



## Accredited Standards Committee X9, Incorporated

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October, 2010

Dear X9 Members:

Attached you will find a copy of the premiere issue of the *X9 Extra* newsletter. The Extra is an abbreviation and replacement of our previous twice yearly newsletter effort. With the Extra we hope to be able to provide you with news and information on a more frequent basis.

I would like to invite all X9 members to put forward their article ideas for future Extra issues. For a review of your story concept, please contact [ed.stana@x9.org](mailto:ed.stana@x9.org). Ed will be happy to review your subject matter and offer ideas about the addition of information/details that could make for a better story. Ed can also supply a guide for writing for the X9 Extra.

I hope you enjoy this premier issue and think about providing input for our future issues.

Sincerely,

John FitzPatrick  
Deluxe Corporation  
Chair, X9 Marketing & Membership Committee



Dear X9 Members:

This is the first issue of *X9 Extra*, an abbreviated newsletter to keep X9's membership informed about standards activities. The format was suggested by X9's Executive Committee who sought a way to communicate with the membership on a more frequent and informal basis.

This *X9 Extra* discusses two major standards development activities currently underway—X9AB21's revision of the Cash Management Reporting process (formerly the "BAI" CMR) and a look at a new global standards initiative on mobile banking/payments—in committees. The mobile standard is starting with Mark Tiggas of Wells Fargo leading an international committee to work on this project (TC68 SC7/WG10). AB 21's Cash Management Reporting standard is nearing completion after a year of aggressive input. The X9 AB 21 working group is hopeful it can complete a ballot to the membership in early 2011.

Plans for the *X9 Extra* call for the X9 membership to supply leads and offer ideas for future newsletters. To assist with this work, X9 has put together a guide for individuals to use to help develop articles for the *X9 Extra*. We welcome your support and ask for your input on our new format.

Best Regards,

*Cindy*  
Cindy Fuller  
Executive Director ASC-X9

## 130 CODES CHANGED OR DROPPED IN EFFORT TO UPDATE PROCESS X9's Cash Management Standard on Track for January Finish

Development work for a new Cash Management Reporting standard (formerly the BAI Cash Management Guideline) is underway with a rewrite of the twenty year-old document that is considerably dated and out of sync with new financial industry needs. Under X9's management, an updated standard should be completed by the end of the second quarter, 2011. With X9's accreditation the finished work will become an American National Standard.

X9's AB 21 work group is re-drafting the standard and is represented by most leading US-based financial institutions. Presently the working group has identified more than 130 BAI codes that either need new descriptions, consolidation with other codes, or retirement to reflect current usage.

Cindy Fuller, X9's Executive Director, notes that although the standard, when published, will be "revised", it is a standard under X9's procedures which call for a "continuous maintenance" status. For any bank or corporation who were not able to participate in the first round of revisions, X9 would invite them to join the membership for the continuous maintenance phase of management.

The Working Group leader Jim Wills of SWIFT reports he is pleased with progress made so far and expects input

wrap up by the first month of 2011. From there the new effort will be presented to the X9 Board of Directors for approval, then the draft standard goes to the American National Standards Institute (ANSI) for designation as an Accredited National Standard. The new work effort will incorporate the best elements from both the BAI product and the ISO 20022 CAMT (cash management) reporting messages and associated code sets. This will promote the standardized global use of cash management



formats, while ensuring interoperability within ISO 20022. In addition, plans call for the standard to incorporate SWIFT's existing cash management reporting formats, too.

The old BAI process is widely used for information reporting of account balances, transactions, lockbox detail and controlled disbursement detail. However, the existing cash management reporting document is not a standard or in the format of an American National Standard; it is simply a commonly used format. It has many optional fields and variations from bank to bank. Often companies implement many variations of the technical document causing a large investment in scripting and resources to integrate these versions of the format into back office applications.

In an effort to meet deadlines, the AB 21 Working Group was split into four areas of banking and standardization expertise—Code List Update, Wire Remittance Information, Language of the Standard, and Implementation—all efforts are moving simultaneously toward completion of the new standard. “We know we could use input from other financial institutions not represented in the initial work,” said Jim Wills, “and we hope missing firms and their customers will come forward to make certain the new standard conforms to their uses.”

### Study Data Considered

A survey conducted by the Association for Financial Professionals (AFP) on corporate practices using the BAI codes found that the BAI Cash Management process is used widely throughout financial institutions over numerous platforms for several types of receiving and reporting systems.

Due to the popularity of the existing BAI process, study respondents asked that a new standard must clear up the many

disparities within the current BAI process. In addition, the study found that any new standard should be made to keep input and reporting information in a uniform manner so data can be acted upon consistently, be it generated or received through national or global sources. Also, long-term management of the new X9 Standard should be a priority for the new document to include any new financial systems or processes in the standard.

That is not news to David Repking, the Global Information Product Manager for J.P. Morgan Chase & Co. Repking is “code list update” leader of the X9 effort. “Corporates who have only one banking partner are probably fine with the current BAI format, while others suffer,” says Repking.

