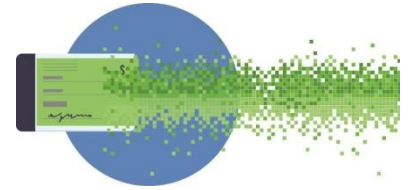


Business Payments Coalition Q3 Conference Call

August 31, 2017

12 – 1:30 pm CT

Agenda

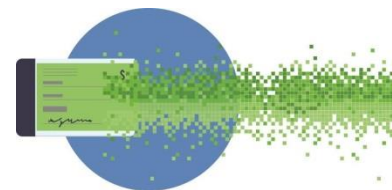


Welcome and agenda review

Updates on BPC Initiatives

- Vendor Forum
- B2B Directory Project
- Interoperability Framework

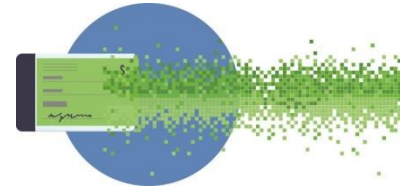
Faster and Real Time Payments: Corporate Perspective



Vendor Forum Updates

Guy Berg

Vendor Forum Focus Group Meeting



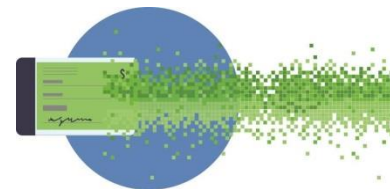
Pre-work
scoring of
challenges

- 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

Vendor Forum Initiatives



1 E-Invoicing Workgroup

- Catalog standards in use in the US
- Position paper of benefits of an interoperability framework

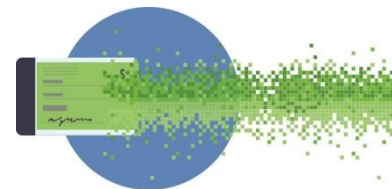
2 Remittance Standards

- 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 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

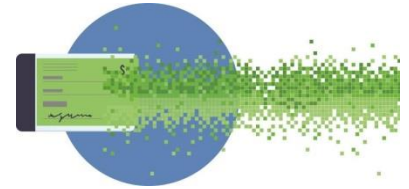
5 Define simple remittance exchanges by SMBs

- 3 - 4 levels of complexity, starting with very simple
- SMBs usually have simpler remittance needs

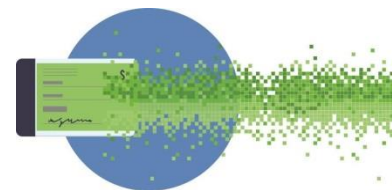
6 Investigate virtual card remittance handling

- What can card networks, issuers & acquirers do to facilitate remittance information?

Vendor Forum Initiatives



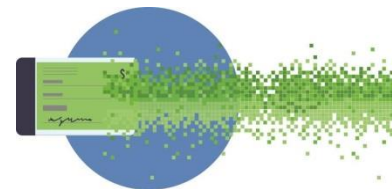
- 7** Document minimum data elements for electronic payments
 - Toolkit that identifies minimum data requirements to execute (initiate) card and ACH payments
- 8** Investigate RTP “Faster” impact on treasury management systems
 - Encourage the AFP to explore faster payments with their membership
 - Impact 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



