Business Payments Coalition
Q3 Conference Call

August 31, 2017
12 – 1:30 pm CT
Agenda

Welcome and agenda review

Updates on BPC Initiatives
- Vendor Forum
- B2B Directory Project
- Interoperability Framework

Faster and Real Time Payments: Corporate Perspective
Vendor Forum Updates

Guy Berg
Vendor Form Updates

Vendor Forum Focus Group Meeting

Pre-work scoring of challenges

- Initial electronic payment setup & enablement
- Remittance
- Integration & automation
- Electronic invoicing

Challenges to address

- Small to medium businesses (SMBs) – the “long tail”
- Electronic payments setup & remittance data

Business Payments Coalition meeting  8/31/17
Vendor Forum Updates

Vendor Forum Initiatives

1. E-Invoicing Workgroup
   - Catalog standards in use in the US
   - Position paper of benefits of an interoperability framework

2. Remittance Standards
   - Create workgroup, update standards in use
   - Explore an interoperability framework

3. ISO 20022 Education Workgroup
   - Create a directory of service providers who support ISO 20022
Vendor Forum Updates

Vendor Forum Initiatives

4. List of APIs supported by SMB accounting systems
   • List of vendors that currently have APIs integrated into their accounting systems
   • Automation & integration opportunities

5. Define simple remittance exchanges by SMBs
   • 3 - 4 levels of complexity, starting with very simple
   • SMBs usually have simpler remittance needs

6. Investigate virtual card remittance handling
   • What can card networks, issuers & acquirers do to facilitate remittance information?
Vendor Forum Updates

Vendor Forum Initiatives

7. Document minimum data elements for electronic payments
   - Toolkit that identifies minimum data requirements to execute (initiate) card and ACH payments

8. Investigate RTP “Faster” impact on treasury management systems
   - Encourage the AFP to explore faster payments with their membership
   - Impact on corporate payment and treasury management systems

9. Recommend RFP & RFI content
   - Content that supports B2B payment efficiencies

10. Create a “digestible” best practices & resources guide
    - For vendors serving the SMB market
B2B Directory Update

Larry Buettner
B2B Directory Update

- Requirements development
- Governance framework
- Issued RFI in June
  - Evaluating responses
  - Decision in September
- Next steps to be announced at AFP
Interoperability Framework

Todd Albers
Interoperability Framework

What is an Interoperability Framework?

A prescribed set of established open standards & rules for exchanging business documents

Based on the 4-corner model or network

Benefits

- Enables exchange of business documents (invoices) across multiple technologies & organizational boundaries
- Provides higher quality of data exchanged
- Simplified & coherent standards reduce the technical burden to support multiple software components, data mapping to multiple formats, etc.
- Open framework, allowing the freedom to change without technology lock in
Interoperability Framework

Examples of 4 Corner Models

Mail

Email
E-Invoicing Work Group will define, Service Providers will enable

The Interoperability Framework is based on the OASIS Business Document Exchange (BDXR) & Universal Business Language (UBL) standards
Interoperability Framework

Benefits of Using Open Standards

- Maximize off the shelf solutions & best practices for businesses, software & solution providers
- Create certainty for software & solution providers encouraging innovation & investment
- Catalyst for the development of SME-friendly innovative solutions that enable electronic data exchange between businesses
- Markets would emerge creating new business models, products & service
Faster Payments
Strategies for Improving the U.S. Payment System:
Faster Payments Task Force
Recommendations and Next Steps
Faster Payments

Faster Payments Task Force

Broad Adoption
“...the value of new payments solutions to any given end user depends, among other things, on getting to a critical mass of other end users.”

Safety, Integrity, and Trust
“The fact that faster payments transactions are expected to settle rapidly and irrevocably creates a number of challenges...”

Interoperability
“Facilitating interoperability requires several concerns be addressed, including...”

The Ecosystem
“A formal governance framework is essential for diverse participants of the ecosystem to effectively collaborate and make decisions.”
Faster Payments Task Force

10 Recommendations...

in 3 Key Areas

1. **Governance and Regulation**: the task force recommends a framework for collaboration, decision-making, and rule setting, as well as regulations that support the faster payments ecosystem.

2. **Infrastructure**: the task force recommends enabling needed infrastructure to support faster payments.

3. **Sustainability and Evolution**: the task force recommends that the faster payments system be future-focused and able to address evolving security threats, meet changing end-user needs, and enable continuous innovation.
Faster Payments Task Force

Recommendations: Governance and Regulation

**Rec 1**
Establish a governance framework
Stand up an Interim Collaboration Work Group to develop initial framework and establish membership.

**Rec 2**
Recommend and establish rules, standards and baseline reqs.
Form informal work group to complete initial benchmarking which could be passed to body(ies) within governance framework.

**Rec 3**
Assess and recommend payments regulatory landscape and framework
Form informal work group to identify/prioritize areas of law/regulation – which could be passed to body(ies) within governance framework.

Key Action Item(s):

Business Payments Coalition meeting 8/31/17
Faster Payments Task Force

Recommendations: Infrastructure

**Rec 4**
Establish directory work group
Form informal work group to complete initial benchmarking, review alternatives, and determine the best approach—which could be passed to body(ies) within governance framework.

**Rec 5**
Enhance Federal Reserve Settlement mechanisms
The Federal Reserve System is currently reviewing rec 5 and expects to communicate next steps in the coming weeks.

