



# **Business-to-Business Wire Transfer Payments: Customer Preferences and Opportunities for Financial Institutions**

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## Contents

<b>Section 1: Executive Summary</b>	<b>.1</b>
Key Findings	.2
Additional Support for Key Findings	.2
Actions that Merit Further Consideration	.3
Why is it Important to Influence the Migration to Wire Systems?	.4
<b>Section 2: Methodology</b>	<b>.5</b>
How the Research Results Were Produced	.5
Creating the Pool of Survey Respondents	.5
Screening Questionnaire	.5
Fact Sheet	.5
Telephone Survey	.5
Reporting the Data	.6
Focus Group Participants	.6
Statistical Analysis	.6
<b>Section 3: The Potential of Wire Payment Systems and Opportunities for Financial Institutions</b>	<b>.7</b>
Little Progress in Migrating B2B Payments from Paper to Electronic Payments, but Significant Opportunities for Wire Payment Growth	.7
Wire Transfer Payments — An Important Payment Channel with Unique Benefits	.8
Addressing the Barriers to Wire Payment Growth	.8
Common Standards for Remittance Information	.8
Straight-Through-Processing	.10
Improved Efficiencies Enhance Value and Promote Growth	.12
<b>Conclusions</b>	<b>.14</b>
<b>Appendix</b>	<b>.15</b>
Contact Information	.15
Project Sponsors	.15
In their Own Words — Focus Group Comments	.16

## Section 1: Executive Summary

The migration of corporate payments from paper to electronics presents a unique business opportunity. Research shows that corporations are seeking efficiencies from the wire transfer process. By making improvements to realize these efficiencies, the financial services industry can position the wire transfer system for potential growth in the future. The Clearing House Payments Company and the Federal Reserve Banks believe that this effort will be successful only if all parties in the wire transfer process work together to achieve this goal.

“Business-to-Business Wire Transfer Payments: Customer Preferences and Opportunities for Financial Institutions” summarizes market research (“research”) conducted by The Clearing House Payments Company ([www.theclearinghouse.org](http://www.theclearinghouse.org)) and the Federal Reserve Banks ([www.frb services.org](http://www.frb services.org)). This study evaluates the preference of wire transfers as a payment method among U.S. businesses and offers an in-depth view of the issues facing businesses that routinely make wire transfer payments.

This is the first comprehensive research project to examine the use of the wire transfer systems for business-to-business (B2B) payments and builds on earlier studies from the Association of Financial Professionals, the Federal Reserve Banks and The Clearing House, which identified the barriers to straight-through-processing of wire transfer payments. This new research focuses on wire transfer payments to determine:

- what drives corporations to select one type of payment over another
- what changes are needed to make wire transfer a more attractive payment alternative
- what is the value of including remittance information<sup>1</sup> with the wire transfer payment, and
- what is the willingness of corporations to pay for this capability

A total of 381 decision makers from a diverse group of companies that met qualifying criteria responded to the survey. In addition, eight focus groups were held in multiple U.S. cities with more than 60 individuals participating from companies of various sizes, types and industries.

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<sup>1</sup> Remittance information includes details such as invoice number, customer number, etc., that help explain the purpose of the payment.

## Key Findings

- 1) Most corporate payments today remain paper-based<sup>2</sup> and are likely to migrate to electronic payments such as wire transfer or Automated Clearing House (ACH) over time. While conventional wisdom holds that many of these check payments may migrate to ACH, statistical analysis of the survey data reveals that for at least a portion of these payments, wire transfers would be a potential substitute for checks if they were more convenient. Even if only 2 percent of the check volume moves to the wire transfer systems, that would represent a 47 percent increase in wire transfer volume.<sup>3</sup>
- 2) The research shows that small and large companies alike want a more streamlined process for making wire transfer payments and favor a single remittance information standard to eliminate existing inefficiencies in the process. And, importantly, these companies are willing to pay for such efficiencies.

