

# Alacriti

## The Future of Payments Report: Banking Executive Survey

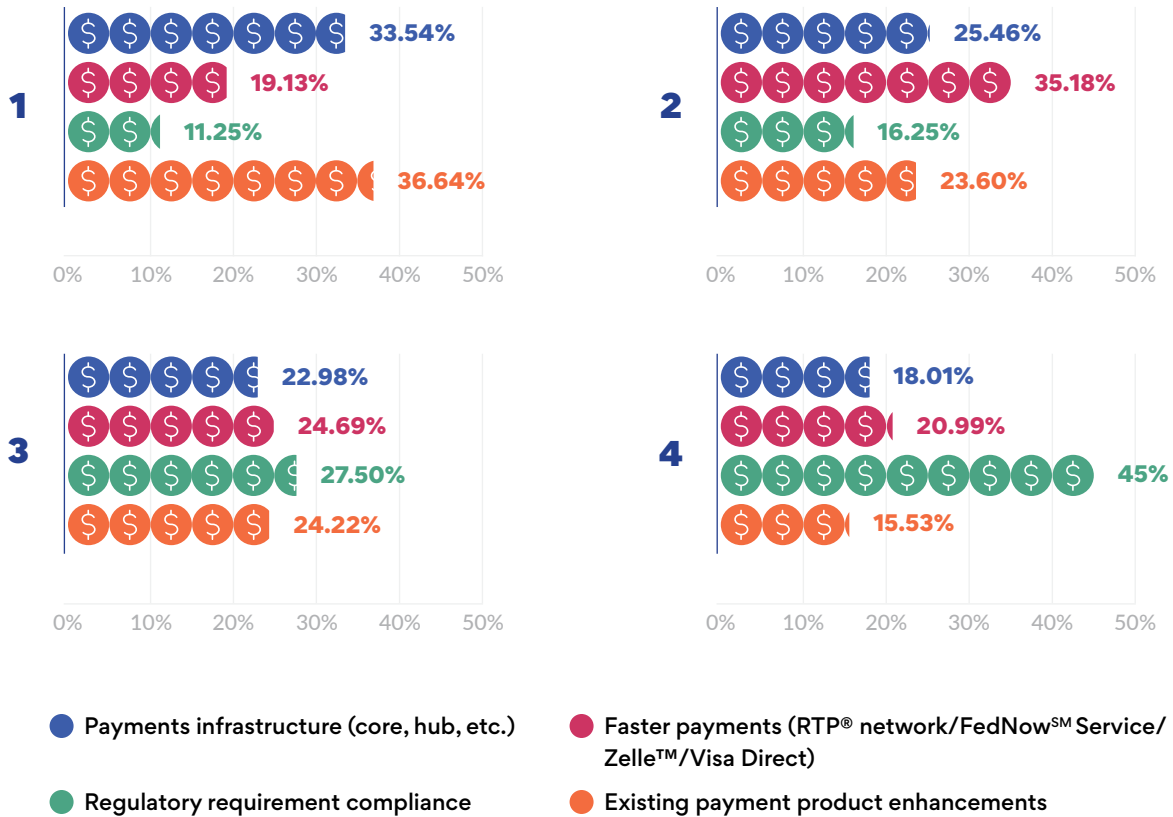


The financial services industry has been undergoing a great deal of change. With the economic downturn, the increasing ubiquity of [ISO 20022](#), and the launch of a new real-time payment rail this year, there certainly has been a lot to talk about in the world of payments. In Q4 2022 and Q1 2023, The Financial Brand conducted a survey on Alacriti's behalf—over 160 banking executives at banks and credit unions revealed their outlook on the future of payments. Here are the results.

