

### **Bringing real-time payments to community banks**

Community banks play a critical role in stimulating local economies and providing financial services to consumers and small businesses across the U.S. Many community banks are the center of both small towns and urban areas, providing financial options that community members simply would not be able to access otherwise. However, even without the challenges brought on by COVID-19, community banks find it difficult to compete against large corporate banks and agile FinTechs. As the speed of innovation accelerates, bank customers expect the same type of digital experience from their financial institution—whether large or small—that they receive from Amazon and Google.

Likewise, the world of payments is changing rapidly. Consumers, businesses and financial intermediaries are demanding faster, cheaper and more flexible ways to make payments and receive money into their accounts. To stay relevant within the evolving market and technology landscape of real-time payments, community banks must make a decision on how to participate.

### **Partnering to level the playing field**

Community banks in the Midwest and beyond rely on Bankers' Bank, headquartered in Wisconsin, for expertise and innovative solutions to help them meet the needs of their customers and thrive. Bankers' Bank specializes in providing correspondent banking products to community-based financial institutions.

To meet the changing landscape and ensure community banks have the tools they need to compete, Bankers' Bank decided to bring a new generation of faster payments services to its community bank customers. Traditionally, most real-time payments activity has flowed between national banks. Bankers' Bank made a strategic decision to help advance faster payments by serving as a funding agent for community banks participating in [The Clearing House \(TCH\) RTP® Network](#). As a funding agent, Bankers' Bank aimed to fund and manage positions in the RTP network joint account on behalf of its respondent community bank customers. Using Bankers' Bank as a funding agent would reduce the requirements for community bank participation and enable community banks to take advantage of features and benefits provided by Bankers' Bank in terms of settlement and management of customers' RTP network participation.

Recognizing CGI's 40+ year payments heritage, its experience as an IT solution developer and systems integrator, and the close proximity of CGI's Wisconsin office to its corporate headquarters, Bankers' Bank turned to CGI for help in achieving its goals. It asked CGI to develop the first-ever ISO 20022-based funding agent platform for integration with the TCH RTP Network.

Bankers' Bank and CGI collaborated to build an efficient, innovative, easy-to-implement platform that levels the playing field for the Bankers' Bank community bank customers. The platform provides management tools, such as daily financial analysis and recommended cash position levels, to remove the worry around RTP funding and reconciliation. This enables community banks to focus on their mission of serving customers in their communities and improving the customer experience.

### **First funding agent participant to go live soon**

As a result of this successful collaboration, the first-ever community bank funding agent participant is scheduled to go live on the TCH RTP Network in the summer of 2020. Designed to be processor agnostic, the funding agent platform can be integrated with other faster payments rails, including FedNow<sup>SM</sup> when it becomes available. Bankers' Bank and CGI will continue to work together to develop additional services, ensuring community banks can compete effectively with the large corporate banks and FinTechs, as well as provide critical financial services to consumers and small businesses across the U.S.