



PREPARING FOR REAL-TIME PAYMENTS WILL YOU BE READY?

Real-time payments are about to transform the U.S. banking system—creating opportunities for financial institutions to reclaim their position as not only the best place for consumers and businesses to secure their money but also their first choice for moving their money whenever they need to and to whomever they need to pay.

In short, real-time payments are the missing link for financial institutions to meet the growing competitive challenges from outside the banking system by providing a superior value proposition.

This white paper provides a straight-forward overview of real-time payments in the U.S. by drilling down on the opportunities, helping you understand what you need to know and how to get prepared —because one thing is for sure: Real-time payments are going to change everything.

WILL YOU BE READY?



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PREPARING FOR REAL-TIME PAYMENTS

INTRODUCTION

Payments in the U.S. are big business. Each year, American consumers and businesses make and receive more than 140 billion non-cash retail payments with a value of more than \$175 trillion.¹ Despite this world-leading volume, the U.S. payments system has fallen behind its counterparts around the world in its speed and efficiency, particularly compared to the U.K., which is credited with launching the global shift to real-time payments starting in 2008 with its Faster Payments service.² Today, around 15 countries are live with some form of faster payments initiatives and approximately 25 additional countries are in planning or development.³

There are legitimate reasons why the U.S. hasn't led the transition to real time payments, but now is the time to join the movement.

A change of this magnitude won't be easy or straight-forward, however. With approximately 10,000 financial institutions and countless business and government entities in the value chain, the U.S. payments system is already complex. And, real-time payments will add significantly to that complexity. So, it's not surprising that there's no consensus on a single path to real-time payments in the U.S. nor that multiple paths will evolve as new issues, technology and solutions emerge.⁴

There are, however, two indisputable conclusions: First, real-time payments offer significant opportunities for U.S. financial institutions to modernize their infrastructure, positioning them to compete more effectively, among other benefits. Second, for U.S. financial institutions to realize those opportunities, they must start preparing—now.

Why now? Because consumers and small businesses demand it. And real-time payments are the best opportunity for financial institutions to modernize payments systems infrastructure that's functional for the 21st century. Yet, the challenge is complex, and achieving the goal will occur incrementally, step by step. And, the best prepared will realize the greatest rewards.

ARE YOU READY?

1 Federal Reserve, Faster Payments Task Force, "The U.S. Path to Faster Payments: Final Report Part One," Jan. 2017, <https://www.federalreserve.gov/newsevents/press/other/US-path-to-faster-payments-pt1-201701.pdf>

2 McKinsey on Payments: "Faster payments: Building a business, not just an infrastructure," May 2015, <https://www.mckinsey.com/-/media/McKinsey/Industries/Financial%20Services/Our%20Insights/Faster%20payments%20Building%20a%20business%20not%20just%20an%20infrastructure/Faster%20payments.ashx>

3 BNY Mellon, "Faster Payments Have Arrived: Now What?" April 2018, <http://documentcenter.meetingcaddie.mobi/Events//45446143-9e3d-4e2f-89fc-aeb99f45c9bb/Documents/fef76c7f-eba1-42c5-b7f2-9690f7c810a3.pdf>

4 The Federal Reserve's Task Force on Faster Payments concluded there will be multiple faster payment solutions and included 16 proposed solutions in the second of its two lengthy reports.

PREPARING FOR REAL-TIME PAYMENTS

WHAT ARE REAL-TIME PAYMENTS?

Transfers of funds initiated 24x7x365 via any channel (e.g., smartphones, tablets or digital wallets) that share these characteristics:

CERTIFIED	Payment authenticity is guaranteed.
FINAL	Once a payment is sent, it's complete.
IMMEDIATELY AVAILABLE	Funds are available immediately to payee.
INSTANTLY SETTLED	Financial institutions settle funds instantly.
CONFIRMED	Payee and payor receive notification of payment status.

