

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

Claudia Swendseid of the Federal Reserve Bank of Minneapolis opened the meeting, welcomed attendees and invited them to go around and introduce themselves. There were 37 in attendance.

**Vendor Forum Update – Larry Buettner, WAUSAU**

Larry Buettner gave an update on the AR/AP Subcommittee vendor interviews performed last quarter (1Q 2015) to assess ERP providers and AP vendors' awareness of and interest in adopting ISO 20022 standards. First, it was difficult to find the right contact person and second, most interviewed were ambivalent about adopting the ISO 20022 standard. ERP providers are aware of ISO 20022, but don't see a high demand for it among their customers. Most feel the existing process is working, and they leave it up to the customer to decide if change is needed. The challenge is to find a good reason to change. Most customers are happy with what they have and see no need to change.

Many AP providers have developed their own portals for providing remittance information. The buyer is the driver for determining the remittance data that they need.

While ISO 20022 standards have been mandated in the EU, few vendors serving U.S. companies see urgency of adoption in the U.S. --buyers in the U.S. are not pushing for changes in their ERP systems to adopt ISO 20022.

Another challenge is that while larger U.S. companies are at least aware of ISO 20022 and adoption in Europe, smaller businesses are not even aware.

Jim Wills from SWIFT agreed that larger corporations have clout with their bank partners and are able to get what they need implemented, which is not the case for smaller businesses. Jim is hopeful that with the availability of BTR3 (a bank to corporate cash management standard), this will promote more adoption of ISO 20022. However, more engagement of vendors is needed. Most have product roadmaps that don't include ISO 20022 implementation.

Rob Unger from NACHA said they are seeing some evidence of 20022 adoption. Some corporations are using it to send single payment files. He said a key challenge however is the cost for the change.

Claudia suggested that one possible strategy to promote adoption is to focus on middle market and smaller companies that are not so entrenched with EDI standards, which minimizes the "cost of change" barrier.

Roy DeCicco from Chase noted that the partner group (Federal Reserve, NACHA, The Clearinghouse and X9) are working together to develop a U.S. strategy for ISO 20022 payment message standards adoption – an effort that could also include the ISO extended remittance standard. Connie Theien, Federal Reserve, suggested that companies participating in the

Remittance Coalition's Vendor Forum be invited to the Fed's workshop on ISO 20022 adoption in the U.S.

Finally, Chris Huppert, Wells Fargo, observed that adopting ISO standards may not be in the economic interest of a vendor that has a proprietary solution.

### **B2B Directory Proof of Concept Update – Brian Mantel, FRB of Chicago**

Brian described the current status of the B2B Directory project.

- Document the vision and pain points
- Get people to move in the same direction
- Leverage directories that are already out there
- A directory has other applications – bill pay usage

In May the project team will kick-off a business Proof of Concept (PoC) to test 18 to 20 use cases developed by business practitioners. The PoC will help make the concept described in the B2B directory white paper tangible. End users will be able to simulate and experience how the directory will work. In particular, the vision for the directory to create a utility that makes it easier for large and small businesses to pay each other.

The directory project has two other work streams that will get underway soon. One is focused on developing the business model for the directory and the other will develop the governance model for the directory. These work efforts will consider a number of possible approaches and bring forward some recommendations later this year.

### **Small Business Toolkit Update – Donna Raedeke, FRB of Dallas**

The Toolkit went live a few weeks ago. It is a pdf document located on [fedpaymentsimprovement.org](http://fedpaymentsimprovement.org). It is not copyrighted so it can be used as a resource – please share the link with colleagues. Its purpose is to promote electronic payments adoption among small businesses by providing basic information on various types of electronic payments and how to implement them. It was developed by a workgroup co-chaired by Sandy Jensen from Empire Bank, Dian Curtis from PNC, and Jim Smith from Union Bank and Trust Company.

Marketing efforts and communication about the Toolkit have begun:

- It was featured in *ICBA NewsWatch*
- The Credit Research Foundation shared it with its members
- Katy Jacob's contact at the Small Business Administration emailed the link to 1.2 million recipients
- The ABA did a mass emailing about it in its *ABA Payments Update*
- The Dallas Fed tweeted about it and received 221 clickthroughs on the link to the Toolkit
- The CRSO has marketing plans for it as well

The workgroup is moving into phase 2 of the toolkit and is soliciting input on future topics to add to the toolkit.

