



TOWN HALL

Modernizing B2B Payments: The Time for Digitalization is Now

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Presenters

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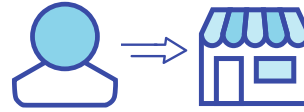
Use Cases Across the Spectrum of Payments

Multiple payment rails have been developed to support a wide variety of use cases. As we look to faster payments, thoughtful consideration must be extended to complex use cases such as Business-to-Business payments.



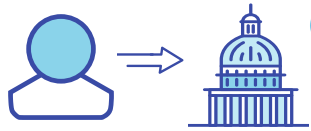
PERSON-TO-PERSON (P2P)

Individuals to friends, family, other individuals
(Babysitting, rent, utilities, meals, etc.)



BILL PAY, CONSUMER-TO-BUSINESS (C2B)

Individual to a business
(Groceries, haircuts, gym memberships, etc.)



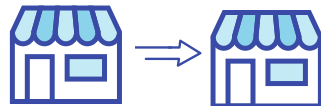
CONSUMER-TO-GOVERNMENT (C2G)

Individual to a government entity
(Taxes or Federal fees for park passes, licenses, etc.)



ACCOUNT-TO-ACCOUNT (A2A)

Transfer of funds from one customer's account to another account typically owned by the same customer
(Transferring funds from a bank account to a brokerage account)



BUSINESS-TO-BUSINESS (B2B)

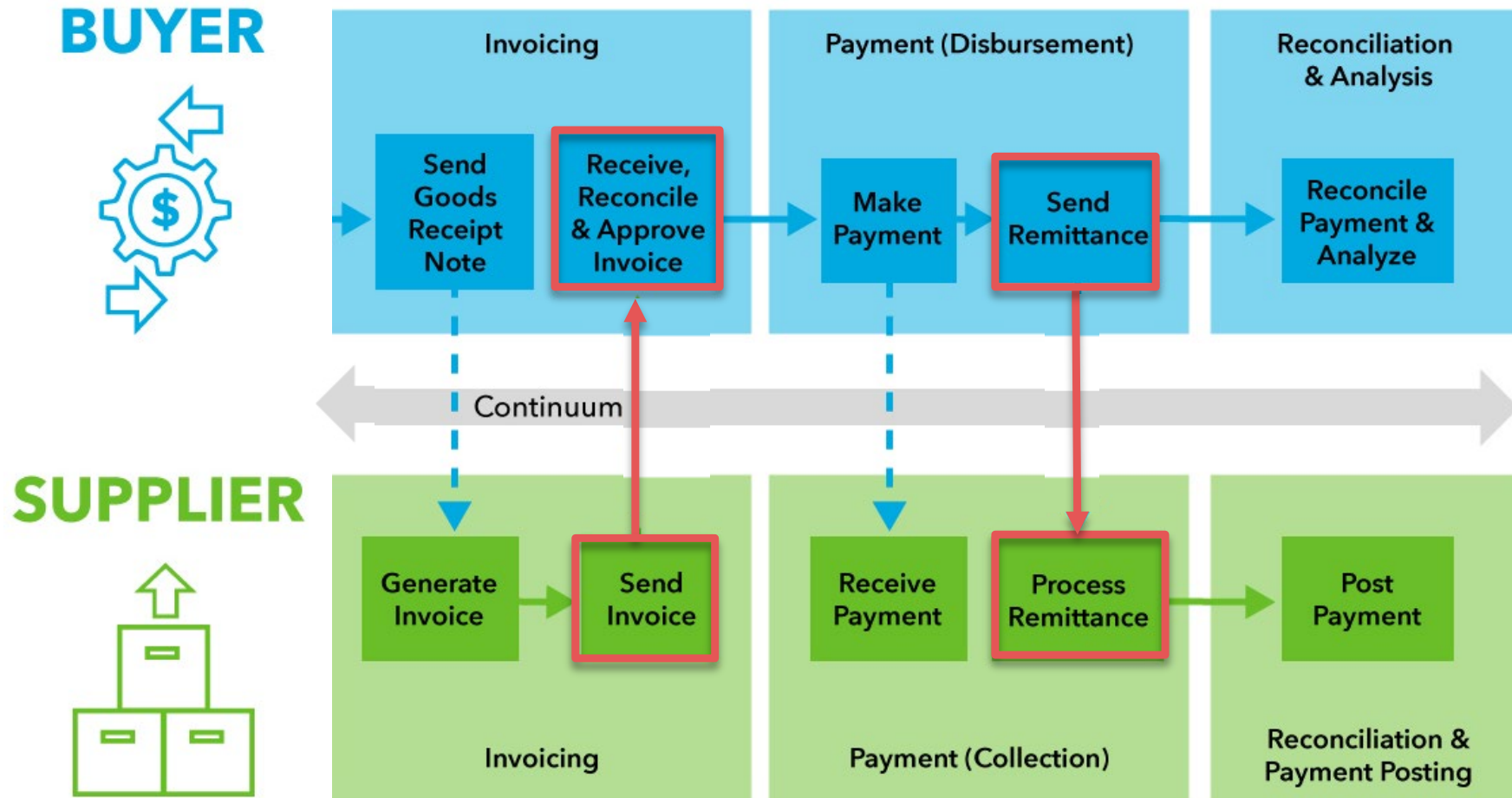
One business to another
(To suppliers for inventory, rent, services, etc.)

