

REVOLUTIONIZING THE WAY WE PAY

Exploring the benefits of Real-Time Payments



WHO SHOULD READ THIS WHITE PAPER

This is essential reading for **Financial Service Providers (FSPs)** who are interested in staying ahead of the game in the fast-paced world of payments. This includes banks, credit unions, payment service providers, and other financial institutions that seek to enhance their customers' experience, streamline their payment processes, and gain a competitive edge in the market.

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ABOUT THIS WHITEPAPER

Welcome to this white paper on
Revolutionizing the way we pay: Exploring
the benefits of Real-Time Payments.





In today's fast-paced world, customers expect instant gratification, including when it comes to their financial transactions. As such, RTPs have emerged as a critical technology for modern banks. These payments offer customers an instant, secure, and efficient way to transfer funds, and as the banking industry becomes increasingly digital and customer-focused, offering fast and convenient payment options has become more important than ever.

RTPs are taking the financial world by storm, and if you are a Financial Service Provider (FSP) who wants to stay ahead of the game, you cannot afford to ignore them. By incorporating RTPs into your payment processes, you can improve payment efficiency, customer satisfaction, and gain a competitive advantage in the market.

This white paper is your go-to guide on everything you need to know about RTPs – from their definition to their benefits, drivers of adoption, and challenges you may face. Do not miss this opportunity to keep yourself informed about the latest advancements in the payments industry and take your organization to new heights.

Accelerated by the pandemic, the shift to a cashless society and the rising role of payments as more than simply an exchange of value for goods and services, create a once-in-a-lifetime opportunity for the payments industry to lead in financial services. At the same time, by becoming a cornerstone of the global economy, payments can serve as a catalyst for economic growth, innovation, and inclusion.¹

1. <https://www.pwc.com/gx/en/industries/financial-services/publications/financial-services-in-2025/payments-in-2025.html#macro4>

WHAT ARE REAL-TIME PAYMENTS?

Real-time payments (RTP) are payments that are initiated and settled nearly instantaneously.



A RTP rail is the digital infrastructure that facilitates real-time payments. Ideally, real-time payments networks provide 24x7x365 access, which means they are always online to process transfers. This includes processing payments on weekends and holidays, unlike traditional brick-and-mortar banks.

According to The Real-Time Payments Global Market Report 2023, the global real-time payments market size grew from \$21.44 billion in 2022 to \$28.61 billion in 2023 at a compound annual growth rate (CAGR) of 33.4%. The RTP market size is expected to grow to \$91.54 billion in 2027 at a CAGR of 33.7%.²



12%

of companies currently sending real-time payments cited improved cash flow management as the most important benefit of real-time payments. That share doubled among companies receiving real-time payments. Companies see cash flow management improvements in areas such as payment reconciliation and working capital efficiency.

14%

Among senders, 14% cited the reduced risk of payment failure as the most important benefit, while **7%** of receivers said the same.³

