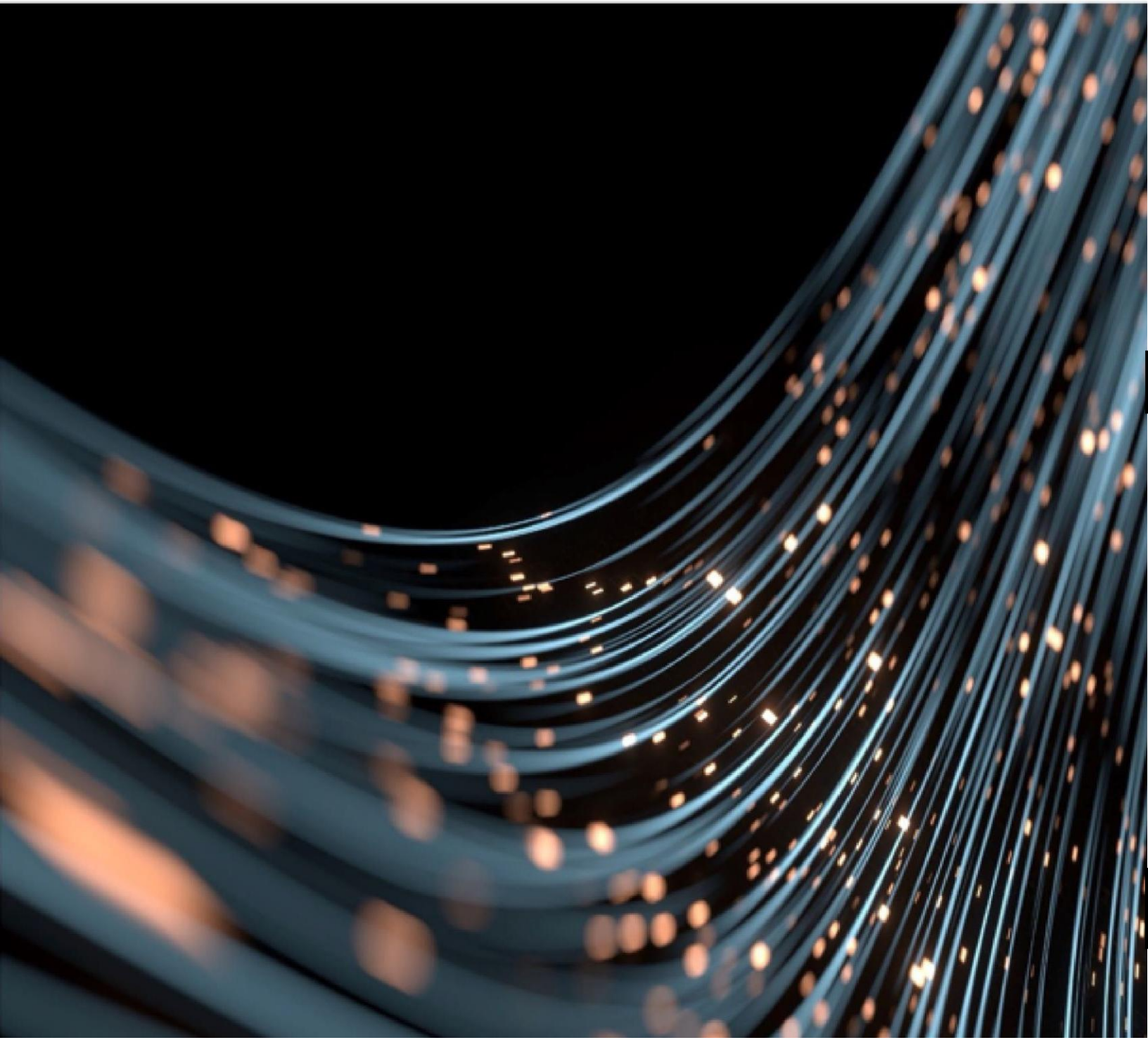
DIGITAL BUSINESS NETWORKS ALLIANCE

Profile for Remittance Advice

Version 1.2.1

February 2025



1 Contents

2 Version History

Revision date	Version	Change description	Editor
June 2024	1.0	Initial version	BPC Market Pilot Technical Committee
February 2025	1.1	Copy, Brought under DBNAlliance control	Michael Riviera
February 2025	1.2		Michael Riviera
February 2025	1.21	Added processId and documentTypeId	Michael Riviera

3 Introduction

3.1 Scope

This document was started as a copy of the BPC Remittance Document Implementation v1.0.

