

# Remittance Coalition Quarterly Meeting



**THURSDAY, FEBRUARY 20, 2014**  
**2:30 – 4:00 PM CENTRAL**  
**CONFERENCE BRIDGE 855-377-2663**  
**PARTICIPANT CODE 47350700**

# Agenda



- Welcome and agenda review
- Remittance Coalition accomplishments in 2013
  - a. Remittance Glossary
  - b. Core Adjustment Reason Codes
  - c. Remittance Standards Inventory
  - d. Educational Publications
  - e. Outreach
- Remittance Coalition priorities for 2014
  - a. Continue targeted education & outreach
  - b. B2B Directory Project
  - c. Promote adoption of selected standards & technical reports
- Highlights of the 2013 AFP Electronic Payments Survey
- Building momentum in 2014
  - a. Encourage your colleagues to join the Remittance Coalition
  - b. Join our LinkedIn group
  - c. “Stock” slides describing the Remittance Coalition are available for speakers
  - d. Plan to attend our in-person meeting to be held on Sunday, April 6, 2014 at the NACHA 2014 Payments Conference; seeking agenda topic suggestions
- Other business, questions or comments

# 2013 Accomplishments



- 1. Simplified Deduction Code Project –**  
Lyle Wallis, CRF & Janet Busch, X9
- 2. Remittance Standards Inventory –** Mary Hughes, FRB Mpls.
- 3. Remittance Glossary –** Mary Hughes
- 4. Educational Publications –** Mary Hughes
- 5. Outreach –** Claudia Swendseid, FRB Mpls.

# 2014 Priorities



- 1. Continue targeted education & outreach** – Roy DeCicco, JPMChase
- 2. B2B Directory Project** – Brian Mantel, FRB Chicago
- 3. Promote adoption of selected standards & technical reports** – Rich Urban, IFX (ISO Stand-Alone Remittance Message); Rob Unger, NACHA (XML Remittance Format); & Claudia Swendseid (Others)



AFP® Training

**WEBINAR**

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# 2013 AFP Electronic Payments Survey - Remittance Coalition Presentation

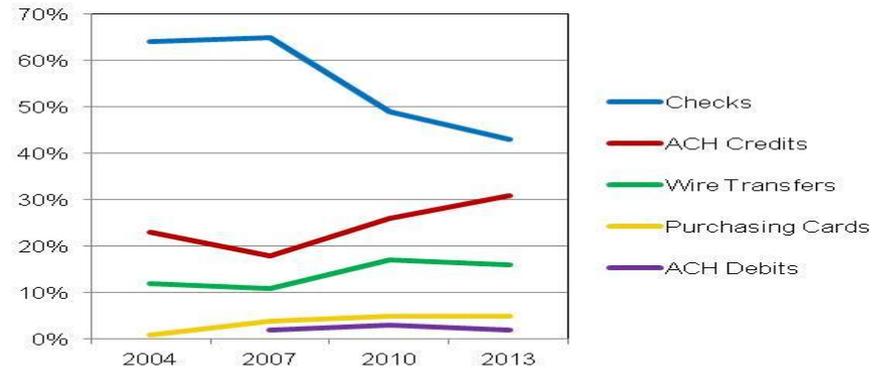
Magnus Carlsson

AFP

# Payment Methods

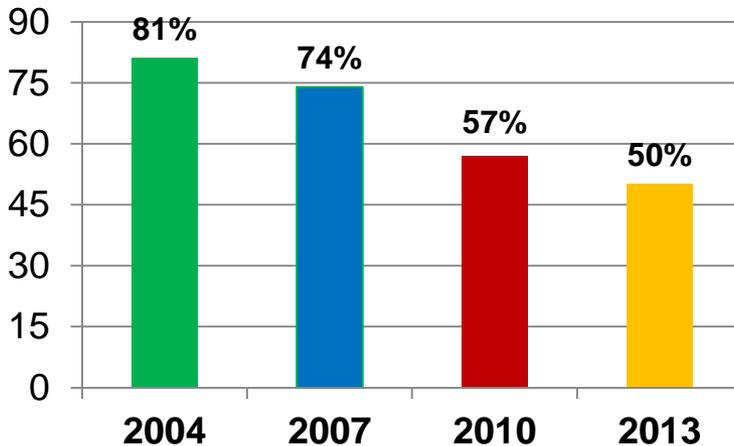
- Checks
- ACH Credits
- Wire Transfers (65% of Intl. Payments)
- Purchasing Cards
- ACH Debits

