



*Association for  
Financial Professionals*

**PROVIDING REMITTANCE  
INFORMATION WITH  
WIRE TRANSFERS**

**Report of Survey Results**

July 2009

# Providing Remittance Information with Wire Transfers

## Report of Survey Results

### Introduction

The posting and reconciliation of wire payments remains a manual process because sufficient remittance information does not travel with the wire transfer message. The Association for Financial Professionals (AFP) has been working with the Federal Reserve Banks and The Clearing House, operators of the Fedwire® Funds Service and CHIPS®, to develop a solution to this problem. Recognizing the value of remittance information to businesses, the Federal Reserve Banks and The Clearing House agreed to expand their formats to provide remittance information with wire transfers by late 2010. When banks make this new format available to their corporate customers, businesses will be able to accurately identify incoming payments and post them to the correct accounts without manual intervention and research.

Implementation is a multi-tiered process. Fedwire and CHIPS must transmit remittance information between their systems and the banks. Banks will need to upgrade their software and systems to transmit the data to and from their corporate customers. Treasury workstation, ERP and accounting software providers will also need to upgrade their systems.

AFP conducted a survey in May of 2009 to ask organizations about the value of receiving remittance information with wire transfers and the systems and software they currently use to send and receive wires. The survey findings will give banks, software providers and wire transfer operators helpful information as they upgrade their systems to include remittance data.

### Executive Summary

Survey results highlight the value to organizations of receiving expanded remittance information with wire transfers. Ninety-five percent of the survey's 331 respondents indicate that remittance information would be valuable to their organizations if it were made available in the wire transfer message. This view is shared consistently by organizations of varying revenue sizes and wire volumes, but is especially true for larger organizations and those receiving 5,000 or more wire transfers annually.

The majority of organizations expect to use the new message data format to both send and receive wires if it is made available to them by their banks and software service providers. As expected, wire transfer *recipients*, who stand to benefit most from better straight through processing rates, are most likely to use the new message format—91 percent would use it. It is notable, though, that almost two-thirds of organizations (61 percent) indicate they would *send* remittance information with their outgoing wires, perhaps in part to reduce the number of inquiries from the receiver of the wire transfer.

The survey results also illustrate that the availability of remittance information will have a positive impact on the wire transfer volume of a sizable percentage of organizations representing a significant percentage of total wire traffic. They expect their wire transfer volume to increase, or at least not be eroded by migration to alternative payment methods that permit structured remittance information.

A wide variety of systems and software would be involved in conveying remittance information with wire transfers. However, bank-provided systems will play a major role. Bank cash management systems are the primary channel used by organizations to send and receive wire transfers. Bank balance reporting and lockbox systems also play an important role in the incoming wire process. Treasury workstations, accounts payable and receivable, and to a lesser extent ERP systems, are additional wire transfer information channels.

Including remittance information with wire transfers would contribute valuable efficiencies to the payment process, expedite the flow of information between trading partners, and add data certainty to complement the same-day certainty of funds.

### **Highlights of Survey Results**

- Ninety-six percent of organizations receive incoming wire transfers from third parties via Fedwire and CHIPS, as well as through SWIFT messages communicating wire transfer instructions.
  - Organizations receive a median of 820 incoming wires per year from third parties. (Median volume statistics are preferable to averages as a measurement of central tendency.)
  - Organizations with annual revenues over \$1 billion receive a median of 1,200 incoming wires per year, while those with annual revenues under \$1 billion typically receive 250 wires annually from third parties.
  - Some large organizations receive 150,000-350,000 incoming wires annually.
- The overwhelming majority (95 percent) of survey respondents indicate that remittance information would be valuable to their organizations if it were included in the wire transfer message.
  - Over half (57 percent) of organizations with annual revenues over \$1 billion indicate that remittance information with wires would be extremely valuable.
  - The data would also be extremely valuable to 73 percent of organizations with incoming wire transfer volumes of 5,000 or greater, as well as to a majority of organizations with wire transfer volumes between 1,001 and 4,999.
  - Over half (57 percent) of organizations with annual revenues under \$1 billion would find this data valuable.
  - Among those with incoming wire transfer volumes of 1,000 or less, the majority (54 percent) would consider the data valuable, while over one-third (39 percent) would find it extremely valuable.

