



Today's Webinar

Results of the Remittance Coalition Corporate Survey

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- Questions are welcome & may be submitted online during the presentation. Type your question in the Q&A box at the top of the screen.



Results of the Remittance Coalition Corporate Survey: *A presentation to CRF members*

Lyle Wallis, Credit Research Foundation

Deb Hjortland & Mary Hughes, Federal Reserve Bank of Minneapolis

Jessica Butler, Attain Consulting Group

January 8, 2013

Lyle Wallis



Vice President for Research
Credit Research Foundation

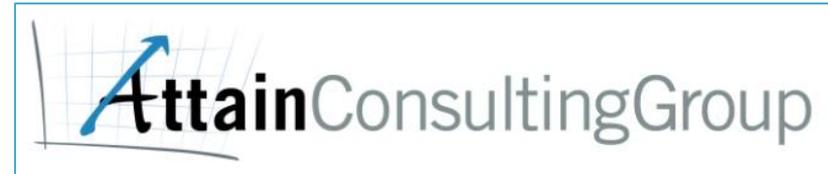


- Has 40 years in the business credit field; joined CRF in 1998 after work with several businesses including London Fog, Euler Hermes ACI, & General Electric Capital Corporation
- Responsible at CRF for project development & education; executive editor of CRF's quarterly trade journal, *The Credit & Financial Management Review*
- Holds a Bachelor of Science degree in Business Administration from Towson University; graduated from the Graduate School of Credit & Financial Management at Dartmouth College
- Awarded the Certified Credit Executive designation in 1987

Jessica Butler



Principal
Attain Consulting Group



- Founder of Attain Consulting Group, a deduction & chargeback management advisory firm providing practical, experience-based solutions to help companies “Take Control of Deductions”
- Known throughout the industry as an expert & thought leader in the area of deduction management as well as negotiation, Jessica is a frequent speaker at conferences & seminars & leads a prestigious group of companies in the development of deduction best practices through her Compliance Advisory Board
- A former partner with the International Accounting & Management Advisory firm of Grant Thornton, LLP, Jessica is a CPA & received an MBA in Finance from New York University

Debra Hjortland & Mary Hughes



Senior Payments Information Consultants
Payments Information & Outreach Office
Federal Reserve Bank of Minneapolis

- Debra Hjortland has been with the Federal Reserve Bank of Minneapolis almost 30 years, holding a variety of analytical and management positions in financial services and information technology. In the Payments Information & Outreach Office, her area of focus is business-to-business payments and payment standards. She has been involved in ISO 20022 development since 2005. Debra has a MBA from the University of Minnesota Carlson School of Management.
- Mary Hughes has over 30 years experience in marketing research & communications. Areas of focus include the EMV card migration in the U.S., small business usage of electronic payments, and payment standards. Has BA in Economics and & MBA from the University of Minnesota Carlson School of Management. Earned Project Management Professional certification in 2012.

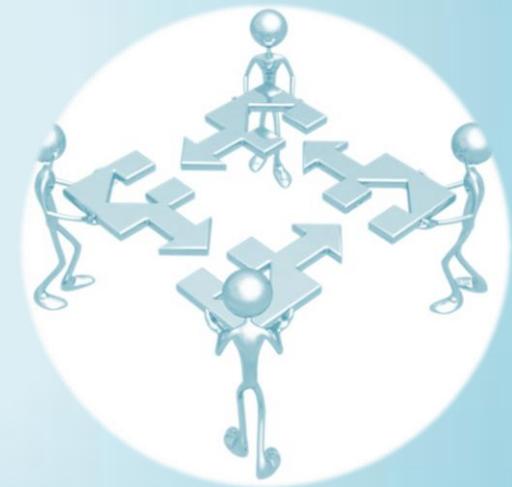


Agenda

1. An Overview of the Remittance Coalition
2. Survey Objectives, Methodology & Respondent Profile
3. Key Findings
4. Current Remittance Coalition Projects
5. Spotlight on Discount Code Project
6. Conclusions



1. An Overview of the Remittance Coalition





Remittance Coalition

- **Participation** National group of associations including CRF, small & large businesses, financial institutions, vendors, standards development organizations & others
 - Formed in 2011
 - 196 members & growing
- **Mission** Work together to solve problems related to processing remittance information associated with B2B payments in order to promote use of electronic payments & straight through processing (STP)





2. Survey Objectives, Methodology & Respondent Profile



Survey Objectives



- 1) Assess business practitioners perception of major **obstacles** to increased use of e-payments & remittance processing



- 2) Gather feedback on which of five proposed **solutions** would be most effective in facilitating this



Invitations & Responses



- Conducted survey from June 5, 2012 - July 20, 2012
- Email invitations with link to survey were sent by Association for Financial Professionals, Association of Small Business Development Centers, Credit Research Foundation, Institute of Financial Operations, & National Association of Purchasing Card Professionals
- Total of 662 respondents



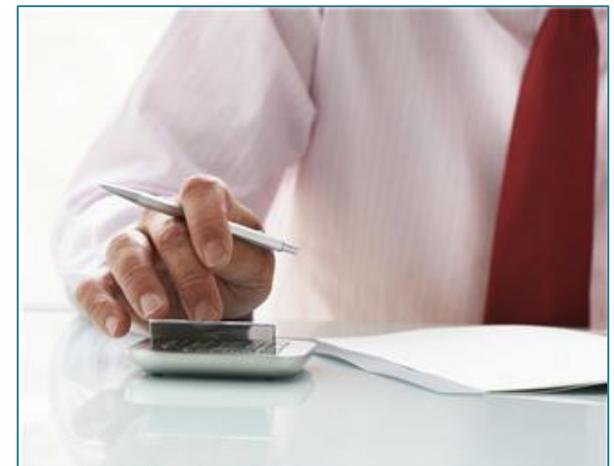
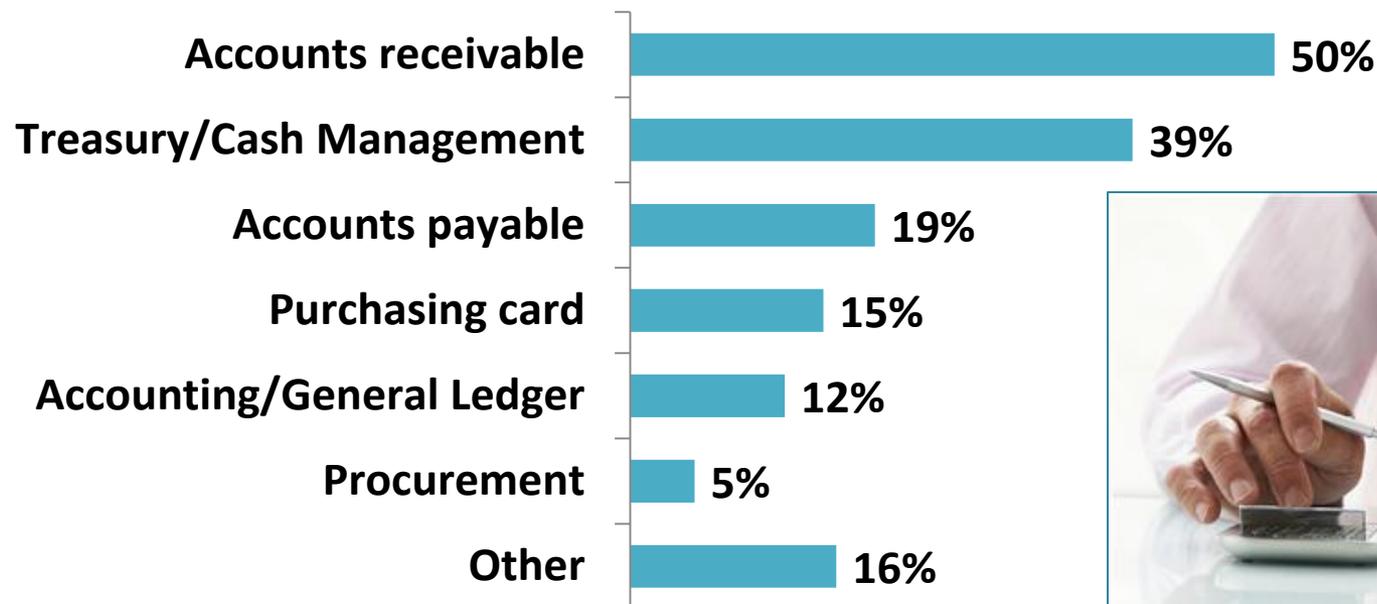
Job Functions of Respondents



- Half of survey respondents are responsible for accounts receivable & 39% selected treasury/cash management as a main responsibility

Primary Responsibilities

N=660



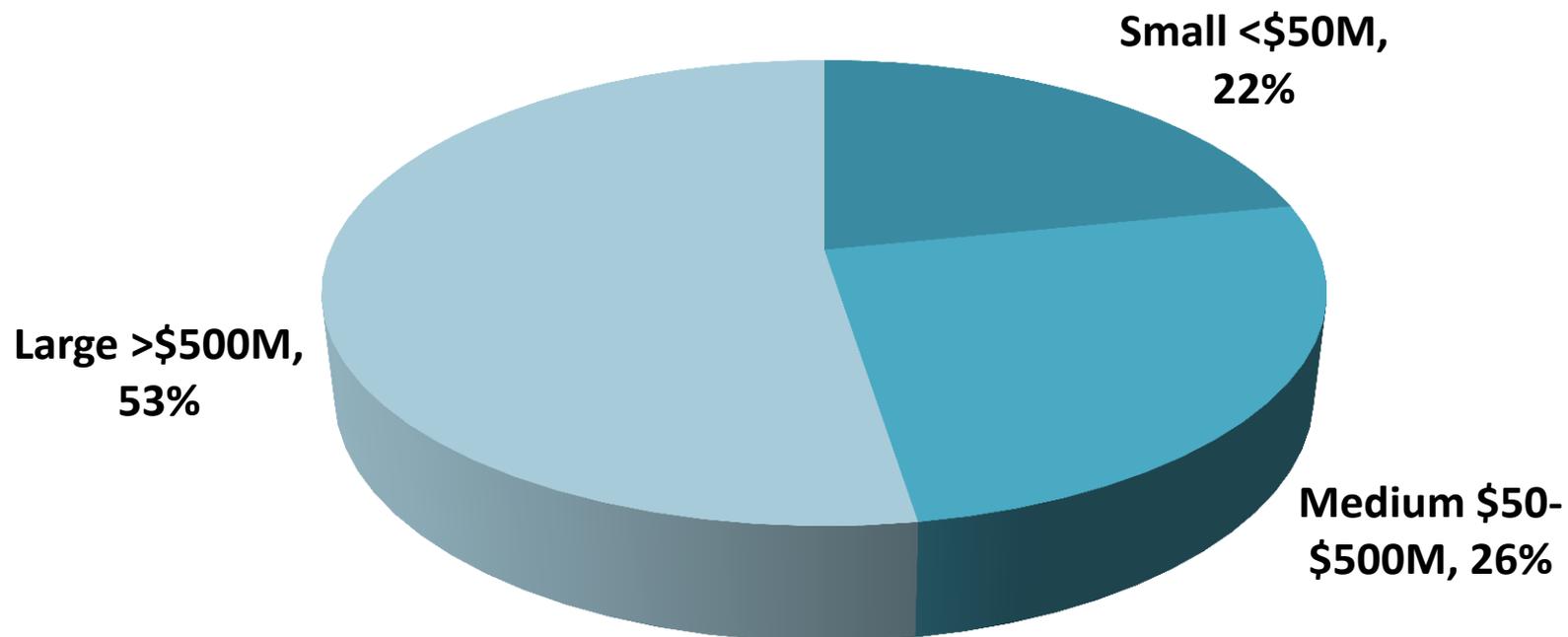
Source: 2012 Remittance Coalition Survey; Multiple responses permitted

