

## **Business Payments Coalition Meeting April 23, 2017 at NACHA Payments 2017**

Attendees: Nancy Atkinson, Guy Berg, Mike Bilski, Lawrence Buettner, Attila Csutak, Nell Campbell-Drake, Magnus Carlsson, Joe Casali, Barbara Clark, Roy DeCicco, Alan Dupree, Angi Ferren, Glenn Fromer, Sandy Gobin, Cassandra Gordon, Liz Grayek, Judy Grussing, Lynne Herrman, Chris Huppert, Micah Kerr, Ajain Kuzhimattathil, Kathy Levin, Scott Miller, AJ (Alexander) Nathan, Megan Norlund, Gregory Rettinger, Patti Ritter, Sandy Roth, Cheryl Traudt, Rob Unger, Scott Volmar, Karen Wojciechowski

Guy Berg of the Federal Reserve Bank of Minneapolis welcomed the members and said it's good to see the people who can impact the B2B payments industry. The 32 members in attendance introduced themselves.

Guy noted that this is the first official meeting of the BPC without Claudia Swendseid, who recently retired. He thanked NACHA for providing meeting space and refreshments.

### **BPC Mission**

The coalition's name was changed last year from the Remittance Coalition to the Business Payments Coalition to reflect the mission of the group to advocate efficiency in the end-to-end process of B2B payments.

Earlier this year, the BPC reached out to vendors about how to move things along, as vendors can make a difference. The Vendor Forum subgroup of the BPC will be sponsoring a focus group in Minneapolis on June 22 to engage vendors in initiatives that can help with B2B electronic payments efficiencies. Guy has seen how vendors can help with difficult problems and would like to see vendors step up to help in this area.

### **Outreach Activities**

- Roy DeCicco noted that the BPC should reach out to larger banks to better understand their perspective on what types of BPC activities would lead to greater involvement by them. In response we will conduct some outreach to gain large bank feedback.
- For corporate engagement, particularly AR community, the BPC should reach out to the IOFM. Mark Brousseau was mentioned as a contact. The BPC currently works with the Credit Research Foundation.
- Nell Campbell-Drake recommended reaching out to Chambers of Commerce to expand penetration of educational material to small businesses.
- After the meeting it was recommended that CPAs and Auditors would also be a good audience for B2B payment efficiency educational material because small businesses tend to listen to advice from these groups.

## **BPC Work Stream Updates**

Patti Ritter gave updates on several BPC work streams.

### **B2B Directory**

A B2B directory workgroup has completed the requirements in preparation for an RFI to be issued in the second quarter. The BPDA wants to deliver a complete solution "in a box" to providers to allow them to get up and running to serve payees and payers. Contact Larry Buettner, the BPDA chair, for more information. Larry's email address is: [lbuettner@wausauafs.com](mailto:lbuettner@wausauafs.com)

### **E-invoicing workgroup**

The group is in final revision of a catalog of current e-invoicing standards in use by U.S. businesses, to be published by the BPC in May or June. They will also submit a new work item to ASC X9 to publish the catalog as a technical report. In June, they will convene a work group to develop a position paper on the need for an e-invoicing interoperability framework for the U.S. market, with the goal of publishing the paper at the end of Q3.

### **Vendor Forum In-Person Focus Group**

As mentioned earlier, the Vendor Forum is sponsoring a focus group in June that will be hosted at the Minneapolis Fed. The objective of the focus group is to identify potential solutions to help achieve straight-through-processing. The desired outcomes are to:

1. Identify the most impactful, realistic, attainable and tangible efforts that are within the influence of vendors, and
2. Determine how to move forward in an effective way to address key initiatives identified

Target participants include payment service providers, software and technology vendors, financial institutions, consultants and corporate practitioners who want to help identify solutions and are committed to working on those initiatives to move forward.

### **ISO 20022 Education and Promotion group**

The ISO 20022 workgroup completed a "US Adoption of ISO 20022" white paper and updated the 2016 Understanding ISO 20022 Resource Guide. We plan to have a webinar on US adoption later this year for the public.

### **Small Business Payments Toolkit**

Version 3 of the toolkit was published this month. New material was added for Same Day ACH and payments fraud, and other material was updated. There was outreach to various groups, including the SBA, to publicize the availability of the Toolkit.

### **2017 BPC Webinar Series**

The first 2017 BPC webinar was given in February on "ISO 20022 in Plain English". We are arranging for five more webinars this year, on TCH Real Time Payments, the Receivable Savvy Perceptions payments study, e-Invoicing, the 2016 Federal Reserve Payments Study, and the B2B Directory.

### **New BPC Resources Guide**

Over the last few years, a number of subgroups have created resource materials on a variety of B2B payment-related topics. There is a new Resources Guide that has a descriptive listing of resources available on the BPC web site. The guide is a helpful reference to new and current members and to the public for valuable content on the web site. Printed guides were available at the meeting.