- If wire transfer remittance information were made available by banks and treasury workstation, accounting and ERP software providers, most organizations (91 percent) expect to use the data to receive and post their incoming wires.
  - Almost two-thirds of organizations (61 percent) indicate that they would send remittance information with their outgoing wires.
- Including remittance information with wire transfers will have a positive impact on the future wire transfer volume of a sizable percentage of organizations.
  - More than one-third of respondents (37 percent) indicate that if remittance information were provided, their organization's wire transfer volume would increase or at least would not be eroded by migration to alternative payment methods that permit structured remittance information.
  - The positive impact of remittance information on wire transfer volume is more likely at organizations receiving the greatest volume of wire transfers – 5,000 or more – annually.
- Bank cash management systems are the primary channel used by organizations to send wire transfers.
  - Eighty-four percent of organizations use their bank's system for outgoing wires. Other channels used include accounts payable, treasury workstations and ERP systems.
- Bank cash management systems are also used by a majority of organizations (59 percent) to receive incoming wire transfers.
  - Bank balance reporting systems also play a significant role in the incoming wire process, used by 45 percent of respondents. Other channels include bank lockbox systems, accounts receivable, treasury workstations and ERP systems.
- The BAI format is the format most frequently used by organizations for wire transfer information.
  - Fifty-four percent of organizations use BAI. Other formats used by a sizable percentage of organizations are the SWIFT MT and the EDI/STP 820.

The following table summarizes some of the highlights from the survey responses across key categories. Survey respondents with annual revenues exceeding \$1 billion or receiving 5,000 incoming wires per year are highlighted separately because their answers varied somewhat from the general survey population and they are responsible for the majority of wire transfer transactions.

	All Organizations	Annual Revenues greater than \$1 billion (55% of organizations)	Annual Incoming Wire Volume > 5,000 (13% of organizations)
<b>Wire Remittance Information:</b>			
Extremely Valuable	47%	57%	73%
Valuable	48	36	27
Not Valuable	5	7	*
<b>Expect to use wire remittance for:</b>			
Receiving and posting	91%	91%	93%
Sending	61	63	70
Do not expect to use	4	5	*
<b>Impact of wire remittance on future volume:</b>			
Will request more incoming wires	20%	19%	23%
More high value / urgent checks will be replaced by wire	18	18	21
Fewer existing wire transfers will migrate to alternative channels	13	13	26
Will send more outgoing payments by wire	12	11	14
No impact	63	64	55
<b>Software or system used for outgoing wires:</b>			
Bank cash management system	84%	85%	82%
Manual forms	22	20	24
A/P	20	22	11
Treasury workstation	21	25	39
ERP	15	19	16
General Ledger	10	10	5
<b>Software or system used for incoming wires:</b>			
Bank cash management system	59%	57%	51%
Bank balance reporting system	45	46	46
A/R	25	32	26
Bank lockbox system	25	30	33
Treasury workstation	24	33	41
ERP	17	22	15
General Ledger	14	16	8
Manual forms	12	10	8
<b>Format used for wire:</b>			
BAI	54%	59%	58%
SWIFT MT	30	28	21
EDI / STP 820	23	26	28
Proprietary	12	15	14
ISO 20022 XML / SWIFT MX	2	3	7
Other XML	2	2	5

## Survey Findings

### Wire Transfer Volume and Value

Almost all survey respondents (96 percent) indicate that their organizations receive incoming wire transfers from third parties via Fedwire and CHIPS, as well as through SWIFT messages communicating wire transfer instructions.

#### Receipt of Incoming Wire Transfers from Third Parties (Percentage Distribution)

	All Organizations	Annual Revenues Under \$1 Billion	Annual Revenues Over \$1 Billion
My organization receives incoming wire transfers	96%	95%	97%
My organization does <i>not</i> receive incoming wire transfers	4	5	3

Organizations receive a wide range of wire transfers per year from third parties. As some large organizations receive 150,000-350,000 incoming wires annually, median volume statistics are preferable to averages as a measurement of central tendency. The median number of incoming wire transfers for all organizations is 820. Wire volume varies significantly by organization size. Organizations with annual revenues over \$1 billion typically receive 1,200 wire transfers per year, while those with annual revenues under \$1 billion receive a median of only 250 wires annually. (Note: Fifty-five percent of survey respondents work at organizations with annual revenues over \$1 billion.)

The median dollar value of incoming wires from third parties is \$75,000,000 per year. There are significant differences in the dollar value of transfers received by large and small organizations.

#### Annual Incoming Wire Transfers

	Median Volume of Incoming Wire Transfers	Median Dollar Value
All Organizations	820	\$75,000,000
Annual Revenues Under \$1 Billion	250	\$20,000,000
Annual Revenues Over \$1 Billion	1,200	\$500,000,000

Over half of organizations (57 percent) report receiving 1,000 or fewer wires per year. Among organizations with annual revenues under \$1 billion, the majority (78 percent) receives 1,000 or fewer wires annually. The volume distribution of incoming wire

transfers is greater among organizations with annual revenues over \$1 billion. Two out of five receive 1,000 or fewer wires; while 21 percent receive 5,000 or more annually.

