Revolutionizing Payments: How Credit Unions Can Thrive in a Real-Time, Digital World

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ROCHDALE + VLI

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A Comprehensive Look at the U.S. Instant Payment Landscape

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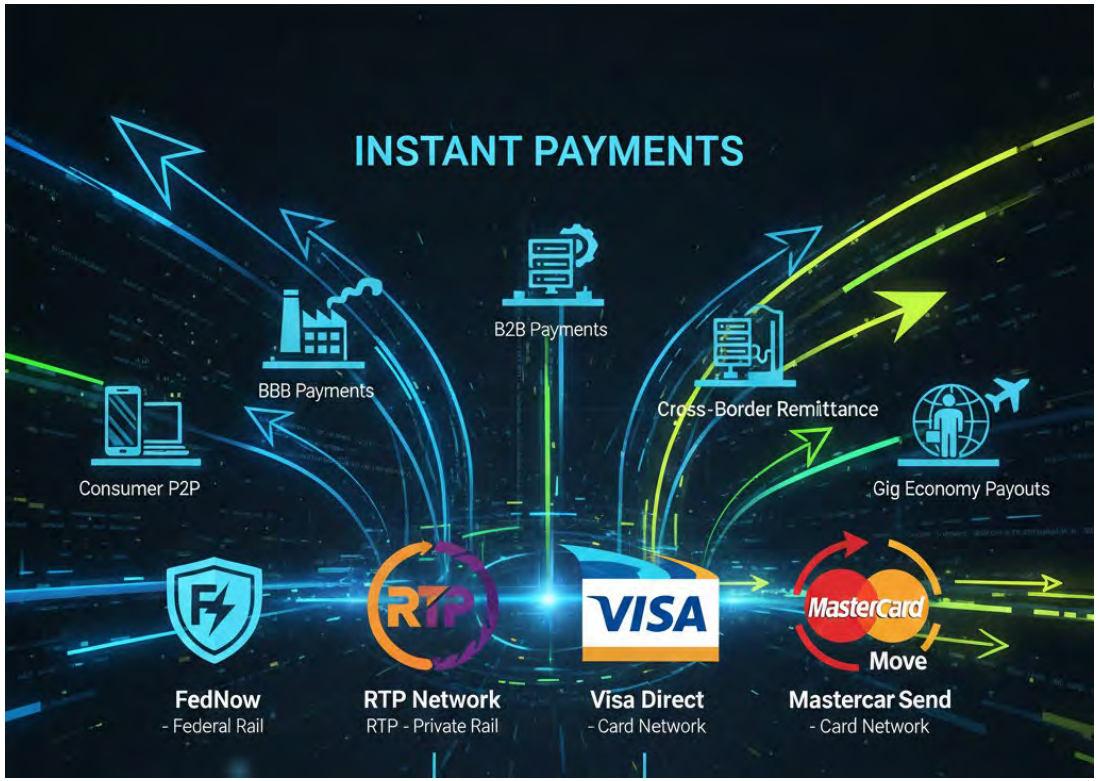
Why Instant Payments Matter

- Member expectations shaped by real time experiences in commerce
- Deposit attrition pressures and competitive threats
- Unlocking new B2C, C2B, and A2A use cases
- New revenue and cost savings opportunities