# 1

## What is your budget emphasis for next year?

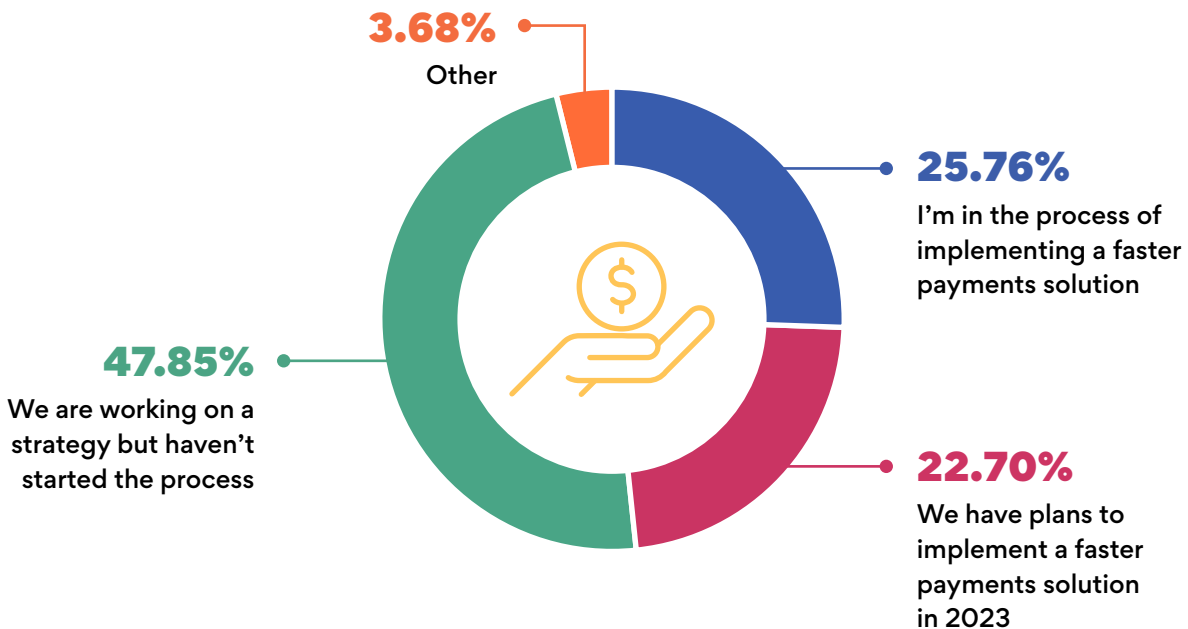
### RANK



Budget is a huge consideration for financial institutions looking to offer new products or services, and legacy systems can add another layer of complication. Two items were almost tied for the top emphasis for budget. **36.64%** stated that existing payment product enhancements were the top priority, while **33.54%** listed payments infrastructure as a top priority. However, a strong **45%** listed regulatory compliance as the least important budget emphasis for 2023.

## 2

# What is your overall faster payments strategy for 2023 and beyond?



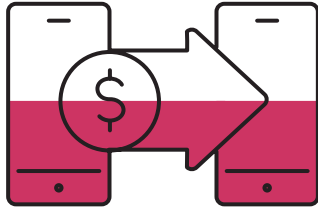
Instant payments continue to be a hot topic in the payments industry, however, financial institutions are almost evenly divided on when they will take action. **25.76%** stated that they were in the process of implementing a faster payments solution, while **22.70%** have plans to implement a faster payment solution in 2023. That means almost half (**48.76%**) are in the process of implementing faster payments or will this year. On the other hand, **47.85%** are working on a strategy but haven't started the process.

### 3

## Which faster payment networks are you considering?

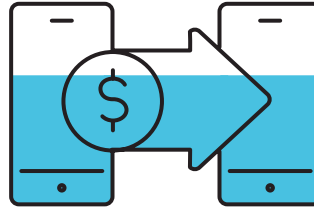
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**51.55%**



