

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

SERVICE STANDARDS AND )  
PERFORMANCE MEASUREMENT FOR ) Docket No. PI2007-1  
MARKET DOMINANT PRODUCTS )

**COMMENTS OF REMITTANCE MAIL COALITION  
(July 16, 2007)**

The undersigned participants, collectively referred to as the Remittance Mail Coalition (“RMC”), respectfully submit these joint comments in response to Order No. 21, *Notice of Request for Comments on Modern Service Standards and Performance Measurement for Market Dominant Products*, issued by the Commission on June 13, 2007, and published at 72 Fed. Reg. 34424 (June 22, 2007).

**I. INTERESTS OF REMITTANCE MAIL COALITION**

The Remittance Mail Coalition consists of a group of companies originally invited by the United States Postal Service in February 2005 to spend a year developing recommendations to improve the partnership between the remittance industry and the USPS. These companies were deemed to be a relevant cross-section of the entire industry by the USPS. The companies included Allstate Insurance, American Express, Bank of America, Comcast Cable, Discover Financial, Mellon Global Financial, OPEX Corporation (equipment manufacturer), PECO Energy, Phoenix-Hecht (metrics provider), REMITCO (large processor), Verizon, Wausau Financial Systems (software provider), The Association of Work Process Improvement (TAWPI – industry association), and Union Federal Bank. Since its report was delivered to the USPS in

2006, the group continues to meet regularly with senior USPS management to discuss industry issues. Its membership has been opened to interested parties and has been joined by Citigroup and Comerica Bank.

Remittance mail involves a payment, usually by check, being sent to a billing address via First Class Mail. Payment processors represent a unique constituency in that they are primarily concerned with inbound delivery issues. For the USPS, remittance mail under the strict definition above represents about twenty percent of total First Class Mail volume. However, the USPS tends to view the industry under the wider perspective of bills and statements mailed, payments mailed, and customer inquiry and dispute resolution correspondence. Under this more liberal definition, the USPS believes that this industry may account for just under half of First Class Mail. In any day, there is conservatively at least \$20 billion of commerce in transit.

USPS delivery performance and efficiency has a huge impact on remittance mail. Thus, the remittance industry has a very significant interest in any policies or events that would impact delivery performance. The industry therefore has an important stake in seeing that proper services standards and performance measurement systems are adopted and maintained. Every day that a financial transaction remains undelivered has an equal and calculable impact upon its recipient, which can be measured based upon the size of the payment and the collecting firm's cost (valuation) of capital.

## **II. GENERAL ENDORSEMENT OF THE CURRENT FIRST CLASS DELIVERY STANDARDS.**

The remittance industry in general is well served by the current First Class delivery standards. Although any delivery that is not same-day has a financial cost to

the remittance industry, the industry believes that the current standards provide bill payers a reasonable expectation of delivery performance that allows payers to adequately schedule payment. Moreover, the industry realizes that extremely rapid delivery nationwide would only come at a cost that neither billers nor payers are willing to absorb.

### **III. LIMITATIONS OF THE CURRENT EXTERNAL FIRST CLASS MEASUREMENT SYSTEM (EXFC).**

The industry is not well served by the current EXFC measurement system. That system does not include payment processors as recipients. Payment processors are “privileged” recipients by virtue of their use of specialized services within the USPS. These services include “caller-box” (allowing the recipient to come to the postal facility for mail receipt throughout the business day and on weekends), unique zip code (delivery address reserved for high-volume recipient and given priority sorting throughout the postal processing day), and mail segregation (FIM holdout and national firm holdout programs where origination plants segregate and label mail that is predominantly remittance). EXFC cannot measure the differentiation such a recipient is likely to receive.

Worse, EXFC, as publicly reported, only acknowledges the percent of mail delivered within a particular standard (e.g., 92% of overnight mail was delivered within standard). This reporting does not adequately provide incentive to the USPS for early delivery, nor does it provide adequate consequence or even measurement of the degree of lateness for mail that misses standard. Since, from the industry’s vantage, all

delivery-day delays are equally consequential, a payment delivered two days late has more financial consequence than a payment delivered one day late.

Lastly, the measurement is not sufficiently refined to provide some of the information the industry requires. Since payments most often include a check within the envelope, the “payment path” is not final upon delivery of the mail piece. The check itself must be delivered to the paying bank before the funds transfer is deemed complete. The delivery of checks is undergoing profound evolution currently in the banking industry, but physical delivery is still a widely utilized practice. The transportation for much of this does not occur during so-called “normal” banking hours, but occurs in late evening and early morning hours. Thus, the timing of receipt of payment can itself have a huge impact upon the collecting institution. For this reason, payment processing is usually performed both on weekends and on multiple shifts during the processing day. For many processors, the function is literally performed constantly, including holidays. Thus, staffing is a huge issue for processors and requires a complicated understanding of delivery patterns throughout the day and across days of the week. EXFC provides none of this information.

