

# IMPACT 2023

CORNERSTONE ANNUAL MEETING & COUNCIL FORUM

**Keeping the Pulse on Faster Payments**

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April 12, 2023

# PAYMENT SOLUTIONS FOR TOMORROW



Catalyst Corporate payments solutions support the needs of thousands of credit unions for check, ACH, wire, card, P2P and emerging faster payments channels.

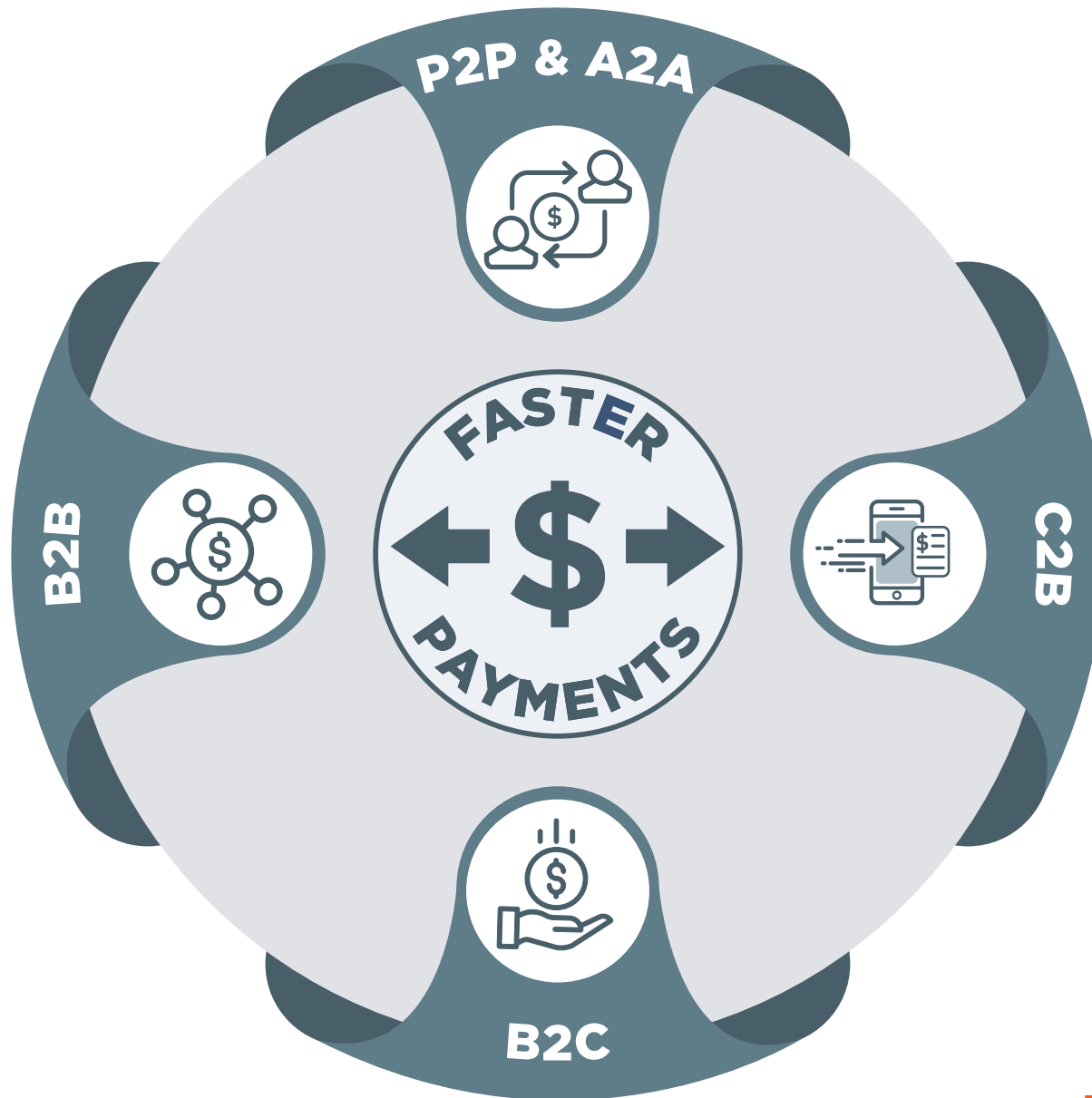


Credit unions have access to large-scale operations, with back-office support that enhances efficiency and user experience.

