

## Executive Briefing

### Nacha and IBM Partner on Payments Modernization

Jane Larimer, President and CEO of Nacha, and Shanker Ramamurthy, Global Managing Partner, Banking & Financial Markets at IBM, spoke to the industry recently on the very hot topic of payments modernization.

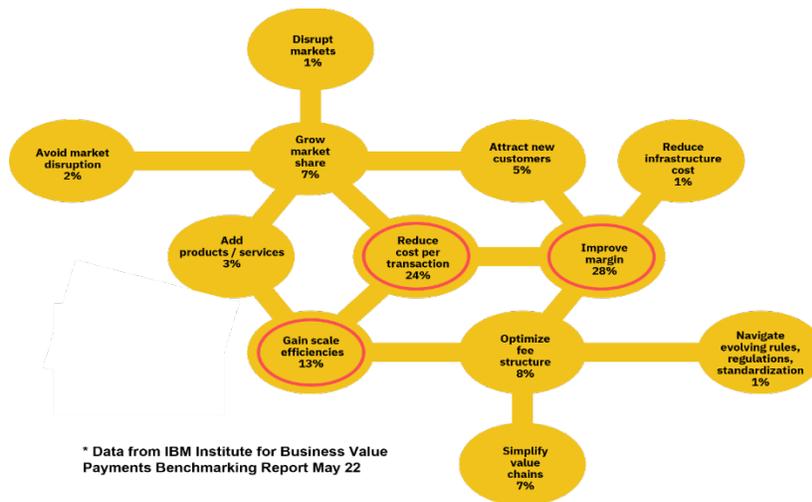
The discussion regarding **payment modernization** begins with innovation. Ms. Larimer called out **Same Day ACH** as an example that is providing businesses with the option of transferring funds in a matter of hours. Businesses and financial institutions integrated the Same Day ACH service into payment processing for use cases such as payroll and business to business payments, resulting in **strong adoption growth year-over-year** with more than 603 million same-day transactions in 2021. Improvements to the same-day service such as the increase in the dollar limit to \$1 million, effective in March 2022, provided businesses with even more faster payments use cases, such as cash concentration, tax payments, and insurance claim disbursements.

Payments modernization is not solely about innovation but also must include **reliability and performance**. Ms. Larimer provided extensive examples on the ACH Network's performance during the pandemic, including the U.S. reliance on the ACH for distribution of 373.2 million Economic Impact Payments and 31 million Advance Child Tax Credit payments. In support of that mission, **IBM processed a significant number of the ACH transactions, and is one of the largest** technology providers for ACH and electronic payments.

Mr. Ramamurthy shared how **payments modernization is driving a shift in financial institution** technology from monolithic legacy architectures to a hybrid multi-cloud architecture focused on delivering a digital experience. Payments modernization also comes with new payment types to replace cash and an **increased focus on fraud and risk management**. Mr. Ramamurthy stated that the challenge for businesses and financial institutions is how each can **apply the traditional objectives of cost reduction and increased margins in the midst of innovation and modernization**. This can free up valuable dollars from Business As Usual (BAU) to investment and innovation, at a much-improved cost.

One clear message that the highly interactive session demonstrated is that **payments modernization is not an out-of-the-box solution**, but one that must be tailored to each financial institution or company. Another strong point is that **technology is only part of the solution**. Strategy, vision, the investment roadmap, and ultimately, the execution is an ongoing process that will breed success for companies seeking to be positioned as future-ready. **Education on all of these opportunities is available from both Nacha and its Preferred Partner, IBM**. Strategy for payment modernization is the responsibility of top decision-makers and influencers within each organization.

**The IBM Payments Center (IPC)** supports global financial institutions and businesses looking to modernize technology platforms and to reduce costs by offering resilient and agile payment services to clients. With a **hybrid/cloud-based Payments-as-a-Service platform**, the IPC uses open, standards-based technologies to deliver managed payment and cash management services using ISO 20022-based APIs and multiple other communications mechanisms.



***The industry is poised for the strategic and tactical support that IBM and its partners can provide.*** LoB executives, already in this strategic 2023+ planning season, can easily bring such strategic value to their organizations. Mary Ann Francis ([mafrancis@ibm.com](mailto:mafrancis@ibm.com)) is the contact for the IBM Payments Center and can bring a great team to your support.

As a Nacha Preferred Partner, we will continue to bring great conversations to the forefront; looking forward to our next webinar in the fall.

For more information on IBM IPC Payments, or to register for an upcoming webinar, go to [IBM IPC.com](http://IBM IPC.com).