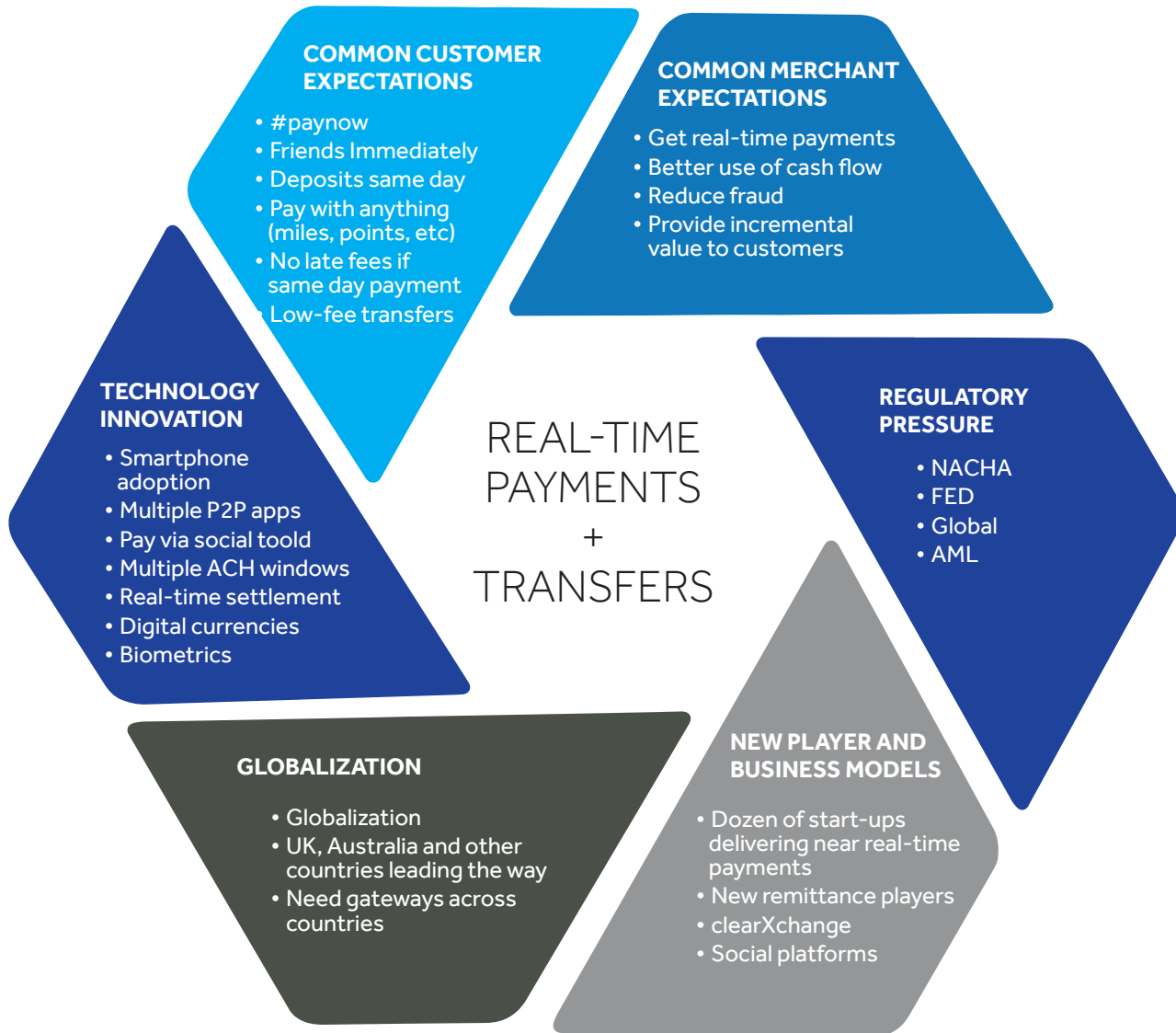
ARE 'FASTER' PAYMENTS THE SAME AS 'REAL-TIME' PAYMENTS?

In short, no. All real-time payments, are faster payments, but not all faster payments are real-time payments because they don't include all five of the above characteristics.

For example, some faster payments appear to be real-time because of back-end arrangements invisible to users, like Same Day ACH transactions and even online debit transactions. Even P2P services generally perceived as real-time may not, in fact, be true real-time solutions.

