Payments Ecosystem in the U.S.
Alternative/Emerging Payments

Mobile POS
- Apple Pay
- Starbucks
- Dunkin' Donuts
- Samsung Pay
- Walmart Pay
- Google Wallet
- CVS pharmacy

Mobile P2P
- Square Cash
- Venmo
- Chase QuickPay
- Zelle
- Mastercard MoneySend
- Visa Debit
- PayPal Me
- popmoney
- Facebook Messenger

Virtual Currency
- Litecoin
- Bitcoin

DLT
- Ripple
- Ethereum
- Blockchain
Real-time Payments–A Global Trend*

*Source: The Clearing House
Key Milestones
Faster Payments Task Force
Recommended Next Steps

- Fed Settlement Services
- Fed Operational Role(s) Assessment
- Directories
- Rules & Standards
- Regulatory Landscape
- Fraud Detection/Reporting
- Education & Advocacy
- Cross-Border
- Emerging Technologies

Interim Collaboration Work Group further defines and implements the Governance Framework and Members

Legend:
- Rules & Regulations
- Infrastructure
- Sustaining Activities
- Groundwork

Timeline:
- July 2017
- December 2017
- July 2018
- 2020

Ubiquitous Receipt of Faster Payments
Strategies for the U.S. Payment System
Focuses on Speed, Efficiency, and Safety from End-to-End

Five desired outcomes developed with extensive payment stakeholder input

- **Speed**: Ubiquitous, safe, faster electronic solution(s)
- **Security**: Strong and responsive payment system security
- **Efficiency**: Payments originated and received electronically
- **International**: Better choices for cross-border payments
- **Collaboration**: Payment system improvements are collectively identified and embraced
Faster Payment: Definition

**Committee on Payments and Market and Infrastructures** – A subcommittee of the Bank for International Settlements. Published a paper in November 2016 titled *Fast payments – Enhancing the speed and availability of retail payments*:

- “Fast payment” is defined as a payment in which the transmission of the payment message and the availability of “final” funds to the payee occur in real time or near-real time on as near to a 24-hour and seven-day (24/7) basis as possible.

- This definition adopts the perspective that a fast payment ensures a credit of final funds to the payee. For the purposes of this report, final funds are funds received such that the payee has unconditional and irrevocable access to them. This approach provides strong certainty of payment to the payee.

- Further, the definition implies that other potentially rapid outcomes, such as an immediate notification to the payee of incoming funds that will only be accessible later, would not qualify as a fast payment.

- In different jurisdictions, the terms used for fast payments may vary, although the underlying meaning could still be the same. Other common terms for these services are “instant,” “immediate,” “real time” or “faster” payments.

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**Key Takeaways**

- Real time or near-real time notification and availability of funds
- On as near to 24x7x365 as possible
## Faster Payment Task Force

### Effectiveness Criteria

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<tr>
<th>Fast Approval</th>
<th>Fast Clearing</th>
<th>Fast Availability</th>
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- **The Solution should require and enable the Payer’s Depository Institution or Regulated Nonbank Account Provider to **assure Good Funds for each payment in a timely manner**, as indicated by the effectiveness scale below.**
  - Very effective – Within 2 seconds.
  - Effective – Within 5 seconds.
  - Somewhat effective – Within 15 seconds.
  - Not effective – Over 15 seconds.

- **The Solution should require and enable the Payer’s and Payee’s Depository Institution or Regulated Nonbank Account Provider to **exchange payment information in a timely manner**, as indicated by the effectiveness scale below.**
  - Very effective – Within 2 seconds.
  - Effective – Within 5 seconds.
  - Somewhat effective – Within 1 minute.
  - Not effective – Over 1 minute.

- **The Solution should require and enable funds and contextual Data, as appropriate, to be received by the Payee, such that the **funds can be withdrawn or transferred in a timely manner**, as indicated by the effectiveness scale below.**
  - Very effective – Within 5 seconds.
  - Effective – Within 15 seconds.
  - Somewhat effective – Within 1 minute.
  - Not effective – Over 1 minute.
Implications and Considerations

To realize the vision for a payment system in the United States that is faster, ubiquitous, broadly inclusive, safe, highly secure, and efficient by 2020, will require much more than incremental change...

Need to consider things such as:

- What will become the end of the banking day?
- How will service level agreements affect operations, compliance, core processing?
- How will customer service issues be resolved?
- Will staffing be impacted?
- What new positions might be required?
- Will this be managed in-house or through a third-party relationship?
- And the list goes on....
Resources

- https://fedpaymentsimprovement.org/

- https://fedpaymentsimprovement.org/faster-payments/path-to-faster-payments/