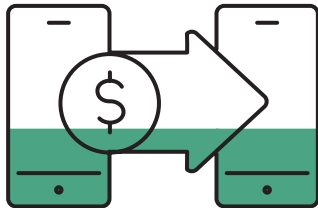
RTP

**63.97%**



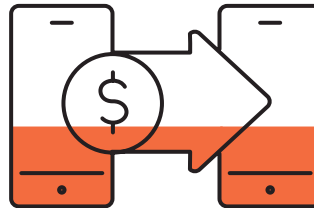
FedNow

**37.89%**



Visa Direct/  
Mastercard Send

**39.13%**



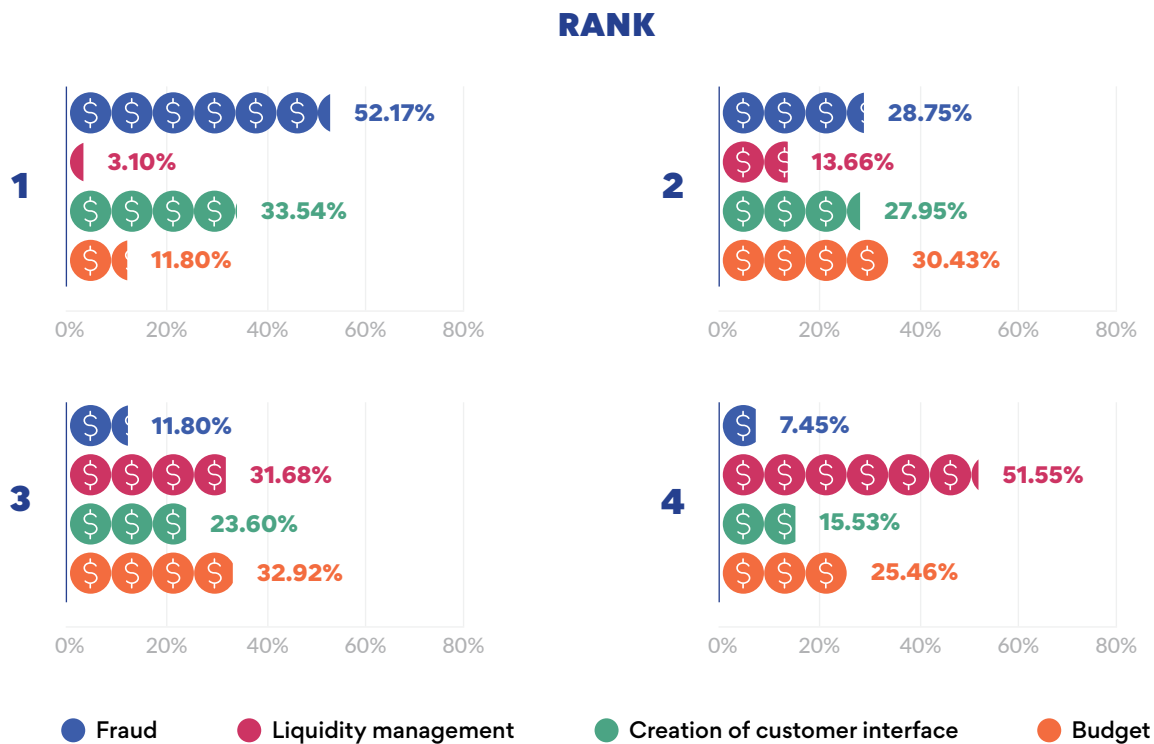
Zelle

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Financial institutions have an array of [choices](#) for faster payments. The majority were considering real-time payments rails—**51.55%** for the RTP® network, and **63.97%** for the FedNow<sup>SM</sup> Service. With the upcoming July launch of the FedNow Service, it makes sense that so many are evaluating this service in particular.

## 4

## What are your perceived challenges to implementing real-time/instant payments?



A large percentage of the banking executives surveyed, **52.17%**, ranked fraud as their number one challenge to implementing real-time/instant payments. Second was a creation of a customer interface. Interestingly, more than half (**51.55%**) stated that liquidity management was their least concerning challenge.

