



Electronic Payments Core of Knowledge

PARTICIPANT GUIDE

School of Rock: ACH Basics

Welcome to:

School of Rock: ACH Basics

Program Description

Let's get acquainted with the ACH Network by identifying the five primary participants, payment types, rules and regulations that govern ACH and how transactions flow through the Network. Discover how a settlement or effective date is determined and who makes that determination. Test your knowledge by working through scenarios to decide what rule/law/regulation applies, identify participants and determine settlement dates.

AAP/APRP Credits: 1.4

Objectives

- ACH Basics
- Go with the ACH Flow
- ACH Rules and Regulations
- Settlement vs. Effective Date

Ground Rules

Please keep the following ground rules in mind to help create a more effective learning experience for everyone. We will discuss additional participation instructions during the online session.

1. Log on to class at least 10 minutes before the scheduled start.
2. Turn off email and phones and clear other distractions away from your training area.
3. Participate and prepare to be called on by name. The online learning environment lends itself to interaction. Participation will keep you engaged and move the class along.
4. Raise your hand if you have an immediate question or comment. Asking questions helps other participants clarify or reinforce concepts.
5. Be patient in waiting for a response to your chat message.

Technical Assistance

Your course invitation email contains step-by-step instructions for logging into this event. If you are having technical difficulty, please call 800.500.0100

A title slide for a presentation. The background is a sheet of lined paper with a red margin line on the left. In the center, the text "ACH Basics" is written in a large, bold, black font inside a blue rounded rectangle. At the bottom, there is a logo for "epcor Payments University" with the tagline "Rock n' Roll". The logo includes a hand-drawn style illustration of a hand holding a pen and musical notes. Below the logo, the text "©2025, EPCOR ®. All Rights Reserved." is visible.

A slide titled "ACH User" showing two categories: "Federal Government" and "Commercial". Under "Federal Government" is an icon of a classical building with columns. Under "Commercial" is an icon of a briefcase. The slide features the same "epcor Payments University" logo and "Rock n' Roll" tagline at the bottom, along with the copyright notice "©2025, EPCOR ®. All Rights Reserved.".

ACH Network

Funds may be debited or credited

Checking accounts

Savings accounts

Financial institution general ledger accounts

Loan account (credits only)



Payments may be domestic or international



ACH Products

Identified by Standard Entry Class (SEC) code

SEC code determines:

Format/addenda requirements

Authorization requirements

Type of payment



ACH Payments - Consumer

Pre-arranged Payment & Deposit (PPD)

Telephone-Initiated Entry (TEL)

Internet-Initiated /Mobile Entry (WEB)



ACH Payments - Corporate

Corporate Credit or Debit (CCD)

Corporate Trade Exchange (CTX)



ACH Payments - Consumer and Corporate

Can be for both consumer and corporate

Accounts Receivable Entry (ARC)

Back Office Conversion (BOC)

Point-of-Purchase (POP)

International ACH Transaction (IAT)



ACH Payments

Transaction (Tran) Code

Two-digit code that identifies transaction type and account type

22 = Credit to a checking account

27 = Debit to a checking account

32 = Credit to a savings account

37 = Debit to a savings account



OR 135 - 136
Tran Codes





ACH Basics Question 1

An Originator sends an ACH file to your institution for processing. The file contains ARC, BOC and POP SEC codes. What type of transactions does this Originator have in their file?



ACH Basics Question 2

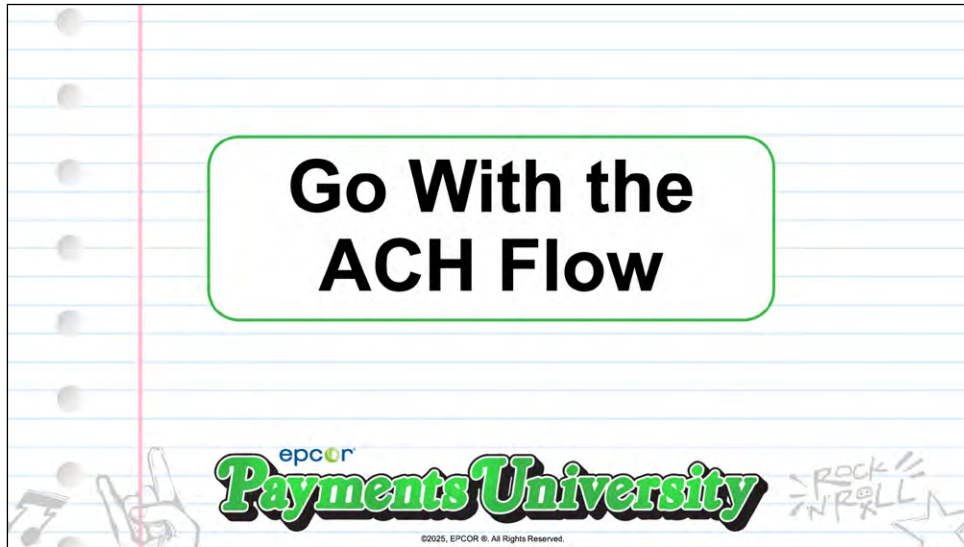
You're looking at an ACH file and see a two-digit code. You recognize it as a Tran code. What two pieces of information does that code provide?

