

Remittance Coalition Meeting

November 6, 2011

Welcome & Update on Remittance Coalition

Claudia Swendseid opened the meeting, reviewed the agenda, and provided an update on the Coalition, noting that over 40 individuals representing banks, corporate practitioners, vendor and service providers, and standards organizations have “joined” the Coalition. Claudia said that a leadership group had been formed to oversee progress on the identified action items and this group plans monthly calls. There will be quarterly calls of the Coalition and face-to-face meetings may be scheduled, capitalizing on events such as the Association of Financial Professionals (AFP) Annual Conference or the NACHA Payments Conference. The final problem statement will be distributed electronically.

Progress on Remittance Coalition Action Items

Jim Wills provided an update on the three action items being worked on by the X9 Corporate Subcommittee (X9C) (a glossary of remittance terminology, a catalog of remittance initiatives, and an inventory of remittance standards). There was a discussion whether these items would be standards with agreement to decide this later.

- The Coalition asked that X9C prepare an overview description of the effort including a timeline.

There was a discussion about the need to improve the standardization of deduction/adjustment reason codes. The Credit Research Foundation (CRF) offered to reach out to vendors to assist in the implementation of new codes, if needed.

- X9C will investigate the need to improve the standardization of deduction/adjustment reason codes and work to either develop a standard or facilitate the updating of X12 reason codes, as appropriate

Claudia Swendseid reported on progress regarding a survey of business practitioners, with CRF, AFP, and Institute of Financial Operations (IFO) collaborating on its development and administration. The focus of the survey will be to assess potential solutions rather than acquire additional data on the remittance problem.

Claudia also discussed work underway to reach out to key stakeholders through the AFP, CRF, and the IFO on the work of the Coalition. How to include the views of small businesses in the Coalition was discussed, with CRF volunteering to reach out to the Small Business Development Center.

Rich Urban said that the work to develop a standalone extended remittance ISO 20022 message is underway. The revised business justification should be ready this month and development of the messages is expected to take about six months. Rob Unger, NACHA, is the project manager. Weekly calls are starting next month. IFX would like greater participation from non-bankers.

- Rich Urban will distribute an overview of the initiative to David Bellinger and Lyle Wallis to assist in recruiting additional participation.

Jim Wills explained the concept of extensions as an alternative to a new message, and said that X9C is investigating this possibility, the advantage being that the remittance data flows with the payment message.

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Rob Unger and George Throckmorton described the business-to-business (B2B) directory that NACHA is exploring. This effort is modeled on the electronic billing information directory service (EBIDS) in use for consumer bill payments.

Update on Other Remittance Initiatives

Ken Isaacson reported that the Fedwire and CHIPS extended remittance information format changes are on schedule for implementation November 19, 2011. A number of banks are planning to support the new fields soon after the changes are implemented.

James Wills said that the X9 Bank Transaction Reporting Standard (BTRS) to replace the BAI2 format and codes should be ready for X9 balloting this month. He is leading a session at the AFP announcing the new format and a press release will be issued at the same time. The list of codes was standardized and the file enhanced to include Fedwire remittance data and new records to carry ACH and lockbox detail remittance information. Educating corporates about the new BTRS is essential, so that they are able to take advantage of the additional remittance data and standardized codes.

Jim Wills said that SWIFT continues to assess the market for a cloud-based remittance utility.

Steve Ranzini said that his Bank was leading a healthcare initiative in Michigan and there are synergies between efforts to address the mandates for carrying healthcare remittance data and efforts of the Coalition.

Next Steps

The next call of the Coalition will be scheduled for January 2012. A face-to-face meeting may be scheduled during the NACHA Payments Conference.