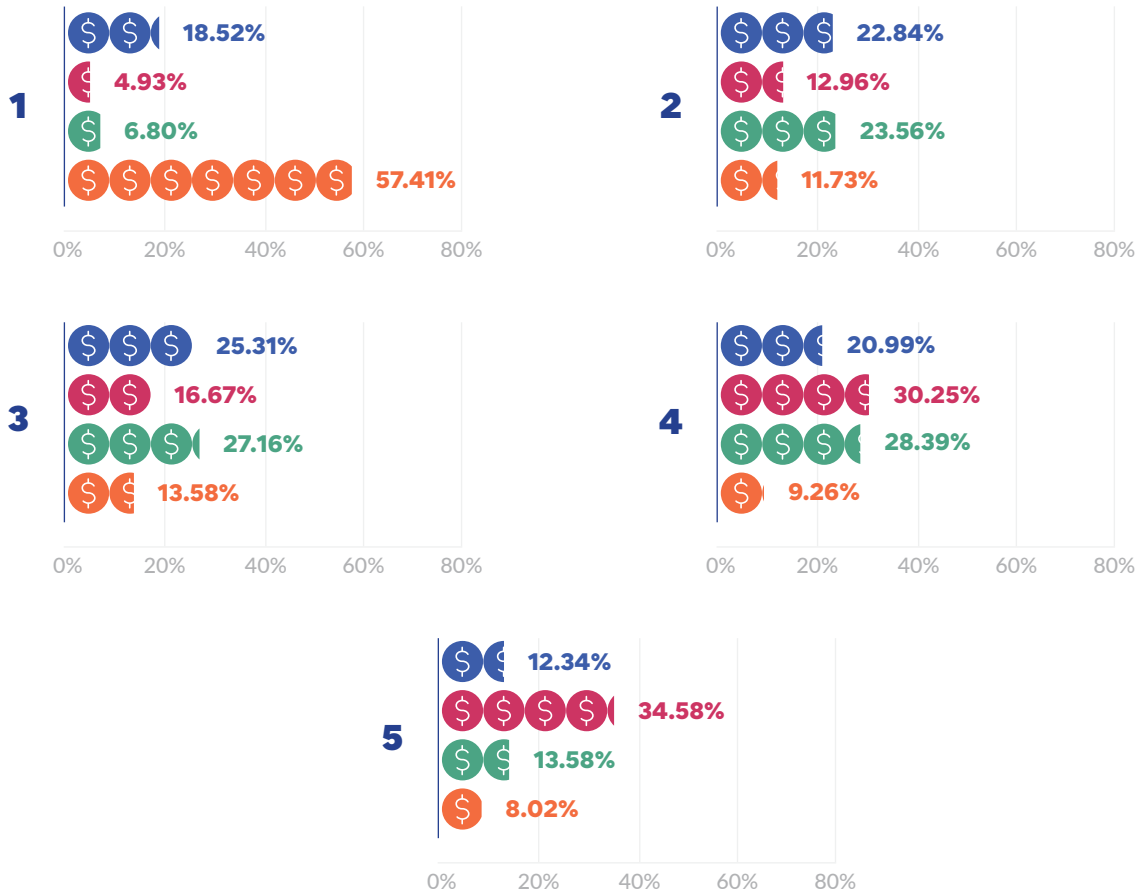
### Before moving forward with instant payments, financial institutions should consider:

- Fraud** – Can your existing fraud prevention system decision transactions in real-time? Will you augment your existing system or get a new one?
- Liquidity Management** – Will the financial institution manage their own account or outsource it to a funding or correspondent agent?
- Creation of Customer/Member Interface** – How does the real-time time payments capability appear to the end-user. What are you doing to maximize UX?
- Budget** – What resources can you invest in real-time payments? Will you offer the RTP network and the FedNow Service at the same time or just start with one or the other?