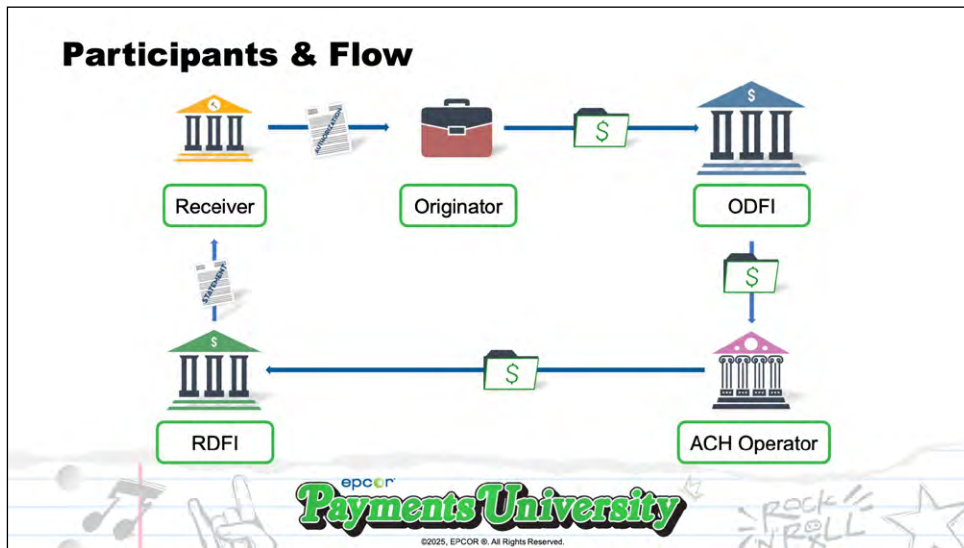


ACH Basics Question 3

A large company initiates a credit ACH file with 50 PPD SEC code entries utilizing different accounts (one for each employee). What do you think is the likely use of these transactions?









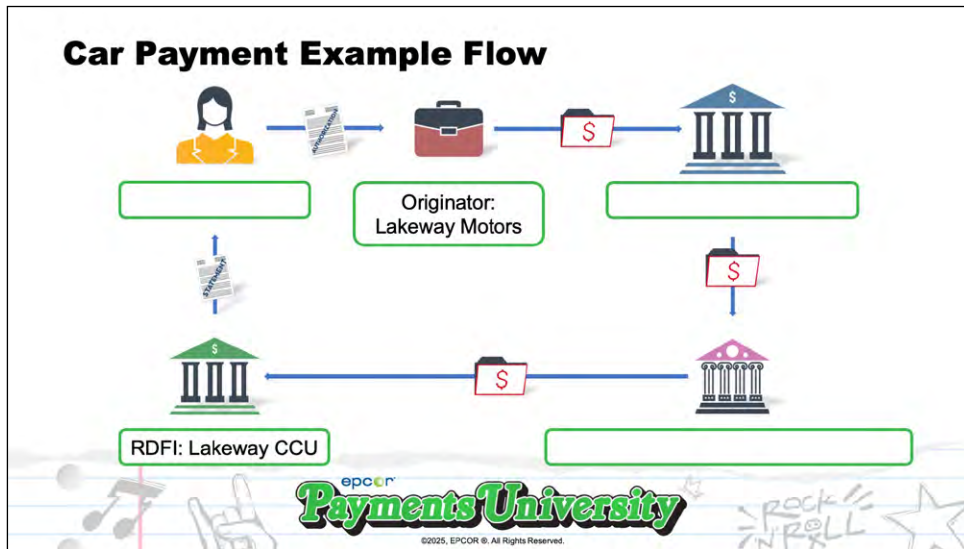
Car Payment Example

Thirty Third Bank initiates a Car payment debit to Cameron Carmichael's account at Lakeway Community Credit Union through the Federal Reserve on behalf of Lakeway Motors.

Identify the ODFI, Receiver, and ACH Operator

Write your answers in the handout...





