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Useful ACH Educational Tools

NACHA- The Electronic Payments Association
<https://www.nacha.org/>

Epcor- Electronic Payments Core of Knowledge
<https://www.epcor.org/>

Resources

2018 NACHA Operating Rules & Guidelines-

The Guide to the Rules Governing the ACH Network

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Consumer Payments vs. Corporate Payments

ACH transactions are typically categorized as either consumer payments or corporate payments, depending on the relationship of the parties involved in the transaction and the type of Receiver account. (Note: The term "corporate payment" refers generally to any transaction to a non-consumer account and includes corporations, small businesses and non-profit organizations alike). In addition, payments are distinguished as Federal Government payments (including automated disbursements originating from the United States Government, such as Social Security benefits, military and civilian payrolls, retirement benefits, tax refunds, and disbursements for state and federal revenue sharing programs) or commercial payments (initiated by both individual consumers and corporations).

Consumer payments currently made via the ACH Network include credit applications such as payroll, retirement, dividends, interest, and annuity payments, in addition to educational benefit reimbursements, payments and advances, and many others. Consumers ACH debit applications include among others, the collection of insurance premiums, mortgage and rent payments, utility payments, installment payments, a variety of membership dues, and other recurring obligations.

Corporate ACH applications include cash concentration and disbursement, corporate trade payments, state and Federal tax payments and financial electronic data interchange (EDI). Cash concentration and disbursement allows companies to achieve efficiencies in cash management through timely intra-company transfer of funds. Corporate trade payment enable corporations to exchange both data and funds with trading partners, facilitating and automated process of updating their accounts receivables and account payable systems.

Payment Applications

The ACH Network supports a number of different payment applications. Unlike the wire transfer and check systems, the ACH is both a credit and a debit payment system. An Originator initiating entries into the ACH network codes the entries to indicate the type of payment, such as a debit or credit to a consumer or corporate account. In certain cases, a particular application may be used for both consumer and corporate transactions. Each ACH application is identified and recognized by a specific Standard Entry Class Code, which appears in the ACH record format. The Standard Entry Class Code also identifies the computer record format that carries the payment and payment related information for the application. ACH entries may be transmitted to a variety of account types. Both credit and debit entries may be transmitted to demand accounts, savings accounts, and financial

institutions' general ledger accounts. Only credit entries (with the exception of reversals to correct erroneous credit transactions) may be transmitted to loan accounts.

Stock Yards Bank Authorized ACH Entry Codes

Consumer Applications

Consumer Payment Codes should only be used when money is credited to a consumer account or being debited from a consumer account.

PPD- Prearranged Payment and Deposit Entry:

- Direct Deposit
 - Direct deposit is a credit application that transfers funds into a consumer's account at the Receiving Depository Financial Institution. The funds being deposited can represent a variety of products, such as payroll, interest, pension, dividends etc.
- Direct Payment
 - Direct payment is a debit application. Through a written authorization, the consumer grants the company authority to initiate a debit – either one- time or recurring-to his or her account.

Corporate Applications

Corporate Payment Codes should only be used when money is credited to a business account or being debited from a business account.

CCD- Corporate Credit and Debit

- This application can be either a credit or debit application where funds are transferred between unrelated corporate entities, or transmitted as intra-company cash concentration and disbursement transactions. This application can serve as a stand-alone funds transfer, or it can support a limited amount of payment related data with the funds transfer.

CTX- Corporate Trade Exchange

- The Corporate Trade Exchange application supports the transfer of funds (debit or credit) in a trading partner relationship in which a full ANSI ASC X12 message or payment related UN/EDIFACT information is sent with the funds transfer.
 - This payment format is only supported using file upload, NACHA Formatted File.