

# Instant Payments Discussion with CCUL

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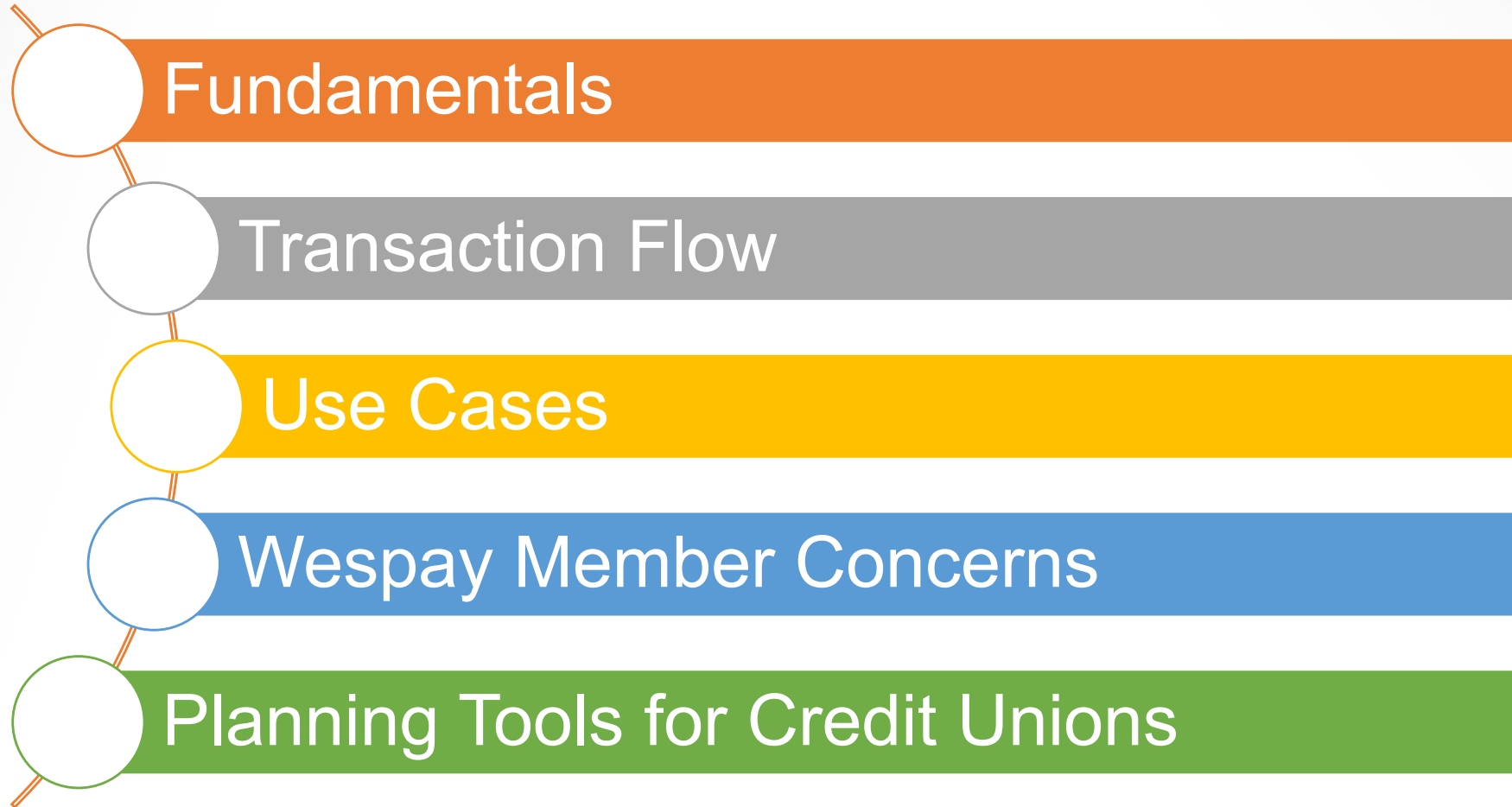


# About WesPay







- 900+ member trade association
- Mission: Building and sharing knowledge to guide members through their payments journey
- Brief overview:
  - Non-profit formed in 1972
  - Founding member of NACHA
  - HQ in San Francisco
  - 24 professional staff



# Instant Payments Primer



# Capabilities of “Faster” Payments

	 <b>RTP Services</b>	 <b>FedNow (July 2023)</b>	 <b>Same-Day ACH</b>	 <b>Wire</b>	 <b>Push to Card</b>	 <b>Push to Card</b>	 <b>Disbursements with Zelle</b>
<b>Settlement Timing</b>	Immediate (24x7)	Immediate (24x7)	Same-Day	Near Real-time	Next business day (24x7)	Same or Next business day (24x7)	1 – 3 days (could be minutes) (24x7)
<b>Clearing Mechanism</b>	RTP Network	Enhanced FedLine	ACH	Federal Reserve Bank	Card Network	Card Network	ACH & Debit Rails
<b>Refutability</b>	⊗	⊗	✓	⊗	✓	✓	⊗
<b>Network Reach</b>	Most DDA's (62%)	Enabled DDA's at Launch	All U.S. banks	U.S. and International banks	Debit Cardholders	Debit Cardholders	Most U.S. banks
<b>Cross-border Transactions</b>	⊗	⊗	⊗	✓	✓	✓	⊗

**Instant Payments**



# Characteristics of “Instant” Payments

## Transaction Processing

- Credits; single transactions; ISO20022

## Clearing

- 24x7x365 continuous flow

## Settlement

- Gross settlement, within seconds

## Posting

- Real-time availability to accountholders

## Confirmation

- Message validation for each payment





# Sample Transaction Flow

# FedNow Service Payment Flow



- 8** Receiver's financial institution credits the receiver's account, with the option to submit a posting confirmation to the sender's financial institution