Attendees suggested that bankers be targeted for receiving the toolkit as small businesses often rely on them for help with payments. Another idea offered was to reach out to commercial lending schools. This topic could be part of the curriculum.

## **Break-out Sessions**

**Small Business Toolkit Marketing Discussion:** Participants in this session suggested developing a mini-PPT presentation (2 – 5 slides with talking points) that can be incorporated into other presentations. The Toolkit can help banks to help small businesses use ACH. America’s Small Business Development Centers (ASBDC) can use it to help small businesses to learn about electronic payments. Regional Payments Associations (RPA) can share the Toolkit with their community bankers who work with small businesses. The regional Association of Financial Professionals (AFPs) could have a Toolkit session at their meetings/conferences. The Fed has been invited to discuss the toolkit and other efforts with education folks from the RPAs at their upcoming meeting in Des Moines.

Another idea was to create a short video -- three minutes or less – to highlight topics in the toolkit. Another suggestion was to develop three to five different tweet versions to share with Remittance Coalition members to use. All agreed that the toolkit will be used more if it is promoted in “bite-sized” pieces – e.g., segmenting the document by chapters. This approach could be used to develop videos or newsletter articles. The Canadian Payments Association (CPA) created three-minute videos that were “voice over slides” that were only three to five slides in length. They had great success with them. They did a “staged” release of the slides and found that viewers kept coming back for more and even started asking when the next one would come out.

Connie asked the group if there are other places to directly reach small businesses. Suggestions included: Chambers, industry groups, society of nonprofit executives, energy companies, regional AFPs (host a webinar – from receivable point-of-view, not just payments). Small businesses learn about ACH when large businesses tell them to pay by ACH. Others suggested that vendors need to get involved.

### **B2B Directory Proof of Concept Breakout Session:**

Brian Mantel chaired this session. As mentioned previously, this project entered into Phase Two in early 2015. This phase focuses on developing a Proof of Concept (PoC) for the Directory that will serve as a working demonstration model. Three Work Groups have been formed as part of the PoC focused on use cases, the business model, and governance structure. The team has recruited a diverse group of participants for the PoC, including the Fed, service providers, financial institutions, corporations, and NACHA. The breakout group focused on next steps for

the Directory. The priority is getting businesses entities into- and maintained – in the directory as part of the PoC and beyond. The group hypothesized that the receiver/payee will take the lead in populating the directory, as the industry demonstrates the value to (small business) payees in receiving electronic payments. Interoperability among different directory databases is a second priority.

### **Vendor Forum Breakout Session:**

Larry Buettner chaired this session, which had seven people in attendance. Larry provided an overview of the work of the AR/AP subcommittee:

- Conducted ~ 10 interviews with leading ERP and A/P providers
- Tried to assess awareness on new ISO 20022 and their customer use of standards with ACH payments

During the interview process, the committee learned that:

- Remittance detail sent via PDF, CSV, buyer portals or ACH
- Adoption will be a factor of their customers (buyers) deciding to use new standard
- Aware of new standard but demand is low
- Lacking single source of information on new standards
- Currently use standards for particular industries
- Banks were not able to pass remittance details to sellers
- Use of portals for sellers to retrieve remittance data was common
- Vaguely aware of EU need for ISO 20022 requirements for October
- Without a mandate there will not be rapid adoption

The group then discussed next steps, including the need to look into market verticals such as food distribution or transportation.

### **Discussion on Strategies to Promote Adoption of Standards of Interest to RC:**

**ISO 20022 - Rob Unger, NACHA:** NACHA supports ISO 20022 adoption. NACHA will be announcing at the conference its standardized mapping guidelines for ISO 20022. Mapping is needed to facilitate migration from legacy standards to ISO 20022.

**X9 Technical Reports – Roy DeCicco, JP Morgan Chase:** The Remittance Coalition has worked through X9 to develop several technical reports on remittance topics and best practices of interest. These have been downloaded hundreds of times, reflecting a high level of interest.

The meeting concluded at 2:30 CST. The next meeting of the Remittance Coalition will take place in July, via conference call. Coalition members will have an opportunity to meet in person in conjunction with the AFP Annual Conference in October, 2015.

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