However, the importance of faster—but not quite real-time—payments shouldn't be dismissed because they're a gateway to true real-time. First, they provide users with a near real-time experience. And, second, they provide financial institutions with valuable experience handling faster payments. Plus, they provide a bridge for financial institutions to establish and adopt technical and commercial solutions to handle real-time payments.

WHAT'S DRIVING REAL-TIME PAYMENTS



Source: Deloitte "RT Payments are changing the reality of payments," 2015. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/strategy/us-cons-real-time-payments.pdf>

OPPORTUNITIES IN REAL-TIME PAYMENTS

Access to everyone and everything is instantaneous in today's digital world, which makes waiting days or even hours for funds to reach another party seem archaic. Real-time payments address payors' and payees' need for speed, offering financial institutions opportunities to propel their businesses into the 21st century.

- **COMPETE FOR MARKET SHARE.** Real-time payments will free financial institutions from the strictures of creating products and services limited by today's legacy infrastructures and data silos—enabling them to compete more effectively with new and enhanced services, while also ensuring that financial institutions are a relevant part of the transaction and offer user experiences worthy of the digital age.

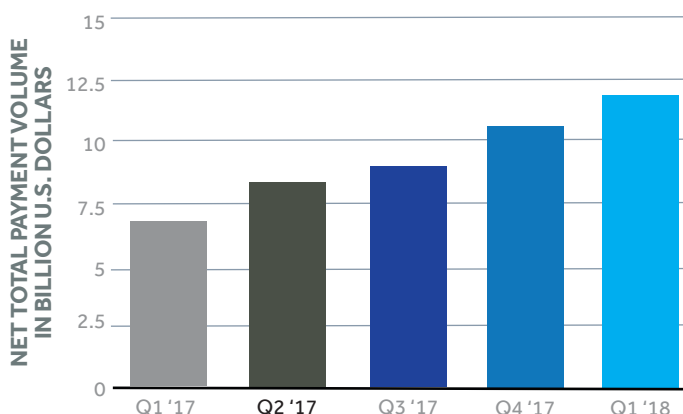
During the past five years, for example, the GAFSA companies (Google, Apple, Facebook and Amazon) have entered financial services with variations on P2P payments, including Google Pay, Apple Pay Cash, Facebook Messenger and Amazon Pay. Other tech companies, such as Square, Snapchat, Microsoft and, most notably, PayPal/Venmo, have done the same to attract relationships, build loyalty and establish their payments beachheads.

Unencumbered by legacy payments infrastructures, the tech companies have been nimble in offering services that are mobile-first, deliver a customer-centric user experience and appear to operate in real time. And, it's clear their successes have emboldened them to further penetrate payments, ratcheting up competition in an already-crowded field.

NEED PROOF OF THE CONSUMER APPETITE FOR MOBILE-FIRST, NEAR-REAL-TIME PAYMENTS?

The massive consumer adoption of Venmo suggests consumers are looking for real-time (or near-real-time) payments solutions that financial institutions aren't providing. It also provides a strong business case for real-time payments.

Venmo's total payment volume from 1st quarter 2017 to 1st quarter 2018 (in billion U.S. dollars)



Source: Statista, <https://www.statista.com/statistics/763617/venmo-total-payment-volume/>

⁵ "Non-bank providers, such as technology companies, have begun to enter the market and develop innovative new solutions to meet the changing expectations of consumers and businesses for faster payment methods." The U.S. Path to Faster Payments: Final Report Part One: The Faster Payments Approach Task Force Approach. Jan. 2017, Part 1. <https://www.federalreserve.gov/newsevents/press/other/US-path-to-faster-payments-pt1-201701.pdf>

⁶ Wall Street Journal, "Next Up for Amazon: Checking Accounts," March 5, 2018, <https://www.wsj.com/articles/are-you-ready-for-an-amazon-branded-checking-account-1520251200>

Faster payments, soon followed by Real-Time Payments, will enable financial institutions to offer P2P services that surpass those offered by the techs, because, unlike the techs, financial institutions can manage funds more efficiently through deposit accounts. This avoids the techs' awkward and inconvenient wallets for holding consumers' funds and/or using cards as intermediary transaction vehicles. In addition, financial institution-to-financial institution payments are faster, more secure and conform with expected privacy standards.