Use Cases

Use Case	Value Proposition (Why Faster Payments Win)	Traction and Real-World Examples (2025)
Gig & Earned Wage Access (EWA)	Workers want pay as soon as a shift ends rather than a week later.	DailyPay, Branch, Uber, Lyft, DoorDash offer instant or same day payout. Roughly 65% of gig workers now expect an instant pay option.
Insurance Claim Payouts	Policyholders expect funds within hours after an accident or storm rather than weeks.	Allstate, Geico, Progressive, and others now support instant claims. More than 30% of claim payouts use faster payment rails.
B2B Urgent & Just in Time Payments	Avoid supply chain disruption by paying suppliers the moment goods are delivered or invoices are approved rather than waiting for batch ACH.	Around 40% of RTP volume in 2025 is B2B. Large firms such as Cisco, IBM, and Walmart are using RTP for same day vendor payments.
Treasury and Cash Concentration	Corporates sweep idle balances from many accounts into a single yield bearing account in real time.	Large corporates move more billions nightly over RTP and FedNow to reduce idle cash drag and improve liquidity management.
A2A Consumer Bill Pay	Members pay rent, utilities, and mortgages directly from bank to bank with immediate finality and fewer card or interchange fees.	Zelle remains the best known name, but pure RTP and FedNow bill pay through providers grew about 180% year over year in 2025.
Emergency & Government Disbursements	Disaster relief, tax refunds, and other public payments arrive in minutes rather than days, which improves financial resilience.	The IRS is piloting instant tax refunds, and several states used FedNow for hurricane relief with payouts reaching affected residents within hours.
Pay by Bank for Commerce	Shifts checkout from cards to direct bank payments so merchants save 150 to 300 basis points on fees while still improving checkout.	Large platforms such as Amazon, Shopify, Stripe, and Adyen introduced Pay by Bank buttons. Early programs report conversion lifts of 7% to 12%.
Request for Payment (RfP)	A structured message triggers an instant payment when the member approves, reducing manual invoices and reconciliation work.	Platforms enable RfP flows where more than 70% of requests are paid within 60 seconds compared with less than 20% for emailed invoices.
Loan & Credit Disbursements	Personal loans, home equity lines, and BNPL advances fund in seconds rather than one or two business days which boosts satisfaction.	Lenders now fund loans over RTP and FedNow so borrowers see funds in less than 10 seconds in many programs.
Wealth & Brokerage Sweeps	Cash moves in real time between checking and brokerage for trading or yield optimization without waiting for traditional ACH settlement.	Brokerages such as Robinhood, Fidelity, and Schwab support faster payment powered sweeps so investors can deploy funds the same day.

Market Landscape

- Over 700 participants live on RTP, more than 1,400 on FedNow
- Limited send participation across community institutions
- Card-based push payment networks processing billions annually
- Interest in Stablecoins (since passing of the GENIUS Act) is exploding
- Tokenized Deposits are largely still in exploratory stage
- Rapid adoption in payroll, gig economy, insurance, and brokerage funding

Instant Payment Rails Overview

Feature	FedNow	RTP (TCH)	Visa Direct	Mastercard Send (Move)	Stablecoins	Tokenized Deposits
Primary Rail	New Federal Rail	Private Bank Rail	Card Network (Visa)	Card Network (Mastercard)	Public Blockchain	Private Blockchain
Participants	~1,400+ Fis (US)	~700+ Fis (US)	All Visa Issuers	All Mastercard Issuers	USDC, USDT	JPM Coin (Kinexys)
Annual Volume	~750 Billion	~250 Billion	~10 Billion (Global)	Not publicly disclosed	~$9 Trillion (Settlement)	~$1 Trillion (Flow)
YoY Growth	~2,000% (High growth/low base)	~38% (Steady mature growth)	~20%	~40%	~50–80%	High (Pilot Scaling)
Best For	Small B2B High Value	Large Corp B2B, High Value	**Global Payments**, Remittance	**Global Payments** Gig Economy, Disbursements	**Global Payments** Cross-Border, Remittance, B2B	Inst. Liquidity, Intraday
Max Limit	$10 Million	$10 Million	Varies (often ~$50k)	Varies by Program	Unlimited (Liquidity)	Very High (Institutional)

Receive Only vs Send/Receive

Receive Only

- Compliance and operational work minimal
- Minimizes fraud
- Limited strategic value

Send and Receive

- Enables use cases members will value
- Supports liquidity positioning
- Increases deposit stickiness
- Generates fee and interchange replacement revenue

FedNow: Public-Sector Instant Payments

- Operated by the Federal Reserve
- Always on clearing and settlement
- Ten second delivery objective
- Settlement in central bank money; no prefunding required

RTP: The Private-Sector Counterpart

- Private rail by The Clearing House
- Live since 2017
- Real time clearing and settlement
- Instant finality (irrevocability)
- Prefunded settlement account
- Large bank governance model