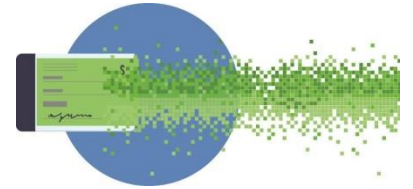
Requirements development

Governance framework

Issued RFI in June

- Evaluating responses
- Decision in September

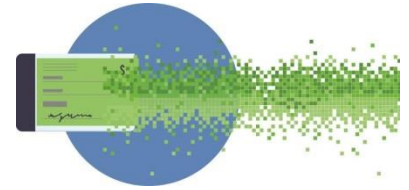
Next steps to be announced at AFP



Interoperability Framework

Todd Albers

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

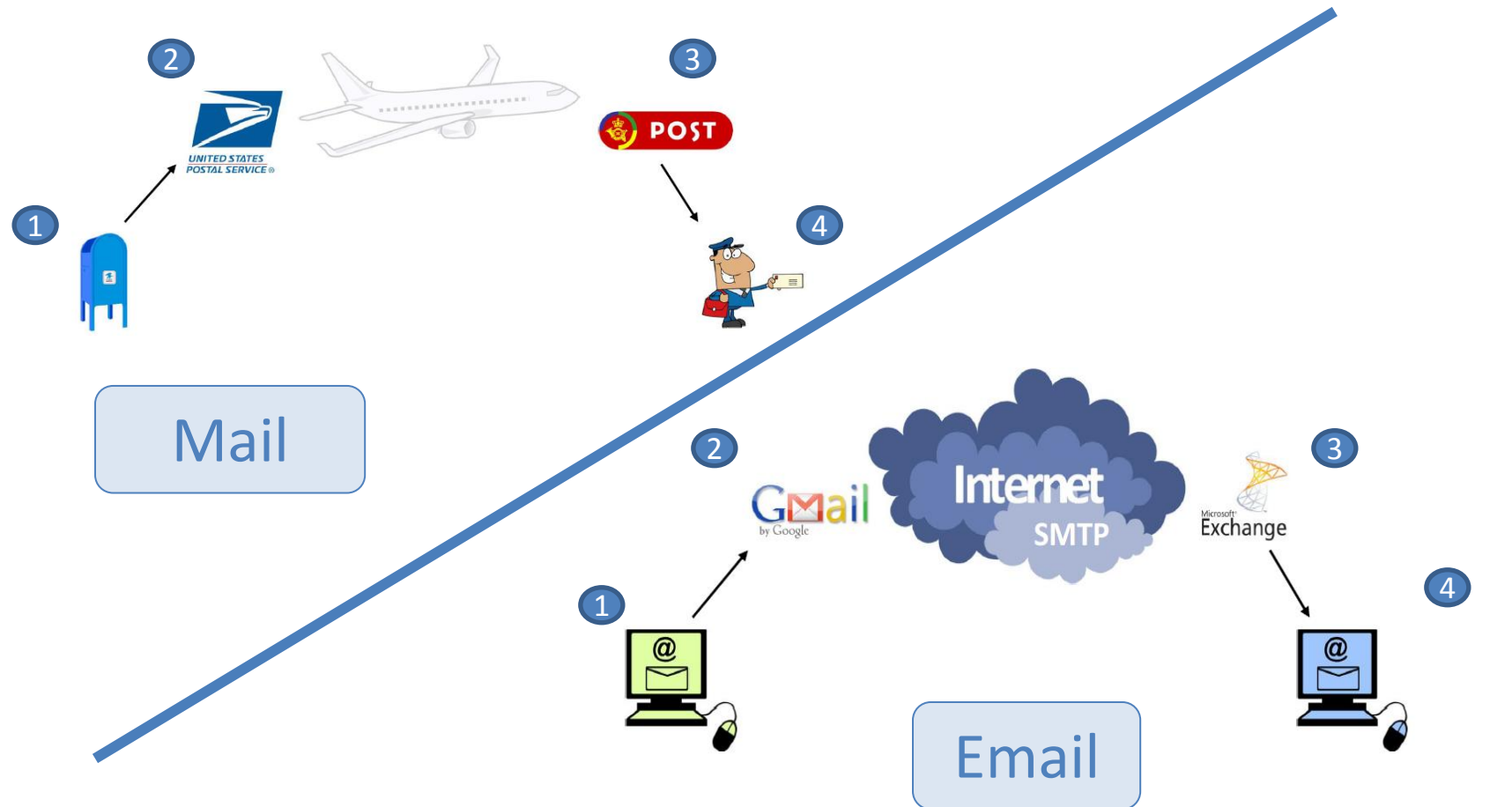
Provides higher quality of data exchanged

