

ABSTRACT

The Need for an ACH Network in the Local Banking Industry

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The ACH (Automated Clearing House) network is a processing and delivery system that provides for the distribution and settlement of electronic credits and debits amongst financial institutions.

There are several payment methods presently in use by financial institutions; they include use of cash, cheques, giro payments, plastic cards – charge cards, cash cards, credit cards; fedwire and **CHIPS – Clearing House Interbank Payment System**. Each of these payment systems has its own advantages and disadvantages. The ACH network provides a better method of payment for financial institutions and alleviates problems experienced with the current payment systems used by the local Banks.

The following sections review the problems with the existing payment systems in use by the Banks today and then focuses on the ACH network showing how this form of electronic payment system is feasible to use as an electronic payment network between the local Banks.

There are several financial institutions around the world currently using this electronic payment system. The implementation of this network saves time and money and offers multiple payment options.

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