Payment Method Used to Pay Major Suppliers



- Checks Are Losing Ground
- ACH Credits Are Gaining Ground

Check Use for B2B Transactions Still High



Source: 2013 Electronic Payments, Association for Financial Professionals

Do you think U.S. Businesses might be missing out on International Trade due to our relatively high use of checks?

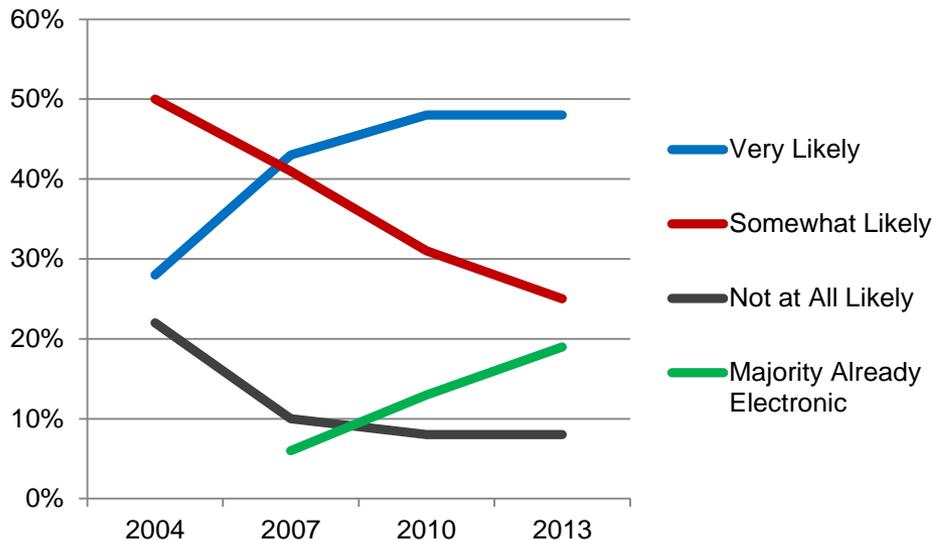
Yes, Definitely Missing Out	5.80%
Yes, To Some Extent	42.03%
Maybe not really sure	13.04%
No, Not To a Large Extent	35.51%
No, Definitely Not	3.62%
	<u>100.00%</u>



# Likelihood of Converting Majority of B2B Payments to Major Suppliers From Checks to Electronic Payments in Three Years

(Percentage Distribution)