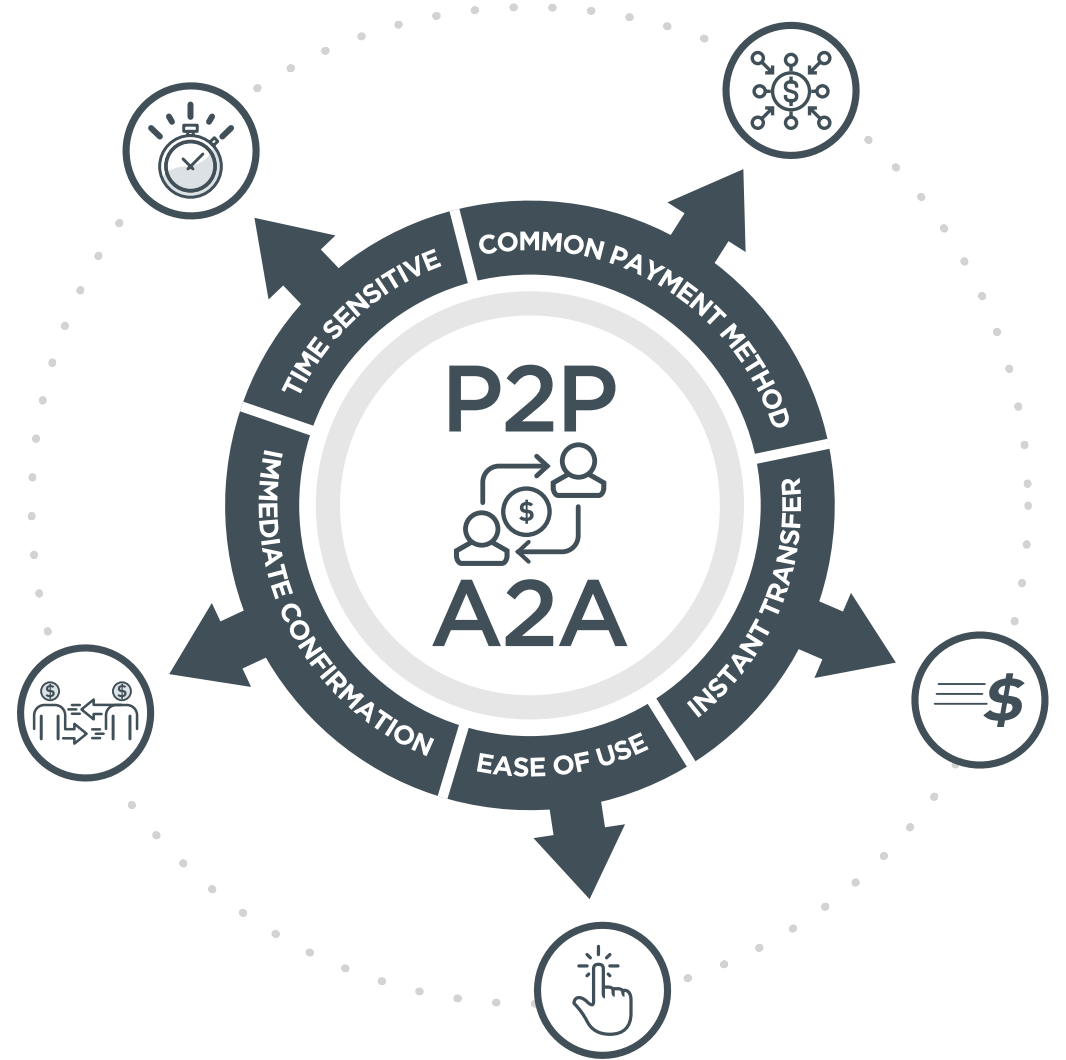
