

Remittance Coalition Future Strategy Research Report

FEDERAL RESERVE  FINANCIAL SERVICES

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DRAFT

Prepared by CRSO Market Research

Background and Objectives

Background

The Leadership Group of the Remittance Coalition sought feedback from the full membership to provide direction for future strategies.

Objectives

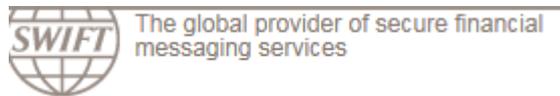
The objectives of this project were:

- To understand how Remittance Coalition (RC) members evaluate the work and progress of the RC to date on five projects – B2B standards, Vendor Forum, B2B Directory, Small Business Toolkit, and General Education on Payments
- To identify critical future topics and initiatives for the coming year

Methodology

- Two online focus groups (one for financial organizations and one for corporations/other) were conducted on November 16 and 17, 2015 with members of the Remittance Coalition.
- 12 organizations participated: 5 that were financial organization and 7 that were corporations/other.
- Discussion Format: Due to limited time, it was not possible to discuss all five projects. Both groups discussed the B2B Standards Project and selected and discussed the two they considered most important from the other four (Vendor Forum, B2B Directory, Small Business Toolkit, and General Education on Payments).
- The financial group selected General Education and B2B Directory for discussion.
- The corporations/other group selected General Education and the Vendor Forum for discussion.

Participant Profile



Highlights of Focus Groups: RC Mission Statement and Structure Discussion

1. All agreed that there has been impressive progress in addressing the RC's mission statement, especially with mainly volunteer staff.
2. A suggestion was made, with several agreeing, that perhaps the word "remittance" should be reconsidered, since the mission and initiatives goes beyond just remittance, with projects such as the B2B Directory.
3. All agreed also that there are plenty of opportunities to participate in the RC's work.
4. All participants believe that the current structure is generally effective. Suggestions for possible improvements were:
 - Assign a "Project Owner" to each project.
 - Find ways to streamline the decision-making process; using a consensus approach slows down progress – e.g., when someone attends one meeting and questions some previously discussed and "closed" issue, that can slow down the process while that issue is reviewed again.

Highlights of Focus Groups: RC Objectives & Communication Discussion

1. The RC has accomplished a lot and more communication of those accomplishments is needed.
 - For example, there is still a large segment of solution providers that do not know that there are standards being developed, let alone what those standards are.
2. RC members should be encouraged to speak at various conferences and events. FRB Minneapolis should continue to speak about RC issues at trade groups.
3. RC staff should continue to communicate with RC members via email between quarterly meetings.
4. The messages that are communicated need to be segmented. Larger organizations have different needs than smaller organizations.
 - For example, communication about standards may be more effective if the immediate goal accepts the co-existence of different standards, rather than switching from legacy to new.
5. More examples in the form of case studies are needed so that benefits of the RC's work can be demonstrated more clearly. Vendors might find customers who would be interested in serving as a case study. Two projects that are ready to be piloted for case studies are:
 - Small Business Toolkit
 - B2B Directory

Highlights of Focus Groups: General Education Discussion

1. Key task for next few years is communicating RC accomplishments and activities:
 - Communications must be segmented and targeted
 - Communications must be concise

2. Evaluate web site for:
 - Key words planted correctly to maximize web search results
 - Ease of use
 - Utilization of content
 - Up-to-date information
 - Adding “buttons” on appropriate partner sites – e.g., NACHA

3. Include more case studies and testimonials in communications.
 - Find RC participants who have streamlined payments and receivables. Need a “believer” to tell a story.
 - Have a vendor and a business (customer) they work with tell their story of how they used RC tools to get further along on electronic payments.

4. Continue more of what is being done already: webinars, website, trade publication articles.

5. Use the Vendor Forum to help communicate reports of the available standards.

6. Encourage RC members to be more proactive in speaking at conferences, targeting different audiences for webinars, etc.

