



# Faster Payments

## Improvement Opportunities and Alternative Paths

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# Remember When...



**ANY BANK**  
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LE76 7JH

P R Patterson  
7 Thistle Grange  
West Grange  
Staffordshire

ACCOUNT NUMBER: 10045321      STATEMENT: 17  
SORT CODE: 90-99-19              NUMBER:  
PAGE: 1 of 1

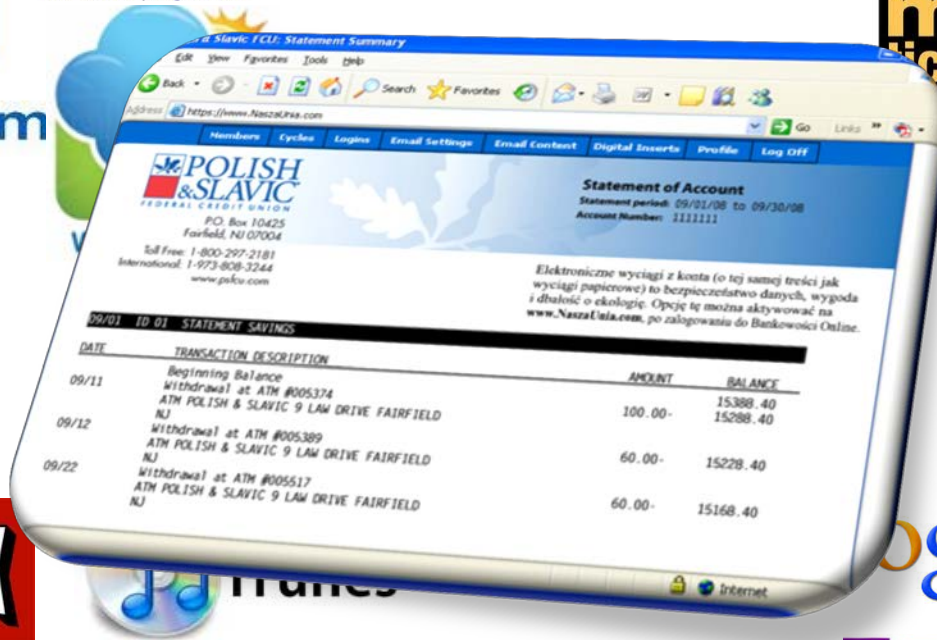
| TRANSACTION DETAILS     |             |                    |        |         |         |
|-------------------------|-------------|--------------------|--------|---------|---------|
| DATE                    | DESCRIPTION |                    | DEBITS | CREDITS | BALANCE |
| Balance brought forward |             |                    |        |         |         |
| 6 May                   | CD07        | High St            | 10 00  |         | 25 00   |
| 8 May                   | DC07        | Pet Care Plc       | 3 00   |         | 22 00   |
| 11 May                  | BACS        | Regular Times      |        | 46 50   | 68 50   |
| 19 May                  | CH007       |                    | 2 70   |         | 65 80   |
| 19 May                  | DD          | Gas & Co           | 16 50  |         | 49 30   |
| 22 May                  | S0          | TV Licence Company | 21 00  |         | 28 30   |



# Today...



weather.com



...we live in a world where instant gratification is the norm...



# ...Well, Except for US Payments

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*“...the US payment system is not keeping with the rest of the digital economy in providing new methods of payment that give Consumers immediate access to and use of their deposits held in accounts and other deposit-taking institutions”*

“Facilitating Consumer Payment Innovation in the U.S. through Changes in Clearing and Settlement: A Public Policy Perspective”,  
Bruce J. Summers, former deputy director at the Board of Governors for payment system policy and oversight  
of the banking services and information technology activities of the 12 Federal Reserve Banks , March 2012

There is an increasingly compelling need for US payments to deliver a real-time or near real-time payment capabilities



# Many Unmet Needs

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Retail Payments Cash Management