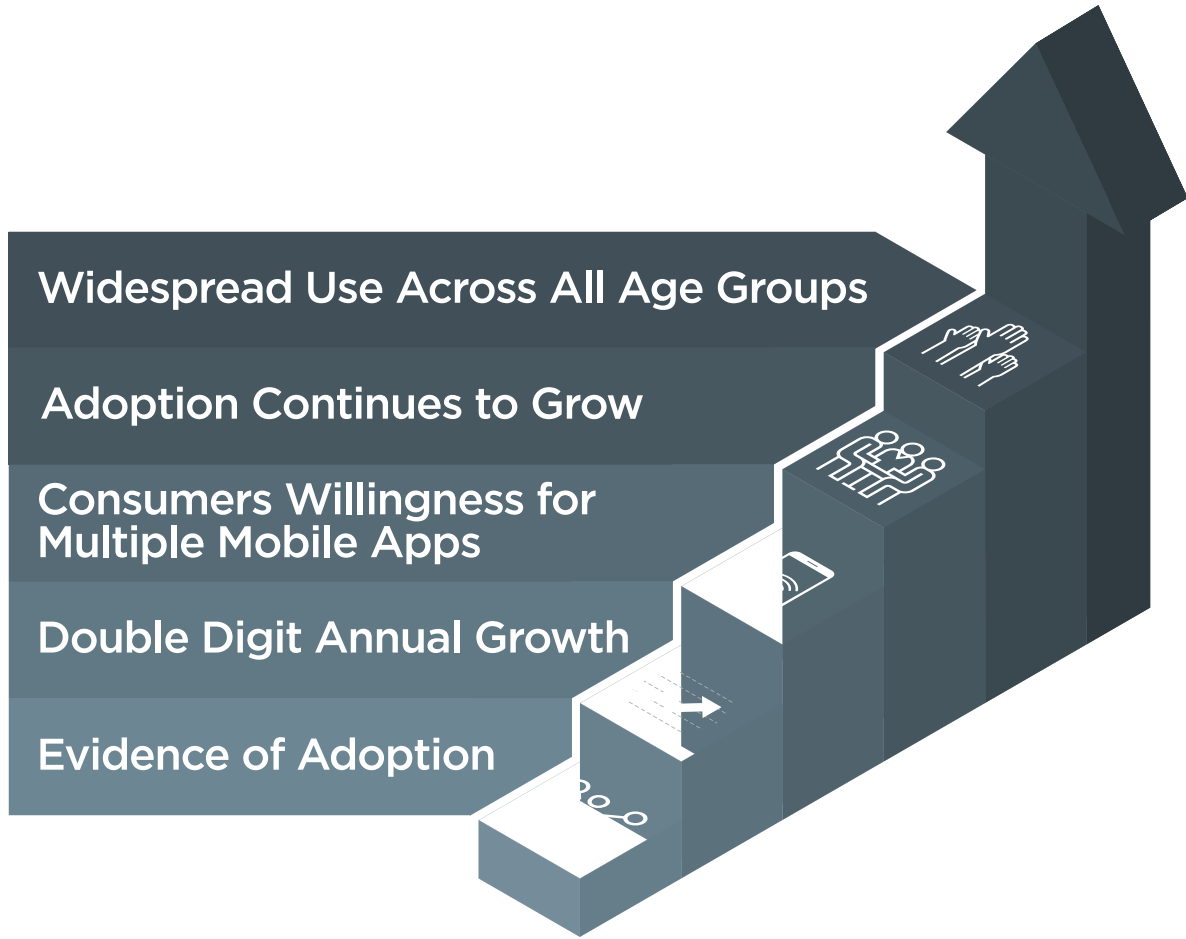