Messaging and money movement is completed within 20 seconds

# Current Use Cases

## Sender Benefits:

- Maximize cash flow
- Improved service / payment flexibility

## Receiver Benefits

- Immediate is now an expectation
- Simplifies reconciliation of payments

### A2A

- Cash out from non-bank acct

### B2C

- Daily pay out for gig workers
- Insurance claims settlement

### B2B

- Merchant settlement for card transactions





# January 2023 Wespay Member Feedback

## We are reliant on our core

- Consider your core and online banking providers

## We don't see a need

- Options: Receive Only, or Send and Receive

## We are concerned about faster fraud

- Primarily a concern for sending banks

## We don't have 24x7x365 staffing (Ops and/or Service)

- May not be needed; tech partners may have stand-in services

## We don't have a Fed account

- Settlement agents (e.g., Corporate CU) can be used



# Considerations and Suggestions

01

Understand your tech partners' readiness

- What is their service road map?
- What are the setup and transaction costs?
- What experience do they have with IP?

02

Have a plan and monitor

- Focus on use cases that align with members' needs
- Discuss business members' capabilities
- Evaluate what your competitors are doing

03

Start with receive only...send later

# Supporting Credit Unions



- Payments Hotline
- Education & Events
- Quarterly Member Updates
- Publications & Tools
- **Connect** Member Forum

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



- Payments Consulting
- Risk Management Reviews
- Treasury Management Services

[www.wespayadvisors.com](http://www.wespayadvisors.com)



# Federal Reserve Resources

[FedNow Service Readiness Guide](#)

[FedNow Preplanning Roadmap](#)

[FedNow Readiness Roadmap for FIs](#)

[Six Phases of the FedNow Journey](#)



The benefits of instant payments are clear. With the FedNow Service, financial institutions can help their customers to send and receive money instantly, any time of day, any day of the year. With instant payments, your financial institution can:

- Improve customer satisfaction
- Attract and retain customers



**6 PHASES** of the FedNow Service Journey

Financial institutions go through several phases to prepare for and ultimately go live with the FedNow<sup>SM</sup> Service. While each organization's path to instant payments is unique, this document shows key activities and decisions many take along the way. At each step of your journey, Federal Reserve systemwide messages are available to assist.

	LEARN	ENGAGE	PREPARE	COMMIT	ONBOARD	GO LIVE
Overview	Learn about instant payments and the FedNow Service.	Engage those who have instant payments or interact with your organization and customers.	Start preparing for instant payments and assess your organization's readiness.	Decide to adopt the FedNow Service and get ready to onboard.	Sign up for the FedNow Service and go through onboarding.	Be ready to send and/or receive transactions.
Activities and Decision Points	<ul style="list-style-type: none"> <li>• Explore educational resources on FedNow and the FedNow Service.</li> <li>• Sign up for FedNow News.</li> <li>• Attend FedNow Service webinars and industry conferences.</li> </ul>	<ul style="list-style-type: none"> <li>• Join the FedNow Community.</li> <li>• Consider instant payment products and services you might offer your organization and through the FedNow Service.</li> <li>• Establish a cross-functional internal team to prepare for instant payments, assess readiness and define roles.</li> </ul>	<ul style="list-style-type: none"> <li>• Review readiness profiles and information.</li> <li>• Conduct your FedNow Readiness readiness assessment.</li> <li>• Set buy-in from internal teams and determine lead times to get ready for instant payments.</li> <li>• Talk to service providers and FedNow Service providers.</li> <li>• Review FedNow events.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a project plan and determine connectivity and participation fees.</li> <li>• Identify core payment solutions that will connect to the service.</li> <li>• Review your organization's current ready-to-go capabilities and make sure to update connectivity.</li> <li>• Determine how you will settle transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss your project plan with your assigned onboarding manager.</li> <li>• Review and sign O-18 documents.</li> <li>• Complete onboarding questions about how you'll connect to the service and settle transactions.</li> <li>• Define connectivity and settlement connectivity rules and test.</li> </ul>	<ul style="list-style-type: none"> <li>• Schedule production profiles.</li> <li>• Schedule go-live date.</li> <li>• Establish processes you'll use for settling instant payments.</li> <li>• Notify FedNow of instant payments being sent to you and your customers.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>• FedNowExplorer.org</li> <li>• Instant Payments Community</li> <li>• FedNow News Sign-Up</li> </ul>	<ul style="list-style-type: none"> <li>• FedNowExplorer.org</li> <li>• Live Chat Assist</li> <li>• Onboarding Readiness Community Slack</li> </ul>	<ul style="list-style-type: none"> <li>• FedNowExplorer.org</li> <li>• Service Readiness Guide</li> <li>• Onboarding Office</li> <li>• FedNow Explorer</li> <li>• Service Provider Connect</li> </ul>	<ul style="list-style-type: none"> <li>• FedNowExplorer.org</li> <li>• Connectivity at Service Provider Connect</li> <li>• FedNowNews.org</li> <li>• Onboarding Community</li> <li>• Onboarding Center 360</li> <li>• FedNow Explorer</li> <li>• FedNow Explorer and Service Provider Connect</li> </ul>	<ul style="list-style-type: none"> <li>• Observing Test and Go-Live Onboarding</li> <li>• FedNow participants get access to the Onboarding Test and work with an onboarding manager</li> </ul>	<ul style="list-style-type: none"> <li>• FedNow Service Support Center</li> <li>• 1-855-FED-6453 (377-7623)</li> </ul>

For even more resources and information, visit [FedNowExplorer.org](https://FedNowExplorer.org).

FedNow<sup>SM</sup> Service Business Guide  
Version: 2/14/23