What is B2B Payments Modernization?

- The automation of a B2B transaction from end-to-end, including invoice, payment, remittance information and reconciliation with the goal of achieving straight-through processing (STP).



The B2B Payment Process in Action



The Path Forward: Making the Move to Modernization

Now is the time to act

The increasing adoption of instant payments is an impetus for change

The groundwork is laid

Exchange frameworks in other countries gives us confidence
The Business Payment Coalition's (BPC) e-invoice exchange framework is nearly complete

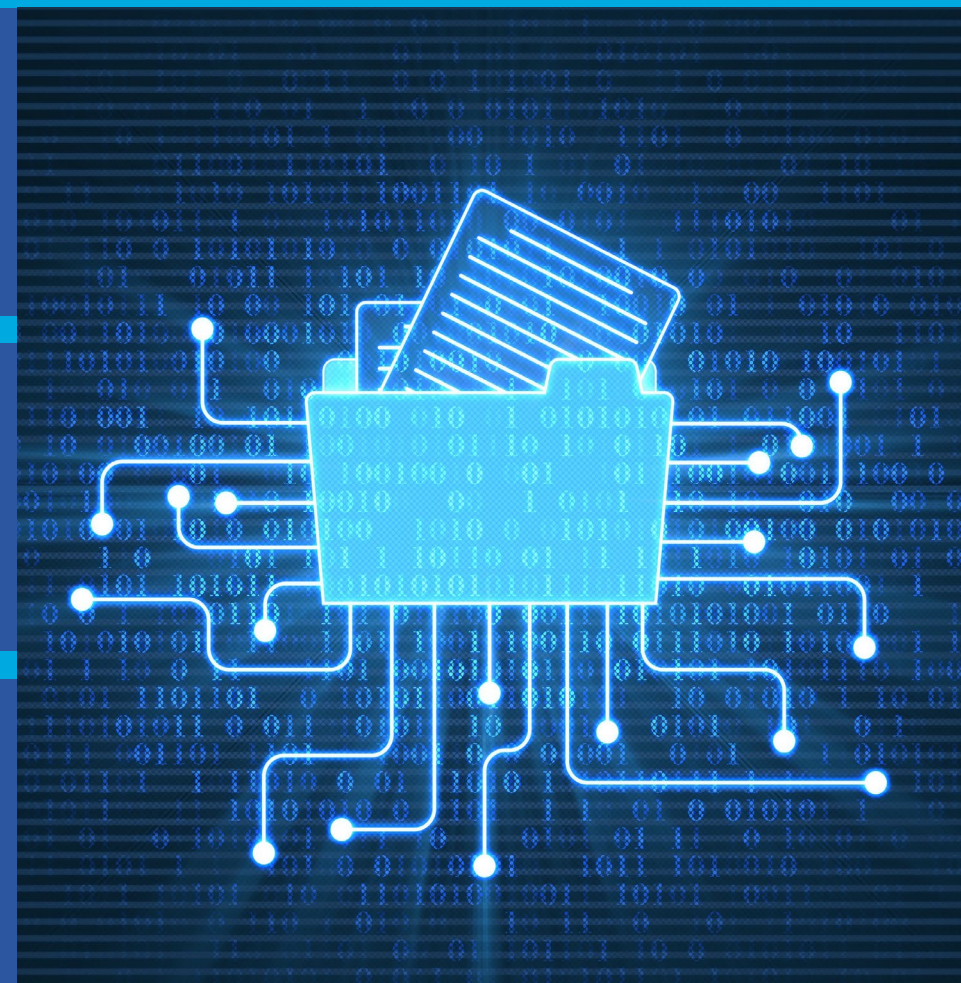
BPC efforts have laid crucial groundwork for exploring a similar solution for e-remittance delivery