The result: consolidated payment processing and an optimized user interface without significant financial or resource investment.





# P2P/A2A TRENDS & BENEFITS



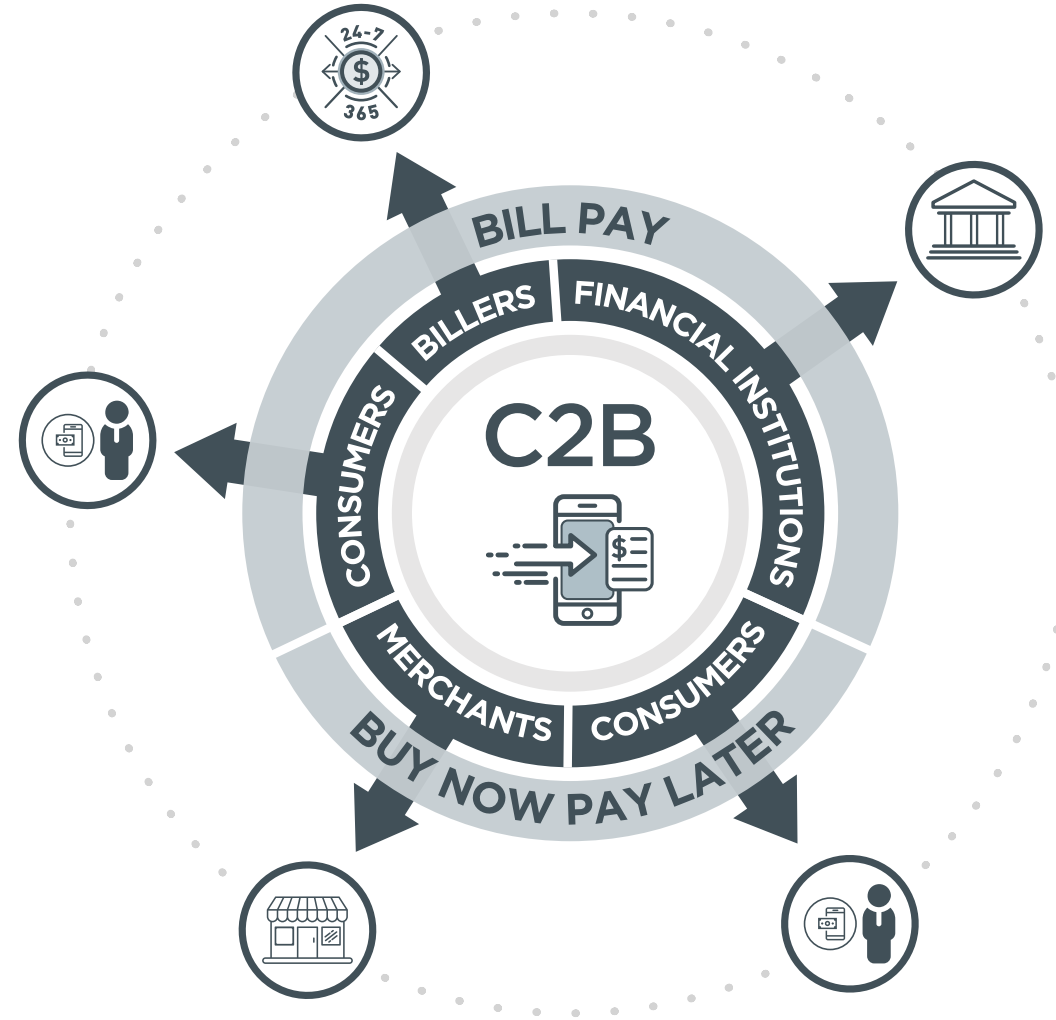