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



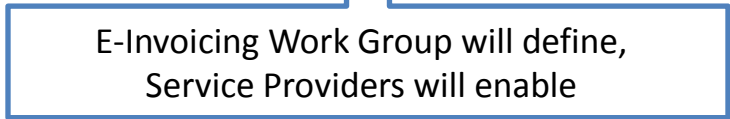
The diagram illustrates the Business Document Exchange (BDXR) architecture, which is contained within a red dashed box. At the top, the text "Business Document Exchange (BDXR)" is displayed. Inside the box, a cloud represents the "Metadata Publishing (SMP)" environment. A central icon of a document with a checkmark is labeled "Metadata Publishing (SMP)". Below this, a green box labeled "UBL" is identified as the "Business Document Envelope (BDE)".

On the left side of the box, a blue box labeled "2" represents a "Service Provider / Access Point". On the right side, a blue box labeled "3" represents a "Service Provider / Access Point".

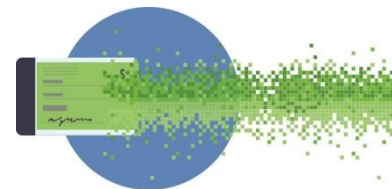
Interactions are shown with blue arrows:

- From the left Service Provider (2) to the SMP cloud: "Look Up" (upward arrow) and "Return" (downward arrow).
- From the right Service Provider (3) to the SMP cloud: "Look Up" (upward arrow) and "Return" (downward arrow).
- A horizontal double-headed arrow between the two Service Providers is labeled "Metadata Service Discovery (BDXL)".
- Two diagonal arrows point from the BDE box towards the two Service Providers.

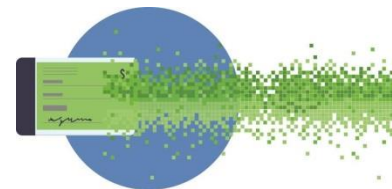
Below the BDXR box, a blue arrow points to a white box with a blue border containing the text: "E-Invoicing Work Group will define, Service Providers will enable".