There is a feasible path forward

Address provider and end user pain points in invoicing and remittance

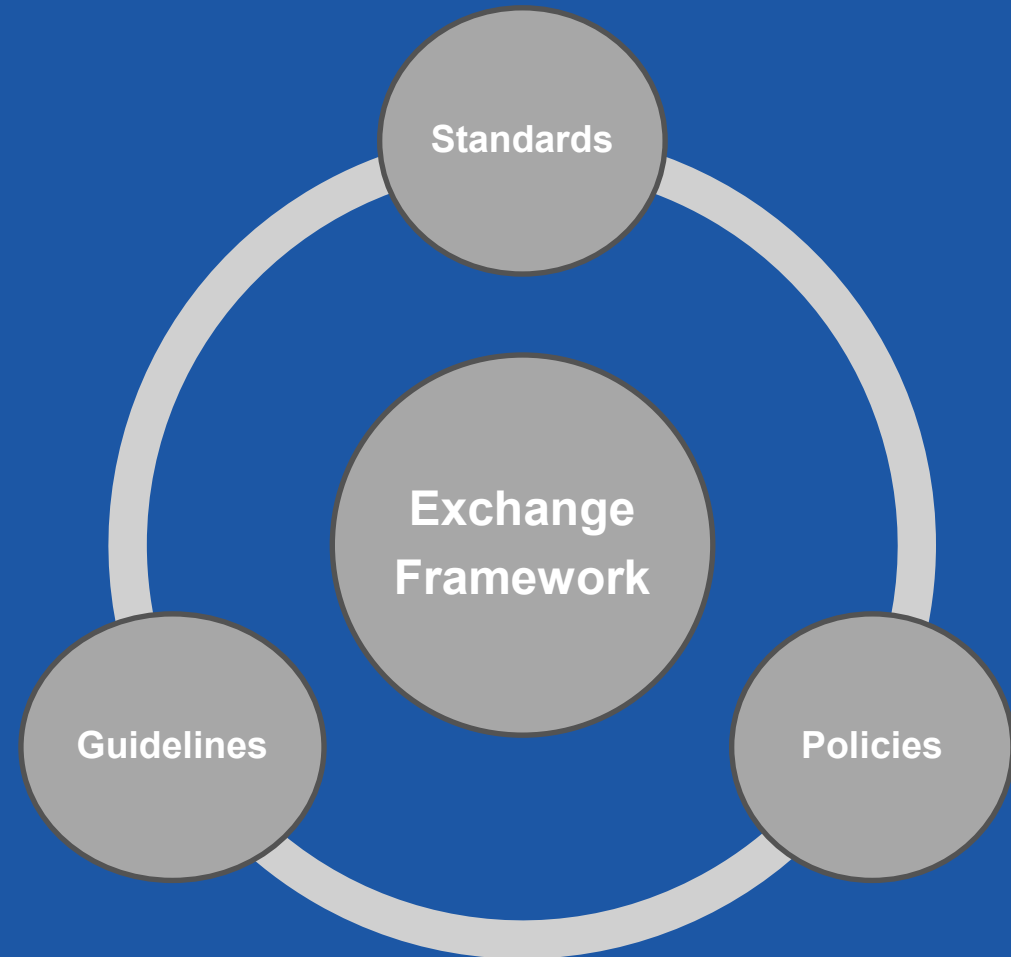