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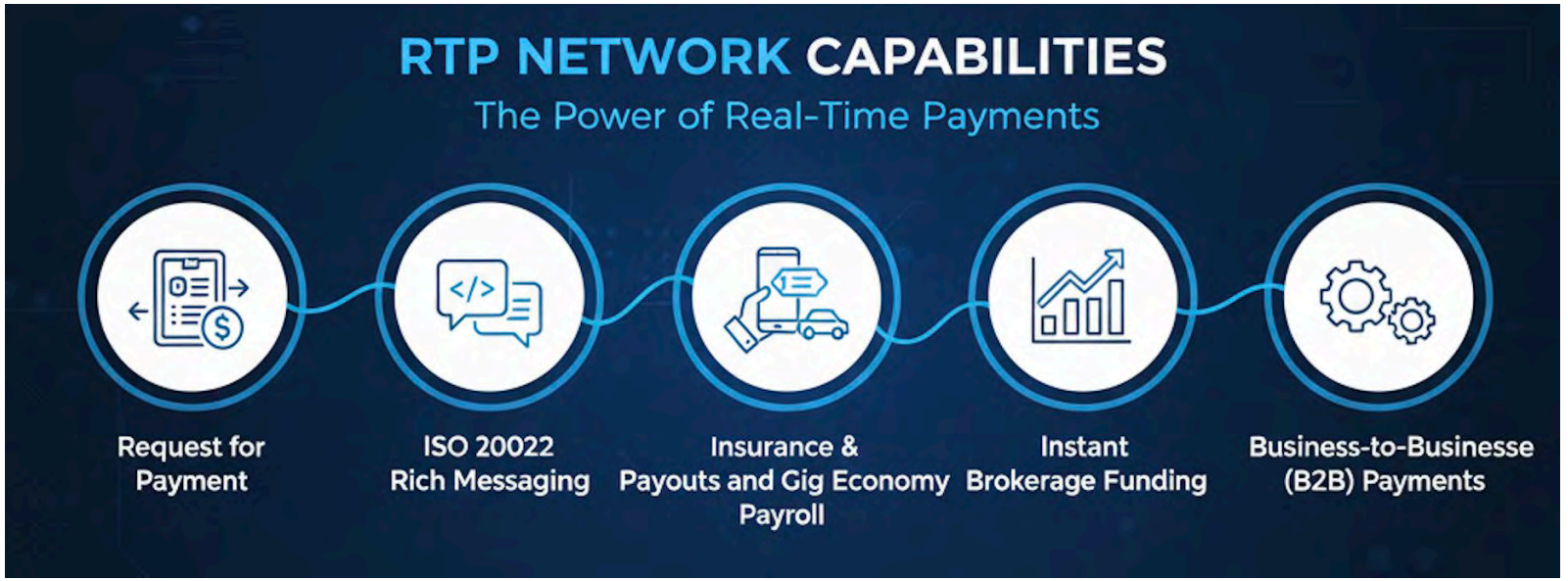
Powering Smarter Payments



Push-to-Card at Scale

- Push-to-card model
- Uses debit network rails
- Funds available in seconds
- Massive global reach

- Card or account push
- Global corridors
- Strong partner ecosystem

Visa Direct & Mastercard Send Use Cases

- Gig worker payouts
- Marketplace disbursements
- Insurance claims
- Merchant settlements
- Remittances

Stablecoins: Digital Dollars

- Tokenized digital dollars fully backed by cash or US Treasuries
- Real-time settlement on public or permissioned blockchains
- Over 50 trillion in annual value transfer
- Key players: USDC, USDT, PYUSD

A stablecoin is a cryptocurrency designed to maintain a stable value relative to a certain asset, such as the US Dollar. They combine the price stability of traditional money with the speed of crypto.

What are Stablecoins?

Price Stability

Pegged to a reference asset (e.g., U.S. dollar) and backed by cash or high-quality liquid assets to minimize volatility.

Barrier Instrument

Can serve as an intermediary asset between traditional money and other digital assets, enabling easy conversion.

