

Accredited ACH Professional (AAP) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

SAMPLE

- 1. Which ACH application allows the collection and disbursement of funds between corporate entities?**
 - A. Accounts Receivable (ARC)**
 - B. Corporate Trade Exchange (CTX)**
 - C. Corporate Credit or Debit (CCD)**
 - D. International ACH Transaction (IAT)**
- 2. What year was the routing Number Policy adopted?**
 - A. 1905**
 - B. 1911**
 - C. 1915**
 - D. 1920**
- 3. Which ANSI ASC X12 transaction set is indicative of Health Care payments?**
 - A. ANSI ASC X12.823**
 - B. ANSI ASC X12.521**
 - C. ANSI ASC X12.835**
 - D. ANSI ASC X12.820**
- 4. How does the ACH Network function?**
 - A. Through real-time processing of transactions**
 - B. As a batch processing, store-and-forward system**
 - C. By direct bank-to-bank wire transfers**
 - D. Through point-of-sale card transactions**
- 5. Which of the following describes the content aspect of a Transaction Set?**
 - A. The specific format of the transactions**
 - B. The business purpose of the transactions**
 - C. The required elements within the transactions**
 - D. The technology used to transmit transactions**

- 6. What method describes how ACH payment transactions are processed and transmitted?**
- A. Real-time processing**
 - B. File-based processing**
 - C. Batch process, store-and-forward system**
 - D. Single-entry processing**
- 7. Which party is primarily responsible for controlling credit risk in the ACH Network?**
- A. RDFI**
 - B. ODFI**
 - C. Third Party Sender**
 - D. Originator**
- 8. Which of the following items is an example of a Transaction Set?**
- A. Stock Record**
 - B. Sales Report**
 - C. Customer Invoice**
 - D. Market Analysis**
- 9. Which institution primarily governs the ACH Network?**
- A. NACHA**
 - B. Federal Reserve**
 - C. Office of the Comptroller of the Currency**
 - D. FDIC**
- 10. Which financial institution receives ACH entries from the ACH operator?**
- A. Originating Depository Financial Institution (ODFI)**
 - B. Receiving Depository Financial Institution (RDFI)**
 - C. Clearing House**
 - D. Paying Bank**

Answers

SAMPLE

1. C
2. B
3. C
4. B
5. C
6. C
7. B
8. C
9. A
10. B

SAMPLE

Explanations

SAMPLE

1. Which ACH application allows the collection and disbursement of funds between corporate entities?

- A. Accounts Receivable (ARC)**
- B. Corporate Trade Exchange (CTX)**
- C. Corporate Credit or Debit (CCD)**
- D. International ACH Transaction (IAT)**

The correct answer is Corporate Credit or Debit (CCD) because this ACH application is specifically designed for businesses to exchange funds between corporate entities. This application facilitates the direct transfer of funds for various purposes, such as payroll processing, supplier payments, or other commercial transactions where funds need to move from one corporation to another. CCD transactions support both debits and credits, allowing businesses to either withdraw money from or deposit money into another business's account. This flexibility in handling different types of transactions makes the CCD application well-suited for corporate financial needs. In contrast, other choices serve different purposes. Accounts Receivable (ARC) transactions are used primarily for the collection of funds for consumer payments, typically related to utility bills or invoices, rather than between business entities. Corporate Trade Exchange (CTX) is designed to manage more complex payment structures that include remittance information but is not exclusively focused on simple corporate fund transfers. International ACH Transaction (IAT) is utilized for transactions that involve parties in different countries, focusing on international transfers rather than domestic corporate exchanges.

2. What year was the routing Number Policy adopted?

- A. 1905**
- B. 1911**
- C. 1915**
- D. 1920**

The routing number policy was adopted in 1911. This significance of 1911 lies in the establishment of a standardized way to identify financial institutions in the United States, which was crucial for the efficient processing and clearing of checks and transactions. The introduction of routing numbers helped streamline the banking operations and created a systematic method for directing funds quickly and accurately, enhancing the overall functionality of the payment system in the country. The routing number system has since evolved to accommodate modern banking needs, but its inception was fundamental in shaping how banks interact and process transactions. Understanding this historical context is important for ACH professionals, as it provides insight into the foundations of the current payment processing system.

