ACH payments

- Payroll - $10/mo plus $0.10 per entry
- Vendor payments - $20/mo plus $0.10 per Vendor payment

Pros and Cons of ACH Vendor Payments

Pros

1. Lower Transaction Costs

ACH transfers are typically much cheaper than wire transfers or credit card payments. Organizations often pay **pennies per transaction**, which makes ACH ideal for high-volume vendor payments.

2. Faster Than Checks

ACH is not instant, but it's much quicker than mailing and processing paper checks. Vendors get paid reliably within **1–3 business days**, improving cash flow for both sides.

3. Reduced Manual Work

ACH payments can be automated through accounting or AP systems. This reduces staff time spent printing, signing, mailing, and reconciling checks.

4. Improved Accuracy & Fewer Errors

Because ACH is electronic, there's less risk of:

- Lost checks
- Misaddressed envelopes
- Manual entry mistakes

Automation also improves reconciliation accuracy.

5. More Secure

ACH reduces exposure to:

- Check fraud
- Mail theft
- Account takeover methods that target printed routing/account info

Banks also offer robust NACHA-compliant fraud controls.

6. Better Vendor Experience

Vendors appreciate reliable, predictable payment timing.
Remittance information can be sent automatically, improving transparency.

Cons

1. Processing Time Not Immediate

ACH isn't same-day unless you pay for same-day ACH (and the recipient bank supports it).
Standard timing is **1–3 days**, slower than instant rails or real-time payments.

2. Requires Vendor Bank Information

You must collect and store sensitive routing/account numbers.
This adds:

- Security considerations
- Administrative effort
- Vendor hesitancy in sharing info

3. Potential for Payment Reversals

ACH allows returns/reversals under specific circumstances (e.g., insufficient funds, incorrect account info), which can complicate reconciliation.

4. NACHA Compliance Requirements

Organizations may need to follow specific security, retention, and transmission rules—especially if processing large volumes.
This can require IT or process changes.

5. Cutoff Times

ACH files must be uploaded before your bank's processing cutoff (often afternoon deadlines).
Payments initiated after cutoff may not process until the next business day.

6. Limited International Use

ACH is primarily a U.S. system.
For global vendors, you may need wires or other cross-border payment methods.

Positive Pay

- $25/mo
- $5 exception approval per exception approval
- $10 cash management one-time payment

How Check Positive Pay Works

1. **You issue checks.**
2. **You upload a file to the bank** with details (check number, amount, date, payee).
3. When a check is presented, the bank compares it to your file.
4. If it matches → **check is paid.**
5. If it does not match → **exception is created**, and you must decide to pay or return it.

Banks usually require same-day approval for exceptions.

How ACH Positive Pay Works

Also known as **ACH Blocks and Filters**:

- **ACH Block:** Blocks *all* ACH debits unless you explicitly allow them.
- **ACH Filter:** Allows certain companies/vendors or certain dollar thresholds to debit your account.
- **Review & Decision:** You can approve or reject any incoming ACH that isn't pre-authorized.

This protects against unauthorized ACH withdrawals or fraudulent account-takeover attempts.

Benefits of Positive Pay

Strong Fraud Prevention

Prevents altered, counterfeit, or unauthorized payments from clearing your account.

Increases Control and Security

You decide which transactions clear, significantly reducing risk of loss.

Reduces Time Spent on Fraud Resolution

Fraudulent checks/ACHs are stopped **before** money leaves your account—much easier than trying to recover funds after the fact.

Meets Auditor & Compliance Expectations

Many auditors expect organizations to use Positive Pay for internal control over disbursements.

Potential Drawbacks

Requires Administrative Work

You must regularly upload check issue files and monitor exception items.

Bank Fees May Apply

Banks often charge monthly fees for Positive Pay or ACH filters.

Decision Deadlines

Exception decisions must be made quickly (same day), or the bank may default to returning the item.

SWEEP account

- As of Friday the rate was 4.37%
- Competitive with PTIF rates
- $35/mo

A **sweep account** is a type of bank account setup that **automatically moves (or "sweeps") money** between accounts to ensure optimal cash usage—usually overnight. It helps organizations manage liquidity, reduce idle balances, and sometimes earn interest.

What Is a Sweep Account?

A sweep account automatically transfers excess funds from one account (usually a checking or operating account) into another account, such as:

- An **interest-bearing account**
- A **money market investment account**
- A **line of credit** (to pay down balances)
- A **reserve or savings account**

At the end of each business day, the bank determines the balance and moves money according to preset rules.

How It Works

1. **You set a target balance** for your primary checking account.
2. At the bank's sweep cutoff time each day, the bank:
   - Checks your balance
   - Moves excess funds **out** (to earn interest or reduce debt)
   - Moves funds **in** (to cover payments or maintain your minimum target)
3. Sweeps typically occur **automatically and daily**.

It's designed to ensure your checking account has just enough money for operations—no more, no less.

Types of Sweep Accounts

1. Investment Sweep

Excess funds go into:

- Money market mutual funds
- Repo accounts
- Interest-bearing investment accounts

Goal: **earn interest on idle cash.**

2. Loan Sweep (Line-of-Credit Sweep)

Excess cash automatically pays down your line of credit.
When your checking account needs funds, the system pulls money back from the credit line.

Goal: **reduce interest expense**.

3. Zero-Balance Accounts (a subtype of sweep)

Sub-accounts (payroll, AP, etc.) sweep to and from a master account, ending with a balance of **$0** daily.

Goal: **control cash flow and prevent unseen balances.**

Benefits of Sweep Accounts

Maximize Cash Efficiency

No idle money sitting in your checking account—everything is either invested or reducing debt.

Automation Saves Time

Reduces manual cash transfers and monitoring.

Improved Cash Flow Management

Maintains stable balances while optimizing surplus funds.

Can Reduce Fraud Risk

Zero-balance setups limit exposure because funds only appear when needed.

Drawbacks / Considerations

Fees

Banks may charge for sweep services or require minimum balances.

Regulatory or Investment Restrictions

Some investment sweeps (e.g., money market mutual funds) have rules or liquidity limits.

Not Ideal for Cash-Short Organizations

Organizations with highly variable or tight cash may see frequent sweeps back and forth.

Possible Changes Due to Banking Regulations

Certain sweeps depend on specific account classifications or market conditions.