Remittance Coalition Quarterly Meeting
July 28, 2015
1:00-2:30 PM

Welcome and Agenda Review

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

B2B Directory Proof of Concept

BC Krishna, MineralTree, reviewed the B2B Directory’s Proof of Concept (PoC) workgroup’s progress. The PoC is designed to show how two key business payment workflows are supported: For the payer: Invoice-to-Pay; For the payee: Order-to-Cash. The PoC workgroup, which consists of banks, corporates, solution providers, and the Federal Reserve, is working through a set of pre-defined use cases to demonstrate trust and the distributed topological structure, define core elements of Electronic Payment Identities (EPIs) and show how security is addressed. He explained that each B2B Directory inquiry is initiated through a Central Access Node, which distributes the look-up to individual Directory Nodes, aggregates look-up responses from each node, and returns the aggregated result. One participant asked about information masking. While information is not necessarily masked in the Directory, it is up to the payee to decide what information is available through the Directory. Moreover, once the Directory moves past the PoC phase, it is possible that tokenization or another masking method might be required. Such decisions are still under discussion.

Katy Jacob gave an overview of the Directory Project’s Operating and Business Model workgroup. This workgroup is charged with exploring ideas surrounding what type of organizational structure is needed to support the B2B Directory if it becomes a production service. The group, which also consists of banks, solution providers, the Fed, industry
associations, and corporates, has drafted a preliminary charter for a future organization temporarily called “B2B LookUp.” After researching a variety of organizational models in the marketplace, the group has defined a list of tasks to complete in 2015. These include defining a likely set of operational tasks for a directory support, working through potential legal issues, and exploring possible investment models. Larry Buettner, WAUSAU Financial, reviewed a document that the workgroup developed to explore a business model for the organization, including high-level assumptions, necessary investment, and possible revenue opportunities.

A participant asked about specific costs for participating in a future directory service. While the workgroup has not developed these specific financials yet, Larry outlined the group’s assumptions about a subscription-based fee structure that would have basic and premium levels of service. Another participant noted that cost is not the only factor to consider for small companies to participate; the time and resource commitments for registering might be a barrier for them as well. The workgroup will also consider what types of operating rules are needed for such an organization.

**Small Business Toolkit Project**

Mary Hughes, Federal Reserve Bank of Minneapolis, discussed 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 toolkit is a free set of resources for use by small businesses and the bankers and advisors who serve them in order to encourage adoption of electronic B2B payments and remittance information exchanges. The first phase of the toolkit was published in April at: [https://fedpaymentsimprovement.org/wp-content/uploads/small-business-toolkit.pdf](https://fedpaymentsimprovement.org/wp-content/uploads/small-business-toolkit.pdf) and has received over 6,200 downloads. Covered topics include: Payment Types Explained; What Small Businesses Should Know about ACH; Consumer versus 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.
The Coalition held a webinar on the toolkit for financial institutions on July 16 that attracted several hundred bankers, and is planning one for small businesses on September 18. Moreover, 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, and users can modify the toolkit to suit their needs, as it is not copyrighted. Finally, the workgroup is considering subject matter for the next phase of content. Possible topics include EMV migration, ACH returns, small business case studies, and more. Coalition members are encouraged to join the workgroup or contact Katy Jacob or Mary Hughes if they are interested in learning more.

Vendor Forum

Lyle Wallis, Credit Research Foundation (CRF), explained that in late 2013, the Vendor Forum was formed to provide education to and increase awareness of remittance standards within the vendor community. The Forum also wanted to understand how standards were being deployed to solution providers and the drivers and incentives for adoption. The Forum is comprised of corporates, financial institutions and solution providers.

Katy Jacob described the work of a subcommittee that was formed in early 2015 to focus on recruiting and learning from accounts payable solution providers. This subcommittee developed a questionnaire and interviewed 9 major companies to assess awareness of and customer demand for standards such as ISO 20022. The subcommittee published a white paper in May 2015 that was based on these interviews. The paper can be found here: https://fedpaymentsimprovement.org/wp-content/uploads/understanding-trends-remittance-standards-2015.pdf. The white paper reveals that companies are aware of new standards, but claim that customer demand to adopt them is low. Interviewees also said that banks sometimes are unable to pass remittance details to sellers and that the lack of a mandate for standards in the U.S. has impeded adoption. The vendors expressed interest in having an easier way/place to go on the Web to learn more about remittance standards, and most subsequently joined the
Coalition. Katy Jacob is also exploring ways to provide more information about standards via the Coalition’s website.

