



Letter to the Editor: Offer STP 820 to All Businesses

American Banker | Friday, June 13, 2008

To the Editor:

Nacha's new small-business payment strategy, as outlined in your recent article [["ACH Adoption by Small Firms on Nacha's Agenda,"](#) June 6], is grounded in a lack of knowledge of the small-business market and the STP 820. Nacha's business-to-business payment strategy is based on several consumer models that are untested, unproven, and not workable in the near future.

For George Throckmorton, Nacha's senior director of payment solution technology, to claim that those that believe that the STP 820 will work for mom-and-pop businesses are naive just demonstrates his lack of understanding of how the STP 820 will be implemented for this market segment. The last time I checked, mom-and-pop businesses use Internet banking or cash management packages supplied by their banks.

The incorporation of the STP 820 into these packages is a primary objective and is progressing very nicely, with a number of vendors and banks building the interface into their product offerings (Fundtech, S1, ACI, etc.). In addition to Internet banking platforms, modules for QuickBooks and Peachtree software have been developed using the STP 820. QuickBooks is the most popular accounting package for the small-business market.

The STP 820 was introduced in 2003 by The Clearing House Payments Company after several years of extensive work and research to determine the appropriate data elements that would be needed to post electronic payments to accounts receivable systems automatically. The STP 820 defines up to 10 required data elements, depending on the type of payment, to be included with the electronic payment for each invoice being paid. These data elements are customer account number (mandatory), customer name (mandatory), invoice gross amount, amount paid, invoice number, invoice date, discount, purchase order number, adjustment taken, and adjustment reason.

The small-business market does not need to understand the STP 820. It just needs payment products that provide the business and human interface to send the payment and payment-related information to their trading partners. Banking and accounting software vendors need to understand the STP 820 and the ACH formats.

The fact that the STP 820 is being used behind the scenes should be of no concern or interest to the customer. The STP 820 is just the technical conveyance to get the information to the receiving party.

Industry stakeholders need to get beyond the "not invented here" syndrome and look at the STP 820 solution for its practicality and, most importantly, the ability to implement it for all business segments in the near term.

*George F. Thomas
Principal, Radix Consulting Corp.
Oakdale, N.Y.*

Editor's Note: The author is a former executive vice president of The Clearing House Payments Co., where he managed the payments division