# C2B TRENDS & BENEFITS

Consumers Needs Are Changing

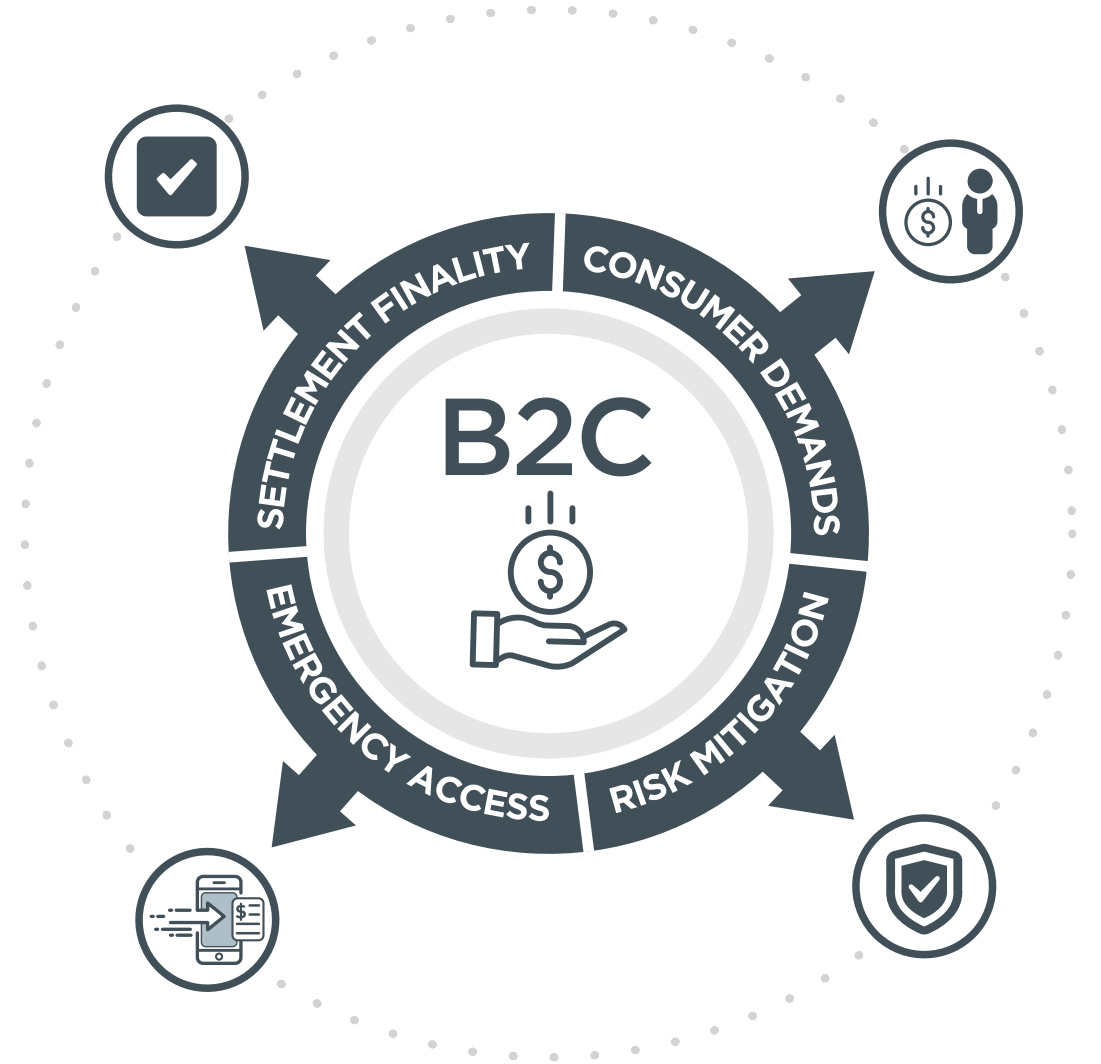
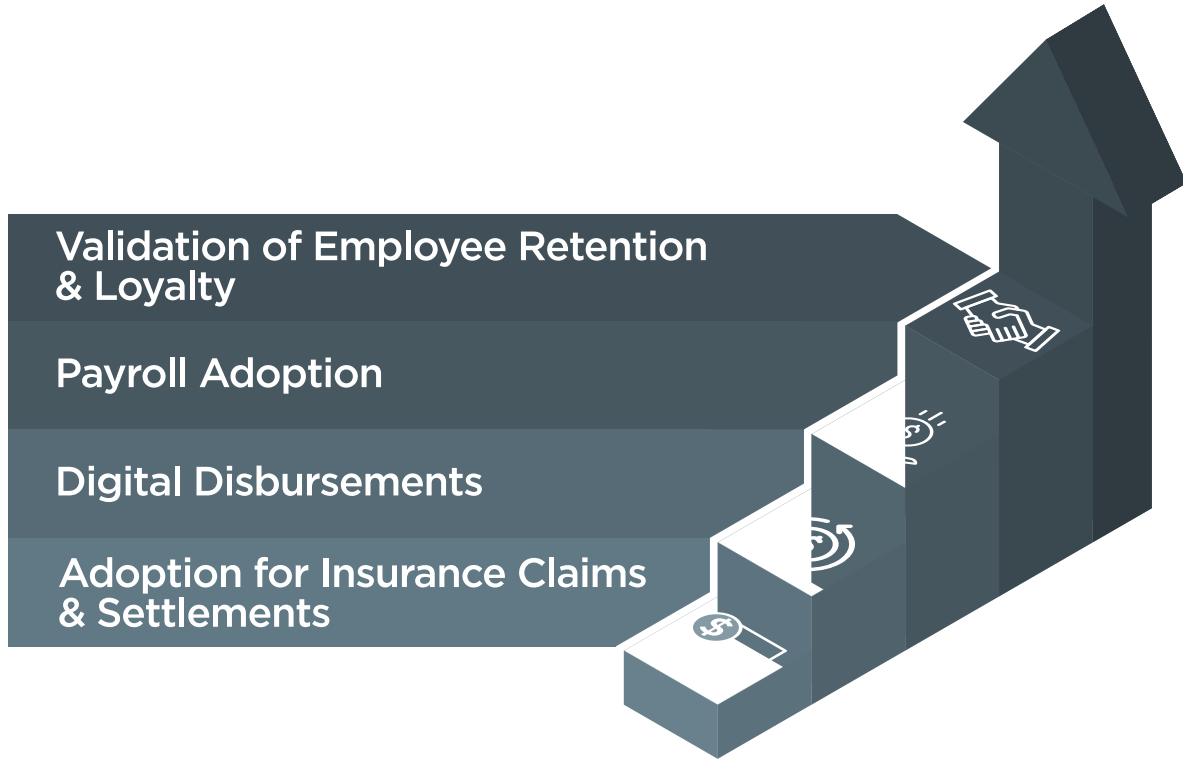
Expanded QR Code  
Functionality & Standards