Real-time payments will enable financial institutions to reclaim their positions as financial hubs for consumers. See full list of various use cases in chart on page 7.

- **VALUE TO BUSINESS MARKET & CORPORATE DISBURSEMENTS.** Real-time payments also enhance financial institutions' ability to create value in corporate payments, such as building tools that deliver the same ease of use as today's consumer-focused digital payments. It also enables businesses to benefit from just-in-time funding to better manage cash flow and daily sales outstanding, and better manage their intra-day liquidity. Zelle is rolling out a small business offering in addition to B2C (discussed on page 9). Zelle's B2C and small business disbursements offering will help financial institutions monetize and recoup the costs of offering free P2P.

- **IMPROVE RETURN ON INVESTMENT.** Reducing fraud and increasing operating efficiencies will contribute to improved financial institution ROI, but real-time payments also offer revenue generating opportunities based on improved products and product flexibility, and data carried on real-time processing messages.⁷

In the coming years, according to Accenture, the ability to deliver personally targeted services and partner offers based on data carried in real-time payments

"Banks face excessive costs just to maintain the status quo in payments, operating and maintaining multiple silos ... such as those for checks and ACH and replace them with immediate payment schemes."

Source: ACI and Accenture, <https://www.aciworldwide.com/-/media/files/collateral/trends/executive-guide-to-immediate-payments-tl.pdf>

"Banks are starting to see that they risk losing market share if they don't embrace real-time payments ... The shift could have a profound impact not just on processing fees, but also on some of the banks' other businesses. The implication is that when customers need something, like auto loans or mortgages, they may not think of banks as their first stop."

Source: ForbesBrandVoice, "Why banks should act fast on RTP," Jun 24, 2016, <https://www.forbes.com/sites/kpmg/2016/06/24/why-banks-should-act-fast-on-real-time-payments/#20e197ce904a> | Mitch Siegel and Chris Hadorn

⁷ Accenture Payments, "A Real-Time Revolution: Faster Payments in the U.S.," 2016, page 3, https://www.accenture.com/t20161006T004905_w_us-en_acnmedia/PDF-34/Accenture-US-Faster-Payments.pdf

messages will become an increasingly important source of revenue for financial institutions. Those that enhance their systems, processes and teams to capitalize on this rich payments data will open the way to a widening range of digital, data-driven revenue streams.⁸

Examples of use cases that leverage real-time data in payments processing and could potentially improve products and product flexibility are included on page 7.

“New revenue streams will be the primary source of return on investment in a modernized payments infrastructure.”

Source: McKinsey on Payments: Faster payments: Building a business, not just an infrastructure. May 2015. <https://www.mckinsey.com/-/media/McKinsey/Industries/Financial%20Services/Our%20Insights/Faster%20payments%20Building%20a%20business%20not%20just%20an%20infrastructure/Faster%20payments.ashx>

■ INCREASE OPERATING EFFICIENCIES.

Real-time processing will reduce the significant cost and infrastructure that financial institutions carry to address the inefficiencies of current payment authorization processes and batch-based processing. Real-time payments will “reduce reliance on wasteful manual processes and liberate critical resources to support more strategic business objectives.”⁹ Also, treasury departments can use critical real-time payment data to reduce back-office costs, with efficiencies in exception handling, posting and reconciliation.

- REDUCE FRAUD. Tokenization capabilities built into real-time payments will enable financial institutions to avoid transmitting sensitive information, such as account numbers, reducing the risk of identity theft and account take-over. Additional examples of improved security practices ushered in with real-time payments could include: multi-factor authentication, identity digitization, federated identity management and secure message and cryptography, all of which are available through distributed ledger technology.¹⁰

- ACHIEVE GLOBAL INTEROPERABILITY. Real-time payments in conjunction with global acceptance of ISO 20022, a messaging standard for financial communications, will match the ubiquity of global commerce with the ability for consumers and businesses to make secure, real-time payments anywhere in the world.

