Independent Banker  
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Columns

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[hed] Why instant payments need to be a 2024 priority

[quote] “Once community banks get comfortable with a technology, they jump in to embrace what it offers.”

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As we kick off the new year, our budgets have been set and our plans developed. But you know what they say about the best laid plans: They change. Fortunately, community banks thrive on their ability to respond to market drivers, and in 2024, those demands point to instant payments.

We’ve been monitoring developments with FedNowsince it was announced. When it launched last July, there were only 35 participating banks, but in a few short months, more than 100 institutions were on board. And demand for the solution is rising: An [October study](https://www.prnewswire.com/news-releases/afp-survey-reveals-over-75-of-businesses-will-utilize-real-time-payments-in-next-5-years-301961996.html) from the Association for Financial Professionals revealed that over 75% of businesses plan to use real-time payments in the next five years.

Clearly, our customers expect instant payments, and this growing demand is the reason FedNow needs to be at the forefront of our project lists. In fact, we have already shifted plans at my bank, moving FedNow up as a priority. It’s time to start dipping a toe in the water and be open to learning to get comfortable with the product, so that when we’re ready to send, we have a good understanding of how it’s going to work.

Even so, I had concerns about adding FedNow to an ever-growing technology list and how it may interfere with the other projects we have in the works, but two key points reassured me:

1. We don’t have to implement overnight. We can begin a formal exploration, determine the right partner to enable us and then get into full-scale implementation as timing fits.
2. In speaking to colleagues who’ve already made the leap to FedNow, I’ve consistently been told that onboarding was far simpler than they thought it would be. Early adopters are saying, “Don’t be scared; it’s not that tough.”

Those points support decision-making for all of us. Once community banks get comfortable with a technology, they jump in to embrace what it offers—and ICBA and ICBA Payments are our partners on that journey. From working with core providers to advocate for a seamless implementation to offering solutions that can augment and support FedNow’s offerings, both ICBA and ICBA Payments stand ready to help community banks make the jump.

Because—and make no mistake about it—it’s not if, but when, you will introduce FedNow. In our high-tech, high-touch model, being able to compete on instant payments is going to be a big part of high tech. We have to get involved to stay competitive. FedNow truly is community banks’ best chance to flourish in the payments space.

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*Quote of the month*

“A leader takes people where they want to go. A great leader takes people where they don’t necessarily want to go, but ought to be.”

—[Rosalynn Carter](https://mannerofspeaking.org/2018/07/12/quotes-for-public-speakers-no-287-rosalynn-carter/), *former First Lady, writer and activist*

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