3. Which ANSI ASC X12 transaction set is indicative of Health Care payments?

- A. ANSI ASC X12.823**
- B. ANSI ASC X12.521**
- C. ANSI ASC X12.835**
- D. ANSI ASC X12.820**

The ANSI ASC X12.835 transaction set is specifically designed for healthcare payment and remittance advice. This set is used to communicate detailed information about healthcare claims payment from a payer to a provider. The information included in an 835 transaction typically covers payment details, adjustments, and the specific claims being paid or denied, making it essential for providers to reconcile payments against the services they render. Understanding the healthcare payment process involves recognizing the importance of the 835 transaction set, as it helps healthcare providers manage accounts receivable and ensures they receive accurate payments. This format aligns with the needs of the healthcare industry, helping streamline administrative processes related to billing and payments. In contrast, the other transaction sets listed serve different purposes: for instance, the 823 transaction set is used for the remittance advice for various financial transactions, the 521 is used for the payment order, and the 820 covers payment orders and remittance advice. Therefore, they do not specifically address the healthcare payment processes as the 835 transaction does.

4. How does the ACH Network function?

- A. Through real-time processing of transactions**
- B. As a batch processing, store-and-forward system**
- C. By direct bank-to-bank wire transfers**
- D. Through point-of-sale card transactions**

The ACH Network functions as a batch processing, store-and-forward system. This means that transactions are accumulated over a period of time and processed in groups (or batches) rather than in real time. When an ACH transaction is initiated, it is not processed instantaneously; instead, it is scheduled for processing in cycles, typically on the same day or the next business day, depending on the type of transaction and the receiving bank's policies. After the batch is processed, the transactions are then forwarded to the various financial institutions involved, which can take additional time for settlement and fund availability. This model allows the ACH Network to efficiently handle a high volume of transactions while optimizing processing costs and time management. Unlike other systems that may operate on a real-time basis, the batch processing nature of the ACH Network is a cornerstone of its functionality and widespread use in handling payments, such as payroll deposits, bill payments, and direct debits.

5. Which of the following describes the content aspect of a Transaction Set?

- A. The specific format of the transactions**
- B. The business purpose of the transactions**
- C. The required elements within the transactions**
- D. The technology used to transmit transactions**

The content aspect of a Transaction Set refers specifically to the required elements within the transactions. This includes the data fields and information that must be present for the transaction to be valid and processed correctly. Each Transaction Set is designed to follow certain standards that dictate what information is necessary, ensuring that all parties involved understand and can process the transaction appropriately. Understanding the required elements is crucial since they form the backbone of the transaction, enabling various systems to recognize, interpret, and appropriately act on the data. The required elements can include identifiers, dates, amounts, and specific codes that convey meaning within the broader context of the transaction. The other options, while related to transactions, refer to different aspects: the specific format speaks to how the data is structured rather than what is included, the business purpose pertains to the intention behind the transaction rather than its content, and the technology describes the methods used for transmission, which does not define the content itself.

6. What method describes how ACH payment transactions are processed and transmitted?

- A. Real-time processing**
- B. File-based processing**
- C. Batch process, store-and-forward system**
- D. Single-entry processing**

The correct answer, the batch process, store-and-forward system, accurately describes how ACH payment transactions are processed and transmitted. In this method, ACH transactions are collected over a period of time and grouped into batches for processing. This helps optimize efficiency and reduce the load on processing systems, as multiple transactions can be handled simultaneously instead of one by one. Once the batches are created, they are transmitted to the Federal Reserve or another ACH operator, where the store-and-forward aspect comes into play. The transactions are held temporarily and then forwarded to the receiving financial institution for posting to customer accounts. This system is designed to effectively manage the volume of transactions typical in the ACH network, ensuring that payments are processed in a timely and organized manner. Real-time processing refers to transactions being processed immediately as they occur, which does not align with the batch-oriented nature of ACH. File-based processing might sound similar but does not encapsulate the bulk processing aspect specific to ACH transactions. Similarly, single-entry processing is limited to one transaction at a time and does not reflect the overall methodology of ACH, which is based on batch processing.