## Additional Support for Key Findings

- Consistent with earlier research, little progress has been made in migrating B2B payments from checks to electronic payments. The survey responses suggest that among businesses that use multiple payment methods — including wire — 83.5 percent of payments (by volume) are still made by check.
- Most accounting and bank-provided cash management systems do not work together, making process automation and straight-through-processing of payments difficult to achieve in today's electronic payment environment.
- A consensus exists among users of wire payments that there is a need to create a common standard for sending and receiving remittance information with the payment.
- 94 percent of respondents said it is “valuable” for wire transfer payments to include remittance information with the payment; 65 percent said it was “very valuable.”
- 58 percent of the respondents said they are willing to pay an additional amount for wires that include remittance information. On average, respondents indicated they would be willing to pay \$1.67 additional for payments that include remittance information. Thirty-two percent of these respondents are willing to pay at least an additional \$3.00.

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<sup>2</sup> This is consistent with two prior studies by the Association of Financial Professionals (AFP): *AFP Wire Transfer Survey: Receipt of Remittance Information, October 2005*; *2004 Electronic Payments Survey*.

<sup>3</sup> In 2005, combined wire transfer volume across the services offered by the Federal Reserve Banks and The Clearing House was 203.9 million payments. Approximately 4.8 billion (13%) of the 36.7 billion total checks written annually represent B2B payments according to *The 2004 Federal Reserve Payments Study, Federal Reserve System, December 2004 and Retail Payments Research Project — A Snapshot of the U.S. Payments Landscape, Federal Reserve System, August 2002*.

- Additional analysis of the survey data shows that respondents who perceive wires to be “inconvenient” send on average many more checks than other respondents. This suggests that making the wire transfer product more convenient to use would encourage companies to shift some of their check volume to wire.
- The data also suggests that lower revenue firms, which originate and receive a majority of B2B payments, would shift some payment volume from check to wire if the internal costs of processing wire transfer payments were lowered. This could be achieved, for example, by facilitating better integration between wire transfer systems and middle-market accounting software.

## **Actions that Merit Further Consideration**

The research supports the idea that if the existing wire transfer process remains cumbersome, customers may not adopt wire transfers as they migrate away from checks. More generally, the relative attractiveness of wire may erode over time. Wire transfer operators, banks and software vendors have an important opportunity at this time to bring about change that will ensure that the use of wires remains relevant and delivers the most value to end users well into the future. Actions that merit further consideration include:

- Enhancing payment system operator, bank and software vendor capabilities to include remittance information with wire transfer payments.
- Supporting a common industry minimum remittance standard that can be used by companies worldwide to move remittance information with the payment.
- Enabling bank cash management systems to integrate more effectively with accounts payable and accounts receivable systems to facilitate straight-through-processing.

For the financial services industry, the time to act is now, before other payment methods become the standard of choice for payments that would benefit from the immediacy and finality characteristics of wire transfer systems.

### **Will Wire or ACH Become the Predominate High Value B2B Payments Mechanism?**

ACH has the potential to become the standard migration path for all check payments — including high value payments. ACH is less expensive, is already widely used, can carry extensive remittance information with the payment, and is supported by a growing number of business-related applications such as Corporate Trade Exchange, Cash Concentration Disbursement, Accounts Receivable Conversion and Point-of-Purchase.

All of these attributes have added to the popularity of ACH payments. They also increase the possibility that ACH may take a much larger share of B2B payments (low and high dollar) in the future, unless financial institutions take action to enhance the wire transfer payment channel.

