

Now there's a Better Way to Control Your Cash



ACH Origination Product Information

What is ACH Origination?

ACH Origination allows any business customer to create electronic payments and deposits. Organizations that create these transactions are called Originators. Transactions can be either debits or credits. Examples of debit transactions include utility payments, account drafts, membership fees, dues, insurance premiums, etc. Credit transactions are usually for Direct Deposit of payroll, electronically crediting a deposit account for the net payroll amount.

Who can participate?

Any company can participate. We have implemented a comprehensive ACH processing system that allows us to originate and receive ACH transactions on our customers' behalf. We have taken this technology and combined it with PC software, training, documentation, and expertise to create **ACH Origination**.

What is the ACH?

The Automated Clearing House (ACH) was formed in 1978 to provide a nationwide network for distributing electronic transactions. The National Automated Clearing House Association (NACHA) has 23 participating regional associations, all of which use the same format for ACH transactions. Since all financial institutions are required to accept ACH, transactions can be posted to any bank, credit union, or savings and loan within the Federal Reserve System. Almost 8 billion transactions representing over \$22.2 trillion flowed through the ACH system in 2001. Over 115 million people used direct deposits for payroll or government benefits. More than 80 percent of large companies with more than 100 employees offer Direct Deposit to their employees.



Why would my organization be interested in participating?

Participation in **ACH Origination** can reduce the costs associated with manually processing debits and credits. The cost to create and distribute payroll checks ranges from \$.75 to \$2.00 per check. If you factor in the hassle of employees trying to get a deposit in on time, second- or third-shift employees, and absent or sick employees, manual payroll distribution can negatively impact your organization. The cost of Direct Deposit of payroll using **ACH Origination** is only a fraction of the cost of manual processing.

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Similarly, the cost of manually creating invoices, mailing them to customers, providing a return envelope, waiting for checks to be mailed, and creating deposits averages \$1.00 to \$3.00 nationally. Some organizations have begun utilizing a "lockbox" operation where payments are mailed to a P.O. box and processed by a third party, then a single check is sent to the organization. However, lockbox processing still does not get money to your account and can be more expensive than ACH

due to paper and mailing costs. Direct payment using **ACH Origination** is the most cost-effective way of processing any type of receivable that is currently handled manually.

How can I determine what my savings will be?

We will provide a form to assist you in determining what your current costs are and what they would be if you used **ACH Origination**. Each Originator will have different costs and transaction volumes.

Our staff will be glad to assist you in determining your specific situation. Another option is to utilize average costs across the United States for your type of transactions and compare this average to your costs if you started using **ACH Origination**.

How will I get my employees/customers to sign up?

We will assist you in communicating the benefits of **ACH Origination** to your employees/customers. We will provide brochures, sample letters, articles for your newsletter, handouts, assistance in employee meetings, or other events that will reach your employees/customers. Most individuals already have at least one automatic transaction posting to their account. In fact, more consumers take advantage of the ACH system than use ATMs. This means that employees/customers are not as cautious as they once were towards ACH transactions.

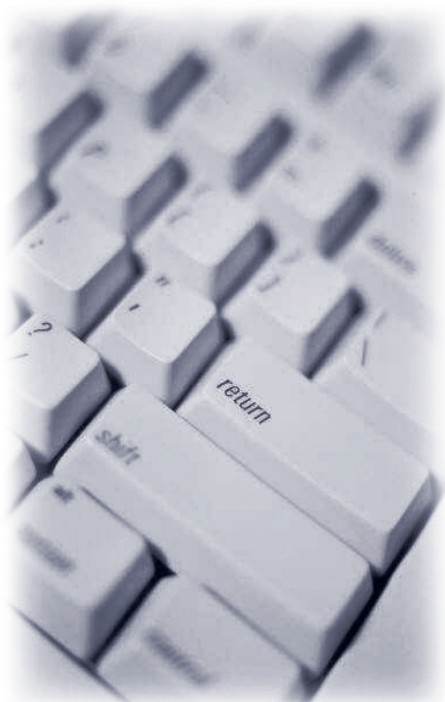
The employees/customers can cancel the automatic transaction by simply notifying your company. There is little or no risk to them. The benefits make ACH a popular offering for participating organizations. Employees or customers who wish to take advantage of the service must sign an authorization allowing you to perform the transaction on their behalf. We will even provide the authorization form for you to use.



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Do my employees/customers need to have their accounts at any particular financial institution in order to participate?

No. It does not matter where their account is. They can have accounts at any financial institution in the United States. The funds will arrive at the same time no matter the location.



How will I get the transaction information to you?

Due to the popularity of ACH transactions, many payroll or billing software programs already have ACH file creation as a standard feature. There is an ACH file format that is standard throughout the United States, and your existing software might already have the capability to create this type of file. If you do not have the capability to create an ACH file, we will provide a PC software package to you. This package will allow you to enter transaction information, such as dates, amounts, financial institution routing numbers, account numbers, and information relating to the term and frequency. Transaction files generated from this software are formatted in a way that allows us to process them electronically. You can also create your own file in this format. We can provide you with the necessary information to create this type of file.

How will payments be settled to my account?

The offset of the transactions you originate will be posted to any Demand Deposit or Savings account held at our institution. For example, if you originate \$5,000 in Direct Deposit credits, your account will be debited for \$5,000. If you originate \$5,000 in debit transactions, your account will be credited for \$5,000.

What effect will ACH Origination have on my cash flow?

