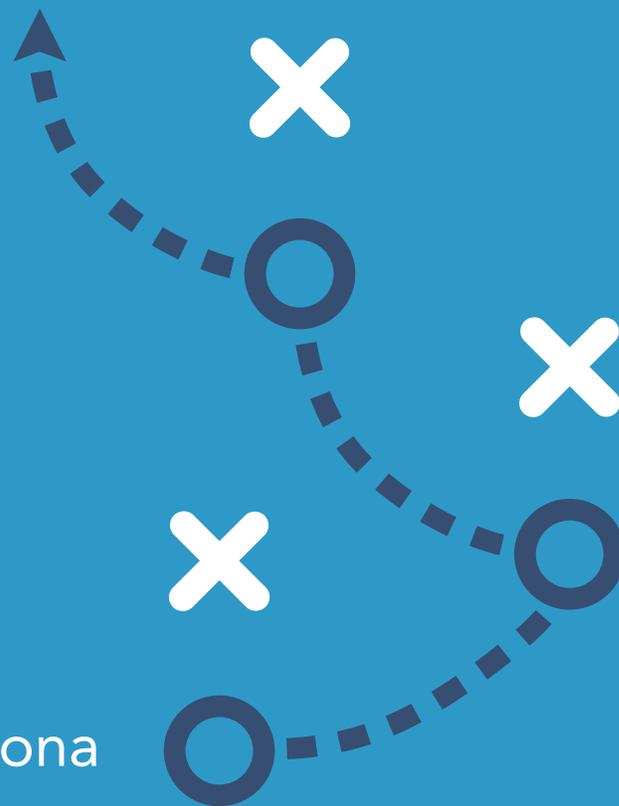




Faster Payments Playbook Project Team

Meeting Summary Report | February 26-28, 2019



Phoenix, Arizona



BACKGROUND

Payments are constantly evolving. As technology changes, so does the ability to make and receive payments. Now is the time for financial institutions (FIs) of all sizes and types – including credit unions, and community and regional banks – to become educated about this changing environment and the faster payments options available to them so they can meet the needs of their customers of today and tomorrow.

Likewise, it is important that businesses that sell products and services to consumers, as well as buy from or sell to other businesses, understand the various faster payments solutions and how they may benefit their payables, receivables and customer needs.

Banks, credit unions and businesses need information to assess the benefits and requirements of faster payments. FIs require resources to help them create products to educate and service business customers. Businesses, community banks and credit unions seek direction in understanding the different options, and which options should be part of their faster payments strategies. In the end, what they want to know is: Which solutions are best for them and/or their customers?

The Payments Innovation Alliance, in collaboration with its diverse membership of corporates, third-party processors, fintechs and FIs, combined with a broad understanding of the payments environment and a desire to collaborate, is playing a crucial role in helping both FIs and business end users gain clarity on what are faster payments and why they should embrace faster payments solutions.

After issuing a broad call for participants, the Alliance launched the Faster Payments Project Team in June 2018, which currently consists of more than 60 organizations representing all areas of industry.

The Project Team determined that in support of a broader understanding of the current faster payments landscape in the U.S., it needs to develop resources that can be shared widely across the industry, yet are specifically designed to help small-to-mid-sized FIs that serve corporates/businesses and consumers as the initial audience for the deliverables.

The main initiatives of the Project Team consist of updating the Faster Payments 101 tool and developing the Faster Payments Playbook. The Faster Payments Resource Center, which is an existing resource available at web.nacha.org/resource/fasterpayments, was completed earlier and is regularly updated with articles and information about all faster payments mechanisms. It serves as a home base for all Team deliverables.

The Faster Payments Playbook will be an educational and decisioning platform that will help FIs and corporates, as well as additional audiences, develop a faster payments strategy – from concept to reality. The Playbook will be a living resource that will change over time to reflect new developments on the faster payments landscape. The first iteration of the Playbook will focus on the FI audience, followed by a version for corporate practitioners.