48%

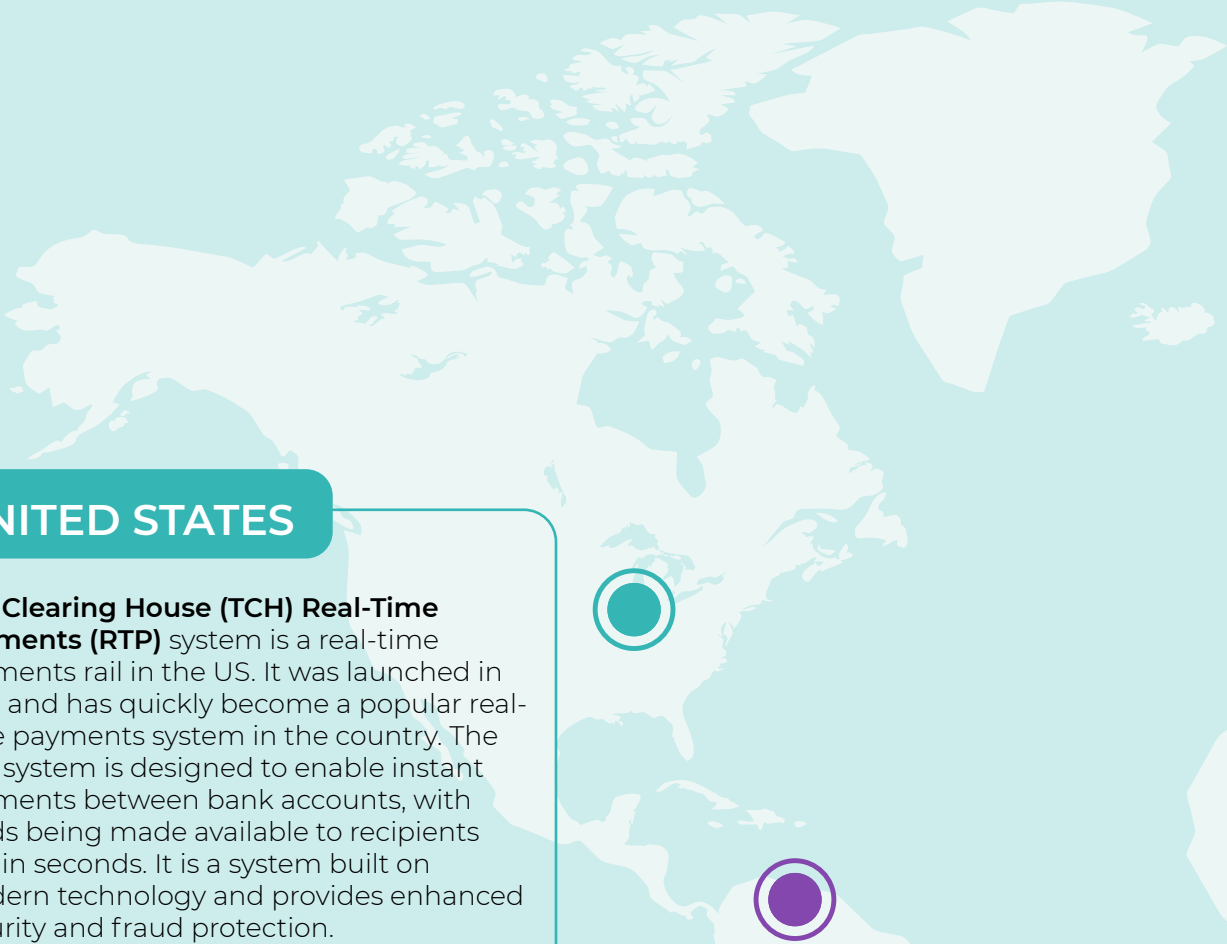
of surveyed businesses cited accounting efficiency as a benefit of sending real-time payments, while **54%** said the same of receiving them.

2. <https://www.researchandmarkets.com/reports/5767394/real-time-payments-global-market-report>

3. <https://www.paymentsjournal.com/real-time-payments-everything-you-need-to-know/>

REAL-TIME PAYMENTS SYSTEMS AROUND THE WORLD

Here are some examples of RTP rails by region.



UNITED STATES

The Clearing House (TCH) Real-Time Payments (RTP) system is a real-time payments rail in the US. It was launched in 2017 and has quickly become a popular real-time payments system in the country. The RTP system is designed to enable instant payments between bank accounts, with funds being made available to recipients within seconds. It is a system built on modern technology and provides enhanced security and fraud protection.

The **FedNow Service** is a new instant payments infrastructure developed by the Federal Reserve that allows financial institutions of every size across the US to provide safe and efficient instant payment services.

Through financial institutions participating in the FedNow Service, businesses and individuals can send and receive instant payments in real time, around the clock, every day of the year. Financial institutions and their service providers can use the service to provide innovative instant payment services to customers, and recipients will have full and immediate access to funds, allowing for greater financial flexibility when making time-sensitive payments.

LATAM

The PIX system (Brazil) was launched in 2020 and has been particularly successful, with over 100 million users and billions of transactions processed since its launch. The PIX system enables instant payments between individuals, businesses, and government entities, with transactions being processed 24x7x365.