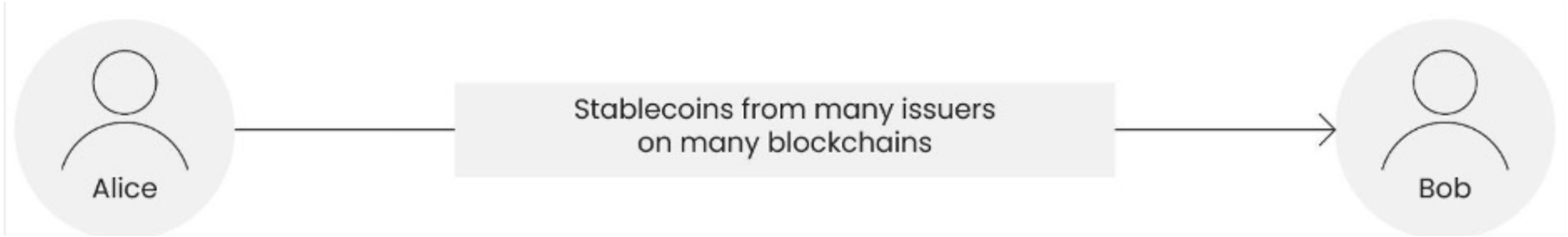
Redeemable

Holders can exchange stablecoins for an equivalent value in FIAT currency at any time.

Blockchain-Backed

Transacts over distributed ledger networks, enabling near-instant, low-cost transfers.

Peer-to-peer Payments with no Intermediaries



Transaction fees for stablecoins can be as low as 1-2 basis points (0.01% to 0.02%) depending on the blockchain used.

Stablecoins are making inroads on established and emerging payment and deposit use-cases.

Stablecoin Use-Cases

P2P Transfers

Consumer — Business

- Instant wallet-to-wallet transfers across apps and platforms
- Enables micropayments and recurring transfers without intermediaries
- Strengthens ecosystem effects through interoperable wallets

Agentic & E-Commerce

Consumer — Business

- Automated payments triggered by AI agents or smart devices
- Smart contract escrows funds releases on delivery/event
- Streamlines subscriptions, marketplaces, and digital commerce flows

Remittances

Consumer — Business

- Direct consumer transfers bypass traditional remittance networks
- Lower fees and faster delivery, no bank account required
- Expands reach to underbanked and cross-border users

Store of Value

Consumer — Business

- Holding value in a fiat-pegged token for spending or short-term savings.
- Used by consumers in high-inflation markets, freelancers, SMEs, Web3 users.
- Dollar exposure without bank account; portable, programmable; composable with apps

Cross-Border

Consumer — Business

- 24/7/365 real-time settlement replaces delayed international wires
- Reduces reliance on ACH, SWIFT, and correspondent banks
- Basis-point fees improve liquidity and FX efficiency

Treasury & Liquidity

Consumer — Business

- Real-time settlement from corporate treasury operations improves cash positioning and intraday liquidity
- Reduces reliance on cutoff times or batching windows
- Enables programmable treasury workflows, better reconciliation

Custody & Settlement

Consumer — Business

- On-chain settlement reduces operational risks
- Streamlines collateral management, clearing, and inter-institution settlement
- Reduces reconciliation burden through shared ledgers

Stablecoins have evolved from early **experimentation** to a maturing, regulated financial instrument with a clear path to adoption for Financial Institutions.

Stablecoins are Evolving Rapidly

2014

$200MM

Tether launches the first fiat-backed and algorithmic stablecoins

2018

$500MM

Circle and Coinbase launch USDC with full fiat reserves

2020

$25B

USDT (Tether) becomes the first stablecoin to surpass $10B in market cap

2022

$140B

Tether Crash Wipes out over $40B in value, leading to regulation and market skepticism

2023

$160B

PayPal launches PYUSD, becoming the first major U.S. institution to introduce a consumer stablecoin product

Today – Genius Act Becomes Law regulating over $310B in current mkt. cap (i.e., Treasury-backed securities)

The GENIUS Act establishes the foundation for US oversight of stablecoins, tokenized deposits, and digital-asset-based payment systems, balancing innovation with consumer protection.

Stablecoin Oversight

Defines regulatory expectations for issuance, reserve backing, redemption rights, cybersecurity, and operational risk standards for dollar-backed digital assets.

Prudential Supervision & Registration

Requires issuers, bank and non-bank, to register with federal regulators, maintain approved reserve structures, and comply with liquidity, reporting, and consumer protection requirements.

Key Requirements

- ✓ Reserve Requirements
- ✓ Redemption Rights
- ✓ Operational & Cyber Standards
- ✓ Issuer Scope
- ✓ AML / Sanctions Compliance
- ✓ Supervisor Clarity

Stablecoins deliver safety, utility, and global accessibility for everyday users.