**Volume Range of Incoming Wire Transfers Per Year**  
(Percentage Distribution)

Volume of Incoming Wire Transfers Per Year:	All Organizations	Revenues under \$1 billion	Annual Revenues Over \$1 Billion
0-1000	57%	78%	40%
1001-2000	20	8	33
2001-4999	9	5	15
5000+	13	8	21

**Value of Remittance Information and Impact on Payment Activity**

The remittance information that will be provided to businesses in the expanded wire transfer format will include:

- Remittance Originator (including contact name, phone number, and e-mail address)
- Remittance Beneficiary
- Primary Remittance Document Information (e.g., Invoice Number or Bill of Lading Number, etc.)
- Actual Amount Paid
- Gross Amount
- Negotiated Discount
- Adjustment Information
- Date of Remittance Document
- Secondary Remittance Document Information (e.g., Purchase Order Number or Dispatch Advice Number, etc.)
- Remittance free text

The format of the data will be compatible with both the EDI-based STP 820 standard and the XML-based ISO 20022.

The overwhelming majority (95 percent) of survey respondents indicate that this data would be valuable to their organizations if it were included in the wire transfer message. Both large and small organizations would find value in the data.

The larger the organization and the higher the wire transfer volume, the more valuable the data would be. Over half (57 percent) of organizations with annual revenues over \$1 billion indicate that remittance information with wires would be extremely valuable. The data would also be extremely valuable to 73 percent of organizations with incoming wire transfer volumes of 5,000 or greater, as well as to a majority of organizations with volumes between 1,001 and 4,999.

But remittance data would also be valuable to smaller organizations and to those with lower wire transfer volumes. Over half (57 percent) of organizations with annual revenues under \$1 billion indicate they would find this data valuable. Among those with incoming wire transfer volumes of 1,000 or less, the majority (54 percent) would consider the data valuable, while over one-third (39 percent) would find it extremely valuable.

**Value of Wire Transfer Remittance Information**  
(Percentage Distribution)

	All Organizations	Annual Revenues Under \$1 Billion	Annual Revenues Over \$1 Billion
Extremely valuable to my organization	47%	39%	57%
Valuable to my organization	48	57	36
Not at all valuable to my organization	5	4	7

**Value of Wire Transfer Remittance Information**  
(Percentage Distribution)

Annual Wire Transfer Volume:	0-1000	1001-2000	2001-4999	5000+
Extremely Valuable	39%	57%	58%	73%
Valuable	54	39	39	27
Not at all Valuable	7	4	3	0

If wire transfer remittance information is made available by banks and treasury workstation, accounting and ERP software providers, most organizations (91 percent) expect to use the data to receive and post their incoming wires. This is not surprising as wire transfer recipients are the major beneficiaries of information that allows for more efficient posting and reconciliation of incoming wires.

On the originating side, almost two-thirds of organizations (61 percent) indicate that they would send remittance information with their outgoing wires. This result may reflect the fact that there is less need for payers to devote staff time to respond to research calls from recipients when sufficient information accompanies the wire.

There is relatively little difference in anticipated usage by size of organization; both large and small groups expect to use the data. Only four percent of respondents would not expect to use the new functionality.

**Anticipated Use of Remittance Information if Made Available**  
(Percent of Organizations)

	All Organizations	Annual Revenues Under \$1 Billion	Annual Revenues Over \$1 Billion
Receiving and posting wire transfers	91%	89%	91%
Sending wire transfers	61	62	63
My organization does not expect to use this new functionality	4	4	5

Regardless of wire transfer volume levels, the majority of organizations expect to use remittance information for sending and receiving wire transfers if it is made available. Notably, organizations with wire transfer volumes of 5,000 or greater would be the most likely to use the data in their outgoing wires.

**Anticipated Use of Remittance Information if Made Available**  
(Percentage Distribution)

Annual Wire Transfer Volume:	0-1000	1001-2000	2001-4999	5000+
Receiving and posting wire transfers	82%	87%	97%	93%
Sending wire transfers	56	56	55	70
My organization does not expect to use this new functionality	6	7	*	*

Including remittance information with wire transfers will have a positive impact on the future wire transfer volume of a sizable percentage of organizations. More than one-third of respondents (37 percent) indicate that if remittance information were provided, their organization's wire transfer volume would increase, or at least would not be eroded by migration to alternative payment methods that permit structured remittance information.

