

Day Two: October 4, 2018



FedPayments Improvement
COMMUNITY
FORUM

Collaborate. Engage. Transform.



Let's Unblock the Chain of Data – Making B2B Payments More Efficient

Speaker Bios



Guy Berg

Federal Reserve
Bank of
Minneapolis



Magnus Carlsson

Association of
Financial
Professionals



David Jackson

Marketcy

Disclaimer: The opinions expressed are those of the individual presenters and not those of the Federal Reserve System or any Federal Reserve Bank

The data is there!

... it's just not being delivered electronically in a common standard format

Efficiency in B2B payments means more than converting checks to electronic payments – it requires end-to-end automated processes throughout the chain

Automation is dependent on electronic data, starting with the invoice to be paid and ending with cash application

Accounts receivable and accounts payable management and systems must be aligned for mutual optimal outcomes

**For greater B2B efficiency,
accounts receivable and
accounts payable alignment
needs to improve**

Two Ends of the Chain

Accounts receivable and accounts payable experience many of the same issues at opposite ends of the chain

Many invoicing solutions: efficient for the supplier but not the buyer

Many remittance solutions: efficient for the payer but not the payee

Current solutions largely rely on OCR to read text, rules and templates to parse data in emails, and screen-scraping to retrieve information from portals

Electronic Invoicing

Electronic invoicing (e-Invoicing) is the essential first step to achieving straight-through-processing (STP) for business-to-business transactions

- For efficient STP: send and receive structured electronic invoice data
 - Not paper or emails with pdfs
- For ubiquity: connect once trade with many, creating a “network of networks”
 - Not multiple proprietary portals and networks
- For interoperability: align business and technology by standardizing delivery of electronic data



The BPC is working on an e-Invoicing initiative to assess solutions that have worked in other countries

B2B Directories

Widely available *non-proprietary* directories can help connect businesses for electronic payments, invoices and remittance information

- To enable electronic payments, businesses need to easily and securely find trusted payment account information about their payees
- Business directories must contain robust entity data and support multiple payment types
- A directory is an enabler for electronic payments and electronic data



Based on work originating from the BPC, the BPDA is working on a proof of concept for a B2B Directory with Discover and NACHA

Remittance Data – Current State

Emails, proprietary networks and portals aren't working for me

Don't send me an ACH if you can't include remittance data

Quality electronic data is more important than speed of the payment

Less than 4% of B2B ACHs have CTX addendas with remittance data

Top ways businesses receive remittance data

- 55% by email
- **22% by mail**
- 18% by customer portal
- 18% by EDI or CTX/CCD
- **15% by fax**

Remittance Data – Discussion

The BPC wants to engage industry stakeholders to explore durable solutions

1. What are financial institutions (FIs) and service providers doing to help with delivering remittance? Are FIs interested in delivering the remittance (both “from” and “to”)?
2. Does remittance data always need to travel with the payment? What are the ways FIs and service providers can deliver remittance data? If separate from the payment, how can it be connected to the payment?
3. How can FIs and service providers enable SMBs for electronic remittance data? What role can FIs play in this market segment?