Consumer Adoption of  
Mobile Payments

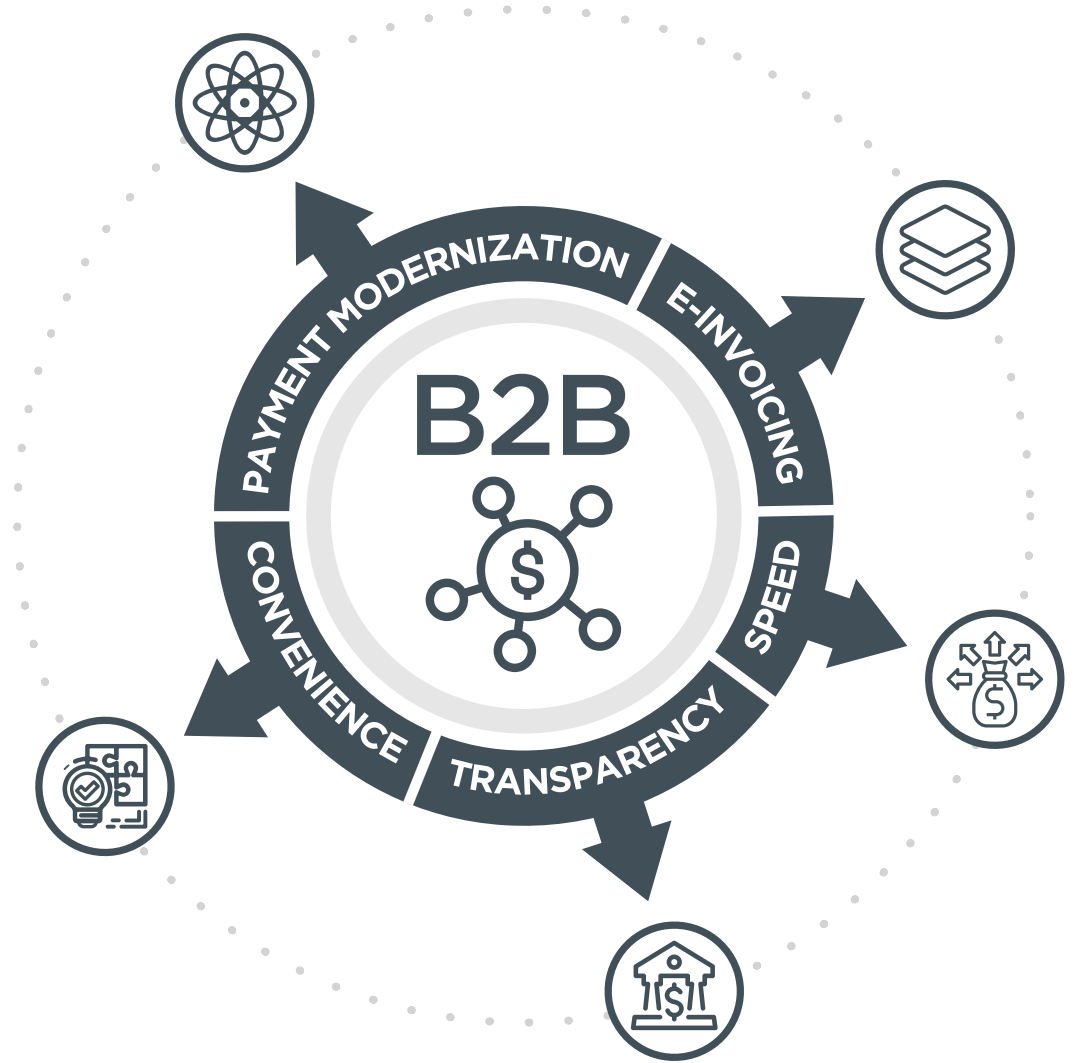
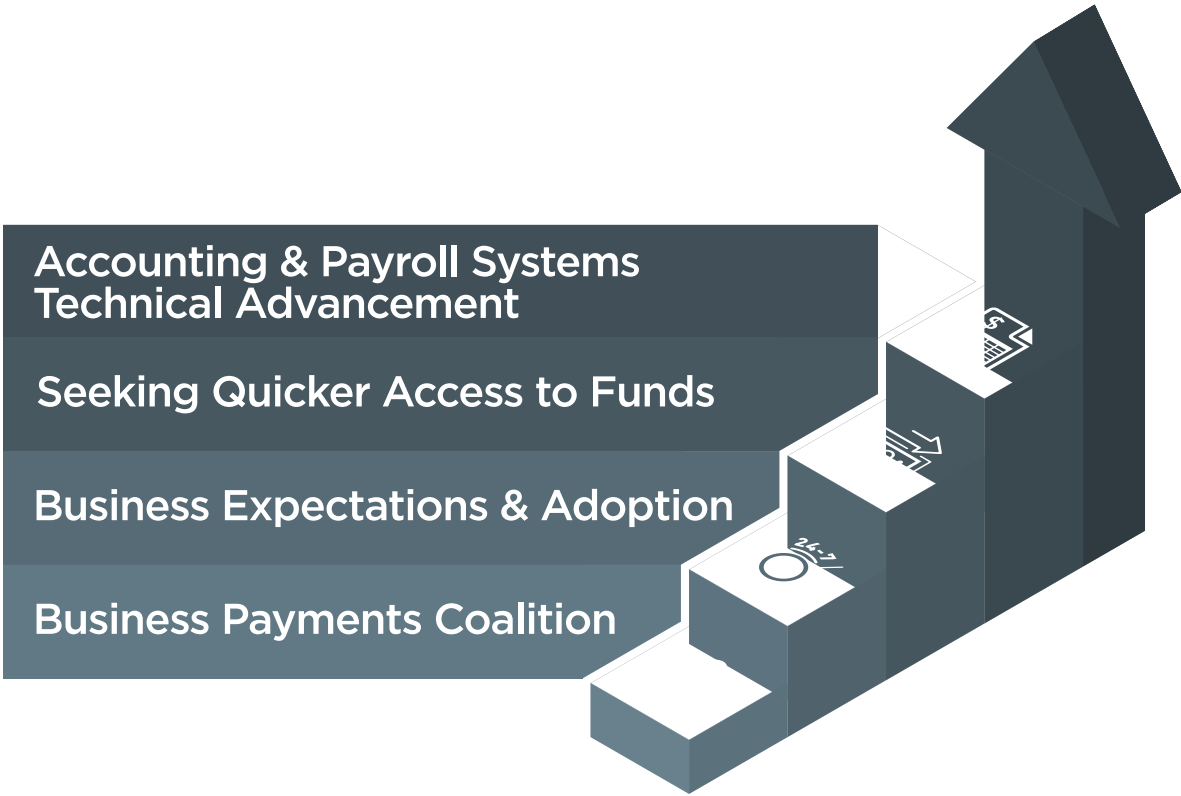
Advancements in Technology