SPEI system (Mexico), launched in 2004, enables instant payments between bank accounts and has been used for a variety of applications, including salary payments, e-commerce transactions, and government payments.

UNITED KINGDOM

The UK Faster Payments Service is a real-time payments rail in the UK. The system was launched in 2008 and has since become a popular real-time payments system in the country. The system allows for immediate payments between bank accounts, with funds being made available to recipients within seconds. The UK Faster Payments Service is available 24x7x365 and is used for a variety of applications, including salary payments, bill payments, and peer-to-peer payments. It should be noted that the planned NPA (New Payments Architecture) migration of UK Faster Payments to the ISO 20022 standard is scheduled to commence in 2024. This migration is aimed at improving the efficiency, speed, and interoperability of payment systems.

ASIA PACIFIC

The Unified Payments Interface (UPI), launched in 2016, has become a popular real-time payments system in India, with over 100 million transactions being processed daily. The UPI system enables instant payments between individuals and businesses, with funds being made available to recipients within seconds.

Fast and Secure Transfers (FAST) (Singapore). Launched in 2014, FAST is an electronic funds transfer service that enables customers of the participating entities to transfer Singapore Dollar funds from one entity to another in Singapore almost instantly. Some participating banks may also offer collection of payment via FAST. The ISO 20022 messaging has been adopted as the payment messaging standard between the FAST-participating banks and the ACH.

The RTGS system (Australia) is used for high-value, time-critical payments and enables instant settlement between banks.

New Payments Platform (NPP) and the Fast Settlement Service (FSS). Together, the NPP and FSS now enable customers of more than 90 financial institutions to make fast payments 24 hours a day, every day of the week.

EUROPE

The European Union's SEPA Instant Credit Transfer (SCT Inst) scheme is a pan-European real-time payments rail that allows for immediate payments across the SEPA region.

The **SCT Inst** has become a popular real-time payments system in Europe since its launch in 2017. The system enables instant payments between bank accounts, with funds being made available to recipients within seconds. The SCT Inst scheme is available in over 36 countries and is used for a variety of applications. While it caters to both peer-to-peer (P2P) payments and business-to-consumer (B2C) payments, it is not particularly tailored for bill payments, thereby distinguishing it from other Real-Time Payment (RTP) schemes. As of October 26 2022, the European Commission announced that SCT Inst will be mandatory in phases within 36 months.

FACTORS DRIVING REAL-TIME PAYMENTS ADOPTION

Overall, these drivers are likely to continue to grow as consumers, businesses, and governments increasingly demand faster, more convenient, and cost-effective payment services.

