

# **Remittance Coalition Conference Call**

## **September 6, 2012**

### **Meeting Summary**

Claudia Swendseid opened the call, welcomed new members, and reviewed the agenda.

#### **Update on Remittance Coalition and Education & Outreach Activities**

Claudia began by noting that a key component of the Remittance Coalition efforts is to educate payment stakeholders about how to achieve efficiency in payments and remittance processing. She invited Remittance Coalition members to share information about educational opportunities that may further the goals of the Coalition and to let her know of any interest in participating on the speaker's circuit to educate others about efforts relevant to the Coalition.

Claudia Swendseid listed upcoming presentations on Remittance Coalition topics:

- Association of Small Business Development Centers (ASBDC) annual conference in September
- Association of Financial Professionals (AFP) annual conference in October
- CRF conference in October
- IFO webinar in November
- VCF (formerly called Vendor Compliance Federation) in November

Proposals are underway to speak in 2013 at the NACHA Payments Conference, the IFO Fusion conference, and the annual conference of the National Association of Purchasing Card Professionals (NAPCP).

#### **Educating Small Businesses about Electronic Payments & Remittance**

Mary Hughes (Payments Information & Outreach Office at the Minneapolis Federal Reserve Bank) discussed the work of the Coalition to educate small businesses about electronic payments and remittance exchange. She said that efforts focus on the ASBDC and the Independent Community Bankers Association (ICBA). The ASBDC is an association of counselors from small business developer centers funded by the Small Business Administration and located at colleges and extension offices throughout the U.S. Counseling services are provided to approximately 1 million small businesses on a range of topics. Claudia and Lyle Wallis will be speaking at their September conference on electronic payments and remittance options, best practices for reconciling payments and remittance, and the results of the Remittance Coalition Survey. They will also seek feedback on ASBDC interest in a "Payments 101" webinar.

Two handouts have been prepared for the ASBDC conference. One explains alternative payment methods and features and the other explains ACH payments and remittance information solutions. Although financial institutions have an obligation to provide payment related information carried in an ACH payment to their corporate customers, corporations may not know to ask for this information or be aware of the alternatives formats in which it can be provided. Mary said that she has shared the latter handout with selected Coalition members to solicit feedback, and has received many positive comments about its usefulness. It will be made available to Remittance Coalition members.

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The ICBA is engaged in Coalition efforts because of community bank's strong ties to small businesses. As part of ongoing FRB Minneapolis dialogue with the ICBA, Claudia will lead discussion with ICBA Payment Advisory Group members on how community banks can assist small businesses in making electronic payments and exchanging remittance information.

**STP Adoption**

Sharon Jablon (The Clearing House) reviewed the background and uses of the "Straight through Processing" 820 message (STP 820). This message was developed in 2005 in response to complaints that the X12 820 electronic data interchange (EDI) message was too big. The Clearing House (TCH) researched the most commonly needed remittance data elements and came up with 10 data elements and 12 adjustment reason codes. TCH spearheaded the adoption of the STP 820 by X12 and NACHA. Sharon showed sample implementations of the STP 820 in vendor ACH origination software (FundTech, S1, and ACI) and provided an example of a NACHA transaction carrying an STP 820 addenda record.

Sharon said that statistics on STP adoption do not reflect actual volume, since when the standard was originally published, there was no differentiation between an STP 820 format and a "regular" 820 carried in an ACH transaction. Although the ability to differentiate (and count) STP 820 records now exists, adoption of the version release with this capability has been slow.

**Wire ERI Adoption**

Gina Russo (Wholesale Product Office, New York Federal Reserve Bank) led a discussion on the November 2011 changes to enable extended remittance information (ERI) to be carried in wire transfers. She described the three options for carrying ERI, unstructured, related, and structured. At this time, only the unstructured option is being used but less than 10 messages a day exceed 140 characters, significant because the previous wire format carried up to 140 characters of unstructured remittance information. At this time, it appears that although software changes were made to accept the new format, service offerings have not been begun to support the origination of messages with ERI. Gina said that the WPO has launched a survey to assess plans for adoption and results will be revealed at the October AFP conference. Jim Wills (SWIFT) added that about half of wire service providers have converted to the new "CTP" format, but just don't offer the ERI options yet.

Nancy Atkinson (Aite) said that Aite's research indicates a positive interest in the service by corporates, but the cost for banks to implement is a barrier. However, she believes that once the larger banks begin to offer the service, other banks will follow. Dave Bellinger (AFP) agreed that there is corporate demand.

**Next Remittance Coalition Meeting**

Due to time constraints, the remaining topics were deferred. A face-to-face meeting is scheduled in conjunction with the AFP Annual Conference on Sunday, October 14 from 1:00 – 3:00 p.m. in room D234 of the Miami Conference Center.