Why Use Stablecoins?

1	**Safer by Design**	• Stablecoins operate on a full reserve model. • US law mandates full reserve backing (cash, short-term Treasuries, repos) making stablecoins bankruptcy remote and eliminating the need for FDIC insurance.
2	**Reward Potential**	• While interest payments are prohibited under the GENIUS Act, merchants may offer incentives for stablecoin use. • Users can also earn yield via DeFi smart contracts that often outperform high-yield savings.
3	**Portable & Convenient**	• Stablecoins live on the blockchain, accessed through a digital wallet, and function like digital bearer instruments. • Think of it like cash in pocket, except it's accessible anywhere in the world with an internet connection.
4	**Collateral Utility**	• Stablecoins enable borrowing. They can be used as loan collateral, similar to borrowing against stock portfolios.
5	**Currency Hedge**	• Stablecoins provide a hedge against weak currencies. • Outside the US, consumers use stablecoins to protect themselves from inflation or unstable local currencies.

Stablecoins introduce new paradigms that may redefine how payments are processed and settled.

Stablecoin Implications

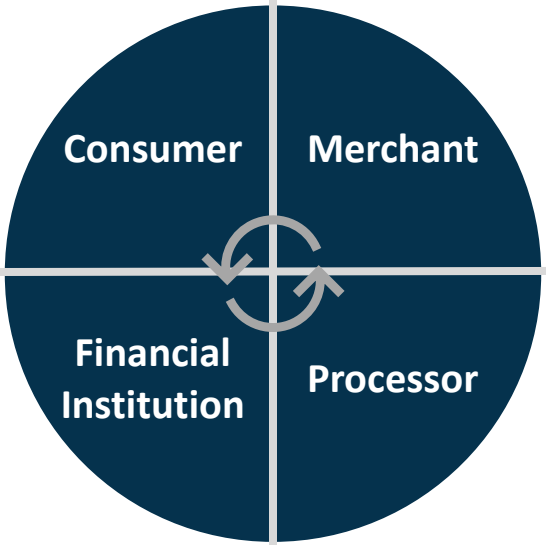




New Rails = Lower Cost + Faster Settlement	Disintermediation Risk	Infrastructure Evolution	New Business Models	Regulatory Shift
• Stablecoins enables **24/7/365 real-time settlement** • Reduces reliance on ACH, SWIFT, and card networks • **Processing fees drop** to basis points vs. 1–3% on cards	• Merchants and consumers may **bypass traditional payment intermediaries** • Fewer trusted third parties = **less economic rent to capture** • Potential **threat to interchange income**, especially for smaller institutions	• Movement toward **shared/unified ledgers** may put pressure on legacy cores • Large processors (e.g., **Fiserv's FIUSD**) and bank consortiums are **investing in tokenization platforms** • Institutions must assess participation in **clearinghouses or Regulated Liability Networks (RLNs)**	• **Opportunities** to offer: – **Wallet custody** – **On/Off ramps** – **Payment APIs**, embedded finance tools – **Treasury and liquidity solutions** • Growing expectation for **programmable, composable financial products**	• The GENIUS Act and similar frameworks are defining the playing field • Early movers will help shape standards **on reserve quality, consumer protection, and interoperability**

As with any new financial instrument, stablecoins present benefits and risks to stakeholders including the potential for lower transaction costs but with the burden of significant infrastructure changes.

Benefits and Risks of Stablecoins



Consumer

- ✓ Lower transaction costs, especially for cross-border payments and remittances
- ✓ Enhanced transparency and security via blockchain-based settlement
- X Limited recourse in case of transaction errors, refunds, or fraud
- X Dependence on digital access and technical literacy

Merchant

- ✓ Lower transaction fees compared to credit cards
- ✓ Access to a global consumer base without currency conversion
- X Limited adoption may hinder immediate benefits
- X Integration complexity with legacy payment systems such as POS terminals

Financial Institution

- ✓ Increased competitiveness in digital payment innovation and mitigate disintermediation risk
- ✓ New fee-based revenue opportunities such as custody and tokenization services
- X Cannibalize traditional payment and deposit products
- X Additional AML/CFT compliance complexity for on-chain activity

Processor

- ✓ New product, service, and revenue opportunities
- ✓ Simplified cross-border processing
- X Requires significant infrastructure upgrades or new capabilities
- X Interoperability challenges across stablecoin protocols (solved by clearing-houses)

Stablecoins are maturing with a clear path to adoption for financial institutions.

