



center for
paymentsTM

PAYMENTS PRIORITIES
in 2021 and Beyond

ABOUT THIS POLL



The Center for Payments™ has previously conducted two thorough, nationwide studies regarding the notion of digitizing payments as it relates to faster payments readiness and online account opening experiences. To build upon that momentum and recognize financial institutions split their time between payments innovation and regulatory compliance, we launched a short poll to gauge progress as well as identify payments priorities for 2021 and beyond. These poll results offer financial institutions a snapshot into consumer banking priorities as the COVID-19 pandemic enters a new stage, identifies where resources and education are needed related to faster payments readiness and ranks which tactics are of significance as financial institutions strive to meet or exceed regulatory expectations.

The *Payments Priorities in 2021 & Beyond* poll was compiled and tabulated by The Center for Payments™.

Responses were fielded August 16, 2021 – September 10, 2021.

ABOUT US



The Center for Payments™ is a joint program sponsored by ten payments associations for the purpose of helping members and staff better prepare for the continued evolution in U.S. payment systems. The mission of the Center for Payments is to advance the payments industry as a united voice through market intelligence and thought leadership. This program further enhances the value of membership in the participating associations. Current participants in the program include: ePayResources, EPCOR, MACHA, NEACH, PaymentsFirst, SHAZAM, Southern Financial Exchange, The Clearing House Payments Authority, UMACHA and Wespay. These associations represent over 10,000 financial institution members, businesses and stakeholders with an interest in U.S. payment systems.



POLL DETAILS



- Invitations were emailed by Center for Payments sponsoring organizations to their own members as well as promoted at Nacha's *Payments Remote Connect* conference
 - Exclusively online
 - All individual responses were confidential
 - Only financial institutions were included in the responses
 - A customized and comprehensive excel data report was provided to all sponsoring Center for Payments organizations
 - 202 participants in the poll
- The arrangement of this report largely mimics the layout of the poll and has been broken out into two sections
 - Participant Demographics
 - Survey Results
 - This report provides an abridged view of the *Payments Priorities in 2021 and Beyond* results. In cases where additional data analysis is desired, a comprehensive Excel Data Report was provided to Center for Payments sponsoring organizations.
 - Poll comments or open-ended answers can also be found in the Excel Data Report.



POLLING RESULTS

PAYMENTS PRIORITIES
in 2021 and Beyond

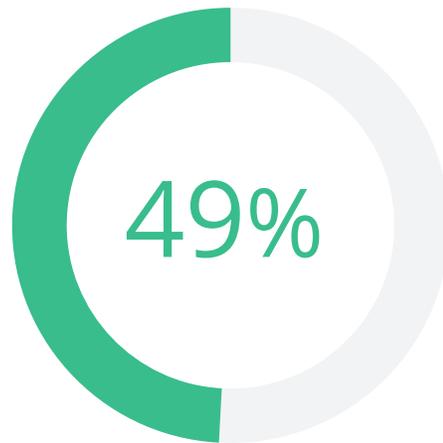
FASTER PAYMENTS

Roughly half (48.82%) of participating organizations are confident their staff is knowledgeable about faster payments while 20% disagree or are unsure (31.18%).

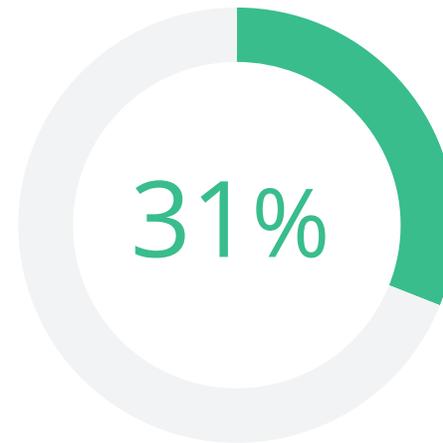


Now is the ideal time for financial institutions to leverage their payments association for training regarding RTP and FedNow as “making faster payments offerings a priority” was listed as of utmost importance for poll respondents though no significant change occurred in staff knowledge when compared to our 2019 survey results.