How significant are these opportunities for financial institutions? Accenture calls them the “golden opportunity to consolidate their investments and achieve several goals at once, combining the wide-ranging business benefits of a modernized payments infrastructure with all advantages of real-time payments capabilities.”¹¹

⁸ Ibid

⁹ Fifth Third Bank, “Real-Time Payments: Promises, Benefits, and Why It Matters,” <https://www.53.com/content/fifth-third/en/commercial-banking/resource-center/executive-insights/real-time-payments.html>

¹⁰ Faster Payments Task Force: Final Report Part Two: A Call to Action. July 2017, Part 2. July 2017, page 21. <https://fedpaymentsimprovement.org/wp-content/uploads/faster-payments-task-force-final-report-part-two.pdf>

¹¹ Ibid

USE CASES: ENABLING REAL-TIME DATA & PAYMENTS

B
2
B

A **small business** paying an urgent invoice in order to receive goods or services

A **restaurateur** pays local farmer for fresh produce to serve in that evening's dinner specials

B
2
C

Insurance companies and **healthcare plans** pay claims to put cash in the hands of the claimant as fast as possible

A **retail bank** distributing personal loan proceeds to a dealership on behalf of a customer who is at the showroom buying a new car

C
2
B

Consumer pays utility bill in response to Request for Payment from the biller; thereby reducing risk of loss of service

A **homeowner** pays for general services, such as the gardener, cleaner, or child care provider. By getting paid immediately, the gardener reduces operating overhead

G
2
C

A **government agency** paying out emergency disaster relief funds to citizens impacted by a natural disaster

C
2
G

A **tax payer** making a tax payment in time for the deadline

A
2
A

A **retail investor** sending real-time money transfers to his or her investment account

Source: Corporate One and Payveris, "Future of Money," 2018

KEY PLAYERS IN FASTER PAYMENTS

It will take more than a village to support U.S. financial institutions in their transition to real-time payments. Already, key groups have evolved to influence or deliver capabilities. Here are introductions to five key players.

1. THE FED'S FASTER PAYMENTS TASK FORCE.¹² In 2015, the Board of Governors of the Federal Reserve System released a detailed vision and five desired outcomes for an improved U.S. payment system, including a call for a faster payments governance framework to facilitate cross-solutions payments and achieve broad adoption, safety, integrity, trust and interoperability by 2020.¹³

It then convened its Faster Payments Task Force “to jointly identify the challenges that stand in the way of achieving safe, ubiquitous faster payments solutions.”¹⁴ In the second of two comprehensive reports, the Task Force proposed approaches to faster payments that are a must-read for all financial institutions preparing for faster and real-time payments.

Putting the Task Force's work into action is the Governance Framework Formation Team, which in April 2018 released for comment a framework for a proposed U.S. Faster Payments Council, intended to become the country's faster payments governance organization. The proposed council's goal, as anticipated by the GFFT and subject to input from payments industry stakeholders, is to foster “a ubiquitous, world-class [payments] system in 2020 where Americans can safely and securely pay anyone, anywhere, at any time and with immediate funds availability.”¹⁶

2. THE ACH NETWORK. The Automated Clearing House Network, which processes more than \$41 trillion in value annually, is a batch-based processing system that moves money from one financial institution account to another. Starting in 2015, NACHA, which operates the ACH system, embarked on a multi-year, phased-in effort to speed up the Same-Day ACH processes. The final phase was implemented in March 2018, extending “Same-Day ACH” to both credit and debit transactions. Although Same-Day ACH advances the speed of payment (with multiple payment windows throughout the business day and mandates for the timing of funds availability), it does not currently category of real-time payments because it is not irrevocable. Still, because of the ACH's embedded infrastructure, including connectivity to virtually every U.S. financial institution, Same-Day ACH is an important development in faster, if not real-time, payments.

¹² Although the Task Force was disbanded following distribution of its second report, it's included in this list of real-time payments influencers for the longer-lasting effect of its reports, including potential pathways to faster payments.

¹³ To be clear, the Fed focused on encouraging technology-agnostic “faster” payments, not necessarily “real-time payments,” leaving the details of how to achieve the goals to the private sector.