Implement ISO 20022 standards

Support traditional and emerging electronic payment methods



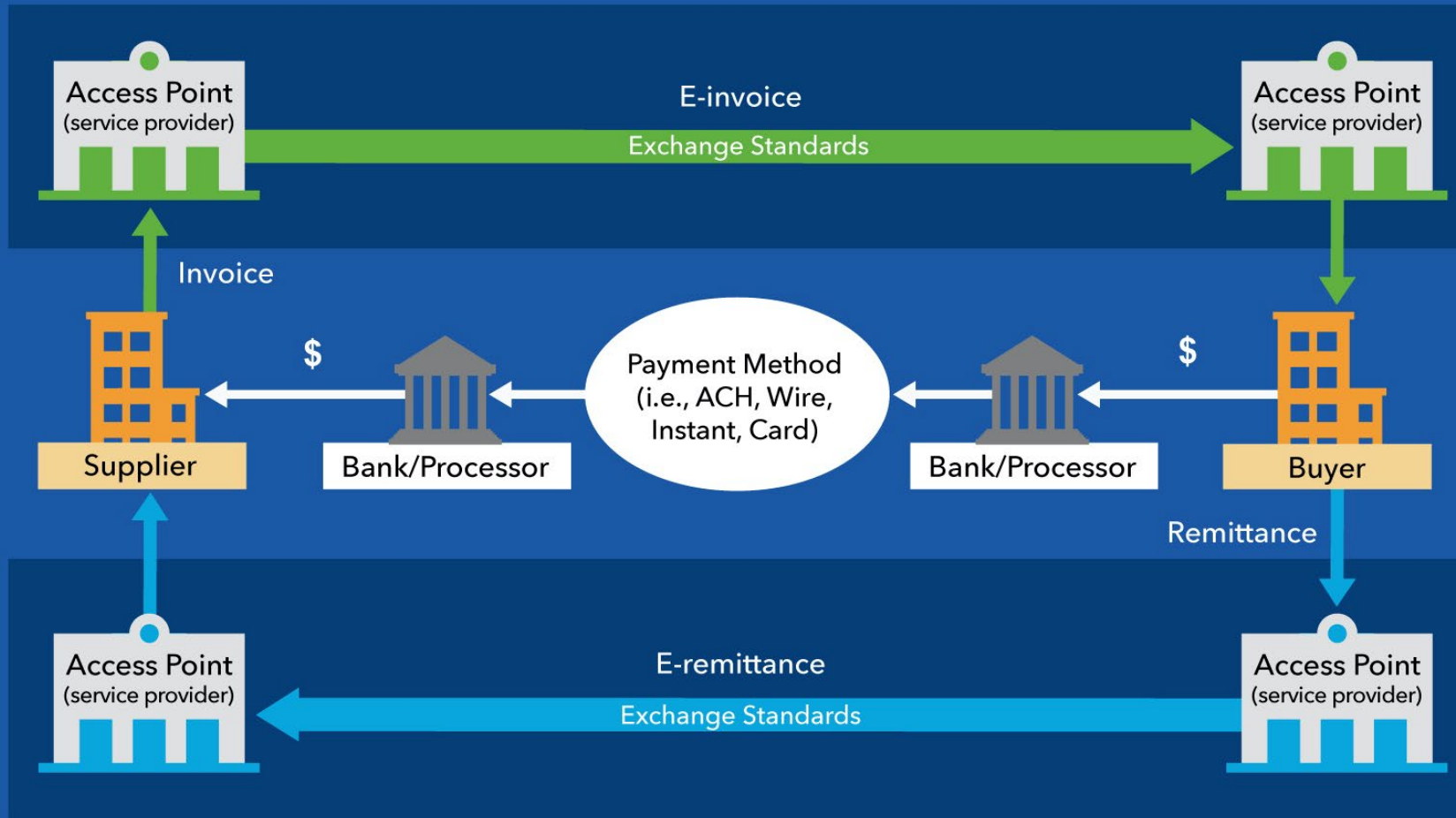
What Is an Exchange Framework?