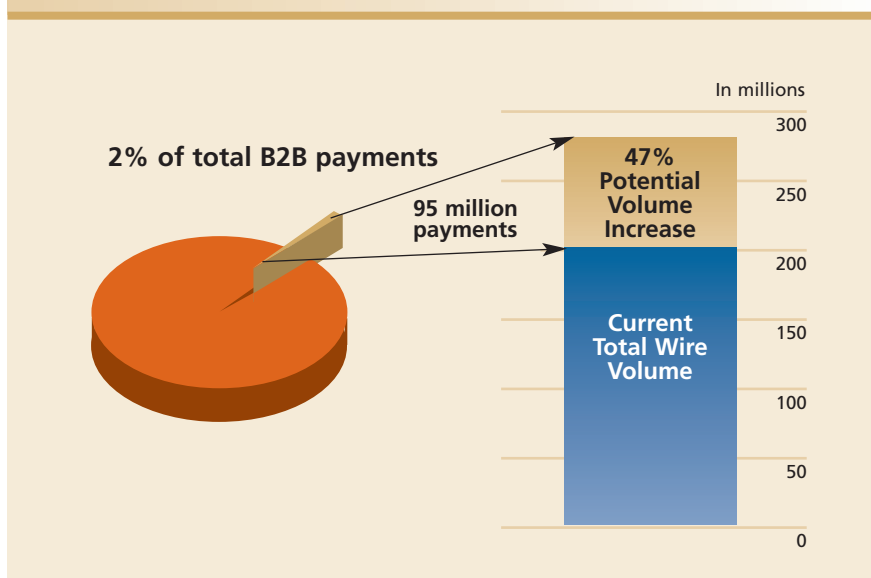
## Why is it Important to Influence the Migration to Wire Systems?

Most corporate check payments are likely to move to ACH. However, some high-value items could benefit from moving to wire because of the speed and security of the systems, which uniquely feature advanced risk controls and real-time processing with finality. Due to the relative efficiency advantages that already exist for ACH versus wire, a portion of high-value checks may migrate to ACH even if ACH does not meet all the needs of companies or financial institutions.

Financial institutions and other systems providers could enhance wire systems to make the process more uniform, streamlined and cost effective, so that more payments that could benefit from the characteristics of wire will not be lost to ACH and other payment methods.

In the focus groups, corporations agreed that if the process were more simple and efficient than it is today, wire transfer payments would be a more attractive method of payment.

**If only 2 percent of the current corporate check volume moved to wire, wire volume would increase 47 percent.**



**Focus Group Comment:** *"If there were some sort of standardized system, I think they could get a lot of companies to start moving over to using wires."* — Mid-size company, Dallas

Additional statistical analysis of the survey data from the study reveals that respondents who say they don't use wires because they are "too inconvenient" send many more checks, on average, than other respondents. By improving the overall convenience of wires, it is likely that firms would use wires more and that more firms would become regular users of wire transfer services.

## Section 2: Methodology

### How the Research Results Were Produced

The research follows earlier studies from the Association of Financial Professionals, the Federal Reserve Banks and The Clearing House that identified barriers to making electronic payments. This study takes these previous findings a step further by assessing the potential demand for wire transfer payments if those payments included enhanced remittance information in a standard format. It also seeks to determine why corporations select one type of payment over another and what changes are needed to move more payments from check to wire.

The research was conducted from February through August 2006. Both quantitative and qualitative methods were used. The Clearing House and the Federal Reserve Banks retained Granite Research Consulting to conduct the study. To identify potential respondents, Granite targeted U.S.-based companies that use wires to send or receive payments and that have more than \$5 million in annual revenue. For the quantitative portion of the research, three survey instruments were used to generate results: a screening questionnaire, fact sheet and telephone questionnaire.

### Creating the Pool of Survey Respondents

#### Screening Questionnaire

This questionnaire was used to identify respondents that met certain criteria, such as being the sole or joint decision makers responsible for wire transfer payments at companies that sent and/or received at least 10 payments in the past 12 months and had annual revenues of at least \$5 million.

#### Fact Sheet

After completing the screening questionnaire, qualified respondents were given the fact sheet to help them prepare for the telephone survey. The fact sheet included questions about how decisions are made to send and receive B2B payments, the type of payments software used and the various methods used to send and receive payments and corresponding remittance information.

#### Telephone Survey

A total of 381 respondents were contacted to review their fact sheet information and to answer additional questions on several topics: the perceived value of sending or receiving remittance information with the payment, preferences for specific remittance information and practices surrounding notification of wire transfers sent or received. The telephone surveys each lasted from 20 to 25 minutes.



