GLENBROOK

US Faster Payments Council

RESEARCH WHITE PAPER

JULY 2020

Faster Payments and the Potential to Transform Consumer Bill Pay

This study reflects the views and recommendations of interviewees, as well as Glenbrook Partner's professional insights. It does not necessarily represent the views or recommendations of the U.S. Faster Payments Council.

Contents

Executive Summary

The U.S. Faster Payments Council (FPC) and Glenbrook Partners have embarked on a three-year, multi-faceted industry study consisting of quantitative and qualitative research. The first "Faster Payments Barometer"—an online survey of industry professionals, published in fall 2019—offered insights across businesses, financial institutions (FIs), and payment providers.

Several noteworthy findings illustrate key challenges that influence industry priorities:

- Implementation is a challenge—although 50 percent of respondents believe faster payments are gaining momentum, 60 percent do not think the industry is making enough progress.
- Respondents strongly prefer a use-case driven approach for introducing faster payments.
- Bill Payment ranked as one of the top three use cases for both financial institutions and businesses, with 59 percent of respondents indicating it as a top priority.

Given these findings, Glenbrook and the FPC positioned bill pay as the subject for a second round of qualitative research. Focusing on consumer bill pay allows for deeper insight into how faster payments are seen within two key industry groups: financial institutions and billers.

Currently, the consumer bill pay industry is served by two main models:

- The **biller direct** model where the consumer interacts directly with the biller via the billers' website or designated physical location.
- The **bank bill pay** model where the consumer interacts with its online/mobile banking platform to request a payment be sent to the billers' bank.

U.S. Faster Payments Barometer — Survey Results Infographic
glenbrook.com/fpc/

References to "faster payments" include all relevant systems, those with immediate or instant authorization and messaging (or clearing), regardless of settlement model employed (references to "faster" are not exclusive to RTGS payment systems, for example).

There are advantages for each model, yet the biller direct model enjoys a greater level of adoption and is used by approximately 80 percent of U.S. consumers, according to multiple industry sources. Glenbrook conducted in-depth executive interviews during the first quarter of 2020 across the payments industry to explore the topic of faster payments in **consumer bill pay**—including both use cases and where or when "faster" makes sense.

Many of the interviewees echoed the finding from the Faster Payments Barometer that bill payment is an important use case for faster payments adoption, though disagreement exists over its relative priority.

While interviewees generally believe that the current bill pay model is not meeting customer expectations, there were significant differences in perspectives on how faster payments could be operationalized for bill payment needs. Not surprisingly, financial institutions each have a unique perspective on developments underway, often influenced by competing internal priorities.

Interviews reflected that financial institutions and billers sometimes have contrasting perspectives on bill payment, resulting in different views on the ideal customer experience and the interrelated business case for faster payments. Interviewees also voiced concerns about the fragmentation of faster payment solutions in the U.S. and the resulting downstream effects to their organizations by needing to support multiple solutions and systems.

INTERVIEWEES

Objectives of this White Paper

This white paper identifies the shared and contrasting perspectives among the interviewed industry participants around faster payments and bill pay. The objective of this white paper is to provide a more nuanced understanding of both perspectives and create an informed basis for discussion and reconciliation.

The findings and viewpoints shared in this paper are from a cross-section of interviewees across the payments industry. Although these viewpoints may not be shared by everyone, we believe they are representative and provide a useful catalyst towards having the right dialogue with all participating stakeholders.