The purpose of this document is to provide the information and tools necessary to start sending and receiving electronic remittance (e-remittance) information, separate from a payment, through an e-delivery network. It is specific to remittance messages and does not address any other aspects of the exchange system or document types that may be sent through an e-delivery network. This is a guide, not an exhaustive list of tasks or a prescriptive specification. It describes the DBNAlliance's E-remittance data model, which is a profile of the ISO 20022 remt.001.001 message. The data model supports all payment methods and leverages the use of a remittance identifier to match the payment with the remittance information for the cash application process.

When using this data model within an exchange framework, B2B service providers will be the primary users. They can use their existing custom interfaces with their clients to map customer remittance data to/from this data model, easing adoption and allowing those business to extend their reach to a greater number of trading partners via their connection to the network.

3.2 Conformance

The keywords 'MUST', 'MUST NOT', 'REQUIRED', 'SHALL', 'SHALL NOT', 'SHOULD', 'SHOULD NOT', 'RECOMMENDED', 'MAY', and 'OPTIONAL' in this specification are to be interpreted as described in RFC2119 and RFC 8174 when, and only when, they appear in all capitals, as shown here.

3.3 Terms and Definitions

For the purpose of this specification, all terms shall have the definitions defined in the document Terms and Definitions v1.0.

3.4 Disclaimers and Copyright

Views expressed here are not necessarily those of, and should not be attributed to, any particular DBNAlliance participant or organization. They are not intended to provide business or legal advice, nor are they intended to promote or advocate a specific action, payment strategy, or product. Readers should consult with their own business and legal advisors.

This specification is the work product of the DBNAlliance (acknowledging previous work done by the BPC), and readers are free to republish this specification in whole or in part without further permission, as long as the work is attributed to the DBNAlliance, and in no way suggests the DBNAlliance sponsors, endorses or recommends any organization or its services or products. Other product names and company names referenced within this document may be either trademarks or service marks of their respective owners.

4 Background

4.1 Introduction

One pivotal step in modernizing B2B payments is promoting the widespread adoption of e-remittance information exchange between businesses. This shift from traditional manual processes to e-remittance data adoption is set to revolutionize the industry, benefiting companies of all sizes by reducing payment application costs and improving efficiency. The Business Payments Coalition (BPC) is actively working to enable the widespread exchange of e-remittance information between businesses via a concerted effort by key players in the industry including businesses, service providers, payment networks, and financial institutions. These stakeholders have been focused on achieving straight-through-processing of remittance information and ushering in a new era of efficiency and convenience. The DBNAlliance provides an exchange network in which these remittance advice messages can be exchanged.

5 The Remittance Message

5.1 Use of ISO 20022

All ISO 20022 messages that contain remittance information share the same data structure and elements in the remittance data model. When sent within a payment, the remittance information is in a self-contained structure within the overall payment data. The DBNAlliance remittance data model implements the Stand-Alone Remittance Advice message in the ISO 20022 specification. Designed for remittance information sent separately from a payment, this data model can be seamlessly integrated into an exchange framework and is consistent with all B2B remittance data elements available in the ISO 20022 data structure. Its implementation ensures a standardized and efficient process for all payment methods for all businesses involved.

The current mandatory version used is remt.001.001.05 which can be downloaded here (search for "remt").

5.2 The Remt.001 Message

The remt.001 message has four primary information sections:

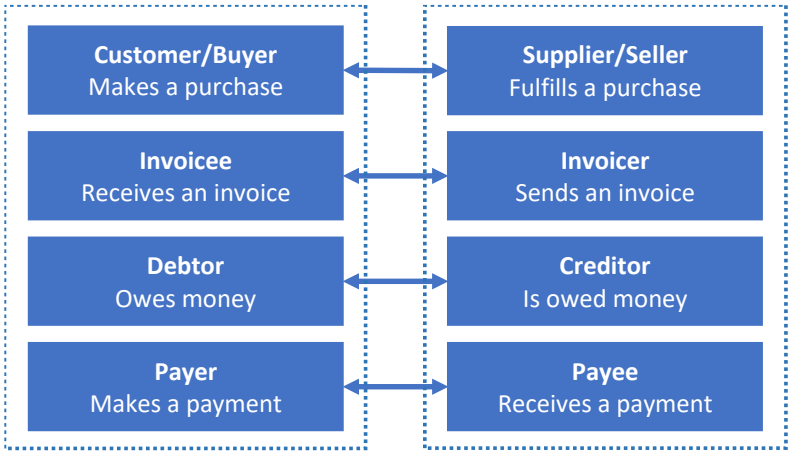
1. Header	Set of characteristics shared by all remittance information, included in the message. This document recommends data elements to use, defines which are required, and specifies how to populate certain data.
2. Remittance identifier	Data element used for linking the remt.001 message to the payment
3. Structured remittance data	The actual remittance data that is the core of the message. • Data comes from the accounts payable system of the payer and is mapped into the remt.001 message • Data is mapped into the accounts receivable system of the payee • This document recommends data elements to use, which are required, and how to populate the data in the remt.001 • Refer to the ISO 20022 MDR2 and X9 guide for more information on the data elements
4. Payment information	• Includes limited information from the payment that can be used for confirmation and research. • Includes limited information about the payment methods(instrument) for bank reconciliation. • This document recommends data elements to use,

