

Conversations on*

Instant Payments

A CU*Answers Collaboration Group

Introduction to Instant Payments

February 22, 2024

Today's Topics

- Sharing what we've learned so far, and hearing what *you've* learned
- A report from boots on the ground – **Bluestone FCU**
- Updates on work we've already done, progress on what we're working on now
- Next steps & future plans



We're not going to try to sell you on this, nor do we pretend to be experts – we're all learning together

Corporates spend a lot of time on use cases and benefits

We're focusing on what the network is doing and what we've learned so far that pertains to our CUs and our tools

Pardon any "duh" comments

Getting the terminology straight



There is some attempt to classify “faster” as post/settle within 24 hours, “immediate” as post within 60 seconds/settle same day, and “instant” or “real-time” as post/settle in less than 60 seconds

Card transactions are fast, but are they really “instant?”



Powering Smarter Payments



The
FedNow[®]
Service

4

Getting the terminology straight

- It's not "faster ACH"
 - FedNow® is not connected to ACH
 - Neither has anything to do with ACH, actually!
- They aren't two ways to say the same thing...and they aren't interoperable
 - You need to be on **both** rails (for your members, anyway)
- Push-only credits
 - You can't pull funds
- No exception process
 - Transactions either go immediately or they don't go at all



5

We've heard that the Fed will use NACHA rules in some way, perhaps in connection with requesting funds back that were sent in error via FedNow (??), but that's the only "connection" we know of



What does “on the rail” mean?

The rail is like the tracks . . . You still need engines and train cars, depots and stations, which is what everyone is scurrying to build now

Remember, it’s not all about your members – we will build tools that let you move the CUs money this way too (mortgage closings, sending funds to dealers)

Let's hear from a CU
that's live on the RTP
rails now...



7

- ... What was the onboarding experience like?
- ... What is the day-to-day for your accounting team like?
- ... What is the member experience, from what you've heard?
- ... How long did it take for your CU name to start showing up in apps? (Venmo, etc.)
- ... Were there any surprises or gotchas?
- ... How is your CU using the rail?

Other things we've learned

- Watch out for MICR translations
- How long it can take for members to see your CU name
- Most common failure reason is account suffix is missing
 - Corp One has a dashboard to show reasons
- We only have seconds to respond
 - No store and forward during stand-in, etc.
- Some "instant payment" options out there are not really RTP
 - Some ride the debit card rails
- Corp One does offer other services to its members
 - These are independent of the CU*BASE core
 - Requires a primary membership



So where are
we today?

9

- ✓ Ability to **receive** funds via the RTP rail
 - Requires only an associate membership with Corporate One
 - Funding agent services are available, or choose your own corporate CU
- ✓ Available to all credit unions, including Site-4 and self processors
- ✓ **11** network CUs are on the rail today
 - **25** more are in the queue
 - **4,614** transactions received so far!

Here's
what's
ready
now

Will need a funding agent eventually when we introduce Send capabilities, not needed for Receive but might as well get ready



