

Cash Management

ACH Payroll Processing FAQs



Is use of the new Company Entry Description “PAYROLL” mandatory for all Originators?

Yes. Originators will be required to use the new description “PAYROLL” for all PPD credits for the payment of wages, salaries, or other similar types of compensation no later than March 20, 2026.

Does this requirement also apply to Originators with contract (1099) employees?

Yes. This requirement applies to Originators of all types of compensation payments, regardless of the status of the employment relationship (i.e., employee, contract employee, other). Use of the term “PAYROLL” is intended for descriptive purposes only, to help identify compensation payments to RDFIs in their efforts to reduce the incidence of fraud involving payroll redirections. Originators and ODFIs transmitting entries with this entry description make no representation or warranty to the RDFI or to the Receiver regarding the Receiver’s employment status.

Why is the new “PAYROLL” descriptor required?

By standardizing certain data within ACH payments for payroll and other types of compensation, RDFIs that monitor inbound ACH credits will have better information to identify new or multiple payroll payments to a particular account. A standard description for these types of payments can help support RDFI logic to provide or suppress early funds availability and support other practices intended to reduce the incidence of fraud involving payroll redirections.

What if I use an ACH template?

You must update all saved ACH templates to include “PAYROLL” in the Batch Description field.

For payroll and other compensation payments, is the Originator permitted to utilize the remaining characters in the Company Entry Description field for additional descriptive purposes?

Yes. Originators initiating payroll and other compensation payments are required to include “PAYROLL” within the leftmost 7 characters of the Company Entry Description field. At the Originator’s discretion, it may utilize the remaining 3 characters for additional descriptive purposes.

Examples: PAYROLL
 PAYROLL 02
 PAYROLL424
 PAYROLLEMP

Do contributions to an employee’s Health Savings Account (HSA) require use of the new ‘PAYROLL’ Company Entry Description?

Yes. A payroll deduction deposited to an HSA is a pre-tax component of salary. Therefore, it must carry the ‘PAYROLL’ Company Entry Description.

More questions?

Business Support **844.238.3838**

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