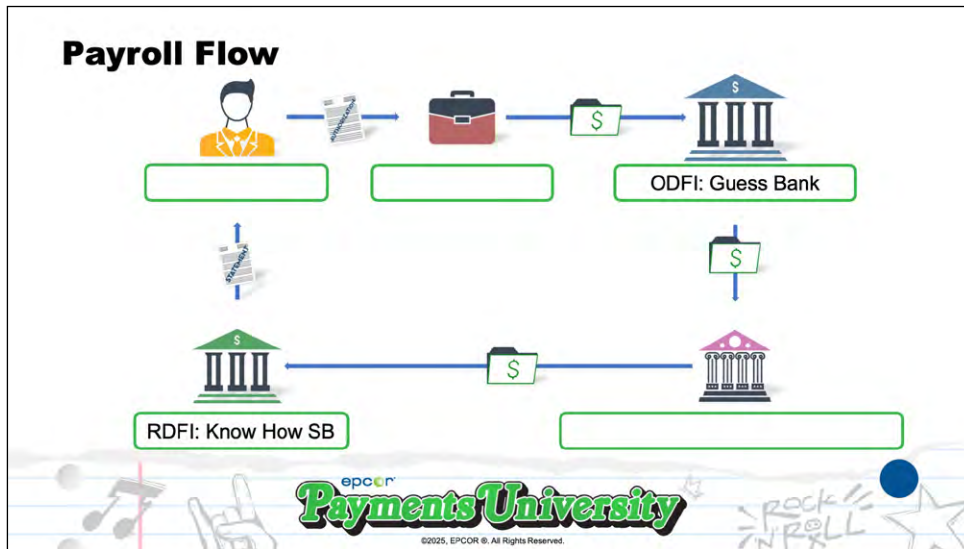
Payroll Flow

Frank Donning's payroll is credited twice a month via direct deposit from Now Pediatrics to his account at Know How Savings Bank. Guess Bank is Now Pediatrics financial institution and clears all ACH files through The Clearing House.

Identify the Originator, Receiver, and ACH Operator

Write your answers in the handout...





Show me the tires

Bigger Bank receives a debit from Underland Bank through The Clearing House. Cal's Tires has requested payment from Frank's Alignment Shop for invoice 12345

Identify the Originator, RDFI, and ACH Operator

Write your answers in the handout...



Show me the Tires Flow

Receiver: Frank's ODFI: Underland Bank

Payments University
©2025, EPCOR®. All Rights Reserved.

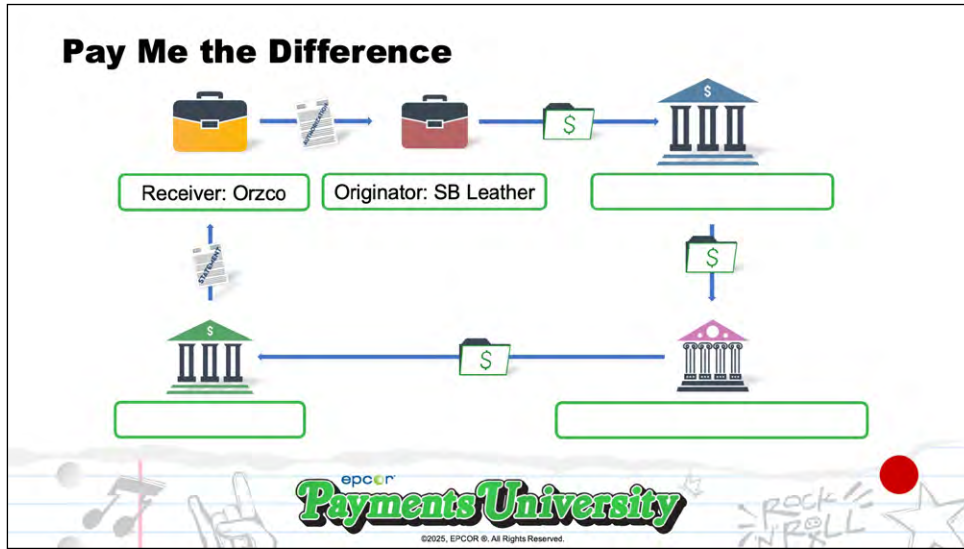
Pay Me the Difference

Small Batch Leather realized it over charged Orzco Fine Garments for a shipment of belts last month. Small Batch Leather sends Orzco Fine Garments a credit for the difference through Open for Business Credit Union who clears through The Federal Reserve. Orzco Fine Garments' account at Clothwork Credit Union is credited.

Identify the ODFI, RDFI, and ACH Operator

Write your answers in the handout...

Payments University
©2025, EPCOR®. All Rights Reserved.





ACH Rules

Commercial ACH transactions

Contract law

Developed and maintained by Nacha

Operating Guidelines



Regulation E

Electronic Funds Transfer Act

Establishes rights, liabilities and responsibilities of consumers

Includes consumer ACH debit and credit transactions

Exemptions include XCK and RCK ACH entries



Regulation E

Error Resolution

Consumer notification within 60 days of statement

Provisional credit

Resolution within 10 days or provide provisional credit

Exceptions and special circumstances



Consumer Financial Protection Bureau



©2025, EPCOR®. All Rights Reserved.

Regulation E, Subpart B

Consumer-Initiated International Remittance

Safe harbor clarification

Disclosure requirements

Ability to cancel

Refund requirements

Error resolution



©2025, EPCOR®. All Rights Reserved.

UCC 4A

Governs wholesale credits including CCD and CTX transactions

Commercially reasonable security measures

Disclosures required by ACH Rules

ODFI

RDFI



31 CFR Part 210

Federal Government's ACH rules

Benefit payments

Vendor payments

IRS refunds

Procedures manual for financial institutions processing federal government payments



