

# CAPSTONE BANK

## ACH TRANSACTIONS

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### WHAT IS THE AUTOMATED CLEARING HOUSE (ACH)?

ACH is an electronic network designed to facilitate the processing of large volumes of financial transactions, both credit and debit, that are originated in batches. Examples of ACH credit transactions include payroll direct deposits and payments to contractors and vendors. Examples of ACH debit transactions include consumer payments on insurance premiums, mortgage loans, and other types of bills. Businesses are increasingly using ACH to collect funds from customers, as opposed to accepting credit or debit cards.

### WHAT IS THE BENEFIT OF ACH?

Using ACH transactions allows businesses to make quicker, more secure debit and credit transactions, and allows for greater control and predictability of cash flow.

### HOW IS ACH DIFFERENT FROM WIRE TRANSACTIONS?

Unlike wire transactions, which can originate and process “same day,” ACH transactions originate *one (1) business day prior* to the anticipated transaction completion date, which means they are effective the following business day at the earliest. For example, if a company’s payroll should deposit into each employee’s bank account on Friday, the payroll must be processed on or before 4:30 p.m. on Thursday. Many banks, including CapStone Bank, have the ability to “warehouse” ACH transactions so files can be submitted several days in advance, but not be “completed” until the desired/requested date.

### ACH TRANSACTIONS AT CAPSTONE BANK

- 1. The cut-off time to receive ACH transaction requests is 4:30 p.m. on regular business days.**  
Transactions submitted after 4:30 p.m. are processed the following business day. The offsetting credit or debit to the account will be made the day the transaction is processed. For example, an ACH transaction submitted by 4:30 p.m. on Monday, June 1<sup>st</sup>, will process and post to the account on Tuesday, June 2<sup>nd</sup>.
- 2. Transactions must be initiated the day before the desired credit or debit.**  
As noted above, ACH transactions must be scheduled at least one business day in advance of the desired processing date. Transactions will post to an account(s) the day after it processes. *When scheduling transactions, it is important to note weekends and holidays and select the correct option for the transaction in the event the desired processing date falls on a weekend or holiday.*
- 3. An account needs sufficient funds to cover ACH credits at the time a payment is generated.**  
For credit transactions/batches, the selected funding account must have sufficient funds to cover the transaction(s) at the time the transaction(s) is generated.  
  
Transfers between CapStone accounts to deposit funds to cover an ACH credit transaction/batch cannot occur on the same day as the offsetting ACH credit.
- 4. ACH transfer limits should be considered at the time access to the service is established.**  
Online Banking requires ACH transaction dollar limits for each designated user. This limit should be within the normal dollar amount of the organization’s ACH transfers. If there is an occasional need to initiate transactions over the established limit, CapStone Bank will need a new Cash Management Customer Representative Form or a Temporary Limit Change Form to be signed prior to processing the wire transfer. To avoid processing delays, contact the Bank branch well in advance to complete limit changes.
- 5. Once an ACH credit or debit is submitted, it cannot be recalled or corrected.**  
Each transaction should be thoroughly reviewed prior to submission in order to ensure accuracy.

- 6. Dual oversight is encouraged for all customers utilizing ACH.** Careful consideration should be given to assigning access for processing ACH transactions, and dual oversight/security is encouraged. We suggest designating one employee to initiate ACH transactions and a second employee to review and authorize them. Although this may be difficult for companies with limited staff, establishing dual oversight/security provides an extra layer of protection against costly errors and fraud.

*CapStone Bank Credit Administration must pre-approve all customers using ACH service, along with their assigned transaction limits.*