	which are required, and how to populate

For more information about the remt.001 message, see the ASC X9 ISO 20022 Remittance Content Market Guide ("X9 Guide") which can be used in conjunction with this document.

5.3 Party Terminology

ISO 20022 documentation uses the terms "debtor" and "creditor" to identify various parties (organization entities) in the B2B payments chain. Other terms may be used depending on the context. The following diagram illustrates generally understood party terminology within the payments community. This can be used as a reference for the terminology used within this document.



6 Linking the Remittance Information to the Payment

6.1 Data Used to Link the Remittance Information to the Payment

When the remittance information travels separate from the payment, the payee needs to link or re-associate the remittance data to the payment. This is done by using a combination of the following:

- Remittance Identifier (RmtId)
    - The ISO 20022 specification for the remt.001 message contains a data element, the Remittance Identifier (RmtId), that is for the specific purpose of linking the remt.001 remittance message to the related payment. This guide recommends market practices for populating it in different ways based on the payment type.
- External local instrument code
    - The local instrument code provides the payment type (e.g., instant, ACH, card, wire, check). This is necessary for understanding how the data was populated in the remittance identifier.
- Payer
    - Identification of the payer such that payee can uniquely identify payments received in combination with external local instrument code and the RmtId.

All Participants in the DBNAlliance network MUST be identifiable using a unique and unambiguous Participant Identifier. The Participant Identifier MUST be a Business Identifier as specified in section 4 in this document and MUST be issued to the legal entity to which the Participant pertains.

6.2 The Linkage Process for ISO 20022 Payments

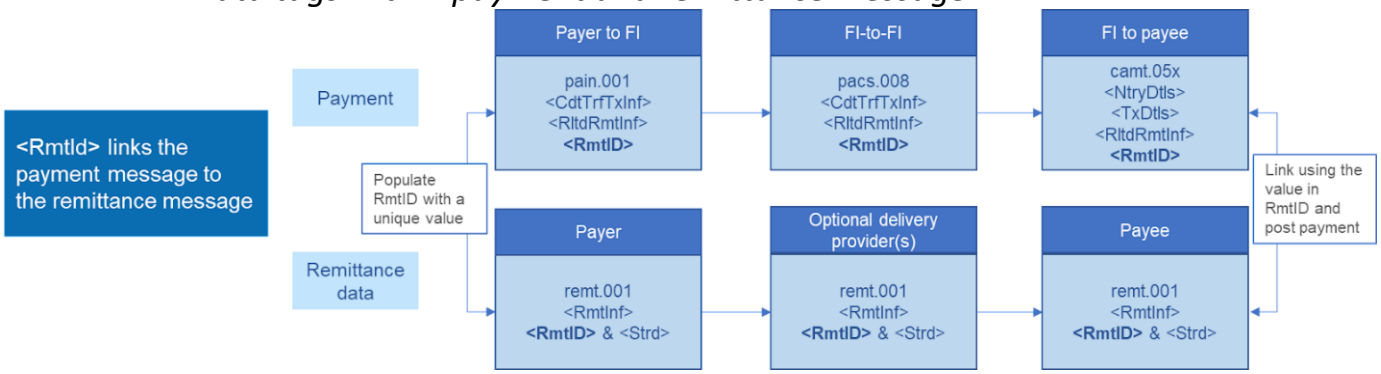
The process for linking ISO 20022 payments to separate remt.001 messages is straightforward because both the payment and the remt.001 message contain the RmtId data element. The linking identifier, or RmtId, is populated in both the payment and the remittance information at the time of payment initiation and can be populated with the unique electronic payment identifier from the AP system.