Some of the efforts above are longer-term “water strategies”, meaning that it takes time and patience before the results are visible and impactful, vs. quick “fire strategies” which are quick hits, take a lot of energy and show results right away. The e-invoicing group has a 3 year strategy, which fits in the water strategy. It will be important to have a mix of both strategies to achieve our objectives.

### **Awards**

The BPC had a productive year in 2016. Sandra Roth was honored as volunteer of the year. She has been very active in the BPC and on the e-invoicing work group. Larry Buettner was honored with the Making it Happen award for his work to advance the B2B Directory to reality. Congratulations and thanks to both.

### **Panel discussion: what customers are asking for**

Panelists Attila Csutak (Fiserv), Glenn Fromer (Treasury Software) and Ajain Kuzhimattathil (SAP Arriba) discussed what their companies are hearing from the market regarding needs for greater efficiency in the B2B payments space. Tom Womble, a scheduled panelist, was unable to participate due to travel delays.

Ajain works with large corporates in the areas of payments, discounting, and supplier financing.

- His customers need a payments factory that supports different types of payments and different payee types.
- Customers are looking for how to standardize the remittance for different payee and payer types, how to reconcile payments into their AR system, and how to convert checks to electronic.
- Security, protecting banking data, the timing of payment settlement and working capital are important.
- Buyers have to manage and integrate a large number of bank accounts.
- Corporates are asking about use cases for blockchain. One use case is for simplifying and shortening the settlement timeframe for cross border payments. Blockchain doesn't solve FX issues and hedging.
- His top three: managing all methods and types of payments, security, and supplier enablement.

Attila works in product management in both C2B and B2B environments. Fiserv also provides bank platforms to smaller banks.

- FIs want integrated receivables products.
- Fortune 500 companies want automated AR matching, but it is hard to justify the cost. Corporates ask but don't sign up. He thinks this is ready to pick up, and banks will need to offer it.

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- In the C2B environment, even with online bill pay there are still too many checks because OBP payments are turned into checks when the payee isn't in the electronic banking system. With the USPS changes, mail delivery will soon extend to seven days.
- A B2B directory would help, and the BPDA directory is a step in the right direction. If you marry a directory with the faster payments network, it will help with adoption.
- Digitization with a standardized channel (such as the faster payments network) would help corporates.
- There is a trend of customers using checks to delay payment. Some payees don't want to share their banking data. It's hard to rip up the check processing infrastructure.

Glenn Fromer works with small and mid-size businesses (SMBs) to create NACHA-formatted ACH files regardless of their accounting software.

- Clients want to do CTX and STP. It's important to let them know what tools are available. Many banks don't know how to deal with SMBs for ACH services, and SMBs don't want to sign up for treasury services. Customers come to his company because they need to do CTX but can't get that service with the bank.
- Banks need an internal directory for how to get services to their clients.
- Faster payments help with client retention.

Some observations and suggestions were offered by attendees.

- The SBTK helps SMBs. Maybe the IRS could publicize it. The BPC is going to the SBA and Chamber of Commerce to expand the reach. Nell Campbell-Drake will pass along information about an IRS group she knows about.
- Software companies don't have incentive to offer various payment options; not enough customers ask for it. Some software companies, specifically Intuit, don't want to cannibalize their current revenue stream for payment services. SMBs don't go to conferences to learn of options.
- Bankers in attendance want to serve SMBs. Cassandra Gordon noted that she distributes the SBTK to her SMB group.
- Maybe a webinar could target the banks' business banking groups.
- Small businesses are willing to pay for services, but software vendors don't want to offer new services. How do you get around the inertia?
- Cheryl Traudt noted that 75% - 80% of her business customers use QuickBooks, and that is also their treasury workstation. Intuit has a captive market. As a community bank, their customers don't tend to pay fees to the bank; however, they pay QB to get services.
- SMBs fear risks they've experienced from their personal financial interactions and might carry over those experiences to their business.

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- What is a game changer that moves us out of the box? Real time changes everything: there are all types of participants in this marketplace. The BPC could educate about how this changes electronic payments for businesses. A recent study showed that half the banks don't know about faster payments yet. The BPC needs to be an industry voice and get the message out. We are not encumbered by the FPTF.
- E-invoicing helped with electronic payments in some global markets, but it was mandated. There is no mandate here.
- Scott Volmar noted the need to automate end to end through bank-to-bank. Put BPC to work on this, for example a SAP API to QuickBooks. He would volunteer for a pilot to be a messaging system to map to SAP, mainframes, and plugs-ins for small packages.

In wrap up, Guy thanked everyone for attending and offering great input. If we work together the pie is bigger for all of us.