Highlights of Focus Groups: Standards Discussion

1. Raise the general awareness of ISO 20022 and benefits of adoption
 - Vendors often wait for their clients to ask them for the appropriate standards/coding and clients will not ask for changes until they see some clear benefit.
 - There is a lot of inertia in this area. If a company is doing some business in Europe, they need a SEPA compliant message format, but if they are only domestic, it does not get that much attention.
 - In 2010, the space for messages in U.S. wires format was expanded for remittance detail, but adoption has been miniscule for ISO 20022 codes or any other standard format. Surveys said that companies liked the idea of this, but do not want to pay for the cost to convert to it.
2. Continue the difficult process of encouraging use of standards
 - Some organizations will not use/adopt new standards unless it is mandated.
 - Condensing reason codes may be good for small organizations, but when they are paying a larger organization, will they be asked for more detailed codes? It may be necessary to have translation codes/software, at least for the interim.
 - Retail Debit Balance Standards are a good standard to promote, as it can be shown to be practical from the participant's point of view. Therefore, we should promote the TR-45 Retail Debit Balances Best Practices Technical Report when it is published through X9.
3. Flexibility is essential
 - Work toward how to be flexible with systems so that they can accommodate more than one standard in order to promote STP, at least in the interim years, when organizations will be using multiple standards.

Highlights of Focus Groups: Vendor Forum Discussion

1. Education on ISO 20022 can be an attraction to draw more organizations into the Vendor Forum.
 - Many vendors are attending for their own education and not yet able to contribute.
 - There are ways to write domestic messages to fit more easily with ISO 20022.
 - Messages can be put into the ISO 20022 standard that are specific to a country; an RC subgroup could be formed to create these messages.
2. An inventory of educational materials already available for ISO 20022 is needed to see if there are existing materials the RC can use.
3. If the RC can attract more corporates to the Vendor Forum and related workgroups, that will lure more vendors. The Vendor Forum is a communication channel for vendors to hear about what corporates want as customer demand is a driver for change.

Highlights of Focus Groups: B2B Directory Discussion

1. Greatest challenge is reaching the next stage. A lot of work is yet to be done on next steps to make the directory viable. Example of next steps are:
 - Insuring there is no patent infringement
 - Determining funding of a production service
 - Determining what entity will offer the service
 - Deciding how this could be marketed most effectively
2. Some believe the greatest hurdle to the success of the B2B Directory will be getting node operators to include all of their payees in the service (i.e., make their payee information available).
3. Need to determine the critical mass required for the Directory to be a viable service.

