

REAL-TIME PAYMENTS: INFORM YOUR LAUNCH DECISION

BENEFITS

- Gain an unbiased background/education about faster and real-time payments that will help to support institutional buy-in
- Understand competitive needs that exist within your client base that will highlight the use cases to support
- Attain insights into timing needed to adopt solutions to meet client needs
- Define the ROI potential (optional in stage two)
- Benefit from a review of technical integration support partners (optional in stage two)

WHY YOU SHOULD CHOOSE MERCATOR

Mercator clients rely on our expertise in faster payments to

- Educate teams on this evolving market, including adoption rates, spending growth, expected ubiquity
- Compare and contrast the capabilities of competing faster payment solutions
- Define market growth opportunities in terms of specific use cases and business segments
- Guide the selection of vendor partners to support successful integrations

UNDERSTAND YOUR REAL-TIME PAYMENTS OPTIONS AND BENEFITS

The advent of faster and real time payments (“RTP”) brings the first new payment rails in decades to the United States. Other countries around the world have adopted RTP as a single, government-offered and mandated solution. In the U.S., there is a full continuum of options including same day ACH, debit network push payments, person-to-person networks, The Clearing House RTP solution and the plans for FedNow in 2023 or 2024 from the Federal Reserve Bank.

Today’s Leading RTP Solutions

Faster Payment Type	Messaging/Posting	Settlement	Availability	Ubiquity
Nacha Same Day ACH	< 24 hours	< 24 hours, during business hours	Business hours, Monday–Friday, less processing holidays	Any individual or business with a bank account
Early Warning Zelle	“Within minutes” for most transactions	End of Day/Next Day, based on ACH schedule	24X7X365	Any individual or business account holder or debit card cardholder
Mastercard Send Visa Direct	“Within minutes”	End of Day/Next Day, based on ACH schedule	24X7X365	Any individual or business with a debit card.
The Clearing House RTP	“Within seconds”	Fed settlement account managed by financial institution through TCH portal.	24X7X365	Any individual or business account holder accepting RTP. (60% by mid 2020)
Federal Reserve FedNow	“Within seconds”	Under development	24X7X365	Any individual or business account holder accepting FedNow (under development)

While having an array of choices can spur innovation, it also creates much complexity. Unguided, it can be a daunting exercise to understand the benefits of the options, then determine which ones are a good fit for the unique needs of your financial institution, as well as the relative urgency of offering these payment types.

Mercator Advisory Group assists financial institutions to better understand the market so product and business leads can successfully gain internal support to launch the most effective solutions. After developing an understanding of your particular institution’s client base, competitive market and infrastructure, a road map will be created to help guide the introduction of products that are most important, the relative timing of product launches and the areas within the bank or credit union that will be impacted. Those who wish to have further analysis will receive guidance on the institution’s readiness for faster payments, alternative implementation approaches, the costs associated with engaging third-party service providers for integration tasks and identification of the ROI opportunities.

DETAILS OF PROGRAM

Mercator Advisory Group will help your institution with a two-staged launch approach:

Stage #1: In the first stage, we:

1. help clients understand the current real-time and faster payments systems,
2. compare The Clearing House RTP solution with the potential opportunity cost of waiting 3-4 years for FedNow,
3. collaboratively develop a high level road map based on current, unique institutional parameters that may include a graduated approach to faster payments, and
4. create and review a checklist to assist in identifying the internal systems that will be impacted and project participants who will be strategic to the planning and launch process

Stage #2: An optional second stage can be added to define and create the most impactful use cases to:

5. meet and support your institution's needs and opportunities,
6. assess the associated costs of alternative implementation approaches, and
7. review (up to three) third party service providers as potential partners to manage implementation and integration tasks

Many financial institutions share an uncertainty about where faster payments and RTP belong within their payment strategy. There is no shortage of information about today's real-time payments solutions, but understanding where to begin and what to assess, determining the ROI, pinpointing the time to launch and finding the biggest potential wins are difficult without the right knowledge. Mercator's consultative approach will prepare financial institutions to navigate and capitalize on the evolution taking place in faster and real-time payments.

DELIVERABLES

- Reference guide and materials to understand the faster and real time payments market
- Road map to help guide deployment sequence
- Documented check list of internal systems that will be impacted and project participants needed for a successful project launch
- Costs and benefits outline of launch timing (optional phase 2)
- Model of revenue and expense estimates to guide development (optional phase 2)

ABOUT US

Mercator Advisory Group is the trusted advisor for the payments industry globally, charting the course for sustained growth and profitability and delivering fact-based insights and advice.