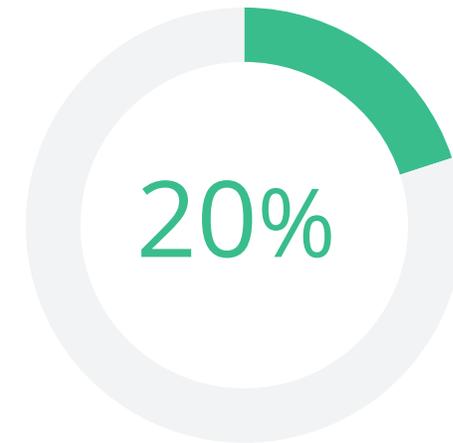
Staff is knowledgeable about faster payments trends/industry.



Agree



Neither Agree Nor Disagree



Disagree

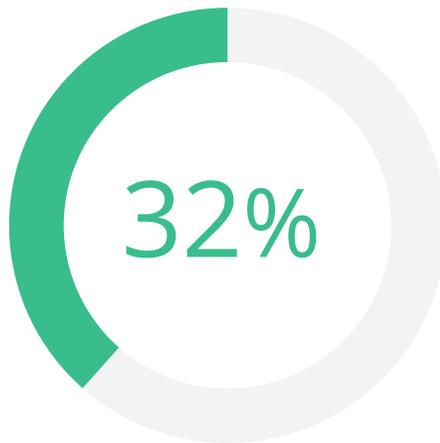
FASTER PAYMENTS

While one-third (31.76%) of financial institutions believe their staff members have the experience necessary to launch faster payment offerings, roughly 68% indicated they are lacking knowledge in that area.

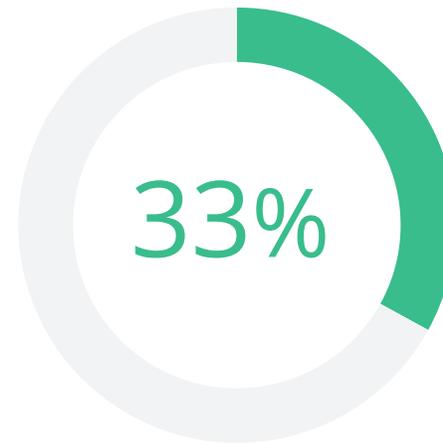


Again, there is a strong need for faster payments education in order to make faster/real time/instant payments for consumers a reality in the future. Most respondents are in need of RTP and FedNow education.

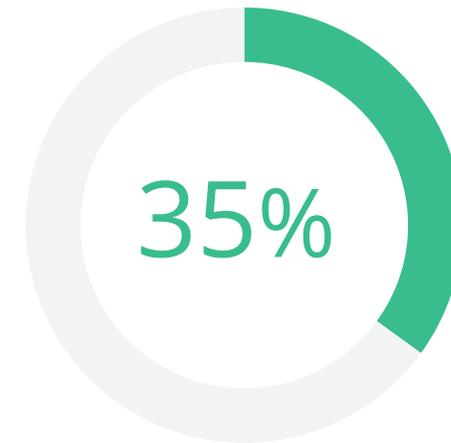
Staff has the experience/training necessary to implement faster payments products.



Agree



Neither Agree Nor Disagree



Disagree

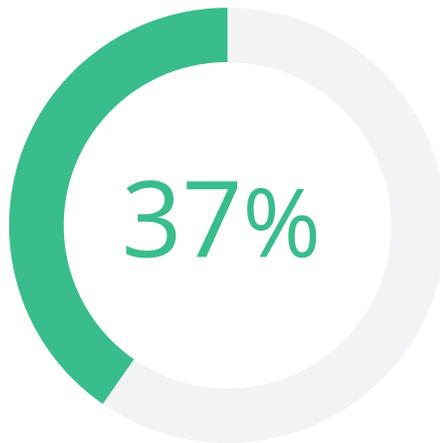
FASTER PAYMENTS

Having the appropriate technology to implement faster payments is a weak spot for most financial institutions as only 37% indicated they have the technology in place to offer such products. However, improvements have been made since our 2019 *Readiness for Faster Payments in the U.S.* payments study.