## Likelihood of Converting:



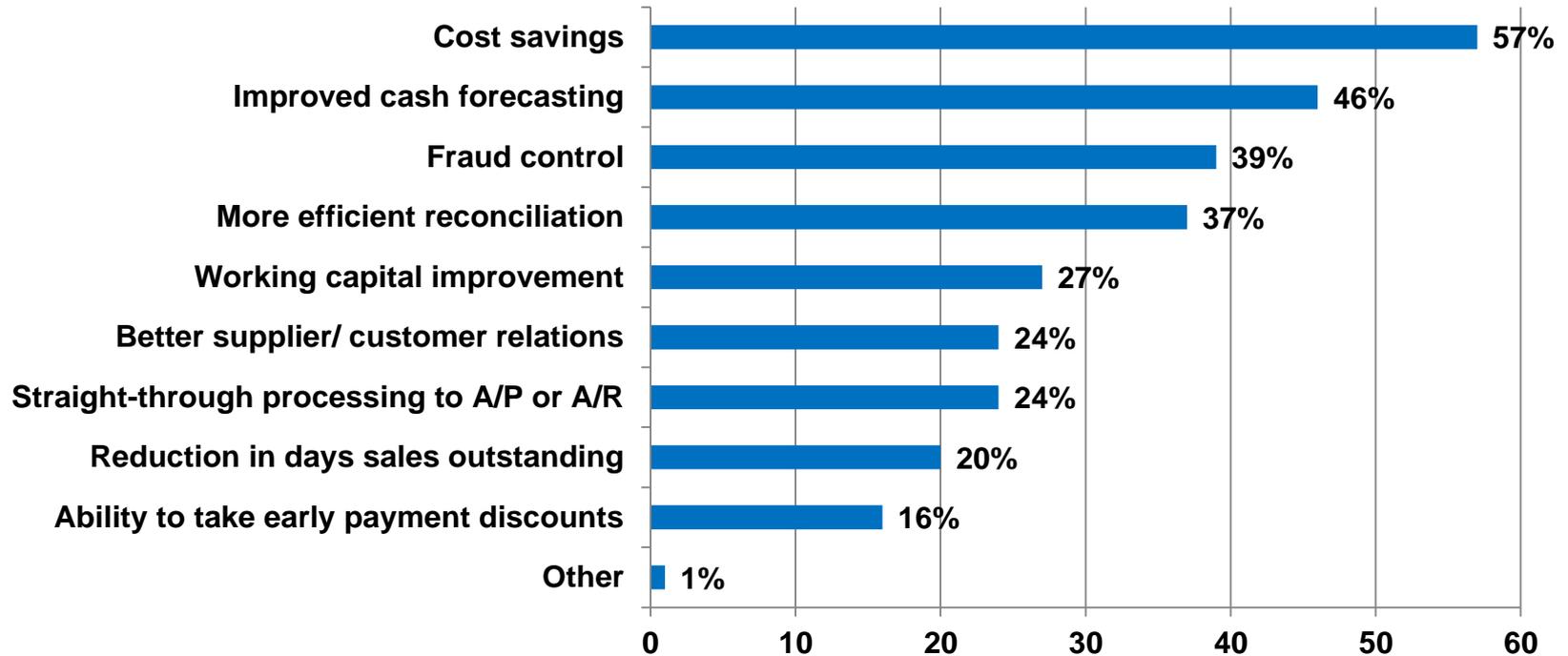
- A Large Number of Respondents Believe a Switch from Checks to Electronic Payment Methods is Likely.

- Generally Positive Attitude Toward Switching from Checks To Electronic Payments
- Actual Switch Rate Fairly Low – Still High Level of Check Use
- To Switch from Checks to Electronic Payments May Be More Difficult Than First Anticipated.