In an ISO 20022 payment, “Related Remittance Information” (RltdRmtInf) within the payment is specifically designed for remittance outside a payment and contains the remittance delivery method, data location, and RmtId identifier.

As with other payment methods, a combination of payer +remittance ID is needed by the payee for uniqueness in linking because the AP payment identifier is only unique to that payer.

The following diagram illustrates the linkage process for ISO 20022 payments and includes the ISO 20022 data tags.

ISO 20022 linkage for separate remittance messages
Data tags within payment and remittance message



6.3 Process for Linking ISO 20022 Payments

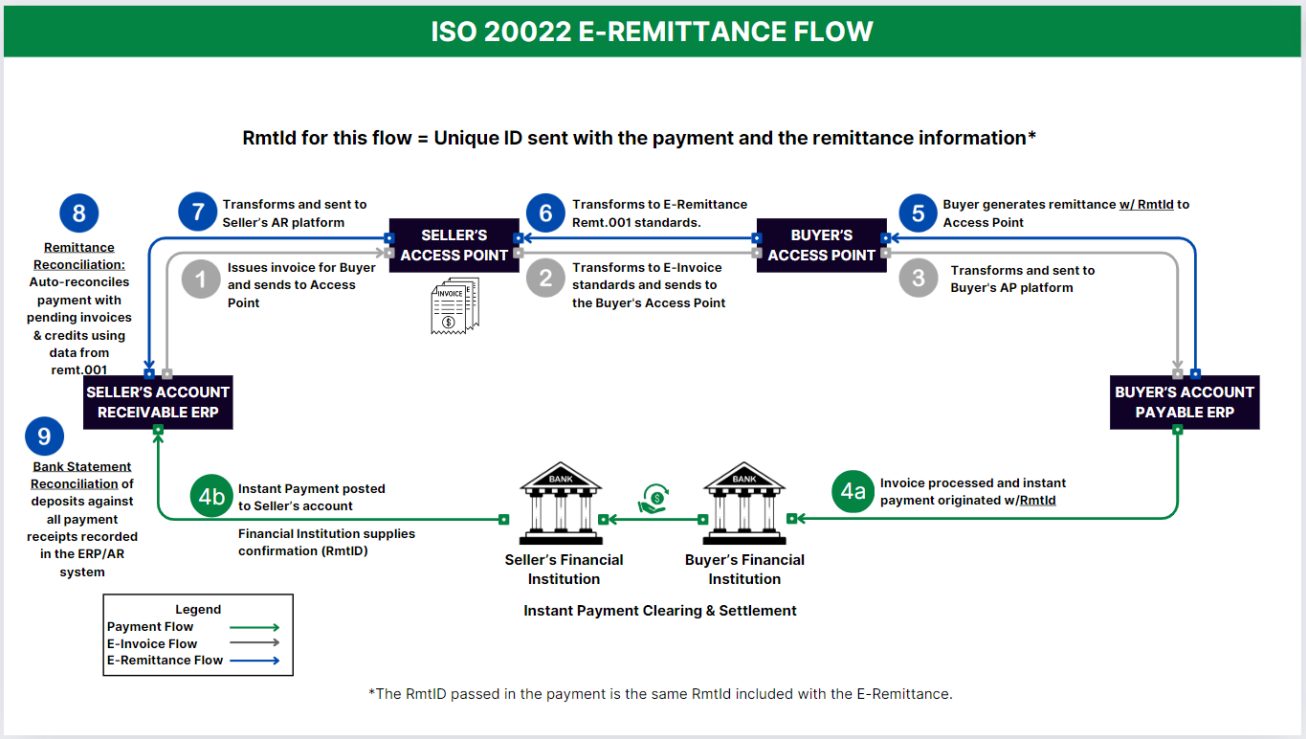
In an exchange framework process, the payer populates the remittance identifier into the payment and sends it to its service provider (acting as the sending access point) with the remittance information. The sending access point populates the ID into the remt.001 message in the RmtId data element and sends it through a Framework. The payee receives the remittance identifier in the remittance message (from its service provider acting as the receiving access point) and in the payment and uses the unique value to match them for cash application where the payment is reconciled with pending invoices and credit notes in the ERP.

- If the sending access point creates the payment file (e.g., integrated payables provider or FI), they can also populate the remittance identifier for each the payment in the file.

- If the receiving access point has access to payments (e.g., integrated receivables or lockbox provider), they can match the remittance identifier on behalf of the payee for automated posting.

