

AFP Working Group Assists Remittance Initiative

AFP's Payments Advisory Group has formed a small group of corporations to help facilitate the adoption of a new remittance standard for invoice information to be included with wire payments, which is scheduled to be implemented on CHIPS at the end of 2010.

The Clearing House, The Federal Reserve Banks (FRBs) and the Association for Financial Professionals (AFP) have formed a Working Group that attracted volunteers from various corporations. The focus of the Working Group is to better understand the key issues that need to be addressed to achieve broad adoption of the remittance standard as quickly as possible.

The group is meeting regularly and several corporations from this group will participate in a presentation with The Clearing House and The Federal Reserve Banks about their work at the AFP's Annual Conference in October in San Francisco.

"The goal of this working group is to work closely with corporations to make sure we achieve the broadest adoption possible by identifying and addressing key process and technology issues," said Hank Farrar, Senior Vice President of The Clearing House, responsible for CHIPS. "The Clearing House and The Federal Reserve Banks have had very productive discussions with this group."

The group is analyzing all parts of the wire transfer transaction to understand the issues common to all parties. The group is also looking at internal processes and system interfaces for General Ledger, A/R and A/P, and treasury workstation, as well as reporting.

The remittance information initiative, led by The Clearing House and the Federal Reserve Banks, will allow business remittance information to flow along with wire transfer payments, a major improvement that will provide corporate customers with the ability to reconcile their payments with much greater efficiency. This efficiency will save time and money by eliminating the confusion about how to apply a wire payment.

"The remittance information initiative is one of the most important new ways to bring efficiencies to the payments system, and it represents a significant opportunity for banks to better serve their corporate customers," Farrar said. "If payments professionals continue to work cooperatively, the remittance standard will be adopted faster by the entire industry."

China Merchants Bank Connects to CHIPS

China Merchants Bank, the first Chinese bank to establish a branch in the United States, is now using CHIPS.

"China Merchants Bank is linking to CHIPS because of its proven capability to clear and settle payments quickly,



招商銀行
CHINA MERCHANTS BANK

securely and at low cost," said Hui Fang, General Manager of China Merchants Bank's New

York Branch. "CHIPS enables China Merchants Bank to meet the growing international needs of its customers."

Founded in 1987, with its head office in Shenzhen near Hong Kong, China Merchants Bank ranks sixth among commercial banks in China in terms of total assets. As of December 31, 2008, China Merchants Bank had 668 branches and offices, and 1,567 self-service banking centers.

"By connecting to the world's premier, private sector wire transfer system, China Merchants Bank will have the opportunity to maximize liquidity and serve the needs of its business customers in a completely secure environment," said Hank Farrar, Senior Vice President of The Clearing House, responsible for CHIPS. "Continual expansion of participation in CHIPS by highly regarded global banks

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CHIPS Lowers Prices

CHIPS has announced a new price schedule effective April 1, 2009 that lowers costs for all participants.

The new schedule not only reduces overall fees, but also continues to offer lower fees for new volume added to CHIPS. The new price schedule is the second phase of The Clearing House's pricing plan for CHIPS. The first phase (New Volume Incentive Program) ended March 31 and resulted both in cost savings to CHIPS customers and in new volume to CHIPS.

"Due to the success of CHIPS' New Volume Incentive Program, we've been able to introduce the next phase of our pricing plan and further reduce cost for all participants" said Maddy Fiorillo, Vice President of The Clearing House.

"Especially in today's challenging business environment, The Clearing House is committed to helping banks manage costs.

For more information about pricing, contact Maddy Fiorillo, 212.613.0104, or maddy.fiorillo@chips.org.

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reinforces CHIPS' position as the payment system of choice for USD payments, both domestically and globally. Especially in today's business environment, The Clearing House continues to show its customers that it is focused on helping them maximize revenue and minimize costs."

China Merchants Bank is the third international bank to connect to CHIPS in the past year.

Cover Payments

CHIPS plans to implement enhanced message formats to accommodate the new SWIFT cover payment formats, which ensures full transparency of cover payments. The Clearing House has worked with SWIFT and the Federal Reserve Banks to ensure that its customers will be able to map data into all payment message formats accurately.

Cover Payments Timeline

Documentation

- **October 14, 2008:** CHIPS specifications released.
- **January 9, 2009:** Revised CHIPS specifications released to be compatible to SWIFT's final Standards Release Guide.

Testing

- Begins: **June 15, 2009**
- Mandatory testing: **September 19, 2009**
November 7, 2009
- Additional testing available: **November 21, 2009**

Implementation

- **November 23, 2009:** First business day after SWIFT's November 21, 2009 implementation

For more information about cover payments, contact **Vincent De Santis**, 212.613.0105, or vincent.desantis@chips.org.

Webinars JUNE-DECEMBER 2009

Don't miss out on the opportunity to participate in **The Payments University's** upcoming webinars. Here are some classes related to wire payments.

Course	Date
TCH CHIPS Products and Services	June 4
Innovations in Global Payments	June 22
Wire Fundamentals 101	October 20
TCH Intro to Wires	October 26
Wire Fundamentals 102	October 27
TCH CHIPS Products and Services	November 13

Visit www.paymentsuniversity.com to sign up or to see more courses about all types of payment-related topics.

Russ Waterhouse To Oversee Products

Russ Waterhouse, Executive Vice President, joined The Clearing House earlier this year and has been assigned responsibility for its payments products — wire, ACH and check image. Russ has more than 25 years of experience in financial services and in building successful products for the marketplace. Russ has served as CEO, CFO and COO for companies in the U.S. and Canada.

Visit CHIPS at 2009 SIBOS

The CHIPS team will be exhibiting at **SIBOS September 14-18, 2009 in Hong Kong**. Please stop by the booth to find out the latest developments in the wire transfer industry.

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