



NEWS RELEASE

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NACHA Publishes Education and Training Materials on Rules for Identification of Checks Ineligible for Conversion

Herndon, Virginia, July 7, 2006 – NACHA—The Electronic Payments Association is making available education and training materials for businesses and financial institutions to implement NACHA’s new rules on identifying business checks that are ineligible for conversion. The new rules, which become effective September 15, 2006, provide methods for corporate Originators to identify business checks that are ineligible to be converted and provide corporate Receivers with methods to opt-out of check conversion.

“NACHA and its members are committed to educating the marketplace about check conversion,” said Kathy Levin, AAP, Senior Vice President of GACHA and chair of the Rules Work Group that spearheaded this educational effort. “The education and training materials provide businesses and financial institutions with a tremendous amount of information and resources to implement the new check conversion rules.”

The education and training materials can be accessed and downloaded at the business and financial institution areas on <http://www.electronicpayments.org>. They include: a “What Does This Mean To Me?” checklist for businesses; an article that explains the importance of the auxiliary on-us field in a check’s MICR line; training for financial institutions’ customer service staff that work with business customers; training materials for financial institutions’ ACH operations; a questions-and-answers document; and a matrix that compares the features and rules for check conversion and Check 21.

Materials that are specific to businesses are posted at <http://businesscheck.electronicpayments.org>. Materials that are specific to financial institutions are posted at <http://businesscheck-FI.electronicpayments.org>. The materials were produced by

NACHA's Identification of Business Checks Ineligible for Conversion Rules Work Group, and are available to the industry at no charge.

“Many businesses want to prevent their checks from being converted so that their corporate cash management practices are not disrupted. Businesses that receive checks may want to convert as many checks as possible, but have been hesitant to do so because there currently is no sure way to distinguish eligible checks from ineligible checks,” said Arlene S. Chapman, CTP, Senior Consultant, Technical Services, of the Association for Financial Professionals (AFP). “NACHA's education and training materials and AFP's resources will help businesses as both payers and payees make sure that check conversion works for them.”

The new rules provide that checks that contain an auxiliary on-us field in the MICR line are ineligible for conversion. Such checks are typically identified because they are larger in length compared to the standard six-inch checks used by consumers. Businesses that want to opt-out of check conversion can use check stock that contains the auxiliary on-us field.

The new rules also provide that checks for more than \$25,000 are ineligible for conversion. In practice, virtually all such checks are business checks, and the dollar limit will ensure that checks sent to wholesale lockboxes are not converted.

Check conversion has been available in the marketplace since September 1999, when NACHA's interim rules for converting checks at the point-of-purchase went into effect. NACHA estimates that more than 2.3 billion checks were converted into ACH payments in 2005.

About NACHA - The Electronic Payments Association

NACHA is the leading organization in developing electronic solutions to improve the payments system. NACHA represents more than 11,000 financial institutions through direct memberships and a network of regional payments associations, and 650 organizations through its industry councils. NACHA develops operating rules and business practices for the Automated Clearing House (ACH) Network and for electronic payments in the areas of Internet commerce, electronic bill and invoice presentment and payment (EBPP, EIPP), e-checks, financial electronic data interchange (EDI), international payments, and electronic benefits transfer (EBT). Visit NACHA on the Internet at www.nacha.org.