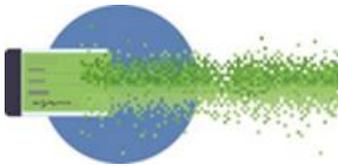


New Minimum Remittance Data Guidelines Help Small Trading Partners Apply Payments



Accounts receivable (AR) and accounts payable (AP) practitioners from large companies know firsthand that many of their smaller trading partners have difficulties sending and receiving electronic payments and related information. In general, accounting software geared to small businesses is less complex and houses less data than major Enterprise Resource Planning (ERP) systems. Additionally, there is a great deal of variability in the capabilities of accounting software used by small businesses. Payments sent by small business accounting software often are accompanied by very limited remittance data – information about the purpose of the payment.

On the receiving side, small businesses, like their larger trading partners, require specific information to apply and reconcile incoming payments to invoices. However, currently many small businesses simply are not getting (or are unable to access) the needed remittance information with electronic payments. As a result, they struggle to apply and reconcile payments they receive.

The Business Payments Coalition convened a work group of subject matter experts to address these problems. The “[Simple Remittance Requirements](#)” paper published in May 2018 defines a minimal, viable set of remittance data that small and medium businesses (SMBs) need for cash application and reconciliation. This resource will help businesses address the remittance data needs of SMBs. AP and AR practitioners can leverage *Simple Remittance Requirements* when they onboard smaller trading partners. It is also intended to be a useful reference for payment service providers and accounting software companies. Ideally all accounting packages will support the remittance data categories defined in the paper. The work group also noted inconsistencies in terminology and defined major terms to promote clarity.

Data elements described in *Simple Remittance Requirements* are needed regardless of the payment type used. Three levels of data elements are defined, graduated from simple to more complex:

1 The first level defines the four minimum data elements that would be needed in most cases to apply a payment. The basic data is simply the **invoice number, invoice date, account number and amount paid**.

Level 1 tips	Accounts Payable	Make sure to send at least these elements with a payment
	Accounts Receivable	Recognize that this data may be all that is available for a small business to send with a payment, and request that it be sent

2 The second level adds additional information including **discounts, adjustments and additional reference information**.

Level 2 tips

Accounts Payable	The addition of discounts, adjustments and other reference information is valuable and should be sent when available
Accounts Receivable	Request that discounts, adjustments and other reference information, if available, be sent along with the basic information

3

The third level is the more comprehensive [EPN STP 820 transaction set](#), a simplified Electronic Data Interchange (EDI) standard developed by the Electronic Payments Network. NACHA's standard Corporate Trade Exchange (CTX) file format for Automated Clearinghouse (ACH) transactions accommodates STP 820. The **STP 820 data** would generally be the most extensive EDI-type data readily available to SMBs.

Level 3 tips

Accounts Payable	If you use EDI, follow the STP 820 transaction set. The resource explains how to map the data elements
Accounts Receivable	If you receive EDI data in remittances, accommodate the STP 820 specification

In conclusion, addressing payment remittance details is an important step in helping SMBs implement electronic payments on both the sending and receiving sides. Enabling SMBs to move away from checks and adopt electronic payments is beneficial for everybody in the supply chain.

[Download](#) a free copy of *Simple Remittance Requirements* for more information and additional details on the data elements outlined above.

The [Business Payments Coalition](#) encourages continued industry discussion to achieve straight-through-processing and will use this foundational work product in its ongoing efforts to promote adoption of electronic payments and remittance exchanges. Participation in the Coalition is free and is open to any individual or organization interested in its goal of making B2B payments more efficient across the end-to-end process. The Coalition accomplishes this goal by promoting B2B payments solution development and education through regular conference calls, in-person meetings and webinars. The Coalition also sponsors and facilitates workgroups that develop educational, technical and standards material, such as the *Simple Remittance Requirements* document described in this article. Visit the Coalition's website to learn more and to join.

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