

# ARC Entries



## **Accounts Receivable Entries (ARC)**

### **What Is ARC?**

Accounts Receivable Entries (ARC) is a single-entry ACH debit that takes place when an eligible check is received in the mail or at a dropbox location. The check is processed as an e-check and the debit appears on the customer's statement as an ACH transaction.

### **How Does ARC Work?**

- The merchant or biller (also called the originator) provides notice to the customer, typically on a billing statement or invoice, of the company's intent to convert the check into an electronic payment.
- Using electronic means such as a scanner machine, the routing number, account number and check serial number are captured from the source document (check).
- The original paper item is not presented for payment and must be destroyed within 14 calendar days from the settlement date of the entry.
- A copy of the original source document must be kept for two years.

### **What Types Of Businesses Can Use ARC?**

ARC is a preferred payment solution for many types of remittance payments. Credit card companies, utility companies, not-for-profit organizations, lenders, property management companies, and health care providers are good examples of industries that have benefited from implementing ARC. Any company that receives payments by check through the mail or at a dropbox location should evaluate the benefits of ARC.

### **Benefits Of ARC For Companies**

- Reduced time-frame for receiving and processing payments
- Reduces errors made by manual processing
- Increase cost savings by processing paper items as ACH transactions
- Receive earlier notification of return items
- Streamline reporting accounts receivables



[www.achdirect.com](http://www.achdirect.com)

500 W. Bethany Drive, Suite 200  
Allen, Texas 75013  
p: 866.290.5400  
f: 972.396.5006

#### **Additional ARC Facts**

- In 2005, ARC transaction volume increased more than 69 percent, according to NACHA.
- Customers may opt-out of having their check converted. Instructions for the opt-out process must be included in the notification.
- Checks that contain an Auxiliary On-Us Field in the MICR line or are greater than \$25,000 can not be converted. There are other items that can not be converted via ARC.

**Interested in learning how ARC can help your company?** Contact ACH Direct at [sales@achdirect.com](mailto:sales@achdirect.com) or call 866.290.5400. For compliance requirement information on ARC, please consult the *NACHA Operating Rules and Guidelines*.



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