



# PAYMENTS INSIDER

The inside scoop on payments for businesses of all sizes

## INSIDE THIS ISSUE

Preparing for Fedwire's ISO 20022 Transformation ..... pg. 1

Deck the Sales, Not Your Account: Combat Chargeback Fraud ..... pg. 4

The 12 Tips for Working with Your Financial Institution for a Remote Audit ..... pg. 3

Share the Joy of Payment Resources ..... pg. 5

## Preparing for Fedwire's ISO 20022 Transformation

by Sharon Hallmark, AAP, APRP, Director, Payments Education, EPCOR

Fedwire®, the Federal Reserve's real-time gross settlement (RTGS) service, is migrating to the ISO 20022 messaging standard as part of a broader push to modernize U.S. payment systems. This shift impacts how businesses, Third-Party Senders (TPSs) and Third-Party Service Providers (TPSPs) interact with their financial institution when sending wire transfers. Here's what your organization needs to know about changes to Fedwire® and how to work effectively with your financial institution:

### Understanding the Fedwire® ISO 20022 Migration

The Fedwire® Funds Service is implementing the ISO 20022 standard in phases, with a full migration target in 2025. During this transition, businesses may need to temporarily support dual messaging formats, as not all parties will adopt ISO 20022 simultaneously. ISO 20022 will replace the current Fedwire® Funds Service format, impacting the structure and content of payment instructions. Organizations should dedicate time to understand how these changes will affect their current payment initiation and reconciliation processes.

The adoption of ISO 20022 will allow for richer and more structured data to be included in payment messages, providing greater transparency and detail throughout the payment lifecycle. This enhanced data will enable more accurate payment initiation, facilitating smoother and error-free transactions.

Furthermore, the standardized and comprehensive nature of ISO 20022 messages will streamline the reconciliation process significantly. The detailed information carried within ISO 20022 messages will ensure that payment details are harmonized across different systems and parties, reducing the need for manual intervention and reconciliation efforts. This automation and consistency in data exchange will lead to faster and more efficient reconciliation processes, as well as improved transaction matching and exception handling capabilities.

### Key Changes to Wire Transfer Messages

The ISO 20022 format supports richer, more structured data, including fields for enhanced beneficiary information, remittance details and regulatory compliance data. This means businesses can include more transaction-specific information in wire

transfers. ISO 20022 also supports more granular fields for compliance-related data, which can assist financial institutions in meeting AML and fraud screening requirements. Organizations should work with their financial institution to determine

### Don't Forget About Your Organization's Beneficial Ownership Information (BOI) Requirements

FinCEN's mission is to protect the financial system by identifying individuals involved in activities like tax evasion, money laundering and terrorist financing. A recent set of requirements from FinCEN directly impacts small businesses by mandating the filing and reporting of Beneficial Ownership Information (BOI). FinCEN began accepting reports on January 1, 2024, and many organizations will be required to submit their information by January 1, 2025. For more details on what's required from your organization, check out this [article](#) from a previous issue of *Payments Insider*. We also recommend visiting FinCEN's informational [webpage](#) for further guidance and to file your report.

what specific compliance data may be required in the new format.

### **Collaborating with Your Financial Institution**

Businesses should proactively engage with their financial institution to understand the changes, timelines and testing requirements associated with Fedwire's ISO 20022 transition. Check with your financial institution for resources and training to help your organization prepare. To ensure a smooth transition, participate in any testing opportunities offered by your financial institution. Testing allows organizations to validate their systems, correct any formatting errors and ensure compatibility with the new messaging standard. Your financial institution may require an update or reconfiguration of systems to generate ISO 20022-compliant messages. This may involve addressing technical adjustments to comply with financial institution-specific implementation timelines.

### **Operational and Training Implications**

Team members responsible for wire transfers should be trained on the new data fields and formatting changes in ISO 20022. Your financial institution may offer training sessions and documentation to guide your organization through the changes. The adoption of ISO 20022 may require changes in the internal workflows of businesses, particularly for those who process a high volume of wire transfers. This could include changes in transaction reconciliation, data input practices and enhanced fraud monitoring processes.

### **Preparation for Real-Time Payments**

ISO 20022 aligns with the requirements for faster payments, such as FedNow®, which the Federal Reserve launched in 2023. While Fedwire® itself is not a real-time payment system, aligning with ISO 20022 allows for

easier interoperability with real-time systems, providing future flexibility. Consumers and vendors may expect faster and more transparent payments as the U.S. payments infrastructure evolves. Your organization should consider how Fedwire's transition impacts its own service-level expectations and consumer communication strategies.

