

Remittance Coalition Conference Call
July 23, 2013
Meeting Summary

Claudia Swendseid from the Federal Reserve Bank of Minneapolis opened the call. The Remittance Coalition (RC) now has 306 members. Claudia reviewed the agenda, which featured progress on 2013 initiatives, and asked attendees to share other topics they wanted to discuss.

Progress on 2013 Initiatives

Update on B2B Directory Project

Chris Huppert of Wells Fargo underscored the importance of business-to-business (B2B) directories in supporting the usage of electronic payments, including the ACH network. However, the main limitation to existing services is they are limited to those participating. The B2B directory concept envisioned by the Remittance Coalition would provide a broader, inclusive venue for payors and payees to communicate on payment instructions. Such a directory would list routing and account information and specify preferences for payments and remittance methods. It is important that such information be accessible to accounts receivable and accounts payable systems, to enable look-up of trading partners and easy access to their payments and remittance specifications.

Chris said that the B2B Directory work group will create high-level business requirements and vet these with corporates, software providers, financial institutions, and other stakeholders.

The Remittance Coalition Leadership Group recently endorsed the following scope statement for the B2B Directory Project:

Issue/Reason for project: A major barrier to sending electronic payments is the difficulty of obtaining financial information, such as bank and account numbers, of trading partners. The Remittance Coalition has formed a team to study this issue and suggest one or more business to business (B2B) directory models that would provide a secure way to obtain such information.

Scope and terms of reference: The project team will focus on development of B2B models that would serve the needs of small to medium size U.S. businesses (defined as having annual revenues of \$100 million or less), as they have fewer resources than larger businesses and are underserved by existing B2B directory services. The scope of the team's efforts will be to develop use cases, outline specifications, identify and evaluate alternatives, and propose a framework for one or more secure B2B directory models designed to serve small to medium businesses. They will publish a white paper summarizing their conclusions and recommendations by the end of 2013.

Remittance Coalition Conference Call
July 23, 2013
Meeting Summary

Individuals who previously expressed interest in participating on the B2B Directory work group were contacted by email on July 26 and asked to confirm their availability and interest. The project is being led by BC Krishna of MineralTree.

Remittance Coalition Vendor Forum

Claudia Swendseid said that the Vendor Forum will be held on Tuesday, August 13, 2013 in conjunction with the Credit Research Foundation's Open Forum and Expo in Minneapolis, MN. Software developers, technology vendors and others interested from the Remittance Coalition have been invited, along with those vendors who are exhibiting at the Expo.

The meeting will be held at the Minneapolis Marriott Center City Hotel on Tuesday, August 13th from 2:30 to 4:30 PM Central. The objectives of this get-together are to offer vendors an opportunity to learn about key standards and to discuss next steps in their implementation. Representatives from SWIFT, IFX, NACHA, IAB, and the Federal Reserve Banks of Minneapolis and New York will be on hand to educate the audience on selected remittance standards and projects. There is also time on the agenda for discussion and questions. It is not necessary to attend the conference in order to participate in this vendor meeting.

Visit the RC webpage at the following link to view the agenda for the Vendor Forum:

http://www.minneapolisfed.org/about/whatwedo/remittancecoalition/Agenda_%20August_13_2013_CRF_Vendor_Forum.pdf

If you are interested in attending, please RSVP to Lyle Wallis at the Credit Research Foundation at: lylew@crfonline.org

RC members will receive a summary of this meeting via email, plus the summary will be posted on the Remittance Coalition webpage.

Remittance Glossary

Paula Rowe from PNC shared that the Remittance Glossary team is taking a final look at the definitions and revising/improving them. The objective of this glossary is to define common terminology used in the B2B payments and remittance areas. Currently about 300 terms are defined in the glossary. The final output will be published as a technical report (TR) by X9 before year-end 2013. The group is holding weekly calls to collaborate on the definitions. If anyone is interested in participating in this effort, send an email to the Remittance Coalition shared mailbox at: Remittance.Coalition.smb@mpls.frb.org

Remittance Coalition Conference Call

July 23, 2013

Meeting Summary

Core Adjustment Reason Code Technical Report

Jessica Butler from Attain Consulting reminded the call attendees that the Deduction Code project team developed a short list of about 70 adjustment reason codes out of the original set of over 600 X12 EDI codes. This review identified inconsistent usage, duplicates, and other issues. The team also cross-referenced the old EDI codes and produced a map to assist users who are on older versions of EDI.