Size of Respondent Organizations



Annual Revenue

N=646



Source: 2012 Remittance Coalition Survey

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3. Key Findings

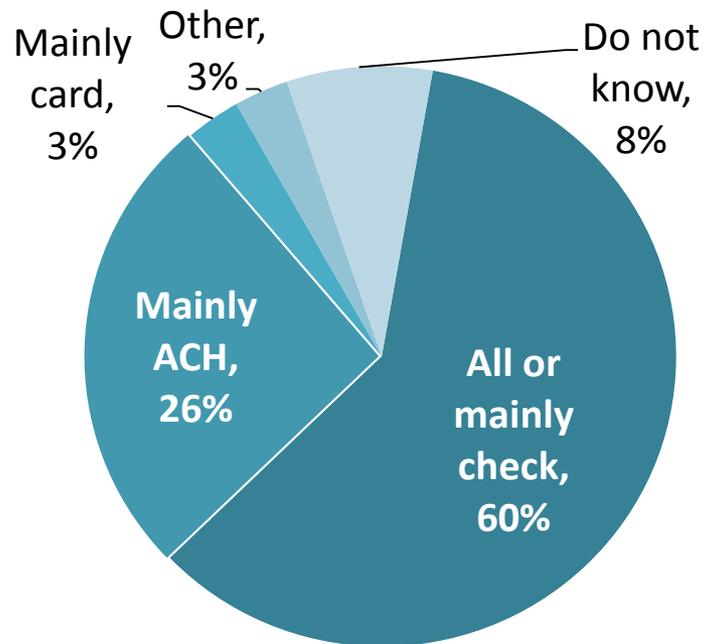


Most “All or Mainly” Use Checks to Make & Receive Payments



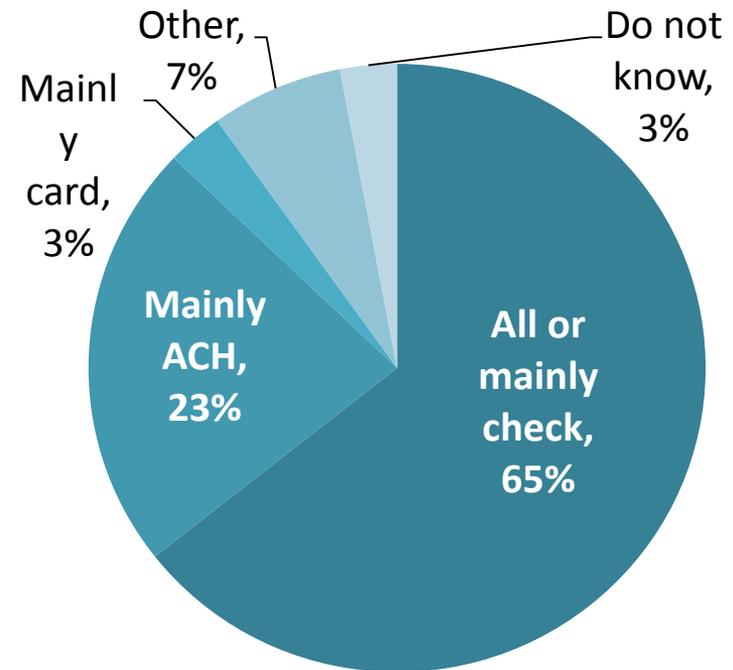
**Primary Method
for Making Payments**

N=654



**Primary Method
for Receiving Payments**

N=656



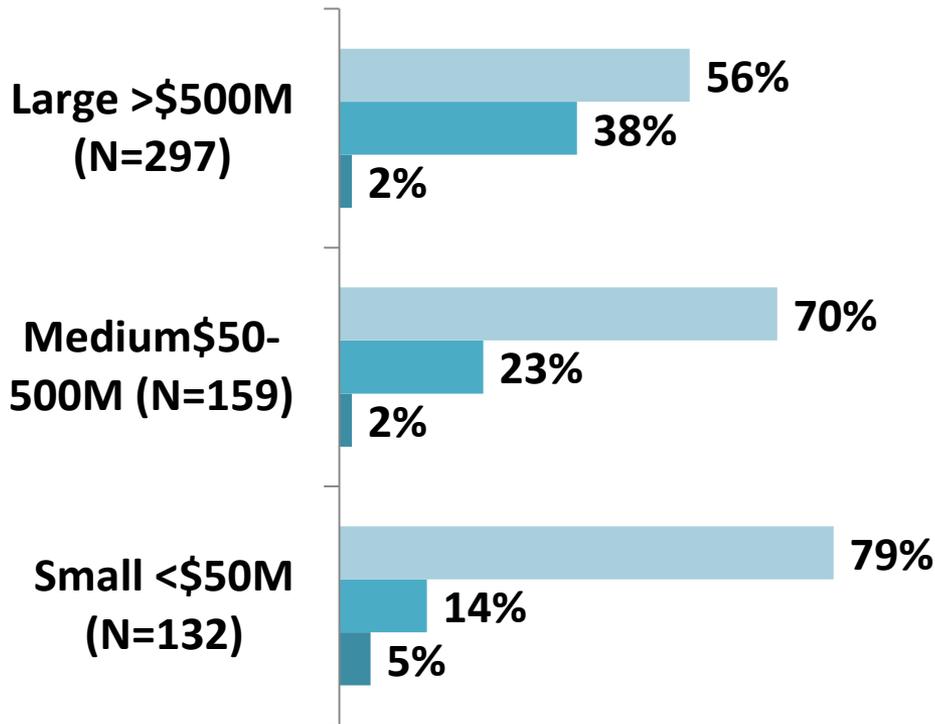
Source: 2012 Remittance Coalition Survey

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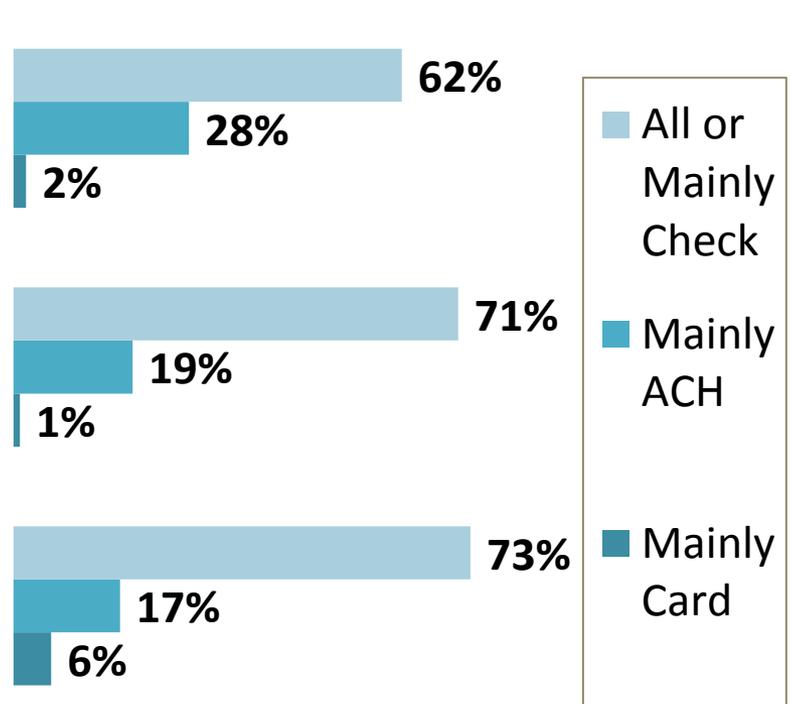
Checks Are Primary Method for All Organization Sizes



Primary Method for Making Payments



Primary Method for Receiving Payments

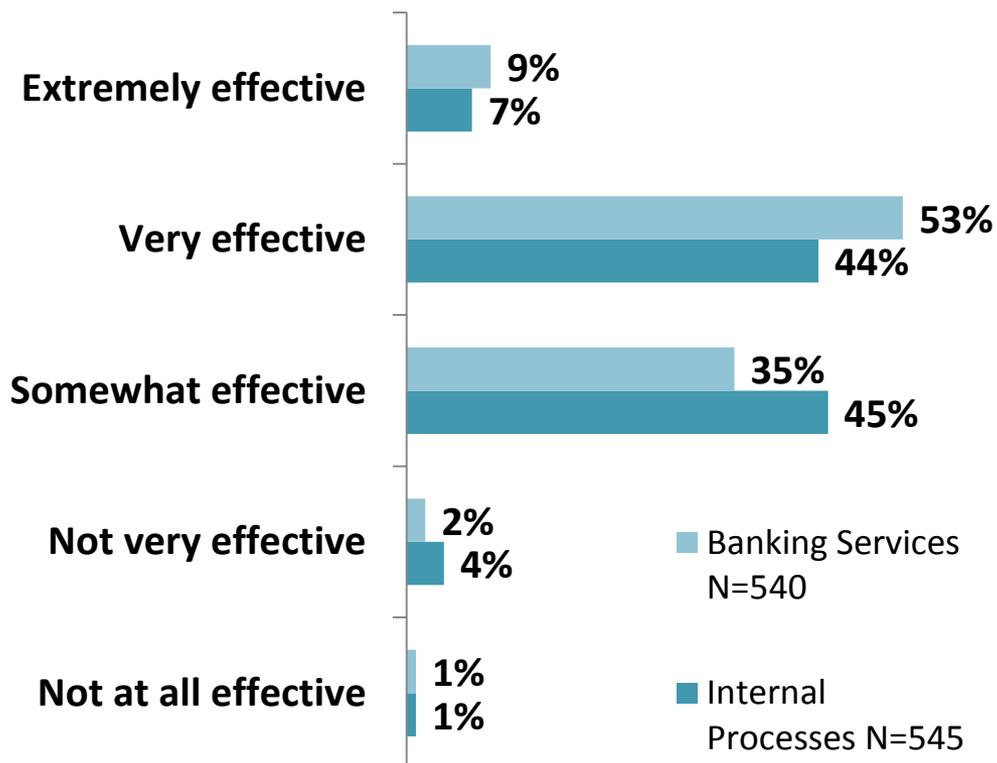


Source: 2012 Remittance Coalition Survey

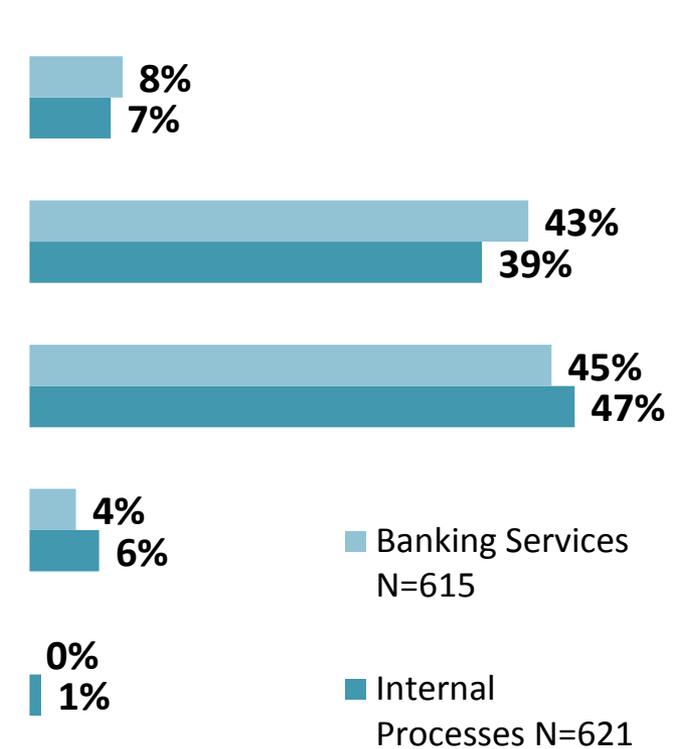
Businesses View Current AP & AR Processes as Effective



Effectiveness of Internal Processes & Banking Services to Meet AP Needs



Effectiveness of Internal Processes & Banking Services to Meet AR Needs



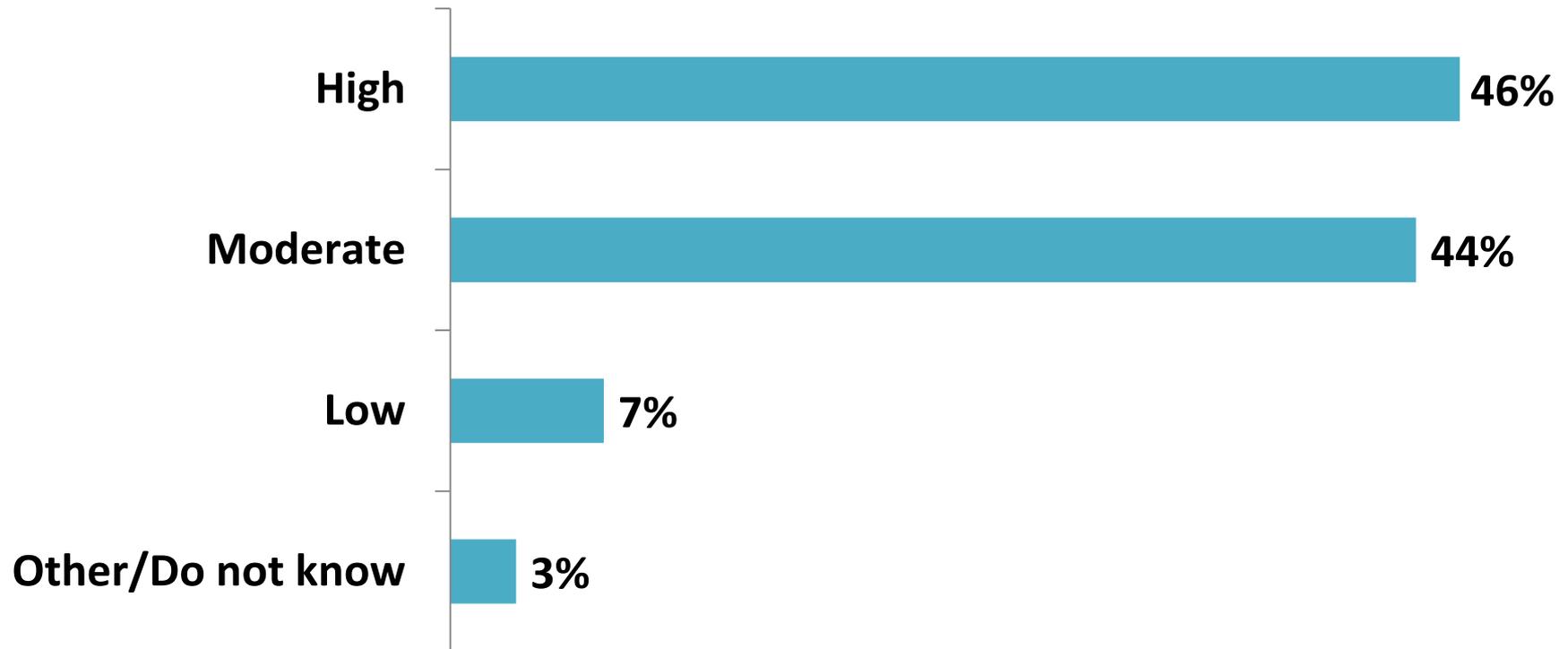
Source: 2012 Remittance Coalition Survey