Meanwhile, Faster Payments 101 is an educational primer to impart some foundational understanding of faster payments and the momentum behind its adoption in the U.S. This resource provides at-a-glance information allowing users to compare solutions. This document was first issued in 2017 as the Introduction to Faster Payments in the U.S., and was updated by the Alliance in March 2019.

Faster Payments 101 is a necessary precursor to the Faster Payments Playbook, which is still under development, because the 101 piece provides the “what” of faster payments, while the Playbook will detail the “why” and the “how.”

The Alliance's Faster Payments Project Team was launched in June 2018. The team's initial work efforts included:

- ◆ Conducting a participant survey to determine priority initiatives
- ◆ Defining the scope of the project
- ◆ Developing a community on the Alliance Exchange site to allow team members to access resources, meeting notes, and draft work products and/or project team documents
- ◆ Launching the Faster Payments Resource Center
- ◆ Reviewing the Introduction to Faster Payments in the U.S. educational tool, and determining next steps to update the resource, which included renaming it Faster Payments 101
- ◆ Publishing the refreshed and updated Faster Payments 101

FEBRUARY FASTER PAYMENTS PLAYBOOK PROJECT TEAM MEETING

The February Alliance Meeting held in Phoenix, Arizona, served as an opportunity to make progress on the activities of the Faster Payments Playbook Project Team. As such, discussions primarily focused on the near-term deliverables: Faster Payments 101 and the Faster Payments Playbook.

During the February working session, the Project Team began finalizing the updated content for the Faster Payments 101 resource. Additionally, the Project Team reviewed work done thus far on the Playbook, as well as divided the industry participants into subgroups to further develop key content for the larger Playbook after the Alliance meeting.

FASTER PAYMENTS 101

As faster payments continue to gain traction in the marketplace, the Alliance's latest contribution to the vibrant landscape is the updated Faster Payments 101 resource. At the February meeting, the Project Team worked on current updates to this resource to provide broad, up-to-date information on the current faster payments landscape in the U.S.

At its core, Faster Payments 101 provides a working definition of faster payments. The term is broadly used in the industry to indicate payments with increased speed, convenience, and accessibility. In addition to the expedited movement and availability of funds, the more efficient and transparent provision of information about the transaction is a key component of the faster payments value proposition.

Other key content provided in Faster Payments 101 is:

- A timeline of payment milestones
- An illustration of the transaction flow of a faster payment
- A snapshot of faster payments governance to demonstrate how private sector rules interact with other banking regulations
- A comparison of various attributes of a sampling of U.S. faster payments solutions, including new categories such as dollar limits and primary governance

Visit the Faster Payments Resource Center at <https://web.nacha.org/resource/fasterpayments> to download Faster Payments 101.



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FASTER PAYMENTS PLAYBOOK

At the February Alliance meeting, the Project Team continued its work on the Faster Payments Playbook that will be a critical resource to help banks and credit unions understand the faster payments landscape, the trends and drivers of faster payments, and to help them in determining their faster payments strategy. The Playbook will address both strategic considerations and tactical elements, and will provide an idea of the types of business decisions an institution should consider when embarking on a faster payments strategy.

As established during the last Project Team meeting in December, the Playbook will be divided into five sections or modules that will provide audiences with a step-by-step guide on how to best develop a faster payments strategy. By design, the modules will allow FIs to choose those topics they need to better understand.

Generally, the Playbook will coach organizations on:

- why they need a faster payments strategy
- how to develop a strategy
- the benefits of moving forward with a strategy
- the consequences and opportunity costs of not developing a strategy
- how to implement a chosen strategy
- handling operational and post-implementation challenges

In an effort to develop a more comprehensive resource, the Playbook will also include a web-based tool containing interactive content that will enhance the Playbook experience.

LOOKING FORWARD

The Faster Payments Project Team is designed to be driven by the industry so that it may shape discussions and deliverables – while simultaneously opening doors for further dialogue and exploration – that will help propel the industry forward.

