OLD NATIONAL®

Treasury Management Services

ACH Guide to Reducing Returns

ACH returns are expensive and time consuming for everyone involved. Implementing these best practices can help lessen the number of returns you receive with just a few process or documentation changes. Simply choose the ones that make the most sense for your operations.

Always have clear authorization

Many debit returns are attributable to receivers either not authorizing a transaction, or not recognizing a transaction. When you obtain authorization, make sure that it uses clear and simple language. Contact your Old National Treasury Management Officer for a sample authorization.

- Ensure that the Company Name included in your batches is something that the receiver will recognize and associate with the transaction.
- For recurring transactions, do not send any more transactions after the receiver indicates that they want to cancel.
- For transactions to corporate accounts, provide your Company ID to the receiver to prevent returns due to a debit block or positive pay service.

Ensure correct banking information

If you frequently receive returns with return reasons such as "no account/unable to locate account" or "invalid account number structure," these tips can help:

- Use prenotification entries, which are zero-dollar entries that test the banking information sent. Financial institutions send back a return or notice of change if the routing number, account number, or transaction code are incorrect. Prenotes must be sent four days in advance of actual dollars, but they are a great option for payroll or other time-sensitive credit transactions.
- Require a cancelled check with your ACH authorization—NOT a deposit slip. By doing this, can verify the routing and account numbers, and can be reasonably sure that the account is open. The number in place of a routing number on a deposit slip is an internal number to the financial institution, and may result in a return marked "RDFI not qualified to participate." An ACH routing number will never begin with 5 or 6.
- When entering banking information for the first time, have someone double check the data. This simple step could save you the cost of a return and re-initiation.
- Make sure to keep up with your Notices of Change. These are sent from the receiving bank to ensure that your next transaction posts on time.

Consider the timing

For debit transactions, try to choose a transaction date that is least likely to be returned NSF, like a Friday or the 1st or 15th of the month. This is especially important—and easy—for transactions that have already been returned NSF. Returned ACH entries can be initiated up to two additional times, with RETRY PYMT in the Company Entry Description to identify them. After those two extra tries, an additional authorization is necessary.