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



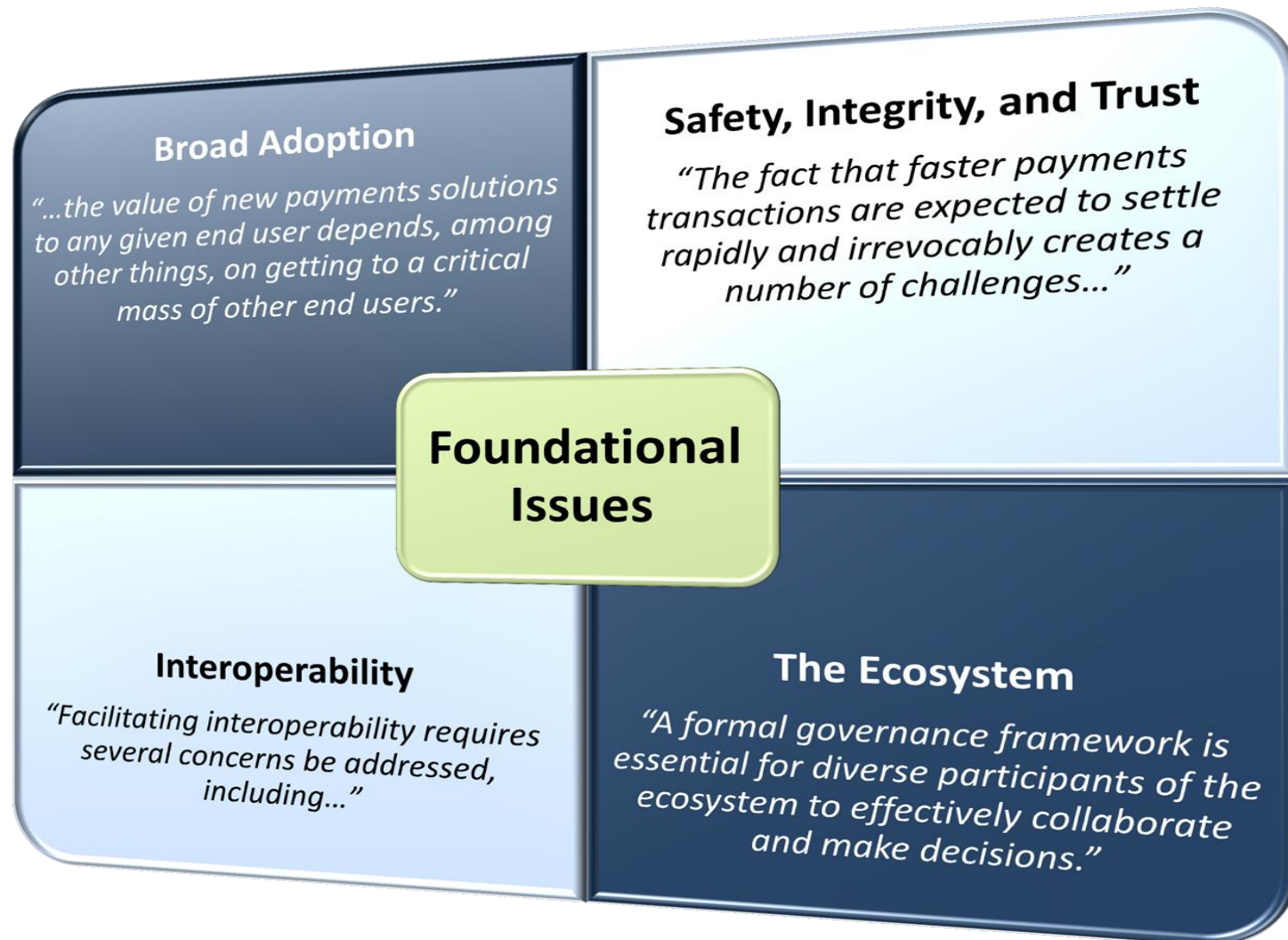
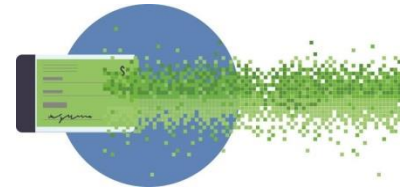
Faster Payments

In Pursuit of a Better Payment System



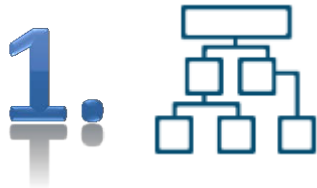
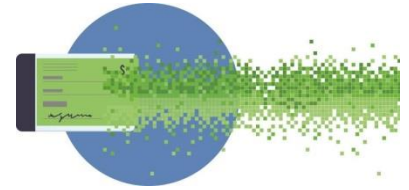
Strategies for Improving the U.S. Payment System: **Faster Payments Task Force** Recommendations and Next Steps

Faster Payments Task Force



10 Recommendations...

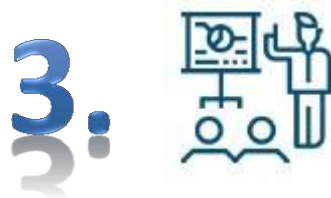
in 3 Key Areas



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.

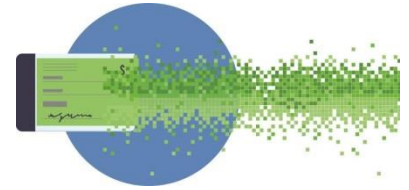


Infrastructure: the task force recommends enabling needed infrastructure to support faster payments.



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.

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.

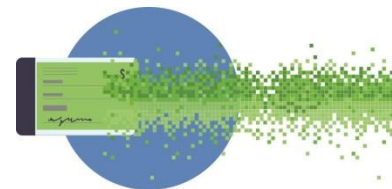
Rec 3

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):**

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.

