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DISBURSEMENTS

Fiserv Goes Direct With Disbursements

By **PYMNTS**

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Paul Diegelman, VP of business development & partnerships at Fiserv, says that the story of bringing B2C digital disbursements to corporates at the financial services company started four years ago — growing out of the company's experience in delivering person-to-person payments through its Popmoney service, which is in place at thousands of financial institutions, and now includes access to virtually every consumer bank account in the U.S.

In addition to its thousands of financial institution clients, Fiserv has built relationships and digital connections with thousands of corporates and billers. It was a logical strategic move for Fiserv to expand its money movement services to digitally connect corporates to their end customers that are receiving payments from these companies.

Rewind to 2013, Fiserv partnered with a few of its key corporate clients to pilot a digital disbursement solution in the marketplace with a subset of these corporates' consumers. These pilots went well, with a majority of consumers opting into and preferring to digitally receive their payments. Fast forward to today, and taking these lessons learned, Fiserv is now sharing what they've learned from those pilots and existing customers and showcasing what it's doing in the digital disbursements arena.
In a recent podcast, Karen Webster and Diegelman chatted about why Fiserv made the decision to dive into disbursements, and what that means in a more digital world.

Diegelman's response to the first part of the question was straightforward: The needs of both traditional corporates and members of the new gig and marketplace economies to enable instant, digital payments was emerging as both a pain point and an opportunity to embrace. However, the complexities those corporate senders faced in enabling those capabilities were daunting.

Take the typical property and casualty insurance company as an example. A married couple who owns a house together will have both parties named on the homeowner's insurance policy. If disaster strikes, in a paper-based disbursements world, the insurance company would cut a check with both of those names and send it to the address on file.

But that's a little harder to do digitally. An electronic deposit must go into one bank account — not two — and both parties must acknowledge acceptance — digitally — before that happens. It's very hard for those insurance companies to fully make the shift from paper checks to digital disbursements unless the digital solution includes multi-party workflow and approval.

Diegelman explained that simply creating a solution that catered to the lowest common denominator — one person, one bank account — wouldn't have served customers in that market. A diversity of needs calls for a diversity of solutions, and Diegelman said that if Fiserv didn't step up to help corporates navigate this maze, then someone else would.

As for what this means in a more digital world, the VP told Webster that the market for disbursements extends well beyond traditional, paper-based businesses going digital. The needs of "new economy" businesses built on digital have the same needs, but very different expectations for a digital disbursements solution.

“Insurance, utilities, rebates, municipallity and governmental payments — the ones that have been sending out checks for a long time — have a different set of interests and priorities than the newer markets — the gig economy, the marketplaces,” Diegelman said. “For that group, they never mailed a check in the first place.”

Diegelman said that after working with both traditional and new market corporates over the last four years, Fiserv felt that the solution was mature enough to grow and scale.

The API set that Fiserv delivers to business senders — whether they’re in the insurance, utility or gig economy — allows the corporate sender not just to send money, but to connect their back office into Fiserv’s infrastructure. Doing so helps create visibility and allows customers to track payments, to understand if a payment fails in real-time and to perform reconciliations. It also reduces operating costs and the potential for check fraud.

The executive explained that Fiserv’s new disbursements product is an amalgamation of skills in digital money movement, risk management, the firm’s commitment to innovation and the almost 200 patents it holds. It’s also the product of three critical lessons that Fiserv learned by way of experience in those early pilots over those four years.

First, as demonstrated by the homeowner’s insurance hypothetical, different markets have different needs. One size rarely fits all, either in fashion or in finance, and Fiserv found that to be true in its early forays into B2C disbursement products.

As Diegelman pointed out, not everyone needs a multi-party approval mechanism, but insurance payouts won’t work without it. Meanwhile, “new economy” businesses want tokens and access through APIs and widgets, plus the ability to move as fast as a FinTech.

Second, social tokens aren’t always the solution. Being able to send money to a customer’s email address or mobile phone via social tokens is a great solution, but not always the right one. It’s a tool to help traditional businesses adapt to the changing world but something that both “new economy” and traditional businesses may not need.

Still, social tokens are a good answer *some* of the time. The important lesson here was that customers need options. Once Fiserv realized this, it rolled out additional APIs and widgets to push payments direct-to-debit cards and direct-to-bank accounts.

Finally, and this one may seem to go without saying: Speed is the name of the game today. It’s no longer enough just to be faster than the slowest person running from the bear. Consumers want funds to arrive at Point B immediately upon leaving Point A.

It’s nice to be able to deposit checks by taking a picture with a mobile device, Webster noted by way of example, but customers still must wait to receive their money — and often times those deposits don’t become available for another 24 hours or more.

“There is, unfortunately, always friction,” Webster said.

Back in 2013, when Fiserv first started thinking about its approach to B2C disbursements, it took a couple of days for money to move. Now, however, people don’t want to get paid tomorrow when they can get paid almost right now; funds need to move instantaneously.

“Money needs to move faster and faster to keep up with people’s expectations,” Diegelman said. “We are focused on the ‘speed of life,’ and for most people, life is moving very fast, and they expect money to move fast too.”