7. Which party is primarily responsible for controlling credit risk in the ACH Network?

- A. RDFI**
- B. ODFI**
- C. Third Party Sender**
- D. Originator**

The party primarily responsible for controlling credit risk in the ACH Network is the ODFI, or Originating Depository Financial Institution. The ODFI is the financial institution that initiates ACH transactions on behalf of its clients, which can include businesses and individuals known as Originators. Since the ODFI's role involves accepting entries from Originators and transmitting them through the ACH Network, it is in the best position to assess the creditworthiness of those Originators and manage the associated risks. By performing due diligence on the Originators, the ODFI can establish internal controls, set transaction limits, and monitor for compliance with ACH rules, thereby mitigating potential losses that could arise from fraudulent activities or the inability of Originators to fulfill their obligations. In contrast, while the RDFI (Receiving Depository Financial Institution) processes transactions and has some risk associated with receiving entries, it is not primarily in control of the risk involved in initiating those transactions. The Third Party Sender acts on behalf of an Originator but still operates under the guidance and control of the ODFI. The Originator creates the transactions but relies on the ODFI's credit evaluation and risk management frameworks. Hence, emphasizing the ODFI's crucial role in managing credit risk

8. Which of the following items is an example of a Transaction Set?

- A. Stock Record**
- B. Sales Report**
- C. Customer Invoice**
- D. Market Analysis**

A Transaction Set refers to a structured collection of data that represents a specific business transaction in an electronic format. Customer invoices are designed to capture detailed information about a sale, including the products or services provided, quantities, prices, payment terms, and total amounts due. This structured data can be easily processed and exchanged between businesses or systems, making it a prime example of a Transaction Set. In contrast, stock records, sales reports, and market analysis do not typically represent a single, discrete transaction. Stock records track inventory levels, sales reports aggregate sales data over a period, and market analysis involves the examination of market trends and conditions without focusing on a specific transaction. Therefore, these items do not fit the definition of a Transaction Set as clearly as a customer invoice does.

9. Which institution primarily governs the ACH Network?

A. NACHA

B. Federal Reserve

C. Office of the Comptroller of the Currency

D. FDIC

The ACH Network is primarily governed by NACHA (the National Association of Federal Credit Unions) because it establishes the rules and guidelines that direct the operations of the network. NACHA is responsible for the development, administration, and governance of the ACH operating rules, ensuring the secure and efficient transfer of electronic payments and transactions. Its role includes setting the standards for how transactions are processed and ensuring compliance among the participating financial institutions. This governance structure allows NACHA to foster innovation while maintaining the integrity and reliability of the ACH Network, which is essential for electronic payments in the United States. In contrast, while the Federal Reserve plays a critical role as a processor and an operator of the ACH system, it does not set the rules for the network. The Office of the Comptroller of the Currency (OCC) and the FDIC are regulatory bodies overseeing financial institutions but do not govern ACH operations directly. Their roles involve regulating banks and ensuring their soundness rather than managing the specific operational rules of the ACH Network.

10. Which financial institution receives ACH entries from the ACH operator?

A. Originating Depository Financial Institution (ODFI)

B. Receiving Depository Financial Institution (RDFI)

C. Clearing House

D. Paying Bank

The Receiving Depository Financial Institution (RDFI) is the correct choice because it is the financial institution that receives ACH entries from the ACH operator. In the ACH network, the RDFI is responsible for receiving transactions and processing them for the account holders of that institution. When an ACH transaction is initiated—such as a direct deposit or a bill payment—the entry is sent through the ACH operator, like the Federal Reserve or a private clearinghouse, and then delivered to the RDFI. The ODFI, on the other hand, is where the ACH entries originate instead of receiving them. The Clearing House facilitates the processing and settlement of ACH transactions but does not receive entries directly as a financial institution. The Paying Bank conceptually refers to the bank that holds the account to be debited in a transaction, which doesn't specifically fit as a participant receiving ACH entries from the ACH operator. Therefore, the RDFI is the most accurate answer because it encapsulates the institution that directly receives and processes the ACH entries after they have been routed through the ACH operator.