After the remittance reconciliation, there is a separate bank statement reconciliation of deposits against all payment receipts recorded in the ERP/Accounts Receivable system. This happens after the payment is received and allocated. The remittance total equals the payment total deposited in the supplier's bank account.

Below shows an exchange framework process for ISO 20022-based payments.



Example:

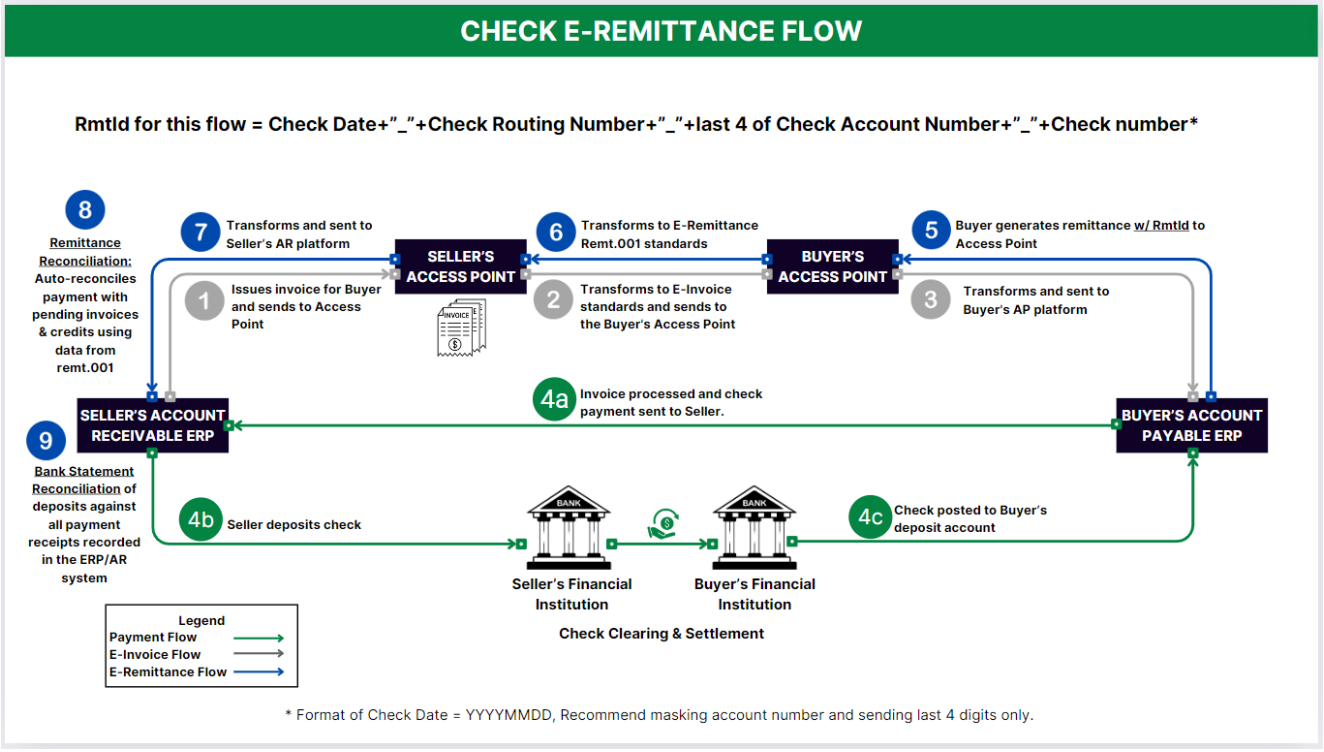
- Hank's Grocery is the payer who makes an instant payment to the seller ABC Food Processing Co.
- Populates the payment with a unique RmtId for example "915513052344755".
- They pass the same RmtId in the remt.001 message in the RmtId element as follows:
- <RmtId>915513052344755</RmtId>
- <LclInstrm><Cd>INST</Cd></LclInstrm>

6.4 Process for Linking Non-ISO 20022 Payments

The market guidance for other payment types, is to populate the RmtId with data that exists in the payment. Similar to ISO 2022 payments, a combination of payer, payment type (in the external local instrument code field) and remittance identifier is used to uniquely match the payment with the remittance information.

6.4.1 Linking Check Payments

When the payer mails a check payment, the bank check contains information about the bank's routing number, payer's account number, bank's check number and a date.