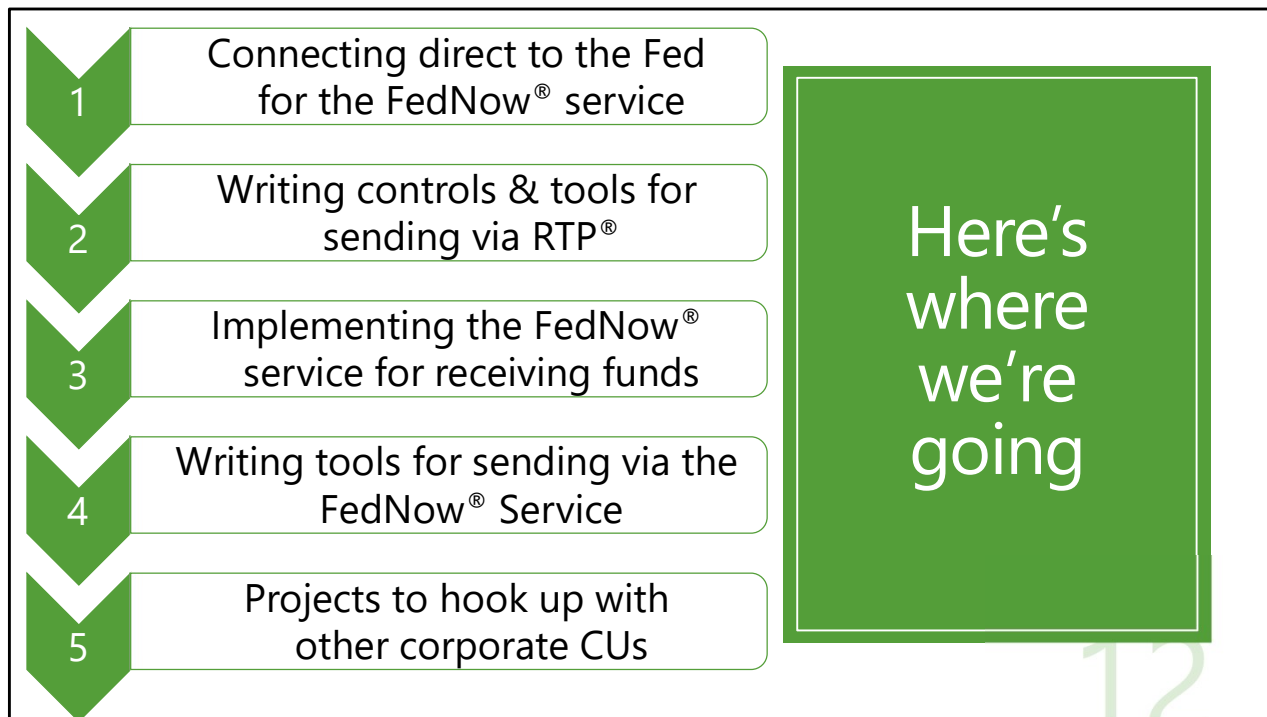
open.cuanswers.com/GetRTP

Hooking up for RTP® Receive

- You'll open a project with us
 - We coordinate with Corp One
 - We activate the software
 - We will participate in your interactions with Corp One
- You'll open a project with Corp One
 - Associate membership forms (if not already a primary member)
 - Training
 - Get a go-live date (assigned by TCH)

11

What's the queue like? How long does it typically take from start to finish?



Connectivity test with the Fed is today!!

What have you learned?

Share with the group!





What
other
questions
can we
answer?

14

Stay In
the Loop

In the Kitchen: Learning about FedNow®

Learning about FedNow®

The Research Project

Starting in the fall of 2022, CU*Answers began studying the evolving world of payment processing, specifically the RTP® Network (The ClearingHouse) and FedNow® (Federal Reserve) programs, and third-party partners who may be able to help us hook up these systems in order to receive funds for our credit unions on behalf of their members. Our goal was to understand the scope of potential projects, who we could partner with to connect, technical details about how the process works, and potential implications for fraud management.

For details about our RTP project, [review the separate recipe](#).

Remember that these are payment options *in addition* to regular ACH. Whatever we do with these new payment channels will have no effect on our current ACH processes and functionality.

*Status update as of December 2023: Starting in September the Fed finally opened its ability for us to start working with them on the development for our direct connection between CU*BASE and the Fed. After agreements were signed (there was a lot of paperwork we are now meeting regularly for both the technical/programming side of things as well as learning the Fed's onboarding process. We are currently wading through voluminous technical specifications and working on our own design space for the development and integration of the FedNow® Kitchen recipe for details on that separate project.*

open.cuanswers.com/FedNow

FAQs

open.cuanswers.com/RTP

In the Kitchen: Learning about RTP®

Learning about RTP®

The Research Project

Starting in the fall of 2022, CU*Answers began studying the evolving world of payment processing, specifically the RTP® Network (The ClearingHouse) and FedNow® (Federal Reserve) programs, and third-party partners who may be able to help us hook into these systems in order to receive funds for our credit unions on behalf of their members. Our goal was to understand the scope of potential projects, who we could partner with to connect, technical details about how the process works, and potential implications for fraud management.

For details about our RTP project, [review the separate recipe](#).

Remember that these are payment options *in addition* to regular ACH. Whatever we do with these new payment channels will have no effect on our current ACH processes and functionality.

What We've Learned

In September and October we met with representatives from both Corp One and Vizo to get a brain dump on what they know about both FedNow® and RTP® and what their

Conversations on*
Instant Payments
A CU*Answers Collaboration Group

WE NEED YOUR INPUT! LEARN MORE ABOUT WHAT WE'RE DOING AND LEND YOUR VOICE TO OUR EFFORTS BY JOINING THE CONVERSATIONS ON INSTANT PAYMENTS GROUP!

15

Thanks for your feedback!

Post any additional comments in the Kitchen

Conversations on*

Instant Payments
A CU*Answers Collaboration Group