Businesses Want to Use More E-Payments



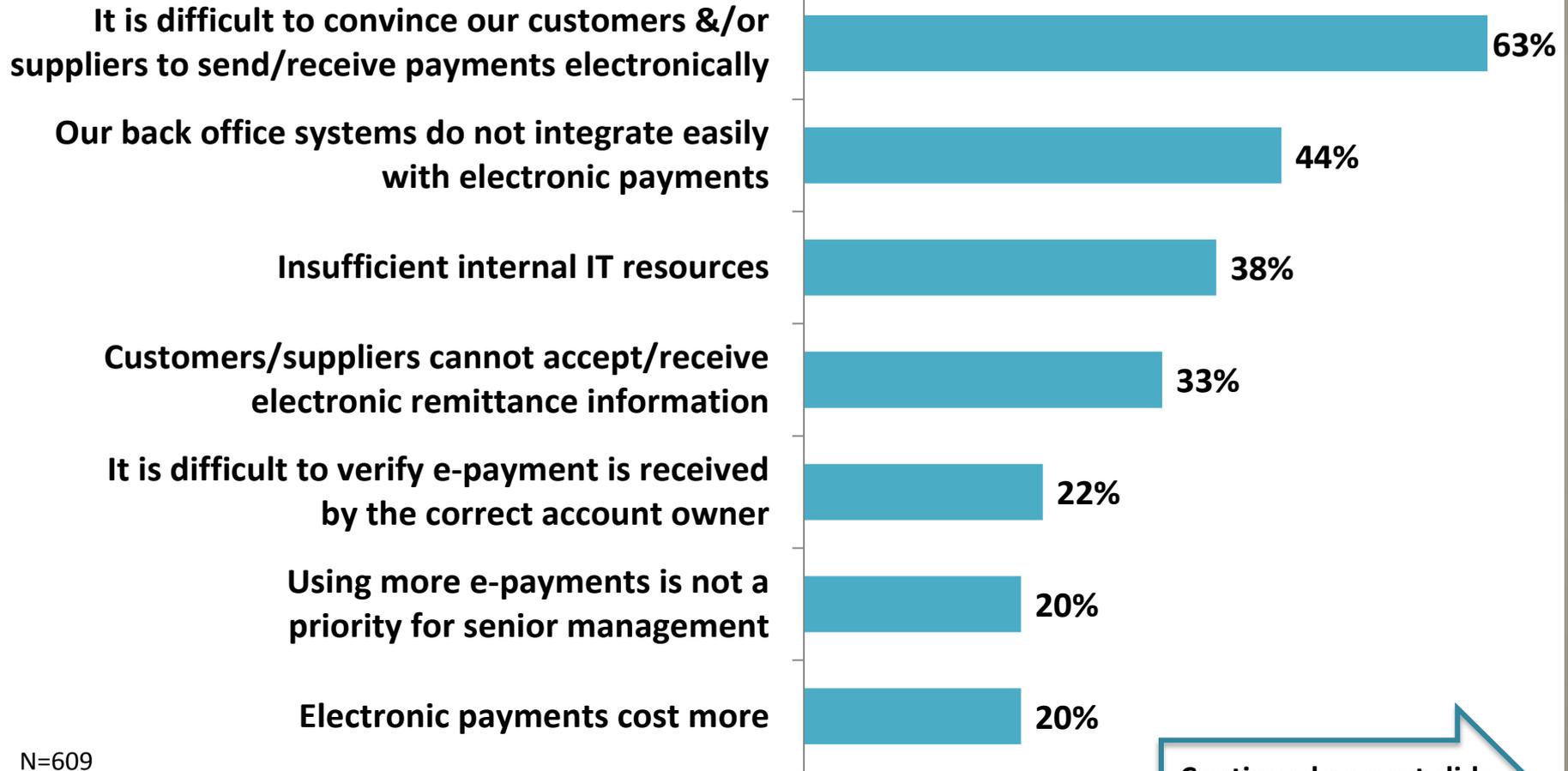
Interest in Making & Receiving More E-Payments

N=635



Source: 2012 Remittance Coalition Survey

Barriers to Increased Use of Electronic Payments

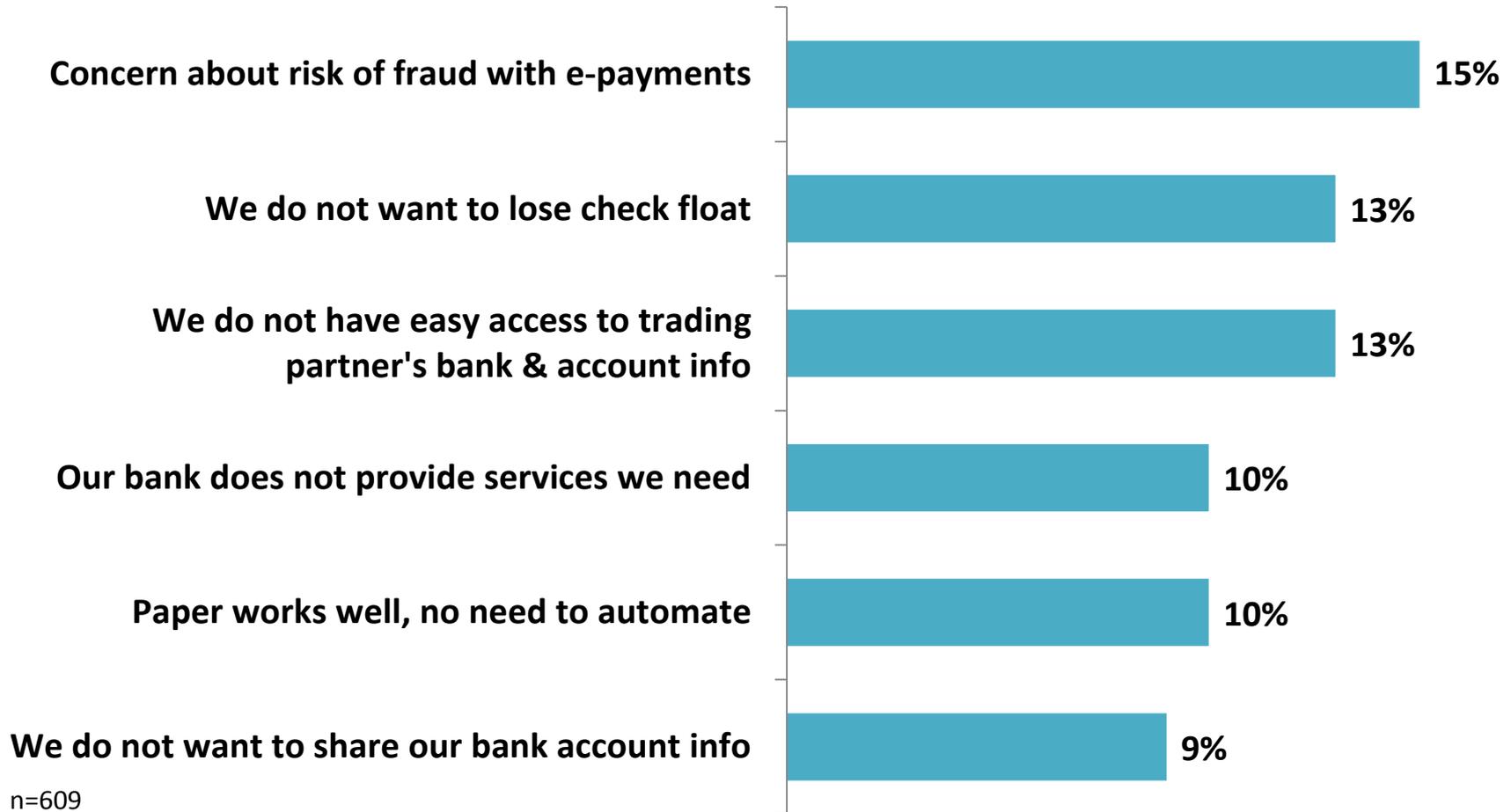


N=609

Source: 2012 Remittance Coalition Survey

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E-Payment Barriers, continued



n=609

Source: 2012 Remittance Coalition Survey

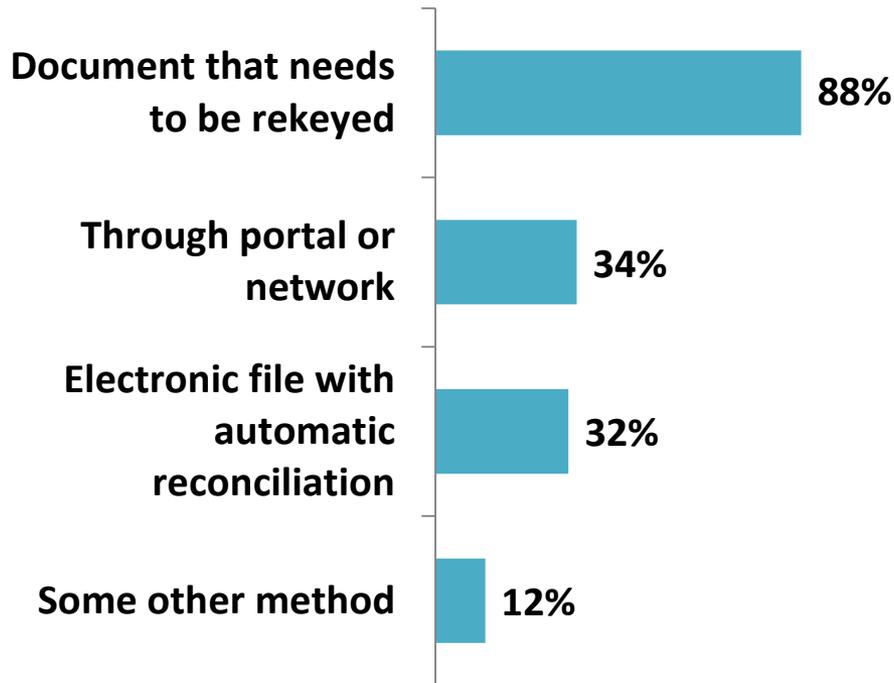
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Businesses Interested in More E-Remittance



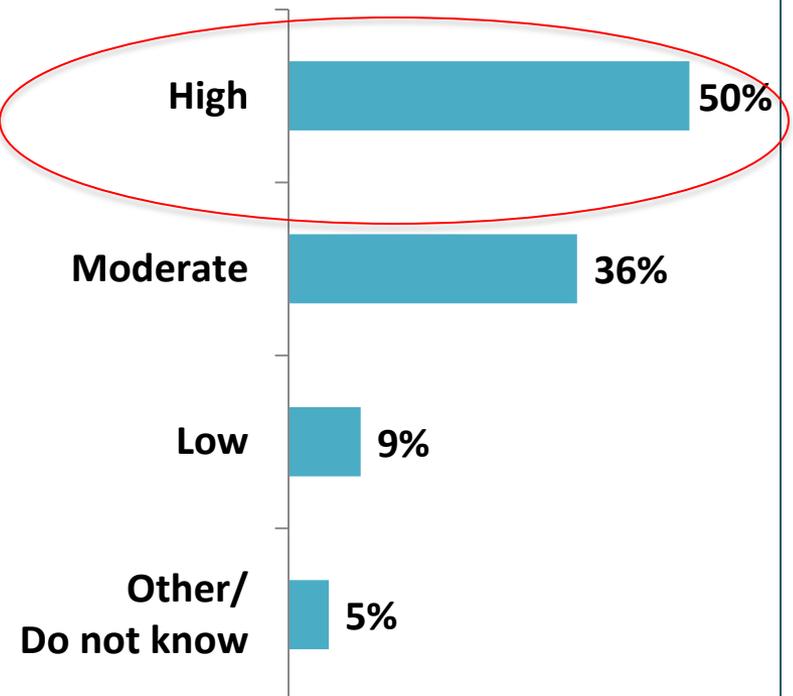
Methods of Receiving Remittance Data Directly from Trading Partner