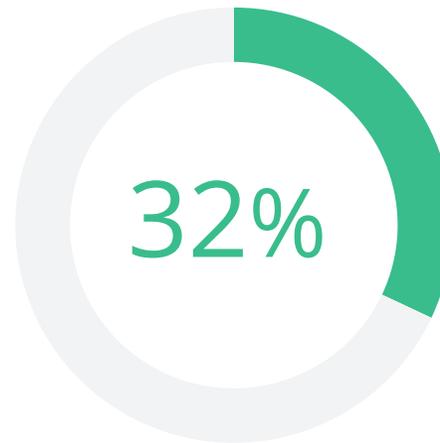


Though 37% is a low number, progress has been made over the past two years. In comparison to 2019 survey results, banks see a 10% increase in having the appropriate technology in place to launch faster payments products while credit unions see an increase of 15%. This also validates the increased urgency to offer the service(s), as more institutions are acquiring the appropriate technology and want to begin leveraging it.

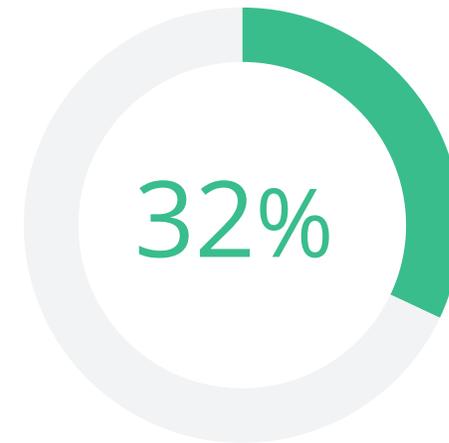
Organization has technology in place to implement faster payments.