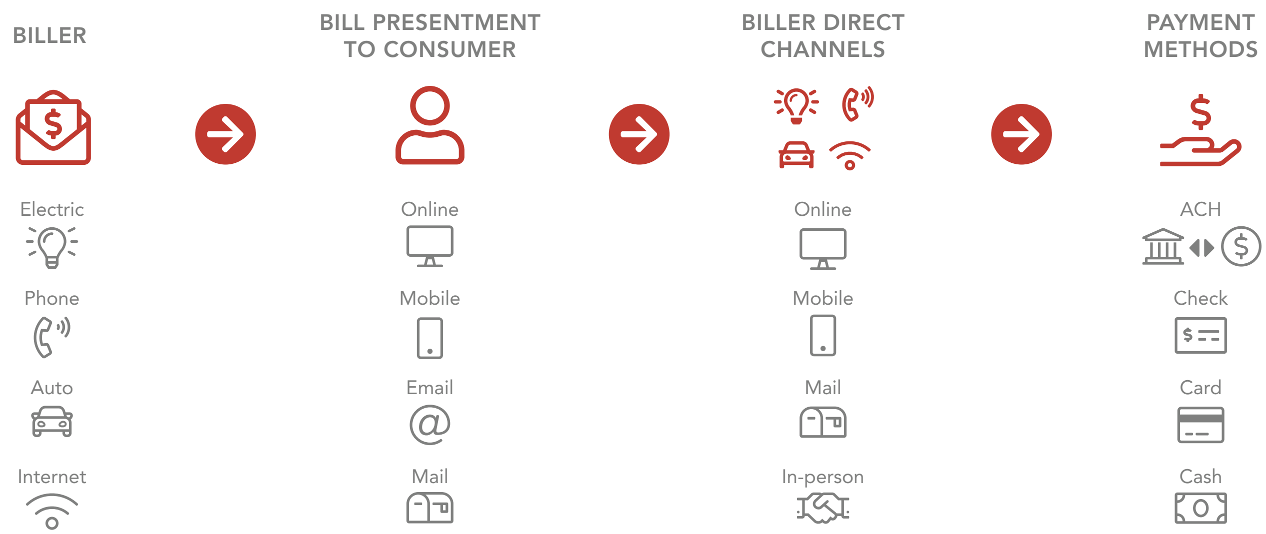
We have not focused on the specific attributes of faster payments, except where they help to define the perspective of payment industry participants and their outlook on faster payments adoption.

Overall, our interviewees expressed broad support for faster payments, especially for bank bill pay transformation. In contrast, unresolved issues around faster payments are very real—they differ by stakeholder—and need to be harmonized for optimum industry advancement.

Qualitative research is driven by targeted executive interviews that provide insights into the industry dialogue on faster payments in the U.S. year over year. The interviews serve as guideposts for evolving issues and challenges that will inform specific FPC workstream topics and set the stage for the industry-at-large conversation on faster payments.

Consumer Bill Pay Today

Biller Direct Model



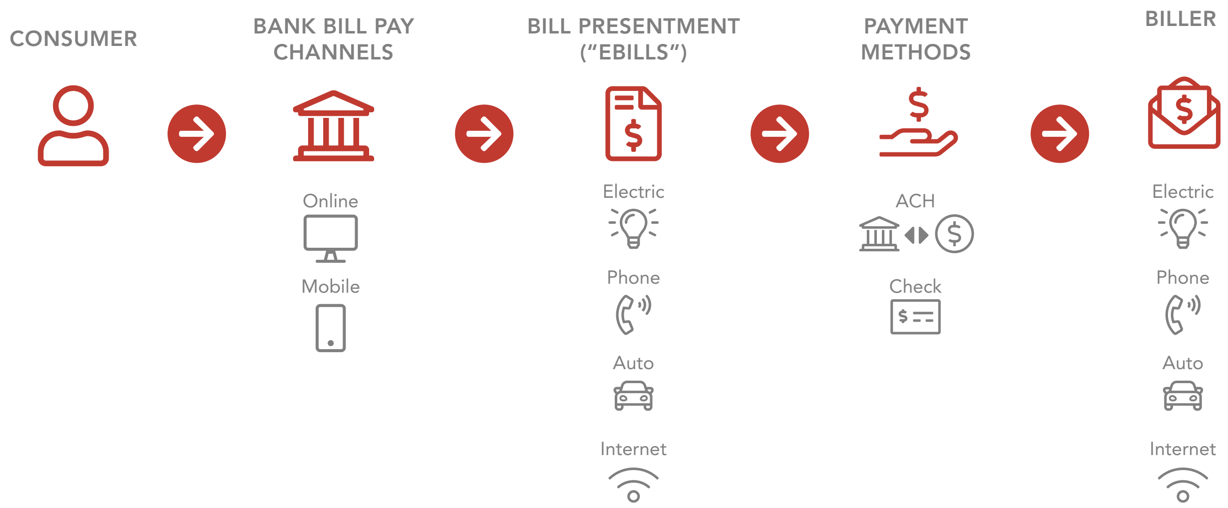
In the **biller direct model**, consumers typically receive their bills (along with all the relevant details) directly from the biller. Bills can be received across a variety of different channels including email, text message, mobile/app notifications, or physical mail. After receiving a bill, the consumer must visit each individual biller's website (or mobile app) to pay the bill via card or bank transfer. Consumers can also mail a check to the biller or visit a physical location to pay in cash.

