

ACH - Type of Wire Transfer

ACH-Automatic clearing house

ACH = Automated Clearing House. It is a type of electronic funds transfer between two entities' bank accounts. It is typically used for payment processing. A wire transfer is an electronic funds transfer directly between the accounts. Wire Transfer is simply a generic term whereas ACH is a more specific type of wire transfer. Another way to think about ACH is that it is tied more specifically to a business transaction. So, if you receive your paycheck through direct deposit, that is an ACH wire transfer of funds to your account for the purposes of payroll. The payroll is the transaction. Anyone can perform a wire transfer of funds. You can go to your bank to perform such a transfer, Some banks will accept a faxed ATA –Automatic Transfer Authorization provided by them. Check with your bank..

However, you cannot perform an ACH transfer between two individuals. Rules and regulations governing the ACH network are established by [NACHA](#) (formerly the National Automated Clearing House Association) and the [Federal Reserve](#). In 2002, this network processed an estimated 8.05 billion ACH transactions with a total value of \$21.7 trillion. ([Credit card](#) payments are handled by separate networks.)The Federal Reserve Banks are collectively the nation's largest automated clearing house operator and in 2005 processed 60% of commercial interbank ACH transactions. The [Electronic Payments Network](#) (EPN), the only private sector ACH operator in the U.S., processed the remaining 40%. [FedACH](#) is the Federal Reserve's centralized application software used to process ACH transactions. EPN and the Reserve Banks rely on each other for the processing of some transactions when either party to the transaction is not their customer. These interoperator transactions are settled by the Reserve Banks Direct deposit of payroll, [Social Security \(United States\)](#) and other government payments, and tax refunds

[Direct debit](#) payment of consumer bills such as mortgages, loans, utilities, insurance premiums, rents, and any other regular payment

[Business-to-business](#) payments

[E-commerce](#) payments

Federal, state, and local tax payments

Bank [Treasury management](#) departments sell this service to business and government customers

Note: ACH

This method of payment has been around for years. Not publicized very much as customers Are **not** normally charged for this service. It is fast and inexpensive. One to two days.

Majority of banks have this system. Call your bank and ask for an officer as some tellers are not aware of it yet. Most banks will allow you to fax or e-mail the ACH form. The standard form is included here. Your bank may have it's own form which they can fax you. You will need receivers account number and name.