It is a set of standards, policies, and guidelines enabling businesses to connect once, and exchange with anyone, independent of the platform, system, or application for exchanging electronic documents.



The Ideal State of E-invoice and E-remittance Delivery

A process flow that works for both



- Supports all payment methods
- Virtual networks complement payment systems
- Addresses two of the most challenging inefficiency pain points

Polling + Questions?



The Principles to Guide Us

Payment method agnostic

Support all electronic payment types

Focus on pain points of end users

Share benefits to businesses and long-tail counterparties

Consider the benefits and costs to all stakeholders

Provider agnostic

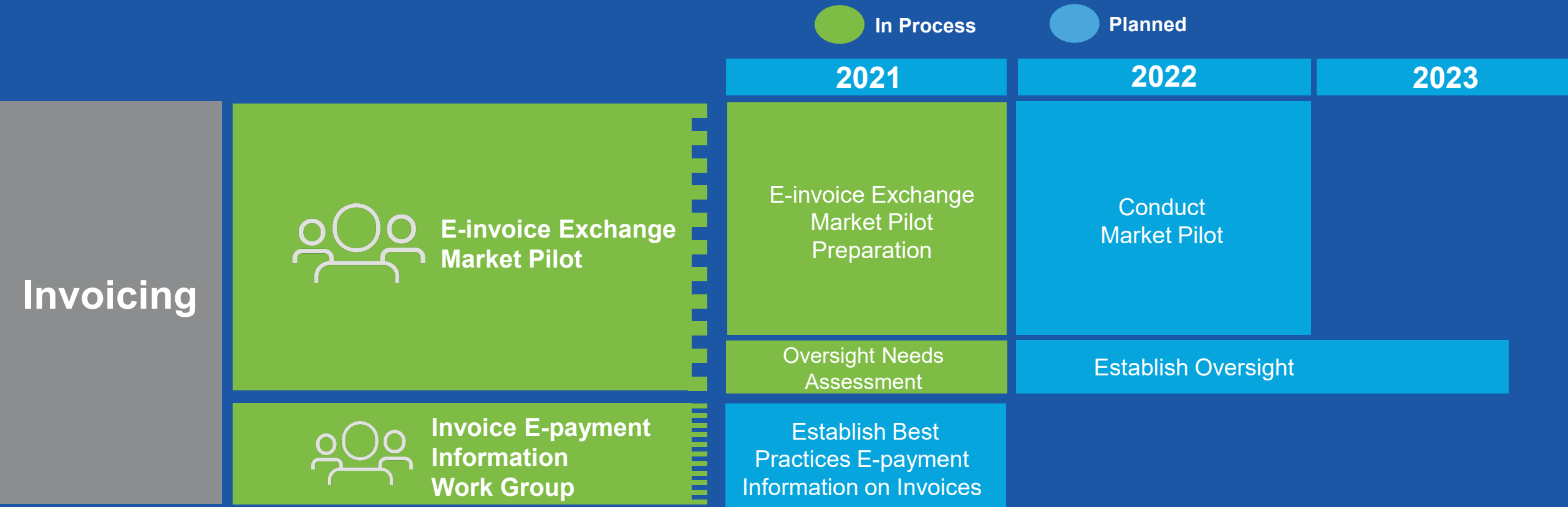
Enhance collaboration and capabilities that benefit the entire industry

Do not favor one proprietary solution over another

Support and complement what works well today

Electronic data interchange (EDI) is very effective for many large companies

How Do We Get There? Creating the Ideal State



E-invoice Exchange Market Pilot

This work will center on building, testing and bringing to market a virtual e-invoice exchange network that will enable businesses of all kinds to exchange invoices with one another.