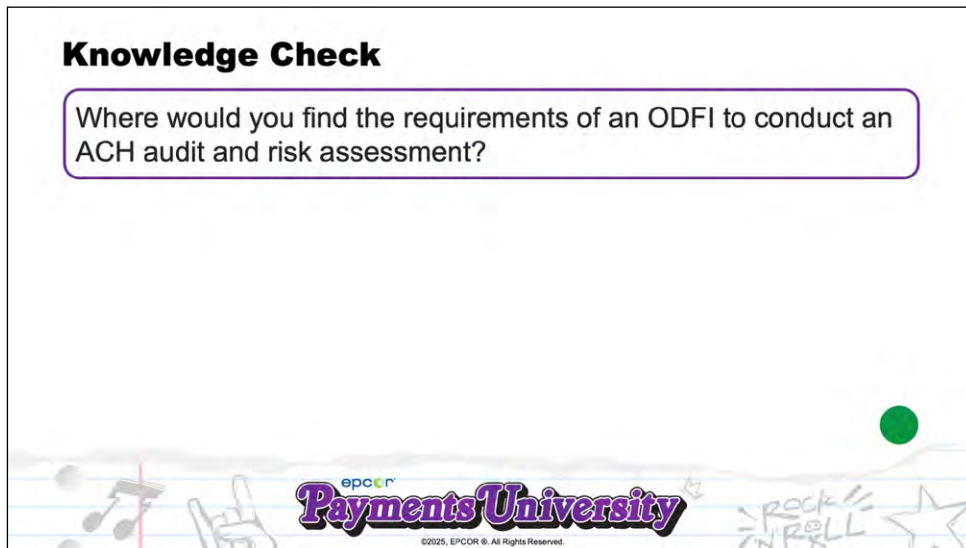
<https://www.fiscal.treasury.gov/reference-guidance/green-book/>





Knowledge Check

Where would you find the requirements of an ODFI to conduct an ACH audit and risk assessment?



Knowledge Check

An ODFI has a new Originator that will be transmitting Non-Consumer credit entries. The ACH Rules require the ODFI to provide the Originator with notice for these entries as part of the Origination agreement to ensure compliance with:



Knowledge Check

Your institution receives a Social Security payment for an account holder that is deceased. Their date of death is three days ago. Where would you look to make sure you follow the correct procedures?



Knowledge Check

An account holder is disputing several ACH transactions as unauthorized. The FI returns all the transactions within 60 days from settlement date but there are several transactions outside of that timeframe. Where would the FI look on how to handle those transactions?



Knowledge Check

Your FI receives a federal government reclamation for an account holder that has been deceased over a year. There are twelve Social Security payments totaling \$14,400 that the government is trying to reclaim. Where would look to find out how to limit your liability?