The biller direct model is the preferred payment method for consumers, with around 80 percent using it[1]. Biller direct provides several benefits including more options for payment and the speed at which their accounts are credited (essentially real-time, regardless of the actual payment method used).

Ultimately, the biller direct model gives consumers greater control and transparency over their bill payments, but does have a significant drawback: paying different billers across different channels can be tedious and requires managing many different account credentials (usernames and passwords).

[1] *Adapted from multiple industry sources and interviewee feedback.*

Bank Bill Pay Model



By contrast, the **bank bill pay model** relies on a consumer's online or mobile banking platform. While this is a less popular model, it allows consumers to easily view and pay all of their bills from one location. In this model, billers send "eBills" to consumers that include all the relevant bill details and can be viewed directly from the bank platform. Consumers can then send payments to billers via ACH, since the bill pay platform is tied to their checking account.

While this model has obvious benefits, a major pain point is that ACH payments can still take a few days to reach the biller. This lack of speed may be a deal breaker for some, especially those paying on or just before the due date. Additionally, some interviewees cite a "click and pray" approach with bank bill pay—consumers do not get immediate confirmation that the payment was sent, or that the payment was received by their biller.

Lastly, not all billers support eBills today or accept electronic payments. In those instances, a consumer has to manually add a biller using the biller's physical address, refer to the actual bill in order to manually input the account due. Once the consumer does that, the bank takes that information and creates a physical check that then gets mailed to the biller on the consumer's behalf.

Consumer Bill Pay is an Important Use Case

Consumer bill pay is often declared as one of the top use cases and areas of interest across payments industry stakeholders. Glenbrook analysis shows that after person to person (P2P) transfers, bill pay is the next biggest consumer payment use case for faster payments around the world.

According to interviewees, in the current bill pay environment, consumers can't see or review all of their bills in one place. The existence of disparate channels for reviewing and paying bills (banks, billers, mail, and email) creates extra effort for the consumer. While traditional bank bill pay solutions are meant to address these issues by giving consumers a single place to view their bills, the experts we interviewed, including FIs, told us that their platforms generally fall short of consumers' expectations and often take a few days for the payment to settle.

The introduction of faster payments into the bill pay equation is viewed as a net positive by all interviewees. Faster payment and bill pay are natural companions, benefiting financial institutions, consumers, and billers.

The interviewees we spoke with agree that consumer bill pay is a good way for consumers to get familiar with faster payments and that it will pave the way for future use cases.

Let's address some strong motivators:

1. The bank bill pay model is ripe for innovation
2. There is an identified consumer need
3. Billers have unaddressed payments challenges

1. The bank bill pay model is ripe for innovation

There is general consensus among FIs that the consumer bank bill pay experience is less than optimal. Words like "clunky," phrases such as "difficult for customers to use," and explanations that payment confirmation or receipt of payments isn't always readily available, were echoed among banks and credit unions. In today's demanding environment, consumers expect the same levels of speed, convenience, and quality as they experience in other parts of their lives.

In theory, current bank bill pay solutions allow consumers to review and pay all of their bills in one place. In practice, this process has points of vulnerability. Identifying and adding billers is one such issue.

There are two main ways for consumers to add billers to their online banking bill pay platform: manual entry and electronic billing ("eBills"). Both methods can fall short of consumer expectations. Adding the correct biller and reference information is a manual process that can be cumbersome and unforgiving to mistakes or typos. Not all billers support electronic billing, so customers using bank bill pay may not even know the amount due or the due date without separately referring to the bill via their email or biller account.

When paying directly from a bank account, ACH is most likely to be the only option and there is often no immediate confirmation of payment. It can take up to five business days for a payment to settle before the biller confirms receipt and credits the customer's account, which can lead to service interruptions or late payment fees. Consumers often experience a "click and pray" phenomenon when paying bills due to this lack of transparency and immediate messaging. This negatively impacts the consumer experience and satisfaction with bill pay functionality. It also causes overhead for billers as customers frequently call the biller to find out their payment status.

Under the bank bill pay model, it can take anywhere from 1-5 business days for a payment to settle.