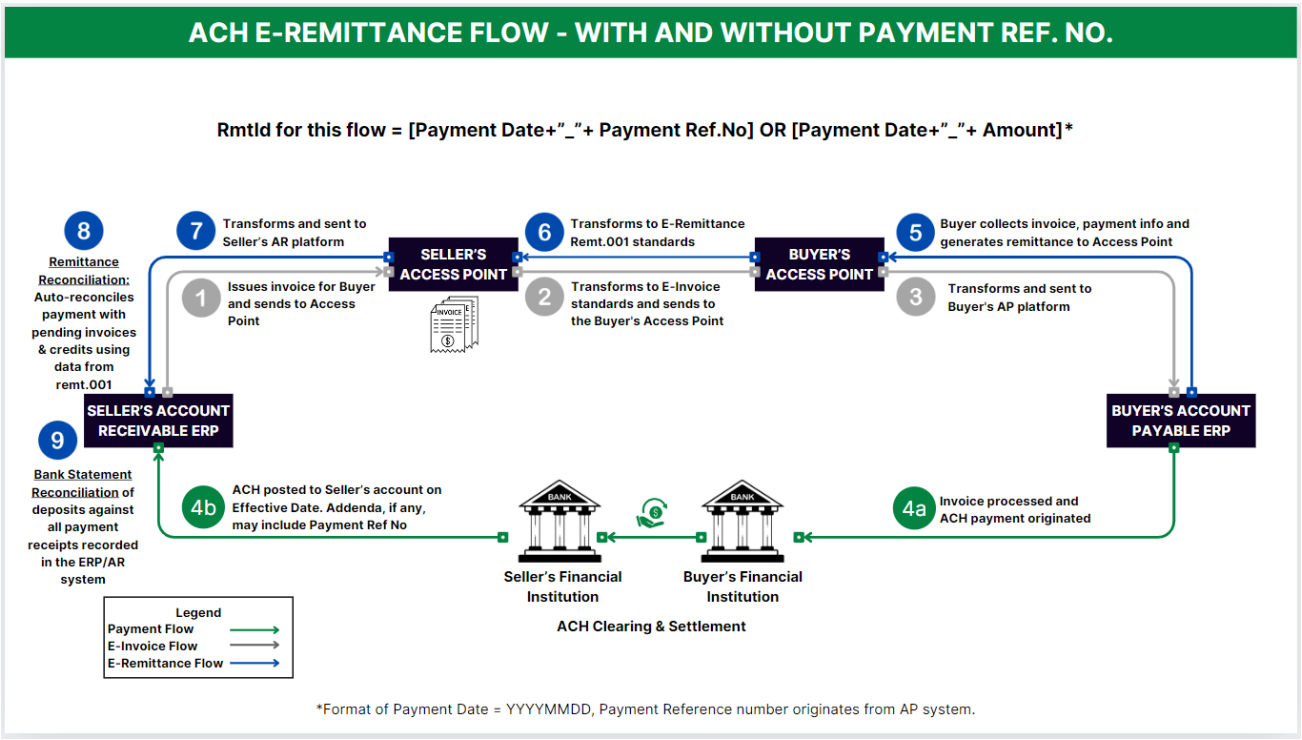


Example:

- Hank's Grocery is the payer who makes a check payment to the seller ABC Food Processing Co.
- Populates the RmtId element in the remt.001 message as follows:
- Check Date + "_" + Check Routing Number + "_" + last 4 of Check Account Number + "_" + Check number
- <RmtId>20240326_021000322_1752_327</RmtId>
- <LclInstrm><Cd>ARC</Cd></LclInstrm>

6.4.2 Linking ACH Payments

When the payer makes the payment through the Automated Clearing House (ACH) Network, it is given a unique reference number called the ACH number or payment reference number. If this number is not available, the payment amount will be used instead.



Example:

- Hank's Grocery is the payer who makes a $100,000 ACH payment to the seller ABC Food Processing Co.
- Populates the RmtId element in the remt.001 message as follows:
- Payment Date + "_" + Payment Reference Number
- <RmtId>20240326_021000322111</RmtId>
- <LclInstrm><Cd>CTX</Cd></LclInstrm>