**Survey Respondent Profile**

Percent of Total		Percent of Total		Percent of Total	
<b>Decision Making</b>		<b>Industry</b>		<b>Annual Wires Sent/Received</b>	
Primary decision maker	41%	Manufacturing	23%		
Joint decision maker	59	Retail	13	10-14	3%
<b>Respondents Grouped by Revenue</b>		Professional services	11	15-24	6
\$5 million-<\$10 million	8%	Financial services	9	25-49	5
\$10 million-<\$100 million	20	Wholesale	9	50-99	22
\$100 million-<\$250 million	20	Education	6	100-199	17
\$250 million-<\$500 million	26	Construction	5	200+	47
\$500 million-<\$1 billion	13	Nonprofit	4		
\$1 billion+	13	Agriculture	3		
(Unweighted base)	(381)	(Unweighted base)	(381)	(Unweighted base)	(381)

**Reporting the Data**

Data in the research are reported as averages for groups of respondents within specific company revenue ranges and as a weighted average across the surveyed population. To calculate the weighted average, each group of respondents within a given revenue range is weighted according to that group's share of the estimate for total corporate wire transfer usage in the United States.

**Focus Group Participants**

A total of eight focus groups were held in Dallas, San Francisco, Chicago and New York City. Each focus group session consisted of approximately eight participants, who were chosen based on their use of wire transfer payments and their company size. At each location, one session was conducted with participants of mid-sized companies with between \$10 million and \$250 million in revenue. Another session was conducted with participants of larger companies with \$250 million or more in revenue. Each focus group session lasted approximately 1 hour and 45 minutes.

Participants were queried on the following topics: the process of sending and receiving wire transfer payments; the problems and barriers to using wires; the importance of remittance information; the role of software packages in the payment process; and the perceived costs associated with this type of payment.

**Statistical Analysis**

Statistical analysis of the telephone surveys was completed by Granite Research Consulting. Additional statistical analysis of the survey responses was conducted by staff at the Federal Reserve Banks, which is a supplement to this report and available from The Clearing House and the Federal Reserve Banks.



## Section 3: The Potential of Wire Payment Systems and Opportunities for Financial Institutions

### Little Progress in Migrating B2B Payments from Paper to Electronic Payments, but Significant Opportunities for Wire Payment Growth

During the past several years, the financial services industry has made significant progress in migrating consumers from paper checks to electronic payments such as credit and debit cards at the point of sale, online bill payment through Internet banking and biller websites, and traditional ACH applications of direct payment and direct deposit. However, the same level of progress has not occurred in moving businesses from checks to electronic payments.

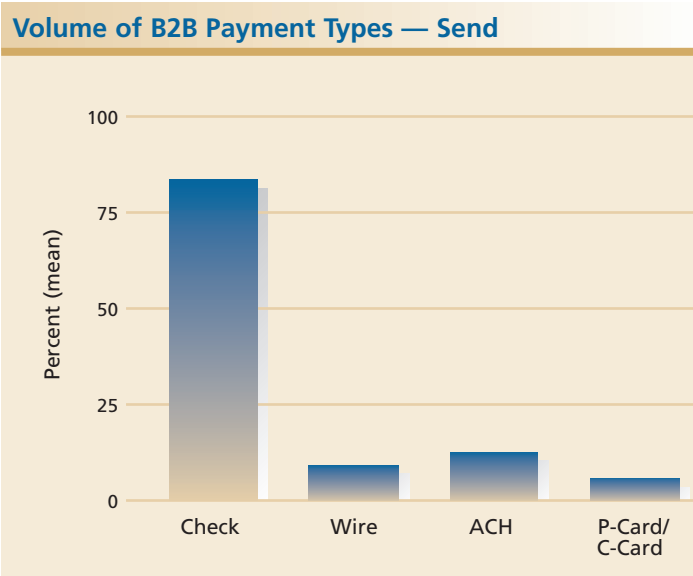
The research confirms that businesses continue to write checks because they perceive this to be the most convenient method of payment to trading partners and vendors. A primary reason cited for using checks is the availability of remittance information that flows with the payment.

While most companies use both checks and wire transfers, more than 80 percent of the volume of all corporate payments is sent using checks.

This broad finding is consistent with recent studies from The Clearing House Payments Company, Association of Financial

Professionals and the Federal Reserve Banks. Corporations remain slow to adopt electronic payments for the following reasons:

- Checks are easier to initiate and have perceived float advantages
- Cash management and accounting systems do not provide the features desired to send and receive payments electronically
- For wire transfer payments, no standard exists for sending remittance information that allows efficient reconciliation and posting of electronic payments once they are received.