Reducing user frustration is key. Faster payments provides a way to improve how bank bill pay currently works. There is a view among FI interviewees and technology providers that solving the bank bill pay problem will allow financial institutions to create a superior value proposition with an enhanced user experience and a product that drives higher levels of bank customer engagement and retention.

2. There is an identified consumer need

In general, the consumer wants a modern, seamless user experience: such as one-click, tap and go, embedded payments, etc. Consumer needs and perspectives do vary. Some consumers make "just in time" payments while others plan ahead. Some consumers prefer to see all their bills in one place and others may not even know that's a possibility.

Regardless, faster payments in bill pay is critical to some segments of the consumer population.

Immediate recognition of "just in time" payments is critical when paying for essential services and avoiding the risk of service interruption. Many consumers wait until the day after a salary direct deposit to pay their bills. Real-time, credit push transfers are much more useful than automatic debits for bill pay, especially for those living paycheck-to-paycheck. These consumers need real-time account balances that prevent non-sufficient fund penalties or overdraft fees.

Some consumers want the simplicity of a "one-stop-shop." These consumers prefer to see all their bills in one place and want to have a variety of payment options. A utility bill gets paid via ACH and a telecommunication bill goes on a card.

Interviewees suggest that these consumer segments are targeted as early adopters for a faster bank-based bill payment solution.

3. Billers have unaddressed payments challenges

Larger billers that we interviewed have focused on optimizing their biller direct model and creating efficiencies around card-based payments. Many quote "80 percent of my customers pay direct" and existing payment methods such as card and ACH work as required.

The motivation for billers to support bank bill pay is driven by around 20 percent of customers who do not use the biller direct model. According to interviews, this is the segment of consumers that create the greatest level of exception processes due to check and ACH payments—non-sufficient funds, reconciliation, etc. Billers would prefer to completely digitize each payment transaction and interaction with customers, particularly to eliminate checks and paper statements.

Billers have a similar attitude to other merchants and acceptors for the availability of payment methods. They want to be paid by their customers for goods or services rendered in an operationally efficient manner, while providing ultimate flexibility to their customers. That typically means enabling multiple payment types for consumer convenience.

Some of the largest billers have a vested interest in supporting and improving the bank bill pay model.

[2]Sources include interviewee comments and secondary sources such as analyst reports and industry articles.

Takeaways on Consumer Bill Pay as an Important Use Case

- "Bank bill pay is ripe for improvement."
- "The consumer enrollment process can be onerous, driving high abandonment rates."
- Some financial institutions interviewed were motivated to "take back ownership of the bill pay experience," and emphasized their intention to leverage bill pay as a key use case for implementing faster payments.
- Financial institutions with significant customer enrollment in bill pay noted that the percentage of customers actually using it was low, "below 20 percent of those actually enrolled"[2].
- Strong sentiment exists among interviewees that the additional data provided with a faster payment transaction is exciting. It introduces new opportunities to transform the consumer bill pay experience with richer information and analytics.
- All interviewees focused on the consumer need to have absolute assurance that their payment obligation to the biller has been met. It is not about the actual "movement of money," but rather the transparency around their bill pay status.
- Real-time confirmation and receipt of payment is critical. Consumers need to know that they have paid a bill on time and that they won't be cut off. A "pending" status, from the bank or the biller, does not give consumers the confidence that their bill has been paid.
- The elimination of paper checks is a paramount goal as they demand manual processes for all parties involved in the transaction — the financial institution, the biller and their processing providers.

It is not about the actual "movement of money," but rather the transparency around their bill pay status.

Key Questions for the Industry

What type of industry engagement is needed to transform the bank bill pay experience?	How can we realign the entire ecosystem to benefit all stakeholders–financial institutions, consumers, and billers?	What is needed to enhance the product value proposition that enables banks to stand out in a crowded field of third-party FinTech providers?

Request for Payment and How It Can Transform the Bill Pay Experience

Faster payments can provide benefits other than speed. Real-time messaging and data sharing also add more useful functionality, especially Request for Payment (RfP) messaging.

The RfP messaging format allows billers to submit the details of a specific bill including the amount due, the invoice number, and the customer's account number. The vision is for consumers to be able to accept the RfP bill directly from their bank's bill pay platform. That action would then create the payment initiation trigger, requiring the money to move from the consumer's bank to the biller's bank, accompanied by all the necessary billing information. Seamless and simple.

