Real solutions for real-time payment systems
More and more, banks and financial institutions are embracing real-time payment (RTP) systems, because customers are demanding it. We operate in a world where its payment capabilities are increasingly being shaped by an audience that requires immediacy of their information and whose digital expectations are ever-growing; expectations defined by a payment’s speed, accuracy, and simplicity, and which are fundamentally changing the way consumers and commercials alike do business with and among each other.

The new reality: the need to enable RTP to satisfy customers’ evolving needs while avoiding loss of market share to competitors and new market entrants, including non-bank payment providers. Pressure from the marketplace precludes the option of standing still in this changing atmosphere.

Industry movements are well under way. The Federal Reserve is spearheading an initiative to determine the U.S. payments ecosystem of the future, while The Clearing House (TCH) is working to develop the nation’s first real-time interbank payment system. KPMG LLP (KPMG) brings a broad perspective to the United States, having been extensively and directly involved in the development of central RTP infrastructures in multiple global jurisdictions, which not only includes advising TCH but also supporting strategy readiness and implementation programs for many financial institutions. Our research indicates that, all told, the industry can expect to expend $6–8 billion enabling RTP schemes in the years ahead.

KPMG is working alongside the world’s largest banks, financial institutions, and payment service providers, helping to develop a payment strategy for the future that provides greater value to the customer while carefully considering the impact such changes will have on operating models across the enterprise.
The world of payments is rapidly changing, posing challenges, and facing disruption from all angles. Consumers and businesses alike have many new payment options. For your institution to gain desirable position in the marketplace, you must decide on the route that makes the most sense for your business and your customers. You must start by pinpointing and assessing the complexities in the market, while remaining wary of the Fintech disrupters. Thoughtfully consider your market’s complexities, as well as the changing demands of your customers, which together are critical to developing the business case that will drive every remaining decision on your RTP journey.

Once the need for action has been established, your bank will be ready to decide how to go about it. RTP has far-reaching implications across the entire enterprise, from impact on revenues to existing technology and infrastructure, product marketing, down to the customer experience. The complexities involved are numerous, and banks would do well to adopt a strategy that addresses the challenges in a comprehensive way, accounting for interdependencies along all lines of business.

Proper execution of these newly crafted RTP strategies is critical. Your organization must effect change across an enterprise while also being sensitive to the customer experience. You must be holistic in your reach, methodical in your undertakings, and supported by relevant stakeholders. Even the perfect approach, however, cannot defend against a shifting environment. In order to thrive, leadership will need to persistently check the pulse of a quickly changing market, embrace the voices of their customers, and respond by continuing to evolve their strategies over time.

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How KPMG can provide real-time help

We traditionally see payments as a fragmented challenge across the enterprise. Our experience delivering RTP impact assessments and resulting implementations, both locally and abroad, has identified a number of impact areas, challenges, and capability gaps across the payments value chain.

In response we have developed a holistic, methodical, and logical approach. Based on these impact areas, we have developed a modular payments solution that leverages our tools, proprietary accelerators, experience, and network of subject matter professionals to deliver scalable target operating models and assessments to our clients.
KPMG can accelerate the time frame for the introduction of RTP capabilities. Our tools, assets, and experiences have created a blueprint for success that helps to guide and advise you through every step of the RTP journey.

To specifically address the depth and breadth of the complexity of real-time payments, our RTP Framework & Methodology consolidates a myriad number of impacted areas into core, addressable impact areas. With our largest client partners expected to spend $70–100 million each on an RTP solution, we understand the importance of getting it right the first time. Our practices are cultivated by extensive industry knowledge and hands-on RTP experience both in the United States and other global jurisdictions, strongly positioning us to assist our client partners to protect, and to realize the return on, their investments.

Impact areas

Embarking on the RTP journey begins with thoughtful analysis across a number of areas, each with unique pain points elicited by the direct or indirect effects of real-time payments.

While outcomes from each of these impact areas will differ between your commercial and retail customers, we bring a methodology that tails a customer readiness strategy relevant to your specific goals.

It is critical to consider that consequences of change on major impact areas may not be readily evident. For example, the new RTP capabilities that could reduce technological strain on system resources may actually require an increase in operational support to handle the additional, and very stringent, service level agreements expected by consumers. Or consider, too, the multifactorial influence that a new RTP offering may have on existing products, such as checks, wire, or ACH. With the proper perspective in the approach, these “land mines” of change can be mitigated.

