Remittance Coalition Quarterly Meeting
Held at the Association for Financial Professionals 2013 Annual Conference
Las Vegas, Nevada
October 27, 2013

1. Welcome and Agenda Review – *Claudia Swendseid*

Thirty-three people attended the Remittance Coalition (RC) meeting, which began with a go-around. Each attendee introduced themselves and the organization for which they work. The agenda was reviewed with no changes made.

2. B2B Directory Project – *Claudia Swendseid and BC Krishna*

Claudia and BC provided an update on the status of the B2B directory project. A small work group has been formed with representatives from key communities of interest—i.e., large and small businesses, financial institutions, market infrastructures, technology companies, and directory providers. The project deliverable will be a "white paper" that describes the purpose and function of the directory, the business requirements addressed, the business model used, the technical architecture, operating rules, security framework, and so on. The work group hopes to complete this in about six months. Also, the work group will focus first on the business requirements and model. This needs to be decided before the supporting technology and operating rules can be determined.   Federal Reserve staff will provide project management support.

The attendees offered a number of suggestions for the work group to consider including the importance of establishing the business case and model first and addressing security, payment guarantees, and interoperability. Several existing directory models were cited as examples to review. A number of comments were made emphasizing the importance of a strategy for securing early engagement and a sufficiently large data set for the directory to create value and seed success. Participants discussed desire for supporting all payment types, with some debate on including check payments versus only electronic options. Once the "white paper" is completed, it was suggested that the RC use this to engage the industry broadly in dialogue about implementing a B2B directory utility and to identify organizations to participate in implementation pilots/proofs of concept.

Generally, RC members felt that the work group was on the right track and supported continued work on the project.

3. X9C Corporate Banking Subcommittee – Paula Rowe and Jim Wills

Paula provided an update on the Remittance Glossary effort. This document has gone through several reviews and is now in the final formatting process per X9C requirements. The final document will be voted on for adoption in the next couple of months and published by X9 as a Technical Report. The Glossary should be available early next year for use by RC members and others. RC members will be informed when it's available.

Jim reported on two other RC efforts sponsored by X9C. The first of these is the Remittance Standards Inventory document. This contains a description of 17 different remittance standards, including what they are, how they should be used, where detailed information is available, and so

on. The Inventory is being voted on for adoption by X9 and will be available as a Technical Report before the end of the year. The document will be useful to communicate and educate business end users of these standards, as well as software vendors, and others. RC members will be informed when the inventory is available.

Finally, Jim reported on the effort to implement a streamlined set of deduction codes for use by trading partners—e.g., retailers and suppliers. A list of about 70 codes have been defined and mapped to the original list of about 650 X12 426 deduction codes. The streamlined code list will be made available to RC members as soon as a memo of understanding is completed between X12 and X9 regarding sale and distribution of the codes. Completing the MOU has been impeded by X12 organizational issues. Tom Deleandro, chair of the X12 F (for Finance) subcommittee said that he will continue to push for resolution so that the streamlined code list can be published and made available for use.

4. ISO Stand-alone Remittance Standard – *Susan Colles and Nasreen Quibria*

Susan brought the group up-to-date on the effort spearheaded by IFX to develop an ISO 20022 stand-alone remittance standard. The new remittance standard will support the need that some organizations have to send extended remittance information to trading partners that can't be accommodated by the current ISO remittance standard limitation of 140 characters. Susan said that the stand-alone remittance standard has been submitted to the ISO Payments SEG (Standard Evaluation Group), which Susan convenes. The SEG will review and comment on the proposed new standard. Once this step in the process is complete, the new standard will proceed to vote and adoption. Susan is hopeful that the new standard will be finalized in 1Q 2014.

Nasreen reported on a complementary initiative of NACHA's to adopt as its XML-based remittance standard, the new ISO 20022 stand-alone remittance message that Susan discussed. Currently only EDI legacy remittance standards are supported by NACHA in the ACH addenda record. Support for an XML remittance standard will initially be an opt-in program only and not required, as is the case for the legacy EDI standards. It will provide an additional format option for remittance data and is not intended to replace the EDI standard. Eventually, NACHA expects to require receiving institutions to be able to receive and provide XML-based remittance information to their customers just as they must be able to provide legacy EDI remittance information today.

5. Making the Case for New Standards Adoption – *Roy DeCicco*

Roy led a group discussion on how the RC can more effectively make the case to vendors, FIs, and corporate end users to consider adopting new, contemporary standards that foster more electronic B2B payments and remittance information exchange.

- The group agreed that the key is making a compelling business case. Organizations need to believe that the investments they make to adopt new standards are more than offset by the bottom-line benefits they gain from doing so in terms of reduced costs or new revenues.
- Business case elements include customer demand – this needs to be articulated. RC members such as the AFP and other professional associations can help determine demand through member surveys.
- The business case may also need to consider the future value potential and the larger economic justification in addition to individual business' justification.

- One suggestion was to provide more implementation guidance alongside new standards to make them easier to adopt. This could include an API/standard data library and other tool-kits that software companies could leverage.
- Another suggestion was to look at other standards adoption experiences for "lessons" that can be applied in the U.S. For example, is there anything we can learn and apply from the SEPA implementation of ISO standards?
- Communication needs to target the people in an organization who care about straight-through-processing (STP), specifically treasurers versus AP/AR staff.
- Finally, it was suggested that the RC needs to reach out to more innovators/disruptors, the types of individuals and companies that attend conferences such as Money 2020, to get them involved in our activities.

6. **Remittance Coalition 2014 Priorities – Claudia Swendseid**

Claudia facilitated a discussion on what the RC's priorities should be in 2014. The group discussed and agreed on three priority areas:

a) Continue outreach and education, especially to small businesses.
b) Move forward with the B2B directory project.
c) Promote adoption of new standards. This includes deciding on which new standards to promote and tactics for promoting their adoption.
d) Engage software vendors more effectively in the RC's work, which also links to standards adoption. This has to be a dialogue as we need to understand from software vendors how they decide what standards to include in their solutions, how long their development cycles are, and so on.

Claudia offered to work with her staff and the RC Leadership Group to further define these priority areas and specific actions to support them. These will be shared with the broader RC membership for review.

Finally, the group discussed whether the RC should respond collectively to the Federal Reserve's public consultation paper on improving the U.S. payment system. Opinions were shared for and against. Ultimately, the group decided to move forward with the RC providing comments as a group on areas of interest specific to the RC, assuming input from the members suggests some consensus themes to support such a response. A subset of questions will be distributed to the members to collect input for the response. RC members were also encouraged to support coalition efforts like the RC in their organization's responses.