Agree

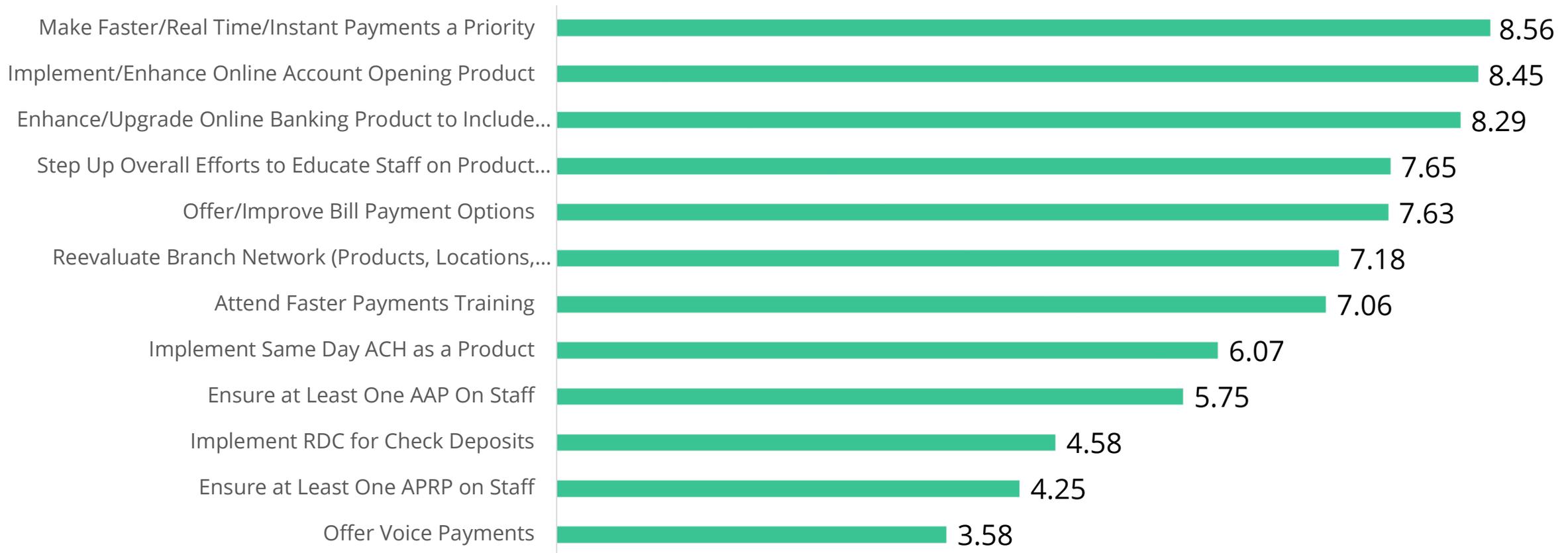


Neither Agree Nor Disagree



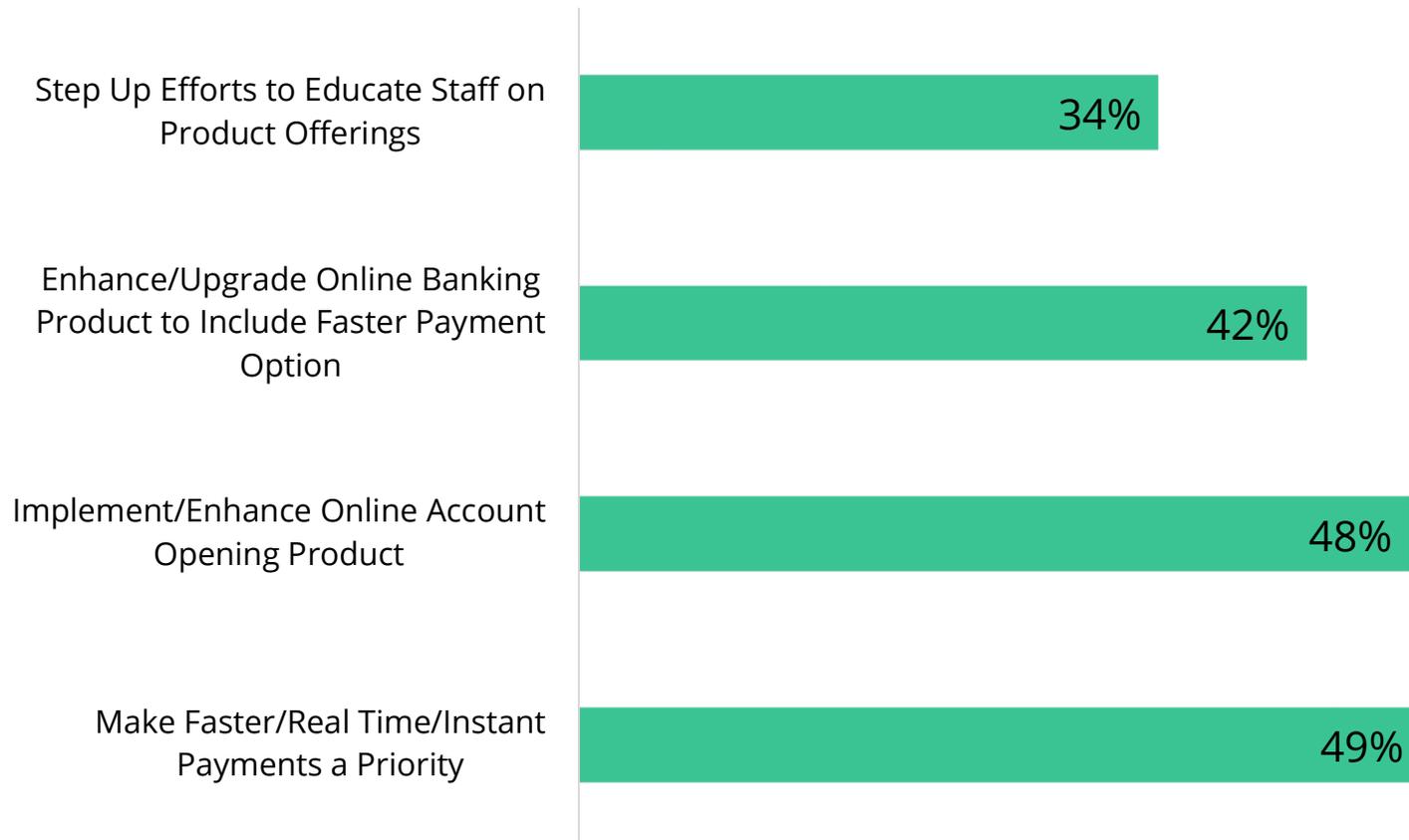
Disagree

Consumer Banking Priorities as COVID-19 Pandemic Enters New Stage



* Respondents force-ranked priorities from 1-10. Higher values indicate a higher priority.

Consumer Bank Offerings as a Top 3 Priority

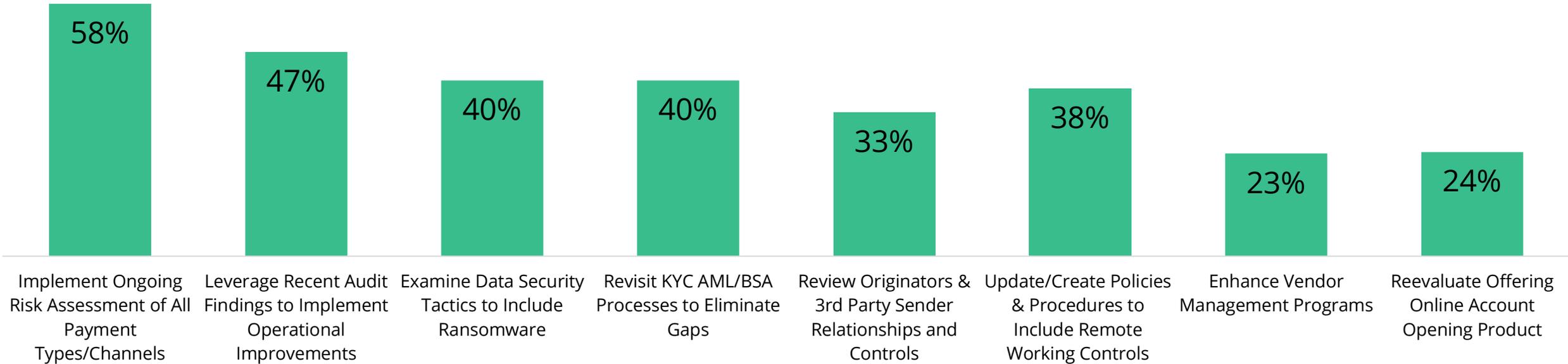


* Represents percentages of DFIs who indicated the listed choices as one of their top 3 priorities.

Financial institutions are still focused on enhancing or implementing online account offering products as indicated by our 2020 *Digitizing Payments: The Online Account Opening Experience* survey. However, faster payment offerings are now becoming a priority.