## Wire Transfer Payments — An Important Payment Channel with Unique Benefits

Despite a lack of progress in migrating B2B payments from checks to electronic transactions, the research confirms that the wire payments systems operated by The Clearing House (CHIPS®) and the Federal Reserve (Fedwire® Funds Service) remain important payment channels. Many businesses prefer wire transfer payments because the payment is made the same day, the recipient/vendor asks for the payment to be made by wire and because wires are perceived to be a safe way to send and receive large dollar value payments with no risk of return.

Respondents indicated, on average, that they send and receive approximately 75 percent of wire transfer payments within the United States (rather than internationally); this percentage is consistent across revenue categories.

The additional statistical analysis of survey data also demonstrates that both domestic and international wire use increases with firms' revenues, after controlling for other factors. This differs from checks and purchase cards, which do not increase proportionately with revenues of the firms. For ACH, while larger firms make somewhat more transfers than smaller firms, the relationship is small and statistically weak. This analysis supports the conclusion that there are more barriers to the use of wires than to the use of other payments alternatives.

It can be reasoned that larger firms are more able to overcome the inefficiencies in the wire transfer payment process by adding resources or investing in automation, and can spread the related costs over more payments. They are therefore more likely to use wires for a larger portion of payments. Smaller firms generally do not have this flexibility and therefore may choose more convenient options, such as check, even when the circumstances otherwise make wire the best choice for making a payment.

## Addressing the Barriers to Wire Payment Growth

Although B2B wire transfer payments are highly valued as a method of payment for many transactions, the potential for growth is limited at this time due to inefficiencies that are perceived among corporations.

### Common Standards for Remittance Information

During focus group discussions, the most commonly cited suggestion for improving the wire transfer process was to implement a common standard for sending and receiving remittance information with wire transfer payments.

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*Fedwire* is a registered service mark of the Federal Reserve Banks.

*CHIPS* is a registered service mark of The Clearing House Payments Company L.L.C.

**Focus Group Comment:** *"Part of our barrier [for wires] is the reports that we actually get from our banks. The information like the payee or the person paying us is not always in the same place. So if you try to automate it and send it through a system, you may in one wire get zeros and an ABA number, and get another wire with the name of the sender."*

— Mid-size company, Dallas

For example, the EPN STP 820 minimum remittance standard is being adopted in ACH, and it is designed to carry the minimum remittance information required to automatically post and reconcile electronic payments. A similar standard could be applied to wire transfer payments. Another emerging standard is the new ISO 20022 that will be used initially in the European market and will include standard remittance information for domestic and international payments. To promote efficiencies related to sending or receiving international payments, it would be desirable for the U.S. wire transfer format and emerging international standards to be compatible.

#### **EPN STP 820**

The EPN STP 820 standard defines the minimum remittance information to be included in an electronic payment. It defines common information that most companies need to reconcile and post electronic payments. These fields are: customer account number (mandatory), customer name (mandatory), and for each invoice being paid: invoice number, invoice date, invoice gross amount, amount paid, purchase order or other reference number, adjustment amount, adjustment code, adjustment description notes. The EPN STP 820 is supported by the Association of Financial Professionals and NACHA and has been adopted by providers of accounts payable, accounts receivable and cash management systems as well as other technology providers.

#### **ISO 20022**

The customer credit transfer standard adopted by the International Organization for Standardization (ISO) includes structured remittance information that is designed to cater to a broad, international audience who is making payments for a variety of business reasons (e.g. paying an invoice, a contract fee, etc.). It includes the following remittance fields: referred document information (a description of what is being paid such as commercial invoice, commercial contract, etc. and its reference number), referred document date, referred document amount, creditor reference information (additional information that is meaningful to the receiver such as a purchase order and purchase order number), invoicer (payee), invoicee (payor) and additional remittance information (free text). The standard is supported by ISO member countries and the Society for Worldwide Interbank Financial Telecommunication (SWIFT) and is beginning to emerge in various financial markets.