- Twenty percent of organizations would request that more payments be sent to them by wire transfer.
- Eighteen percent would increase their use of wire transfers in place of high-value or urgent checks.
- Thirteen percent will be less likely to migrate from wire transfers to alternative payment methods that permit structured remittance information.
- Twelve percent of organizations will make more outgoing payments by wire transfer.

Sixty-three percent of organizations indicate that enhanced wire transfer remittance information will not impact their wire transfer volume. There is little difference between large and small organizations in the anticipated impact on wire transfer volume from enhanced wire transfer remittance information.

**Impact of Wire Transfer Remittance Information on Future Wire Transfer Volume**  
(Percent of Organizations)

	All Organizations	Annual Revenues Under \$1 Billion	Annual Revenues Over \$1 Billion
Request more incoming payments be sent by wire transfer	20%	19%	19%
More high value/urgent checks will be replaced by wire transfer	18	20	18
Fewer existing wire transfers will migrate to alternative payment methods with structured remittance data	13	13	13
Send more outgoing payments by wire transfer	12	10	11
Enhanced wire transfer remittance information will not impact my company's wire transfer volume	63	63	64

The *positive* impact of new remittance information on wire transfer volume is more likely at organizations with the greatest volume of wire transfers—those receiving 5,000 or more wires annually. About one-quarter of these high-volume wire recipients would request more payments to be sent to their companies via wire transfer. A similar percentage would migrate fewer existing wire transfers to alternative payment methods that permit structured remittance data.

**Impact of Wire Transfer Remittance Information on Future Wire Transfer Volume**  
(Percent of Organizations)

Annual Wire Transfer Volume:	0-1000	1001-2000	2001-4999	5000+
Request more incoming payments be sent by wire transfer	18%	11%	23%	23%
Send more outgoing payments by wire transfer	12	4	6	14
More high value/urgent checks will be replaced by wire transfer	18	9	13	21
Fewer existing wire transfers will migrate to alternative payment methods with structured remittance data	9	16	7	26
Enhanced wire transfer remittance information will not impact my company's wire transfer volume	58	69	71	55

## Software and Systems Used for Wire Transfers

### Outgoing Wires

A wide variety of systems and software would be involved in conveying remittance information with wire transfers. Banks have the major role. Bank cash management systems are the primary channel used by organizations to send wire transfers. Indeed, 84 percent of organizations use their bank's system for outgoing wires. Other channels are used by a smaller percentage of organizations. These include: manual forms (22 percent); accounts payable (20 percent), treasury workstations (21 percent) and ERP systems (15 percent). Organizations were able to select more than one system in their response.

Of the 84 percent of organizations that use bank cash management systems, about one-quarter (28 percent) need to store remittance information in order to transmit it to their banks. Most users of other systems have little need to store the data.

**Software or System Used for Outgoing Wires**  
(Percent of Organizations)

	Software or System Used	Organization Must Store Remittance Information to Transmit it to the Bank
Bank cash management system	84%	28%
Manual forms	22	9
A/P	20	17
Treasury workstation	21	11
ERP	15	10
General ledger	10	6
Other	8	4

Regardless of the actual *volume* of outgoing wires, bank cash management systems are the method used most frequently to send outgoing wires. However, organizations with an annual volume of 5,000 or more incoming wires are more likely to indicate that treasury workstations are involved in the outgoing wire process.

**Software or System Used for Outgoing Wires**  
(Percent of Organizations)

Annual Wire Transfer Volume:	0-1000	1001-2000	2001-4999	5000+
Bank cash management system	88%	89%	86%	82%
Treasury workstation	14	27	23	39
Manual forms	23	23	27	24
ERP	12	21	13	16
A/P	18	32	37	11
Other	7	5	7	8
General ledger	12	11	10	5

### Incoming Wires

Bank cash management systems are used by a majority of organizations (59 percent) to receive incoming wire transfers. Bank balance reporting systems also play a significant role in the incoming wire process, used by 45 percent of respondents. Organizations were able to select more than one system in their response to the survey question about incoming wire transfers.

Other systems have a greater role in wire transfer *receipt* than they do in origination. These include: accounts receivable (used by 25 percent), bank lockbox systems (25 percent), treasury workstations (24 percent) and ERP systems (17 percent).

A small minority of organizations indicate that they must store remittance information in order to post and/or reconcile incoming wire transfers. Those organizations are primarily users of bank cash management systems (18 percent must store data), bank balance reporting systems (17 percent) and accounts receivable systems (16 percent).