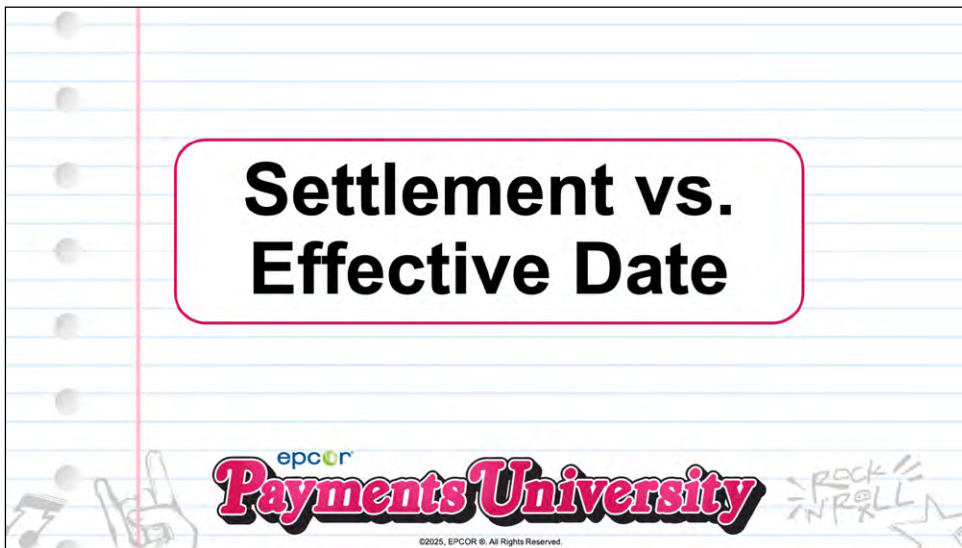


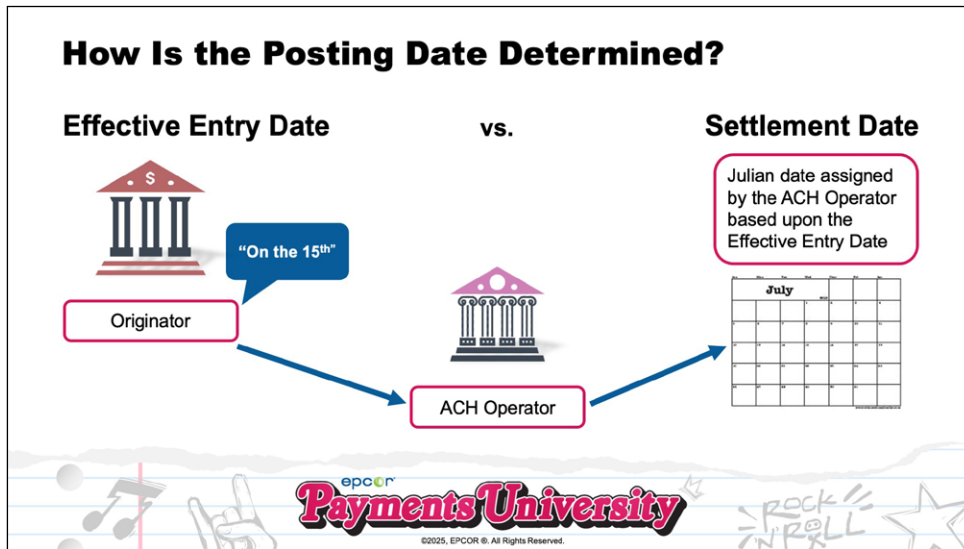
Knowledge Check

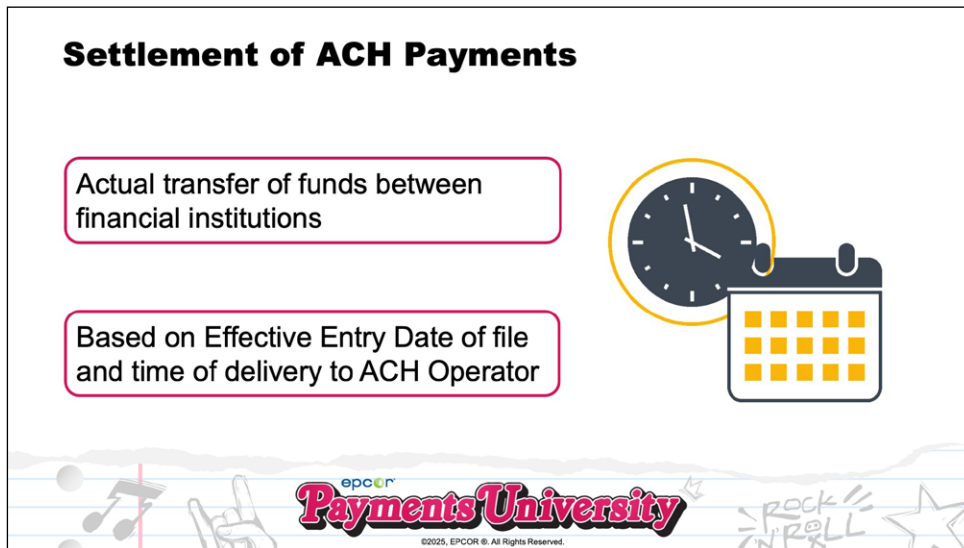
An IRS payment was posted to a valid account number. The last name in the entry was different than the name on the account. Where would you look to make sure the correct action is taken?



Settlement vs. Effective Date





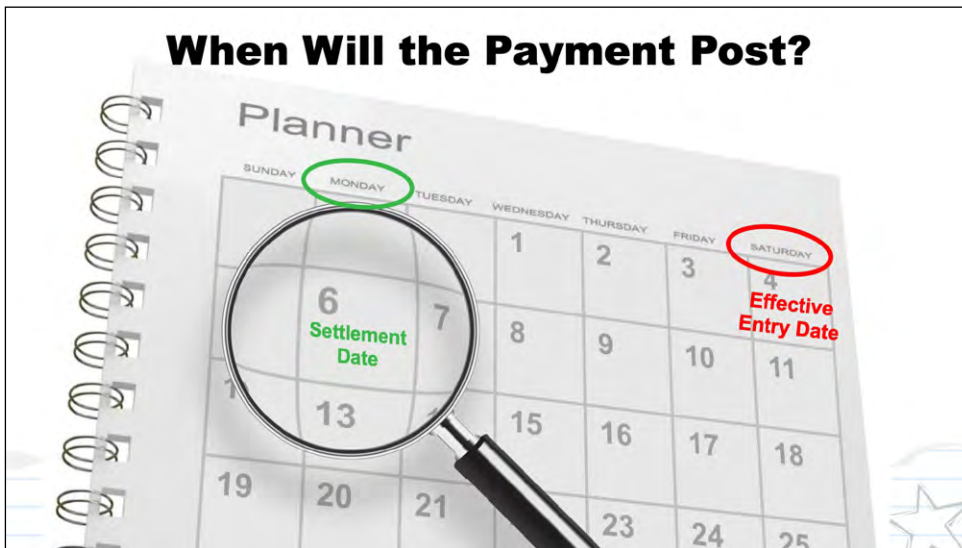


Processing Windows

Entries	Transmit to ACH Operator
Debit	1 day prior to the Effective Entry Date
Credit	2 days prior to the Effective Entry Date
Same Day Credit and Debit	On the Effective Entry Date



When Will the Payment Post?





What is the Settlement Date? * Denotes Holiday

	Effective Entry Date	Process Date by 4:45 PM ET	Settlement Date
1	Thu 7/10/2025	Thu 7/10/2025	
2	Thu 7/17/2025	Wed 7/16/2025	
3	Mon 9/1/2025*	Fri 8/29/2025	
4	Wed 9/24/2025	Mon 9/29/2025	
5	Wed 10/8/2022	Tue 10/7/2025	
6	Fri 9/19/2025	Processed by 5:45 pm ET on 9/19/2025	

epcor Payments University
©2025, EPCOR®. All Rights Reserved.

