

# A MODEST PROPOSAL

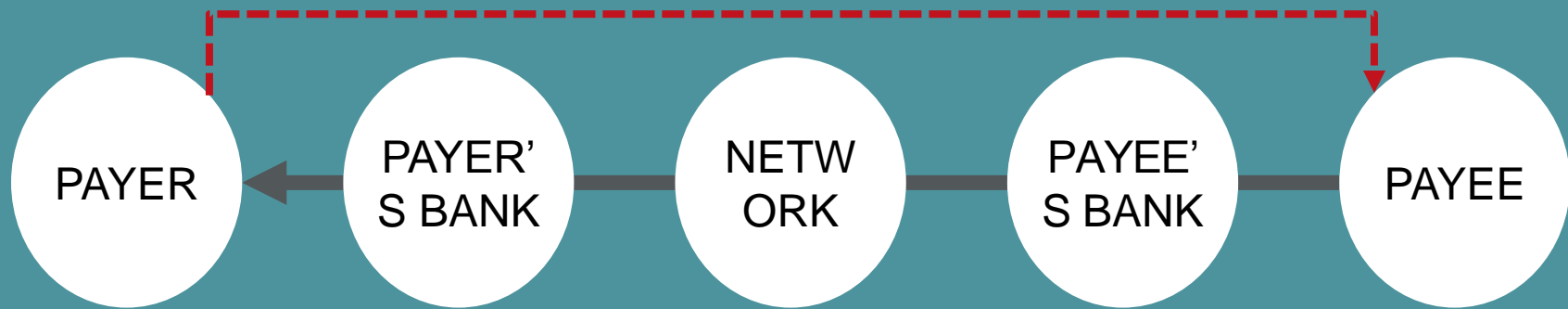
# PAY CODES AND ROUTING IN THE ERA OF FASTER PAYMENTS

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# ADDRESSING AND ROUTING

On “pull” payment networks

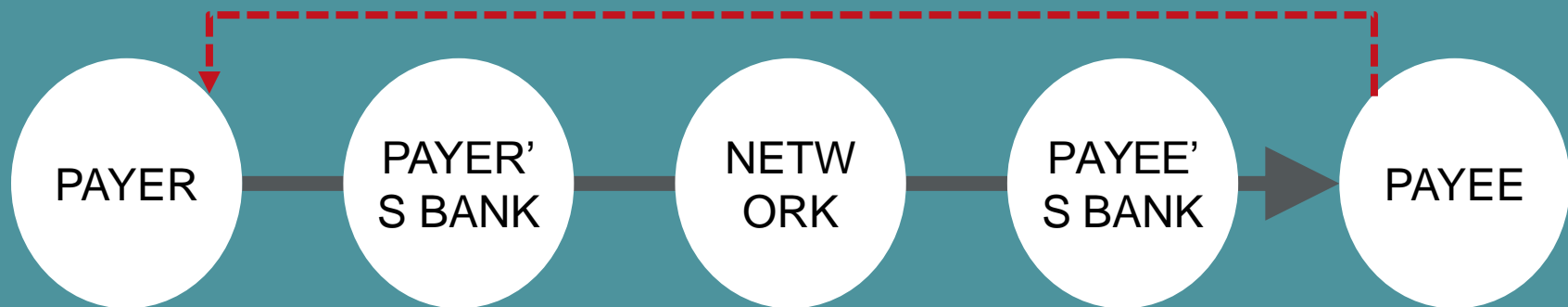


- ACH Debit, Cards, checks
- *Payer* presents addressing information to *payee*
- *Payee* presents addressing information to their bank
- Their bank routes payment through network

- Cross-network routing (“gatewaying”) can work, if the networks have pretty much the same rules
- Stolen credentials are a problem; tokenization is one good solution