Source: 2013 Electronic Payments, Association for Financial Professionals

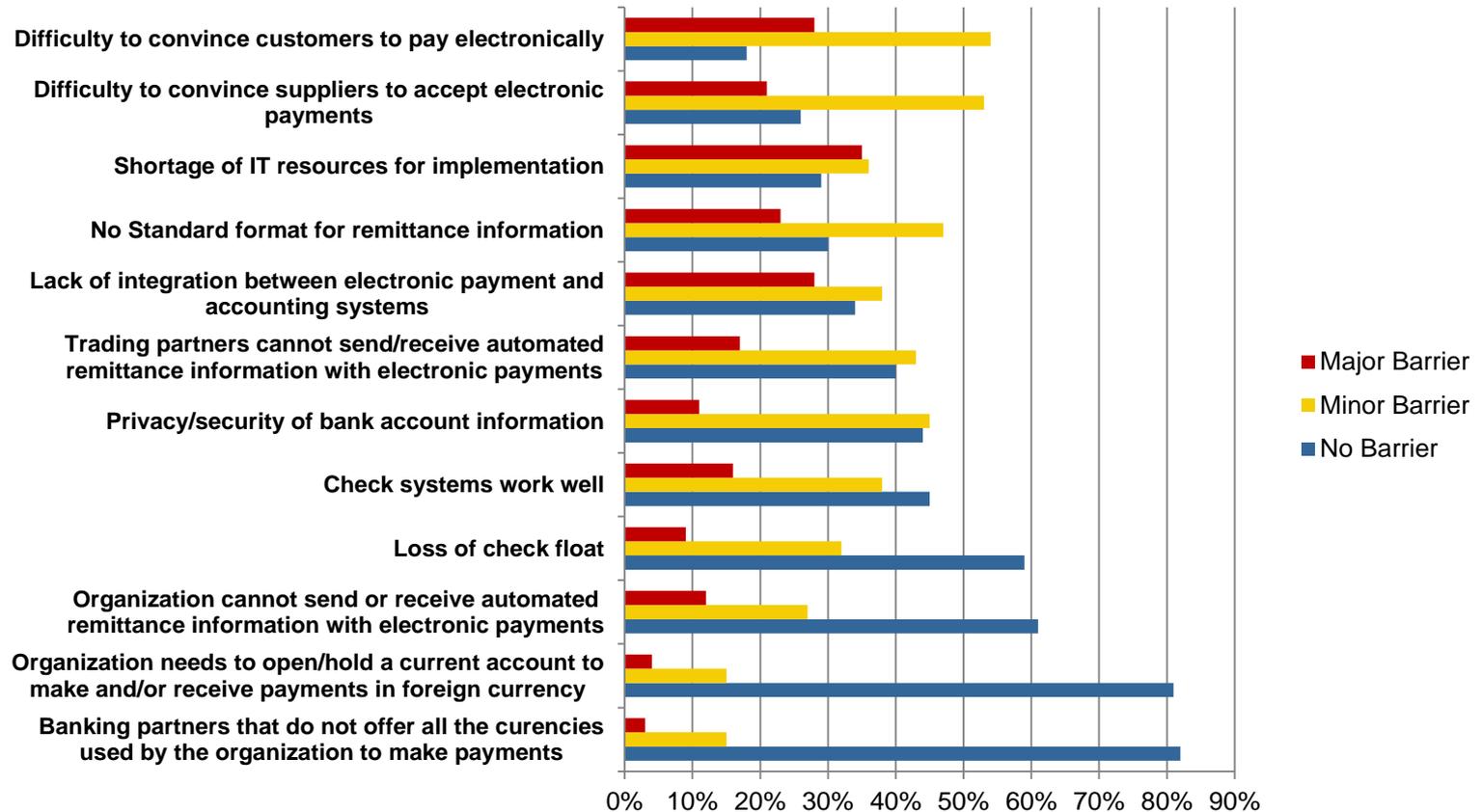
# Top Benefits of Transitioning to Electronic Payments

(Percent of Organizations)



