

Back Office Conversion



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What Is Back Office Conversion?

Back Office Conversion was designed to identify the “best clearing” option for check transactions. A decision is made in the back office whether the check should be cleared as a paper check, a Check 21 substitute check, a Check 21 image exchange or an ACH transaction. The regulations which permit Back Office Conversion, or BOC, become effective March 16, 2007.

With BOC, organizations that accept checks at the point-of-sale or at manned bill payment locations will be able to convert eligible checks to ACH debits in the back-office. With BOC, merchants will be able to collect eligible business and consumer checks accepted during the day and convert them in a single location, away from the point of sale.

BOC Is Advantageous For Any Type Of Business That Accepts Checks In Person

Whether your organization accepts a handful or a significant number of checks, BOC can help. Retailers, home-based businesses, not-for-profit organizations and service-based companies will enjoy the cost and time-savings afforded by BOC.

BOC is easy to implement, utilizing a single process in the back room for converting checks, with imaging and MICR capture taking place in a more controlled environment. Unlike Point-of-Purchase (POP) ACH check conversion where multiple scanners are required at every cash register, checks can be converted to BOC using a single scanner in the back office. Fewer employees will need to be trained to implement BOC.

There are many advantages offered by this new conversion application. BOC may increase operational efficiency by reducing time and resources needed to process check payments. The cost of accepting, processing and handling paper checks decreases significantly. BOC streamlines the processing of paper checks and saves time spent correcting errors and managing related inquiries.



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Other notable benefits gained by implementing BOC:

- Faster payment clearing time frames
- Reduced number of bad checks, thanks to the ability to incorporate ACH Direct's verification products
- Cost-savings created by using ACH instead of processing checks
- Reduced administrative burden of processing paper checks and deposit preparation
- Time and labor savings by eliminating multiple trips to the financial institution to deposit paper checks
- Deposits can be made from anywhere
- Deposits can easily be consolidated from multiple locations, which allows for streamlined banking relationships and a reduction of associated banking fees
- Faster notification of return items, expediting re-presentment and collection

Anticipated Acceptance Of BOC

Electronic payment processing via the ACH Network has advanced to the point that the processing is seamless and largely transparent to the customer. Experts anticipate that there will be very little resistance to BOC because the consumer experience of paying by check at point-of-sale remains unchanged. Thanks to changes in Regulation E, authorization for conversion of the check to BOC consists of two elements: providing appropriate notice language on signage and receipt of the customer's check. However, a copy of the notification must be provided, typically on the back of a receipt.

Additional BOC Facts:

- Customer notification requirements call for prominent and conspicuous signage and a receipt copy of the notification
- The BOC authorization applies to one specific check
- Customers may choose to opt-out of having their check converted to BOC; companies can specify the opt-out method, such as accepting an alternative payment method or by agreeing to process payment as a paper item
- Capture of the routing number, account number and serial number from the customer's check must be obtained electronically with a MICR reader (scanner)
- Companies are required to employ commercially reasonable methods to securely store all checks until destruction and banking information
- Companies must take steps to ensure that the paper check will not be presented for payment



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Ready to make plans to implement BOC? Contact ACH Direct at sales@achdirect.com or call 866.290.5400. For compliance requirement information on BOC, please consult the *NACHA Operating Rules and Guidelines*.