

Remittance Coalition

Overview of the Remittance Coalition

The Remittance coalition is made up of organizations and individuals interested in working together to address remittance-processing problems. The Coalition includes representatives from small and large businesses, banks, software vendors, standards developers, and others.

Background

While business-to-business (B2B) checks are declining, they are not doing so as rapidly as are consumer checks, despite the benefits businesses perceive in using electronic payments. The 2010 AFP Payments Survey found that a lack of simple, easily adopted standards that automate the reconciliation of payments and remittance data is a key barrier to higher adoption of electronic B2B payments.

Because remittance information is typically sent with a paper check, reconciliation and posting of paper payments is easy. However, this simple process breaks down when payments are made electronically. When remittance data flows with an electronic payment, it may not be forwarded to the corporate receiver with the notification of the payment. When remittance data flows separately to the corporate receiver, the receiver may not have sufficient information to reconcile it with a payment. Too many alternatives for remittance exchange and too many remittance data standards results in difficulty in adopting electronic payments and the inability to achieve straight through processing.

To raise awareness about these issues and to identify ways to address the remittance problem, an invitation-only workshop hosted by the Payments Information & Outreach Office of the Federal Reserve Bank of Minneapolis and ASC X9, the U.S. was held at the Chicago FRB on June 28 and 29, 2011. Meeting participants included about 50 representatives from corporate treasury practitioners, standards developers, financial institutions, software vendors, and payment services providers.

Workshop participants agreed to continue work on the remittance issue through the formation of a Remittance Coalition, and identified a number of specific next steps intended to address the many issues identified as contributing to the remittance problem. and to continue to

Problem Statement

The Remittance Coalition's objective is to increase the efficiency with which business-to-business (B2B) payments are made and reconciled by all types and sizes of U.S. businesses. The Coalition will accomplish this objective by promoting more unified standards and processes and common automated tools that support: (1) Using more electronic payments for B2B transactions, and (2) Originating and delivering electronic remittance information that can be associated easily with the payment.

Goals & Objectives

Success in solving the remittance problem would include:

- A limited selection of standards to choose from
- A best practices guide would assist in making the choice
- There would be ongoing communications about remittance exchange
- There would be an appropriate infrastructure in place to support

Remittance Coalition Organization

Participation in the Remittance Coalition is open to any individual and organization interested in addressing the remittance-processing problem. The Coalition will include representatives from small and large businesses, banks, software vendors, standards developers, and others.

As sponsors of the remittance workshop, X9 and FRB Minneapolis will coordinate, track, and communicate work on the action items identified by the coalition. Within X9, Subcommittee X9C will provide coordination, tracking, and communication.

Remittance Coalition Communications

X9 has developed a workspace on the X9 website store documents related to Coalition efforts, with access open to Coalition members and others interested in Coalition progress. In addition to communicating with Coalition members, periodic communications will be extended to others that have expressed interest in continuing to receive communication.

The Federal Reserve Bank of Minneapolis has on its public website information about the Remittance Coalition effort.

Meetings

Meetings of the Remittance Coalition will be held approximately every quarter through conference calls and/or face-to-face meetings. When possible, meetings will be held in conjunction with other industry meetings that will be attended by many of the Coalition members, e.g., during an AFP, NACHA, IFO, or CRF conference.