Source: 2013 Electronic Payments, Association for Financial Professionals

# Barriers to Increasing Use of Electronic Payments



Source: 2013 Electronic Payments, Association for Financial Professionals

# Poll Question

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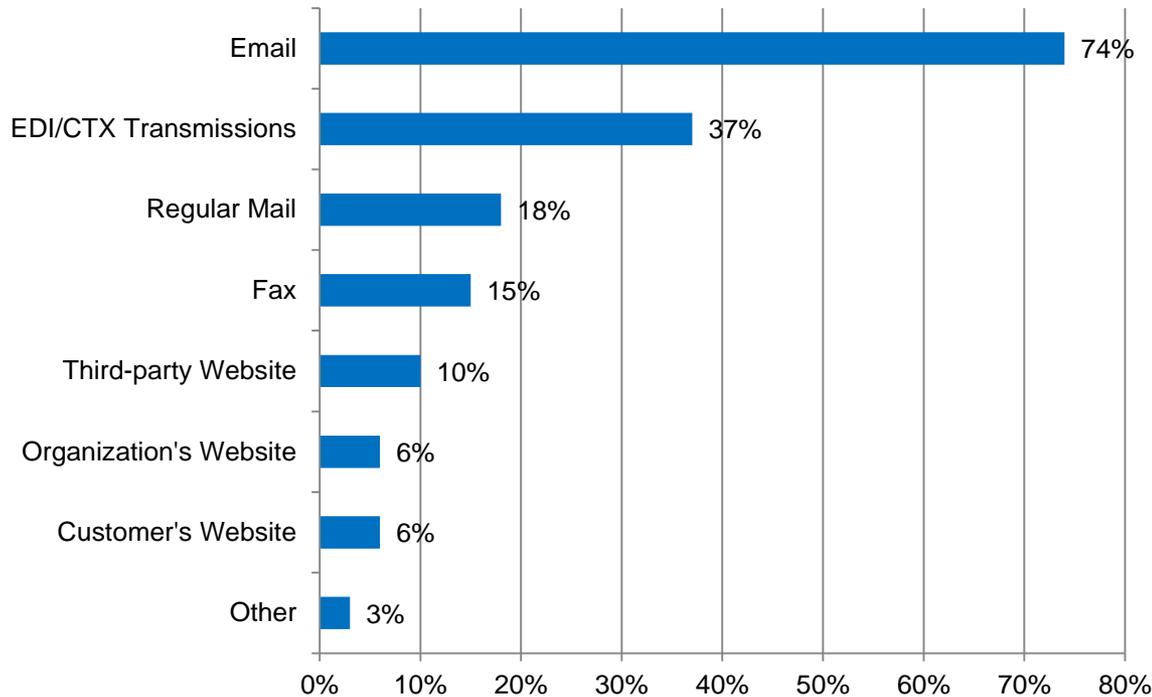
**Would an Open Directory Containing Basic Payment Information (Bank ID and Account Numbers, etc.) be Helpful in Advancing Electronic Payments?**

- a) Yes, we would definitely consider moving from checks to electronic payments **43.6%**
- b) Maybe **41.9%**
- c) No, we would not be helped by this additional information **12.9%**
- d) No, we will continue using checks regardless **1.6%**

Source: 2013 Electronic Payments Webinar, Association for Financial Professionals

# Organizations' Method of Sending ACH Remittance Information

(Percent of Organizations)



- **Email Dominates**
- **Noteworthy that 18% Use Regular Mail**
  - Slow Reconciliation accepted?

Source: 2013 Electronic Payments, Association for Financial Professionals

# Poll Question

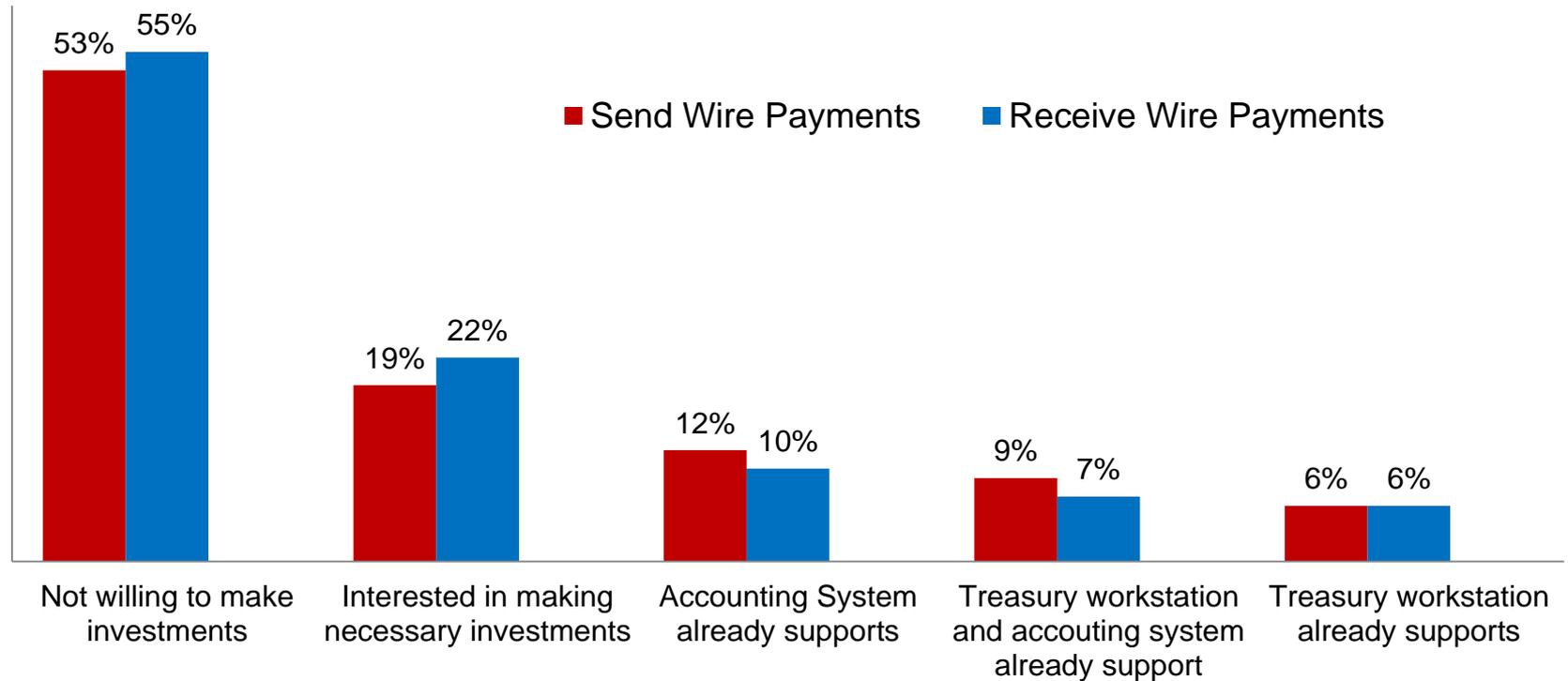
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Would the ability to send all remittance information along with the payment be beneficial?

