

Summary of Business Payments Coalition Quarterly Meeting

Formerly the Remittance Coalition

Held via Conference Call

July 27, 2016, 11:30 a.m. – 1:00 p.m.

Welcome and Agenda Review

Guy Berg, Federal Reserve Bank of Minneapolis welcomed attendees and reviewed the agenda. The agenda began with status reports on three current initiatives.

B2B Directory Project

Patti Ritter announced that the Business Payments Directory Association (BPDA) was incorporated as a non-profit association. Bylaws and governance are under development. An initial Board of Directors was selected, including Mike Bilski (North American Bank), Larry Buettner (Wausau), B.C. Krishna (MineralTree), George Throckmorton (NACHA), Patti Ritter (Republic Services), and Magnus Carlsson (Association for Financial Professionals). The Federal Reserve Bank of Minneapolis will serve in an advisory role. An intellectual property search is underway for potential prior patents.

The Steering Committee's work is focused on defining the business model (including revenue and expense modeling, operator node participation, and adoption); directory security; the product description; and the Electronic Payment Identity. Additional volunteers are still welcome and can contact Todd.Albers@mpls.frb.org for more information.

ISO 20022 Education and Promotion Work Group

On behalf of Tammie Calys of Transformation Management Consulting, Mary Hughes of the Federal Reserve Bank of Minneapolis gave an update on the *Understanding ISO 20022 Resource Guide* developed by the work group. It is available for free download at this link: <https://fedpaymentsimprovement.org/payments-efficiency/remittance-coalition/standards-resources/>.

The resource guide has been downloaded 722 times to date. The work group plans to convene again later in 2016 in order to discuss enhancements and develop new content.

The Vendor Forum, a subgroup of the Business Payments Coalition, has about 90 members. They meet in-person once a year and by conference call at other times. They will be meeting in Chicago on August 9 in conjunction with the Credit Research Foundation (CRF) conference. Mary reviewed the agenda which will begin with a welcome by Matt Skudera of the CRF. Guy Berg will provide an update on the B2B directory, ISO 20022 adoption, and the *Understanding ISO 20022 Resource Guide*. The majority of time will be spent seeking input from the financial institutions, solution providers, and corporate representatives on the completeness and thoroughness of ISO 20022 resources in order to identify gaps and potential enhancements that can be addressed in future versions of the *Resource Guide*.

New E-Invoicing Work Group

Todd Albers of the Federal Reserve Bank of Minneapolis gave an overview of the business, economic, and societal benefits of e-invoicing. He shared global adoption rates, focusing on European, Latin American, and the Asia-Pacific regions. He covered the status of e-invoicing in North America, noting that only one-quarter of invoices is being sent electronically. There are major barriers to greater U.S. adoption. It is larger corporates who are driving adoption, as they can reap efficiency benefits. The U.S. Federal Government Office of Management and Budget is directing Federal agencies to transition to e-invoicing for B2G procurement by year end 2018. Todd closed by asking for volunteers for a new work group of the Business Payments Coalition which will focus on increasing U.S. awareness of e-invoicing and will create an inventory of standards, definitions and service providers in the U.S. Interested people can email Todd at Todd.Albers@mpls.frb.org.

ISO 20022 in U.S. Payments

Bob Blair of Accredited Standards Committee X9 and Ed Barrie, Director of Treasury for Tableau Software presented an informative, educational session focused on the role and adoption of ISO 20022 by corporate America. Accompanied by an excellent slide deck which

was distributed in advance to all Coalition members, the presentation started with Bob providing a synopsis of what ISO 20022 is and how it is being utilized within the U.S. payments system. He outlined its advantages to the various parties, transactions, and business processes involved. He noted that work is underway to apply ISO 20022 messaging schema to the wire transfer, ACH, and real time payment systems. Finally, he highlighted his vision for the future, explaining how ISO 20022 adoption could benefit U.S. payment systems through its unique features, design, and ability to address concerns of all interested parties. His deck includes a resource slide that offers educational links.

Ed Barrie then explained how ISO 20022 fits into Tableau Software's global payment processing framework. He began by assuring the audience the standard is not that "technical." As his slide says *"ISO 20022 XML payments are about providing a higher data payload in a structured format to facilitate more effective payment processing, reconciliation and compliance."* He observed that ISO 20022 is supported by most banks and countries for domestic ACH, SEPA, cross-border and domestic wires, payroll, and direct debits.

Tableau Software was seeking to solve a payment processing problem. Ed explained that they had banking relationships with ten partners, with payments made by check, manual wire, and ACH via online banking portals. File formats and communication channels varied greatly. There was no central "source of truth" for payments data and Tableau wanted to maximize the value of its bank master and beneficiary data. They designed and executed a processing vision in which every possible payment was initiated in NetSuite and routed to their banks automatically over SWIFT FileAct using standardized ISO 20022 XML formats. The goal was to achieve straight-through-processing and automatic reconciliation in NetSuite. Outcomes included:

- 1) improved payments processing system that provided improved IT control and operational risk management;

- 2) greater visibility and control of payments, cash, and risk;

3) centralization of payments that allowed for simpler and more optimal future cash pooling structures, and

4) improved employee productivity by moving from managing “transactions” to managing “assets.”

Ed believes that most corporate payment infrastructures are headed to ISO 20022 XML. He advised corporates interested in following in Tableau’s footsteps to develop a banking master data management strategy. He closed by noting that it is important to look at statement reporting too with an eye to capturing more enriched data in order to automate reconciliation and allow for advanced analytics.

Retail Debit Balances Best Practices and Procedures Webinar

Mary Hughes reminded Coalition members of the August 10 webinar that will be co-presented by Denise Byrd of CIT Commercial Services, Lynn Hechanova of Best Buy, Joanne Mayer of G-III Apparel Group, and Jessica Butler of Attain Consulting. They are representing the X9C4 work group that developed a new technical report that suggests best practices, processes, and procedures that could help alleviate pain points caused by handling of retailer debit balances in the retail industry. Registration is free and can be made at this link:

<https://information.frbcommunications.org/RetailDebitBalance20160810>

Follow this link to download a free copy of [X9 TR 45-2016 Retail Debit Balances Best Practices and Procedures Technical Report.](#)”

2016 Membership Drive

Guy Berg announced that as a result of the 2016 membership drive, the roster now has over 550 members. This is ten percent over last year.

Name Change

Mary Hughes shared that a survey of Coalition members found that three-quarters of respondents supported a change in name in order to better reflect the Coalition’s wide-ranging goal of improving the efficiency of B2B payments across the end-to-end process. After discussion, the Leadership Group decided on renaming the Remittance Coalition to “Business

Payments Coalition.” This new name offers synergies with the newly formed Business Payments Directory Association. The new name will be rolled out immediately.

Q4 In-Person Meeting at the AFP 2016 Conference

Guy Berg reminded the attendees to plan to attend the in-person meeting of the Coalition which will be held at the Association for Financial Professionals 2016 annual conference. He thanked to Magnus Carlsson for arranging the meeting space. The meeting will take place on Sunday, October 23 at the Orange County Convention Center in Orlando, Florida. The tentative time of the meeting is from 10:00 - 11:30 am EST in room W101A.

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