

Remittance Coalition Quarterly Meeting
February 19, 2015
1:00-2:30 PM

Welcome and Agenda Review

Claudia Swendseid of the Federal Reserve Bank of Minneapolis opened the meeting and welcomed the attendees. Katy Jacob of the Federal Reserve Bank of Minneapolis outlined logistics for the call. Thirty-eight individuals signed in to the Live Meeting tool; at least five others joined in via phone only.

B2B Directory Proof of Concept

Claudia mentioned that the most recent issue of the AFP Exchange magazine featured an article on the directory written by BC Krishna, Mineral Tree, and Patti Ritter, Republic Services. Patti Ritter then gave an update on the proof of concept (PoC) phase of the B2B Directory project. She reported that the work group is developing use cases, some of which will be out of scope for the PoC. The group is also developing requirements and specifications, recommending rules for governance of the directory as well as attributes of the directory that will engender trust, and a business model. The goal is to use this phase of the project to produce a prototype or “minimal viable product” that people can visualize, value and trust. Several companies have expressed interest in participating in the PoC.

Small Business Toolkit Project

Sandy Jensen, Empire Bank, provided an overview of this project, which seeks to promote electronic payment adoption among small businesses by providing detailed information on the benefits of various types of electronic payments and how to implement them. The workgroup consists of fifteen participants. The first batch of content, which focuses on ACH payments, is almost final and will be published on the Remittance Coalition website for use in March. Covered topics include: Payment Types Explained; What Small Businesses Should Know about ACH; Consumer vs. Corporate Accounts in ACH; ACH Payments and Remittance Solutions; an ACH Infographic; General Banking Terms; How to Talk to Your Banker about Payments; What Kind of Checking Account Should I Have for My Small Business? How Bankers Can Make ACH Adoption Easier for Small Businesses; and Best Practices to Avoid Payments Fraud. Sandy mentioned that the workgroup is interested in producing YouTube videos or vines to market the toolkit. The toolkit will also be marketed through partner associations, such as America’s Small Business Development Centers (ASBDC), the Independent Community Bankers of America (ICBA), and the Small Business Administration (SBA). The ASBDC has expressed interest in developing a “train the trainer” program on the toolkit so that their staff at 1,000

centers around the country can better leverage it in their work with small business clients. The toolkit is currently formatted as one pdf document with a searchable table of contents, though the workgroup is open to other formatting ideas. Interested organization will be able to link directly to the toolkit. The Federal Reserve and Remittance Coalition will also offer webinars on the toolkit for marketing purposes. Sandy mentioned that the toolkit can be co-branded as well. Finally, the workgroup is considering subject matter for the next phase of content, which might focus on mobile payments, card payments, payment fraud, or another targeted topic.

Vendor Forum

Tammie Calys, Transformation Management Consulting, explained that in late 2013, the Forum was developed to provide education and awareness of remittance standards within the vendor community. The Forum also wanted to understand how standards were being deployed and the drivers and incentives for adoption. The Forum is comprised of corporates, financial institutions and solution providers mainly on the accounts receivable side. Thus, the Forum has decided to make a concerted effort to recruit vendors supporting the accounts payable function. A subcommittee has been formed to investigate the utilization of standards adoption in the ERP space. The group has identified contacts and begun to review a draft of interview questions that will help the Forum understand challenges and opportunities related to standards adoption. Another key theme is that issues related to standards adoption are vastly different depending on the size of the company and the industry. Another subcommittee, which will be formed in early March, will investigate whether involving market dominant firms in a specific supply chain can help facilitate standards adoption. That subcommittee plans to begin its focus in the food manufacturing and distribution vertical. At the end of 2015, the work of these two committees will be brought together into a report. Claudia noted that she is speaking at the National Food Service Manufacturers conference at the end of February, where she will discuss the work of the Forum.

