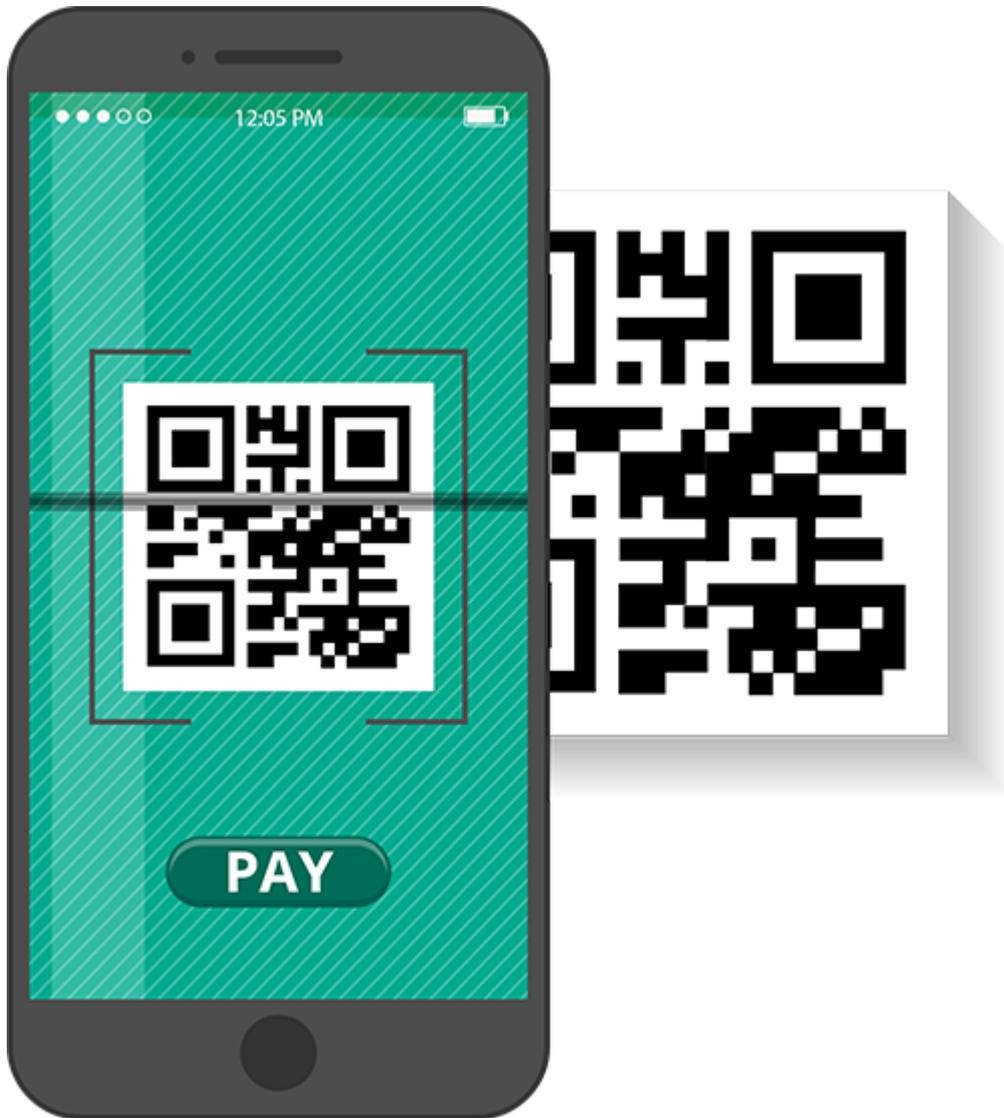


# iWallet Processes Payments Based On ACH Transactions



When it comes to payments, iWallet is clear about the trend: ACH transfers are increasingly the leading form of making and receiving payments.

While paper check remittances have been steadily decreasing, ACH transactions have been becoming much more prevalent. This is powerful evidence that a growing number of people and companies realize the benefits of issuing ACH transfers for payments.

## What is ACH?

The acronym is short for Automated Clearing House. It describes a network which operates as the infrastructure for making payments, transactions and transfers among and between banks. Payroll, B2B payments, direct deposits, government disbursements, and AP have all become reliant upon the ACH network when processing both credit and debit transactions.

The National Automated Clearing House Association (NACHA) along with the Electronic Payments Association

administer the ACH network.

With nimble accounts payable (AP) workflow, you and your business can not only process ACH transfers but also numerous other payment methods as they meet your business's evolving needs.

## **Where does iWallet come in?**

All our payment processing is based on the ACH system rather than the old Visa/MC/Amex systems. We find that ACH makes it easier for our customers to pay people and an added bonus is that there is a much smaller chance of any missed payments. Also, the ACH system is attractive because it doesn't need any additional hardware!

Customers can pay via their phones simply by scanning a QR code that can be printed on a piece of paper or shown on a screen! This is good for consumers because all they need in order to use iWallet is a phone with a camera.

What is the difference between an ACH Transfer, an ACH Payment an ACH Debit and an ACH Credit?

The term ACH describes specific types of Electronic Funds Transfers (EFTs) that rely on electronic clearing systems like the ACH network to process credit and debit transfers between financial and depository institutions. Debits and credits are both types of EFTs processed via the ACH network, but there is a difference in how each of them handles transactions.

ACH credits withdraw funds from a payer's account and then deposits the funds in the payee's account. They are commonly used to cover recurring charges like paying auto bills.

## **How does the ACH process work?**

ACH transfers start with the originators or payers. Once the originators submit payment requests, their banks become Originating Depository Financial Institutions (ODFIs) that send requests for ACH transactions.

Subsequently, ACH operators, like the Electronic Payments Network, receive the entries in batches and make the ACH transactions available to the banks of the payees, which are called Receiving Depository Financial Institutions (RDFIs). These RDFIs credit the payees' accounts. In general, ACH credits are settled within one or two business days. ACH debits take just one business day.

## **Can accounts payable process B2B payments as ACH transfers?**

As technology spreads across industries and becomes omnipresent in our day-to-day activities, it's hardly a surprise to discover that electronic payments are growing massively in both usage and adoption.

According to one survey of finance professionals, in 2017 ACH transactions made up 32% of B2B payments, up from 22% three years earlier. The survey was conducted by NACHA and the Credit Research Foundation (CRF) and also found paper check B2B payments fell from 63% in 2014 to 50% three years later.

The forecast is that by next year, ACH will be accounting for 45% of B2B payments, while it is expected that checks will account for no more than 34%.

iWallet uses Plaid for account verification. This helps to make sure both you and your clients are well protected and that you are who you claim to be. Personal finance apps, like Venmo, Acorns and Robinhood use this system. It means iWallet never ever sees a customer's bank credentials. They simply receive bank transaction logs from Plaid.

On the other side of things, iWallet uses Dwolla, an agent of Veridian Credit Union, for actual payments, to help keep costs down and to guarantee you receive your money as you want.