Publication of the Core Adjustment Reason Code Technical Report by X9 and X12 is imminent, pending resolution of copyright and pricing considerations. The leaders of these two standards development organizations are working on producing a memo of understanding to clarify publication details. Active team members were contacted by email on July 25th to find out their views on proposed pricing for this document. These views will be reported to X9 and X12 staff to help finalize the approach.

Kathy Rotondo of IAB will present on this topic at the Vendor Forum.

Remittance Standards Inventory

Mary Hughes from the Federal Reserve Bank of Minneapolis reported that the Remittance Standards Inventory work group has nearly completed its work. The next step is to share a draft of the Inventory with X9C Corporate Banking Subcommittee members at their call on August 5. After that review and discussion, any requested changes or edits will be made, and then the Technical Report (TR) will go to ballot, first at the X9C Subcommittee level, then at the X9 Board of Directors level.

The team, comprised of representatives from NACHA, CGI, Wells Fargo, JP Morgan Chase, Mom Brands, and the Federal Reserve Banks of Atlanta and Minneapolis, have catalogued 16 remittance standards. This document will be published as a TR by X9, assuming it is approved through the ballot process.

The TR will be a current, comprehensive inventory of relevant B2B payment remittance standards and implementations. The key audience includes B2B service and solution providers, as well as corporations and organizations that must make use of these standards to efficiently reconcile their payments and remittance data. The intended audience also includes standards bodies and other general interested parties. The Remittance Standards Inventory is basic and introductory. It includes the high-level attributes for each standard, including a description of the standard, which types of payments it supports, how remittance data is delivered, and information about the issuing organization. Readers are referred to the issuing organization for further information.

Remittance Coalition Conference Call
July 23, 2013
Meeting Summary

Small/Medium Business Education on Using Extended Remittance Wire Transfer Formats

Gina Russo from the Federal Reserve Bank of New York said adoption of the extended remittance information (ERI) formats in both Fedwire and CHIPS has been low. Banks say there is a lack of demand among corporate customers. Corporates, on the other hand, say that their banks are not telling them about it and promoting it.

Gina said that a one-page educational document is now complete. It targets businesses and describes the ERI formats of Fedwire and CHIPS. The communication provides a brief description for small and medium sized businesses to help them understand the basics of using the ERI wire transfer formats, and to encourage them to work with their banks and vendors to use the new formats. This document, which will be published by the Remittance Coalition, explains what is meant by ERI, and defines the three ERI formats, called structured, unstructured, and related. It outlines how using ERI can benefit a business, how to get started using it (including working with your bank, vendors, and trading partners), important advice to consider, and offers additional resources to those seeking more information. It is hoped that by educating potential users about these new formats, demand will be spurred. A draft of the communication was reviewed by members of the RC Small Business Education Review Panel and by payments experts at the Association for Financial Professionals, in addition to The Clearing House and Federal Reserve staff.

Gina plans to distribute this document at the Remittance Coalition Vendors Forum in Minneapolis on August 13 when she presents on this topic. Also, it will be posted on the RC website and Coalition members will be encouraged to post it or a link to it on their own websites. Any other suggestions on how to distribute this and other educational materials developed by the Remittance Coalition are welcomed. Please send an email to:

Remittance.Coalition.smb@mpls.frb.org

Small Business Education at the ASBDC

Claudia Swendseid shared that she and Fred Laing, President, UMACHA, plan to present a three-hour workshop on “Electronic Payments Basics” at the American Small Business Development Centers (ASBDC) annual conference in September in Orlando, FL. Also, the RC and the Federal Reserve Banks have been offered a booth to allow further interaction with the conference attendees and education on payments and remittance matters. This conference draws big sponsors like Google, Intuit, and Microsoft. RC members who want to be involved should send an email to the RC shared mailbox at:

Remittance.Coalition.smb@mpls.frb.org

As the ASBDC conference website explains, this conference provides an opportunity to engage with those who consult with small businesses, rather than with small business owners themselves:

Remittance Coalition Conference Call
July 23, 2013
Meeting Summary

<http://www.asbdc-us.org/conference/conference.html>

"This premiere event brings together over 1,400 Small Business Development Center (SBDC) professionals, trainers, consultants, management, and administrative personnel.