N=481



Interest in Automating Exchange & Reconciliation of More E-Remittance Data

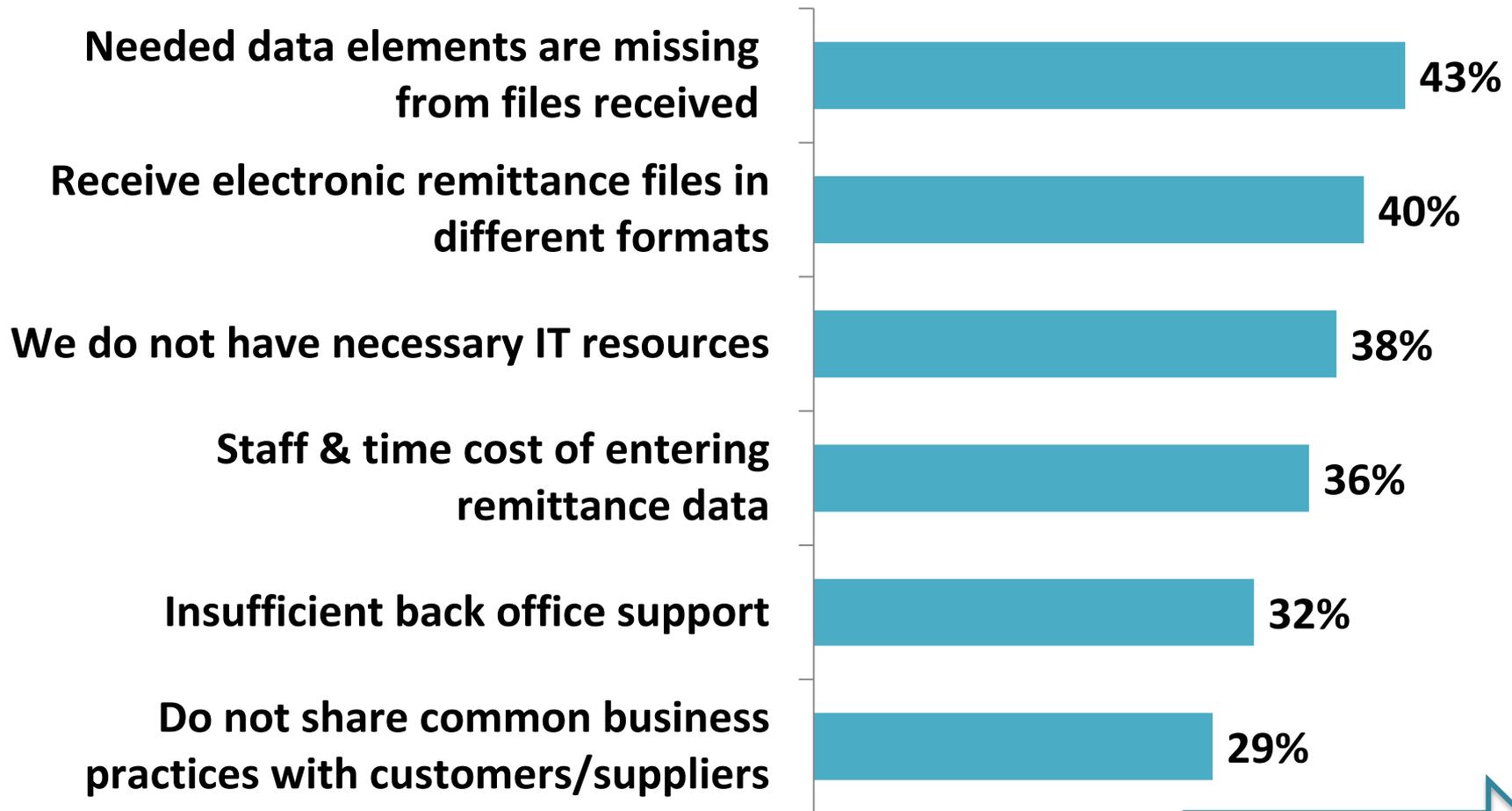
N=646



Source: 2012 Remittance Coalition Survey; Multiple responses permitted



Many Common Pain Points with Remittance Processing

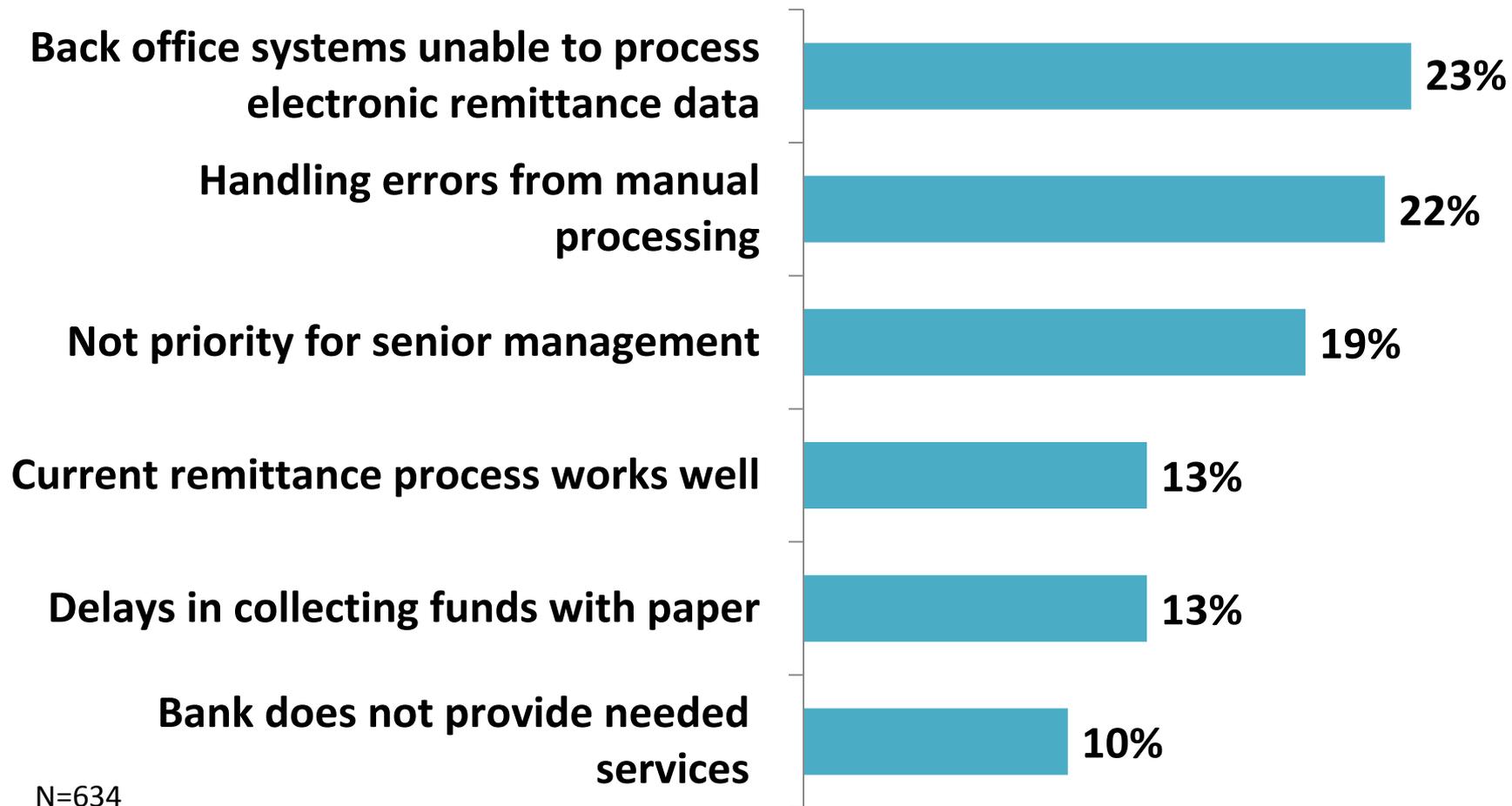


N=634

Source: 2012 Remittance Coalition Survey

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Remittance Pain Points, continued



N=634

Source: 2012 Remittance Coalition Survey

What Respondents Said



“Remitters cannot or will not send quality remittance data in the payment addenda. Separate email forces a completely manual process.”



“Missing data elements & lack of consistency in formatting cause us to post remittances to our customers late & often requires communication back & forth between us & the customer to determine what they are paying.”

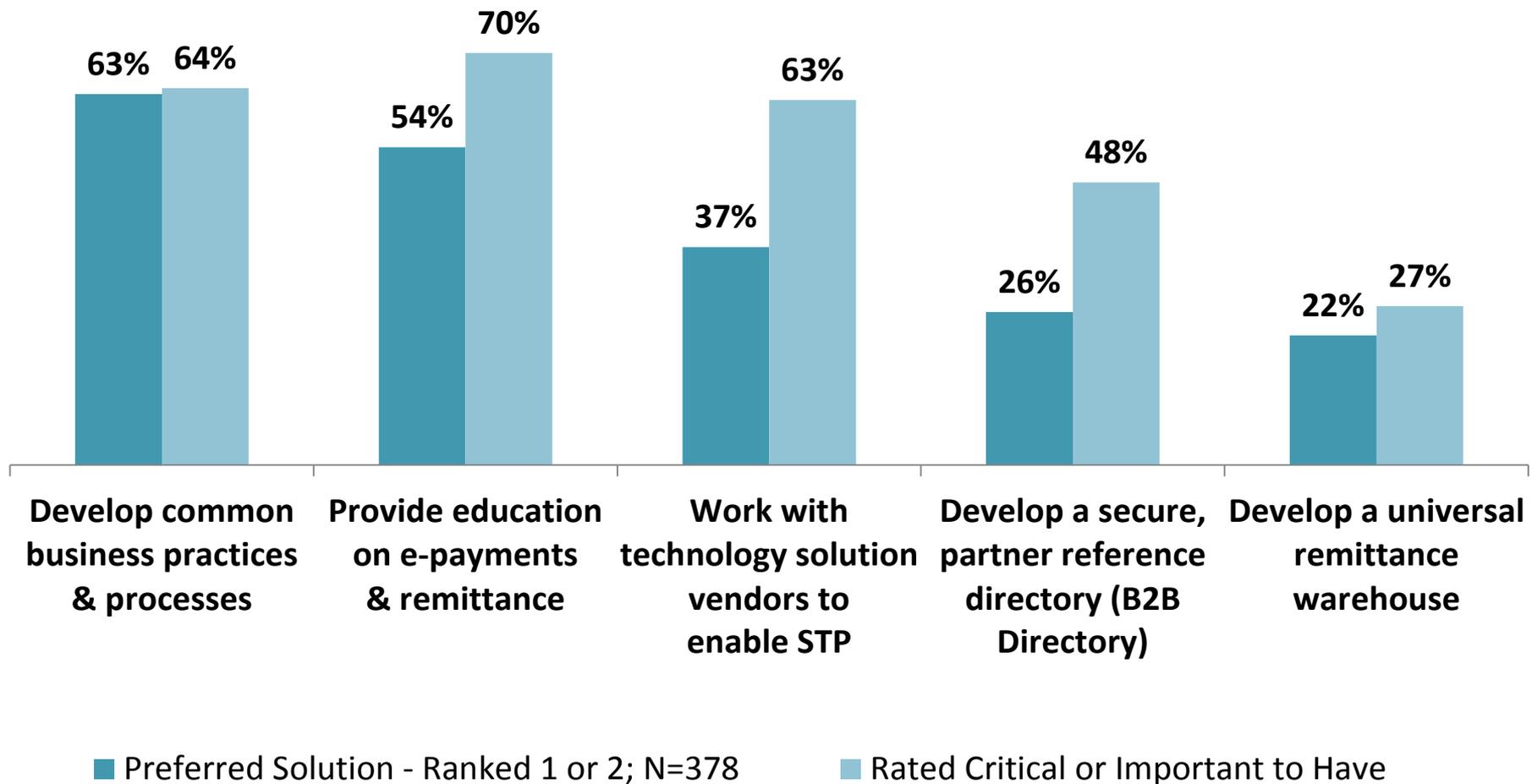


“Multiple formats for remittance information create a reconciliation nightmare – it is not easy to automate.”



“Many of our vendors are small and/or located in remote areas & do not accept or receive electronic remittance information.”