Implemented correctly and broadly across the ecosystem, RfP can provide:

1. An enhanced customer bill pay experience
2. Significant benefits to FIs
3. Greater efficiency for billers

1. Provide an enhanced customer bank bill pay experience

The messaging format of RfP allows for the exchange of detailed information throughout the payment lifecycle. This gives consumers the transparency they need. RfP allows consumers to view outstanding bills from one location from RfP-enabled billers, together with all the relevant bill details. Consumers do not have to enter biller and bill details manually.

Each bill has an individual RfP that can be presented to the customer and responded to in real time. This gives customers immediate confirmation that payment has been made and is reflected in their account balances. This helps customers to avoid overdraft fees and penalties and allows FIs to make paying bills more of a spontaneous activity.

The vision of a one-stop-shop to view bills requires universal RfP usage, and will take a while to be fully realized

A Request for Payment does not necessarily need to be tied to a subsequent payment over the same network. The payment itself can be decoupled from the RfP, which allows FIs to offer alternative payment options (such as credit cards) to consumers as they pay their bills through their FI. These solutions would need to be custom developed by the FI or a third-party bill pay solution provider, since they require synergy across multiple payments systems.

	BILLER DIRECT BILL PAY	BANK BILL PAY	FASTER PAYMENTS IN BANK BILL PAY
Speed	✓	✗	✓
Alerts and Notifications	✓	— *	✓
Bill details	✓	— *	✓
Consolidated view of bills	✗	✓	✓
Ease of adding new billers	N/A	✗	✓
Transparency	✓	✗	✓
Payment Choice	✓	✗	— **

** Depends on whether the biller supports eBills*
*** While payment choice is not an inherent feature of faster payments, many FIs and providers have stated they intend to offer cards as a payment method, which can still be tied to the original request for payment*

2. Provide significant benefits to financial institutions

Interviewees identified two major conceptual benefits for RfP: a modern, digital bank bill pay environment, and an enhanced customer value proposition.

RfPs provide a significantly enhanced customer experience that benefits consumers and FIs. Consumers get all the relevant payment details in one message and can respond with confidence. This can be a differentiating factor in a consumer's choice of bank. The "stickiness" of the product may help banks retain customer relationships. Interviewees believe that an improved bank bill pay experience may encourage existing biller direct consumers to give their bank's bill pay solution a try. This can increase overall customer engagement on a bank's platform.

A residual benefit of RfP is a reduction in physical checks sent and received by the consumers' financial institution.

3. Provide greater efficiency to billers

Although FIs will benefit most from faster payments in the consumer bill pay arena, billers can also take advantage of increased adoption and RfP messaging. Bill details are tied to both the RfP and the subsequent payment, so reconciliation becomes easier and could allow billers to reduce their reliance on manual processes, avoiding payment and processing exceptions.

An industry-wide shift to faster payments could influence billers who currently don't accept electronic payments to start doing so. This will reduce the number of paper checks mailed from bank bill pay solutions. This applies to bill payments initiated from a bank in response to an RfP, not for biller direct payments.

A broader adoption of bank bill pay may also allow billers to lower overall payment costs by shifting the mix of payment types used.

Takeaways on Request for Payment

- The benefits of faster payments extend well beyond their speed.
- The industry recognizes the potential for Request for Payment messaging:
  - "Request for Payment is genius if we have enough billers signed up for them."
  - "Request for Payment is a good way to present multiple bills in one place and pay them all in one go."
- Request for Payment allows banks to enhance their bill pay solutions and improve the overall customer experience: a "one-stop-shop" to view and pay bills with immediate confirmation of payment.
- Request for Payment makes biller reconciliation easier and could reduce the number of paper checks they receive from bank-based bill pay solutions.

"Request for Payment is a good way to present multiple bills in one place and pay them all in one go."

Key Questions for the Industry

How much of an effort is needed for FIs to update their front-end and back-end systems and processes to enable Request for Payment?	**Will FIs and billers find a mutually beneficial workflow that provides a consistent consumer experience?**

Barriers to Industry Adoption of Faster Payments in Consumer Bill Pay

Interviewees across financial institutions, payment service providers, and billers highlighted several challenges to implementing a transformed bank bill payment experience with robust faster payments capabilities. These included:

1. The faster payments ecosystem is highly fragmented
2. The business case for billers is not as strong as for FIs
3. Faster payments requires a fundamental shift in consumer behavior

1. The faster payments ecosystem is highly fragmented

Interviewees recognized that competitive options for faster payments in the U.S. provide more consumer choice but increase market complexity. Interviewees said that while it is important to offer consumers a variety of payment methods, stakeholder adoption is hindered by the existence of multiple faster payments options and an absence of common standards or frameworks.