## 5

## What are the most relevant real-time/instant payment use cases for your accountholders?

### RANK

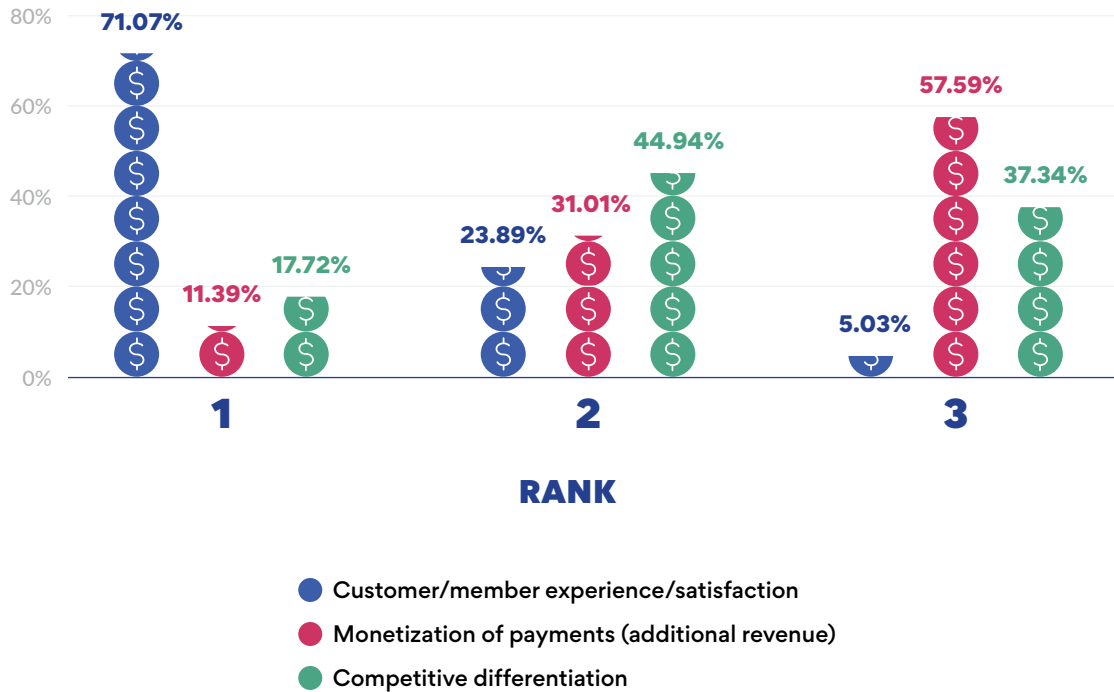


● Payroll
 ● Auto and home purchases
 ● Loan disbursements
 ● P2P (friends and family)

[Use cases](#) for instant payments extends to both individual accountholders and businesses. When asked to rank the most relevant real-time/instant payment use cases for accountholders, more than half (**57.41%**) ranked P2P transactions number one for relevant. The most significant percentage for the bottom ranking was for auto and home purchases (**34.58%**). Auto and home purchases represent a very good monetization opportunity for real-time payments, so this may rise in importance as real-time payments become more widespread.

