Technology has changed the way businesses want to make payments – and the industry has responded by developing and offering many faster payment options. As these options multiply, businesses, community banks and credit unions seek clarity in understanding the different options, how those options differ 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 – and when is the right time to launch a faster payments product or service? These questions loom large.

Members of NACHA’s Payments Innovation Alliance (the “Alliance”), thought it was imperative to help both financial institutions (FIs) and corporates answer these questions and provide the clarity that the industry was asking for. Because of its diverse membership – representing corporates, third-party processors, fintechs and FIs – with a broad understanding of the payments environment and a desire to collaborate, it was a perfect fit for the Alliance to form the Faster Payments Playbook Project Team to create tools to assist FIs and business end users in achieving direction and clarity on faster payments.

The Playbook team was launched in June 2018 with a broad call for participants and consists of more than 60 participants representing all areas of industry. The Faster Payments Playbook Project Team is led by Joseph Casali, AAP, NCP, senior vice president, NEACH and Chris Chazin, director, emerging payments and channels, Citibank. The team’s initial work efforts included:

- Conducting a participant survey to determine priority initiatives
- Defining the scope of the project
- Reviewing the Introduction to Faster Payments in the U.S. educational tool
- Determining next steps to update the resource
- 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

TEAM RESOURCES AND DELIVERABLES

The Faster Payments Playbook Project Team agreed that foundational resources are needed in addition to the Playbook to support a more comprehensive understanding of faster payments and its evolution in the U.S. and is focused on developing and enhancing three key deliverables:

**INTRO TO FASTER PAYMENTS / FASTER PAYMENTS 101**

In its initial work, the Playbook Team determined that there is still a need for this type of faster payments primer – and that the current version should be refreshed. This resource will continue to offer a 101 of faster payments in the U.S. It is envisioned as both a print resource and an interactive electronic tool, it will provide at-a-glance information to those with little to no knowledge of faster payments. It will be designed to support both FIs and business end users.

October meeting discussions centered on ways to refine this tool to address industry needs today. The anticipated completion date is December 31, 2018, with its debut at the February Alliance meeting.

**FASTER PAYMENTS PLAYBOOK**

The central focus of the team’s work effort, the Faster Payments Playbook will be comprised of modules by audience type. Planned content may include:

- FAQs
- Checklists to create a faster payments strategy
- Information on faster payment mechanisms
- Information about risk mitigation and compliance

Dialogue at the October meeting focused on mapping out necessary content for the Playbook. The draft table of contents will be available by December 31, 2018, with completed modules undergoing team review at the February Alliance meeting.

**FASTER PAYMENTS RESOURCE CENTER**

The Faster Payments Resource Center currently exists and is updated with articles and information about all faster payment mechanisms. It will serve as a home base for all team deliverables, including the interactive version of the Faster Payments 101 resource. Contributed resources will be added to the Resource Center to complement the work of NACHA and the Alliance.
At the October Alliance Meeting held in Washington, D.C., the Faster Payments Playbook Project Team held a working session to define content for the Introduction to Faster Payments in the U.S. The group is considering changing the title to Faster Payments 101. Recognizing the need to move expeditiously, the Team also convened a smaller group immediately following the close of the larger Alliance meeting to outline key content for the larger playbook.

The first team working session focused on refining the existing Introduction to Faster Payments. Participants raised key questions around audience, fit within the broader playbook and ways for evaluating content.

The team agreed that the Introduction to Faster Payments should lay a foundation for what a business or financial institution need to think about as related to faster payments. It needs to assume the audience doesn’t have much topical background, and offer the ABCs of faster payments today.

To this point, there are multiple departments within organizations who could benefit from this resource. The team explored these perspectives with the goal of supporting financial institutions and businesses with establishing a strategy around faster payments. The team envisions this as the baseline tool that can serve as the gateway to a complementary deep dive in the full playbook—for everyone from the corner office to legal and compliance and operations. Because it is an introduction, it provides the high-level overview of the topic, opening doors for further dialogue and exploration.

The team noted that businesses and financial institutions speak different languages when thinking of faster payments. This initial resource may have two iterations: One for FIs and one for businesses. With that business audience, it was noted that the faster payments value proposition is not always clear, so the content should emphasize the opportunities for straight-through processing with new faster systems.
ATTRIBUTES

What constitutes a faster payment? That question sparked much dialogue and a recognized need for a definition of faster payments to help determine which solutions are included in the Introduction to Faster Payments in the U.S. There was a consensus that the language needs to be inclusive of various faster options, from instant payments to debit card options and Same Day ACH.

Dialogue continued around why we need faster payments. Explaining “the why” is crucial to driving use. In addition, it was noted that businesses may feel that they have a faster option in a wire transaction. The team determined that it is important to differentiate between all types of faster payment options.

Similarly, discussing payments plus information may be a good way to connect with the business audience. The team will address in some way the “smarter” component of faster payments that helps support straight-through processing.

The team also recognized the need to emphasize the choices available for financial institutions and businesses. This is not all or nothing; an organization does not have to choose one option over another, but rather can select the faster payment option for that specific use case. This introductory document should help them understand that concept and know which payment type or channel works for which scenarios and may be right for their needs.

