

# Bank Acct Electronic Funds Transfers (EFTs) Explained

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A *check* is merely a **one-time** written authorization / instruction to pay, directed to a depositor's bank. An *EFT Authorization* also is a written authorization / instruction to pay but it is good for **multiple** transactions. It authorizes a depositor's bank to move funds from his/her bank account to the bank account of the authorized merchant. This movement of funds is done between banks in an encrypted electronic format, hence the term Electronic Funds Transfer (EFT). The electronic movement of funds between banks is more convenient, efficient, secure, faster and far less costly to all involved than the handling of paper checks. The banking system moves trillions of dollars electronically every year without error.

## How do Bank EFTs work?

1. **Authorization:** Your member provides you with written authorization to allow you to electronically debit his/her account, along with a voided check.
2. **Enter Data:** You enter the customer's checking or savings account data into Gym Assistant.
3. **Generate Member Transaction Data:** Three days before your processing day (or "debit date"), you use Gym Assistant to generate a data file listing each of the transactions that should occur on the debit date. This file is saved in a secure encrypted format.
4. **Transmit:** You send the secure data file to the EFT Processor via email or direct modem transfer.
5. **Record Member Payments:** In Gym Assistant, you record all payments that were transferred successfully. The due date for each member is moved forward by one month.
6. **Processing:** After the EFT Processor receives your data, the processor reformats and sends the data as an encrypted file, through the Federal Reserve's secure ACH electronic banking system.
7. **Payment:** The money is deducted from your member's account by his/her bank on the debit date, and then immediately deposited into your bank account.
8. **Reporting:** On the fourth business day after the debit date, the EFT Processor sends you a record of any unpaid items and the reason for each nonpayment. In Gym Assistant, you then reverse the previously-recorded payments for any members with unpaid items.