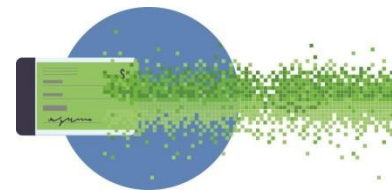
Rec 6

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.

**Key
Action
Item(s):**

Recommendations: Sustainability and Evolution



**Rec
7**

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

Form a group under the governance framework.

**Rec
8**

Develop cross-solution education/advocacy programs

Form a group under the governance framework.

**Rec
9**

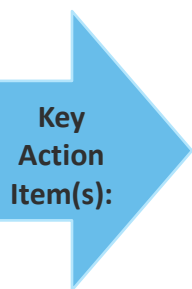
Research and assess gaps in X-border functionality and interoperability

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):**

Next Steps and Implementing the Recommendations

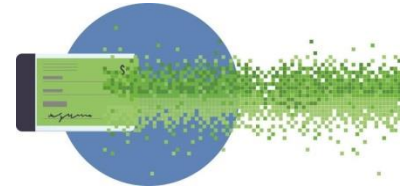
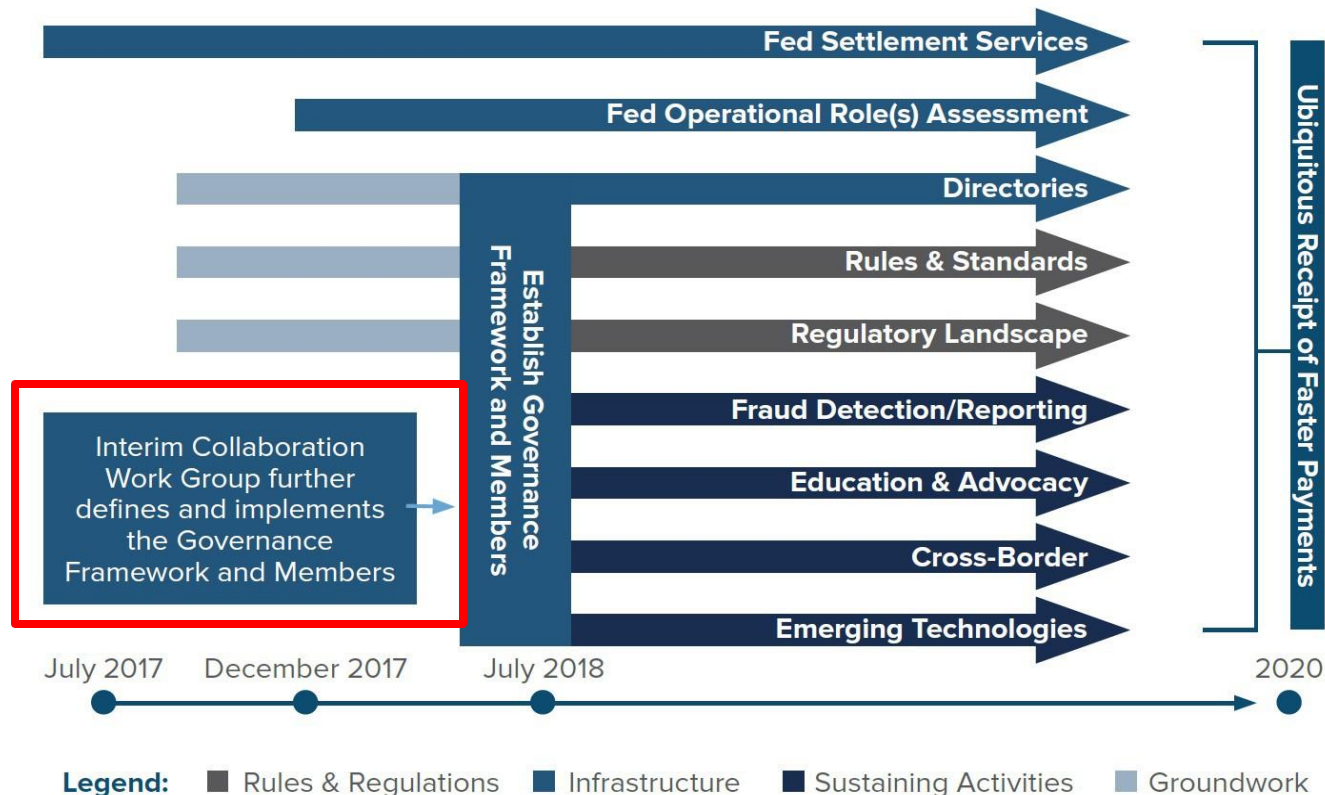


