

# Five Must-Have, Next-Gen ACH Capabilities

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Streamline ACH Processing to  
Gain Agility, Reduce Complexity and  
Support Emerging Payment Rails

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ACH traffic exploded in 2020 – and hasn't showed signs of stopping. Processing volume and value soared through 2021; in the third quarter, the Automated Clearing House Network (ACH Network) processed 7.3 billion payments worth \$18.1 trillion.

The ACH Network has proven it can move a massive volume of payments in a short time. Now, financial institutions have to keep up. Here's how institutions can evolve their ACH solutions for the future of payments.

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Driven by the COVID-19 pandemic and economic assistance payments, 2020 was a record-setting year for ACH. Payment volume increased by more than two billion payments over the prior calendar year. Growth in 2021 continued to be robust.

Much of that volume is here to stay. Direct deposit, bill pay and person-to-person exchanges have become permanent expectations in consumers' minds. ACH makes those transactions simple and safe for customers.

For the back office, manual ACH processes are slow and error-prone, and they expose the institution to unnecessary risk. To take advantage of growing ACH volume – and emerging payment rails – financial institutions need robust processing technology and nimble processes. Just like customers, back-office staff need “simple and safe” payments processes, too.

## Future-Proofing the Back Office

Just “going digital” isn't good enough in this payments environment. Financial institutions need next-generation ACH solutions that can leverage real-time capabilities and accommodate whatever comes next. Advanced ACH functionality helps financial institutions manage costs, while meeting growing demand and creating personalized, competitive payments experiences.

What do financial institutions need to future-proof their ACH business? As the industry evolves, financial institutions should advance their ACH processing capabilities toward five next-generation necessities:

### 1. Automation

Staff and the institution benefit from reduction of slow, manual tasks. Advanced ACH processing solutions use rules-based handling to initiate business interventions and tackle time-consuming exceptions. Only transactions that require special handling are stopped, and the majority are straight-through processed. ACH processing can be automated across multiple cutoffs and service-level agreements (SLAs), simplifying and accelerating key processes for staff.

### 2. Integration

To avoid manual activities, today's ACH solutions require a higher level of integration between data files and with APIs. Tighter connections can speed up and improve data entry, account setup, confirmations, reconciliation, accounts payable and accounts receivable. Real-time connections with the account processing platform (as well as Office of Foreign Assets Control and anti-money laundering programs) also ensure data and transaction accuracy.

### 3. Standardization

Financial institutions that operate a single payments system have a serious operational advantage over their competition and increase the value proposition of their technology. Proven workflows and training can be leveraged across the entire technology stack, enabling staff to support the payments environment more holistically. Plus, an enterprise approach can easily accept new and emerging rails, such as FedNow<sup>SM</sup> real-time payments and Zelle<sup>®</sup> Disbursements. That positions the institution to rapidly generate revenue from new opportunities.

### 4. Flexibility

Next-gen ACH gives financial institutions the flexibility to continuously collect, clear and settle payments, including single-item settlements. No longer bound to batch-based dependencies or other processing windows, financial institutions can process transactions on arrival – or even accommodate later cutoffs.

### 5. Transparency

Customers now expect more timely and detailed information about their payments, whether they're outgoing, incoming or cross-border payments. Financial institutions also need greater visibility into alerts and related account information. With an advanced ACH processing solution, staff can manage exceptions online, in real time and reach resolutions faster. Likewise, managers can access detailed reporting in a few clicks, from foundational dashboards to rich data insights. Decision-makers get the data they need, in the form most useful to them.



## Advanced ACH Technology Offers:

- Continuous Processing
- Robust Workflow
- Risk Mitigation
- Real-Time Connections to Account Processing Platform, OFAC and AML
- Revenue Generation
- Automated Rules-Based Handling
- Streamlined Clearing and Settlement
- Increased Operational Efficiencies
- Nacha Format
- ISO 20022 Format

## Agility, Acceleration, Advantage

Advanced ACH processing solutions give financial institutions more agility. When ACH is part of an integrated enterprise solution, new capabilities can be implemented without special programming or extensive training. That lowers the risk associated with managing multiple rails and SLAs – and improves staff satisfaction and retention.

Workflows are also reliable and predictable, so it's easier to optimize performance. And high levels of automation and straight-through processing (STP) give staff the freedom to pursue more meaningful tasks.

Processing, clearing and settlement are all simplified by modernizing ACH. Staff no longer have to wait for the processing window to run to work an exception; pools of payments can be addressed as soon as they're detected and hit the screen.

## Benefits Beyond the Enterprise

Next-Gen ACH benefits more than just the payments team. Continuous inbound collection and increased STP result in faster processing, faster payments and faster settlement, which are differentiating features for customers.

Advanced ACH capabilities increase customer-centricity overall. With holistic access to account data, financial institutions can optimize payment routing and create customized payment solutions at scale. And financial institutions can develop tailored, demand-driving products – without outspending the competition.

## Your Next-Gen Journey

To future-proof your payments business, start advancing one of the oldest tools in the payments trade: ACH. Significant gains in functionality are sure to provide long-term value for your organization and its customers.

## About the Author

Laura Clary is a Senior Director, Product Management in the Enterprise Payments Solutions division at Fiserv, with more than 25 years of experience in financial services. Prior to joining Fiserv, she was a director in the Retail Payments Office of the Federal Reserve Bank of Atlanta, responsible for various ACH-related initiatives over her 10-year tenure. Passionate about payments and payments evolution, she is an accredited ACH professional and has served on several industry work groups and councils. She currently serves on the Business Payments Advisory Committee of the Nacha Payments Innovation Alliance.



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