## 6

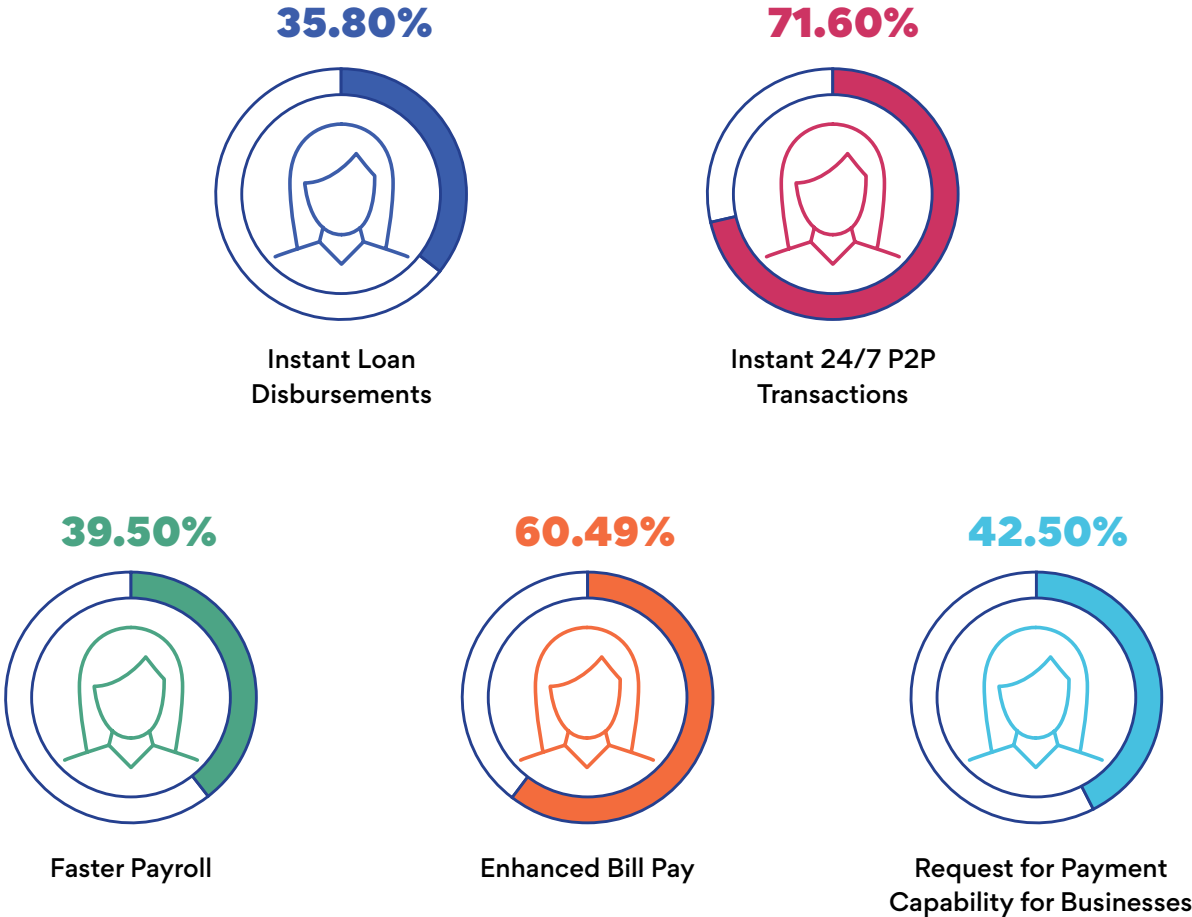
## What are your key drivers for real-time/instant payments?



Although the average consumer might not know [what a real-time payment is](#), they will realize and gravitate toward the benefits. Today, financial institutions seem to understand the value that real-time payments will bring to their accountholders. An overwhelming majority, **71.07%**, ranked customer/member experience/satisfaction as their top driver for real-time payments.

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# What do you hope to offer your customers or members next year that will satisfy their immediate needs?



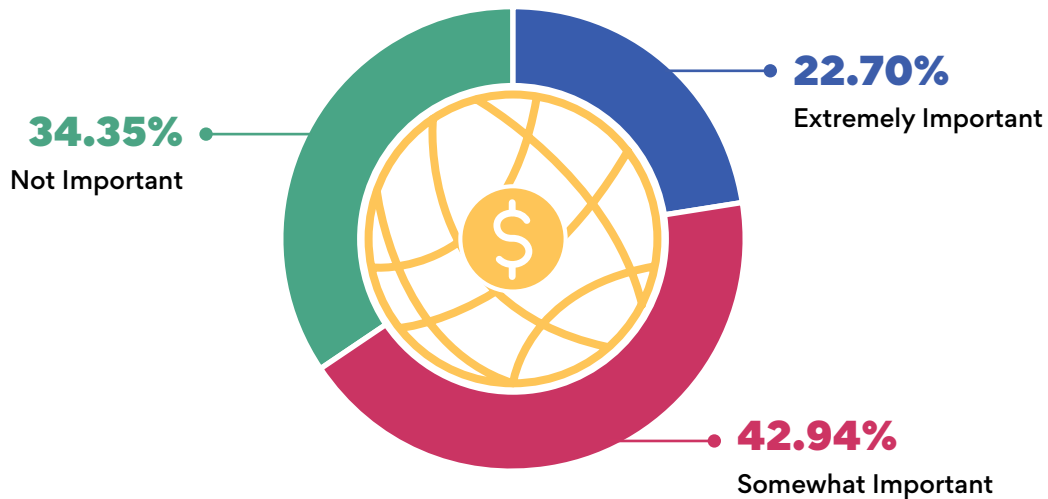
Better banking options can be expected to be coming soon for most. 24/7 P2P transactions and enhanced bill pay are top priorities. The majority **(71.60%)** of the banking executives surveyed planned to instant 24/7 P2P transactions, and **60.49%** planned to offer enhanced bill pay in the near future



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## How important are faster cross-border payments to you right now?