Stablecoin Monetization Opportunities

Degree of fit between revenue stream & the underlying partnership model

Revenue Stream	Custody & Reserve	Infrastructure	Product	Issuance / Co-Issuance
Transaction Fee & FX Spread Capture				
Custody, Wallet & Account Services				
Embedded Payments & APIs				
Issuing & Interest from Tokenized Deposits				
Treasury & Liquidity Solutions				
Regulatory Advisory & CaaS				

Core | Optional | Out of scope

Economic Impact and Ease of Execution

Impact	Execution

High | Medium | Low

Note: Impact and east levels are based on a qualitative assessment of revenue potential and implementation feasibility across stablecoin-related use-cases

Source: Payments and Commerce Market Intelligence: How Banks Can Make Money with Stablecoins through Strategic Partnerships

Tokenized Deposits: the Banks' Answer to Stablecoins

Why Use Tokenized Deposits?

1	**Regulated and Secure**	• Represent direct claims on a licensed bank, subject to prudential regulation and supervision. • Benefit from established banking protections and have 1:1 redeemability into traditional deposits.
2	**Programmable Money**	• Tokenized deposits ensure automated payments, settlement rules, and conditional logic via smart-contract platforms. • Reduces operational effort for complex workflows (e.g., escrow, payout rules, supply chain events).
3	**Faster Settlement**	• Near-instant transfer and settlement on shared ledgers – no need for batch, cutoff times, or intermediaries. • Supports always-on transaction environments (e.g., commercial payments, treasury)
4	**Interoperable & Portable**	• Can move across institutions and platforms where supported, allowing more flexible treasury and liquidity management. • Digital form factor improves accessibility while preserving ownership within the banking system.
5	**Embedded Financial Utility**	• Can serve an on-chain collateral in controlled financial environments. • Creates opportunity for integrated lending and trade settlement. • Streamlines treasury management with real-time visibility and control.


INTERNAL ONLY
Stablecoins
/ Internet
Tokenized
Deposits
/ Intranet

Stablecoins vs Tokenized Deposits

Stablecoins

- **Digitally-native tokens** pegged to a fiat currency (typically USD)
- Transact on **public blockchains** (e.g., Ethereum, Solana)
- Backed by **fully reserved assets** such as cash, T-bills, or repos
- Examples: **USDC (Circle), PYUSD (PayPal), USDT (Tether)**
- Function like **digital bearer instruments**, enabling peer-to-peer payments without intermediaries

Tokenized Deposits

- **Bank-issued digital tokens** representing commercial bank money
- Operate on **private, permissioned blockchains**
- Backed by **fractional reserves** and often carry deposit insurance
- Examples: **JPM Coin (J.P. Morgan), USDF (bank consortium), Citi Token Services**
- Functionally like today's deposit accounts, but optimized for **programmability and atomic settlement**

Key Distinctions

	Stablecoins	**Tokenized Deposits**
Issuer	Fintech or non-bank entities	Regulated banks
Backing	Fully reserved (e.g., T-bills)	Fractional reserves
Blockchain Type	Public, permissionless	Private, permissioned
Use Case Focus	B2B, cross-border, consumer	Institutional, interbank
Regulation	GENIUS Act (U.S. pending)	Covered by existing banking regs

Should I wait?