Feedback from prior questions in the poll indicate a disconnect between staff knowledge and system capabilities which may become significant barriers to entry.

Highest Priority Tactics to Meet or Exceed Regulator Expectations



Top Scores From 1-10

Risk Assessment – 5.63

Operational Improvements – 5.5

Data Security to Include Ransomware – 4.92

Revisit KYC – 4.68

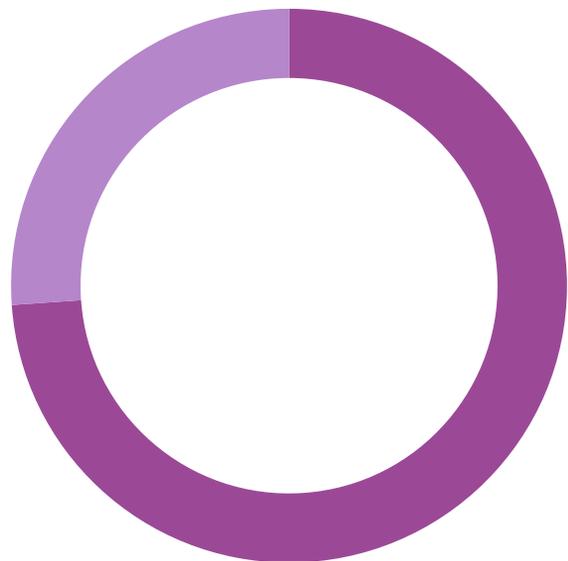
Financial institutions force-ranked which tactics held the highest priority regarding meeting or exceeding examiner expectations in the future from 1-10. While the percentages above indicate how many DFIs listed the tactic as a top 3 priority, there was only one reportable difference in the average value listing: enhance vendor management (3.95) and reevaluating offering online account products (3.52) on a scale of 1-10.



