

NACHA recently announced that its Payments Innovation Alliance and Board Advisory Group released two new papers – one for financial institutions and the other for businesses – that highlight what methods of account validation are available and future options the payments industry may want to pursue to ensure the continued quality and security of ACH payments.

Account validation enables businesses and financial institutions to validate account information received from a consumer or business, including the ability of that account to receive electronic payments. [The papers detail](#) the requirements when considering account validation services for ACH payments.

“NACHA’s dialogue with financial institutions and business end users consistently shows strong interest in account validation services. In recent years, NACHA has identified account validation as critical to the long-term support of payment innovation, user enablement, and ACH origination,” said George Throckmorton, managing director, Advanced Payments Solutions at NACHA.

“As part of NACHA’s ongoing evaluation of potential ACH Network enhancements, our [Payments Innovation Alliance](#) and [Board Advisory Group](#) produced these papers to speak directly to two important stakeholder groups – financial institutions and businesses,” Throckmorton said.

The paper for financial institutions, “Helping Your Originators Understand Account Validation,” discusses why it is important for a financial institution offering ACH origination services to educate their Originators on using account validation for the origination of ACH credits and debits. Account validation enables businesses as Originators to reduce the number of returned transactions and fraudulent payments, and to provide a positive customer experience.

The second paper, “Account Validation: A Tool for Businesses to Improve ACH Transactions,” is written for businesses and discusses account validation as an important tool for organizations of all types that originate ACH transactions. Companies experiencing issues with fraud or exceptions should consider using some method of account validation before initiating ACH transactions.



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“The use of incorrect routing, transit, and/or account numbers when processing payments can increase exceptions and be costly for companies,” said Bill Phillips, group president, Enterprise Payment Solutions, ProfitStars – A Jack Henry Company, and member of the NACHA Board Advisory Group. “As such, account validation has long been recognized as a necessary capability for businesses and the ACH Network. The development of these papers shows NACHA’s continued commitment to the quality and security of payments and to supporting the needs of the industry.”

To [download a copy](#) of “Helping Your Originators Understand Account Validation” and “Account Validation: A Tool for Businesses to Improve ACH Transactions” visit <https://www.nacha.org/content/payments-innovation-alliance-resources>.