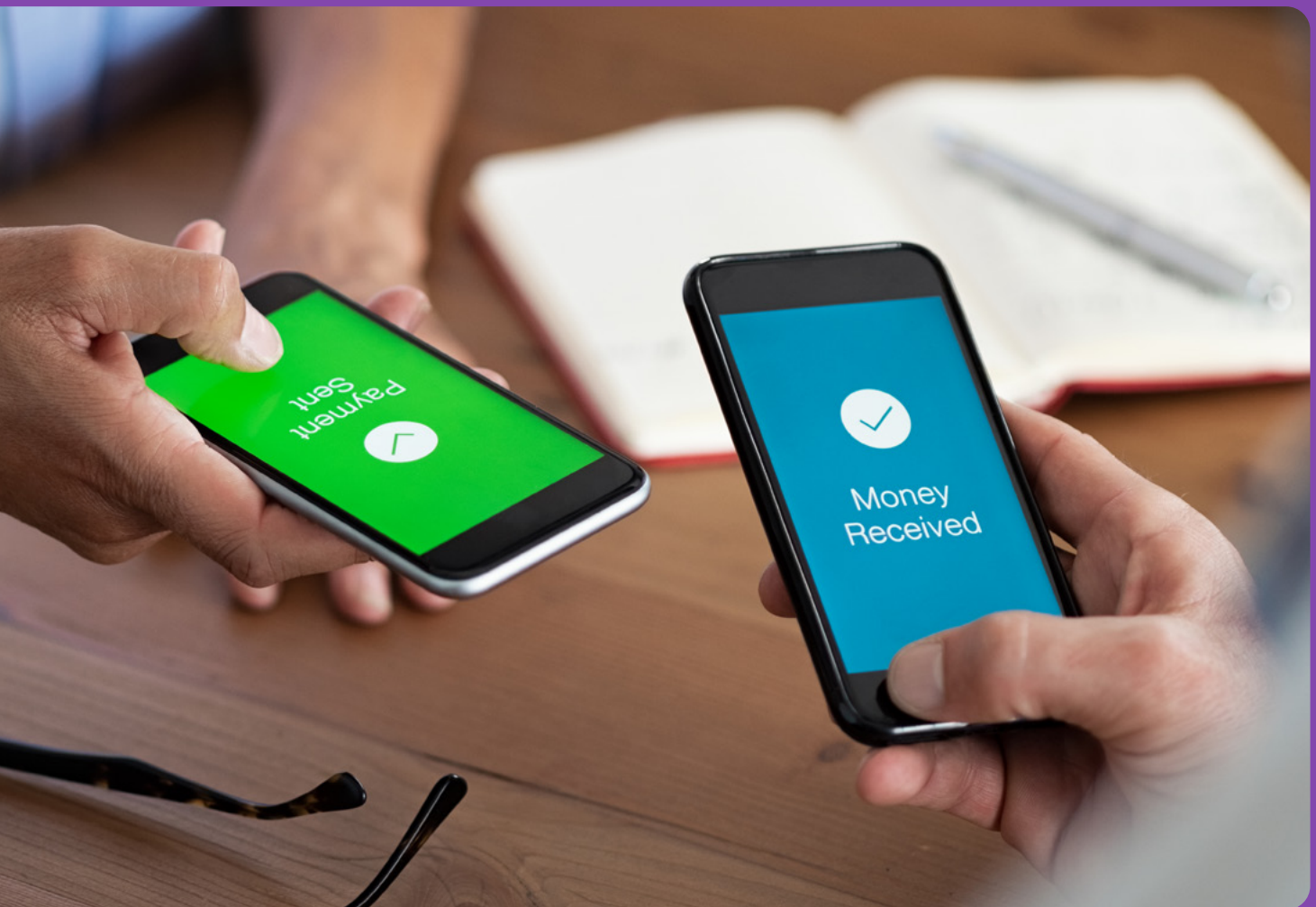


The factors driving the adoption of RTPs can vary by region, but the most common include:

- 1. Consumer demand:** Consumers are increasingly expecting faster and more convenient payment services, and RTPs can meet these expectations by offering near-instant fund transfers.
- 2. Business efficiency:** RTPs can improve the efficiency of business operations by enabling faster settlement of transactions, reducing the need for manual reconciliation, and improving cash flow management.
- 3. Government initiatives:** In some regions, governments are driving the adoption of RTPs by implementing regulatory frameworks or developing new payment infrastructure to support these services.
- 4. Competition:** The rise of new digital payment providers and fintech companies is increasing competition in the payments industry, driving traditional banks and financial institutions to offer RTPs to remain competitive.
- 5. Lower transaction costs:** RTPs can be cheaper than traditional payment methods, such as wire transfers or checks, which can drive adoption among businesses and consumers looking to reduce transaction costs.
- 6. Financial inclusion:** RTPs can improve financial inclusion by making it easier and more affordable for underserved populations to access financial services, especially in regions where traditional banking infrastructure is limited.

WHY REAL-TIME PAYMENTS MATTER

The adoption of RTPs is critical to FSPs around the world for several reasons.





They help FSPs satisfy market demands:

Customers increasingly expect faster and more convenient payment services; FSPs must offer RTPs to meet these expectations and remain competitive in the market.

They improve the efficiency of payment processes:

This reduces the need for manual reconciliation and other administrative tasks.

They open up new revenue streams for FSPs by enabling them to offer value-added services such as instant lending, real-time bill payments, and other innovative products.