- |                        |       |
|------------------------|-------|
| a) Very beneficial     | 90.8% |
| b) Somewhat beneficial | 8.8%  |
| c) No                  | 0.3%  |
| d) Don't Know          | 0.0%  |

Source: 2013 Electronic Payments Webinar, Association for Financial Professionals

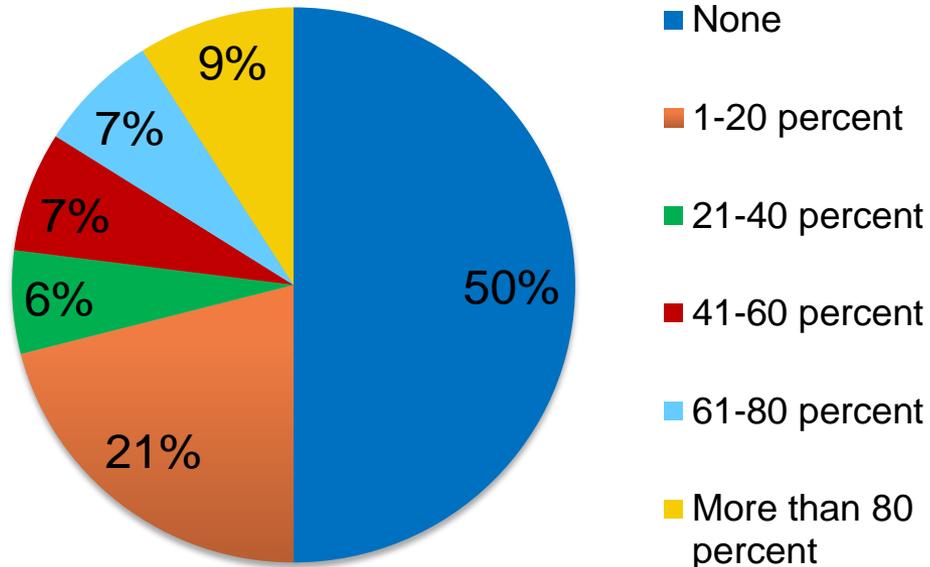
# Willingness to Make Investments to Support the Ability to Send/Receive Wire Payments with ERI