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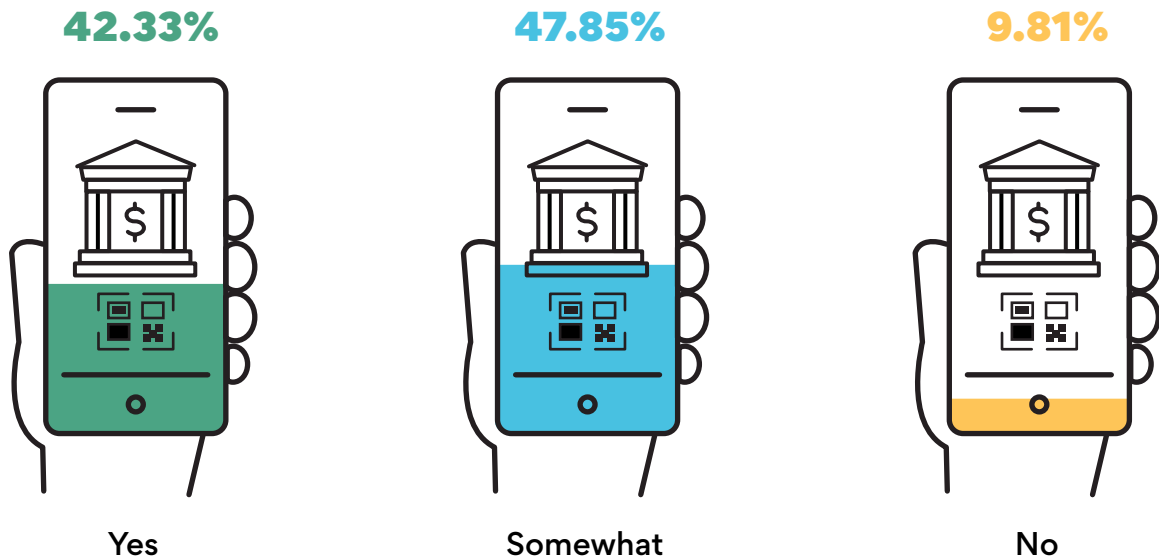


With globalization, it would be logical to assume that the convenience of cross-border payments will only grow in importance. The [cross-border payments](#) market is projected to grow from \$176.5 billion in 2021 to [\\$238.8 billion in 2027](#). For now, banking executives **(42.94%)** think they are somewhat important right now, and **22.7%** think they are extremely important.

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## Do you see neobanks as a competitive threat?

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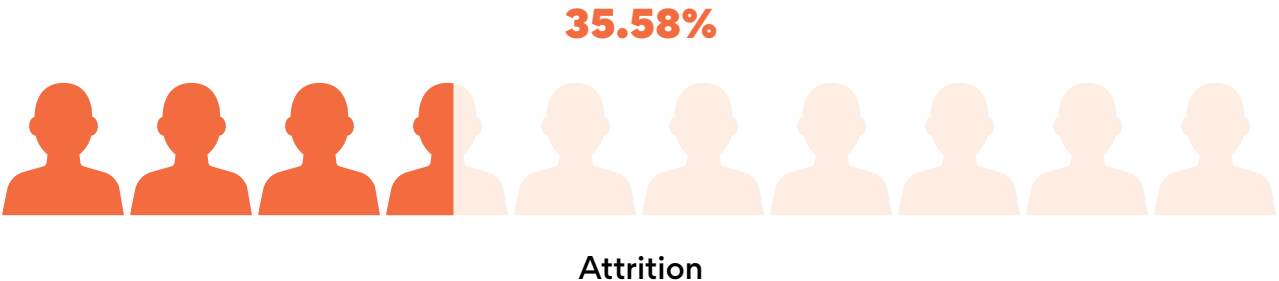
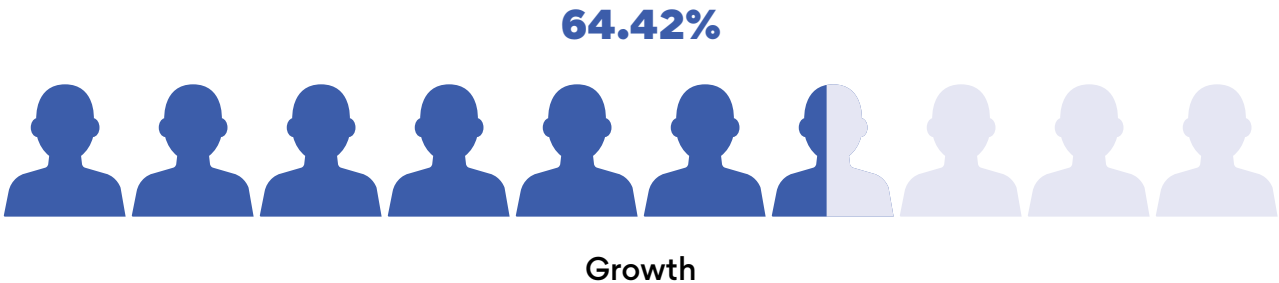