Homework

After EPU

epcor
Payments University

ROCK N ROLL

©2025, EPCOR ®. All Rights Reserved.

1. Insurance Payment

Patty Smith authorizes Save-a-lot Insurance to automatically deduct her monthly premium from her account at Four Quarter Bank. Half and Half Bank had a car insurance payment returned through The Federal Reserve by Four Quarter Bank. Save-a-lot Insurance has reached out to Patty Smith to find out what happened.

Identify the Receiver, Originator and ODFI

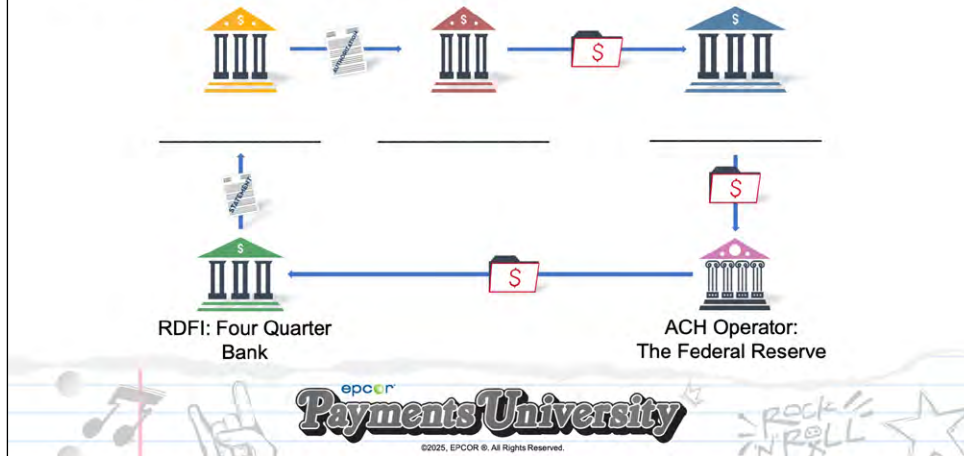
Write your answers in the handout...

epcor
Payments University

ROCK N ROLL

©2025, EPCOR ®. All Rights Reserved.

1. Insurance Payment Flow



2. The Paycheck

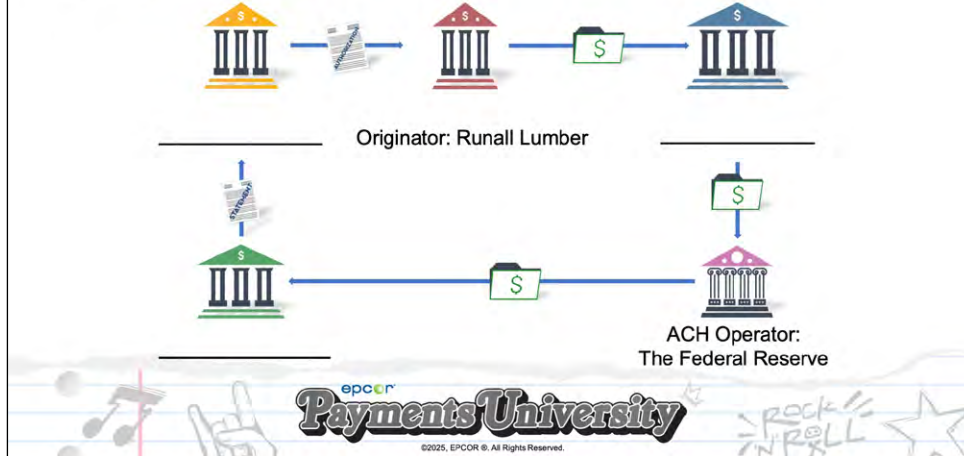
Monty Torgeson's paycheck is sent to his account at Good Bank of the North from Runall Lumber through Lumber Company Credit Union who used their account at The Federal Reserve.

Identify the ODFI, RDFI, and Receiver

Write your answers in the handout...



2. The Paycheck Flow



3. State Tax Refund

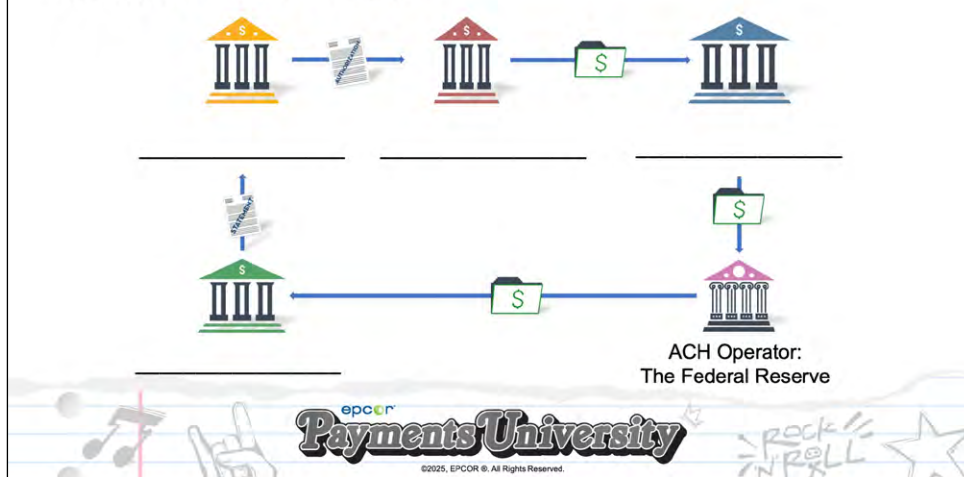
Alonzo Jimenez' receives his state tax refund into his account at Close to Home Credit Union from The State of Nebraska who has an account with Completely Fictional Bank.

