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Columns

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Chairman, ICBA

Brad M. Bolton is president and CEO of Community Spirit Bank in Red Bay, Ala.

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We’ve been working toward a faster payments future for a decade now, and we’re finally seeing the fruits of our labor: the launch of FedNow. Our efforts to encourage the Fed to offer an instant payments solution have led to this result; it was our voices that expedited FedNow’s time to market, with the Fed updating the original timeline due to our focused advocacy efforts. By mid-2023, we will be able to begin offering this solution to our customers.

With FedNow entering the market, community banks can add in a missing payments link—instant payments—and help level the playing field with the nation’s largest financial institutions. FedNow will be a great equalizer for the industry, bringing real-time payment clearing and settlement to community banks across the country.

So, with FedNow’s launch on the horizon, what can community banks do to prepare? I, for one, have been speaking with our core provider, expressing our interest in FedNow and getting into the details of when it will be available to us and at what price.

While many providers are still ironing out their plans, we must actively seek information; it’s important to reach out and emphasize that FedNow is a priority. Think of it like you would an advocacy visit on Capitol Hill: Go in with your ask, and make it clear what you want from them and by when. Every executive reading this column should take five minutes to send an email to their core provider to inquire about FedNow availability, timing and pricing.

While you’re waiting to firm up those details, take steps to ensure your teams are up to speed on what FedNow will mean for your customers. From signing up for the FedNow webinar series offered by ICBA Bancard to subscribing to FedNow notification emails, resources exist that will help you deepen your knowledge of the solution and its potential.

In addition, having conversations with your Fed rep to understand how you should prepare will provide a first-hand perspective on the more nuanced elements of FedNow implementation.

Regardless of the steps you take, the time to act has arrived. FedNow can be another positive differentiator for our nation’s community banks, but we must be ready for this real-time service and its 24/7/365 requirements. We need to be able to upgrade our infrastructure and processes in a positive, strategic way to make the most of the opportunity. For community banks, it’s time to unlock FedNow’s potential and take advantage of all this solution will offer.

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*My top 4*

**Recommendations to prepare for FedNow**

1. Establish an instant payments committee
2. Demand firm commitments and pricing from your core provider
3. Formulate marketing campaigns to inform customers
4. Provide feedback to ICBA to share with the Fed

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