The Project Team will unveil its work on the Playbook thus far to the industry at Smarter. Faster. PAYMENTS 2019, which will be held May 5-8 in Orlando.

Also at PAYMENTS 2019, Faster Payments Playbook Project Team Leaders Joe Casali, AAP, Senior Vice President, Payments Innovation, NEACH, and Bill Sullivan, Senior Director & Group Manager, Industry & Government Relations, NACHA, will serve as panelists participating in “The Faster Payments Evolution” workshop on Sunday, May 5, at 1 p.m. ET. The workshop will lay out the fundamentals of faster payments and the role NACHA and the Regional Payments Associations play in the faster payments education space.

The Project Team will then reconvene Nov. 4-6 in Miami for the last Alliance meeting of 2019 to dive into the next phase of Playbook development to further assist organizations – both FIs and business end users – in determining which solutions may be best for them and/or their customers and how best to develop a faster payments strategy.

FASTER PAYMENTS PLAYBOOK PROJECT TEAM

LEADERSHIP

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AgriBank

American Bankers
Association

American Express
National Bank

Bank of America
Merrill Lynch

BNY Mellon

BNY Mellon

Camara Interbancaria de
Pagamentos - CIP

Capital One

Cash Flow Solutions Inc.

CGI Technologies and
Solutions Inc.

Citibank NA

Citizens Financial Group

Deutsche Bank Trust
Company Americas

Dollar Bank F.S.B.

ECS Fin Inc.

Elavon

EPCOR

Federal Reserve Bank
of Atlanta

Federal Reserve Bank
of Chicago

FIS

Fiserv

Huntington National
Bank

Independent Community
Bankers of America

J.P. Morgan

Jack Henry & Associates

KeyBank

Lipis Advisors

Mastercard

Mercator Advisory Group

MicroBilt Corporation

Mutual of Omaha Bank

National Credit Union
Administration

Navy Federal Credit
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NEACH

Oracle Corporation

Plaid Inc.

ProfitStars - A Jack Henry
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Q2 Software Inc.

QCHEQUE

Quovo

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Santander Bank NA

SHAZAM Inc.

Spring Labs

TD Bank NA

The Bankers Bank

U.S. Bank

UMB Bank NA

Upper Midwest ACH
Association

Verizon

Visa Inc.

Volante Technologies

VSoft Corporation

Wallace Consulting

Webster Bank

WesPay

Western Union
Payments



ABOUT THE FASTER PAYMENTS PLAYBOOK PROJECT TEAM

The Faster Payments Playbook Project Team is working to develop tools for FIs and business end users that are seeking direction and clarity on faster payments. They will create tangible tools to help organizations better understand faster payments options, make decisions and develop go-forward strategies appropriate to their customer bases and business needs.

FOR MORE INFORMATION

For more information on the Faster Payments Playbook initiative or to join the Alliance's Faster Payments Playbook Project Team, visit alliance.nacha.org

ABOUT NACHA'S PAYMENTS INNOVATION ALLIANCE

The Payments Innovation Alliance is a 200-plus membership organization that brings together diverse, global stakeholders to support payments innovation. Through collaboration, discussion, debate, education, networking and special projects, the Alliance seeks to grow and advance payments and payments technology to better meet and serve the needs of the evolving industry. For more information and to learn how to join, visit www.nacha.org/content/payments-innovation-alliance.

ABOUT NACHA

NACHA is a nonprofit organization that convenes hundreds of diverse organizations to enhance and enable electronic payments and financial data exchange within the U.S. and across geographies. Through development of rules, standards, governance, education, advocacy, and in support of innovation, NACHA's efforts benefit the providers and users of those systems. NACHA leads groups focused on API standardization, authors the Quest Operating Rules for EBT and is the steward of the ACH Network, a payment system that universally connects all U.S. bank accounts and facilitates the movement of money and information. In 2018, 23 billion ACH payments valued at more than \$51 trillion moved across the ACH Network. Visit nacha.org for more information.

**Download the Faster Payments 101 tool at
web.nacha.org/resource/fasterpayments.**