

Emerging Payments Task Force Report on Blockchain

In early 2018, WesPay recruited some of the best minds in emerging payments in WesPay's membership to participate in a one-of-a-kind Emerging Payments Task Force. This task force spent six months analyzing what credit unions and banks needed to know about these new technologies, how they could implement them across their organizations, and how to ask the right questions for their industry.

As you can imagine, even more questions came up. Participants on the task force agreed that distributive ledger, and in particular blockchain, would likely change the world of digital payments and processing.

During a three-part Emerging Payments webinar series from WesPay, emerging payment experts were invited to share some of the task force's findings along with their own knowledge. The overlying message was that consumers already use digital currency in Paypal and airlines miles. Even the Starbucks app uses a form of digital currency.

Getting consumers to embrace blockchain won't be much of an issue. The hard part will be implementing emerging payment technologies into well-established industries and entities.

"Will it [emerging payments] push the institution forward? Have they considered all the legal risks? Payment risks? Clearing? All those things need to be considered up front," stated Lisa R. Minor, CISA CAMS CFE APRP, National Payment Systems Officer with the Office of National Examinations and Supervision with the National Credit Union Administration.

She shared insight into why credit unions and banks need to work with known experts to design and implement an emerging payment strategy. "We're [examiners] going to be looking for due diligence and incident response plans...All those things need to be considered up front."

Blockchain and other digital strategies will affect everyone, from the corner office to legal, compliance, operations, and marketing.

One of the most important questions to ask is if your digital strategy is driven by or followed by technology development. Are you at the forefront, blazing a trail for the rest of the industry? Or will you play it safe and emerge with everyone else?

Either way, it's vital that you plan ahead for some issues.

"You don't have to find the perfect and error-free answer right away," said Vincent Armato, Vice President Enterprise Architect for Catalyst Corporate Federal Credit Union during the WesPay Emerging Payments webinar. "You just want a reasonable agreement that you're heading in the right direction. Digital strategy is a business strategy. Stay focused on the problems and values you are seeking."

As Betsy Waters, Account Manager Director at Ripple explains, bringing trust into a trustless environment requires understanding some of the buzzwords around these emerging ideas.

Distributed Ledger: is a shared database of transactions with multiple participants sharing identical information and updating that data based on predetermined criteria.

Blockchain: is one type of distributed ledger, but data in a blockchain is decentralized to form an unbreakable chain that prevents hacking or tampering.

Consensus: is how any or all participants on a network agree on rules for the ledger and how to anticipate possible failures.

Cryptocurrency: is a digital representation of real-world currency, which helps control its creation.

Shape your future with WesPay. According to surveys conducted by the World Economic Forum, blockchain is poised to make big changes for your industry and the consumers who look to you for innovation and ease. We're committed to helping you navigate that future of regulatory efficiency improvements, counterparty risk reduction, operational simplification, as well as fraud minimalization.

Contact our team of emerging payments experts and we'll put you in touch with the right people who understand your industry and how to align blockchain with your vision and mission – putting you ahead of the curve and giving you a distinct advantage.

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