### **Leveraging Enhanced Reporting and Analytics**

With more detailed transaction data available, your organization can enhance financial reporting and analytics capabilities, improving cash flow insights and audit accuracy. ISO 20022's structured data supports improved real-time transaction monitoring, which can be useful for reconciling transactions, tracking wire statuses and optimizing cash management.

### **Enhanced Operational Efficiency**

Migrating Fedwire Funds to the ISO 20022 messaging format presents a significant opportunity to enhance operational efficiency and facilitate straight-through processing within the financial industry. By adopting the structured and standardized data elements of ISO 20022, participants in the Fedwire® Funds Service will experience streamlined communication and data exchange, reducing manual interventions and increasing automation. The rich and detailed

information carried in ISO 20022 messages will enable seamless end-to-end transaction processing, improving payment processing speed and accuracy. This migration will not only enhance the overall payment ecosystem but also pave the way for increased data analytics, risk mitigation and interoperability across different payment systems, leading to a more efficient and resilient financial infrastructure.

### **Ensuring Ongoing Compliance**

The expanded data elements in ISO 20022 allow for easy compliance with regulatory and security requirements by including richer beneficiary and sender information in wire transfers. Compliance standards will likely continue to evolve with the ISO 20022 adoption. Regularly check with your financial institution and stay informed on any new regulatory guidelines tied to Fedwire's updates.

In summary, to navigate Fedwire's transition to ISO 20022, businesses, Third-Party Senders and Third-Party Service Providers should closely collaborate with their financial institutions to adapt their systems, train team members and ensure compliance. Testing, ongoing communication and process adjustments are key to making the transition seamless, maintaining operational continuity and benefiting from the enhanced data and transparency that ISO 20022 offers. 🌱



# The 12 Tips for Working with Your Financial Institution for a Remote Audit

by Nicole Payne, AAP, APRP, CPA, CRCM, CIA, Vice President, Advisory Services, EPCOR

'Tis the season to be audited! A remote audit might not bring the same excitement as holiday festivities, but with a little preparation and cheer, it can be a smooth, successful process. Here's our countdown to keep you on track for audit success!

## 12. Get in the Holiday Spirit

Audits may not feel as joyful as holiday parties but try to see them as a way to “unwrap” valuable insights about your organization. Enjoy some holiday treats, play some cheerful tunes and bring a bit of joy to your preparations.

## 11. Book Your Audit Now

Audit schedules fill up quickly, especially as the holiday season approaches. Booking your audit now or in advance for 2025 helps to secure your preferred dates and avoid any conflicts with your organization's holiday plans or year-end responsibilities.

## 10. Make a List, Check It Twice

Think of your audit checklist like Santa's list! Make sure every document is prepared, organized and double-checked. This will help ensure nothing gets overlooked and save time during the audit.

## 9. Don't Be a Grinch, Ask Questions

Your auditor wants you to feel comfortable and confident during the process. If anything is unclear, ask for clarification—your auditors are here to help. Clear communication now will keep things merry and bright!

## 8. Wrap Up Documents Neatly

Just as you'd carefully wrap presents,

organize your documents into labeled folders (e.g., “General,” “Risk Management,” “Operations”) based on the audit checklist. This helps your auditor find each item quickly.

## 7. Ensure All Documents Are Accessible—No Scrooge-y Formatting

Make sure all files can be opened easily, ideally in PDF or Microsoft Office formats. Double-check that scanned documents are high-quality and legible, just like ensuring holiday cards are readable!

## 6. Prepare for the Present of Surprise

Auditors may request additional or new documents, depending on the latest guidelines. Think of these as “surprise gifts” that help keep your audit complete and compliant. Flexibility can make the process more efficient.

## 5. Fill Out the Pre-Audit Questionnaire

The pre-audit questionnaire helps auditors get to know your organization. The more details you provide, the fewer questions you'll have later. Think of it as sharing your “wish list” for a hassle-free audit!

## 4. Stay Available—'Tis the Season for Communication

During the audit, auditors may have questions. Designate someone on your team to be available for timely responses. This keeps the audit moving along so

you can enjoy a stress-free holiday season!

## 3. Deliver All Documents Before the Audit Begins

Upload all necessary documents before the audit starts. Just as you'd prep gifts for Santa's sleigh, having everything ready early helps the audit run smoothly and minimizes last-minute requests.