Identify the ODFI, RDFI, Originator, and Receiver

Write your answers in the handout...



3. State Tax Refund



4. Rules and Regulations ACH

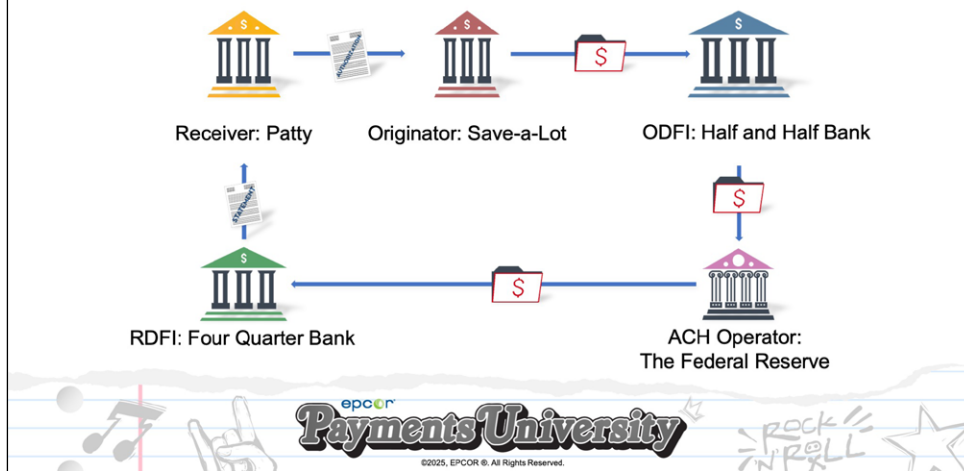
- A. What code governs wholesale credits including CCD & CTX transactions?

- B. What set of rules and guidelines is contract law made binding by agreements between each participant?

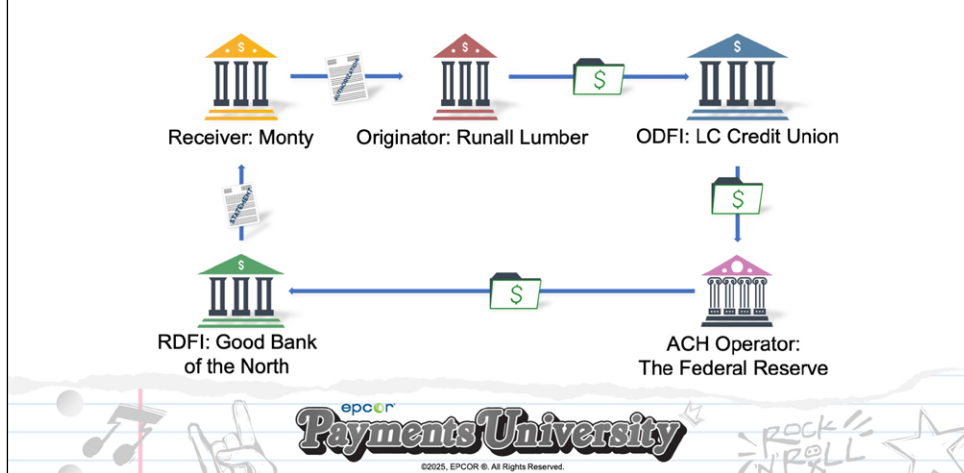
- C. What code is a procedures manual for financial institutions processing federal government payments?



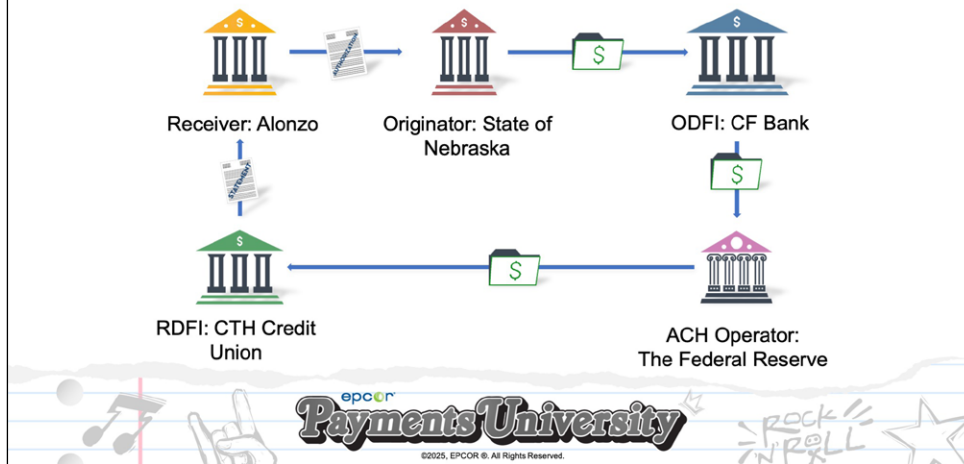
1. Insurance Payment Answers



2. The Paycheck Answers



3. State Tax Answers



4. Rules and Regs Answers

- A. UCC4A
- B. ACH Rules
- C. 31 CFR Part 210 (Green Book)



Other ACH Rules and Regulations

Regulation GG

Implemented the Unlawful Internet Gambling Enforcement Act which prohibits gambling businesses from accepting payments in connection with unlawful internet gambling, including payments made through credit card, electronic fund transfer and check. US financial institutions must have written policies and procedures to identify and prevent (block) payments from being made to gambling businesses involved in unlawful internet gambling.