Strategic Improvements to the U.S. Payment System

Connie Theien, Federal Reserve Bank of Chicago, gave an overview of the Federal Reserve's paper on Strategies to Improve the U.S. Payment System (SIPS). The paper identifies five desired outcomes for the payment system: speed, security, efficiency, improvements in international payments, and collaboration, as well as five strategies that will be used to achieve the desired outcomes. The first strategy is engagement with the industry, including groups such as the Remittance Coalition. The second strategy focuses on building a faster payments system; an industry task force will be developed on faster payments. Details on how to participate in that task force will be released in March, and the task force will begin its work in the second quarter. Strategy Three focuses on security. A task force will also be established in this area. Strategy Four focuses on efficiency; its goals are very much aligned with the work of the

Remittance Coalition, which was one of the only groups specifically mentioned in the SIPS paper. Strategy Four covers work in the following areas: an implementation approach for adoption of ISO 20022; directory strategies; and B2B electrification. Strategy 5 focuses on the Fed's role as a service provider and how the Fed can enhance its services to support the desired outcomes. Connie noted that the Fed welcomes involvement from any organization in this work in the future. Individuals can subscribe to updates at www.Fedpaymentsimprovement.org

Standards of Interest

Rich Urban, IFX, updated the group on the ISO 20022 Stand Alone Remittance Messages. These messages have been refined to be able to include a finer level of detail of remittance information. The next step is to do outreach, education and information sharing to promote the adoption of the messages. This is part of the Coalition's high priority objectives for 2015. Moreover, IFX is participating in the CGI Best Practices group, which is working on a white paper of best practice information for adopting these messages. One of the key advantages of adopting these messages now is to set companies up to take advantage of more efficient and interoperable solutions in the future.

George Throckmorton, NACHA, then explained that NACHA is leveraging the work that Rich described to develop an ISO 20022 strategy for the ACH. This is a two pronged strategy that seeks to meet the need of early adopters as well as move the payments industry toward ISO 20022 adoption in the future. Today, NACHA has an opt-in program available for banks for ISO 20022 remittance messages. NACHA will release an ISO 20022 mapping guide in March, which will focus on credit transactions only and will include mapping for remittance information, returns, and exceptions. In the future, NACHA will enhance this to include debit and consumer transactions. Also in the future, the current opt- in process will become a rule. George explained that the ACH network will continue to support current formats, such as the STP 820, while moving toward greater use of ISO 20022 payment message standards. There is a heavy focus on interoperability between old and new formats.

Steve Stevens, X9, provided updated figures on the number of times that Remittance Coalition-authored Technical Reports have been downloaded from the X9 website, where they are available free of charge. : The Core Adjustment Reason Codes Technical Report has been downloaded 885 times; (<http://x9.org/wp-content/uploads/2014/02/TR-42-2014-Core-Adjustment-Reason-Codes.pdf>); the Remittance Standards Inventory Technical Report,1,473 times (<http://x9.org/wp-content/uploads/2014/02/X9-TR-44-2013-Final.pdf>); and the Remittance Glossary, 528 times (<http://x9.org/wp-content/uploads/2014/02/TR-43-2013-Remittance-Glossary.pdf>).

Mary Hughes, Federal Reserve Bank of Minneapolis, described the work of the Retail Debit Balance Standard workgroup. Twenty members joined X9 specifically for the purpose of being involved in this workgroup, which now has 27 members. This group was formed after a focus group held at the Retail Value Chain Federation conference in the fall of 2013. A debit balance occurs when the supplier owes the retailer something or when a chargeback takes place after the invoice has already been paid. In the past, there was no standard way to deal with this problem. The workgroup fielded an online research survey, which yielded 436 responses. The goal of this group is to publish a Technical Report of best practices by the end of 2015. Claudia noted that this project is a good example of the purpose of the Remittance Coalition: standards organizations need direct input from business practitioners in order to develop standards that will be the most beneficial to all parties involved.

Claudia concluded the call by noting that the next quarterly meeting of the Remittance Coalition will take place during the NACHA 2015 Payments conference on April 19, from 1:00-2:30 PM in New Orleans. For more information, please contact Katy Jacob at remittance.coalition.smb@mpls.frb.org.

#####

Disclaimer: These materials have been created by the Remittance Coalition and are intended to be used as resources. Views expressed here are not necessarily those of, and should not be attributed to, any particular Remittance Coalition participant or organization. They are not intended to provide business or legal advice, nor are they intended to promote or advocate a specific action, payment strategy, or product. Readers should consult with their own business and legal advisors.