

FRONTBURNER

Welcome to the July edition of **The FrontBurner!** It's that time of year – vacation time! We just took ours as the Merry Family headed out West for a week to celebrate my oldest becoming (gulp!) a teenager. While we were out there, we went parasailing. While up in the air, my seven-year-old wanted to “go faster.” When we were down in the boat, my 13-year-old (gulp!) wanted to “go faster.” On the plane ride home, Tami and I wanted to “go faster.” Sometimes it is better to just slow down and enjoy the ride, but that is not the world in which we live anymore.

These days, everybody wants to “go faster”; especially when it comes to our ability to manage our finances, make payments, etc. So, it seems only fitting that one of the first conversations I had when I got back to work this week was about, you guessed it, Faster Payments. In this month's edition of **The FrontBurner**, we discuss developing a faster payments strategy, including considerations, scenarios, and what VolCorp is doing to prepare to support you in this rapidly evolving payments space.

With that, I hope you enjoy this month's edition of **The FrontBurner**.



Jeff Merry, President/CEO

Developing a Faster Payments Strategy

Are you inundated with articles, conferences, webinars, podcasts, and blogs about new and emerging payments technology, or is it just me? Real-time, instant, faster, almost faster, RTP®, FedNowSM, Same Day ACH, crypto, *it can feel like drinking from a fire hose at times, especially for those responsible for payments strategy.*

Part of the problem is that the payments industry didn't change much for almost 40 years. During that time, the financial industry and consumers seemed pretty satisfied with the payment options that were available like wires, standard ACH, bill pay, and credit/debit cards. As a result, maybe we became a little complacent. That is, until The Clearing House (TCH) disrupted the payments space in 2017

with a completely new real-time payment rail. Then just a few years later, COVID added fuel to the fire by significantly increasing consumer demand for digital payments and faster ways to pay. It's been nonstop since then.

In this environment where technology is changing daily, we may feel like we're behind in making the right choices and finding the right solutions for our credit union and our members.

We know we can't chase every shiny new technology that comes along. A formal strategy will help, but how do we create one that will ensure our offerings meet members' needs and anticipate future developments?

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First, stay calm and don't panic. Here are a few things to consider when creating your strategy:

- It should support and drive your overall business strategy.
- Examine your current product offerings, and identify gaps and strengths.
- Engage a cross-section of your organization to help formulate your strategy.
- It must be data-driven and supported by your members' unique needs.
- Don't forget risk. "Faster" can be better, but it could increase your risk profile.
- Are the right resources (human and financial) in place to support your strategy?

- Identify partners to help develop and support your plan, your Corporate, a FinTech, or your core processor.

Next, start to formulate a basic strategy and tactical plans. Maybe you start slowly by focusing on your core competencies and a limited number of [use cases](#), and proceed from there using a phased approach. Technology is moving fast, so a shorter horizon might make more sense and help you to remain flexible and ready to adapt as new technologies emerge and old ones evolve.

There are numerous strategy scenarios and use cases to explore. Here are just a few basic examples.

Scenario 1:	Scenario 2:	Scenario 3:
<p>Test the waters by becoming an RTP® Participant, as a receiver only, working with a Funding Agent like VolCorp to help you manage the required funding obligations.</p>	<p>If you originate standard ACH today, add sending Same Day ACH entries on behalf of your employee groups and business members.</p>	<p>You may decide to wait for FedNowSM, the Fed's new instant payment service due for release in 2023. Consider being a part of the FedNow Pilot program to build experience and further develop your plans for faster payments.</p>
<p>Use Case: P2P Receive Zelle® and Venmo payments in real-time on behalf of your members.</p>	<p>Use Case: B2C — Send time-sensitive payrolls and other disbursements for same-day receipt.</p>	<p>Use Case: A2A — Transfer funds between a member's accounts at the same FI or a different FI.</p>

What is VolCorp doing to support your faster payments journey?

In June, [we announced our new Funding Agent status](#) on the RTP® network, the real-time payments system from The Clearing House (TCH). As a funding agent, VolCorp can facilitate liquidity management 24/7/365 for credit unions utilizing the RTP network. Kimberly Clark Credit Union in Memphis, TN, recently became our first credit union to utilize our funding agent solution.

VolCorp has been selected to be a part of the Federal Reserve's FedNow pilot program in preparation for the release of the Fed's instant payment program in 2023. The goal of the pilot is to support the development, testing, and adoption of the new FedNow Service, as

well as encourage the development of services and use cases that leverage FedNow functionality. Our involvement in this pilot and the work we are doing to prepare for FedNow will enable us to better support our members who are planning to implement FedNow as their instant payments platform once released.

VolCorp has been working closely with internal stakeholders and FinTech partners to ensure that we deliver the right technology, products, and processes to support your future payments journey. To learn more, please contact **Michelle Douglas**, VP of Payments and Operations at 800-470-3444, extension 7935, or email us at fasterpayments@volcorp.org.