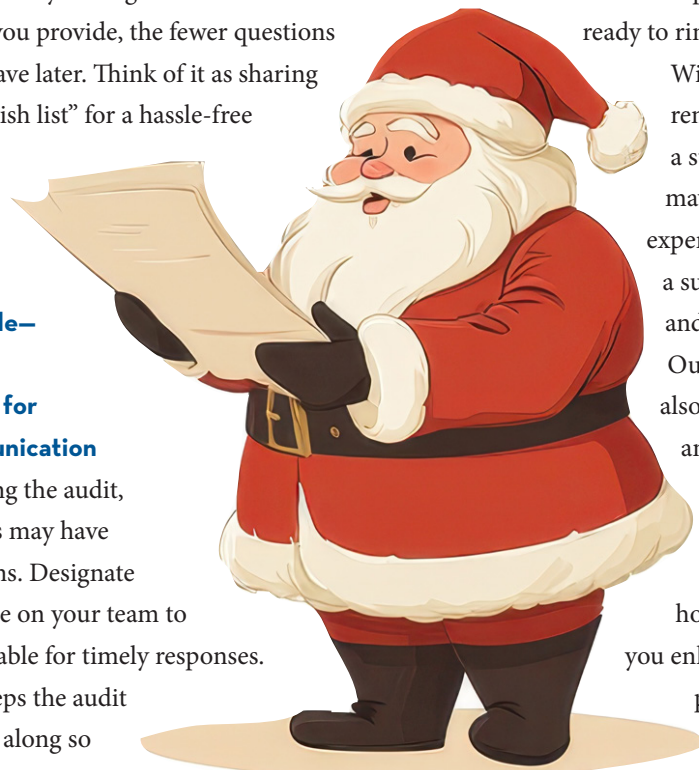
## 2. Join Video Meetings to Spread Holiday Cheer

Video meetings help you stay connected and efficient with your auditor. A quick face-to-face meeting, even remotely, can keep spirits high. Plus, it's a great time to show off your holiday sweater!

## 1. Celebrate the Team Effort

The holidays are all about teamwork, and your audit is no different. Make sure all departments involved are ready and informed. A well-prepared team helps ensure a seamless audit process, leaving you ready to ring in the new year.

With these tips, your remote audit can be a successful—and maybe even a festive—experience. Wishing you a successful audit season and a joyful holiday! Our team of experts is also prepared to help in any way we can. Reach out to EPCOR at [advisoryservices@epcor.org](mailto:advisoryservices@epcor.org) to learn how we can help you enhance your audit processes. 🎉



# Deck the Sales, Not Your Account: Combat Chargeback Fraud

The holiday season is a busy and productive time for small businesses, but it also comes with an increased risk of chargeback fraud. According to Fintech Global, chargeback fraud costs organizations billions annually, and the stakes are even higher during the holidays. Chargeback fraud happens when a consumer disputes a legitimate transaction, forcing the organization to return the funds and often lose the product or service as well. This can be especially damaging when your cash flow is crucial to meeting holiday demands.

## Why Chargeback Fraud Spikes During the Holidays

During the holidays, fraudsters take advantage of the high volume of transactions. While some chargebacks are unintentional, such as a consumer not recognizing a charge, others are deliberate, with fraudsters using stolen cards or exploiting lenient return policies. The busy shopping season makes it easier for these fraudulent activities to go unnoticed until it's too late.

## How Chargeback Fraud Affects Organizations

Chargeback fraud can have serious consequences for small businesses, especially during peak holiday times. This includes:

- **Lost Revenue:** You lose both the product or service and the payment.
- **Chargeback Fees:** Payment processors often charge a fee for every chargeback, adding to your costs.



- **Damage to Reputation:** Too many chargebacks can harm your relationship with payment processors, making it harder to accept payments in the future.
- **Operational Disruptions:** Dealing with chargebacks takes time away from serving consumers, affecting your operations.

## Strategies to Protect Your Organization

To minimize the risk of chargeback fraud, here are six practical strategies your organization can implement:

1. **Maintain Clear Communication:** Ensure that your return, refund and shipping policies are clearly stated and easy to access. Transparent communication helps prevent misunderstandings and reduces disputes.
2. **Keep Proper Documentation:** Record every transaction, issue receipts and retain proof of delivery. Having documentation is essential if you need to defend against a chargeback.
3. **Verify Transactions:** During the busy season, it's important to confirm the identity of cardholders for high-value purchases. Consider verifying IDs or using extra security measures for larger transactions.
4. **Prioritize Payment Security:** Make sure you're using secure payment gateways, implement two-factor authentication and employ fraud detection

tools to protect your organization from fraudulent transactions.

