action 3:	Responsibility (examples):
Assess Internal Processes, Payment File Creation and Systems Impact	IT, Accounts Payable Director, Disbursement Manager, Controller, Treasurer, Accounting/ERP Provider

### Ask about:

#### Same Day ACH Payment Identification:

Same Day ACH payments will be identified by coding "today's" date in the Effective Entry Date field, and meeting the processing deadline/windows defined by the payer's bank. In addition, the payer's bank may, at its discretion, require payer clients to further show intent for same-day settlement using other methods, such as a same-day indicator in the Company Descriptive Date field.

## Same Day ACH for Businesses

### Effective Entry Date:

Payers code the Effective Entry Date field to specify the date the payment is intended to be settled. Coding the field with “today’s” date indicates a Same Day ACH payment; coding the field with one or two days following “today’s” date indicates “classic” ACH settlement. Note that if the payment contains a stale (i.e. old) or invalid date in the Effective Entry Date field, the payment will be processed in the next available window, which could be same day or next day.

### Trading Partner Agreement/Contract:

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

### Supplier Master File:

Identify which companies will be paid via Same Day ACH, and what business rules apply.

### Daily/Scheduled Pay/Supplier Runs:

Same Day ACH payments may require a separate batch, and payment run timing may vary with Same Day ACH payments compared to “classic” ACH. Excluding ineligible transactions (i.e. International ACH, single payments over \$25,000, federal government payments) from Same Day ACH payment runs may aid in meeting bank timing requirements and later reconciliation of payments.

### Operations Review:

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

Action 4:	Responsibility (examples):
Evaluate Risk	Legal, Accounts Payable Director, Disbursement Manager, Controller, Treasurer, Risk Managers

### Ask about:

### Depository Agreement:

Transaction accounts may be debited for outgoing payments sooner than before. Assess impact to intraday liquidity/liquidity risk/daylight overdraft; review options such as intraday bank reports to stay on top of cash position.

### Risk Controls:

As transactions move faster, so too will transactions that are erroneous or not due to a payee. Less time might be available to screen transactions for errors and to correct any errors. Consider using same-day reversals to correct errors.



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

[www.nacha.org/same-day-ach](http://www.nacha.org/same-day-ach)

or NACHA’s Corporate Relations site:

[www.nacha.org/corprelations](http://www.nacha.org/corprelations).

