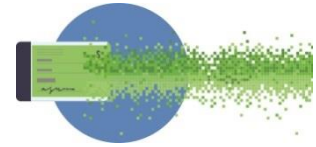


## Business Payments Coalition Meeting Summary Q4 meeting at the 2017 AFP Annual Conference Sunday, October 15 2017, 10 – 11:30 a.m.



### In attendance

Martin Awong, Roger Bass, Guy Berg, Magnus Carlsson, Jeanean Davis, Alan Dupree, Charles Ellert, Russell Ellsworth, Cassandra Gordon, Sharon Jablon, Stephen Kincaid, Kelly Nelson, Wendy Radford, Booshan Rengachari, Patti Ritter, Jaime Ryan, Kathy Zevola

Guy Berg, FRB Minneapolis, opened the meeting and attendees introduced themselves.

### SIPS Next Steps

Guy discussed the Federal Reserve's Strategies for Improving the US Payment System (SIPS) next steps publication. [Please refer to the SIPS meeting handout.](#) SIPS next steps call for continued industry collaboration to move forward. The Fed will continue as facilitator. The complete paper is available at <https://fedpaymentsimprovement.org/wp-content/uploads/next-step-payments-journey.pdf>

The SIPS paper acknowledges prior efforts of the BPC for the Efficiency strategy initiatives. The B2B Directory was an effort that came out of the BPC. The paper calls for industry engagement through the BPC, specifically for e-invoicing and remittance data initiatives. The BPC will be involved with defining an interoperability framework for the US market. The BPC e-invoicing workgroup has looked at the Australian interoperability framework as a starting point for future efforts.

The e-invoicing and remittance initiatives are longer-term efforts. Since there will be no formal task forces, the BPC Leadership Group approved the following to support these key initiatives

- The BPC Leadership Group will act as a steering committee
- The Minneapolis Fed will develop a communication and marketing strategy to raise the profile of the efforts
- Key industry influencers will be recruited for guidance and support
- The length of BPC in-person meetings will be increased (say, to 2 hours) to allow a portion of the meeting to be a working session

Please join in the BPC efforts, as we are not asking for a significant time commitment, but do need broad stakeholder representation.

### Faster Payments

The BPC should consider addressing faster payments concerns for corporates. Faster payments have implications for remittance data because some of the solutions can incorporate invoicing and remittance data in messages and payments. Faster payment proposals and solutions have addressed payment initiation needs and there is concern that they may not have addressed receiving payee needs sufficiently. The BPC should consider documenting payee considerations and concerns and make a formal submission to Faster Payments work groups. To do this someone would need to volunteer to lead the effort.

Banks haven't offered same day ACH to consumers yet; consumer payments may not contain remittance information. For all types of faster payments, payees have concerns because they need to know that the payment was received and how to apply it. Today, most corporate receipts systems are batch oriented, so

they may not know they received same-day payments. Electronic invoicing may help to associate and apply faster payments.

The Faster Payments Task Force (FPTF) called for a directory work group in its recommendations. The original BPC efforts for a B2B Directory are now with a non-profit trade association, the Business Payments Directory Association, which is independent of the BPC and FPTF. There is strong industry support for the B2B Directory, which is a look-up directory. Should it incorporate payment routing or initiation? The FPTF didn't call out the B2B Directory in the final report because they want to consider directories for a broad variety of purposes. All BPC members that support the B2B effort should convey their interest to Larry Buettner ([lawrence.buettner@deluxe.com](mailto:lawrence.buettner@deluxe.com)).

See the FPTF recommendations at <https://fasterpaymentstaskforce.org>.

## BPC Work Groups

Guy reviewed the work groups that the BPC is organizing. [\*Please refer to the BPC work groups meeting handout.\*](#)

- e-Invoicing work group
- Card-based Remittance Requirements work group
- Simple Remittance Requirements work group
- SMB Accounting Software APIs work group
- ISO 20022 Capabilities work group
- ISO 20022 Education work group

The workgroups are stepping stones into larger projects. Please volunteer and recruit others to help out. Now is the time to shape the future to "make it real". Financial institutions and vendors create products and services based on what practitioners need, so we want involvement from all types of stakeholders.