DIAGRAM 1: SEQUENCE OF NEXT STEPS FOR IMPLEMENTING THE TASK FORCE RECOMMENDATIONS



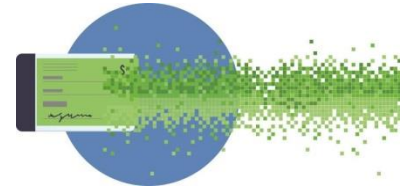


The case for Faster Payments at Verizon

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

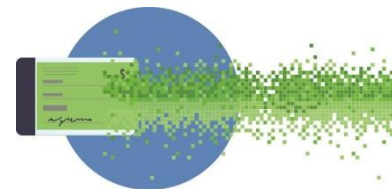
Global IP network

99% of Fortune 500 customers

Products and solutions

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

Verizon's perspectives on faster payments



- Benefits to our customers

- Speed
- Transparency and notification
- Convenience
- Cost Savings

- Operational benefits

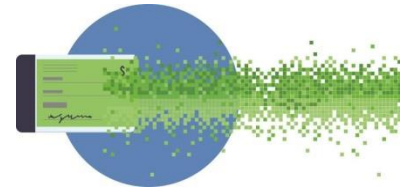
- Real-time account clearing and settlement
- Improved Straight Through Processing (STP)
- Reduced Settlement Risk
- Cost savings

“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.”

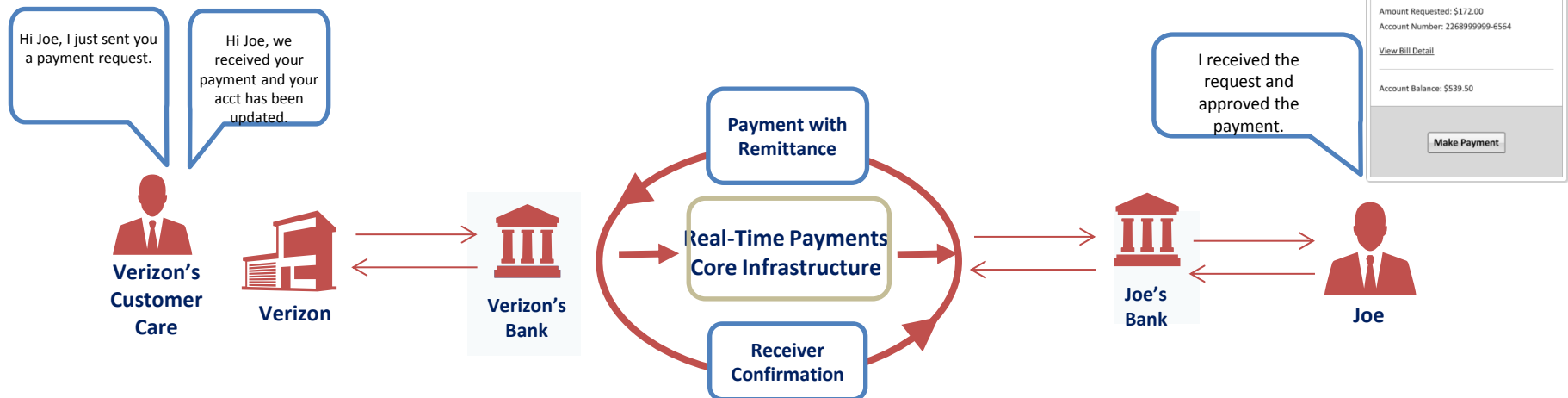
Lowell McAdam, Chairman and CEO, Verizon