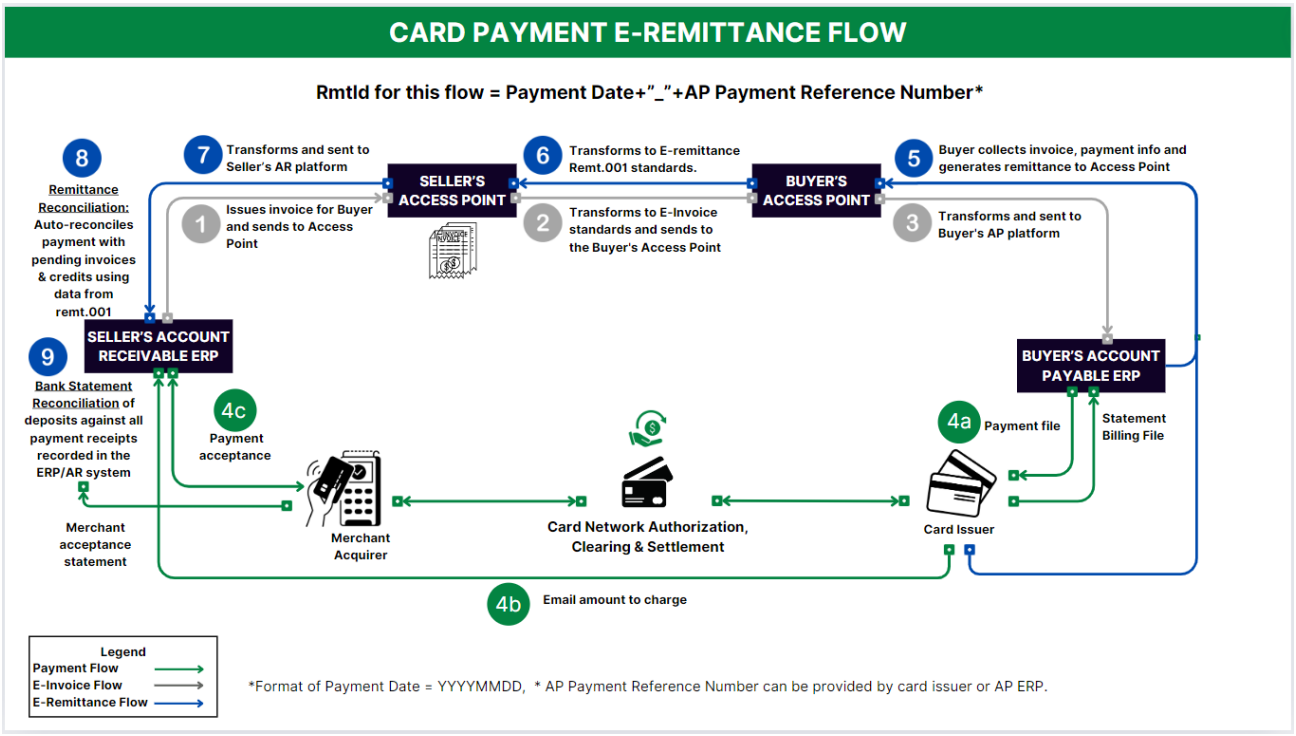
If the payment reference number is not available, the amount will be populated as follows:

- Payment Date + "_" + Amount
- <RmtId>20240326_100000</RmtId>
- <LclInstrm><Cd>CCD</Cd></LclInstrm>

Note: CTX or CCD can be used for the external local instrument code with ACH payments.

6.4.3 Linking Card Payments

When the payer makes the payment using a debit, credit or virtual card, it is given a unique AP Payment Reference Number by the card issuer or AP ERP.