APPENDIX: Remittance Coalition Future Plans Focus Group Materials

Remittance Coalition Focus Group Topics

Mission
Statement

Activities

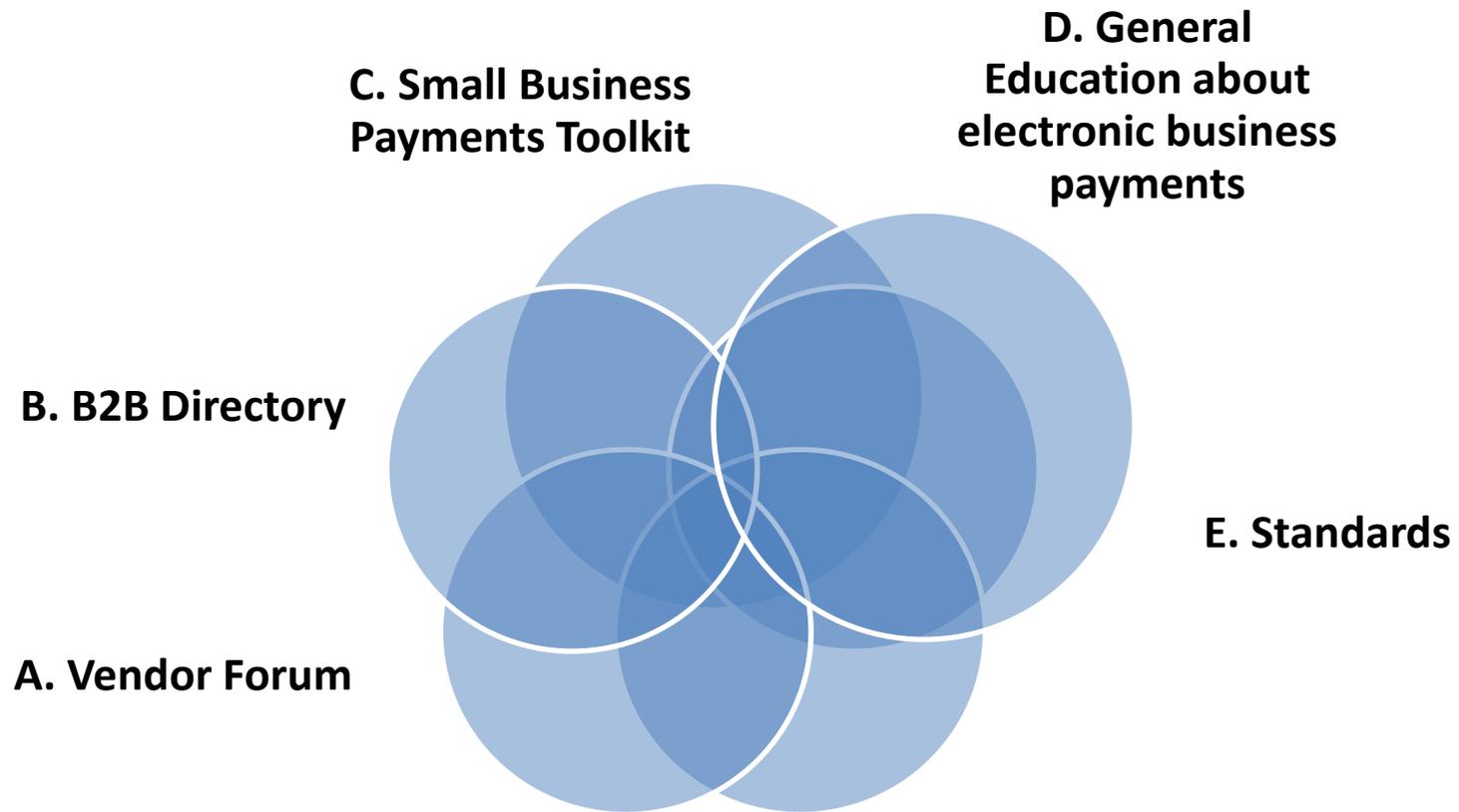
Objectives

Other
Considerations

Remittance Coalition Mission Statement

Work together to solve problems related to processing remittance information associated with B2B payments in order to promote use of electronic payments and straight through processing (STP).

RC Projects



Vendor Forum

The Forum exists to increase awareness about remittance standards and straight through processing by vendors/solution providers, leading to more adoption of standards that will reduce barriers to adoption of B2B electronic payments and remittance information.

Recently the Forum conducted interviews with AP providers about their experience with standards and published a white paper outlining its findings.

Potential strategy options include:

- Work with Coalition volunteers to develop templates of the ROI for standards adoption for corporations.
- Work with Coalition volunteers to develop “how-to” guides for moving from legacy standards to ISO 20022.
- Select market segments to target for further discovery about standards demand and usage (ideas for market segments include food distribution, construction, transportation, electrical supply).

Proof of Concept of B2B Directory

The B2B Directory project began in 2013 in order to address a gap identified by Coalition members: the lack of an open, non-proprietary directory of payee information that could ease the process of connecting payers and payees to enable electronic payments.

The Coalition published a white paper outlining this concept in 2014 and committed to developing a technical Proof of Concept to test the viability of the Directory in 2015.

Through the PoC, the Coalition is utilizing two work groups to address technical functionality as well as issues concerning trust, governance, security, business model, and roll-out/adoption strategy.

What do you think are the most crucial issues related to the Directory that the Coalition can reasonably achieve in 2016?

Small Business Payments Toolkit

The Coalition published its first phase of the Toolkit in April 2015. It has been downloaded over 10,000 times and marketed via webinars and conferences.

- Should this work continue in 2016, what should the priority subjects be for additional content?
- How should we market the Toolkit?
- The purpose is to promote the usage of electronic B2B payments and remittance information among small businesses

General Education about Electronic Business Payments

General education about electronic B2B payments, remittance standards, and the work of the Coalition via presentations at conferences; published articles in trade press; member recruitment; member engagement and communication; and website promotion.