Faster Payments

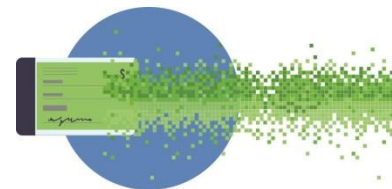
Use Case #1: Expedited Bill Payment – Consumer to Business



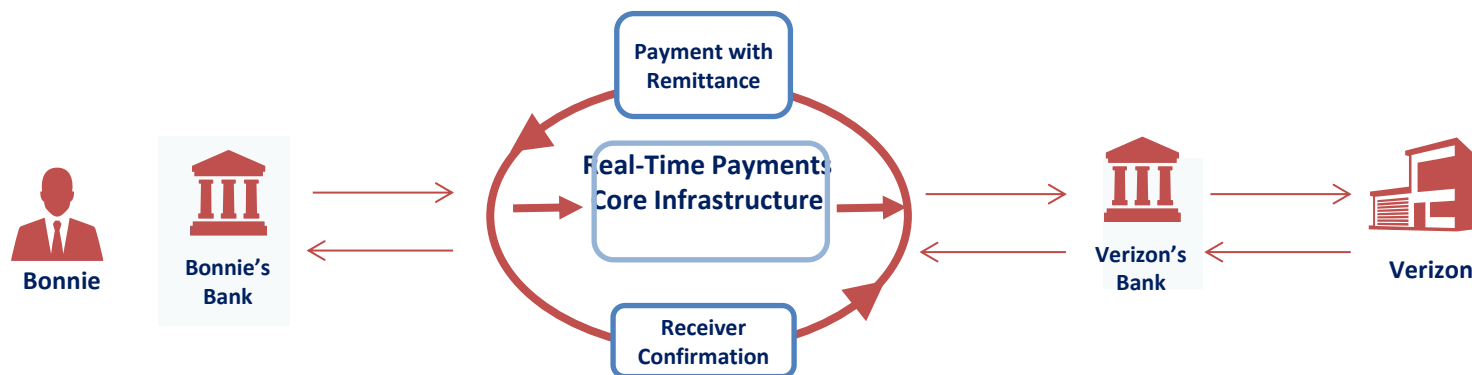
- Scenario: Joe Consumer has a history of late payments. His current phone bill is overdue and needs to be paid immediately or the service may be interrupted.
- Joe C calls Verizon's customer care to arrange a payment
- Customer Care asks if Joe would like to initiate a real time payment to their account
- 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



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



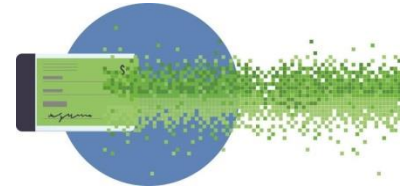
"I just want to get my life back to normal as soon as possible."

"You should never have to face a catastrophe alone – that's Allstate's stand."

Lynn Cirrincione
Director, Cash and
Banking Operations
Allstate



Allstate: Faster payments in action



2015

Claims payments



Check



ACH



Check



Cash at agent office



ACH



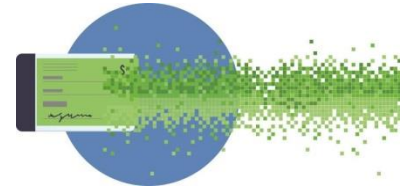
Card



Recurring or one-time

Faster Payments

Allstate: Faster payments in action

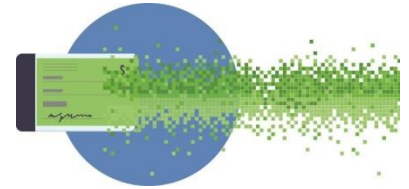


Benefits of Fast Mobile e-Payment (Zelle) and QuickCard Pay (Original Credit)