35 percent identified risks associated with a lack of common rules and standards

For example, smaller financial institutions often indicated that after a fairly intensive implementation for Zelle, they were hesitant to explore a path towards The Clearing House's RTP for several reasons. First, other initiatives in the prioritization queue needed to be completed; second, the ROI is still uncertain, and that they could wait until more information is available regarding FedNow; and third, there is uncertainty about future interoperability with FedNow. Financial institutions do recognize the limitations of existing systems in addressing a broader set of use cases. Zelle currently addresses P2P, but B2C and bill pay are still nascent.

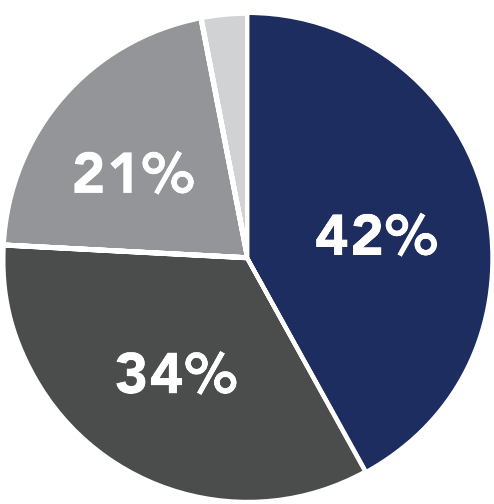
Many interviewees insisted that some standardization was needed to drive adoption, for example, rules regarding how interoperability should work and protocols for unified messaging. From a technical standpoint, interviewees suggested that an integration layer or "gateway" function could be an ideal way to "connect once" and be able access multiple faster payments systems, or that a central "switch" or "routing" function could help foster interoperability and adoption. Without these core frameworks in place, many interviewees were hesitant to make business decisions about faster payments.

Another aspect of fragmentation is the variety and reach of payment credential directories. For financial institutions, access to one or several directories is critical to bank bill pay. For billers, access to consumer credentials like a bank account number or social alias are needed to submit bills.

Our interviews found that large financial institutions typically connect to several directories for comprehensive coverage and redundancy, while smaller ones tend to use directory services provided by their core processors. Larger billers participate in multiple biller directories. The proliferation of these directories implies that one entity must connect to as many as possible to ensure wide coverage. This can be laborious and time-consuming and sometimes requires an additional internal routing mechanism to consolidate all data sources. The ideal, although unlikely, solution would be a single, industry-wide, unified directory.

A reliance on multiple directories may not be a major issue. The FP Barometer tells us that 42 percent of respondents favored multiple directories interoperating with one another. Each payment system has its own directory, but they interoperate. Concerns were mainly a practical reflection about choices and resources.

Which directory model is preferred?



- 42% Favored multiple directories interoperating with one another; each payment system has its own but they interoperate
- 34% Said a single, shared utility is best
- 21% Not sure
- 3% Each fast payments system has it’s own directory that does not interoperate

Global experience is varied and therefore no one model prevails

Takeaways on Fragmentation of Faster Payments Systems and Directories

- There was consensus that existing payments systems work well enough for consumers today as they have multiple payment options to choose from in the biller direct model, and that until there is "a ubiquitous rail" there is a diminished incentive to adopt faster payments.
  - ACH works well today; until there is a ubiquitous rail, banks will choose sides."
  - Billers inferred their consumer portfolio didn't necessarily require faster payments.
- Implementation of faster payment systems are often described as "painful"—the financials and business case must be overwhelmingly compelling to overcome the time and resources required.
- Interviewees generally agreed that a single directory is the ideal state, but that it is not realistic:
  - "Directories are a competitive advantage, so there is less incentive to cooperate. Idealistically, we want access to all of them."
  - "There is already a lot of interoperability and collaboration today [among directories] and that will probably continue to be the case."
- The ultimate goal is to have direct connections to several directories or to an aggregator (a "directory of directories").

