



Throw Your Hat into the Ring: Why Credit Unions Should Offer Personalized P2P Solutions

Guest Editorial by Eric Dotson, EVP of Sales, Aptys Solutions

As consumer's everyday lives continue to be impacted by the COVID-19 pandemic, the need for digital banking solutions has only increased. Their evolving expectations for mobile tools have forced financial institutions to re-evaluate their existing digital products and implement innovative, new solutions. Leading the list of consumers' demands is real-time payments, which rose as they faced social distancing guidelines furthering the need to be able to remotely and immediately make payments to anyone at any time.



Eric Dotson, EVP of Sales, Aptys Solutions

With a growing list of options for peer-to-peer (P2P) payments apps on the market today, credit unions may be hesitant to throw their hat into the ring to offer their own solution. So, the question is what would make members select their credit union's P2P payment solution over others?

Unbeknownst to these credit unions, members actually crave a P2P payment option from their primary banking provider. In fact, new research has found that 30% of consumers believe access to real-time payments is a key factor when selecting a financial institution, according to PYMNTS. Additionally, close to 24% of consumers would be willing to switch to financial institutions that offer real-time payment availability. Paradoxically, 47% of consumers are unaware if their financial institution offers P2P and over 75% of seniors are unaware.

By offering an in-house payment solution, credit unions can have a better opportunity to retain existing members and also attract prospects. This is critical as they face competition for market share from megabanks and

fintechs. Financial institutions need to focus on technology solutions in order to offer what customers are seeking and to fend off the challenges from competitors.

CUs Have Gained Consumer Trust

Credit unions were founded on the philosophy of people helping people and pride themselves on never treating members like a number. With more time to devote toward delivering a personalized banking relationship, credit unions have a unique advantage.

During these unprecedented times of COVID-19, consumers often seek guidance from their primary banking provider. Thanks to their steady reputation as a trusted financial advisor, credit unions have a leg up on their competition. Members are more likely to put their confidence in banking solutions from those they can depend on. Credit unions have the opportunity to further position themselves as a trusted source for support and guidance during this confusing time.

With an in-house P2P solution, credit unions can continue to address members' growing payments needs without them looking elsewhere or opening an account with a competitor.

CUs are Federally Regulated

In addition to being a trusted source for banking solutions, credit unions are federally regulated. Unlike fintechs and neo-banks, federally insured credit unions offer a safe place for members to save money and protect the privacy of their customers. All deposits at these credit unions are protected by the National Credit Union Share Insurance Fund, with deposits insured up to at least \$250,000 per individual depositor. Credit union members have never lost a penny of savings at a federally insured credit union, according to the National Credit Union Administration.

Popular P2P payments apps on the market today do not insure deposits. In many cases, consumers leave a large balance just "sitting" in the app, which increases the risk of losing those funds should the service fail. Even people who regularly transfer their app balance face risk due to processing delays that can take anywhere from one to three days at a time. Additionally, many of these providers are collecting and storing user's private information and profiting off the sale of that information to marketers. For these reasons, members are more likely to trust their credit union's P2P solution over other options.

Implementing a P2P Solution at Your CU

Credit unions no longer have the option to wait as the pandemic continues to drive and accelerate changes in consumer and business behaviors. They must respond quickly, prioritizing the shift to digital to protect current revenue streams.

Unfortunately, most lack the resources and time to develop and implement a real-time P2P payment tool on their own. By working with strategic technology partners, credit unions can overcome this challenge and offer members solutions to their current challenges.

Technology partners enable credit unions to offer innovative, value-add products, such as real-time P2P payments, to their members much more quickly and with less hassle. Those that take this path can operate more efficiently and continue to put a priority their members financial needs by building on the relationships that have established them as trusted financial advisors in their communities.

It's clear the demand for real-time P2P payments is here to stay. With so many options on the market, credit unions are fighting to stay relevant. By capitalizing on their exceptional member relationships and working with strategic technology partners, credit unions can offer a payment solution that their members will take advantage of and prefer over the competition.

Eric Dotson is EVP of Sales for Norcross, Ga.-based Aptys Solutions, provider of enterprise software, faster payments and mobile P2P solutions. In this role, he uses his three decades of combined experience in the payments industry the U.S. and internationally for business development and client relations.