#### **IV. THE INDUSTRY ENDORSES REFINEMENTS TO SERVICE STANDARDS WHICH INCLUDE STANDARDS FOR MAIL WHICH WAS NOT DELIVERED WITHIN STANDARD (“TAIL OF THE MAIL”).**

The Remittance Mail Coalition has been allowed to participate in the Mailers Technical Advisory Committee (MTAC) Workgroup 114, – Establish Service Standards and Measurement (First Class Mail subgroup), for which it is extremely grateful. This committee also enjoys the participation of the Postal Regulatory Commission and will provide a report with recommendations for service standards and measurement

systems for non-competitive products from the broader mailing industry perspective. A likely recommendation to come from this group is that mail that is not delivered within standard have an additional performance standard for its eventual delivery. The Remittance Mail Coalition strongly endorses this concept as a way to properly inform the USPS that degree of failure also has consequences.

**V. THE REMITTANCE INDUSTRY ENDORSES A COST-EFFECTIVE, PUBLICLY AVAILABLE MEASUREMENT AND REPORTING SYSTEM THAT PROVIDES INSIGHT INTO GEOGRAPHIC POSTAL PERFORMANCE.**

The industry endorses a cost-effective measurement system. The industry is supportive of so-called “passive” measurement that could be conducted within the functionality of intelligent mail. Most payment mailings are issued as single piece and thus introduce few, if any, start-the-clock issues. Perhaps the most-significant industry issue arises within the “wholesale” or “corporate-to-corporate” payment sub-population, where the payer of the bill is very unlikely to use a courtesy reply envelope provided by the biller. This Courtesy Reply Envelope, widely utilized by consumers, can easily contain pre-printed intelligent mail bar-coding. Corporate payers instead most often use the “pay to” area of the check to provide the mailing address visible through a window envelope. They are extremely unlikely to include biller-requested information in an intelligent barcode.

The industry endorses a publicly available measurement and reporting system that provides insight into geographic postal performance. As noted in III above, the current reporting from EXFC is inadequate. The industry recommends a reporting system that includes aggregate data on at least a bi-monthly basis. The industry requires fairly granular reporting of mail delivery into addresses within a specific postal

processing plant (P&DC or higher). This delivery data should be available by originating plant (P&DC) at least and should reflect specific performance. We recommend a measurement of average days to deliver, but would also be amenable to the percent delivered within standard plus the percent delivered standard +1, standard +2, etc. until substantially all of this mail (recommend 99% as that definition) was delivered.

While the industry would also endorse a measurement of the time-of-day and day-of-week delivery pattern to remittance addresses, we realize that this is a very specialized need. We further believe it will largely be addressed by a new USPS certification of key remittance facilities that has resulted from an industry recommendation by the coalition and by existing industry-specific metrics provided by private sector. Thus, publicly available reporting of geographically based data into a specific delivery plant that incorporates the delivery time of substantially all mail (99%) would greatly improve the industry's ability to monitor individual delivery plant performance.

Finally, we gratefully appreciate the opportunity to provide comment into this critically important issue for the remittance industry.

Respectfully submitted,

Stacey Stone Bennett  
Assistant General Counsel  
Global Staff Support Functions  
BANK OF AMERICA, N.A.  
101 South Tryon Street  
NC1-002-29-01  
Charlotte, NC 28255  
(704) 388-6583

[stacey.stone\\_bennett@bankofamerica.com](mailto:stacey.stone_bennett@bankofamerica.com)

David M. Levy  
Richard E. Young  
SIDLEY AUSTIN LLP  
1501 K Street, N.W.  
Washington, DC 20005-1401  
(202) 736-8000  
[dlevy@sidley.com](mailto:dlevy@sidley.com)  
[ryoung@sidley.com](mailto:ryoung@sidley.com)

*Counsel for Bank of America Corporation*

Lex Litton  
Senior Vice President  
Phoenix-Hecht  
PO Box 13628  
Research Triangle Park, NC, 27709-3628  
919-541-9339  
[lex@phoenixhecht.com](mailto:lex@phoenixhecht.com)

Frank Moran  
President & CEO  
TAWPI  
75 Federal St., Suite 901  
Boston MA 02110  
617-426-1167  
[fmoran@tawpi.org](mailto:fmoran@tawpi.org)

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