“Inconsistencies of the standard occur when clients have multiple banking partners and/or when they conduct business outside of the United States,” Repking said. “Through the years, banks created unique interpretations of the BAI product and added their own custom codes, which created variations throughout the industry. The clients’ goal of an automated, straight-through process for cash management reporting is defeated by such variations that often times result in manual exceptions.”

### X9 Standard Under Continuous Maintenance

To ensure a new standard remains useful, X9 has come forward with a plan to put the product under Continuous Maintenance. This, X9 says will allow flexibility within the new standard to roll in new technologies and payments approaches to the standard on a timely basis. According to Cindy Fuller, Executive Director of ASC X9, the new Cash Management Reporting Standard will be reviewed at 18 month intervals to keep up with corporate needs in the fast-moving environment of payments systems.

“Should a new process be introduced sooner,” Fuller said, “X9 has a mechanism for including new needs sooner.”

Updating the BAI format and replacing it with an X9 standard means updating the codes. The new X9 standard likely will include SEPA transactions, for example, and should separate international ACH Transactions, or IATs, from domestic ACHS. Corporate practitioners studied by the AFP survey suggest that a new standard should include these transactions and others, including e-payments, investment sweep credits, and debits, remote deposit-capture deposits and inter-company.

Most corporate customers of financial institutions have a major interest in cash management reporting. “Today, it is essential for a corporate treasurer to efficiently and effectively determine current and future cash positions as well as individual transaction statuses across accounts,” said Fuller. “This effort from X9 will significantly contribute towards this necessity.”

According to financial industry persons working on the new X9 Cash Management Reporting Standard, a growing amount of corporate spending on bank management services goes towards information reporting. The X9 initiative, they say, will more closely align users to market needs as well as incorporate best practices and code sets from both BAI and international banking groups.

The X9 Cash Management Reporting Standard development work is progressing, it is not too late to join and participate in both the current development and the continuous maintenance of this critical industry standard. Interested firms and organizations, and in particular those responsible for oversight of corporate funds, can join X9 in the redesign of the X9 standard. Information may be received through X9 at [admin@x9.org](mailto:admin@x9.org).

# The Cooperative Shaping of a New Work Item Proposal

By Mark Tiggas, Wells Fargo, convenor ISO TC68/SC7/WG7 - Mobile Banking/Mobile Payments

## Background

In the promising markets of smart phones many thought about the potential for mobile devices to be used in the banking arena. Recognizing a need for standardization, TC68/SC7 – Core Banking, under the strong leadership of Jean-Yves Garnier – France/AFNOR, encouraged the US delegation to develop a new work item proposal for an international mobile banking/payment standard.

The USA TAG (X9), drawing from its constituency convened a team of experts to consider and assemble an ISO new work item proposal (NWIP). The team of experts which included central bankers, other bankers, and merchants, recognizing the breadth of financial services that could be impacted by mobile devices, wrote what it now recognizes to be a broad proposal on this topic. The USA TAG put forward the NWIP to TC68/SC7.

The TC68/SC7 NWIP ballot results, although receiving sufficient votes for passage, failed for lack of committed participants. After close inspection of comments and votes it was clear that many believed that there was a need for work to be commissioned. However, there were concerns about the scope of the NWIP as it was put forward.

## Study Group Formation

The leadership of TC68/SC7 recognizing the important impact that mobile devices will have over time on the banking industry, decided taking 'no' for an answer was not in the best interest of the industry. To help overcome the concerns expressed about the NWIP, SC7 established a Study Group to work with interested parties to determine if a more acceptable NWIP scope could be crafted. I had the privilege of convening the Study Group.



## Study Group Deliberations

In a demonstration of their dedication, the Study Group had its kickoff in a face-to-face session in Minneapolis, Minnesota (North Central US — 260 miles from the Canadian border) on a cold blustery day. The two day session proved to be very effective use of our time as we discussed many of the efforts that members were either a part of, or aware of. The group also laid out an arrangement of mobile banking and mobile payments with the goal of determining which areas deserved the attention of a TC68/SC7.

After a number of telephone and web conferences the Study Group was able to refine the taxonomy and priorities and put in place a framework for continued work in mobile banking and mobile payments standardization.

Having concluded its deliberations the Study Group set out to write its findings into a report. That same report, after a comment and refinement period, was adopted by the plenary of TC68/SC7 last May in Tokyo and the Study Group was thanked for their efforts.

## A New NWIP Emerges

With a draft of the report in hand, the USA TAG prepared and submitted a revised NWIP for consideration.

While the needs of the community may vary, the ISO TC68/SC7 has taken positive steps in the formation of a new work effort for Mobile Banking/Mobile Payments. In the fall of 2010 we are establishing the new work group and making a call for experts. In addition the group will reach out to other constituencies to determine how best to liaise with all the concerned parties. In spite of concerted efforts to reduce the scope, the task is large, and will require further rationalization and segmentation. But the goal of establishing some order in the emerging markets of Mobile Banking and in particular Mobile Payments will have significant impact. If your national body has not yet determined that they wish to participate — it is not too late. A USA TAG (X9) mirror group on mobile banking is formed to keep national members up to date and informed on progress. Contact [admin@x9.org](mailto:admin@x9.org) for membership.