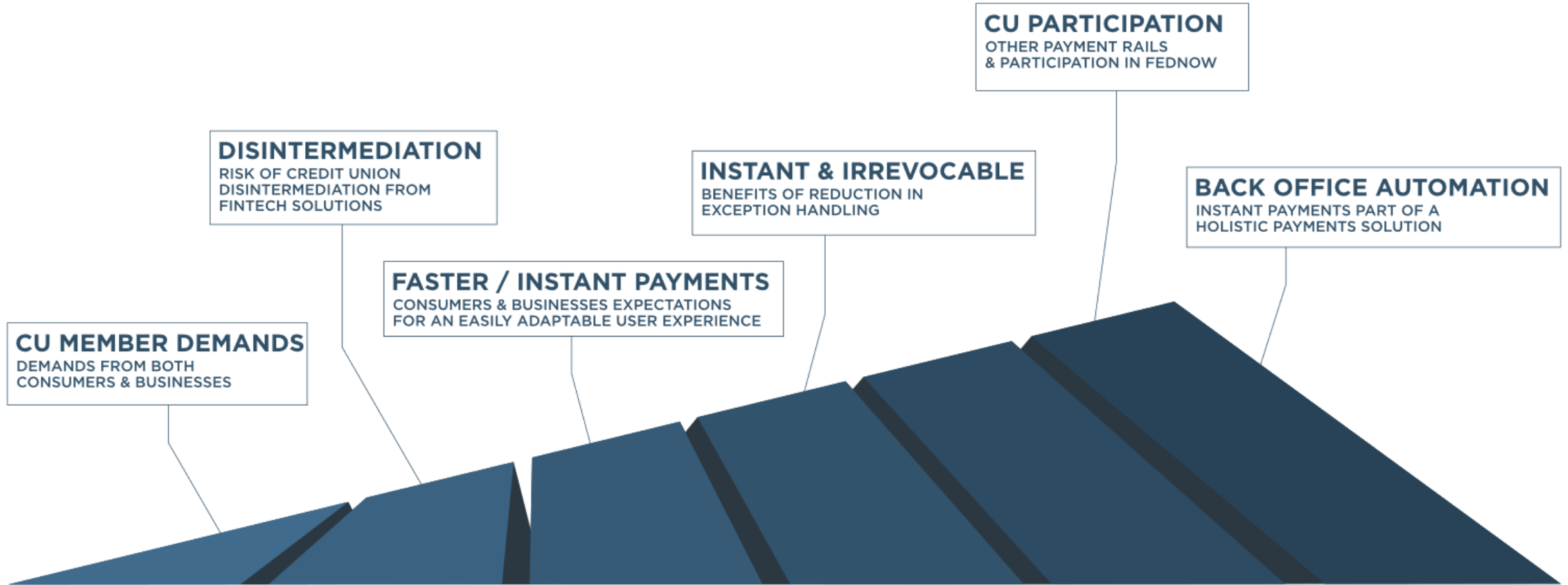
# B2C TRENDS & BENEFITS



# B2B TRENDS & BENEFITS



# CREDIT UNION & MEMBER IMPACT FROM FASTER PAYMENTS



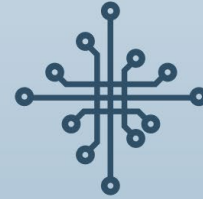


## FASTER PAYMENTS



### P2P

- Evaluate & Understand P2P Use Cases
- Value of Standalone & Integrated Member Demand for Solutions
- Payment Data Importance
- Deposits Not Held At CU
- Financial Institution P2P Offering Importance
- Member Data Access



### INSTANTPAY

- FedNow Adoption Recommendations
- Instant Payments Receipt as Minimum
- Managing and Reducing Liquidity and Settlement Risk is a critical role that can only be provided by a Financial institution or Aggregator
- Solution to provide Back Office and Connectivity at 24x7x365 Including Core Integrations
- Easy, quick & accessible Member Mobile and Browser experiences



# INSTANT PAYMENT OPTIONS



# FASTER PAYMENT OPTIONS

	FedNow	RTP	Mastercard Send	Visa Direct
Credit and Debits	Credit transfer	Credit transfer	Credits & Debits	Credits & Debits
Payment Routing	Routing & account number	Routing & account number, social alias	Credit credentials	Credit credentials
Speed	Seconds	Up to 15 seconds	Up to 30 minutes	Up to 30 minutes
Settlement	Real-time gross settlement	Real-time gross settlement	Acquirer responsible for settlement	Deferred net settlement
Payment Finality	Immediate irrevocable	Immediate irrevocable	Immediate irrevocable	Immediate irrevocable
Payment Confirmation	Seconds sender & receiver	Seconds sender & receiver	Synchronous response with status	Pre-transaction