If you would like to learn more about regulation GG you can purchase a lesson in our [online store](#) or access the lesson if your institution has purchased the [electronic resource license](#).



Other ACH Rules and Regulations

OFAC Part 1

The Office of Foreign Assets Control (OFAC) is responsible for administering and enforcing economic sanctions and embargo programs that require assets and transactions involving targeted foreign countries, terrorist or terrorist funding organizations and international narcotics traffickers to be frozen.

Financial institutions are obligated to check the Specially Designated Nationals and Blocked Persons (SDN List) to ensure that a party sending or receiving money does not appear on the list.



Other ACH Rules and Regulations

OFAC Part 2

U.S. citizens, permanent resident aliens, companies located in the U.S., overseas branches or subsidiaries of U.S. companies, and financial institutions must comply with OFAC and may be held accountable for sanction violations. Financial institutions are obligated to check the SDN List to ensure that a party sending or receiving money does not appear on the list. If a party to a transaction happens to be on the SDN List, OFAC expects the financial institution to take the appropriate steps to investigate, suspend, reject, block and report the transaction as necessary.



Other ACH Rules and Regulations

OFAC Part 3

To demonstrate OFAC compliance, your financial institution must have a written OFAC compliance policy and procedures manual in place. OFAC may work with a financial institution that misses a transaction that should have been blocked if the financial institution has the proper procedures in place. But they have very little tolerance for financial institutions that have not taken the appropriate steps to ensure compliance. Failing to comply with OFAC could result in adverse publicity, fines and even criminal penalties (criminal fines range from \$50K to \$10M and imprisonment from 10-30 years; civil penalties range from \$11K to \$1M per violation). All bank regulatory agencies cooperate in ensuring financial institutions comply with OFAC.



Other ACH Rules and Regulations

Bank Secrecy Act (BSA)

The Bank Secrecy Act (BSA) was enacted as a tool to fight money laundering, drug trafficking and other related crimes. It prevents financial institutions and service providers from being used as intermediaries for, or to hide the transfer or deposit of money derived from criminal activity.

If you would like to learn more about the BSA, you can purchase BSA 101 and 201 in our [online store](#) or access the lesson if your institution has purchased the [electronic resource license](#).



Other ACH Rules and Regulations

USA Patriot Act

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (**USA Patriot Act**) is intended to make it more difficult for terrorists to launder money in the United States. In addition, the Act also makes it easier for law enforcement and regulatory officials to share information and identify illegal money laundering activity. This Act affects financial institutions about information sharing and customer identification programs.



Rules and Regulations Knowledge Check Part 2

Question 1

Blank Bank initiates more than 500 consumer-initiated international transactions within one calendar year. Their account holder Elena needs to wire money to her father in Spain.

Blank Bank must adhere to what rule or regulation to initiate her request?



Rules and Regulations Knowledge Check Part 2

Question 2

XYZ Bank has an exception noted on their ACH audit that the following verbiage was not included in their deposit agreement for a business originator of credit CCD and CTX entries.

“Credit given by the RDFI to the Receiver for the Entry is provisional until the RDFI has received final settlement”.

Where would you look to find non-consumer agreement requirements?



Rules and Regulations Knowledge Check Part 2

Question 3

Jen comes into your financial institution stating that she revoked her authorization with her current renter's insurance company today. They debit her account at the end of each month for her premium via ACH. She wants to ensure that no more premiums are deducted from her account so she would like to stop payment on all future payments.

Where would the FI find information regarding stop payments?



Rules and Regs Knowledge Check Part 2 Answers

A. Regulation E Subpart B

B. *ACH Rules* & UCC 4A

C. *ACH Rules*



Thank You for Attending!

EPCOR is your best resource for:

Expertise—

Payments professionals are just a phone call away to help you resolve issues and understand the complex rules and regulations regarding all types of electronic payments.

Diverse Programs—

More than just the *ACH Rules*, you get a variety of programs on fraud, risk, audits and more to protect your organization against loss and penalty.

Keeping Pace with the Evolving Payment Landscape—

You have a voice in industry issues through EPCOR and you stay connected with industry initiatives that influence policy.

Visit epcor.org for a complete list of classroom and online learning events.

CERTIFICATE OF COMPLETION

This certificate is awarded to:

on

In completion of:

School of Rock: ACH Basics

This course is worth 1.4 AAP/APRP
continuing education credits.



James Carrick
Vice President, Education, EPCOR

