



## Four Ways To Prepare For Faster Payments



payments core provider fraud protection

**Summary:** According to a Federal Reserve survey, 90% of businesses said they expect faster payments within three years. Many businesses see this as a way to automate operations and satisfy their customers. Community financial institutions should be preparing for faster payments now as competition is intense. Here are four recommendations to prepare for faster payments.

In 1917, the Seattle Metropolitans became the first US hockey team to win the Stanley Cup. They beat the Montreal Canadiens three games to one with a total score of 23-11. This team broke up in 1924. Yet Seattle has a new hockey team now, the Seattle Kraken, and is hoping to win the big Stanley Cup.

Community financial institutions (CFIs) are always looking for wins with their customers and these days, that means faster payments. More and more of your customers – including businesses – are likely demanding faster payments, including “real-time” or “instant,” so your institution should start preparing now to offer those capabilities, if you haven’t already.

Indeed, 90% of the businesses recently surveyed by the Federal Reserve said [they expect their financial institution to offer faster payment capability within 3Ys](#). They will use the feature to pay employees, gig workers, and suppliers, as well as for recurring bill pay and internal account transfer. Not only that, but a significant majority said they might even switch institutions, if their current one doesn’t get on board. That’s a wake-up call to start preparing for this shift. Here are **four recommendations to prepare for faster payments**.

**1. Analyze which options you want to offer.** Based on customer requirements, you need to assess which options are best for your institution. In addition to Same Day ACH overseen by Nacha, CFIs can work with their core providers or payment providers to offer Zelle P2P payments, potentially, via The Clearing House’s real-time payments (RTP) network.

However, do you want to support just P2P payments? Or are your business customers looking for streamlined payments too? A survey by the Fed found that [75% of small businesses in the US found payment and remittance automation important](#). The ability for a business to invoice their customers, along with a request for payment that the party invoiced can easily approve and have the payment made automatically is a compelling use case. It helps the business to manage their invoicing and accounts receivable, and optimize cash flow all at once.

CFIs that issue debit and credit cards can also choose to work with Visa and Mastercard to offer their push-to-card faster payment capabilities to customers. Then, in 2023, institutions can begin offering instant payments via the Federal Reserve’s FedNow service – either directly or through providers. PCBB is working with the Fed as a pilot participant on its FedNow payments and is continuing to modernize international payments with the SWIFT gpi functionality. Working with a partner that can provide a “one-stop-shop” payments solution can fulfill the payment needs of a variety of customers efficiently.

**2. Choosing all of the above.** CFIs might decide to offer all payment rails, especially if customers demand them, which could also increase reliability in case one of the rails is disrupted. As such, institutions should

explore either building or buying a back-office “payments hub” – architecture that can coordinate various payment rail processes with the core banking system and digital channels. Institutions must also find a way for legacy systems to accept ISO 20022 data-rich messages about the nature and delivery of payments, a standard increasingly being adopted by public and private payment rails across the world. While this may sound like the best option, it could be pricey so do your homework first.

**3. Managing liquidity differently.** CFIs that offer real-time or instant payments must be able to manage their intraday liquidity needs much more robustly than they traditionally have needed to with batch processing. They must be able to fund outbound payments before incoming payments settle. They also don’t want to have too much cash on hand, so CFIs will also need more sophisticated cash flow forecasting tools. Setting all of this up ahead of time will ensure successful faster payments implementation.

**4. Fraud prevention.** Payment rail services aid institutions in minimizing fraud by providing tools. CFIs will still need to adopt 24x7x365 fraud monitoring capabilities, particularly as transaction volumes explode in the coming years. Start reviewing the additional fraud protection needed – whether staff, technical tools, etc. – so that you have them in place before instant payments start.

CFIs need to prepare for faster payments. There is still time. But, it is running out. If you don’t offer them, someone else will.

## PCBB INTEGRATES WITH FISERV’S FOREIGN EXCHANGE PLATFORM

PCBB is integrated with Fiserv’s Payments Exchange: Foreign Exchange Services platform and offers Fiserv customers access to sophisticated international wire services, including straight-through processing. Through PCBB, Fiserv customers will also get access to innovative enhancements, such as Canadian check imaging and SWIFT gpi payments and tracking. Learn more about our [Fiserv integration](#).

## ECONOMY & RATES

Rates As Of: 01/20/2022 06:43AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.17	0.11	0.11
6M	0.36	0.17	0.17
1Y	0.56	0.18	0.18
2Y	1.05	0.31	0.31
5Y	1.61	0.34	0.34
10Y	1.83	0.31	0.31
30Y	2.15	0.24	0.24
FF Market	FF Disc	IORR	
0.08	0.25	0.15	
SOFR	Prime	ORER	
0.05	3.25	0.07	

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