"ACH works well today; until there is a ubiquitous rail, banks will choose sides."

2. The business case for billers is not as strong as for FIs

Biller interviews identified several viewpoints toward faster payments. There was general enthusiasm for new payment options, efficiencies, and improvements, alongside recognition that faster payments—as they exist today—must originate from a bank. To participate, billers must send an RfP message through their bank to support the bank-centric faster bill pay model.

Billers have a dependency on banks to support faster payments and RfP functionality. Although The Clearing House's RTP system and Early Warning Systems' Zelle support a "request" function, neither system has reached ubiquity, so not all billers' banks are equipped to send RfPs. If a biller's bank does support faster payments and RfP, the biller must still ensure that internal systems can accommodate new message formats.

Biller interviewees noted that they cannot offer faster payments in isolation as a payment method on their websites or apps. There is no brand, logo or other notable indication for the consumer to "pay with your bank" or "pay with faster payments."

Large billers enjoy "upwards of 80 percent of customers paying bills directly" via the biller direct model. In this model, when a consumer submits payment credentials with ACH or uses a card on file, credit is often immediately applied to the account together with an instant payment confirmation. The actual money moving between the consumer's and biller's bank may take several days to settle, but the consumer is assured they have met their bill payment obligation on time.

The biller direct model gives billers a competitive advantage which they are hesitant to give up. Billers feel that they drive a good customer experience. They can communicate directly and apply proper risk management to issues such as card expiration date changes. Because consumers use biller direct for the majority of their payments, billers feel "ownership" of their customer and associated data. The longer the consumer is on the biller's platform, the more information the biller has to engage and drive the brand and customer experience, including cross-sell or up-sell products and services.

The biller use case for faster payments is impacted by the variety of current payment options and the value billers gain from that relationship. Billers are concerned about losing their advantage if they move to faster payments but recognize that a bank bill pay model is good for some consumer segments. Billers are keen to find some middle ground as they can also take advantage of that model.

Takeaways on Billers' Business Case

- One of the value propositions to billers is the reduction in risk and exception processing.
  - Limiting the number of chargebacks, NSFs (non-sufficient funds) and other exception processes, is an important focus.
- If billers can reduce the cost of payments by moving transaction volume to faster payments, then that is a business case they are willing to explore.
- Non-recurring billers will have greater motivation to participate in a faster payments bank bill pay model given that they already rely heavily on ACH and checks.

3. Faster payments in bill pay requires a fundamental shift in consumer behavior

Biller direct payments are more popular than bank bill pay, which means that many consumers are already accustomed to paying the biller directly. Many banks interviewed stated that bank bill pay did not see much use, with "an average of ten to twenty percent of their account holders" actually paying bills from the bank bill pay solution.

Card payments are popular in the biller direct model for several reasons: cards eliminate the need to find the consumer's routing and account number, and the biller does not need to worry about checking a consumer's funds availability. Once an authorization is received, the biller is "guaranteed" payment. Card issuers have been incentivizing consumers to use their cards for purchases for years —from groceries to car payments. Rewards cards and card-based promotional offers are strong drivers of consumer payment behavior.

Getting consumers to move away from a preferred payment method will require new incentives. Many interviewees said that consumers want to have more control over their payments, and the convenience of payments can vary between customers. Motivating consumers to change their bill payment behavior will require an enhanced consumer value proposition that delivers a seamless and transparent customer experience.

Takeaways on Required Shifts in Consumer Behavior

- An estimated 80 percent of consumers go directly to the biller site to pay their bills.
- There are a significant number of customers who do not want to use a card but would prefer to pay from their bank account.
- Some FIs stated that their bill payment solutions will allow for card payments. This option may persuade some consumers to switch to paying their bills in a bank portal.
- Consumers that tend to pay bills "just in time" will be well served with an enhanced faster payments bank bill pay experience.

Key Questions for the Industry

Are additional incentives needed to increase support from the biller community? For example, can billers leverage faster payments in the biller direct model? What's the potential for overlays (QR, APIs)?	Could billers have a button on their website that prompts consumers to enroll in Request for Payment bill delivery?	What messaging, marketing, and education is required by the FIs, and the industry at large, to alert consumers to a new bill pay product and experience?

Concluding Thoughts

It's important to remember that there are two payments models in the market today. Biller direct is more dominant, although it does still have limitations. The bank bill pay model also has its limitations, but interviewees are hoping to see a new approach that combines the advantages of both models.

