

ACH BENEFITS THE BUSINESS TO BUSINESS MARKET

According to a report published by Celent Communications, they estimated that the ACH Payment method is the fastest growing and preferred method to make and receive payments by the Business to Business Market.

B2B Payments in the US, 2002 - 2010 in USD			
Year	Checks	ACH/Wire	Commerical Cards
2002	21 Billion	12 Billion	0.5 Billion
2004	21 Billion	13 Billion	1 Billion
2006	20 Billion	16 Billion	1.5 Billion
2008	18 Billion	19 Billion	2 Billion
2010	16.5 Billion	23.5 Billion	2 Billion

The compelling reasons why ACH is the chosen method to receive and make payments by the business to business market are:

- Cost Savings – ACH is significantly cheaper to accept compared to other forms of payments such as Credit & Debit Cards, echecks, Electronic Fund & Wire Transfers. See the cost comparison chart below.
- Virtually all customers already have checking and savings account. Therefore there is no learning curve and the customer is comfortable using checks to make payments.
- Virtually all businesses accept checks as a current form of payment.
- Compared to accepting traditional checks, & money orders, bank checks and Certified Funds, ACH transaction are usually available in 1 to 3 business days compared to 7 to 10 days for checks. Even for money orders, bank & certified checks, unless there is a balance to cover the entire sum of the payment, the funds are not available for 3 to 10 days dependent on the bank especially if it is an out of state instrument.

COST COMPARISON BETWEEN ACH, CREDIT, DEBIT & ECHECK								
Dollar	Discount Rate		Transaction Cost		Total Cost		Funds Availability	
Amount	ACH	CDE*	ACH	CDE*	ACH	CDE*	ACH	CDE*
\$25	-	2%	\$.75	\$.25	\$.75	\$.75	1-3	2-3
\$50	-	2%	\$.75	\$.25	\$.75	\$1.25	1-3	2-3
\$100	-	2%	\$.75	\$.25	\$.75	\$2.25	1-3	2-3
\$200	-	2%	\$.75	\$.25	\$.75	\$4.25	1-3	2-3
\$300	-	2%	\$.75	\$.25	\$.75	\$6.25	1-3	2-3
\$400	-	2%	\$.75	\$.25	\$.75	\$8.25	1-3	2-3
\$500	-	2%	\$.75	\$.25	\$.75	\$10.25	1-3	2-3

Notes:

* CDE represent Credit & Debit Credit Card and echecks.

For the example above we have used the following assumptions:

1. The average discount rate to accept credit cards is 2%, the actual rate can be greater or lower.

The average transaction rate is \$.25, the actual rate can be greater or lower.

Even with all the benefits of ACH, including the significant cost savings, it has not been widely accepted for the following reasons:

- The availability to conduct ACH transactions, even though it is available through local banks, is a tedious and labor intensive process to originate credit and debit ACH transactions with associated high costs;
- Most companies lack the knowledge and procedures to initiate ACH transactions;
- Credit card issuers have attempted to seize this opportunity and have started to offer ACH payment solutions referred to as echecks. Unfortunately their solution is based on a percentage of sales same as the credit card fee model and the costs are comparable to accepting credit/debit cards as payments, eliminating the true benefits of ACH.
- All this has changed with the introduction of e-suite™ by etransactus, that incorporates the ACH method to receive and make payments and automates the entire billing process promoting to increase efficiency and reduces costs, increasing the bottom line for companies.

ABOUT ETRANSACTUS, LLC

etrasactus, LLC is a leading provider of automated billing solutions. The company through it e-suite™ product and it offerings provides an end to end billing, payment processing, time, customer service & support, inventory, staff, expense, purchase order, document & File Sharing, and Credit management from a single web based application which offers a comprehensive solution for all companies regardless of its vertical, with emphasis on the small to mid-size companies. For more information, contact (908) 916-5216.