Final eCheck requirements and proposed processing workflow

The primary purpose of this document is to propose a new workflow for the handling and processing of eCheck gifts made through giving.cu.edu.

To that end, the Digital Engagement team have put together a detailed, step-by-step process (with supporting flow chart) based on documentation from Authorize.net and knowledge of the Foundation's existing workflow for credit card gifts.

We have also outlined the primary limitations and constraints that informed this new workflow, as well as remaining needs/requirements we need resolved to launch eCheck functionality.

Any and all comments, feedback and questions are of course welcome. I've tried to provide additional context and link to primary sources wherever possible but recognize that not everything may be clear to those who haven't spent weeks reading the documentation.

Outstanding needs and requirements

- Finalized and approved processing workflow (*see pg 2*)

- We would like CUF's approval to limit eCheck to one-time gifts only in the initial release, with support for recurring held for a future release.

  - *As detailed below, support for eCheck adds many new layers of complexity already without also accounting for recurring gifts. We therefore request approval to limit the initial release to one-time payments only and hold on its use for recurring gifts until we've had time to ensure everything is stable and working as intended.*

- What Advance tender type code do we use in reports for eCheck payments?

- We will be creating a separate processing report in giving.cu.edu for eCheck gifts. Using the current Gift Processing Report as our template, do we need to make any additions or changes to align with Advance's requirements for eCheck gift entries?

  - *An outline of the current report is included at the end of this document*

Primary workflow limitations and constraints

There are a few primary limitations and constraints specifically for eCheck payments that influenced the proposed processing workflow:

- Due to the nature of the ACH Network, eCheck transactions are NOT immediately validated and availability of funds is NOT verified in real time.

- As a result, eCheck.Net transactions are NOT guaranteed. For example, unauthorized transactions may result in returns and/or chargebacks. Because of this, Authorize.net suggests we should wait until the funds holding period is over before logging a gift in Advance and issuing a gift tax receipt.

- eCheck.Net transaction proceeds are deposited to the merchant's bank account after the funds holding period established for their account by Authorize.Net. Our funds holding period is five (5) days.

- CUF currently has a $10,000 transaction limit and $100,000 monthly processing limit (as approved by Authorize.net). Based on FY20 data, we would still likely exceed the monthly processing limit in December and possibly November. To avoid negative impacts on user experience, the Gifts team would have to monitor this closely in Authorize.net and have eCheck disabled manually on giving.cu.edu for the remainder of a given month if/when we approach that limit.

- There is no way to track the status of an eCheck payment via API or webhooks, as we can with credit card payments. We can only capture the initial response from Authorize.net at the time of payment (which will always be successful, as form cannot be submitted if there are errors). As explained in the proposed workflow below, this means the tracking of these transactions and updates to associated Orders in giving.cu.edu will be a manual process.

For more detail, see *General limitations, liabilities, and prohibited activities* on page 9 of the eCheck.NET User Guide.

Proposed eCheck Processing Workflow

A corresponding flow chart is attached at end of document.

Stage 1: Donor makes eCheck gift

<mark>Day 1</mark>

1) Donor complete checkout form and proceeds to payment

2) To use eCheck, donation must be:

   a) a one-time gift

      o *We would like to launch with one-time gifts only. Recurring introduces a lot of complications that we need to sort out and makes it harder to validate solution.*

   b) to a standard fund (*not license plate fund*)

      o *many license plate fund gifts are made the day the donor wants to get a license plate, and we cannot guarantee an eCheck gift that quickly.*

   c) and under $10,000 (*the per-transaction limit*)

3) Donor provides necessary bank account information in proper format and submits payment

   o *Real-time validation only checks that all necessary data is provided and routing number matches a known pattern. **It does not include fraud detection or account validations.***

4) Payment is accepted and captured in Authorize.net.

5) Donor proceeds to confirmation.

   o *We will want to include additional copy on confirmation page and email for eCheck gifts that explains processing time and potential delays in receiving tax receipt.*

6) Order status on giving.cu.edu is set to "Pending" and available in eCheck Gifts Report

   o *The **eCheck Gifts Report** is a new report we would create just for tracking eCheck gifts and exporting for load into Advance. eCheck gifts would not be tracked in the existing Gifts Processing Report.*

Stage 2: eCheck Payment Processed

(*click here for more details on how echecks are processed*)

<mark>Day 2 (next bank day)</mark>

1) The following bank day (*may not be next day*), Authorize.net "settles" any unsettled eCheck transactions from prior day(s) and sends as batch to the ACH Network for processing.

- For eCheck.Net transactions, "Settlement" occurs when the payment gateway initiates an ACH transaction to request the collection of funds. "Funding" occurs when funds collected for eCheck.Net transactions are deposited to your merchant bank account.

2) Holding period (5 days) begins, though returns are possible for the next ~60 days.

- A key purpose of the holding period is to wait for potential returns for transactions included in the batch before transferring funds to CUF's bank account.

- Regardless, the donor has ~60 days from the date the charge appears in their statement to dispute or request return.

Day 3 (next bank day)
NOTE: this is Day 2 of the holding period.