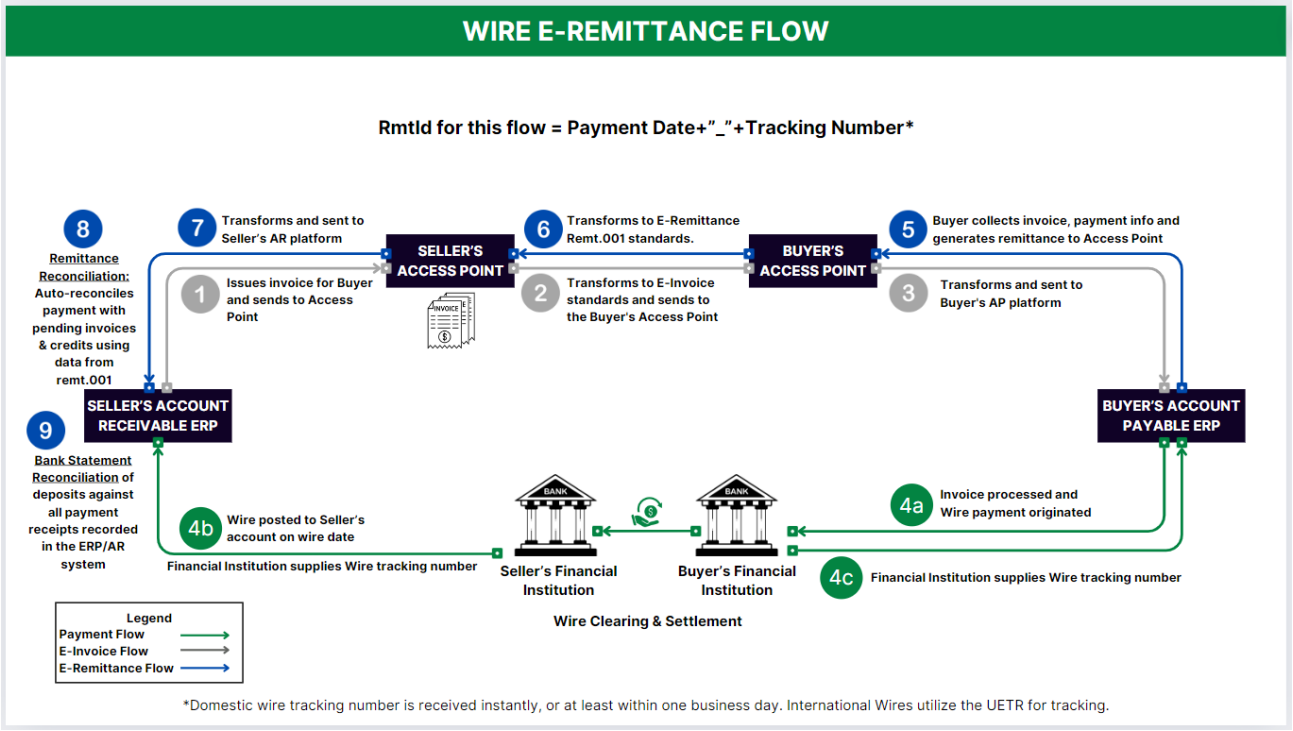


Example:

- Hank's Grocery is the payer who makes a card payment to the seller ABC Food Processing Co.
- Populates the RmtId element in the remt.001 message as follows:
- Payment Date + "_" + AP Payment Reference Number
- <RmtId>20240326_9999999999</RmtId>
- <LclInstrm><Cd>CARD</Cd></LclInstrm>

6.4.4 Linking Wire Payments

It's anticipated that most wire payments will follow the ISO 20022 standard in the near future, in which case the process for linking ISO 20022 payments would apply (see Section 6.3 above). To the extent the standard is not yet applicable, then the following applies. When the payer makes the payment using a bank wire, it is given a unique Tracking Number.



Example:

- Hank's Grocery is the payer who makes a bank wire payment to the seller ABC Food Processing Co.
- Populates the RmtId element in the remt.001 message as follows:
- Payment Date + "_" + Tracking Number
- <RmtId>20240326_5321467004803280</RmtId>
- <LclInstrm><Cd>TRF</Cd></LclInstrm>

7 Remittance Data Model

7.1 Context

The data model focuses on three areas pertinent to an exchange framework:

1 Constructing and implementing a complete remt.001 message that was suitable for broad market availability.

2 Formally incorporating existing ISO 20022 data and message rules and adding rules specific to an exchange framework; and

3 Determining a mechanism for schema validation and considering a mechanism that will be feasible going forward.

The data model uses the existing ISO 20022 remittance data elements, with all B2B data elements available for use. While the data model is consistent with the ISO 20022 data model, there are modifications specific to the exchange framework implementation of the data model:

- Some data elements that are optional in the ISO 20022 model are required in an exchange framework. Examples include usage of structured remittance data and populating key data elements such as invoice number, date, and amount.
- There are recommended or required values for certain data elements, such as those in the header.
- There are certain rules specific to an exchange framework, primarily related to required vs. optional data elements.

7.2 Validation

The ISO 20022 remt.001 message has hierarchy and data usage rules specified in an official ISO 20022 XSD schema file. The exchange framework rules require that all messages sent over the network be validated for conformance to an exchange framework's implementation of the data model for the message type. For this purpose, the DBNAlliance has created a schematron that can be found in the DBNAlliance's Github repository.

Valid messages MUST be both schema-valid and schematron-valid. Messages MUST be validated before sending.

8 Identifiers

8.1 Introduction

To facilitate transporting the remittance advice over the DBNAlliance network, the following identifiers are used:

Item	Value
ProcessId	bdx:noprocess
DocumentTypeId	urn:iso:std:iso:20022:tech:xsd:remt.001.001.05::Document## DBNAlliance-1.0-data-Core