**Corporate B2B Payments**

**Payday loan Disbursements**

**Insurance Claims Disbursements**

**INTERBANK TRANSFERS**

P2P Payments or Money Order Replacement

Instant Rebates

**Corporate payouts and disbursements (B2C)**

Expedited Bill Pay

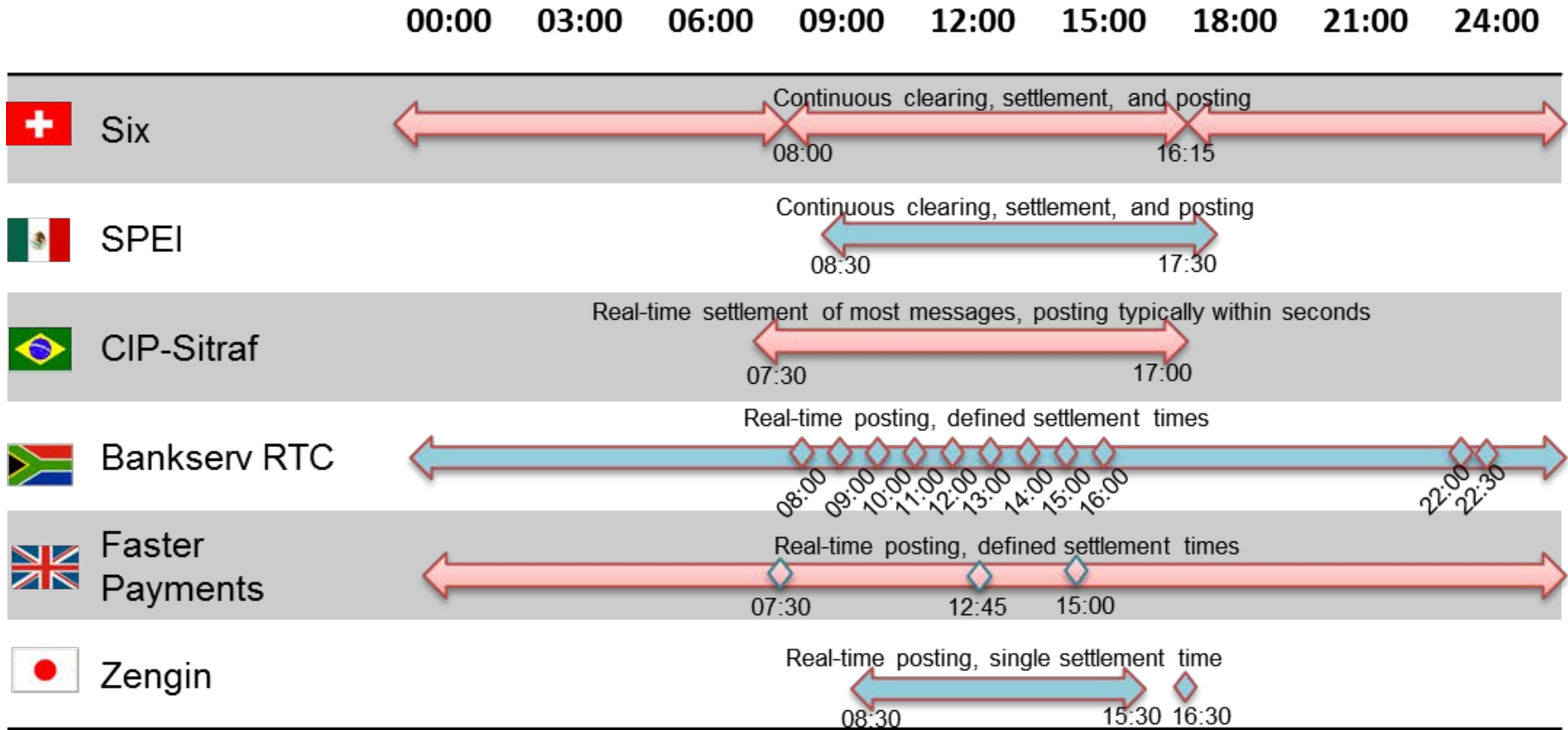
***Pre-Paid Cards / Top Up Balances***

***Legal or Escrow Payments***

**Government Disbursements & Collections (G2P/G2B - P2G/B2G)**



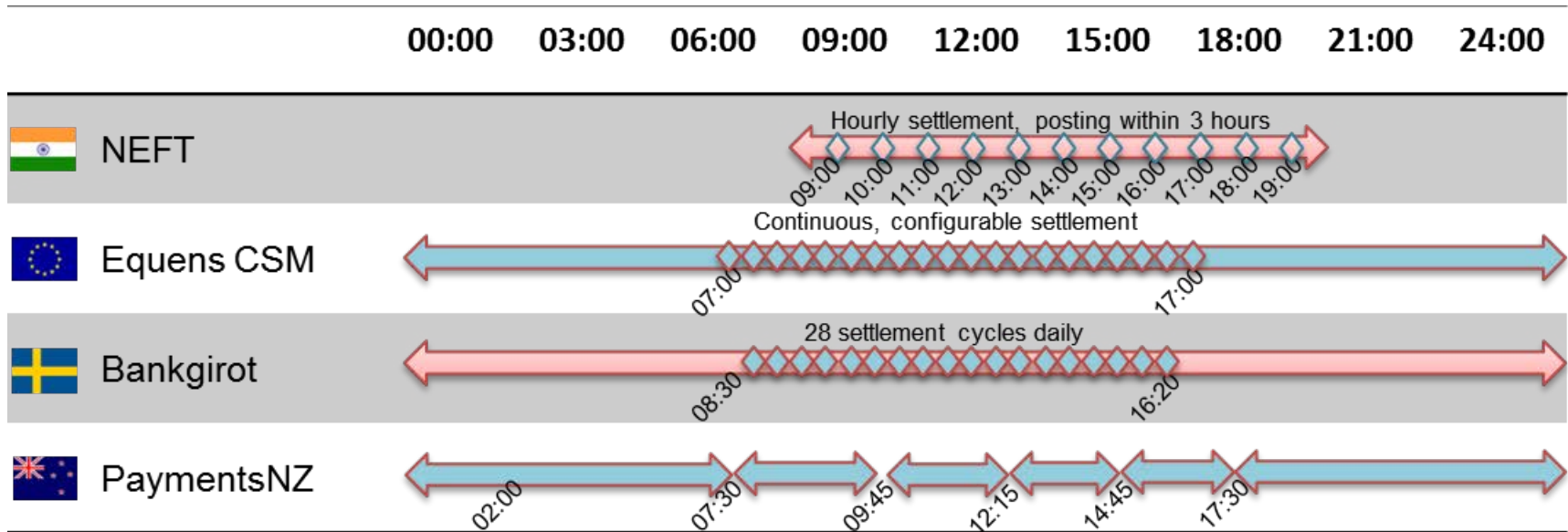
# Sample Real Time CSM Globally



Source: Lipis & Lipis



# Sample Fast Batch CSM Globally

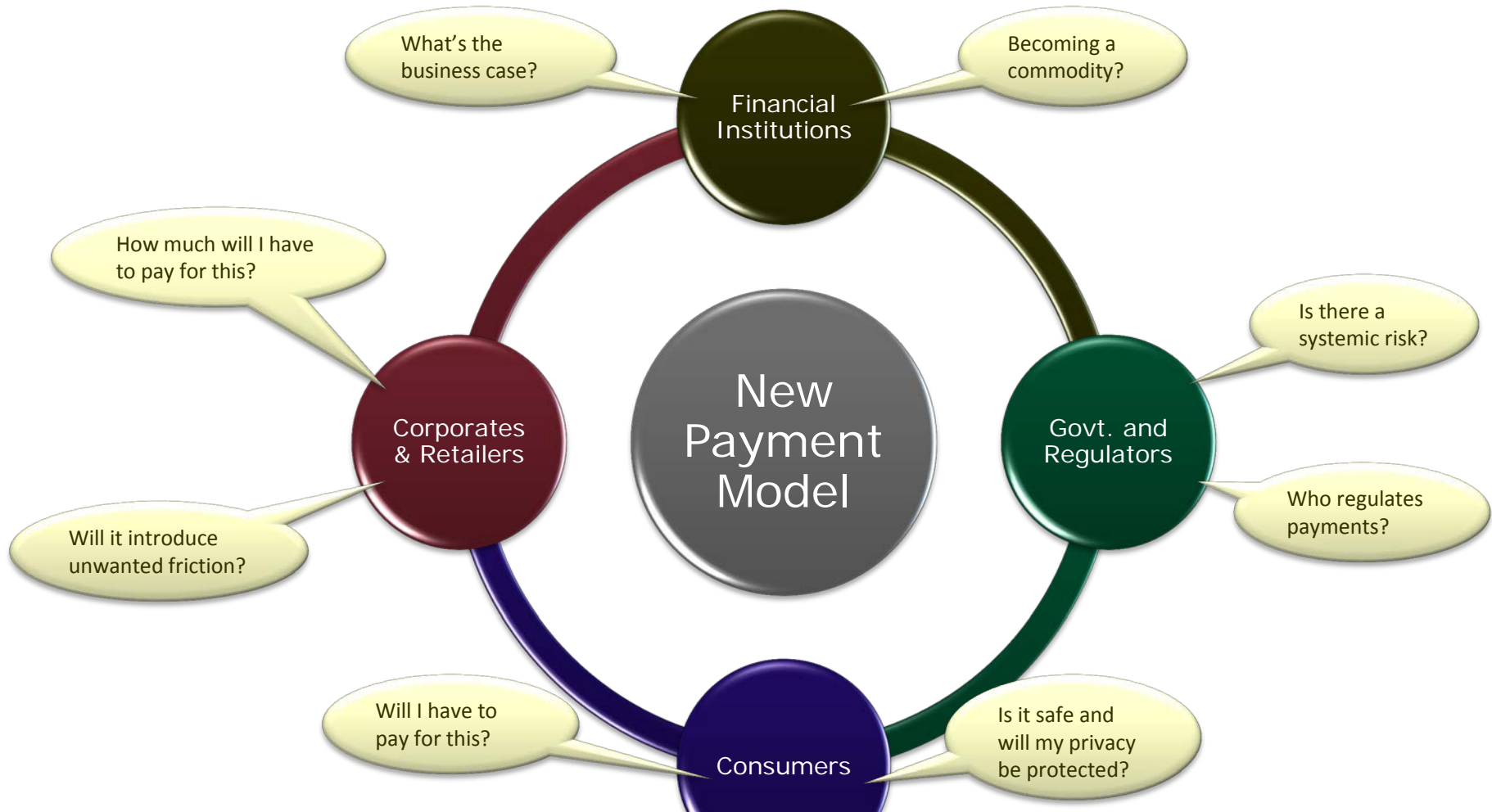


