



## SUCCESS STORY

BankNewport

# Building Business with RTP®



- 17 LOCATIONS
- \$2 BILLION IN ASSETS
- HEADQUARTERS: Newport, RI

Founded in 1819, BankNewport offers a full suite of loan and deposit products and services for families and businesses throughout Rhode Island. BankNewport is one of the oldest community banks in the United States and, as a mutual organization, is committed to the financial success of its customers, employees and communities.

### An Early Adopter

When COCC announced they were taking The Clearing House's (TCH) Real Time Payments (RTP®) Network live, BankNewport immediately stepped up to the plate.

"We saw it as a rare opportunity to get in on something early," said John Sullivan, Executive Vice President at BankNewport. "We viewed this as a low-cost, low-risk, high potential opportunity, and thought it would send the right message to our customers that we're committed to faster payments, a better customer experience and getting in on the ground floor."

While BankNewport dove in during the formative stages of RTP, these payments quickly are rising in prevalence. TCH reported as of May 2021, over 120 financial institutions were onboarded with RTP and another 150 were in various stages of implementation. That brought the DDA base coverage available to receive an RTP payment to 57 percent across the country, with an expected upward growth of 10 percent monthly.

Yet, while banks and credit unions are starting to become RTP enabled, the payment option remains a novelty to consumers and businesses, creating a strategic opportunity for the financial institutions that offer it. In fact, recent studies have revealed that 42 percent of small businesses would switch providers to have access to real-time payments, and 24 percent of consumers would do the same.

For BankNewport, having RTP has created a competitive advantage. Sullivan shared that RTP piques the interest of current clients, creating an opportunity to deepen existing customer relationships, and for perspective clients, it becomes a conversation starter, creating new connections.

## The “Go-Live” Experience

Yet, even with these tangible benefits, implementation of any technology—let alone that of a new payments system—can raise eyebrows within an organization. Aligning the right resources and people to oversee the onboarding and implementation process of any new solution can be a hindrance to innovation. But, according to BankNewport, with RTP things could not have been simpler.

“This was not only the easiest beta that I’ve ever participated in, it was the easiest project I’ve ever been associated with in my career,” Sullivan shared. “I have to give the COCC and TCH teams credit; they did a wonderful job. I don’t think we spent 20 hours collectively with about seven to eight people on our internal team. We were surprised at how quickly this could be deployed and ready to roll. We went live on June 12, 2020, and it’s been humming along ever since.”

Alex Campbell, AVP of Client Services at COCC, was closely involved in the BankNewport project and currently oversees the team implementing RTP. “Because we understand the value of RTP, it was very important for us to help remove hurdles so we could offer it as a turnkey service. COCC has a long history of integrating with FinTechs and our goal is to always be flexible to support our clients. We worked very closely with The Clearing House and BankNewport to be early adopters and to develop a smooth implementation process. It’s been a great success and we’re proud of what BankNewport has been able to accomplish.”

For BankNewport, RTP has been running like a well-oiled machine. Outside of a few brief weekly administrative tasks and a monthly syncing with the GL, Sullivan reported minimal lifting from both a back office and a product perspective. And when the Federal Reserve visited the bank for their annual audit, they had no questions on RTP—a huge positive on the compliance front.

All the while, volume continues to climb. BankNewport has reported nearly 7,000 transactions since launch, with 90 percent performed by consumers, predominantly through person-to-person payment apps. In addition, about 115 merchants are using RTP on a regular basis. Sullivan says that commercial transactions started with a small business in a resort area of Rhode Island, and now their volume has soared into hundreds of transactions.

While the bank was anticipating that type of volume, a few other use cases took them by surprise. For one, title companies have initiated individual RTPs varying from \$40,000 to \$60,000 for real estate transactions. In addition, immediate payroll is viewed as a big volume driver, with the gig economy a major contributor to RTP usage. In effect, RTP has enabled real-time payroll or early wage access so companies can now compensate their workers immediately at the close of a specific gig.

## The Business Case for RTP

This volume has added up to business. From BankNewport’s perspective, being an early RTP adopter has been well worth it. The bank has grown deposits since going live, reporting an average monthly intake of just over \$300,000, with projected 2021 totals anticipated to climb to \$3.75 million.

“We’ve seen a major uptick in deposits coming through RTP,” said Sullivan. “And we expect an uptick as we saw at the end of 2020 once the holiday shopping season kicks into high gear. As spending habits change, I think we’re going to continue to see this channel grow.”

And these benefits far outweigh any perceived risk. RTP has not created increased operational or fraud concerns, and the organization has not had a single fraudulent entry, despite having thousands of RTP transactions flowing into the bank.

“It’s very low risk because the deposits are coming to you and they are irrevocable; sending payments is a different risk profile,” Sullivan summed up. “Our compliance area was a little concerned with it when we were assessing it in beta, but they are happy: no fraud experience whatsoever.”

With this in mind, Sullivan says launching RTP should be a “no-brainer” for banks. But for those who are looking for a more detailed business case, he points to the expected overall growth of the network and the potential for individual deposit growth. Overall, Sullivan counsels banks and credit unions to think of RTP as a low-cost way to bring in deposits.

### **What’s Next**

As the market continues to evolve, BankNewport plans to stay on the cutting-edge of faster payments. But, for now, they will keep positioning RTP as a key differentiator from other institutions in their footprint, providing small businesses and consumers with faster access to their funds.

“This isn’t a question of should I be doing this; the question turns into why aren’t you doing it? If you have something that’s low risk, high reward, bringing deposits in, and there is not a lot of heavy lifting for your back office, I’m looking for the compelling reason not to do it,” Sullivan concluded.

## **COCC**

COCC is an award-winning client-owned financial technology company servicing financial institutions throughout the Northeastern United States. Launched in 1967, COCC was founded by its clients. This unique cooperative structure has set COCC apart from the competition and is one of the driving forces behind their success. COCC is the fastest growing financial data processing company in the United States and recognized as a leader in delivering innovation and the quality service financial institutions demand and deserve.