The Coalition recently moved its webpage to www.fedpaymentsimprovement.org

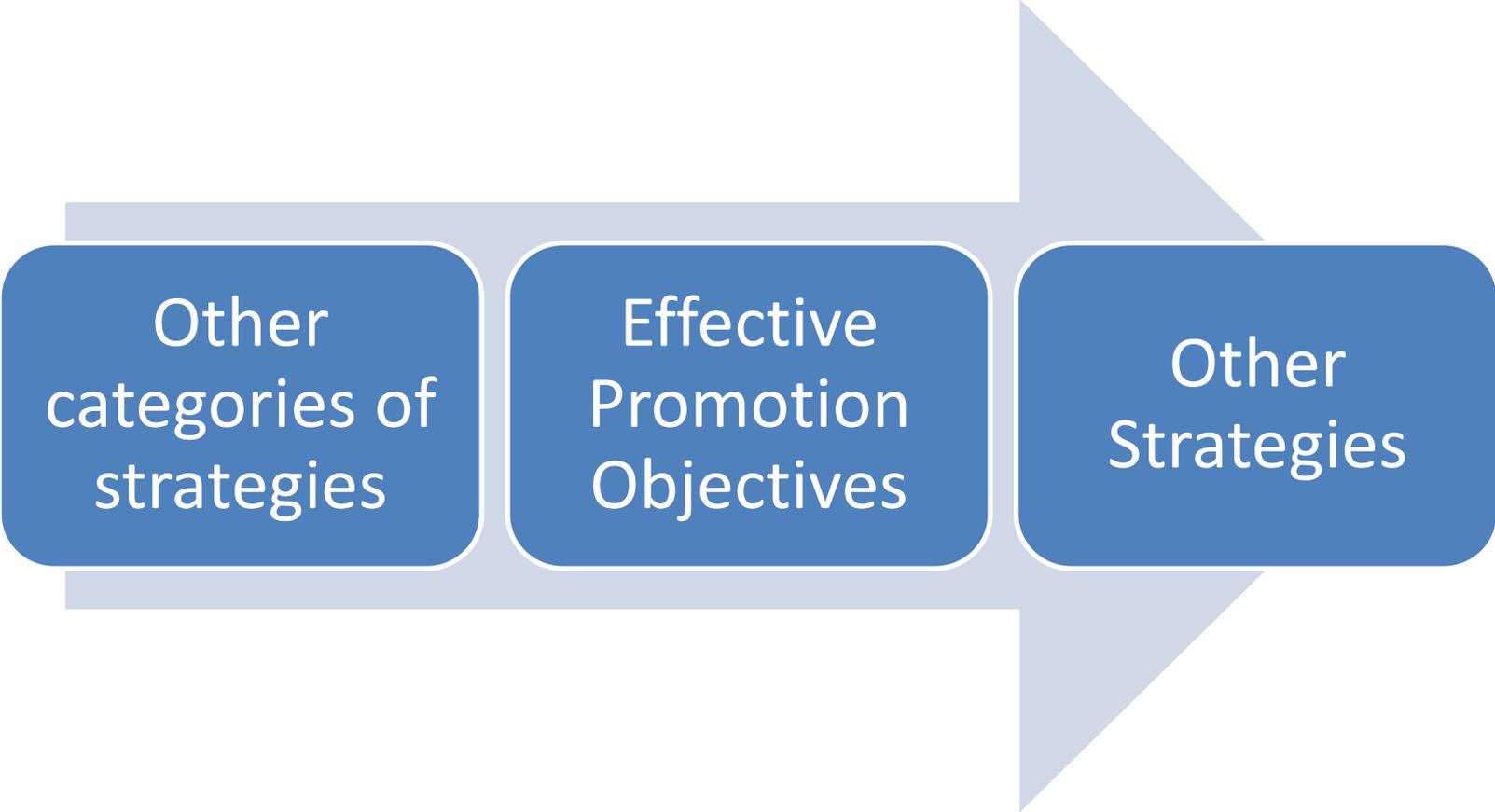
Standards Work

The Coalition plans to continue to collaborate with standards development organizations (e.g., X9, ISO, IFX, etc.) to develop and promote standards and technical reports that address specific “pain points” identified by B2B practitioners.

Recent standards of interest include:

- Balance Transaction & Reporting Standard (BTRS)
- Use of ISO 20022 Remittance Advice Messages in the ACH Network
- Extended Remittance Information Format for Wires (Fedwire Funds & CHIPS)
- Promoting ISO 20022 Stand-Alone Remittance Advice Messages
- Retail Debit Balance Standard

Other Considerations for Remittance Coalition



Other categories of strategies

Effective Promotion Objectives

Other Strategies