¹⁴ Federal Reserve, Faster Payments Task Force: Final Report Part Two: A Call to Action, Part 2, July 2017, page 30, <https://fedpaymentsimprovement.org/wp-content/uploads/faster-payments-task-force-final-report-part-two.pdf>

¹⁵ Faster Payments Task Force: Final Report Part Two: A Call to Action, Part 2, July 2017, <https://fedpaymentsimprovement.org/wp-content/uploads/faster-payments-task-force-final-report-part-two.pdf>

¹⁶ Federal Reserve Banks' Payments Exchange, “U.S. Faster Payments Council Proposed: Industry Encouraged to Review, Comment,” April 24, 2018, <https://fedpaymentsimprovement.org/u-s-faster-payments-council-proposed-industry-encouraged-to-review-comment/>

3. **CARD PAYMENTS NETWORKS.** Visa Direct and Mastercard Send are the card payments networks' real-time payment solutions, enabling businesses to offer customers P2P payments (including bill splitting and remittances) and funds disbursements (such as refunds, rebates and loan disbursements) services. Visa requires U.S. issuers to make funds available to cardholders within 30 minutes of approving transactions, but settlement occurs end of day or next day, based on the ACH schedule.

4. **ZELLE.** Zelle is an initiative of major financial institutions, operating through Early Warning Services, to respond to P2P payment offerings growing in the marketplace¹⁷ and to develop real-time B2C and small business services that will help financial institutions monetize real-time payments and offset the costs of offering free consumer P2P payments.

Zelle supports money movement directly between financial institutions, identifying payers and payees using only email or mobile number. Consumers can use Zelle to transfer funds from an account at one Zelle-partnered financial institution to another Zelle-partnered financial institution or even to an account at a financial institution that doesn't participate in Zelle, using the debit card network. Transfers between customers of participating Zelle financial institutions are instantaneous for users, but the money settles between these financial institutions using ACH, similar to real-time debit card authorizations. However, Zelle shares several characteristics of real-time payments: the service is available 24 x 7 x 365, and payments aren't refutable.

Today, the Zelle networks' direct participation skew towards large financial institutions. Looking ahead, Zelle likely will incorporate mid-to-smaller sized financial institutions through resellers that connect directly with Zelle, enabling those financial institutions and their customers the benefits of direct participation in a common infrastructure designed to simplify payments.

5. **THE CLEARING HOUSE.** In late 2017, The Clearing House, a banking association and payments company owned by 25 of the largest U.S. commercial banks, launched its real-time payments initiative, calling it "an industrial strength clearing and settlement system to support real-time payments in the U.S." and equating its significance to the introduction of ACH, Fedwire or CHIPS.

It is, in effect, a new payments rail and platform that encompasses the processing value chain from initiation, authorization and messaging to clearing and settlement.

Participation in The Clearing House is open to all U.S. depository institutions, with the goal of reaching ubiquity—that is, connecting to every U.S. financial institution directly or indirectly—by 2020 and achieving global compatibility over time. Of the faster payments programs listed here, this is the only one currently offering true real-time payments. There is significant overlap in ownership of Zelle and The Clearing House. Currently, a few institutions are live on the real-time system.¹⁸

¹⁷ Some regard clearXchange, which began operation in 2011, as the predecessor to Zelle. clearXchange continues in operation but as a payments service for businesses and governments.

¹⁸ Tearsheet, "Why banks have trouble selling real-time payments," April 2, 2018, <https://www.tearsheet.co/payments/why-banks-have-trouble-selling-realtime-payments>

GETTING STRATEGIC

The opportunities available to financial institutions through real-time payments are clear and the enablers of faster and real-time payments are evolving to support financial institutions. So, what's the next step for forward-thinking financial institutions to optimize their situation? Clearly, it's beginning the strategic process, focusing on technology, markets and products, and personnel.

- **TECHNOLOGY.** Underpinning the move to real-time payments is technology and replacing existing payments' legacy infrastructure. Financial institutions that choose to "buy" their technology vs. "build" it (representing most U.S. financial institutions), will find no lack of businesses touting their expertise. Some will be tempted to delegate their real-time payments preparation to familiar partners, such as their core processors. But, before delegating, financial institutions must examine whether traditional, silo-based legacy providers are the best strategic partners to deliver 21st century data architecture and innovation at an affordable cost. And, can they deliver in a timeframe that's advantageous and with the flexibility to create new real-time products that financial institutions can monetize, while also offering platform extensibility so the FI is not constrained to one or two specific use cases as consumer needs evolve over time.