3) ACH Network validates payment with donor's bank and relays result to Authorize.net.

- This could result in a return or chargeback, which would be relayed to Authorize.net. Reasons include insufficient funds, invalid account number, account closed/frozen, disputes and requests to stop payment (see page 9 of the eCheck.NET User Guide).

- The following Authorize.net reports can be used to track eCheck batches:

  i) **eCheck Settlement Statement:** This statement displays the total funds collected for successfully settled eCheck.Net transactions, the amounts withheld in reserve from those funds and the funds sent to your bank account (more info here).

  ii) **Returns reports:** View returned items and chargebacks by settlement date, batch date, transaction ID, or invoice number (more info here).

  iii) **Notices of Change report:** View eCheck transaction correction notices received from a customer's bank indicating that a portion of the eCheck.Net transaction originally submitted has been changed (more info here).

4) If payment is authorized, ACH Network collects funds from the donor's bank account and transfers to an Authorize.net sub-account for the remainder of the holding period.

Day 4

5) Day 3 of Holding period.

Day 5

6) Day 4 of holding period.

Day 6

7) Final day of holding period. Authorize.net initiates transfer of available eCheck.Net proceeds to CUF's bank account (*less returns, chargebacks, etc*).

Day 7

8) The eCheck.Net proceeds are available in the merchant's bank account.

Stage 3: CUF completes gift processing

Occurs Each Business Day

1) Gift administrator checks Auth.net statements and reports for status of eCheck transactions

2) For each successfully "funded" transaction (*i.e. in CUF bank account*):

   a) CUF updates Order Status in giving.cu.edu to "Completed"

   b) CUF exports completed gifts using eCheck Processing Report to create batch for Advance

   o *eCheck export could be combined with export of the day's credit card gifts, but would come from a different report in the website*

3) For each returned transaction:

   a) CUF updates Order Status in giving.cu.edu to "Returned"

   b) CUF notifies donor and seeks resolution

   i) I'm not sure if this is necessary/appropriate, that would be for CUF to decide.

4) CUF checks eCheck processing totals for the current month to see if we are approaching or have exceeded the $100,000 monthly limit.

   a) If we are nearing or have exceeded the limit, CUF should disable eCheck via on/off control in backend of giving.cu.edu and set a reminder to re-enable at the start of the next month.
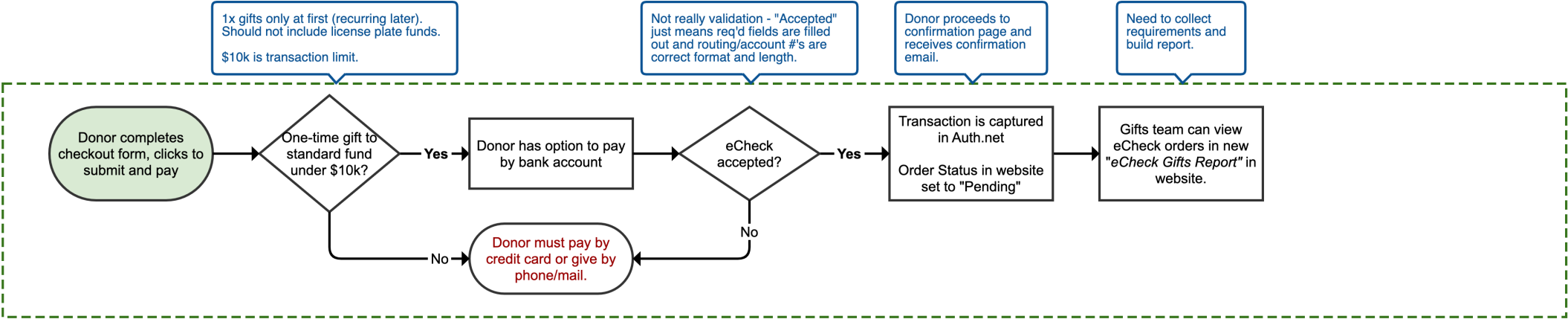
END