## Practitioner Perspective on B2B Payment Efficiencies

Stephen Kincaid, AVP, Treasury, of Walker and Dunlop talked about some recent successes with B2B payment efficiencies. Walker and Dunlop (W&D) finances commercial real estate, working with FNMA, FHLMC and HUD. W&D started with 60 people 10 years ago, and now has 600 employees. Despite the growth, the treasury function could not add staff. Automation enabled better processes.

- In 2014, they implemented Chrome River to automate expense reporting, which had previously been paper-based with excel spreadsheets. Payments are now automated.
- In 2016 W&D began implementation of the Chrome River platform for invoices, which was rolled out in stages. It used to take 3 weeks to a month to process an invoice. Now, a third party captures the invoice, enters the data by line item, and routes it for approval to the responsible W&D department. Invoices are imported to their ERP. They now turn invoices within a week. In their industry, vendors need to be paid right away and don't offer 30 day terms, so there are no early payment discounts. There is a mix of large and small vendors.
- W&D pays by check, virtual card and ACH. They send a payment file from their ERP to Comdata for payment execution. Comdata handled vendor onboarding, during which they targeted 25% – 30% of the vendor list for virtual cards. The remittance goes by email. Electronic payments now exceed checks. W&D also has a corporate card program for employees. Card rebates paid for the automation.

- Weekly check printing is outsourced to a third party check printer.
- CTX ACHs have account number and invoice number in the addenda.
- A few vendors request a processing fee to cover the merchant fee for virtual cards. W&D switches vendors to ACH if the fee exceeds the card rebate.
- W&D revenue is received at the time of loan closing. They usually get paid by wire.

Martin Awong in the Treasury Department of NASDAQ said they have a hybrid system and look at timing and impact on cash flow for payments. They emphasize collecting as quickly as possible. To better reconcile receipts, NASDAQ has a proprietary online tool for customers to pay invoices, which are auto-applied. They are looking at distributed ledger technology.

Kathy Zevola , Assistant Treasurer of SunChemical, talked about their processes. SunChemical operates in 36 countries. A few years ago they started business transformation country-by-country.

- There is one bank globally for cash management, receivables and payables. They use a “Payable On Behalf Of” structure with In-House Banking.
- Local banks may be used for tax payments.
- Their ERP system has internally-managed routing rules for least cost payments in each country, taking into account low value vs. high value payment systems. Routing rules also maintain compliance.
- They try to take vendor discounts but don’t use real time payments.
- They struggle with remittance data for payments received. They are investigating the use of a third party vendor to help with detached remittance data.

Martin said NASDAQ has difficulties with state and local tax payments. Their ERP system sends a file to the bank, but it is not optimized for taxes. A tax-compliant addenda is an issue. Their bank offers a portal for tax payment initiation, but NASDAQ wants an API to automate the process. Kathy said SunChemical allows direct debit for tax payments, which are reconciled same-day to return incorrect payments. Martin doesn’t allow direct debits due to the risk of incorrect payments.

**We’re recruiting for work groups! Help out or refer a colleague.**

We would like representatives from financial institutions, providers, practitioners, and associations. See details in the [BPC Initiatives list](#).

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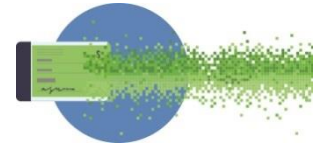
We’re also recruiting help to document payment receiver considerations and concerns to make a formal submission to Faster Payments work groups. Contact Patti Ritter.

See the list of resources the BPC has published:

<https://fedpaymentsimprovement.org/wp-content/uploads/bpc-resource-guide.pdf>

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

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## SIPS Next Steps

In September, the Federal Reserve issued a paper with next steps in Strategies for Improving the U.S. Payment System (SIPS), with refreshed strategies and supporting tactics. The strategies are:

- **Speed.** Support industry efforts to implement safe, ubiquitous, faster payments capability in the United States
- **Security.** Work to reduce fraud risk and advance the safety, security and resiliency of the payment system
- **Efficiency.** Achieve greater end-to-end efficiency for domestic payments
- **International.** Work to enhance the timeliness, cost effectiveness, and convenience of cross-border payments
- **Collaboration.** Actively engage with stakeholders on initiatives designed to improve the U.S. payment system

### Strategy: Efficiency

**Desired Outcome:** Greater proportion of payments originated and received electronically to reduce the average end-to-end (societal) costs of payment transactions and enable innovative payment services that deliver improved value to consumers and businesses.