This conference offers top-quality workshops, roundtables, general sessions, working luncheons and an Exhibit Hall -- equipping America's top small business consultants with the professional development they seek to continually enhance SBDC services to small businesses and aspiring entrepreneurs."

Other Outreach Efforts

- Roy DeCicco from JPMorgan Chase said that he, Carole Hunt of Ameren, and Claudia Swendseid presented at NACHA's 2013 Payments conference on "2012 Remittance Coalition Survey: Is STP an Impossible Dream?" Their presentation explained findings from the RC survey of business practitioners and used that as a platform to discuss barriers to straight-through-processing. He said the presentation was well-received and that several attendees approached them afterwards and wanted to join the RC.
- It was noted that the RC survey results are still of interest; a webinar on it was given by Mary Hughes on July 18 to the Arizona chapter of the AFP.
- Claudia Swendseid shared that she and Bill Hutchins gave a presentation at the Institute for Financial operations 2013 Fusion conference entitled "On the Path to Straight through Processing." They explained about the RC, shared a case study from Lowe's, and described current initiatives of the Coalition.
- Claudia noted that the Federal Reserve Financial Services booth at the Association for Financial Professional 2013 conference in Las Vegas will feature information about the RC and will distribute Coalition publications. In addition, the AFP has agreed to host an in-person meeting of the RC at their conference on Sunday, October 27th in the noon to 1:30 PM timeframe.
- Claudia reported that the RCVF accepted a proposal called "A Streamlined Approach to Deduction Codes: Why Fewer is Better" from her and Jessica Butler. The presentation will explain about the Core Adjustment Reason Code project and share current initiatives of the RC. Also, the RCVF is allowing the RC to hold a focus group, which will be conducted by the Customer Relations Support Office of the Federal Reserve Bank of Chicago. A follow-up to last year's survey, the focus group will explore common business processes and practices that could lead to straight through processing of payments and associated remittance data. The RCVF fall conference will be held November 4 - 6 in Scottsdale, AZ.

Remittance Coalition Conference Call
July 23, 2013
Meeting Summary

ISO 20022 Remittance Standard

Rob Unger from NACHA said that the IFX, headed by Rich Urban, developed a remittance standard using ISO's specifications and data dictionaries for financial messages. It is called the ISO 20022 Stand-Alone Remittance Standard. It has been submitted to ISO for final review and approval.

Rob noted that NACHA will announce on August 1, 2013 a new ACH XML remittance standard to be carried in the ACH addenda record. This standard is based on the ISO 20022 Stand-Alone Remittance Standard and the wire extended remittance information format. The new XML standard will be supported in the same way the ACH EDI formats are now.

Initially, financial institutions will choose to opt-in to support the ACH XML remittance standard. They will sign an opt-in agreement with NACHA and will then be able to exchange ACH XML remittance information with other financial institutions that have also opted-in. Later on, once rule changes have been put in place, it will become mandatory for receiving depository financial institutions to pass the remittance data along to their corporate receivers. However, no date has been set yet on when the mandatory program will be in place.

Both Rob and Rich will present on this topic at the August 13th RC Vendors Forum.

Plans for 4th Quarter Face-to-Face Meeting at AFP Conference

As noted above, the AFP will host a Remittance Coalition meeting at its 2013 conference in Las Vegas. The in-person meeting will be held on Sunday, October 27, in the noon to 1:30 PM timeframe. The conference venue is the Mandalay Bay Convention Center. Here is the conference website:

http://an13.afponline.org/General_Info/AFP_Annual_Conference.html

Look for an email soon with the meeting invitation. An agenda will follow.

#