RfP can bring the best of both models together and help to drive broader industry adoption. Financial institutions are in a privileged position, with interviewees recognizing that FIs could be a positive differentiator and drive the new approach.

It's worth comparing RfP in the U.S, as faster payments have been available for more than a decade to other countries. Faster payments bank rails came to the U.S. in 2017, following the U.K., Australia, and Europe. Even in the U.K. that has bill payments as a use case for faster payments, there is not yet a fully operational RfP in market. RfP is still emerging in all markets, and the U.S. will be an important early adopter, providing insights and guidance for other implementations. Faster payments are not likely to happen organically—the biller needs to be included in the dialogue, so the solution meets their needs. The success and adoption of bank bill pay will also be driven by consumer preference and choice.

Concerns about the number of solutions and market fragmentation were among the most common issues highlighted by FIs, billers, and providers. Interviewees did express strong interest in faster payments opportunities and many stated that a deeper level of collaboration was needed.

The U.S. is a fragmented payments ecosystem, but is also a robust, commercially-driven environment with providers that can influence the way money moves in the future. Strong motivators for industry adoption include a framework for standards and rules and a path towards interoperability.

A new payments infrastructure does not come along very often. As industry participants, we are in a position to capitalize on this once-in-a-lifetime opportunity to challenge the status quo, update legacy infrastructure, and reimagine the customer experience. Bank bill pay can be an important catalyst to encourage broader adoption of faster payments systems.

Continued collaboration and strong leadership from the U.S. Faster Payments Council and its members are core requirements to move the U.S. forward towards faster payments adoption.

Research Methodology

Glenbrook conducted 20 in-depth executive interviews during the first quarter of 2020 to gain context and insight on faster payments for the consumer bill pay environment.

Each interview was conducted with payments professionals who currently manage bill pay, are developing faster payments for bill pay or have deep expertise in these two functional payments environments. At times, the interviews were conducted with several executives at one company. We are grateful for their time as they provided extremely helpful insight into the technical, operational, and marketing aspects of getting faster payments for consumer bill pay to market.

Interviews covered a variety of topics including bill pay trends, general industry readiness, the role directories play, and overall ecosystem and consumer implications for faster bill pay. The goal was to analyze responses to identify commonalities, differences, and unique perspectives to help understand the drivers for bringing faster payments to market.

This report is informed by the findings of these interviews, combined with Glenbrook's experience and understanding as consultants in the payments industry.

COVID-19 was only starting to seep into our daily reality as these interviews were finalized and did not figure prominently in the discussion. Applying the implications of these findings to our changed environment only heightens the need for smart, consumer-friendly solutions. At Glenbrook we see an even greater need to prioritize faster payments development work to accommodate the increasing expectation for all payments to be digitized wherever and whenever possible.

About the U.S. Faster Payments Council

The U.S. Faster Payments Council (FPC) is a membership organization established so Americans can safely and securely pay anyone, anywhere, at any time and with near-immediate funds availability. FPC members use private-sector approaches to address issues that inhibit adoption of faster payments and enable end users to reach each other in ways as seamless and transparent to them as mobile texting.

The FPC provides members with a unique opportunity to influence the future of faster payments through inclusive dialogue and collaborative problem-solving, and gives members an edge in navigating the evolving faster payments landscape:

- Focus on the larger goals of safety, security and adoption of all faster payments.
- Opportunities to broaden their reach and leverage investments across a much broader base of transactions.
- Safe forums for dialogue governed by strong antitrust guard rails.

US Faster Payments Council

fasterpaymentscouncil.org

About Glenbrook

Glenbrook is a payments strategy consulting firm that offers a unique combination of business and technology skills focused on all aspects of payments systems globally. We focus on strategy definition, product development, and the application of innovative technologies to solve important problems.

We approach payments from the perspectives of the users of payments systems – our analyses and insights are "through the eyes" of payment acceptors and how payers such as corporates, SMBs and consumers interact with the payments processes.

Glenbrook serves payments professionals across many different types of business. Our clients are all stakeholders in the flow of funds from buyer to seller. What we all share is a common interest in electronic payments and how they can be used to facilitate the exchange of value between people globally.

GLENBROOK

glenbrook.com

To stay connected, click here.