#### Next Steps

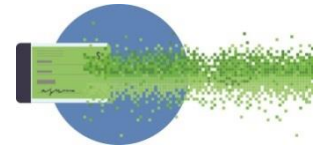
The SIPS paper recognizes prior efforts of the BPC and calls for industry collaboration through the BPC.

- As part of the Business Payments Coalition, support a three-year initiative to catalog existing e-invoicing standards and design an electronic invoice interoperability framework for the U.S. market.
- As part of the Business Payments Coalition, support a multi-year initiative to develop industry standards for payment-method-agnostic remittance advices to achieve straight-through-processing of payments. Scope includes data content, message format and syntax and message delivery.
- Support industry efforts to develop and promote adoption of standards, including ISO 20022, that enable end-to-end electronic processing of business invoices, payments and remittance information.

SIPS next steps paper:

<https://fedpaymentsimprovement.org/wp-content/uploads/next-step-payments-journey.pdf>

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## BPC Initiatives

Join in BPC efforts to make the end-to-end B2B payments process more efficient!

The BPC has several new workgroups starting up. We are calling for volunteers. Please email [business.payments.smb@mpls.frb.org](mailto:business.payments.smb@mpls.frb.org) to participate in workgroups.

### e-Invoicing work group

The e-Invoicing work group will kick off a three year plan to identify, design and adopt an electronic invoice interoperability framework for the U.S. market, building on the prior effort of the Catalog of Electronic Invoicing Technical Standards, which was published in October 2017.

Timeframe: Kicks off in November 2017  
Facilitator: Todd Albers

### Card-based Remittance Requirements work group

For card-based Accounts Payable solutions, the handling of virtual or buyer-initiated card payments remittance data is challenging to the receiver. The work group will:

1. Identify the business requirements for the exchange of structured remittance messages between buyers and suppliers for card payments
2. Determine the capabilities of the current card system to deliver remittance information

The effort will consider all the parties involved to facilitate straight-through processing of card-based payments.

Timeframe: October 2017 – January 2018  
Facilitator: Todd Albers

### Simple Remittance Requirements work group

The Simple Remittance Requirements work group will define data needs for simple remittances that can be more easily adopted by SMBs than complex EDI structures. It will identify three or four levels of remittance information based on needs of small to medium size businesses, starting with the minimal, viable set of data needed for payment application and reconciliation, and incrementally adding data for two or three additional levels of complexity.

Timeframe: October – December 2017  
Facilitator: Patti Ritter

### SMB Accounting Software APIs work group

The main objective of the SMB Accounting Software APIs initiative is to research and compile a list of APIs that can be used with SMB accounting software packages to automate electronic payment initiation. The list will be published and publicized to educate SMBs and SMB providers about available electronic payment integration tools. The second objective is to compile a list of banks and payment providers that integrate specific APIs for payment execution.

Timeframe: October 2017 – January 2018  
Facilitator: Patti Ritter

### ISO 20022 Capabilities work group

The ISO 20022 Capabilities work group will develop an online registry of US banks and service providers that have ISO 20022 capabilities. The registry will be a resource to end users and will promote awareness of the availability of ISO 20022 for payment and cash management operations.

Timeframe: TBD  
Facilitator: Patti Ritter

### ISO 20022 Education work group

The ISO 20022 Education work group will develop ISO 20022 educational webinars and companion materials. It will establish a speakers bureau and curriculum for a variety of ISO 20022 topics. The group will enlist industry groups such as X9, IFX, NACHA and SWIFT for content and speakers.

Timeframe: TBD  
Facilitator: Patti Ritter

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#### Business Payments Coalition Mission

The Coalition's overarching goal is to make B2B electronic 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. The Coalition accomplishes this objective by addressing problems and barriers that make it difficult for businesses to use electronic alternatives to paper checks and remittance advices.