KEY QUESTIONS TO CONSIDER FOR INTRODUCTION TO FASTER PAYMENTS

1. What is a faster payment?
2. What attributes make up a faster payment?
3. Why do I need a faster payment?
4. What is the value proposition of a faster payment?
5. How do new, faster options compare to traditional payments?
6. What choices are available?
7. How do faster payments choices complement one another?
8. When do I use one or another?
Determining the need to quickly advance this project, a post-Alliance Meeting working session was held for any playbook team members who could attend. This session took place on October 12, 2018, to dive into the goals and focus of the complete playbook and to define a plan for initial efforts. Key elements include the following:

OVERVIEW

The Playbook will address both strategic considerations and tactical elements.

At the strategic level, the Playbook will address elements to consider when creating a plan for faster payments - and the types of business decisions that need to be made, for example, developing products or hiring for particular types of expertise. These resources also need to include business case considerations for senior-level decision-makers inside the institution or organization.

From a tactical perspective, the Playbook will include the implications of certain attributes of different options. For example, the implications of irrevocability. Other tactical items to be addressed include payment flows based on audience, that detail how faster payments work from the perspective of receiver, sender, financial institution, etc.

AUDIENCE

Banks, credit unions and businesses need information to assess benefits and requirements of faster payments. FIs require resources to help them create products to educate and service business customers.

With that in mind, the team is focused on small-to-mid-sized FIs that serve corporates/businesses and consumers as the initial audience.
PURPOSE

The playbook’s primary objectives are to:

- Address financial institution opportunity
- Inform business strategy
- Minimize fear
- Educate the internal team.

These key purpose points will drive development of tangible resources, and ultimately will influence the content created to share with the business end-user.

ADDRESS OPPORTUNITY

Faster payments create new options for products and services. Informing financial institutions of the opportunities will help them in making the step to embrace and offer faster payments solutions.

The playbook will address opportunity by offering resources to help banks and credit unions to:

- Understand the landscape, the trends and drivers of faster payments
- Attract new customers and maintain their current customer base
- Develop products and services that speak to customer need in a timely fashion – before customers ask why they aren’t offering faster solutions
- Assess the cost-benefit of faster payments and explore potential ROI

INFORM BUSINESS STRATEGY

As a financial institution looks at the potential of faster payments, it will also want to assess how that potential translates to the bigger mission, vision and direction of the organization. Materials within the playbook will help financial institutions define business needs by touching on:

- Factors in decision-making to inform the right next steps in a changing landscape
- Cash replacement applications
- The ability to send information with the payment and/or straight-through processing
- Key use cases
- Support of customer needs
- Management of service provider offerings
- Pertinent regulatory and compliance issues.
MINIMIZE FEAR

For many banks and credit unions, faster payments represents a new paradigm, and with significant change comes a fear of the unknown. The team discussed how many financial institutions are concerned about having so many options – and need help in determining their strategy. Other FIs are concerned about potential fraud with faster payments, and the team determined that information needs to be presented to help with understanding the facts regarding risk and faster payments. Additionally, the team decided that the playbook should address common misconceptions about faster payments in a way that provides real solutions to some of their chief concerns. Topics may include:

- Demand for faster payments in the marketplace, addressing the question, “If I build it, will they come?”
- Fraud mitigation solutions and global fraud statistics/“lessons learned” to help guide preparations
- Control over their faster payment offerings, infrastructure and technology partners.

EDUCATE THE INTERNAL TEAM

With any new product offering, there’s significant cross-institution education to complement the roll-out. The Faster Payments Playbook will offer resources to support that internal education component. These materials will support financial institutions as they:

- Explore resources that can help inform their faster payments strategy
- Relate their faster payments strategy to their overall business strategy
- Define faster payments for their organization, including what they are offering and how it will benefit their customers
- Work to overcome internal hurdles, including IT, product, customer service, sales, risk, compliance, and board questions/concerns
- Determine the right steps toward implementation
- Evaluate appropriate controls around their faster payment offerings.

Additional dialogue will help determine next steps for building out these elements of the playbook.

LOOKING FORWARD

The Faster Payments Playbook Project Team will reconvene on December 12 and 13 at NACHA’s offices in Herndon, Va., to finalize the content for the Introduction to Faster Payments and to begin discussing the content for the Playbook. The team is working quickly so that the resource can be shared widely across the industry in support of a broader understanding of the current faster payments landscape in the U.S.

The team will then dive into the next phase of playbook development.

Through the work of the Alliance’s Faster Payments Playbook Project Team, NACHA is committed to supporting the industry’s evolution to a faster payments environment. The work of this team will shape discussions and deliverables that will help propel the industry forward.

For more information on the Faster Payments Playbook project or to join the team, visit alliance.nacha.org
### PARTICIPANTS AT THE OCTOBER 2018 ALLIANCE MEETING

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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 project or to join the team, visit alliance.nacha.org.

ABOUT NACHA’S PAYMENTS INNOVATION ALLIANCE

The Payments Innovation Alliance, a 200-plus membership organization brings together diverse, global stakeholders to support payments innovation, collaboration and results through discussion, debate, education, networking and special projects 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 2017, there was a total of nearly 26 billion ACH transactions. Of these, 21.5 billion ACH payments valued at $47 trillion moved across the ACH Network, and more than 4 billion were on-us transactions within financial institutions. Visit nacha.org for more information, and connect with us on LinkedIn, Twitter, Facebook and YouTube.

Visit https://web.nacha.org/resource/fasterpayments for more information