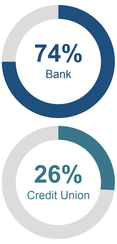
center for payments™

PAYMENTS PRIORITIES in 2021 and Beyond

Payments Priorities in 2021 and Beyond

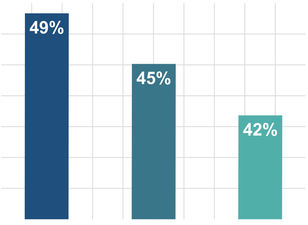
The Center for Payments™ conducted a poll of roughly 200 U.S. financial institutions to rank consumer banking priorities as well as tactics to meet or exceed regulator expectations in the coming year.

Types of Organizations



Consumer Banking Priorities

When asked to force rank consumer payment offerings in the coming year, the focus was overwhelmingly on **Online Account Opening** and **Faster Payments**. The percentages below indicate how many institutions ranked each choice within their **Top 3 Priorities**.



Asset Size

This dramatic shift in Online Account Opening comes just two years after only **52%** of financial institutions indicated they offer the service when responding to our *Digitizing Payments: The Online Account Opening Experience* market study.

Tips for Mitigating Risk in Online Account Opening

- Set and monitor dollar limits that do not exceed your institution's risk appetite
  - Consider tiered limits based on length of relationships vs. additional accounts for known accountholders
- Ensure the online function meets your Customer Identification Program (CIP) standards
- Define policies for verification, such as micro deposits or other authentication options
- Validate good funds before authorizing a transfer
- Establish policies for allowing access to payments origination vehicles after a prescribed number of days from online account opening (e.g., no immediate access)
  - Access approval considered after 30 days for accountholders in good standing
  - Acceptable history of NSFs (for existing relationships)
  - Existing lending relationship vs. deposit-only
- Utilize proper SEC Codes for ACH Entries
- Leverage fraud detection/analytical tools to help mitigate potential losses, such as IP location
  - Understand the use of synthetic identities

Tips for Offering Faster Payment Products

- Attend training to familiarize yourself with use cases and product offerings
- Survey the landscape on what your competition is doing
- Build a team to develop a strategy to ensure faster payments selection meets overall strategic goals, accountholder needs, etc.
- Determine primary objectives, allocate resources, assess products, and evaluate options, opportunities and risks
- Establish pricing philosophy and related billing points for new offering
- Keep data protection requirements, privacy constraints, consumer rights and restrictions around open banking and APIs on your radar
- Set and monitor dollar limits within your prescribed risk parameters
  - Consider tailored/tiered limits based on risk vs. "one size fits all"
- Use products yourself to fully understand their benefits, features, and limitations
- Train staff on faster payment solutions, including how to promote and respond to inquiries
- Pilot new offerings with staff and/or established relationships to soft launch prior to full marketing push to a wider audience
- Update policies, procedures, workflows, risk assessments, etc. to reflect new offering
- Update website, job aids, marketing tools, etc. to reflect the new offering, including FAQs
- Establish policies for migrating existing tools (e.g., Popmoney™) to faster options (e.g., Zelle™), including appropriate customer/member communications
  - Define approach for handling exceptions, such as accountholders exceeding newly-established or changed limits

Tactics to Address Regulator Pressure

When asked to force rank tactics to meet or exceed the expectations of examiners, the focus was on **Mitigating Risk & Ransomware** and **Improving Operations**. The percentages below indicate how many institutions ranked each choice within their **Top 3 Priorities**.

57%
Leverage Recent Audit Findings to Implement Operational Improvements

57%
Implement Ongoing Risk Assessment of All Payment Types/Channels

44%
Examine Data Security Tactics to Include Ransomware Situations

Tips for Mitigating Risk & Ransomware

- Educate staff on data security best practices and system back ups
  - Address the protection of data for the financial institution and the end user
- Develop a robust vendor management program
- Perform thorough due diligence and periodic reviews of vendor relationships
- Segment your network and conduct regular network security assessments
- Implement vigorous password security protocols
- Educate accountholders on fraud prevention strategies and latest fraud schemes
  - Email compromise, checking online banking every day, out-of-band authentication
- Establish fraud prevention tips, articles, FAQs, etc. on website and other external-facing outlets
- Utilize technology/tools to quickly identify breaches and potential risks, such as fraud analytics
- Leverage separation of duties/dual approval for operational functions

To learn more about the poll, visit www.centerforpayments.org. To download the report in full, contact your Payments Association.