# ADDRESSING AND ROUTING

On “Push” payment networks

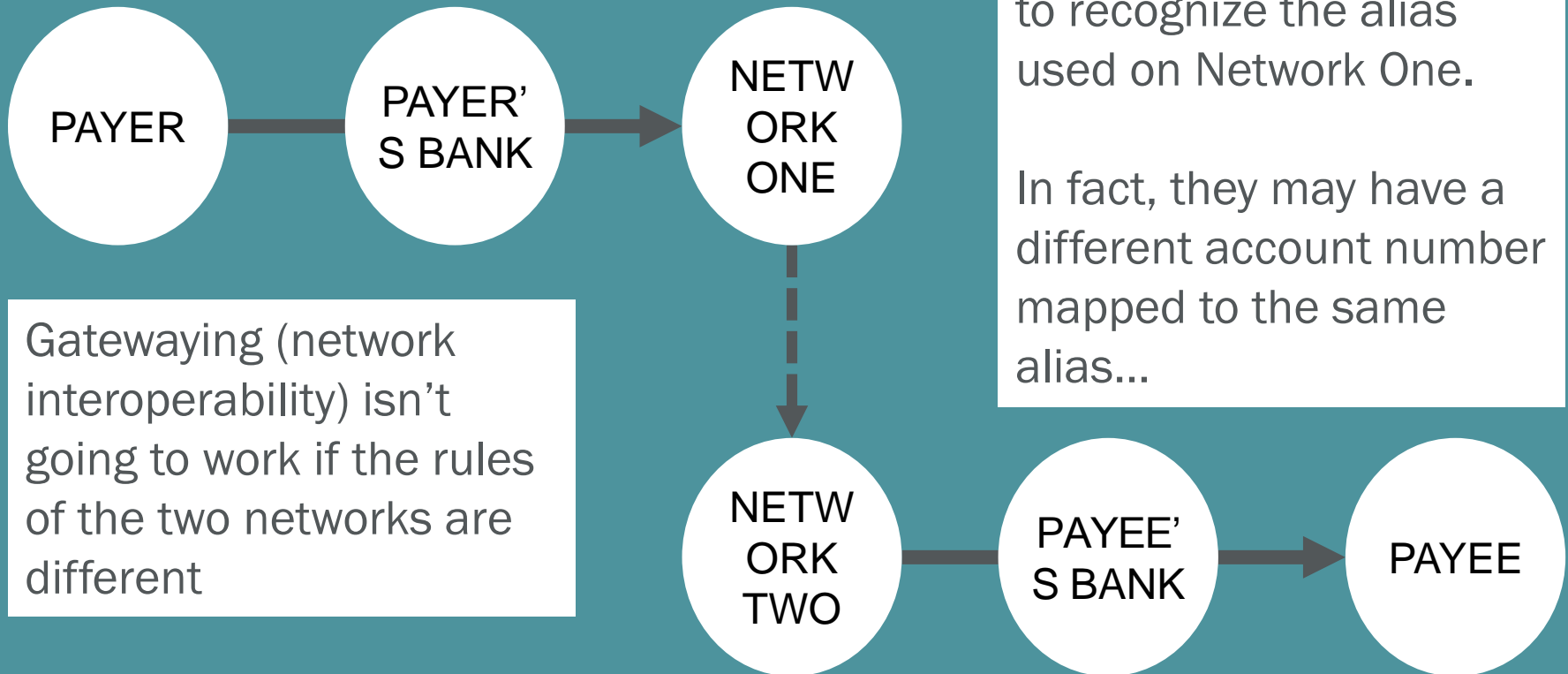


- ACH Credit, Wires
- *Payee* gives addressing information to *payer*
- Payer's bank routes payment through network

- Directories are a good answer to addressing problems
- The payee uses an alias of some sort; the network maps the alias to the “real” account information

*Not the same as tokenization!*

# BUT WHAT ABOUT MORE COMPLEX SITUATIONS?



Off-network special handling (“register with me and I’ll pay you”) invariably is a worse experience for the two end-users

# ONE SOLUTION: PAY CODES

- A **PAY CODE** is a nationally recognized concept that people, businesses, and governments use as a payment address
- **PAY CODES** are unique
- **PAY CODES** are associated with a payee's financial institution (or payment account)
- **PAY CODES** are also associated with acceptable routing networks for that financial institution – how they will accept receipt of payment

# PAY CODE EXAMPLES

PAY CODES don't have to all have the same format....

**415.222.3454**

4378576168251437

**Supplier5@B2BNetwork.com**

**frank123@gmail.com**

**#paycarol456**

**Pay ConED**

**johnsmith@bigbank.com**

**INVOICE 1234@PARTS.COM**

# HOW WOULD IT WORK?

- The DNS naming system is a powerful, tested tool that could make a PAY CODE infrastructure work
- It would let the complexity of the U.S. banking system be a strength, not a problem!
- Each bank or payment institution could control its own “domain”

**“Let’s ride  
THEIR rails”!**



**QUESTIONS:**

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