Use Cases	Retail P2P	Bill Pay / RfP	B2B/Treasury	Cross-border	Merchant Settlement	Wallets / Embedded
Stablecoins	✓ (on/off ramp)	✓ (via RfP analogs, invoicing)	✓✓ (programmatic sweeps, intraday)	✓✓	✓✓ (marketplaces, platforms)	✓✓
Tokenized Deposits	✓	✓✓ (programmatic, instant)	✓✓ (cash mgmt, DvP/PvP)	(limited today)	✓ (closed networks)	✓
FedNow	✓ (domestic)	✓✓ (RFP, billers)	✓ (domestic payouts)	NA	✓ (domestic)	✓ (bank apps)
RTP (TCH)	✓ (domestic)	✓✓ (RTP RfP widely used)	✓✓ (payroll, biller, B2B)	NA	✓ (domestic)	✓ (via partners)

Revenue Opportunity	Direct fees	FX / Spread	B2B / Treasury	Wallet/Custody	Advisory / Data	Total Revenue Opportunity
Stablecoins	On/off-ramp, issuance/ redemption	✓✓ (cross-border)	✓✓ (programmable cash mgmt)	✓✓ (custody fees)	✓ (risk, analytics, APIs)	$$$-$$$$
Tokenized Deposits	Platform/ connect fees	✓ (if cross-border later)	✓✓ (treasury services tiers)	✓ (enterprise wallets)	✓ (data, ERP connectors)	$-$$$
FedNow	Modest service fees	—	✓ (corporate payouts)	—	✓ (usage, insights)	$
RTP	Modest service/usage fees	—	✓✓ (billers, payroll)	—	✓ (billing analytics)	$$-$$$

Costs	Tech lift	Vendor dependence	Compliance lift	24/7 ops	Typical first-year costs*
Stablecoins	High (wallets, ramps, chain ops, ledgering)	Medium–High	High (KYC/AML, travel rule, custody, disclosures)	Yes	$$$–$$$$
Tokenized Deposits	Medium–High (ledger integration, APIs)	High (consortium)	Medium	Yes	$$–$$$
FedNow	Medium (gateway, core changes, posting)	Medium	Medium (fraud, Reg E workflows)	Yes	$$
RTP	Medium (gateway, ISO 20022, posting)	Medium–High	Medium (fraud, disputes)	Yes	$$–$$$

Financial institutions need a perspective on how stablecoins and tokenized deposits fit into their broader payment and banking strategy or risk further disintermediation.

Dimension	Considerations
Strategy	Stablecoins/tokenized deposits should **likely be considered as part of a broader payment method and rail strategy,** layering on to capture growth and differentiation.
Use-Cases	Stablecoins/tokenized deppsoits can **be viewed as a complement to domestic faster payment rails (e.g., TCH, FedNow)** as enabling those is currently the fastest path to creating member value with manageable risks. Wallet and international-oriented use-cases (stablecoins only) provide a compelling value-add to certain demographics.
Timing	The technology shift will likely take years, nor will it leapfrog existing schemes; however, **testing early and proactively building a governance structure** may provide competitive differentiation in the future.
Enablement	Partnership is likely best, as **direct infrastructure build is too burdensome / costly for all but the biggest** institutions or those with a specific B2B focus.
Approach	Adopt a phased approach that begins with low-risk pilots and internal experimentation. Evaluate internal settlement and test partners. Ensure regulatory alignment is met.

Let’s compare all of them….