**Rec 6**
Explore and assess need for Federal Reserve operational role(s)
The Federal Reserve System is currently reviewing rec 6 and expects to communicate next steps in the coming weeks.
Faster Payments Task Force

Recommendations: Sustainability and Evolution

**Rec 7**
Recommend, develop, implement methods for fraud detection, reporting, and information sharing

**Rec 8**
Develop cross-solution education/advocacy programs
Form a group under the governance framework.

**Rec 9**
Research and assess gaps in X-border functionality and interoperability
Form a group under the governance framework.

**Rec 10**
Continue research/analysis on emerging trends
Form a group under the governance framework.

Key Action Item(s):

Business Payments Coalition meeting 8/31/17
Faster Payments Task Force

Next Steps and Implementing the Recommendations

**Diagram 1: Sequence of Next Steps for Implementing the Task Force Recommendations**

- Fed Settlement Services
- Fed Operational Role(s) Assessment
- Directories
- Rules & Standards
- Regulatory Landscape
- Fraud Detection/Reporting
- Education & Advocacy
- Cross-Border
- Emerging Technologies

**Legend:**
- Rules & Regulations
- Infrastructure
- Sustaining Activities
- Groundwork

Interim Collaboration Work Group further defines and implements the Governance Framework and Members

July 2017 - December 2017

July 2018

2020

Ubiquitous Receipt of Faster Payments
Join the Community

Receive information on the work to date, invitations to live/virtual events, surveys and other online feedback opportunities.

@FedPayImprove
FedPayments Improvement
FedPayments Improvement
FasterPaymentsTaskForce.org
FedPaymentsImprovement.org

THE U.S. PATH TO FASTER PAYMENTS

In Pursuit of a Better Payment System

Business Payments Coalition meeting 8/31/17
The case for Faster Payments at Verizon

Charles Ellert
Payment Strategy
Faster Payments

An overview of Verizon

For fourth-quarter 2016:

We are Verizon.

Verizon delivers the promise of the digital world.

• Fortune 500 rank: #13
• $32.3 billion in fourth-quarter revenue (2016)
• 160,900 employees

LTE covers 98% of U.S. population
114.2 M total retail connections
LTE Advanced covers 466 markets

Largest all-fiber Fios network
5.7 M Fios internet and 4.7 M Fios video connections 750 mbps upload and download speeds

Global IP network
99% of Fortune 500 customers

Products and solutions
Innovating in entertainment, digital media, the Internet of Things and broadband service

Business Payments Coalition meeting 8/31/17
Faster Payments

Verizon’s perspectives on faster payments

- Benefits to our customers
  - Speed
  - Transparency and notification
  - Convenience
  - Cost Savings

- Operational benefits
  - Real-time account clearing and settlement
  - Improved Straight Through Processing (STP)
  - Reduced Settlement Risk
  - Cost savings

“The accelerator in the global economy is digital technology, which injects the disruptive force of exponential change into every aspect of business and society. Verizon is in the middle of this digital world, as both the agent and the subject of change.”

Lowell McAdam, Chairman and CEO, Verizon
Faster Payments

Use Case #1: Expedited Bill Payment – Consumer to Business

- Scenario: Joe Consumer has a history of late payments. His current phone bill is overdue and needs to be paid immediately or the service may be interrupted.
- Joe C calls Verizon’s customer care to arrange a payment
- Customer Care asks if Joe would like to initiate a real time payment to their account
- Joe provides his payment information to Customer Care
- Verizon initiates a Real-Time Payment Request
- Joe receives a notification from his Bank
- Joe approves the payment
- Verizon receives notification of the payment and the customer care rep. thanks Joe
Faster Payments

Use Cases #2: Business to Business Payments

- Bonnie’s Bountiful Business has received an invoice and wants to make a payment.
- Bonnie logs into her Bank’s website to initiate a real-time payment
- Bonnie fills out the required payment information and clicks pay
- Bonnie and Verizon receive notification of the settlement of funds within moments
- Verizon is unable to match the payment to the invoice and sends the customer a RTP message asking for clarification.
- Bonnie responds to the message with the correct invoice number.
- Verizon applies to the correct invoice and send an RTP Acknowledgement
- Bonnie receives an acknowledgement
“I just want to get my life back to normal as soon as possible.”

“You should never have to face a catastrophe alone – that’s Allstate’s stand.”

Lynn Cirrincione
Director, Cash and Banking Operations
Allstate
Faster Payments

Allstate: Faster payments in action

2015

**Claims payments**
- Check
- ACH

**Premium payments**
- Check
- Cash at agent office
- ACH
- Card
- Recurring or one-time
Benefits of Fast Mobile e-Payment (Zelle) and QuickCard Pay (Original Credit)

- Immediate payment for customers
- Time savings for adjustors
- No lost or stolen checks
  - Fewer payments subject to escheatment
  - Better customer and corporate experience
Faster Payments

Allstate: Faster payments in action

2017

**Claims payments**
- Check
- ACH
- Fast Mobile e-Payment
- QuickCard Pay

**Premium payments**
- Check
- Cash at agent office
- ACH
- Card
- Direct Payment
Lessons learned

- Opt for small step vs. big bang
- Check in with all stakeholders
- Correct technology and processes as needed
Corporate considerations

- Risk, control and fraud
- All-in costs
- Future opportunities
The Business Payments Coalition is a volunteer group of organizations and individuals working together to promote greater adoption of electronic business-to-business (B2B) payments and remittance data. The Coalition’s overarching goal is to make B2B payments more efficient across the end-to-end process, that is, to achieve straight-through-processing across both the procure-to-pay and order-to-cash cycles.

There is no cost to join or to participate in Coalition efforts.

Contact us: Business.payments.smb@mpls.frb.org
https://fedpaymentsimprovement.org/payments-efficiency/business-payments-coalition/