Solutions Business Practitioners Want



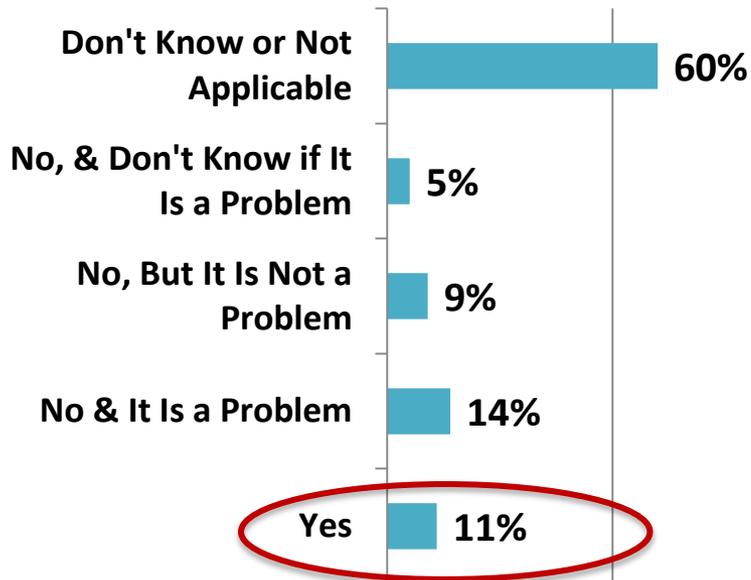
Source: 2012 Remittance Coalition Survey

Lack of Common Business Practices & Processes



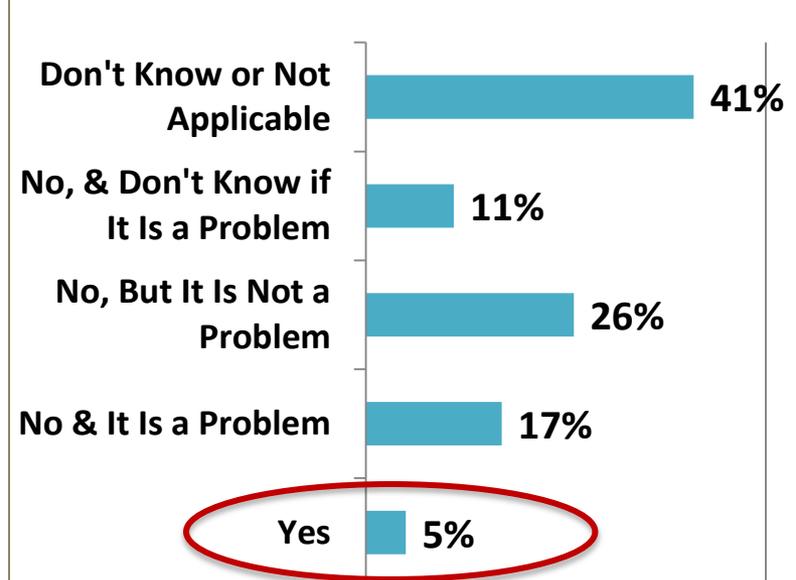
Standard Use of EDI 820/STP 8220 Remittance Format

N=499



Standard Use of Deduction Codes

N=497



- 1 in 10 say customers & suppliers use EDI 820/STP 820 remittance formats in standard way
- Only 1 in 20 say suppliers / customers share same set of codes

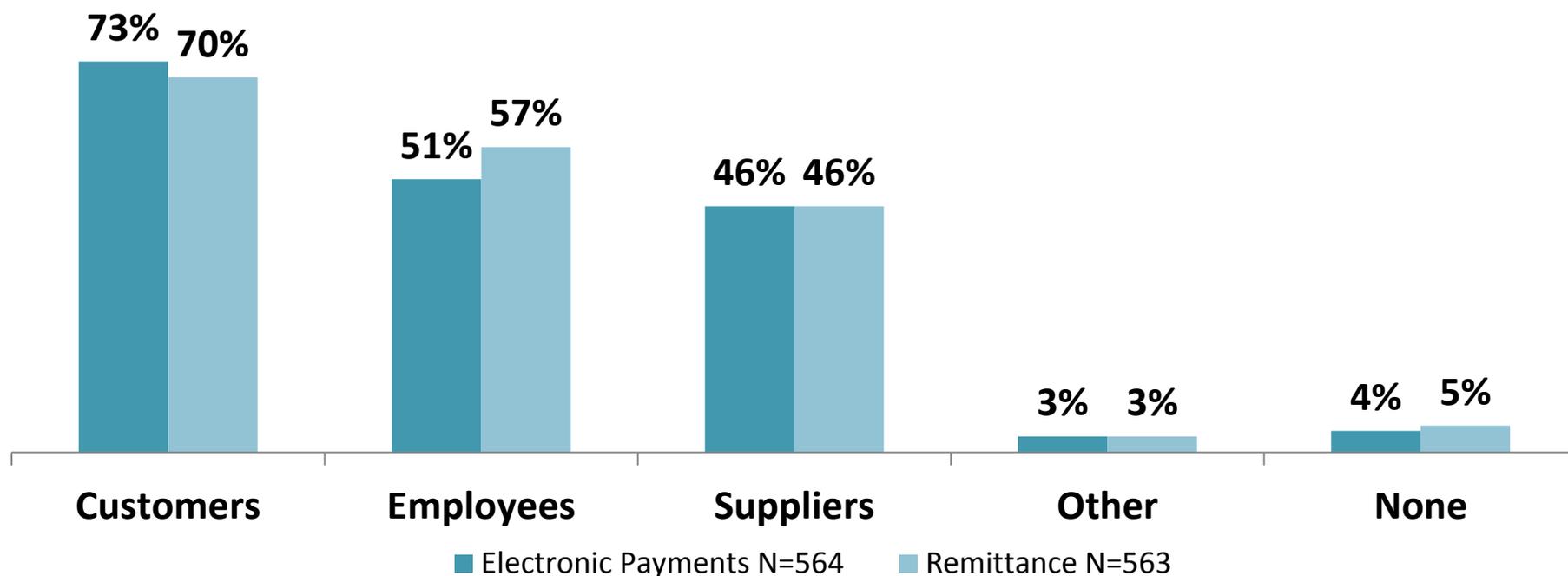
Source: 2012 Remittance Coalition Survey

Customer Education Needed



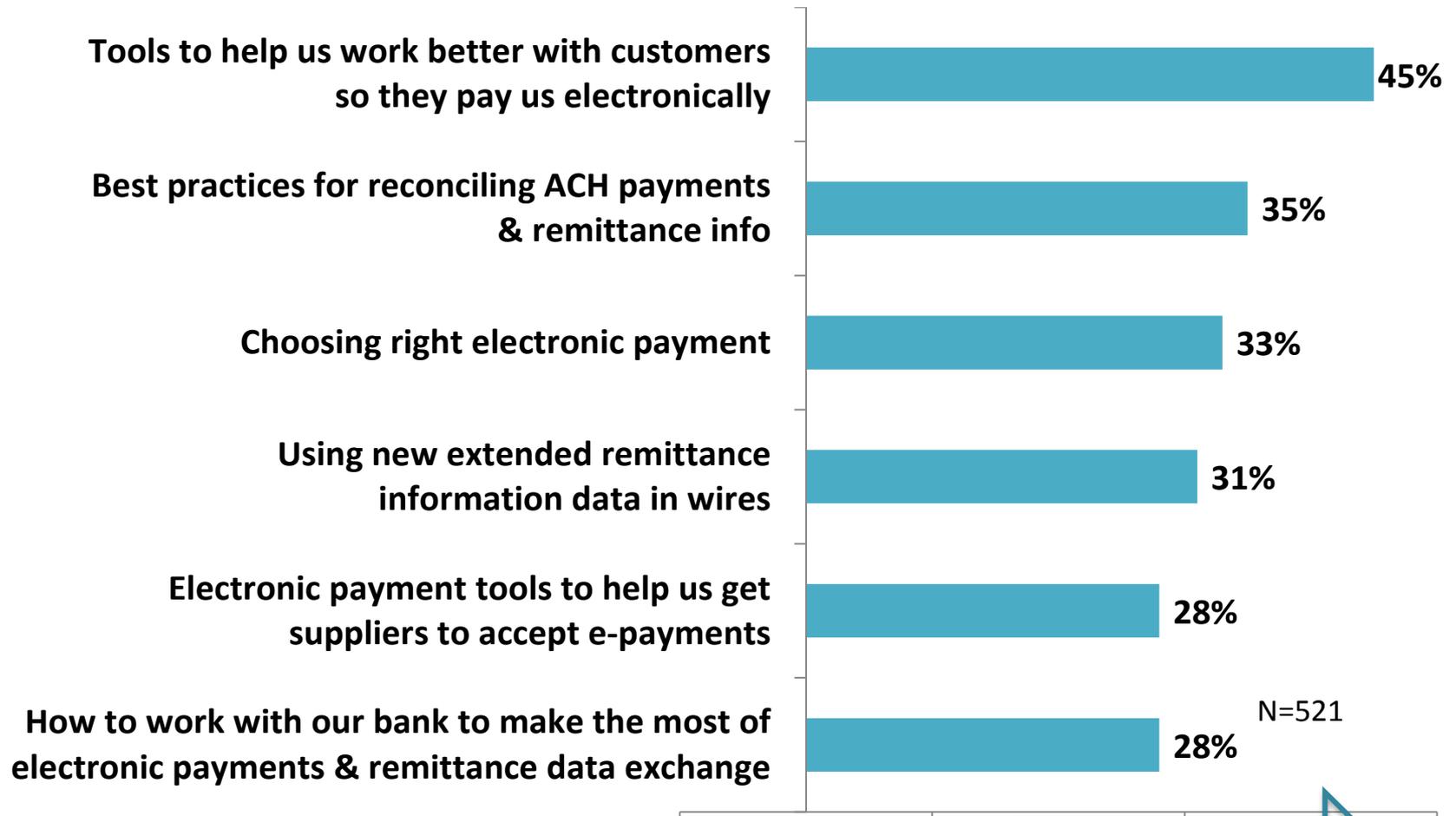
Survey respondents say more education is needed to increase adoption of electronic payments & automated processing of remittance data; greatest need is to educate customers, followed by employees, & then suppliers.

- Regardless of function or industry, respondents consistently felt that customer education is a priority



Source: 2012 Remittance Coalition Survey

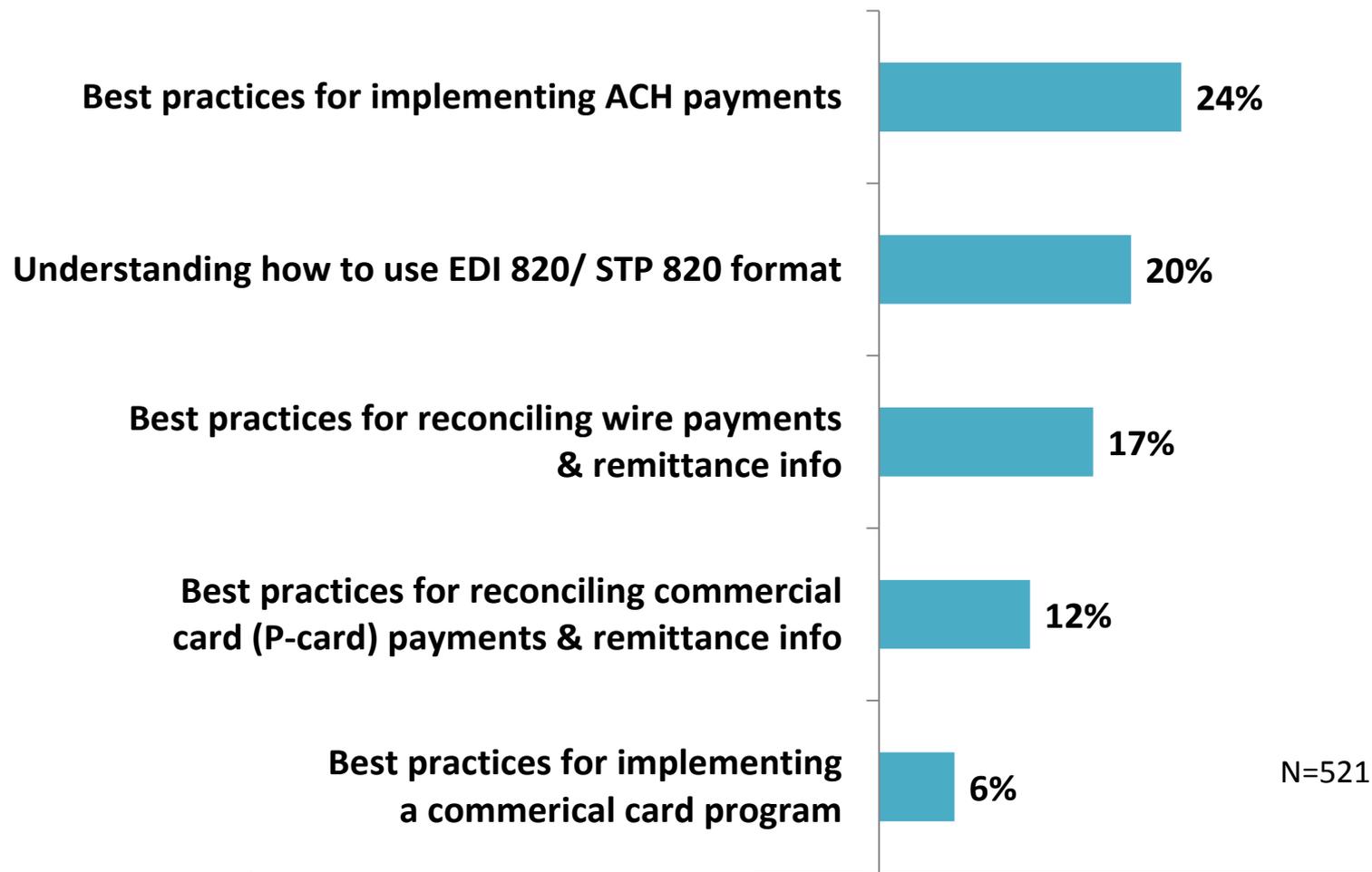
Most Helpful Educational Topics



Source: 2012 Remittance Coalition Survey

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Most Helpful Educational Topics, continued