## Straight-Through-Processing

Survey respondents indicated that wire transfer payments that flow electronically from accounts payable systems to accounts receivable systems — without manual intervention and postings — would be a significant improvement. Focus group interviews confirmed that many companies would use this payment channel more frequently if accounting and cash management systems facilitated straight-through-processing of the transaction.

The research found that having remittance information with the payment would increase efficiencies and enhance value to corporations.

Today, the process of reconciling incoming wire transfer payments with invoice information remains manual, time consuming and prone to error. Bank cash management packages — the platform of choice for initiating wires — do not operate with a single, industry standard for sending and receiving remittance information. Moreover, each bank platform has a non-uniform and unstructured free format template for remittance information.

### Statistical Highlight

94 percent of respondents say it is valuable for wire transfer payments to include remittance information with the payment; this figure is consistent across revenue categories. Further, 80 percent of those who say it is valuable, refer to improved accounting and other efficiencies as the reason for their response.

**Focus Group Comment:** *“The biggest issue is when I receive a wire: What does it relate to? What invoice specifically or a combination of invoices does it relate to?”* — Large company, Chicago

### Statistical Highlight

- Approximately 40 percent of respondents use middle-market accounting software to send payments. Not surprisingly, more large companies use high-end Enterprise Resource Planning systems, while smaller companies use off-the-shelf software.
- 72 percent of the respondents say they use cash management software supplied by their financial institution. The smallest companies are less likely to use cash management software.

Further complicating the process is that accounts payable and accounts receivable systems are not integrated with bank cash management systems. The research found that only 18 percent of the respondents have the capability to interface between accounts payable and cash management software. Only 17 percent of the respondents say they have the capability to interface between accounts receivable and cash management software. In both instances, larger companies have more system integration than smaller companies.

Due to this lack of system integration, companies must execute multi-step manual processes when both sending and receiving wire transfer payments. Frequently, the wire transfer payments are sent separately from the remittance information, creating additional operational complexity. The research indicates that email is the most frequently used method for sending and receiving remittance information for wire transfer payments. This is consistent across revenue categories. Mid-size companies also frequently use facsimile as an alternative method.

In fact, all middle-market companies participating in the New York focus group indicated that they fax their payment instructions to their financial institution, where it is re-keyed. This highly manual process can create significant liability to the financial institution and creates the potential for errors and time delays.

While the majority of the corporations indicated that the entire wire transfer process is manual from origination through receipt, the top complaint cited by receivers in the focus groups is the difficulty of reconciling and posting, due to cryptic or insufficient remittance information.

**Focus Group Comment:** *“Very often the information is so brief that it really takes a seasoned accounts receivable person to really analyze what’s being sent to us.”* — Mid-size company, New York

The receiving party must reconcile the remittance information to the payment and post the payment manually to the appropriate accounting system. While some still prefer to manually post each payment to incorporate another level of risk controls, many respondents stated that having the option to process straight-through would make a wire payment as easy as a check and thus far more attractive as a payments mechanism.

**Focus Group Comment:** *“I like the idea of the interface between an AP system and the bank’s information — that once a wire is sent out — it could be interfaced with the accounts payable system.”*  
— Mid-size company, New York

**Focus Group Comment:** *“If we had straight-through-processing, you eliminate a whole bunch of steps and it [the payment] would go right in. And so there’s a big savings.”* — Mid-size company, Dallas

## Improved Efficiencies Enhance Value and Promote Growth

The research found that lowering the corporation's costs is the leading factor that would motivate companies to send more wire transfer payments.

