F E D E R A L   R E S E R V E   F I N A N C I A L   S E R V I C E S

The Remittance Coalition Presents:

Wire Transfer Extended Remittance Information Solutions for Businesses

What is Extended Remittance Information (ERI)?

♦ The Federal Reserve Banks and The Clearing House Payments Company L.L.C., operators of the Fedwire® Funds Service and the Clearing House Interbank Payments System (CHIPS®) respectively, offer a new message format that allows businesses to include about 9,000 characters of ERI in the wire payments they originate.[1]

♦ Businesses can use one of three different formats to send wires with ERI; however, only one option can be used for each wire payment message.

1. The "**structured**" format allows companies to send ERI in predefined fields that can be validated by the originating bank and wire transfer operators. The up-front validation helps ensure that only properly formatted ERI is received, making it easier to automate accounts receivable posting. According to the *Wire Transfer ERI Domestic Best Practices[2]*, the structured format is the recommended minimum option.

2. Alternatively, the "**unstructured**" format allows ERI to be sent in free text or in a format that conforms to a known industry standard, such as the STP 820, X12 EDI or ISO® 20022 XML message formats.[3] The wire transfer operators will only edit the content to ensure that data in the unstructured field conforms to the character set permitted by the relevant standard, but will not edit the data for proper syntax.

3. The "**related**" format allows companies to include information (e.g., URL address and reference number) that directs the beneficiary to retrieve the remittance data if it does not travel with the wire payment message.

How does ERI benefit my business?

♦ ERI streamlines the accounts receivable reconciliation process and enables end-to-end, straight-through processing of the payment and its associated remittance information, particularly if you have been exchanging remittance information with your trading partners via email, fax or mail.

♦ ERI makes it easier to send high-value, time-critical wire payments to your trading partners.

♦ ERI reduces the number of wires requiring research, thereby reducing costs associated with manual investigations and delayed payment posting.

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[1] ERI is available in the Fedwire Funds Service customer transfer plus (CTP) message and in the CHIPS non-bank message.
[2] http://www.FRBservices.org/campaigns/remittance/files/wire_remittance_domestic_best_practices.pdf
[3] Other industry formats supported include American National Standards Institute X12 (ANSI X12), General XML, SWIFT® Field 70 Remittance Information and the United Nations Electronic Data Interchange For Administration, Commerce and Transport (UN-EDIFACT).

How do I get started?

♦ **Work with your bank(s):** Start by contacting your bank to find out if the channel (e.g., browser-based or file upload/download service) you currently use to send and receive wires can support ERI. If not, inquire about channels and formats that will work for both you and your bank, as well as any additional costs and anticipated lead times to start using ERI (e.g., testing).

♦ **Work with your vendor(s):** Contact your vendor(s) (e.g., treasury workstation, accounts receivable, accounts payable, Enterprise Resource Planning (ERP), etc.) to see if their applications support ERI. If not, discuss when ERI might be supported, as well as any software or hardware upgrades that might be required.

♦ **Work with your trading partners:** Before sending ERI with a wire payment, you *must* ask your trading partners if they have the technical capability and agree to accept wires with ERI. You and your trading partners will need to agree on a format to use for the ERI, and your trading partners must confirm that format can be received by their bank.

What other steps should I consider?

♦ Conduct a review of internal processes to determine if you need to make any changes. You may need to adjust manual procedures and conduct staff training, as well as upgrade systems, to take advantage of ERI.

♦ As a wire sender, evaluate whether changes are required to your accounts payable process, especially if you previously sent remittance information via email, fax or mail.

♦ As a wire receiver, determine if your bank's translation and reporting capabilities are sufficient to support straight-through processing to your accounts receivable application.

♦ If you choose to support a particular ERI option on the origination side, you should also consider supporting that same option on the receipt side.

♦ If you choose to send ERI formatted according to an industry standard, (e.g., STP 820 or ISO 20022), ensure that the syntax of the ERI conforms to that standard.

What additional resources are available?

♦ Quick reference guide on the three ways to send ERI via the Fedwire Funds Service[4]

♦ Best practices for implementing and using extended-character business remittance information in wire transfers[5]

♦ Federal Reserve Banks Fedwire Funds Extended Remittance Information website[6]

♦ The Clearing House CHIPS website[7]

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[4] http://www.FRBservices.org/campaigns/remittance/files/eri_3_types.pdf
[5] http://www.FRBservices.org/campaigns/remittance/files/wire_remittance_domestic_best_practices.pdf
[6] http://www.FRBservices.org/campaigns/remittance
[7] http://www.theclearinghouse.org