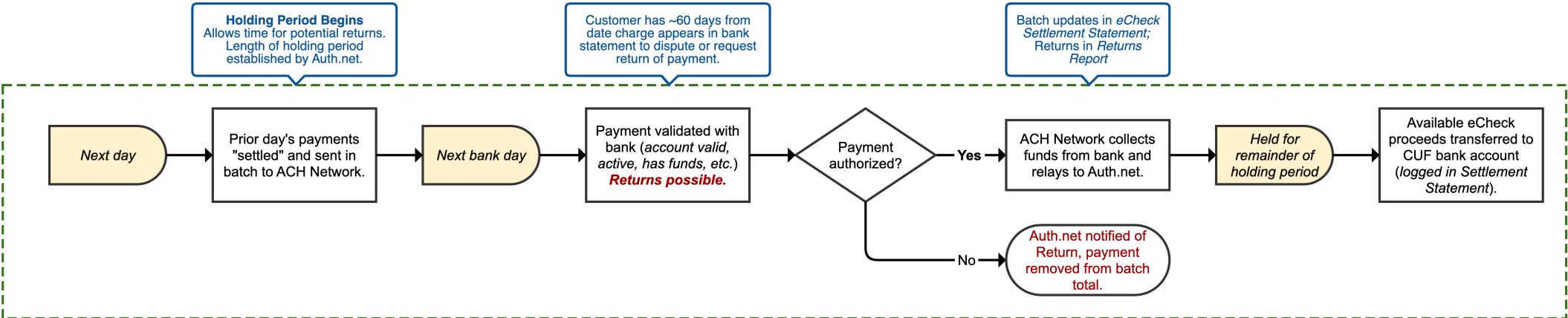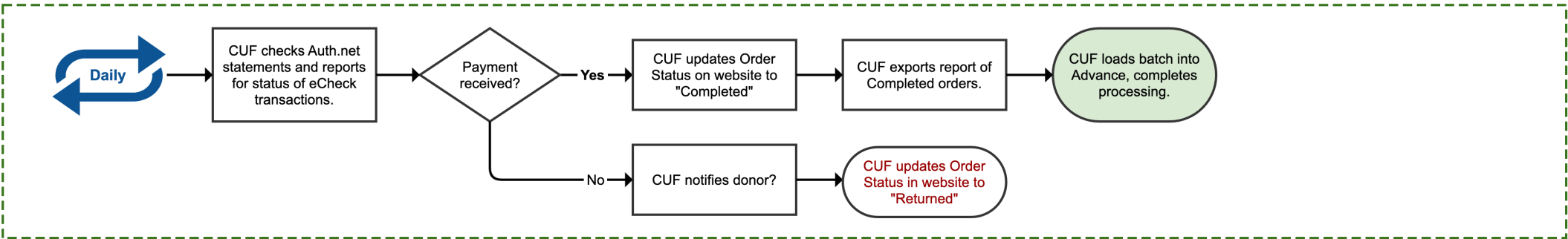*Supporting documentation attached below*

eCheck Processing Workflow

1 Donor makes eCheck gift

1x gifts only at first (recurring later). Should not include license plate funds.

$10k is transaction limit.

Not really validation - "Accepted" just means req'd fields are filled out and routing/account #'s are correct format and length.

Donor proceeds to confirmation page and receives confirmation email.

Need to collect requirements and build report.

- Donor completes checkout form, clicks to submit and pay
- One-time gift to standard fund under $10k? — **Yes** → Donor has option to pay by bank account → eCheck accepted? — **Yes** → Transaction is captured in Auth.net / Order Status in website set to "Pending" → Gifts team can view eCheck orders in new "*eCheck Gifts Report*" in website.
- **No** → Donor must pay by credit card or give by phone/mail.
- eCheck accepted? — **No** → Donor must pay by credit card or give by phone/mail.

2 eCheck payment processed

Holding Period Begins Allows time for potential returns. Length of holding period established by Auth.net.

Customer has ~60 days from date charge appears in bank statement to dispute or request return of payment.

Batch updates in *eCheck Settlement Statement*; Returns in *Returns Report*

- *Next day* → Prior day's payments "settled" and sent in batch to ACH Network. → *Next bank day* → Payment validated with bank (*account valid, active, has funds, etc.*) **Returns possible.** → Payment authorized? — **Yes** → ACH Network collects funds from bank and relays to Auth.net. → *Held for remainder of holding period* → Available eCheck proceeds transferred to CUF bank account (*logged in Settlement Statement*).
- Payment authorized? — **No** → Auth.net notified of Return, payment removed from batch total.

3 CUF completes gift processing

- **Daily** → CUF checks Auth.net statements and reports for status of eCheck transactions. → Payment received? — **Yes** → CUF updates Order Status on website to "Completed" → CUF exports report of Completed orders. → CUF loads batch into Advance, completes processing.
- Payment received? — **No** → CUF notifies donor? → CUF updates Order Status in website to "Returned"

Fields and data currently provided in Gift Processing Report
on giving.cu.edu

Field	Description (if necessary)
Order ID	Unique ID assigned by website
Transaction Type	Advance Tender Type Code
Remote ID	Last 5 digits of Auth.net Transaction ID
I am giving as an:	Individual or Organization
Billing Full name	
Primary EID	
Group EID	
EMR	
Prefix	
First Name	
Last Name	
Spouse/Partner	
Name of Organization or Company	
Address Type	
Street address	
Apartment / Suite number	
Address - City	
State / Province	
Address - Postal code	
Address - Country	
Preferred Phone	
Phone Type	
Preferred Email Address	
How would you like to receive your gift tax receipt?	Email or Mail
Employer match?	
Name of your employer	For matching gifts
Total	Gift amount per fund
Order total	Total for all gifts in transaction (for orders where donor gives to multiple funds)
Allocation Code	
Fund Title	
Campaign/Appeal Code	
IMO EID	
IHO EID	

Select an option	
Honoree's Name	
Prefix	
First Name	
Last Name	
IMO/IHO Email	
Address	
Write-In Fund Comments	
Comments	
Name as it appears on Vehicle Title:	For License Plate Fund gifts, may not be included in batch load to Advance