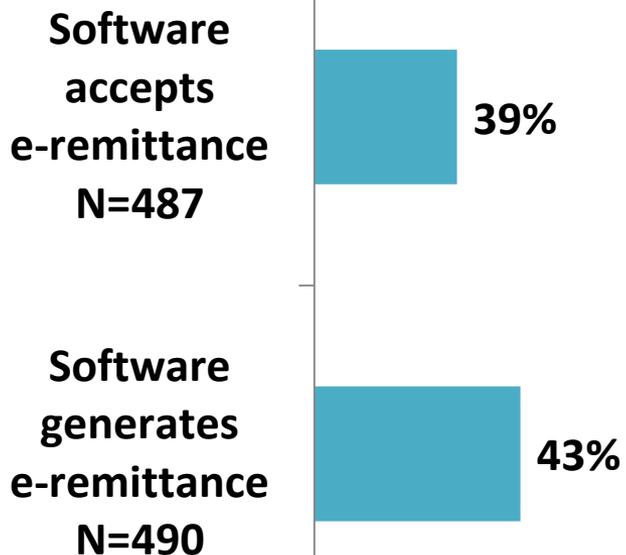


Source: 2012 Remittance Coalition Survey

Current Technology Solutions Do Not Meet Business Needs

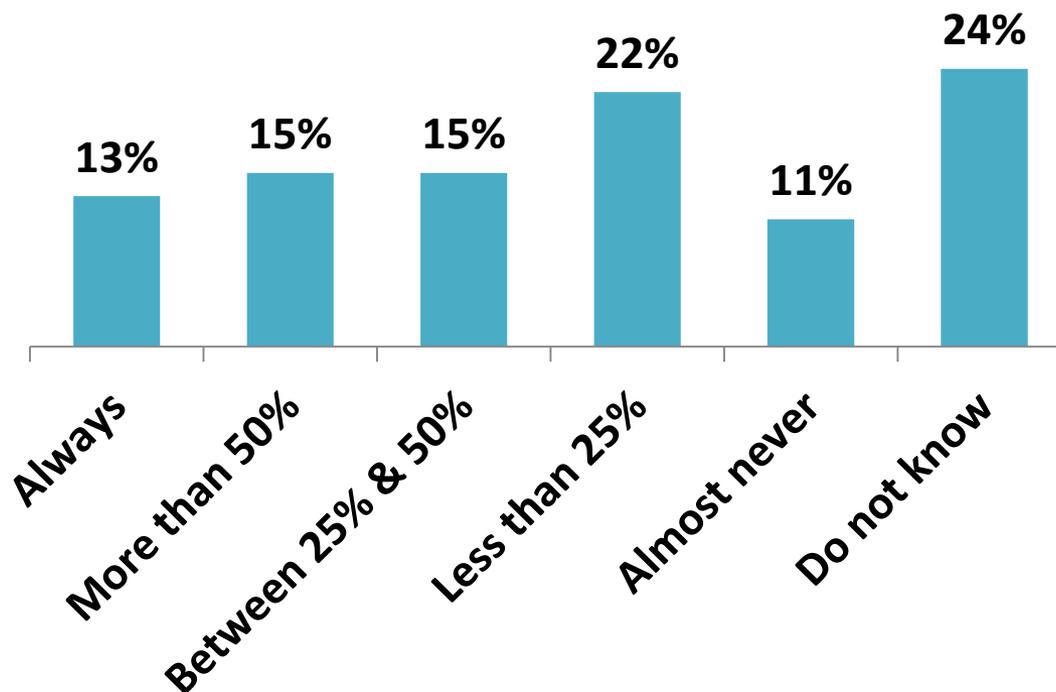


Current Software Capability



How Often Is Manual Intervention Required to Correct E-Remittance Data Received?

N=486

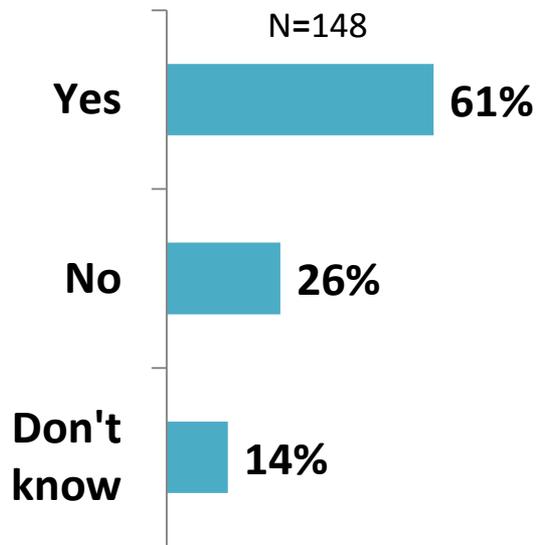


Source: 2012 Remittance Coalition Survey

Technology Solutions Needed



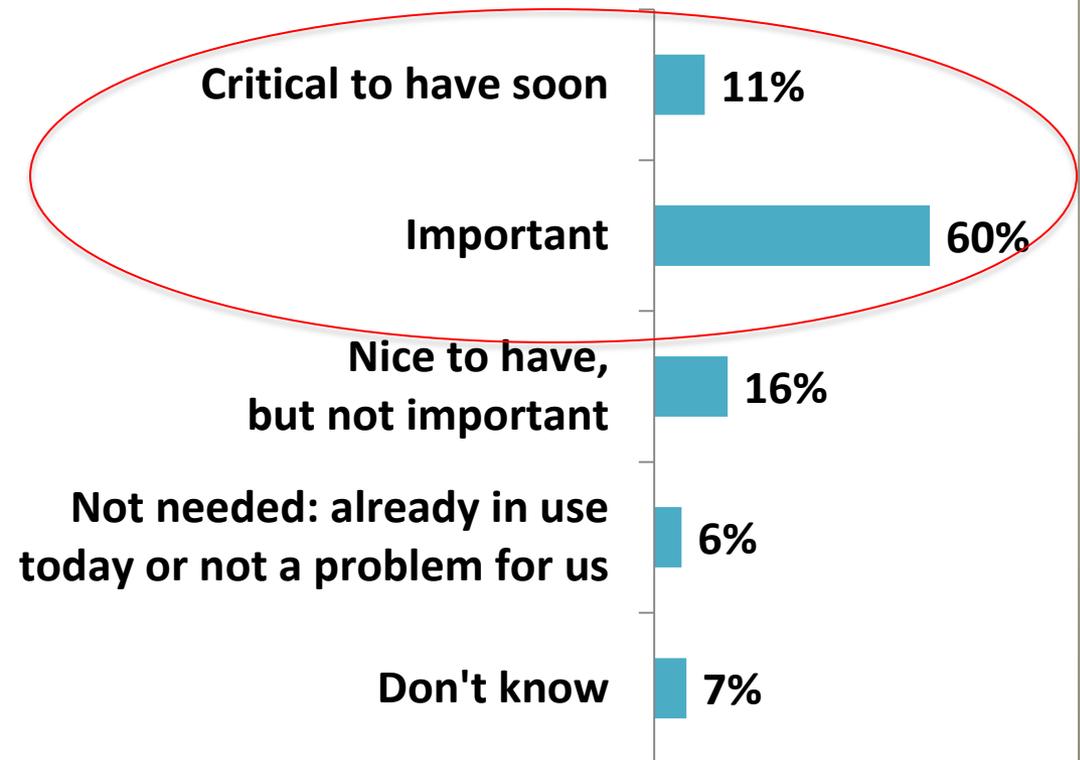
Does Lack of Automated Solutions Make it Harder to Use More E-Payments & E-Remittances?



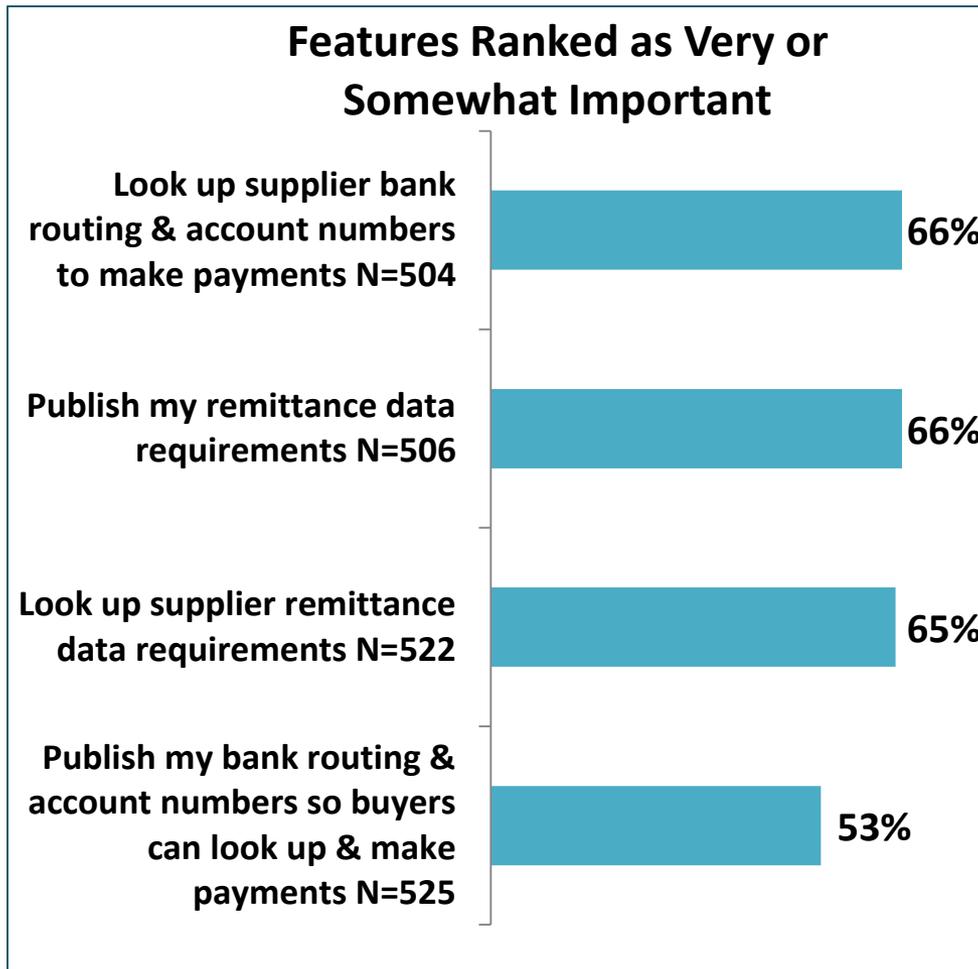
Source: 2012 Remittance Coalition Survey