Source: 2013 Electronic Payments, Association for Financial Professionals

# Use of Straight-Through Processing (STP) for Payments

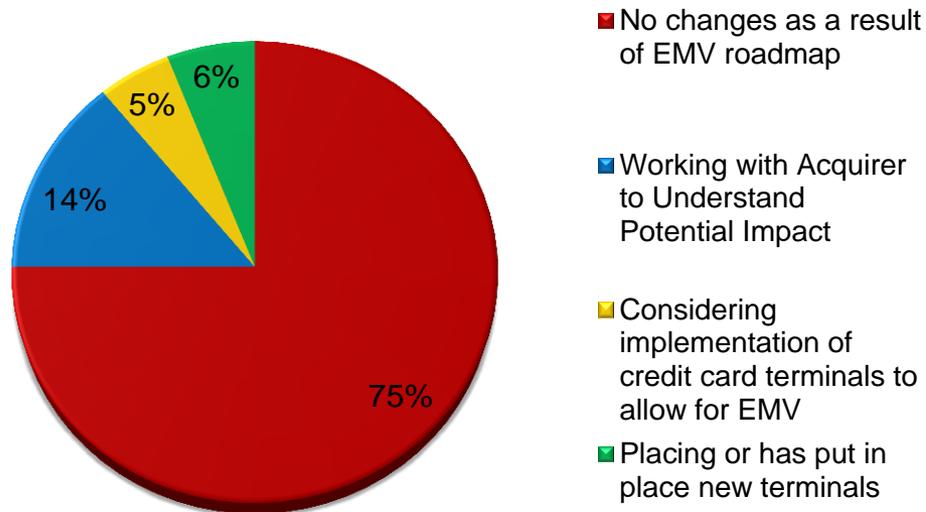
(Percentage Distribution)



- Almost  $\frac{3}{4}$  of Respondents Have No or Very Little STP For Their Payments
- Correlation to High Use of Checks, also at 50%?

Source: 2013 Electronic Payments, Association for Financial Professionals

# Steps Taken as a Result of the Announced EMV Implementation Roadmap



- Only 6% of organizations have placed new terminals in service in anticipation of EMV adoption
- Vast Majority have not yet made any changes