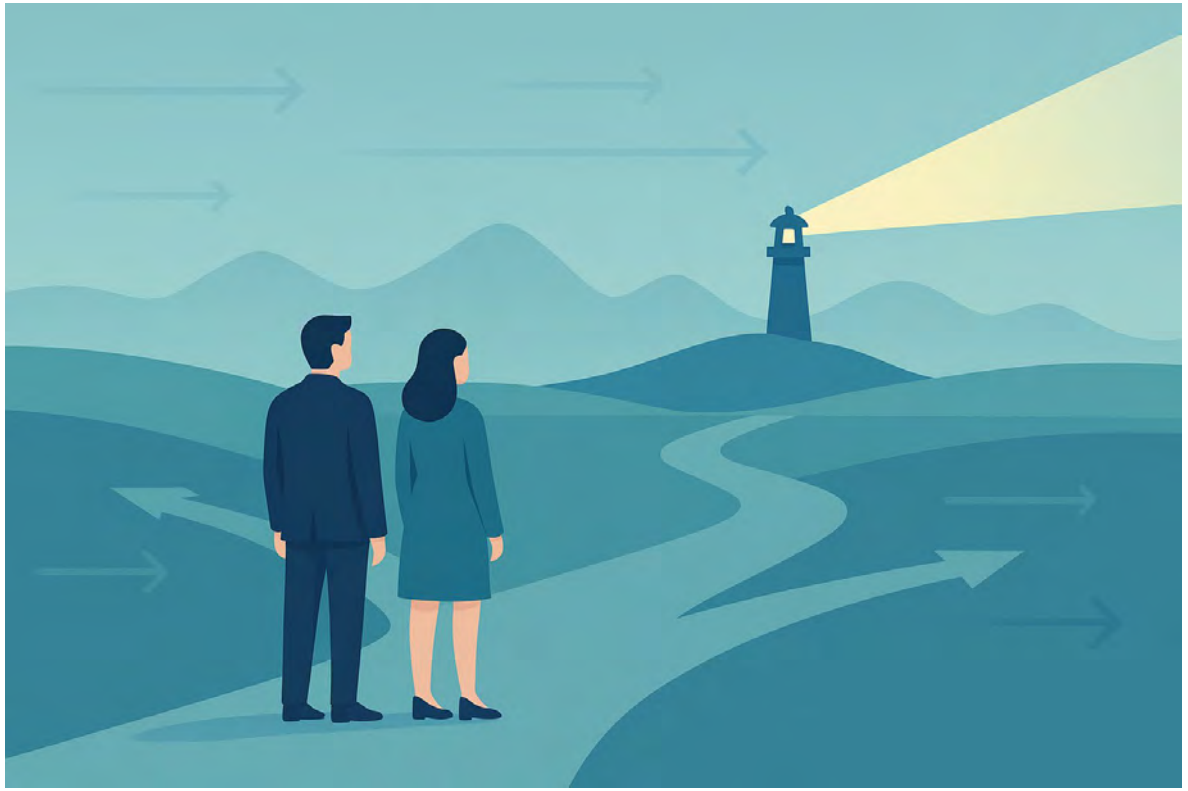
Payment Method	Strength	Weakness
FedNow	• Central Bank Settlement	• Uneven Adoption
RTP	• Mature Ecosystem	• Prefunding Requirements
Card push	• Enormous Reach	• Variable Fees
Stablecoins	• Global Low Cost	• Potential Disintermediation
Tokenized deposits	• Regulated Clarity	• Early Ecosystem

Where does same day ACH fit?

- Faster, but not real time
- Batch-based processing
- Cutoff times apply
- Not instant or final settlement
- Useful enhancement, not instant payments

Strategic Guidance

- Instant payments reshape expectations
- Map use cases
- Enable send asap
- Evaluate stablecoin exposure
- Prepare for the ability receive stablecoins
- Upgrade fraud posture
- Credit unions can lead
- Decisions now shape deposit future



Questions & Discussion

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Appendix

Receive Only vs Send/Receive

Feature	Option	RTP Network (TCH)	FedNow Service (Federal Reserve)
Initial Implementation	Receive Only	Common starting point for smaller FIs/CUs.	The most common adoption choice currently.
Risk / Complexity	Receive Only	Low. No exposure to Authorized Push Payment (APP) fraud risk, as funds are only flowing in. Liquidity management is minimal.	Low. Minimal new fraud controls needed. FIs can easily switch to this status (or back) to mitigate "bank run" risk during a crisis.
Value	Receive Only	Allows customers to receive instant payroll, insurance payouts, and P2P transfers from other banks 24/7.	Same as RTP. Crucial for customer retention and meeting the expectation of immediate access to funds.
Implementation Goal	Send **& Receive**	Requires a higher commitment; necessary to realize the full competitive and revenue potential of the network.	Requires a higher commitment; necessary to realize the full competitive and revenue potential of the network.
Liquidity Requirement	Send & **Receive**	Requires the FI to pre-fund a joint settlement account managed by TCH. Managing this pre-funding 24/7 is a primary operational hurdle.	Settles directly through the FI's (or correspondent's) Fed Master Account. Managing this Master Account balance 24/7 is the primary operational hurdle.
Fraud / Security	Send & **Receive**	Requires investment in advanced fraud controls (e.g., AI/behavioral monitoring) to prevent APP fraud when funds are sent out instantly.	Requires the same investment in real-time fraud detection. FedNow provides built-in tools like velocity thresholds
Adoption Trend	Send & **Receive**	Steady, continuous growth, with large banks mostly utilizing full capabilities.	Lagging behind receive only, but send adoption is accelerating.