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With the advancement of technology, neobanks have been growing significantly since 2008. While they have [22 million](#) in account holders in the U.S., they have to contend with low retention rates and low average deposits as those account holders are not using them as their primary accounts. A huge percentage, **90.18%**, of banking executives see neobanks at least as somewhat of a threat. **42%** of that **90.18%** see neobanks as a threat.

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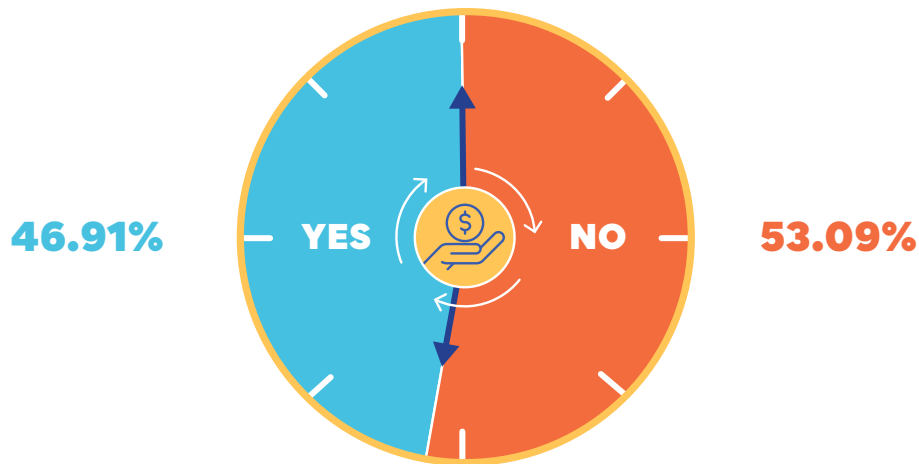
Which concerns you most at the moment, achieving customer/member growth or controlling customer/member attrition?



In a perfect world, financial institutions achieve both growth and retention. However, when asked to choose which one was the priority, **64.42%** listed growth as the most concerning issue.

**11**

## Is your current enterprise fraud system compatible with 24/7/365 real-time payments?



Instant payments, particularly when doing both Send and Receive, require a fraud prevention system that can address the unique needs of real-time payments. Over half, **53.09%**, did not have an enterprise fraud system that met this challenge.

*Alacriti's centralized payment platform, Cosmos Payments, provides innovation opportunities and the ability for customers to make smart routing decisions at the financial institution to meet their individual needs. Financial institutions can unify payment processing all in one cloud-based platform—ACH, the Fedwire Funds Service, TCH RTP® network, Visa Direct, and soon, the FedNow<sup>SM</sup> Service. The Orbipay AIQ fraud solution is available as an additional feature of the Cosmos Payments platform. To speak with an Alacriti payments expert, please contact us at (908) 791-2916 or [info@alacriti.com](mailto:info@alacriti.com)*