Business Payments Coalition Vendor Forum Focus Group
Initiatives to Achieve Straight-through-Processing

The Business Payments Coalition's Vendor Forum convened a focus group of 14 software and technology solution providers on June 22, 2017 to address two objectives:

1) Identify the most impactful, realistically 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

The meeting was moderated by Guy Berg, VP, Payments, Standards, and Outreach Group (PSOG), Federal Reserve Bank of Minneapolis.

Introduction and Level Setting

Guy reviewed the objectives and discussion ground rules. There was a brief overview of B2B supplier networks and the BPC's B2B directory effort. The meeting's focus was on developing evolutionary "small step" solutions (versus revolutionary grandiose solutions) for the "long tail" – meaning solutions vendors can implement that would serve the many small and medium sized businesses that rely heavily on paper checks and lack the IT sophistication of the largest businesses. Also, Guy shared that the Federal Reserve will be proposing a three-year plan to develop framework to facilitate greater adoption of both e-invoicing and remittance.

Pre-Work: Prior to the meeting participants were asked to score and comment on 23 challenges to electronic B2B payments and straight-through-processing (STP) in the following four categories:

- Initial electronic payment setup and enablement
- Remittance
- Integration and automation
- Invoices

The objective of the pre-work was to capture attendees' perspectives on areas of greatest need for B2B payment efficiency work and to establish focus for the days meeting. The consolidated results from the scoring survey indicated that vendor attendees believed that the greatest need for work is in the small and medium size businesses (SMB) market segment. This result was consistent with findings from a recent AFP survey on B2B payments. During the meeting this segment was referred to as the "long tail" for electronic payments adoption.

Sprint Topics

During discussion of the results of the pre-work, the group selected topics for 30 minute sprints. The group brainstormed tangible initiatives that could begin to address the needs of the long tail. The sprint topics were:
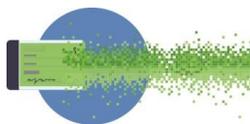
1. How to integrate with accounting and bank systems

2. Standards and proprietary networks

3. How to better leverage ACH

4. How to leverage the check image process and remote deposit capture (RDC)

5. Integration of customers to banking demand deposit account (DDA) systems (Check 21)

6. How to get business alignment in virtual cards

7. Remittance information

8. How buyers and suppliers identify electronic capabilities of trading partners

Next Steps

Based on the sprints, the group identified seven initiatives to pursue further. Next steps include:

1. Establish work groups. Each work group will further define the initiative, including scope and desired outcomes.

2. Conduct outreach for additional volunteers from the broader vendor forum and community.

Below is a description of the initiatives identified during the focus group discussion. The PSOG staff will assist, as appropriate, to establish work groups, recruit members, and facilitate discussion.

#1: APIs Supported by SMB Accounting Systems

Create a list of vendors that have APIs which send and receive electronic information from SMB accounting systems. Indicate if the APIs offered are "open" or "closed", and how vendors should approach the accounting system provider to integrate to their platform (e.g. Microsoft, QuickBooks, Xero). Include a high level functional description on what the APIs enable (i.e. type of data, information, or action). The purpose of the list is to help raise awareness of accounting system capabilities to enable greater automation/electronification of payments among the "long tail" businesses in the SMB market.

#2: Define Simple Remittance Exchanges by SMBs

The group discussed that much industry work defining remittance data requirements has been overly influenced by complex remittance requirements while many business would suffice with a much simpler subset of data. The objective of this work is to recognize the value of segmented remittance requirements based on categories of need. This initiative will identify three or four levels of remittance data requirements based on business needs, starting with the minimum viable set of data needed for reconciliation, and incrementally adding data for two or three additional levels of data to support more complex business needs. Example: here are three tiers of data that are needed when you pass along remittance data: a) invoice and account number, b) "a" plus POs and line items, and c) "a" plus "b" plus ability to apply discounts. STP 820 should be referred to in the course of this work.
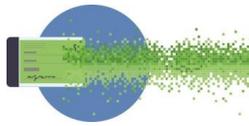
#3: Virtual card remittance handling

Discuss with virtual card stakeholders the need for a remittance standard (data, format, and transmission method) for virtual cards. Issuers of virtual card payments (and their supporting systems) send remittance information using different formats, data, and methods, which increases the payment receiver's manual steps to apply the payment within their accounting system. This becomes a barrier to adoption and straight through processing. Stakeholders to be contacted include card issuers, payment service providers, card networks, card processors, and card acquirers.

#4: Minimum set of data elements to execute an electronic payment

Develop a toolkit that identifies minimum data requirements to execute (initiate) card and ACH payments. The intent is to reduce the work to integrate payment initiation with a bank or payment service provider by educating about payment instruction file requirements. The target audience is payment service providers, banks and businesses.

#5: Faster payments impact on corporate payment and treasury management systems

Approach the Association for Financial Professionals (AFP) and encourage them to explore with their membership same day and real time payments (RTP) impact on corporate payment and treasury management systems. How will RTP impact corporate payment decisions, timing, and systems?

#6: Recommendations for RFP and RFI content

Create a best practices guide and/or recommendations for content to include in RFPs and RFIs that support B2B payment efficiencies. Topics include, but are not limited to, accounting system APIs supported, invoice, payment, and remittance standards supported, and industry-specific (e.g. health care) where warranted. By including B2B efficiency requirements in RFIs / RFPs, corporates become change agents in the market.

#7: Publish a "digestible" best practices and resources guide for vendors looking to serve the SMB community

Many of the items discussed during the meeting could be included in a best practices guide including the minimum data required to initiative electronic payments, simple remittance requirements, a guide to available long-tail accounting system API's, using a unique ACH identifier of the remitter to match payments to a client's account, etc. Compile suggestions into a best practices guide.

Final remarks

Group members indicated this type of gathering was highly valuable and encourage the Vendor Forum to hold this type of meeting on a regular basis.