5. **Address Disputes Promptly:** If a consumer raises a concern, resolve it as quickly as possible to prevent it from escalating into a chargeback. The sooner you address disputes, the better chance you have to prevent fraud.
6. **Monitor Chargebacks Regularly:** Review your bank statements and merchant accounts regularly for any signs of chargeback activity. Timely responses to your financial institution can help you minimize the financial impact of chargebacks.

## Stay Vigilant and Proactive

By taking these steps, you can significantly reduce the risk of chargeback fraud and protect your organization from the financial strain it can cause. The holiday season should be a time to grow business, not to deal with fraud. Stay vigilant, implement these strategies and work closely with your financial institution for implementing added security.

Want to sleigh the holiday season and stay ahead of the fraudsters? Boost your fraud-fighting knowledge by:

- **Visiting BanksNeverAskThat.com** and reading through their information and resources, taking quizzes and more.
- **Watching EPCOR's fraud-fighting Did You Know videos**, available on [YouTube](#), [LinkedIn](#) and EPCOR's [website](#).
- Taking advantage of the Consumer Financial Protection Bureau's fraud and scam [resources](#).
- Stay tuned to Fraud.org's [fraud alerts](#). 📢

# Share the Joy of Payment Resources

The holiday season is here—festive lights are twinkling, the New Year is just around the corner and the year-end hustle is in full swing. As we wrap up the year, many organizations are reflecting on goals, finalizing budgets and setting their sights on the new year ahead. With key team members nearing retirement, it's the perfect time to invest in educating newer staff to step into their shoes. After all, the best way to ensure success in 2025 is to equip your team with the right knowledge and tools.

So, grab your favorite seasonal treat and throw on your coziest (or most outrageously festive) holiday sweater, because *in true festive fashion*—it's time to unwrap the perfect payments education gifts for your team and clients!

## ACH Rules

The best way to stay compliant with *ACH Rules* is to have easy access to them. If you don't have a copy yet, consider contacting your financial institution to request one—or additional copies if needed.

## ACH Quick Reference Guide for Corporate Users

EPCOR's Guide offers a brief overview of the key *ACH Rules* that every ACH Originator

should be familiar with. It covers essential topics such as general rules, ODFI/Originator responsibilities, prerequisites, warranties, and provides a detailed review of processes like returns, NOCs, prenotes and more!

## Did You Know... Informational Videos

EPCOR's short and engaging animated videos break down key payments topics in just a few minutes! Their fun, easy-to-follow format makes them an ideal way to share important information with team members and clients. Recent video topics include Free Money Scams, Positive Pay Protection for Businesses, Preventing Debit Card Fraud and more. EPCOR has also launched a series focused on protecting small businesses, covering issues like invoice fraud prevention, CEO impersonation scams and point of sale (POS) fraud prevention. You can find these videos on EPCOR's [website](#), [LinkedIn](#) and [YouTube](#) channel.

## Payments Insider

*Payments Insider* is a quarterly e-newsletter that keeps organizations of all sizes up to date on the latest developments in payment systems.

Whether you're reading this article or the full newsletter, you can always find the most recent edition available on EPCOR's Corporate User Webpage.

## Corporate User Webpage

EPCOR's Corporate User webpage offers a variety of resources for end-users, including information on upcoming changes to *ACH Rules* and much more. We regularly update the page with new materials and we welcome suggestions from visitors. Visit the webpage at [epcor.org/corporateuser](https://epcor.org/corporateuser).

## Third-Party Sender Webpage

EPCOR's Third-Party Sender Webpage offers a variety of resources, including sample agreements, helpful tools, educational videos, links to useful workbooks and more. You can visit the page at [epcor.org/tpsuser](https://epcor.org/tpsuser). If you have any questions or need assistance finding the right resource for your organization, don't hesitate to contact your financial institution. Wishing you a joyful holiday season! 🍷





Electronic Payments Core of Knowledge

EPCOR is a not-for-profit payments association which provides payments expertise through education, advice and member representation. EPCOR assists banks, credit unions, thrifts and affiliated organizations in maintaining compliance, reducing risk and enhancing the overall operational efficiency of the payment systems. Through our affiliation with industry partners and other associations, EPCOR fosters and promotes improvement of the payments systems which are in the best interest of our members.

For more information on EPCOR, visit [www.epcor.org](http://www.epcor.org).



**Nacha**®  
Direct Member

The NACHA Direct Member mark signifies that through their individual direct memberships in NACHA, Payments Associations are specially recognized and licensed providers of ACH education, publications and advocacy.

©2024, EPCOR. All rights reserved.

[www.epcor.org](http://www.epcor.org)

2345 Grand Blvd., Ste. 1700, Kansas City, MO 64108

800.500.0100 | 816.474.5630 | fax: 816.471.7665