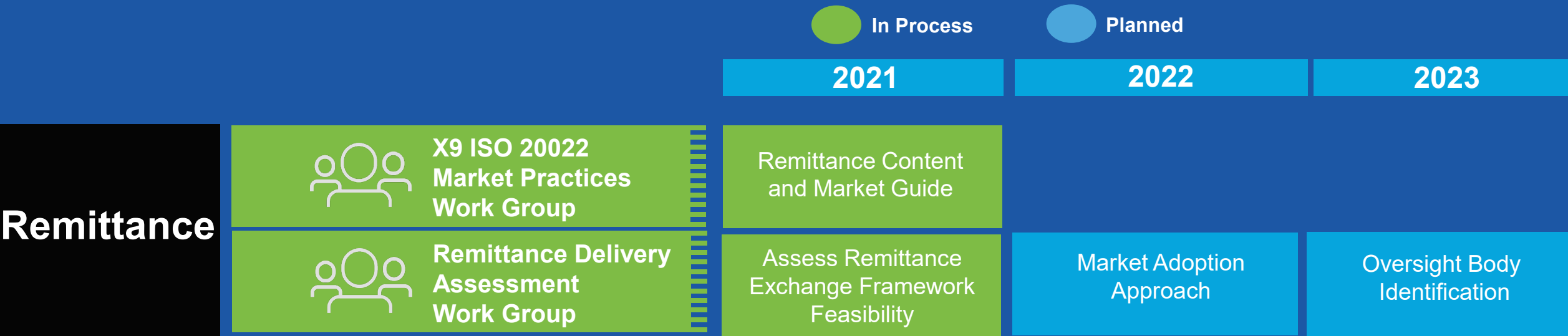
- Phase 1: Q1 2022
 - Development and testing of an onboarding toolkit and access points
- Phase 2: January-December 2022
 - Implementation of the pilot, including interim oversight and exchange of e-invoices within the virtual network



Desired Outcome

An operational business-to-business (B2B) electronic invoice exchange framework for the U.S. market.

How Do We Get There? Creating the Ideal State



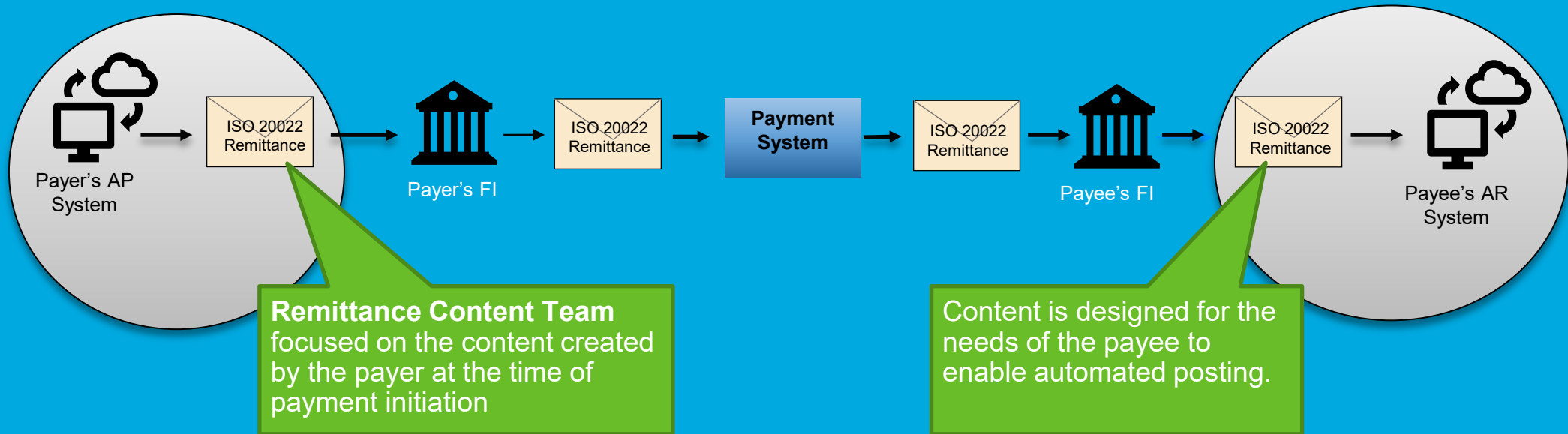
X9 ISO 20022 Remittance Content Best Practices Project Team