# WHAT IS THE FEDNOW SERVICE?

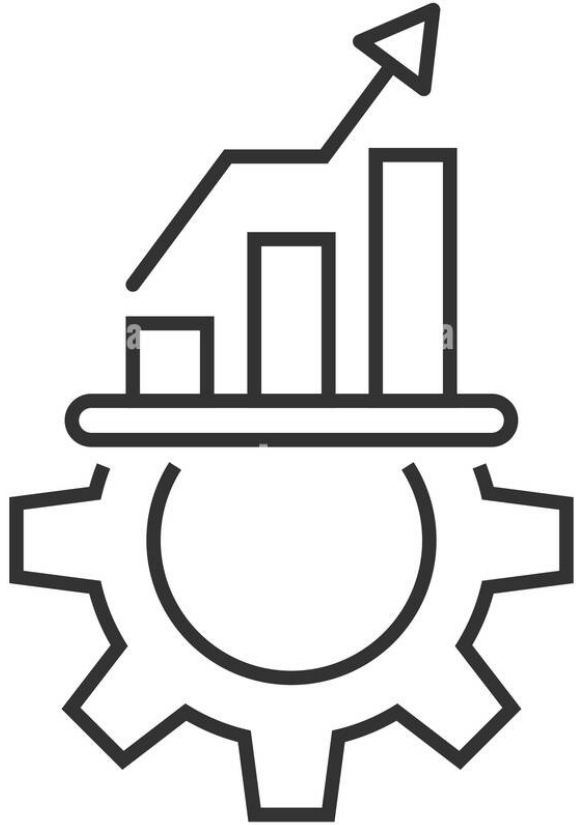
The FedNow Service is a way for financial institutions of every size and in every U.S. community to provide safe and efficient instant payment services around the clock, 365 days a year

- **Delivers** real-time gross settlement of funds, with integrated clearing functionality, 24/7/365
- **Enables** funds transfers, settlement, and confirmation of good funds in real time
- **Supports** a range of use cases
- **Offered** to all financial institutions to enable businesses and individuals to send and receive instant payments conveniently



- **Pilot Phase Began in Late 4Q22**
- **Over 120 organizations are contributing to the development, testing and adoption of the FedNow Service.**
- **Advisory: - In Process**
  - Further define the service and outline an adoption roadmap
  - Develop industry readiness approaches and
  - overall strategy
- **Testing: In Process**
  - Perform test cases and provide feedback
  - Identify issues for remediation
- **Closed-loop Production:**
  - Send live transactions to other participants
  - Participate in resiliency testing
  - Validate the end-to-end payments flow
- **July 2023**





Product Planning

## Key Consideration # 1

What problems do you want to solve for your members or for your own organization?

What are your member's biggest pain points that instant payments could alleviate?

What instant payment use cases will offer your members the most value?



## Key Consideration # 2

Will you connect to the Instant Payment Services through:

- Your own Direct Connection?
  - FedLine Direct
  - RTP/TCH
  - Mastercard Send
  - Visa Direct
- A service provider's connection?
  - Corporate Credit Union
  - 3<sup>rd</sup> Party Service Provider
  - Core Processor
- A combination of both (e.g. based on use cases or account types)?



Connectivity



## Key Consideration # 3



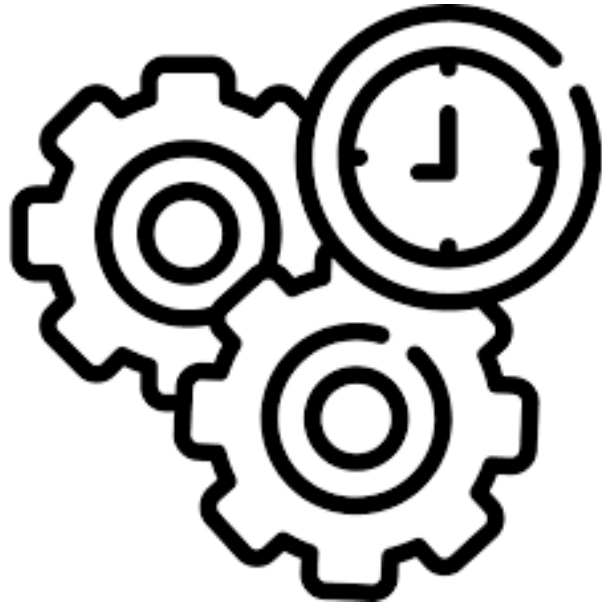
Participation Types

Based on the use cases and services you want to offer, determine whether you need to enable the following capabilities:

- Receive Only - Minimum participation type
  - Receive customer credit transfers
  - Receive return request
- Send and receive customer credit transfers
  - Send –Work with a variety of providers based on use cases
- Requests for payment processing







Real-Time Processing

## Key Consideration # 4

- How will you manage real-time processing?
- Which of your upstream and downstream applications need to operate on a 24x7x365 basis?
- How will you manage the need for liquidity management, especially during after-hours, weekends, and holidays to maximize return on accounts held at FRB between your Master Account and Excess Balance Account?
- How will you manage system integration to accommodate for account validation, funds availability, and posting?
- What contingency arrangements are needed to mitigate service disruptions?





Settlement

## Key Consideration # 5

- Will you settle payments in your own Federal Reserve Bank master account or that of a correspondent?



## Initial Questions to Ask Service Providers

- Will you support real-time processing 24x7x365, and will your customer service be available outside regular business hours, including weekends?
- Do you provide services to support the needed updates to our online and mobile banking and bill pay platforms?
- Do you have fraud mitigation tools that operate on a 24x7x365 basis without needing manual intervention?



# THANK YOU!

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**IMPACT**  **2023**  
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