### Factors that would influence respondents to send more wire transfer payments versus other payment methods

	Total (A)	Respondents Grouped by Revenue Ranges					
		\$5mln- <\$10mln (B)	\$10mln- <\$100mln (C)	\$100mln- <\$250mln (D)	\$250mln- <\$500mln (E)	\$500mln- <\$1bln (F)	\$1bln+ (G)
Reduce cost charged by bank/cheaper	36%	27%	33%	55%	49%	54%	48%
Increase in number of vendor/payee requests	27	20	30	28	24	20	10
Improved technology/ease of use/convenience	22	27	22	15	18	22	12
Speed/urgency/expedite shipping	13	20	11	7	16	20	18
Increase in number of high dollar transactions	8	10	8	7	4	12	12
Reduce fraud/security	7	7	8	3	7	10	6
(Unweighted base)	(381)	(30)	(76)	(75)	(100)	(50)	(50)

Corporate costs could be reduced if banks lowered wire transfer fees, but they could also be reduced if the wire transfer products were enhanced to produce other efficiencies. As noted in the chart above, value-added features that improve technology, ease of use, or convenience were often cited as motivating factors for increasing wire volume. One way to deliver these features to corporations would be to enhance remittance information capabilities in the wire transfer message format.

**A key finding of the research is the corporations' desire to send and receive remittance information along with wires, and the willingness to pay for this ability.**

- 94 percent of the respondents say it is “valuable” for wire transfer payments to include remittance information with the payment. This finding was consistent across revenue categories.
- 58 percent of the respondents are willing to pay an additional amount for wires that include remittance information. This finding was consistent across revenue categories.

**How much respondents would be willing to pay in addition to what they pay today for wire transfer payments that include remittance information**

		Respondents Grouped by Revenue Ranges						
		Total (A)	\$5mln- <\$10mln (B)	\$10mln- <\$100mln (C)	\$100mln- <\$250mln (D)	\$250mln- <\$500mln (E)	\$500mln- <\$1bln (F)	\$1bln+ (G)
Willing to Pay:								
Additional \$5.00	58%	17%	13%	18%	20%	13%	22%	12%
Additional \$3.00		16	13	16	17	16	16	14
Additional \$1.00		22	17	24	17	26	18	30
Less than \$1.00		3	7	3	1	1	0	2
Nothing		36	40	34	39	41	32	42
Don't know		6	10	5	5	3	12	0
(Unweighted base)		(381)	(30)	(76)	(75)	(100)	(50)	(50)

On average across all respondents, there is a willingness to pay \$1.67 additional for payments that include remittance information. Thirty-three percent of these respondents are willing to pay at least an additional \$3.00.



# Conclusions

In both the quantitative surveys and focus groups, the research shows that business and corporate customers have a clear need to receive additional structured remittance information that will allow them to apply a payment quickly, enabling an efficient posting and reconciliation process. Many companies expressed frustration that the capability is not available. Statistical analysis reveals that a perceived inconvenience of making payments by wire is associated with a higher use of check. Respondents believe that an industry standard would streamline a cumbersome process and motivate them to use wire transfer systems more frequently.

The research supports the idea that if the wire transfer process remains cumbersome, customers are unlikely to migrate check volume to wire and may even move existing wire volume to other forms of payment. Wire transfer operators, banks and software vendors have an opportunity at this time to bring about change that will ensure that wires continue to remain relevant and deliver the most value to end users well into the future. Changes that merit further consideration include:

- Enhancing payment system operator, bank and software vendor capabilities to include remittance information with wire transfer payments.
- Supporting a common industry minimum remittance information standard that can be used by companies around the world to move remittance information with the payment (such as the EPN STP 820 and ISO 20022).
- Enabling bank cash management systems to integrate more effectively with accounts payable and accounts receivable systems to facilitate straight-through-processing.

The research not only validates the work of earlier studies that highlighted the importance of overcoming barriers to moving checks to electronic payments, it also encourages financial institutions to pursue an industry-wide remittance standard and find ways to help businesses achieve straight-through-processing.

For the financial services industry, the time to act is now, before other payment types become the method of choice for payments that today benefit from the characteristics of wire transfer systems.

# Appendix

## Contact Information

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## Project Sponsors

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**The Clearing House and CHIPS**

The Clearing House Payments Company ([www.theclearinghouse.org](http://www.theclearinghouse.org)) is a private-sector, global payment systems infrastructure that clears and settles 40 million payments for more than \$1.6 trillion per day. The Clearing House serves more than 1,400 U.S. financial institutions and hundreds of international participants, operating payment systems that span the entire spectrum of paper, paper-to-electronic and electronic payments, including CHIPS. CHIPS ([www.chips.org](http://www.chips.org)) provides real-time, final payments to the largest financial institutions for their customers in the U.S. and around the world. It features multilateral netting with payments finality — a patented process that maximizes the use of liquidity — and supports the inclusion of large amounts of remittance information with payments in a variety of universally accepted standards.

