Remittance Coalition  
“B2B Look-Up” Directory  
Operations & Business Model Recommendations  
October 2015
Core Assumptions

- Volunteer-driven Remittance Coalition project
- Modeled as an open, non-proprietary nonprofit industry utility
- The Directory is not a payment system
- The Directory does not store sensitive payment & transaction information; it provides access to payee information only
- The Directory is set up as a federated model that provides access to other Directories via nodes & hosts
- Recommendations & issues for consideration, which a future Directory organization will need to operationalize, have been developed
- Recommendations include: security & other innovations developed by Federal Reserve Security & Faster Payments Task Forces be incorporated into the Directory service
“B2B Look-up, Inc.” Draft Charter

B2B Look-up (this name is a placeholder – not a proposal or final name) will be organized in a manner that enables the provision of directory and educational services that is effective, efficient and secure to businesses, financial institutions (FIs) and other service providers.

B2B Look-up’s services will likely include enrollment, validation and access to payee information required to exchange B2B payments between corporate suppliers (payees) and buyers (payers). B2B Look-up will also likely provide a process for assuring that each node follows a set of rules for the inclusion of any data and develop policies to ensure that corporate payees have been appropriately enrolled and validated. B2B Look-up will enable access to and cache relevant data to connect payers and payees, but will not store and retain data about payees and payers longer-term. B2B Look-up’s services will be information only and will not include clearing and settling of payments.

B2B Look-up may also aim to provide research and education on B2B payments and remittance information, provided adequate staffing and resources are in place to do so. B2B Look-up will offer broad access to its services and will promote open, non-proprietary technology, systems and standards.
Driving directory critical mass
Two-sided market

- Payee focused: Build it, & they will come – the “Field of Dreams” approach
  - Evangelize directory benefits to payee
  - Drive self-enrollment of payees
  - Existence of payee critical mass drives payer usage of directory

- Payer focused: “Islands of Automation” approach
  - Payers influence their payees (vendors/trade partners) to enroll into directory
  - Payers & their payees represent an “island of automation”
  - Each payer served by a node-operator

- Both approaches can co-exist
  - An FI can be a node operator serving its payee account holders
  - A Payment Service Provider can be a node operator serving a payer & its payees
  - Enrollment Companies can enroll payees directly

Enrollment & Validation

Search

Query

Payee#1

Bank

Node

Service Provider

Node

Directory Association

Central Access Switch

Payee#2

Payer#1

Payer#2

Payer#3
B2B Directory:
Actors and their Roles: Payees & Enrollment

Enrollment & Validation

Search

Query

Payee#1

Bank

Node

Service Provider

Directory Association
Central Access Switch

Payer# 1

Payer#2

Payee#2

Enrollment
Company

Node

Payer#1

Payer#2

Payer#3
Operating Rule Categories: Roles & Responsibilities

- **Payee Enrollment & Validation**
  - Payees enroll directly through Node-operator
  - Payers may wish to invite their suppliers; select an enrollment service provider
  - Electronic Payment Identity (EPI) is owned by the Payee

- **Node-Operators**
  - Certified Banks, Service Providers, & Corporate Node-operators
    - Standards set by Directory Association
  - Validation
    - Must meet minimum KYC requirements for all payee enrollments

- **Central Node Operator**
  - Provides query service to/from Payers & Node-operators

- **Payers**
  - Initiate queries to retrieve Payee EPI records
  - Access security to adopt FRB Faster Payment taskforce recommendations
Legal Issues for Consideration

- Governance / Structure
  - Profits, loss, tax
  - Management, employees, overhead (e.g. lawyers)
  - How supervised? Regulatory jurisdiction?

- Business considerations
  - How funded?
  - Intellectual property as income source? Licensing considerations.
  - Relation to operator(s) – governed by service agreement(s)?

- Rulemaking
  - How to bind:
    - Operators
    - End Users
  - Relation to existing law

- Liability
  - IP – patent “trolls” and legitimate patent holders
  - Operational risks – inaccuracies and breaches
Potential areas requiring further analysis:

- Compliance Risks
  - KYC - Know Your Customer
  - GLBA – Gramm Leach Bliley Act
  - OFAC – Office of Foreign Asset Control
  - AML - Anti-Money Laundering
  - PCI – Payment Card Industry Data Security Standard

- Operational Risks
  - Security: Application Code Vulnerability
  - Security: Hacker Attacks
  - Security: Identity Theft
  - Performance: Disaster Recovery
  - Performance: Service Level Agreements