To avoid exacerbating an already complex payment infrastructure, a more comprehensive, strategic approach to addressing and delivering on the changes in the payments landscape will be the most effective move for financial institutions. An evaluation of platforms to ensure they are secure and agile enough to move payments now and in the future, will enable financial institutions to holistically meet the demands of today's financial consumer, and identify payment routing can be simplified regardless of where the money is coming from or going to, while delivering on the following attributes:

- Payment Routing Speed
- Scalability
- Extensibility
- Flexibility
- Affordability
- Future-proofing

Closely aligned with technology are the operational considerations required by real-time payments, which, without understatement, will necessitate reinvention of financial institution operations from the ground up. This is particularly true in the areas of fraud and compliance, where authentication and screening will be compressed into milliseconds; customer support, which will be on call 24x7x365; and transaction settlement and liquidity management, which will be affected continually throughout the day, including holidays and weekends.

- **MARKET AND PRODUCTS.** As identified earlier, the key for financial institutions to monetize their real-time payments investments will be to create products that will shift market share. In particular, financial institutions will want to look for opportunities to recapture market share from the tech companies, like GAF A, and innovate new products based on new capabilities enabled by real-time payments, enhanced data and elimination of payments silos.

But before product decisions can be made, financial institutions must evaluate the markets they serve today and those they want to serve. Which existing products should be moved to a real-time environment? What types of new products will attract customers in targeted markets and build loyalty? And, what are the costs and revenue-generating opportunities (direct and indirect) of various product decisions?

Every financial institution must answer those questions itself, of course, but if the industry has learned anything from competition from the techs, it's the need for products that put the user experience first and, in many cases, are mobile-first from start to finish. The tech of real-time payments won't shift market share, but the capabilities and user experiences real-time payments power will.

- **PERSONNEL.** Looking ahead several years, the U.S. payments system will be transformed by real-time payments, along with other digitalization initiatives. And, that transformation will require personnel who understand and embrace the advantages of real-time payments—not only in the next decade, but also now to support their financial institutions in making the best decisions for successfully planning and implementing a smooth transition.

According to a 2018 report by Accenture Research, "Digitization and automation will further alter labor demand, creating even greater need for high-skill talent in the back office." It continues, "The evolution of operations from a pure cost center to a hybrid that also contributes to top-line growth requires COOs become more strategic in their outlook and approach to contributing to revenue growth."¹⁹

Prudent financial institutions will begin now to determine the personnel resources needed to evaluate and guide their real-time transformation, as well as education and retraining needed to prepare staff for the new demands on areas including fraud and compliance, call centers and, especially, product development and process reengineering.

"To capture monetization opportunities presented by a modernized payments system, financial institutions must relentlessly focus on design, customer experience, accessibility and convenience. Building the infrastructure is a necessary condition for success, but banks will need to strengthen their front-end product development capabilities to fulfill the new system's potential."

Source: McKinsey on Payments: Faster payments: Building a business, not just an infrastructure, pages 28-29, May 2015, <https://www.mckinsey.com/~media/McKinsey/Industries/Financial%20Services/Our%20Insights/Faster%20payments%20Building%20a%20business%20not%20just%20an%20infrastructure/Faster%20payments.ashx>

19 Accenture Research, "Back Office, It's Time to Meet the Customers," pages 18 and 20, 2018, https://www.accenture.com/t20180404T034452Z_w_us-en/_acnmedia/PDF-72/Accenture-2018-North-America-Banking-Operations-Survey.pdf

WHERE DO WE GO FROM HERE?

If you represent a financial institution and are feeling overwhelmed by the advent of real-time payments, it's okay. At this point, no one has all the answers and, as the Fed's Faster Payments Task Force points out, there will likely be more than one solution. Like you, the people and companies that will enable real-time payments are learning constantly and staying flexible to respond to the real-time transformation as it evolves.