Objective: Create a U.S. market practices guide for remittance messages, enabling payers and payees to use consistent data regardless of payment rail

Problem to Solve

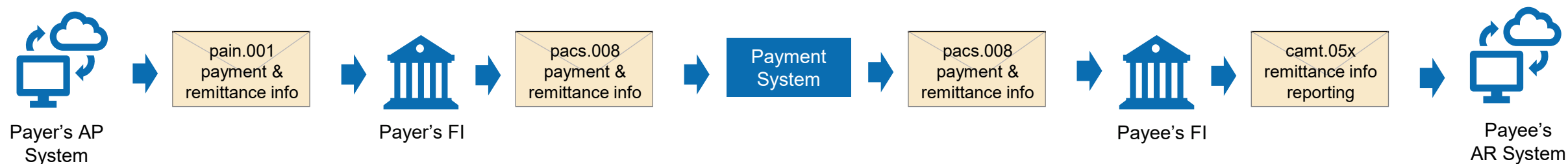
- It is important that corporate end users and their vendors have alignment on which standardized remittance data elements to provide in order to achieve straight-through processing.
- There are over 350 remittance-related data elements in the ISO 20022 standard.
- The **Remittance Content Project Team is working toward common data element guidance.**

B2B Payments – Remittance Content Harmonization

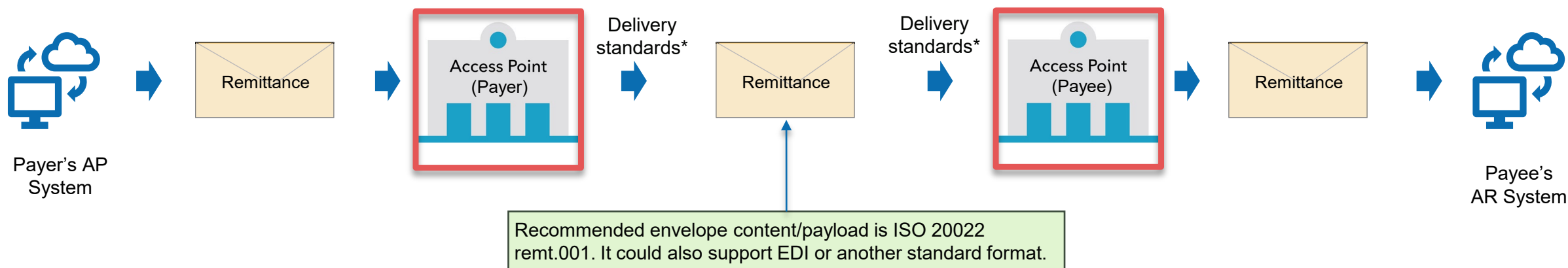


Remittance Options: Within the Payment or Through the Exchange Framework

B2B Payments – Remittance Flow Within the Payment



B2B Payments – Remittance Flow Through the Exchange Framework