Source: 2013 Electronic Payments, Association for Financial Professionals

# Poll Question

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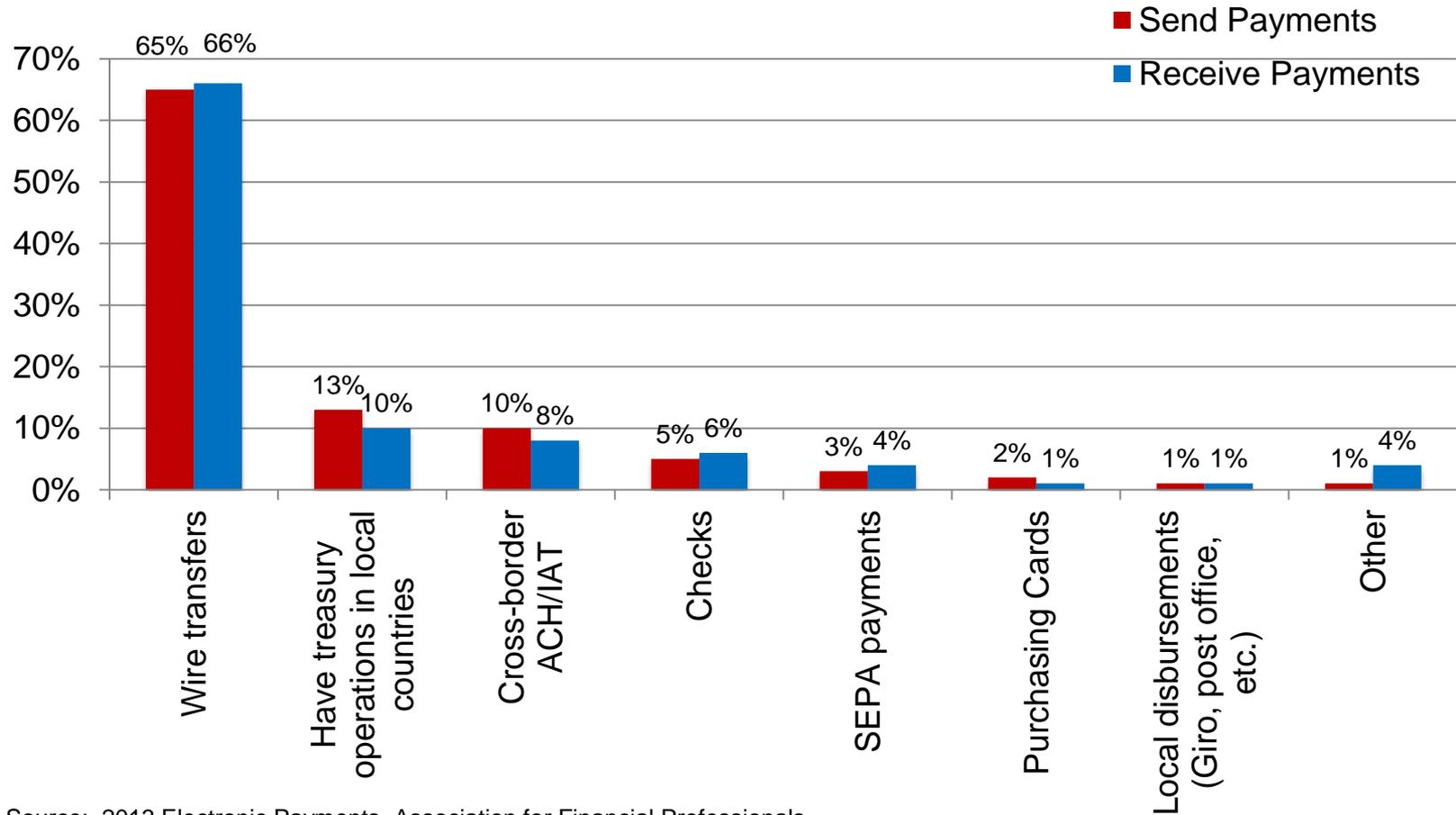
What do you consider the most important benefits with a U.S. EMV (Chip Card) implementation?

- |                            |       |
|----------------------------|-------|
| a) Fraud Protection        | 72.8% |
| b) Global Interoperability | 17.7% |
| c) Quicker Transactions    | 5.2%  |
| d) Other                   | 1.1%  |
| e) No Benefits             | 3.3%  |

Source: 2013 Electronic Payments Webinar, Association for Financial Professionals

# Method Used to Transact Cross-Border Payments

(Mean Distribution of Cross Border Payment Methods)



Source: 2013 Electronic Payments, Association for Financial Professionals

# Summary

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- **Still High Use of Checks**
  - Viewed as a risk of falling behind, or missing out on International Trade
- **Generally a Positive Attitude to Electronic Payments**
  - Cost Savings and Improved Cash Forecasting the biggest benefits
- **Biggest Barrier is Convincing Trading Partners**
  - A B2B Directory Seen as Beneficial
- **Email Dominates as Means for ACH Remittance Info**
  - Even Regular Mail is Used to a Fairly Large Extent
  - Ability to Send Remittance Information Along with Payment Seen as Important
  - However, Not Willing to Make Investments
- **STP – More Work To Be Done**
- **EMV Implementation Lagging**
  - Attitude May be Changing (Target and Neiman Marcus Senate Hearing)
- **International Transfers Done Primarily by Wire**
  - Checks Represent a Very Small Portion

# Questions?

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**Magnus Carlsson**

Manager, Treasury & Payments

AFP

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# 2014 Momentum



1. Encourage your colleagues to join the Remittance Coalition
2. Join our LinkedIn group
3. “Stock” slides describing the Remittance Coalition are available for speakers

# Other Business



Plan to attend our in-person meeting to be held on Sunday, April 6, 2014 at the NACHA 2014 Payments Conference

**Grand Ballroom, Orlando World Center  
Marriott, Orlando FL, 1:00 – 2:30 PM**

- Please RSVP & send your suggestions for topics

Email: [remittance.coalition.smb@mpls.frb.org](mailto:remittance.coalition.smb@mpls.frb.org)