The Vendor Forum is holding its next meeting in person in conjunction with CRF’s Forum in Seattle on Tuesday, August 11. The meeting will include a “Voice of the Customer” panel of corporations explaining their need for specific remittance information. Also, the meeting will be used to expand a pre-existing small subcommittee that has begun to brainstorm ways to understand remittance format needs for different sized companies. A sample questionnaire has been developed to look into this market size/segmentation issue. Those interested in attending the in-person meeting of the Vendor Forum should RSVP to Lyle Wallis at lylew@crfonline.org.

**Using ISO20022 in the ACH Network**

Rob Unger, NACHA, discussed using ISO 20022 in the ACH Network. NACHA released an ISO 20022 mapping guide in April to support the use of ISO 20022 payment initiation messages (pain.001) with the ACH Network. The pain.001 message is sent by a business to its financial institution. It provides payment instructions to the bank, and pain.001 does support a limited amount of remittance data (the ISO 20022 remt.001 includes more extensive remittance information – see details below). The ACH network will continue to support current formats, such as EDI 820 and STP 820. In 2014, financial institutions approached NACHA for guidance on how to map ISO 20022 pain.001 payment instructions originated by their corporate customers to corresponding ACH B2B payments. NACHA initiated a project to explore gaps and pain points related to the usage of ISO. NACHA found variations among financial institutions regarding interpretations of the ISO 20022 message schema. NACHA then developed its mapping tool, which is available at: [https://www.nacha.org/content/iso-20022-mapping-guide-tool](https://www.nacha.org/content/iso-20022-mapping-guide-tool). The tool offers ISO 20022 payment instruction (pain.001) mappings to U.S. ACH Standard Entry Class Codes: CCD, CTX, and IAT. Guidance on specific remittance information offered includes mappings to STP 820 (abbreviated 820), and NACHA Banking Conventions (DED, TPP, and TXP). Notably, the version recommended for use is version 3 of pain.001 to be in alignment with the Single Euro Payment Area (SEPA) implementation guideline put forth by the European Payments Council (EPC) and the current and future trend in global adoptions of ISO 20022.
standards. With this, NACHA desires to maximize global interoperability for U.S. based companies and foreign companies that conduct business with the U.S.. Rob said that NACHA has seen high demand for ISO 20022 from its members.

Following the call, Coalition member Nasreen Quibria, Q Consulting, offered the following background information for clarification for other Coalition members: NACHA also published a mapping guide and tool specifically on the exchange of remittance information as part of its XML-ACH Remittance Program. The mappings are of the ISO 20022 remittance messages (remt.001 and remt.002) to STP 820 and NACHA Banking Conventions (DED, TPP, and TXP).

As a background, the standards body IFX in collaboration with NACHA, Bank of America Merrill Lynch, and Wells Fargo took the lead in developing the two ISO 20022 standalone remittance messages to address market needs. It is worth noting that the remt.001 is a more robust remittance message than that is offered in the payment instruction (pain.001). Also, the NACHA ACH-XML Remittance Mapping is not intended to serve as an exhaustive cross-reference of addenda data elements, and does not offer mapping to the full ANSI X12 820 transaction set.

- To participate in the Opt-In Program go here: https://www.nacha.org/contact
- Additional information on the ISO 20022 remt.001 and remt.002 is available on the IFX website here: http://www.ifxforum.org/docs/Understanding_the_ISO_20022_Stand-Alone_Remittance_Messages.pdf

Remittance Coalition Website

Katy Jacob explained that the Coalition made a decision to migrate its website from the Minneapolis Fed’s webpage to the Federal Reserve’s “fedpaymentsimprovement” page, which
is the system’s source of public information on payment policy issues. The new Coalition site is: https://fedpaymentsimprovement.org/get-involved/remittance-coalition/. This site has much greater visibility and will be used to highlight the important work of the Coalition. Members are encouraged to update their bookmarks and links, and to contact Katy Jacob with ideas.

The next quarterly meeting of the Remittance Coalition will take place during the annual AFP conference on Sunday, October 18, from 10:00-11:30 AM. For more information, please contact Katy Jacob at remittance.coalition.smb@mpls.frb.org.

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