#### **Software or System Used for Incoming Wires** (Percent of Organizations)

	Software or System Used	Organization Must Store Remittance Information with this System
Bank cash management system	59%	18%
Bank balance reporting system	45	17
A/R	25	16
Bank lockbox system	25	11
Treasury workstation	24	11
ERP	17	10
General ledger	14	7
Manual forms	12	5
Other	7	3

System use varies by volume of incoming wire transfers. Organizations with an annual incoming wire transfer volume of more than 1,000 are more likely to use bank lockbox systems and treasury workstations in their incoming wire process than are organizations with an annual volume up to 1,000.

#### **Software or System Used for Incoming Wires** (Percent of Organizations)

Annual Wire Transfer Volume:	0-1000	1001-2000	2001-4999	5000+
Bank cash management system	63%	62%	66%	51%
Bank balance reporting system	44	52	52	46
A/R	22	36	24	26
Bank lockbox system	19	33	28	33
Treasury workstation	15	33	41	41
ERP	17	21	14	15
General ledger	16	17	14	8
Manual forms	12	19	14	8
Other	6	5	7	8

The BAI format is the format most frequently used by organizations for wire transfer information. Fifty-four percent of organizations use BAI. Other formats used by a sizable number of organizations are the SWIFT MT and the EDI/STP 820. Larger organizations with annual revenues over \$1 billion are more likely to use BAI and the EDI/STP 820 formats than smaller organizations. Likewise, organizations with an annual outgoing wire transfer volume over 2,000 were also more likely to use these latter formats. Organizations were able to select more than one format in their survey response to this issue.

**Format Used for Wire Transfer Information**  
(Percent of Organizations)

	All Organizations	Annual Revenues Under \$1 Billion	Annual Revenues Over \$1 Billion
BAI	54%	51%	59%
SWIFT MT	30	33	28
EDI/STP 820	23	17	26
Proprietary	12	9	15
ISO 20022 XML or SWIFT MX	2	2	3
Other XML	2	3	2
Other	22	24	20

**Format Used for Wire Transfer Information**  
(Percent of Organizations)

Annual Wire Transfer Volume:	0-1000	1001-2000	2001-4999	5000+
BAI	41%	49%	55%	58%
EDI/STP 820	16	20	29	28
SWIFT MT	27	27	19	21
Proprietary	9	16	10	14
ISO 20022 XML or SWIFT MX	2	0	0	7
Other XML	1	2	0	5
Other	20	24	16	12

## About the Survey

In May 2009, the Association for Financial Professionals conducted a survey on the value to organizations of receiving remittance information with wire transfers and the systems and software they use to send and receive wire transfers. AFP sent surveys to over 3,000 corporate practitioner members and received 331 responses. After adjusting for mis-delivered email, the response rate was nine percent. The 331 responses are the basis of this report. The survey questionnaire and report were produced by the Research Department of the Association for Financial Professionals, which is solely responsible for the content.

The demographic profile of the survey respondents mirrors that of AFP's membership. The following table summarizes the characteristics of the survey respondents.

### Industry Classification (Percentage Distribution)

Manufacturing	19%
Energy (including utilities)	13
Insurance	11
Retail (including wholesale/distribution)	10
Banking/Financial services	7
Government	6
Non-profit (including education)	6
Health services	5
Telecommunications/Media	5
Business services/Consulting	4
Real estate	4
Software/Technology	4
Construction	2
Transportation	2
Hospitality/Travel	1

**Annual Revenues**  
(Percentage Distribution)

Under \$50 million	6%
\$50-99.9 million	4
\$100-249.9 million	10
\$250-499.9 million	11
\$500-999.9 million	14
\$1-4.9 billion	31
\$5-9.9 billion	9
\$10-20 billion	9
Over \$20 billion	6

### **AFP Research**

AFP Research provides financial professionals with proprietary and timely research that drives business performance. The AFP Research team is led by Managing Director, Research and Strategic Analysis, Kevin A. Roth, PhD, who is joined by four research analysts. AFP Research also draws on the knowledge of the Association's members and its subject matter experts in areas that include bank relationship management, risk management, payments, and financial accounting and reporting. AFP Research also produces *AFP EconWatch*, a weekly economic newsletter. Study reports on a variety of topics, including AFP's annual compensation survey, and *AFP EconWatch*, are available online at [www.AFPonline.org/research](http://www.AFPonline.org/research).



### **About the Association for Financial Professionals**

The Association for Financial Professionals (AFP) serves a network of more than 16,000 treasury and finance professionals. Headquartered in Bethesda, MD, AFP provides members with breaking news, economic research and data on the evolving world of treasury and finance, as well as world-class treasury certification programs, networking events, financial analytical tools, training, and public policy representation to legislators and regulators. AFP is the daily resource for treasury and finance professionals.

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