- 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



Check



Cash at agent office



ACH

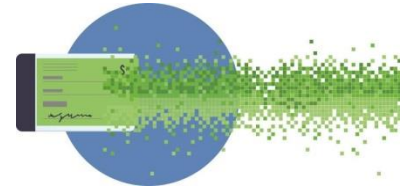


Card



Direct Payment

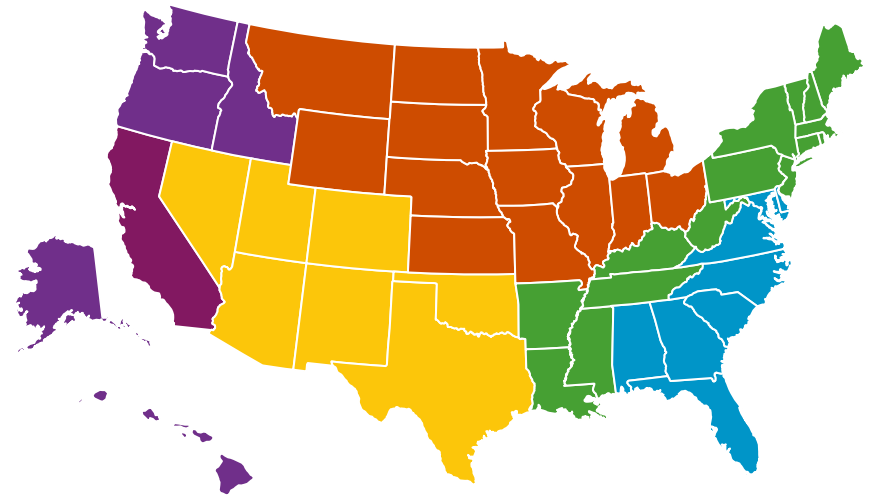
Allstate: Faster payments in action



Lessons learned

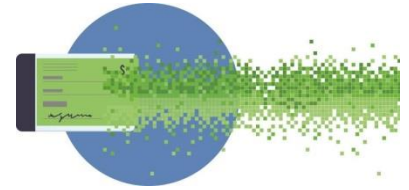
- Opt for small step vs. big bang
- Check in with all stakeholders
- Correct technology and processes as needed

QuickCard Pay Rollout



10/31 – 11/4 11/7-11 11/14-18 11/28-12/2 12/5-9

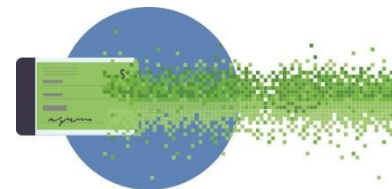
Corporate considerations



Risk, control and fraud

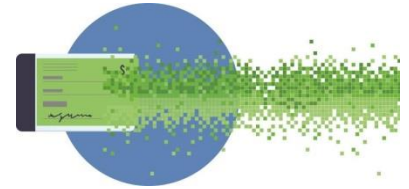
All-in costs

Future opportunities



Business Payments Coalition

Mission & Initiatives



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.

Initiatives

- ✓ e-Invoicing framework
- ✓ Electronic remittance framework
- ✓ ISO 20022 Education & Promotion Work Group
- ✓ APIs Supported by SMB Accounting Systems
- ✓ Define Simple Remittance Exchanges by SMBs
- ✓ Virtual card remittance handling
- ✓ Minimum data elements to execute an electronic payment
- ✓ RTP "Faster" impact on treasury management systems
- ✓ Recommendations for RFP & RFI content
- ✓ "Digestible" best practices & resources guide to serve SMBs

Contact us: Business.payments.smb@mpls.frb.org

<https://fedpaymentsimprovement.org/payments-efficiency/business-payments-coalition/>