ACH Origination can improve cash flow dramatically. For example, suppose you are sending invoices on a monthly basis. You mail invoices 4 times a month; however, your customers send in payments whenever they get around to it. This means incoming cash is delayed. With **ACH Origination**, you would create 4 transaction files and send them to us. On the date the transactions are to post (the effective date), your account would be credited with the entire amount of the transactions. No more waiting for your customers to remember to mail you a check!



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What about returned items?

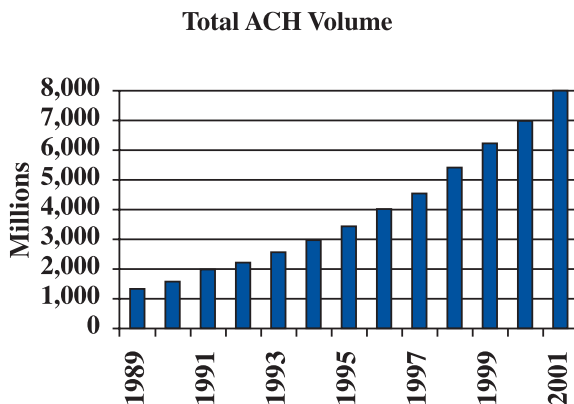
ACH transactions can be returned just the same as checks. However, studies show that ACH transactions are returned at a lower rate than paper checks. Incoming ACH returns will be communicated to you on a daily basis, as they happen. You can either reinitiate the transaction or handle it as you would a returned check.

What do I need to do to get started?

Simply complete and submit an ACH Application. Once approved, we will help you determine the most convenient way to create and submit transactions to us. After we have discussed the terms and conditions of service with you, all you have to do is sign our ACH Origination Agreement. You can then begin creating your transactions right away!



Are other businesses and consumers who use ACH satisfied?



Ninety-seven percent of those who use Direct Deposit report that they are very satisfied with it. Forty-three percent of all U.S. households use Direct Payment for at least one recurring payment (according to NACHA) and eighty-four percent of consumers who use it say they are very satisfied with it. Overall, electronic payment volume is doubling every five years, while check volume has been decreasing annually since 1996. ACH is clearly the future of payments for businesses who want to streamline collections, reduce costs, and dramatically improve cash flow.

Benefits of ACH Origination

Benefits for the Corporate Originator

Direct Deposit

- **Reduced costs**
 - Fewer checks to buy
 - Lower account charges
 - Lower costs for check distribution

- **Increased efficiency**
 - Eliminates time to print and sign checks
 - Easier and quicker check disbursement
 - Greatly simplifies account reconciliation
 - Eliminates lost/stolen paycheck problems
 - Reduced storage space for canceled checks
 - Fewer incorrect pay amounts from typing checks
 - Easier payroll research

- **Increased employee benefits**
 - No need to make a trip to cash or deposit checks
 - Increased confidentiality of payroll
 - Eliminates payroll problems for sick, traveling, or vacationing employees



Direct Payment

- **Reduced costs**
 - Lower costs for billing (invoice printing, return envelopes, postage, etc.)
 - Lower account charges for ACH items

Benefits of ACH Origination

■ Improved cash flow

- Immediate access to the funds on the date due
- Credit amount is known in advance

■ Increased efficiency

- Eliminates time to create invoices
- Fewer incoming checks to process
- Improved accuracy over customer-written checks
- Simplified research
- Easier handling of returned items

■ Increased service to customers

- Eliminates need to write and mail checks
- Removes concern about late payments
- Bank statement shows description of payment
- Increased confidentiality

■ Improved marketing capability

- Provides a progressive image to customers
- Provides an additional benefit
- Increases customer retention

■ Improved delinquency ratio

- Receive more payments on time
- Reduces second billing notices



Benefits for the Receiver

Direct Deposit

■ Convenience

- Eliminates time spent cashing or depositing payroll checks
- No fear of lost or stolen checks
- No problems when sick, on vacation, or out of the office for business on payday
- Availability of split payroll deposits between checking and savings accounts or two checking accounts



■ Increased confidentiality

- No paycheck to be kept from the view of fellow employees
- No need to present a paycheck to a teller or grocery store clerk for cashing

■ Improved access to funds

- Funds available earlier without having to make a trip to cash the check
- Eliminates waiting on float from deposited paychecks
- Automatic savings deductions available on payday instead of day following

Direct Payment

■ Convenience

- Eliminates check writing required to pay bills
- Eliminates lost or misplaced checks
- Sickness or vacation will not cause bills to be paid late
- Eliminates problems caused by checks written for the wrong amount

Benefits of ACH Origination

■ Reduced costs

- Eliminates check cost
- Eliminates postage cost
- Reduces account fees



■ Increased confidentiality

- Eliminates handling of check by employees of the business or the financial institution
- Item appears only on bank statement with explanation

■ Improved use of funds

- Eliminates calculation of mail and processing time to determine when to send bills
- Eliminates late charges
- Easier to budget expenses exactly

■ Improved satisfaction with the invoicing company

- Customers appreciate the reliability, confidentiality, and simplicity of electronic payments
- Improved loyalty means consumers are more likely to continue using the company's services
- Customers value the peace-of-mind that automatic payments provide

We can help you analyze your billing costs and show you how much you can save using ACH Origination to make and receive your payments. ACH Origination offers several comprehensive benefits your company will appreciate. Take control of your money – contact us today to arrange a demonstration!