However, taking a "wait and see" position is not an effective strategy for financial institutions. It's time to incorporate real-time payments into your strategic vision. This means, first and foremost, educating yourself on the issues, opportunities and requirements of real-time payments, and researching the partners available to support your transition—including the platform partner that will support you in making your early first moves and will enable you to evolve seamlessly as faster payments move to a true real-time environment.

Similarly, based on your strategic vision, it's time to start internal preparations, beginning with educating staff members on their roles and responsibilities in moving your financial institution towards real-time payments and empowering them to think about how their roles and functions will change as your financial institution moves along the faster payments continuum. As payments become even higher tech, having the right people in the right roles becomes even more critical. And, not just in the obvious tech and operations areas. Optimizing real-time payments ROI will require keen attention to product development, customer experience and differentiated marketing—functions that historically have not been strengths of financial institutions.

FASTER PAYMENTS IMPACT THE ENTIRE PAYMENTS VALUE CHAIN

Faster payments will impact the entire payments value chain and require financial institutions to implement changes across their end-to-end payments life cycle, including, but not limited to the following:

- **CONVERSION OF BATCH-BASED PAYMENT INSTRUCTIONS TO RTP MESSAGES**
- **OPTIMIZATION OF FRAUD MANAGEMENT TO FIT INTO A SHORTER WINDOW**
- **STRONG AUTHENTICATION CAPABILITIES FOR PAYMENT ORIGATION**
- **MODIFICATION OF CLOSE-OF-BUSINESS PROCESSES TO HANDLE FASTER PAYMENTS**
- **TRAINING CUSTOMERS HOW TO INITIATE FASTER PAYMENTS AND WHAT TO EXPECT**
- **INTEGRATION OF RTP INTO EXISTING CHANNELS AND PRODUCT CAPABILITIES**
- **PRODUCT INNOVATION OPPORTUNITIES WITH THE BUILD, BUY OR PARTNER DECISIONS**

Source: Jennifer Lucas and Cerena Mitchell, Payments Journal, "The Reality of Real-Time Payments," April 30, 2018, <https://paymentsjournal.com/the-reality-of-real-time-payments/>

The transformation of the U.S. payments system to a real-time environment isn't happening overnight, but it is happening. And, what's at stake isn't just who controls real-time payments; it's who controls deposits and who will be the go-to organization that consumers and businesses trust to safeguard their money and facilitate their payments. In the past, that "who" has been financial institutions. But technology has intervened, and the past is no longer a predictor of the future. Deposits that financial institutions may have taken for granted are at risk, and unless financial institutions can demonstrate that their capabilities are not only as good as those of tech competitors but demonstrably better, financial institutions are facing a future of becoming the 'dumb pipes' of the payments system. Those who aren't prepared for real-time payments will be left out of not only this innovation in payments but also in the battle for the trust and loyalty of consumers and businesses.

In collaboration with Corporate One, Payveris has been working aggressively to understand the transition to faster and real-time payments—keeping in mind financial institutions' needs for platform solutions that address today's issues and futureproof for tomorrow's. It is an honor for us to share our insights with you as we work together to forge a new path for payments in the U.S.

Find all source material listed in Online Bibliography for this whitepaper here: <http://www.payveris.com/resources/whitepapers/bibliography/preparingforrealtimepayments>



ABOUT PAYVERIS, LLC As the creator of the cloud-based MoveMoney Platform, Payveris empowers financial institutions to take command of their customers/members' digital user experience as well as their IT and payments operations, while introducing innovative money movement applications that win and retain business—today and in the future. Its integrated platform, extensible gateway API and suite of widgets support payment services from any application or device, reduce IT and operations complexity, and future-proof IT investments—all while significantly reducing out-of-pocket expenses. www.payveris.com



ABOUT CORPORATE ONE FEDERAL CREDIT UNION Corporate One Federal Credit Union is one of the nation's most progressive cooperative corporate credit unions with more than \$5.3 billion in assets under management, serving nearly 800 credit unions nationwide. Corporate One offers a full menu of payments, investments and funding solutions to help credit unions grow their bottom line, manage cash effectively through The One Account, streamline member acquisition, and succeed in the faster, digital payments arena.