Source: Lipis & Lipis

The problem is not technical in nature. It is a business model problem and a lack of courage problem.

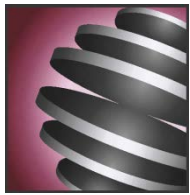


# Many Stakeholders, Many Concerns



“A journey of a thousand miles must begin with a single step.” – Lao Tzu





# Going Forward

- Recognize the problem
  - Understand the needs of the new world
  - Shed the “baggage”, get ready to act
- Get organized
  - Leaders need to stand up (Regulators, FIs, Corporates, Retailers, Consumers)
  - Develop a vision for their respective constituencies
  - Break problem down (e.g. CSM, DDA real-time posting, security, account credentials, etc.)
- Create a Framework for discussion
  - Working Groups exploring areas of expertise
- Debate the issues, for example
  - Continuous Settlement vs. Fast Batch
  - Business models (who pays how much and why? where is the value in payments?)
- Think “outside the box”
  - Go beyond existing payment networks and business models

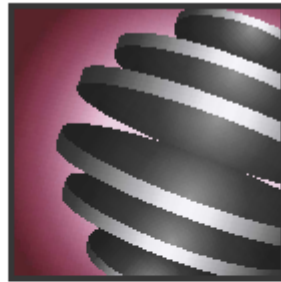


No longer a matter of IF, but a matter of WHEN and HOW



# Contact Information

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**GROUP**

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