Importance of Technology to Exchange More E-Payments & E-Remittances

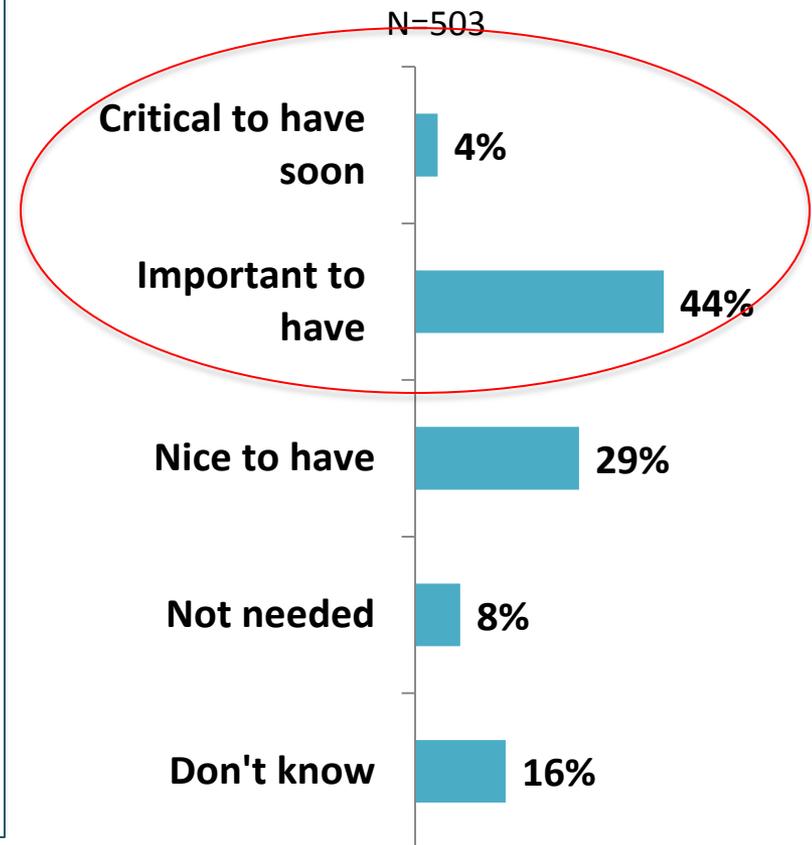
N=485



Secure Trading Partner Reference (B2B) Directory



Importance of a Secure Trading Partner Reference Directory



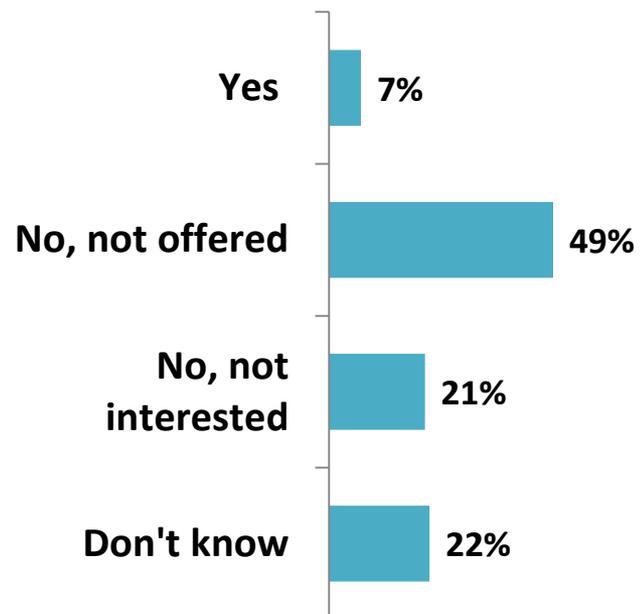
Source: 2012 Remittance Coalition Survey

Current Use & Importance of Remittance Warehouses



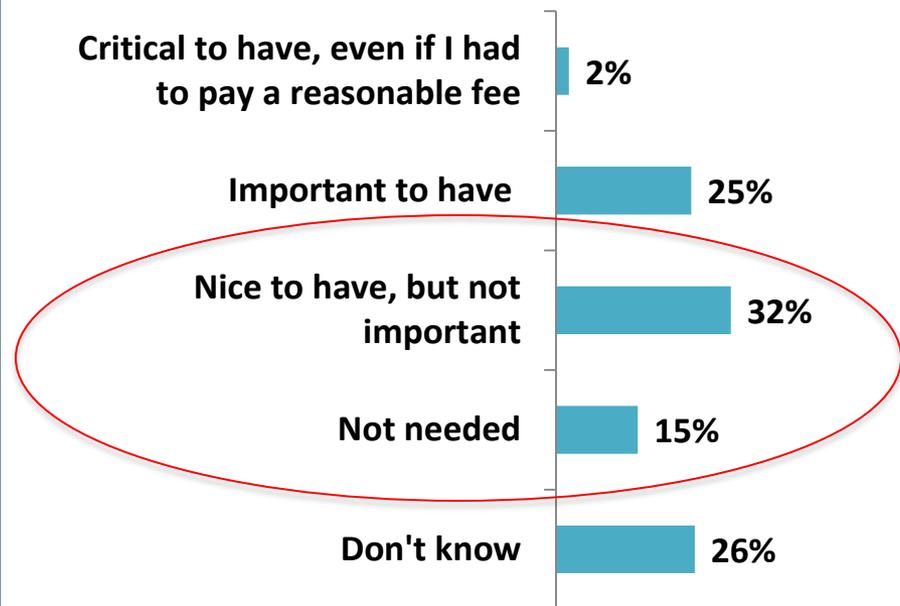
Are You Currently Using a Warehouse?

N=394



How Important is a Universal Remittance Warehouse?

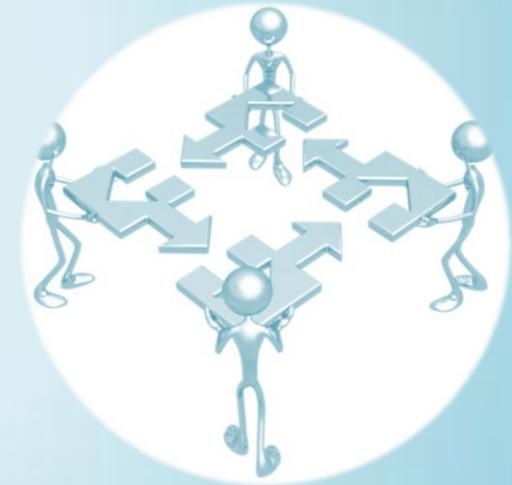
N=498



Source: 2012 Remittance Coalition Survey



4. Current Remittance Coalition Projects



Improving Education & Outreach



- Present at industry conferences & publish articles in industry press to promote Coalition mission, vision & actions
- Share information among Coalition members about member-led initiatives
- Promote adoption of new solutions – e.g., extended remittance information in wire transfers (Fedwire & CHIPS); Balance & Transaction Reporting Standard (report by banks to corporate customers)
- Target education to small businesses & small financial institutions



Working to Improve Technology



- Develop glossary of remittance terms to promote education & common understanding
- Develop inventory of existing e-remittance standards & their uses
- Develop ISO 20022 extended remittance standard in XML for compatibility with ISO 20022 payment messages



Technology Vendor Outreach



Promote adoption of new solutions:

- Wire format change to carry extended remittance information in wire transfers (Fedwire & CHIPS)
- Balance & Transaction Reporting Standard
- Work with vendors (e.g., Intuit) for adoption of current & new remittance formats



Investigating a B2B Directory



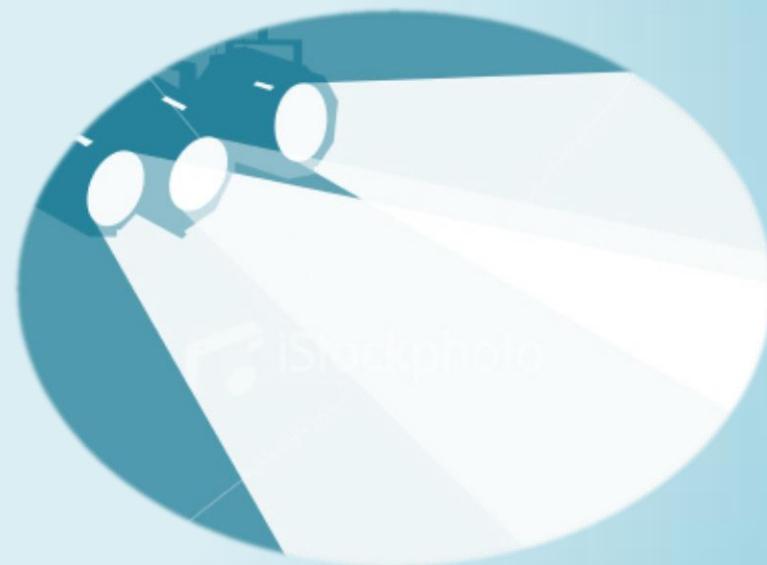
Work group formed to better understand requirements & features of a B2B directory

- Currently gathering ideas for features of B2B directory
- Next step is to develop a document “straw man” model & seek comments on its viability
- Assuming B2B directory is viable, may work with standards organizations and/or banks/vendors to develop a pilot





5. Spotlight on Discount Code Project



Addressing Deduction Code Business Processes



- Over 600 codes defined in X12 standard “426 adjustment reason code”
 - Used in various EDI transactions (e.g., 820 Payment & Remittance Advice, 812 Credit/Debit Adjustment)
 - Used in other remittance exchange (e.g., e-mail remittance)
- Unclear definitions & descriptions lead to:
 - Inconsistent usage across business entities
 - Need to manually process remittance data to ensure compatibility





Case in Point: Advertising Deduction Codes

Multiple codes for similar definitions create confusion, for example:

- At least 6 codes relate to advertising allowance – which one should be used? Are all 6 codes needed?

Current 426 Codes Related to Advertising

| | |
|----|-----------------------------|
| 56 | Advertising Allowance Taken |
| 71 | Advertising Allowance |
| 79 | Cooperative Advertising |
| AV | Advertising Contribution |
| M1 | Advertising Unidentified |
| MA | Marketing Allowance |

Is there a way to consolidate these into one advertising code, thereby simplifying the process?

Remittance Coalition Project



- Work group formed to develop a subset of EDI adjustment codes to meet needs of “most” businesses
- Proposed codes based on existing X12 EDI codes
- Goal is to provide a simpler, standard usage of discount & adjustment codes



Goal: Develop Common Standards



- Identified about 70 codes as essential for deduction processing
 - Developed a “short list” of these codes along with higher level categories for roll up
 - Includes the 12 codes allowed in X12 STP 820
- Mapped to “best fit” codes from 426 code list to minimize need to convert – *426 codes can still be used*
- Codes may be carried in X12 messages or other electronic formats OR may be included in other remittance information exchanges (*e.g., spreadsheet, e-mail*)



Deduction Code Categories



Proposed Categories for "Short List" Codes

Allowance

Billing

Freight

Non-Compliance

Post Audit

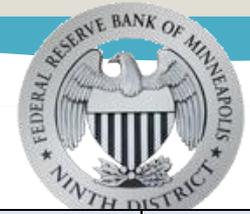
Pricing

Rebates

Returns / Refused

Miscellaneous

Proposed Short List Codes



| Category | Proposed Short List Reasons | Short List Code |
|----------------------------|------------------------------------------------------|-----------------|
| ☐ Allowance | ☐ Advertising Allowance | 71 |
| | ☐ Billback Allowance Deduction | GH |
| | ☐ Competitive Allowance | 77 |
| | ☐ Coupon Related | GB |
| | ☐ Defective Allowance | 82 |
| | ☐ Floor Stock Protection | 95 |
| | ☐ Guarantee Fee | AF |
| | ☐ Margin Contribution | RW |
| | ☐ Mark Down Allowance | RX |
| | ☐ Market Development Fund Deduction | GC |
| | ☐ New Store Allowance | A3 |
| | ☐ Promotional Allowance | A8 |
| | ☐ Slotting Charge | GE |
| | ☐ Testing Charge | C6 |
| | ☐ Truckload Allowance | MJ |
| ☐ Unsalable Merchandise | GG | |
| ☐ Warehouse Allowance | MK | |
| ☐ Billing | ☐ Covered by Credit Memo | CM |
| | ☐ Covered by Debit Memo | E2 |
| | ☐ Credit as Agreed | 81 |
| | ☐ Discount The dollar value of the discount applied | L2 |
| | ☐ Duplicate Billing | 19 |
| | ☐ Duplicate Payment | 86 |
| | ☐ Early Payment Allowance | 90 |
| | ☐ Evaluated Receipt Settlement (ERS) Delivery Charge | 83 |
| | ☐ Invoice Amount Does Not Match Account Analysis | IA |
| | ☐ Payment | PT |
| ☐ Total Order Not Received | 75 | |
| ☐ Freight | ☐ Pickup Allowance | MB |
| | ☐ Shipping and Freight Charge | SF |
| ☐ Miscellaneous | ☐ Miscellaneous Deductions | L7 |

| Category | Proposed Short List Reasons | Short List Code |
|-----------------------------------------------------------|---------------------------------------------------------|-----------------|
| ☐ Non Compliance | ☐ Advanced Ship Notice Not Received | 70 |
| | ☐ Bill of Lading Does Not Match 856 Advance Ship Notice | O1 |
| | ☐ Handling Charge | 97 |
| | ☐ Hanger Charge | BI |
| | ☐ Incorrect Product | 07 |
| | ☐ Item not received | 59 |
| | ☐ Label Placement | RV |
| | ☐ Late Shipment of Goods | 99 |
| | ☐ Logistics Label - Incorrect Label Format | FY |
| | ☐ Logistics Label - Label Does Not Scan | GP |
| | ☐ Not Shipped on Date Authorized | S3 |
| | ☐ Overage | A5 |
| | ☐ Packing - Problem with Pack List | GX |
| | ☐ Packing Violations | A6 |
| | ☐ Pallet/Container Charge Error | 10 |
| | ☐ Paper Bill of Lading Non Standard VICS Format | KE |
| | ☐ Purchase Order Number Incorrect on Invoice | MG |
| | ☐ Quantity Contested | 06 |
| | ☐ Receiving Discrepancy | RD |
| | ☐ Required Documents Missing | 44 |
| ☐ Routing Violation | B8 | |
| ☐ Ship Notice - Carton Content does not Match Ship Notice | EU | |
| ☐ Ship Notice - Received Late | F2 | |
| ☐ Ticketing Error | C8 | |
| ☐ Transportation Issue | TI | |
| ☐ Post Audit | ☐ Audit An itemized charge has been adjusted to | L1 |
| ☐ Pricing | ☐ Contract Price Error | Q6 |
| | ☐ Extension Error | 03 |
| | ☐ Invoice Price Protection | E5 |
| | ☐ Pricing Error | 01 |
| | ☐ Volume Discount | D5 |
| ☐ Rebates | ☐ Rebate | B2 |
| ☐ Returns/Refused | ☐ Difference On Returns | RG |
| | ☐ Freight Inbound Return Merchandise | K8 |
| | ☐ Freight Outbound Return Merchandise | K9 |
| | ☐ Item Not Accepted - Damaged | 04 |
| | ☐ Item Not Accepted - Quality | 05 |
| | ☐ Return Merchandise Charge | K4 |
| | ☐ Returned Material | RM |
| | ☐ Returns - Damage | 11 |
| | ☐ Returns - Promotion | 14 |
| | ☐ Returns - Quality | 12 |
| | ☐ Returns - Recall | 15 |
| | ☐ Stock Balance | C4 |

