

Extended Remittance Payments – Frequently Asked Questions

A new transaction type featuring an additional 9,000 characters of information

In November, The Federal Reserve Bank and The Clearing House will introduce a new transaction type called Customer Transfer Plus (CTP), which features Extended Remittance Information (ERI) capability. This will allow a wire payment to carry an additional 9,000 characters of information in the remittance field, versus just 140 in the current version.

Why Develop a New Transaction Type?

Corporates desired a wire format that could offer same-day settlement and incorporate complete information in the remittance field to facilitate reconciliation.

How do Corporates Communicate this Type of Remittance Information Now?

While other payment types accommodate full remittance – such as automated clearinghouse CTX transactions and checks with attachments – those are not same day settlement options.

For that, Corporates currently use the following processes:

Split Remittance

Payment information transmits via a standard wire and remittance information is delivered through another channel, such as e-mail or web site retrieval. The payment and remittance information is linked by a common reference that the receiving party uses to re-associate the data.

Reference Matching

A reference number representing an invoice or set of invoices is included in the payment order. The receiving party will have the same reference number and associated invoices on their general ledger or ERP system. Matching the reference in the payment to the invoice(s) covered facilitates reconciliation.

What are the Key Benefits of ERI?

1. More information travels with the wire payment, facilitating reconciliation – while also offering same-day settlement.
2. Data will carry over to services like BAI reporting to help with reconciliation.

Thus, information is provided in two ways, with the wire payment itself and via reporting.

What Else is Important to Know?

Other key considerations include:

Domestic vs. International

There is not yet a standard international transaction vehicle to accommodate ERI, i.e., via non-U.S. banks and SWIFT, so for now it only works smoothly for domestic payments.

Format Acceptance

For all aspects of the format to be worthwhile, i.e., transmitting and reading the extended remittance information, all parties in the trade or payment chain must have systems capable of processing the new ERI format.

Pricing

Fees associated with ERI transactions will be proportionate to the added benefits, almost certainly higher than for standard wires, ACH and check payments. As a reminder, while current ACH and check payments that can carry this amount of information are less expensive, they do not provide same-day settlement.

Systems Upgrades

Corporate General Ledger and ERP systems will need updating to accommodate the new format for both initiating of ERI payments and receiving reports with ERI information.

What are J.P. Morgan's Plans to Accommodate ERI?

The Bank will meet requirements to accept and report the new transaction type on its planned November 2011 implementation date.

Payments involving ERI – including initiation and retrieval of extended remittance information – will be provided via J.P. Morgan eServe, a free, online inquiry management tool available through the J.P. Morgan ACCESSSM portal.

Clients can service, report and track issues involving incoming and outgoing Funds Transfers and ACH USD origination transactions 24 hours a day, seven days a week from a desktop, laptop or mobile device.

Additionally, once the industry has determined appropriate mapping of the new payment elements to BAI reporting, the Bank will provide relevant reporting via direct transmission.

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