**The Federal Reserve Banks and Fedwire**

The Federal Reserve Banks are the public-sector owners and operators of payment systems infrastructure, including the Fedwire Funds Service. The Fedwire Funds Service is the Federal Reserve Bank's high-speed electronic payment system. Each transaction initiated via the Fedwire Funds Service is individually initiated, processed and settled immediately upon receipt via a highly secure electronic network. More than 8,900 financial institutions have access to the Fedwire Funds Service. On average, the Fedwire Funds Service processed and settled approximately 528,000 transfers per day in 2005, which amounted to an average daily value of approximately \$2.1 trillion. For more information regarding the Fedwire Funds Service or other Federal Reserve Bank financial services, please visit [www.frbsservices.org](http://www.frbsservices.org).

## ***In their Own Words* — Focus Group Comments**

### **A Lack of Remittance Information**

*"We do get limited information when they [payments] do come in, and it's very hard to reconcile and figure out exactly what they came in for." — Large company, Chicago*

*"I wouldn't even send somebody \$10 without their knowing it was coming in and what it was for. We get hundreds of thousands of dollars, and we have no earthly idea of why we're getting this money." — Mid-size company, Dallas*

*"Sometimes the description we get, even if the sender puts in a good description, it seems like we just get a bunch of numbers. Then I have to go and call the bank and get more information. It's a delay process. I wish it would be easier. At least tell me where it's originating from or what bank it's coming from, other than a bunch of numbers, because I don't know what the numbers mean." — Mid-size company, San Francisco*

*"We had one [wire] that was \$170,000-\$180,000, and it sat around for two or three weeks. We couldn't figure out who sent the money." — Mid-size company, Dallas*

*"We'll have it [a wire payment] sitting in a suspense account for a couple of days before we can even apply the money. We have to make a phone call, then after that ..... they send us a detailed analysis of what was being paid." — Mid-size company, New York*

*". . . once they've determined it's [the wire payment] from that customer, it may be different from what they're expecting. Then it's up to the accounts receivable person at that location to follow up with the customer and say, 'Hey, wait a minute. You guys sent me a million dollars. You were supposed to send me a million-two.'" — Mid-size company, New York*

### **The Need for Standardization**

*"Wouldn't it be nice if the amount you're putting in had to agree with the total .... and you can only put an amount in with one or more other fields populated?" — Large company, Chicago*

*"Develop standardized fields, perhaps allow for automation of the accounts payable vendor system with selected accounting software programs." — Mid-size company, San Francisco*

*"I'd like to see some sort of industry standard for what data should be included in the wire." — Mid-size company, Dallas*

*"Assuming that the remittance information matched what was on their own system, it [the remittance information] would be very useful. Because nobody would really have to manually research every single wire." — Large company, San Francisco*

*"If you can get everybody, all the countries, to use the same field ... you'd eliminate a lot of problems internationally." — Large company, Chicago*

## Straight-Through-Processing

*"When you talked about a perfect world, it would be fully automated from accounts payable straight through to the vendor or whoever you're buying from."* — Mid-size company, Dallas

*"It just would be nice if you log into your bank system and you send a wire and there's a date stamp when the wire went. And when it's received, there is some kind of notification e-mail that a wire was received. It's kind of a loop back."* — Large company, Chicago

*"... our accounting system doesn't have the ability to do the wire right from the accounting system. So we have to go to another system and park it in there."*  
— Mid-size company, Dallas

*"The other area it could replace is manual payments and manual receipts... If you tend to store a lot of paper documentation on the manual side, that's a possible benefit..."*  
— Large company, Chicago

*"You would be cutting days off of your receivable cycle and the application, not just the [receipt] of cash, but actually applying it and giving your credit manager the information he needs to manage the credit side."* — Mid-size company, Chicago



## **Business-to-Business Wire Transfer Payments:** **Customer Preferences and** **Opportunities for Financial Institutions**

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