Mapping from Short List Codes to 426 Adjustment Codes



| Category | Proposed Short List Reasons | Short List Code | DEFINITION & EXPLANATION | CODE |
|--------------------------|--------------------------------|-----------------|--------------------------------------------------|------|
| ☑ Allowance | ☑ Advertising Allowance | ☑ 71 | ☑ Advertising - Unidentified | M1 |
| | | | ☑ Advertising Allowance | 71 |
| | | | ☑ Advertising Allowance Taken | 56 |
| | | | ☑ Advertising Contribution | AV |
| | | | ☑ Cooperative Advertising | 79 |
| | ☑ Billback Allowance Deduction | ☑ GH | ☑ Marketing Allowance | MA |
| | | | ☑ Billback Allowance Deduction | GH |
| | | | ☑ Manufacturer to Distributor Billback Allowance | QF |
| | ☑ Competitive Allowance | ☑ 77 | ☑ Manufacturer to Retail Bill-Back Allowance | MR |
| | | | ☑ Allowance Error | Q2 |
| ☑ Allowance/Charge Error | | | 2 | |
| | | | ☑ Competitive Allowance | 77 |

Mapping from 426 Adjustment Codes to Short List Codes



| CODE | DEFINITION & EXPLANATION | Short List Code | Proposed Short List Reasons |
|------|--------------------------------|-----------------|--------------------------------------|
| 1 | Pricing Error | 1 | Pricing Error |
| 2 | Allowance/Charge Error | 77 | Competitive Allowance |
| 3 | Extension Error | 3 | Extension Error |
| 4 | Item Not Accepted - Damaged | 4 | Item Not Accepted - Damaged |
| 5 | Item Not Accepted - Quality | 5 | Item Not Accepted - Quality |
| 6 | Quantity Contested | 6 | Quantity Contested |
| 7 | Incorrect Product | 7 | Incorrect Product |
| 8 | Substitute Product | 7 | Incorrect Product |
| 9 | Terms of Sale Error | L2 | Discount The dollar value of the dis |
| 10 | Pallet/Container Charge Error | 10 | Pallet/Container Charge Error |
| 11 | Returns - Damage | 11 | Returns - Damage |
| 12 | Returns - Quality | 12 | Returns - Quality |
| 13 | Returns - Dating | RM | Returned Material |
| 14 | Returns - Promotion | 14 | Returns - Promotion |
| 15 | Returns - Recall | 15 | Returns - Recall |
| 16 | Non-Invoice Related Allowance/ | 77 | Competitive Allowance |

EDI Compatibility Issue



- Identified potential issue with older EDI versions
 - Short List Codes were developed using 426 codes available in EDI Version 6040
 - Many companies are using older EDI versions, where certain current adjustment codes are not available
 - Challenge was to use most current adjustment code information while ensuring compatibility with older EDI versions
- Created cross-reference table mapping Short List Codes across multiple EDI versions



EDI Discrepancies with Short List Codes



| | 006040 | 005040 | 005020 | 005010 | 004050 | 004050 | 004030 | 004020 | 004010 |
|-----------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Pricing Error | 01 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Extension Error | 03 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Item Not Accepted - Damaged | 04 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Item Not Accepted - Quality | 05 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Quantity Contested | 06 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Incorrect Product | 07 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Returns - Damage | 11 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Returns - Quality | 12 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Duplicate Billing | 19 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Required Documents Missing | 44 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Item not received | 59 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Item Tickets - Color-Coding for Size Missing or Incorrect | ES | ✓ | ✓ | x | x | x | x | x | x |
| Ship Notice - Carton Content does not Match Ship Notice | EU | ✓ | ✓ | x | x | x | x | x | x |
| Ship Notice - Received Late | F2 | ✓ | ✓ | x | x | x | x | x | x |
| Logistics Label - Incorrect Label Format | FY | ✓ | ✓ | x | x | x | x | x | x |
| Coupon Related | GB | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Unsalable Merchandise | GG | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Billback Allowance Deduction | GH | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Logistics Label - Label Does Not Scan | GP | ✓ | ✓ | x | x | x | x | x | x |
| Packing - Problem with Pack List | GX | ✓ | ✓ | x | x | x | x | x | x |
| Invoice Amount Does Not Match Account Analysis Statement | IA | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Return Merchandise Charge | K4 | ✓ | x | x | x | x | x | x | x |
| Freight Inbound Return Merchandise | K8 | ✓ | x | x | x | x | x | x | x |
| Freight Outbound Return Merchandise | K9 | ✓ | x | x | x | x | x | x | x |
| Paper Bill of Lading Non Standard VICS Format | KE | ✓ | x | x | x | x | x | x | x |
| Audit | L1 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Cross-Reference Mapping across EDI Versions



| If your EDI version is ... map the short list codes to the following code | | | | | | | | | | |
|---------------------------------------------------------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|----|
| Proposed Codes | 006040 | 005040 | 005020 | 005010 | 004050 | 004050 | 004030 | 004020 | 004010 | |
| Pricing Error | 01 | 01 | 01 | 01 | 01 | 01 | 01 | 01 | 01 | 01 |
| Extension Error | 03 | 03 | 03 | 03 | 03 | 03 | 03 | 03 | 03 | 03 |
| Item Not Accepted - Damaged | 04 | 04 | 04 | 04 | 04 | 04 | 04 | 04 | 04 | 04 |
| Item Not Accepted - Quality | 05 | 05 | 05 | 05 | 05 | 05 | 05 | 05 | 05 | 05 |
| Quantity Contested | 06 | 06 | 06 | 06 | 06 | 06 | 06 | 06 | 06 | 06 |
| Incorrect Product | 07 | 07 | 07 | 07 | 07 | 07 | 07 | 07 | 07 | 07 |
| Pallet/Container Charge Error | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Returns - Damage | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Returns - Quality | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Returns - Promotion | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Returns - Recall | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Duplicate Billing | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Required Documents Missing | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 |
| Item not received | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 |
| Advanced Ship Notice Not Received | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| Advertising Allowance | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 |
| Total Order Not Received | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 |
| Competitive Allowance | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| Credit as Agreed | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 | 81 |
| Defective Allowance | 82 | 82 | 82 | 82 | 82 | 82 | 82 | 82 | 82 | 82 |

Cross-Reference Mapping across EDI Versions, continued



| If your EDI version is ... map the short list codes to the following code | | | | | | | | | |
|---------------------------------------------------------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|
| Proposed Codes | 006040 | 005040 | 005020 | 005010 | 004050 | 004050 | 004030 | 004020 | 004010 |
| Ship Notice - Carton Content does not Match Ship Notice | EU | EU | EU | EU | RD | RD | RD | RD | RD |
| Ship Notice - Received Late | F2 | F2 | F2 | F2 | 44 | 44 | 44 | 44 | 44 |
| Logistics Label - Incorrect Label Format | FY | FY | FY | FY | A6 | A6 | A6 | A6 | A6 |
| Coupon Related | GB | GB |
| Slotting Charge | GE | GE |
| Logistics Label - Label Does Not Scan | GP | GP | GP | GP | A6 | A6 | A6 | A6 | A6 |
| Packing - Problem with Pack List | GX | GX | GX | GX | A6 | A6 | A6 | A6 | A6 |
| Return Merchandise Charge | K4 | K4 | K4 | 97 | 97 | 97 | 97 | 97 | 97 |
| Freight Inbound Return Merchandise | K8 | K8 | K8 | SF | SF | SF | SF | SF | SF |
| Freight Outbound Return Merchandise | K9 | K9 | K9 | SF | SF | SF | SF | SF | SF |
| Paper Bill of Lading Non Standard VICS Format | KE | KE | KE | 44 | 44 | 44 | 44 | 44 | 44 |
| Audit ... | L1 | L1 |
| Discount ... | L2 | L2 |
| Miscellaneous Deductions ... | L7 | L7 |
| Pickup Allowance | MB | MB | SF |
| Purchase Order Number Incorrect on Invoice | MG | MG | L7 |
| Truckload Allowance | MJ | MJ | SF |
| Warehouse Allowance | MK | MK | A8 |
| Bill of Lading Does Not Match 856 Advance Ship Notice (ASN) | O1 | O1 | O1 | O1 | 44 | 44 | 44 | 44 | 44 |
| Payment | PT | PT |
| Contract Price Error | Q6 | Q6 | 01 | 01 | 01 | 01 | 01 | 01 | 01 |
| Receiving Discrepancy | RD | RD |

Discount Code Project: Next Steps



- Finalize list; then **X12**, the ANSI accredited standards organization for electronic data interchange (EDI), & **X9**, the ANSI accredited standards organization for the financial services industry, plan to collaborate & jointly publish a guide to using the streamlined subset of deduction codes

- Work with software vendors to enhance software to support streamlined list

The screenshot shows a web-based form titled "Customer Ledger Inquiry - Deduction Entry". The form contains several input fields for data entry:

| | |
|-----------------------|--------------------------------------------------------|
| Customer Number | <input type="text" value="3333"/> |
| Document Number | <input type="text" value="1025"/> |
| Document Type | <input type="text" value="RI"/> |
| Document Pay Item | <input type="text" value="001"/> |
| Document Company | <input type="text" value="00001"/> |
| Deduction Reason Code | <input type="text" value="DA"/> <i>Disputed Amount</i> |
| Deduction Amount | <input type="text" value="2500.00"/> |
| Invoice Open Amount | <input type="text" value="2500.00"/> |
| Deduction Opened Date | <input type="text" value="06/30/2005"/> |
| Currency | <input type="text" value="USD"/> |

- Provide education & training so that practitioners can learn about the list & use it in their remittance exchanges



6. Conclusions



Conclusions from RC Survey



1. Businesses mainly rely on checks to make & receive B2B payments
2. Businesses use manual, paper intensive processes to reconcile related remittance data
3. Common barriers to adopting more e-payments & e-remittance solutions:
 - Trading partners are unwilling or unable to accept e-payments
 - Lack of effective software solutions & IT resources
 - Lack of standard practices

Conclusions, continued



4. Businesses want to use more e-payments & e-remittance methods
5. Top-ranked solutions to solve this conundrum:
 - Develop & promote use of common business practices
 - Educate customers, employees & suppliers about e-payment & e-remittance options

How RC Members Stay in Touch



- Participate in work groups
- View progress on Federal Reserve Bank of Minneapolis website:



<http://www.minneapolisfed.org/about/whatwedo/paymentsinformation.cfm>

- Regular telephone conference calls
- Occasional in-person meetings held at conferences
- LinkedIn group
- Email



Join the Remittance Coalition!



To join the Remittance Coalition, send an email to:

Deb.Hjortland@mpls.frb.org

You will receive a new member welcoming packet by email, with information on how to get involved in RC work



Discussion



Please submit your questions & comments

Contact Information

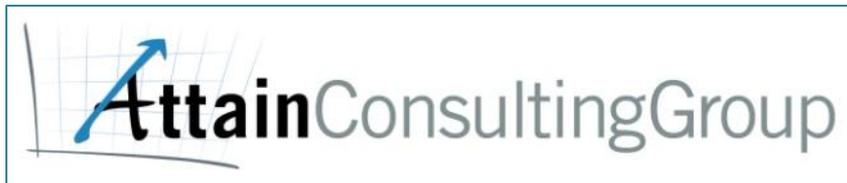


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