PARTICIPANT DEMOGRAPHICS

PAYMENTS PRIORITIES
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Type of Organization



26% Credit Union

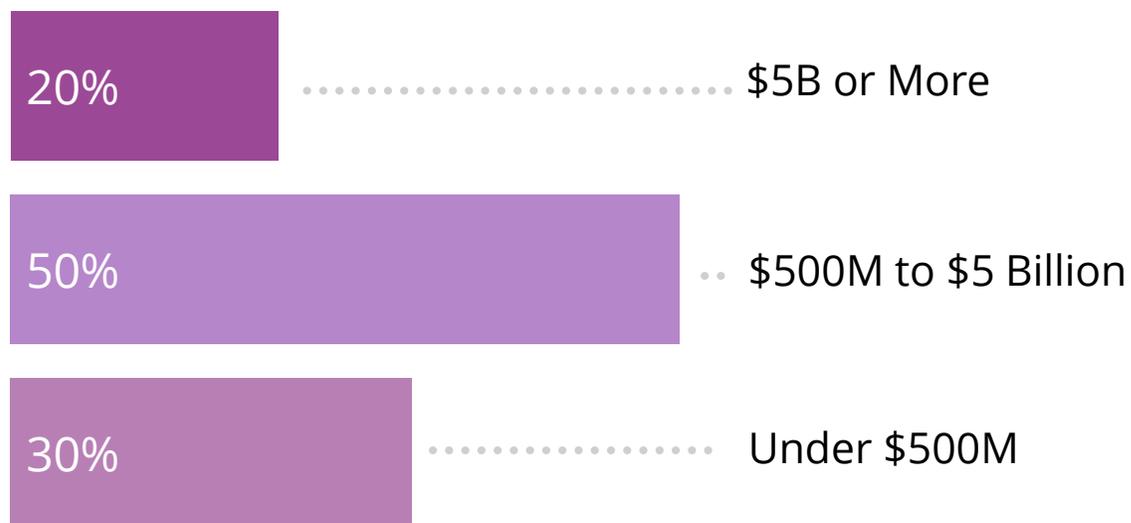
74% Bank

Most respondents (73.89%) indicated they work for a bank, while roughly one-quarter (26.11%) were replying on behalf of a credit union.

PARTICIPANT DEMOGRAPHICS



Organization's Asset Size



The size of the financial institution respondents varied from those DFIs under \$500 million to those in excess of \$5 billion. Half of participants reported their organization was between \$500 million and \$5 billion. Roughly one-third were under \$500 million, with less than one-quarter being over \$5 billion.

CONCLUSION



Our purpose with this short poll was to:

- Gauge faster payments readiness from a staff education and training perspective as well as a technology standpoint
- Identify consumer banking priorities as the COVID-19 pandemic enters a new stage
- Determine financial institution tactics that are of importance as they seek to meet or exceed regulator expectations

Key takeaways from the polling results:

- While the global pandemic has shifted faster payments offerings to be a priority for financial institutions, there is a significant gap in staff knowledge and technical abilities to bring such products to market
- Online account opening products are still a priority for many financial institutions whether that is developing a new product or enhancing an existing offering to include faster payments
- Risk and fraud remain significant concerns for financial institutions as many seek to implement ongoing risk assessments of all payment types, examine data security practices to include ransomware and revisit KYC AML/BSA processes to eliminate gaps and align with regulator expectations
- Financial institutions are also leveraging recent audit findings to improve their operations to help meet or exceed regulator expectations