

# ACCOUNTS RECEIVABLE ENTRY ARC CHECK CONVERSION

## *Any Bank, USA Customer Service Training for Financial Institutions*

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[electronicpayments.org](http://electronicpayments.org)

# ACCOUNTS RECEIVABLE ENTRY ARC CHECK CONVERSION

Overview

**Introducing ARC**

Frequently Asked Questions

Addressing Complaints

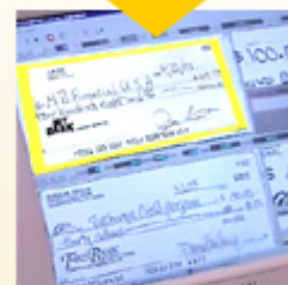
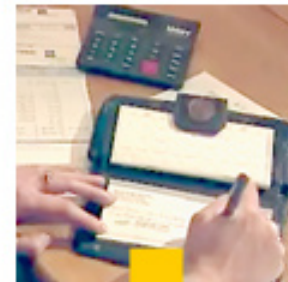
Summary

## What is Accounts Receivable Entry (ARC)?

- ✓ ARC allows billers to convert checks received through the mail or at a bill payment dropbox to electronic payments.

## What's New About ARC?

- ✓ On March 16, 2007, changes in the notification and check destruction requirements associated with ARC will be in effect.



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## Types of Check Conversion Applications

All check conversions are processed through the ACH Network – the same network that is used for billions of secure payments – payments such as Direct Deposit.

- - - checks by mail or dropbox - - -

- - - - - checks at the point of sale - - - - -

### **ARC**

**(Accounts Receivable Entry)**

Checks are converted when a customer mails a paper check to pay a bill OR drops a bill payment check at a “dropbox.” Beginning 03/16/07, checks will be imaged and securely stored until destroyed.

### **BOC**

**(Back Office Conversion)**

**New Rule: March 16, 2007**

Checks are accepted at a point of sale and converted later in the “back office.”  
Checks are not returned to customers.

### **POP**

**(Point-of-Purchase)**

Checks are converted at a point of sale, voided and returned to customers as they finish checking out.

### ***Be prepared!***

People are becoming increasingly familiar with check conversion. However, they may have questions about the process that you will need to address.

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### Understanding ARC...

- ✓ The business provides “clear and conspicuous” notification to customers (via an enclosure or statement on a bill) that their checks may be electronically converted.
- ✓ The customer writes a paper check and mails it to the business, or drops it in a bill payment dropbox. *(The customer authorizes conversion by writing the check after receiving notification.)*
- ✓ The business captures payment data from the customer’s paper check to present to the financial institution, which posts an ACH debit to the customer’s account.
- ✓ The business makes an image of the original check and retains it for at least 2 years. Beginning on March 16, 2007, the business or processor must securely store the original paper check until it is destroyed.
- ✓ Funds may be withdrawn from the customer’s account as soon as the same day and they will not receive the check back from their financial institution.



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## Check Conversion and Account Statements

Checks converted to ACH debits – including ARC – may appear on the customer’s account statement under:

- ✓ ATM withdrawals
- ✓ Electronic payments
- ✓ Automated checks
- ✓ Other check listings
- ✓ Checks

DATE POSTED	DESCRIPTION OF TRANSACTION	CHECKS AND OTHER SUBTRACTIONS
09/25/06	Payment to AT&T Consumer-Check Paymt. 550	59.83

00053549 02 AT 0.545 02 3DG 183	
John Q Customer 161 Main St. ANYWHERE, US 10536	
PB	
<b>Summary of Accounts</b>	
<b>Checking &amp; Savings</b>	
Account number:	0000000000000
Account owner(s):	John Q Customer
<b>Account Summary</b>	
Opening balance 4/06	\$2,998.55
Deposits and other credits	3,316.84 +
Interest paid	0.25 +
Checks	761.87 -
Automated Checks	1,355.66 -
Other withdrawals and service fees	1,427.06 -
Closing balance 5/03	\$2,761.05
<b>Deposits and Other Credits</b>	

### Be prepared!

Keep in mind that the transaction may appear differently on the customer’s paper, online, and telephone/audio statements.