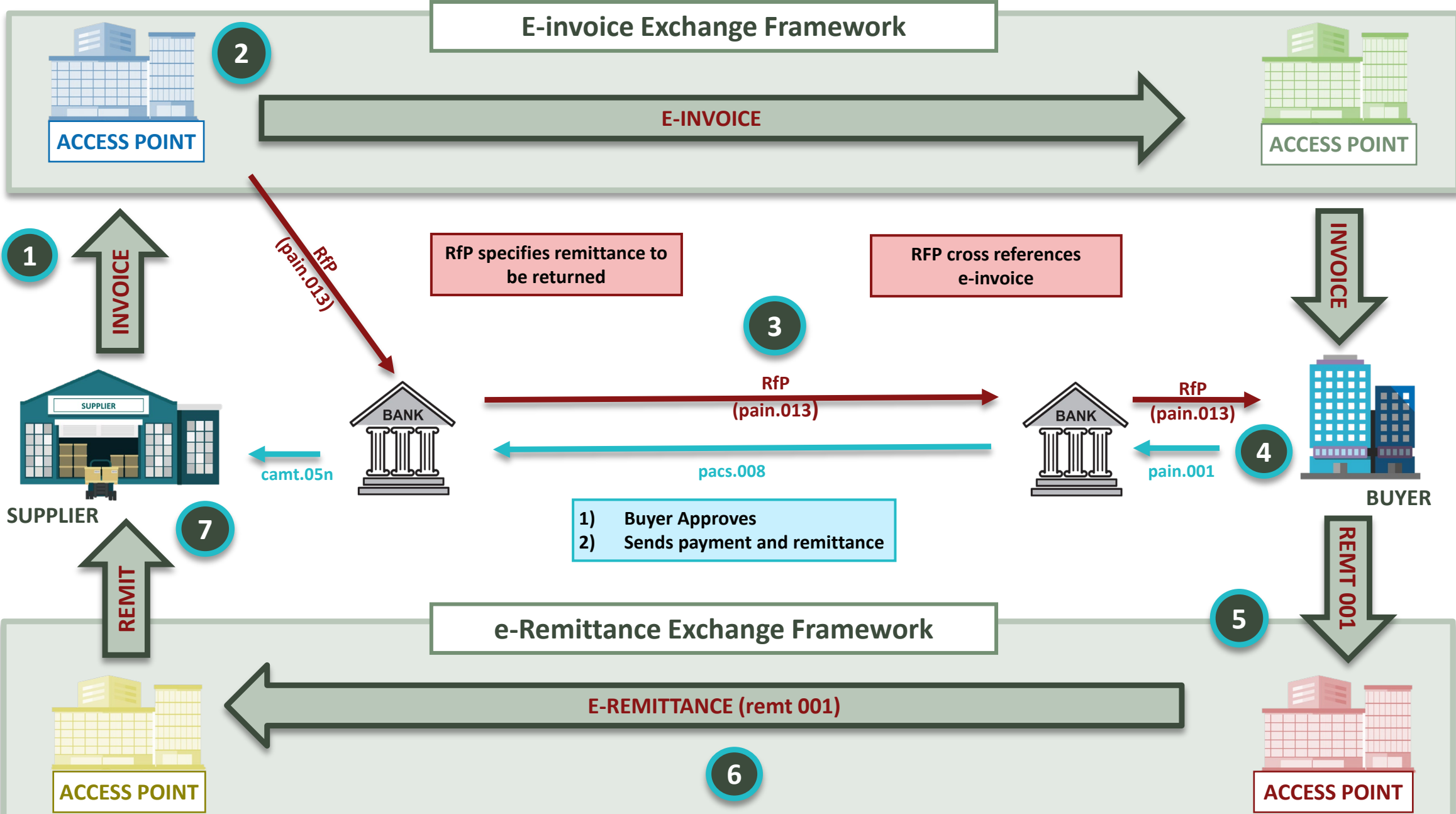


* The exchange framework has prescribed delivery standards

Polling + Questions?



Integrating Real Time Payments with E-invoices & E-remittances



Now Is the Time to Act

Steps you can take to modernize B2B payments:

Join a work group
or participate in
the E-invoice
Exchange Market
Pilot

Join the Fed
Payments
Improvement
(FPI) community

www.FedPaymentsImprovement.org

Follow
FedPayments
Improvement on
Twitter and
LinkedIn

Stay abreast of
Business Payments
Coalition activities
and work group
progress

www.BusinessPaymentsCoalition.org

Polling + Questions?

Wrap Up

FPC Town Hall
Modernizing B2B Payments:
The Time for Digitalization is Now



The presentation materials and recording of today's
FPC Town Hall will be available in the
FPC Member Portal

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