



NACHA Operating Rule Amendments – Frequently Asked Questions for Retailers

1. What are the benefits of the amendments for retailers?

- The amendments streamline check processing and acceptance for retailers by establishing simple guidelines for conversion, reducing the number of incorrect business check conversions and saving time spent correcting errors.
- Unlike point-of-purchase (POP) conversion, back-office conversion (BOC) does not require the capital expenditure of installing scanning equipment at every register. Only one unit needs to be installed in the back office of each store. This option makes it easier to continue to accept checks, and implement the new exception rules.
- Because employees collect checks from consumers and place them in the till to be processed later, BOC reduces employee POP training needs.
- Unlike POP, BOC does not require an additional signature or verification from the consumer. Employees simply collect the check for processing in the back office.
- BOC enables retailers to select the best clearing option for conversions and provides a cost-effective, efficient method for processing large volumes of payments.

2. What do I need to do before I implement BOC?

- Retailers and billers who intend to implement BOC must post a sign outlining their intent to convert checks to electronic transactions. Signs must be posted in prominent locations and must contain a customer service phone number.
- Retailers must provide in-store written notice to customers, alerting them of the intent to convert paper checks to electronic transactions. Typically, this is printed on the receipt.
- Retailers must establish a customer service phone number to address consumer questions and concerns. This phone number must be a working number, operated and answered during normal business hours.
- Retailers and billers must keep an electronic version of all paper checks for at least two years.

3. Are businesses required to tell consumers they plan to convert checks in the back office?

Yes, retailers who intend to utilize BOC to convert paper checks to electronic transactions must provide notice to customers in the following ways:

- Retailers and billers who intend to implement BOC must post a sign outlining their intent to convert checks to electronic transactions. Signs must be posted in prominent locations and must contain a customer service phone number.
- Retailers must provide in-store written notice to customers, alerting them of the intent to convert paper checks to electronic transactions.
- Retailers must establish a customer service phone number to address consumer questions and concerns. This phone number must be a working number, operated and answered during normal business hours.



4. What changes can I expect when these rules are implemented?

For retailers, BOC will streamline check processing procedures, save time and simplify business processes. Retailers will no longer return paper checks to customers at the point-of-sale. Instead, checks will be collected and the appropriate processing method will be determined in the back office, after the transaction has occurred. Retailers can also expect to see fewer incorrect conversions and spend less time training employees.

5. How will these rule changes increase efficiency for my business?

- The first phase of the amendment establishes clear and simple guidelines that will effectively reduce the number of incorrect conversions, decreasing time spent correcting errors.
- The second phase of the amendment allows employees to place checks received at the register in the till for processing in the back office.
- Retailers can reduce the amount of training needed to educate new employees on check processing procedures.
- BOC does not require the capital expenditure of installing scanning equipment at every register. Only one unit needs to be installed in the back office of each store, making it easier to continue to accept checks and implement the new exception rules.

6. What do I tell customers concerned about the security of BOC and check electronification?

Electronic check processing is not a new practice within the financial industry. In fact, practices that allow check electronification have been in place for more than five years and utilize technology that has been thoroughly tested to process account information securely and privately. Operating rules, business practices and other guidelines regarding check conversion and electronic payments are developed by NACHA, the leading payments organization in the nation. NACHA is committed to efficient, reliable and secure payments systems. For additional information on the security of electronic check processing and NACHA guidelines, visit www.nacha.org.

7. What kind of equipment will I need?

Unlike POP conversion, BOC does not require the capital expenditure of installing scanning equipment at every register. Only one unit needs to be installed in the back office of each store. This option makes it easier to continue to accept checks and implement the new exception rules.