Bearing in mind varying client needs and positions, we have designed our RTP framework to be modular as well as methodical, letting you prioritize and sequence your RTP project investments while maintaining confidence in an approach that considers the bigger picture, all culminating in delivery across the full enterprise.
The outcomes you can expect

A target state vision that leads the organization, embodies your guiding principles, and galvanizes stakeholder consensus.

An actionable multi-generational roadmap that sizes the required financial investments and guides the payments enterprise through every step of the RTP journey, leveraging our market-tested methodologies.

An accelerated go-to-market plan for rapid new-product introduction, revenue realization, and brand strengthening.

Confidence, inspired by a trusted advisor who can leverage numerous internal capabilities (e.g., fraud, cyber security, etc.) to inform a holistic approach.

Peace of mind, knowing that our bedrock RTP Framework & Methodology is the culmination of established insights and lessons learned from domestic and global experience.
Over the past three years, our dedicated and knowledgeable U.S. banking partners and professionals have partnered with some of the largest commercial banks, bank consortiaums, and payment service providers in the nation to embark on RTP strategy engagement. Our advantage is our deep banking and payments industry knowledge—more specifically, our global experience with RTP systems:

- In the United Kingdom, KPMG was engaged to provide program management assistance and to work with the industry to manage testing, commissioning, piloting, and public launch of the U.K. Faster Payments Service.
- In Australia, KPMG is leading the central program for a national payments clearing organization.
- In Singapore, KPMG has assisted the industry testing for the implementation of the G3 Immediate Payments solution.

Meanwhile, in the U.S., KPMG already has extensive experience and transformational involvement in industry movements and client initiatives, from Check 21, global payments and deposits platform transformations, and ISO 20022 adoption assessments. Well ahead of the industry’s RTP conversations, our practitioners have already rolled up their sleeves to create target state visions side-by-side with our clients and to build requirements for advanced and ubiquitous RTP solutions.

Long recognized for our commitment to the industry, KPMG’s global banking practice has been named a Leader in IDC MarketScape: Worldwide Business Consulting Services for the Banking Industry 2015 Vendor Assessment. KPMG was also recently named a leader in The Forrester Wave™: Information Security Consulting Services, Q1 2016.

Case spotlight

A methodical approach to RTP

Recently, over the course of 10 weeks, KPMG’s payments practitioners assisted a Top 5 Global Bank in completing an RTP technology impact assessment for their U.S. and International Commercial Business. Though short, the assessment was comprehensive and methodical, leveraging KPMG’s U.S. and Global RTP knowledge through previous experience in other jurisdictions.

KPMG first reviewed the Bank’s current state landscape and assessed the resulting functional and non-functional impacts and gaps to their Commercial Technology Platforms and Core Infrastructure. We then defined the Bank’s Target State Landscape and Operating Model required to satisfy RTP requirements across their U.S. and International jurisdictions. KPMG developed a phased multi-generational plan against an established set of Guiding Principles to guide the Bank on its RTP transformation journey. Financial Impacts and Sizing to transform the Bank’s Core Infrastructure were then developed, based upon the established plan.

By the end of the engagement, the bank had a defined Next Generation Landscape and MGP with a clear understanding of implications and cost across its Global Footprint. KPMG has positioned the Bank to move forward with implementing the necessary changes to enable the rollout of RTP to its Commercial clients.

Benefit from our experience

To learn more about RTP in both a focused U.S. and global context or to explore our other KPMG thought capital, contact us to set up a conversation today.

Chris Hadorn, Principal, Banking & Capital Markets

Chris is a Principal in KPMG LLP’s Advisory Services practice and has over 20 years of financial services experience in the banking, regulatory and consulting arena. He leads KPMG’s global payments working group, which collaborates and partners in support of our client’s payments transformation needs including RTP and cross border interoperability. He has recently engaged with The Clearing House, their owner banks, and the Federal Reserve Bank in the identification of RTP requirements and end-to-end critical attributes.

Mitch Siegel, Principal, National Financial Services Strategy Leader

Mitch is the National Financial Services Strategy and Transformation leader for KPMG. He offers C-suite and board level guidance to Financial Services organizations on business and operating model strategies intended to drive revenue growth and cost efficiency, with an emphasis on rapid digital transformation through Fintech and customer experience enabled strategies.

Troy Hagey, Managing Director, Financial Services Strategy

Troy is a Managing Director in KPMG Strategy with more than 15 years of experience working in the Financial Services industry. He has recently managed Revenue and Technology Strategy & Enablement engagements for several of the largest banks in the United States, establishing strategies and defining the target state stemming from Real-Time Payments. He is also extensively experienced with payments transformation, including business strategy and technology implementation of multi-year payments transformation initiatives for some of the largest banks domestically and globally.