They enhance customer experience by providing immediate feedback on payment status, reducing the risk of fraud, and enhancing the overall speed and convenience of the payment process.

They help FSPs respond to regulatory requirements:

In many countries, regulatory bodies are mandating the adoption of RTP to increase transparency and reduce risk in the financial system. FSPs must comply with these regulations to avoid penalties or other legal consequences.

42%

of respondents felt strongly that there would be an acceleration of cross-border, cross-country, instant, and B2B payments in the next five years. This is reinforced by the adoption of ISO 20022, a globally developed methodology for transmitting data which provides a consistent messaging standard for payment.⁴

12%

With an expected global growth rate of 12% by 2025, real-time payments are enabling convenience and control for all users – a strong reason why it's on its way to becoming ubiquitous for national and regional payment networks.⁵

4. <https://www.pwc.com/gx/en/industries/financial-services/publications/financial-services-in-2025/payments-in-2025.html#macro4>

5. <https://www.insiderintelligence.com/charts/real-time-payment-transactions-by-country/>

CHALLENGES TO ADOPTING REAL-TIME PAYMENTS

There are several reasons why some banks and financial service providers (FSPs) might struggle to adopt real-time payments.





Legacy systems: Legacy systems are a significant challenge for banks and FSPs looking to adopt real-time payments. Many financial institutions still use outdated systems that are not designed to support real-time payments, which can create a barrier to adoption. Upgrading these systems can be complex and expensive, requiring significant investment of resources.



Security concerns: Security concerns also pose a significant challenge for banks and FSPs. RTPs can present new security risks, such as fraud or cyberattacks, which can create additional costs and challenges for financial institutions. This can make it difficult to build trust in real-time payment solutions among customers and other stakeholders.



Infrastructure limitations: Infrastructure limitations are also a major challenge in some regions. Inadequate network connectivity, lack of interoperability, and insufficient processing power can all hinder the adoption of real-time payments. This can make it difficult for banks and FSPs to implement real-time payment solutions that meet the needs of their customers.



Interbank coordination: Interbank coordination is crucial for RTPs to work effectively, and it can be challenging to achieve. Coordination is necessary between banks and FSPs, as well as between national and international payment systems. This coordination can be challenging, especially in regions with a large number of financial institutions.



Regulatory challenges: Regulatory frameworks are another hurdle for banks and FSPs. Regulatory frameworks for RTPs can be complex and vary by jurisdiction. Compliance with these regulations can be time-consuming and costly for banks and FSPs, making it challenging to justify the investment required to adopt real-time payments.



Business case: Finally, some banks and FSPs may struggle to justify the investment required to adopt RTPs if they do not see a clear business case or potential return on investment. This can make it difficult to obtain the necessary support and resources to implement RTPs.

RISING TO THE CHALLENGES OF REAL-TIME PAYMENTS

Finastra and Aspire are the perfect partners to help banks navigate the rapid evolution of the payments sector to adopt RTPs with confidence, working with banks to deploy a number of strategies to overcome the associated challenges.





Finastra's Payment Hub-as-a-Service, **Fusion Payments To Go (P2G)**, is purpose-built to deliver multi-rail cloud services, supported by their knowledge of global clearing and settlement mechanisms.

Aspire provides **turnkey SaaS onboarding, product configuration and system integration for P2G** for FSPs, which enables them to provide advanced product services and payment facilities without the burden of internal development time and costs.

Together, Finastra and Aspire deliver effective solutions that are focused on business outcomes. Finastra's P2G payment solution provides full enterprise-to-enterprise processing, based on industry best practices and Finastra's global experience in delivering payment solutions. It is specifically geared to support FSPs' requirements for RTPs and the need to move to ISO 20022 for legacy systems associated with high volume and mass payment rails. Delivered as a fully managed service, with fixed, transparent pricing, Pay2Go is purpose-built to meet payment needs on demand and helps FSPs avoid unnecessarily complex business rule set-up that can frustrate users.

Aspire specializes in these implementations, adding additional value by ensuring customers are onboarded flawlessly, including all the necessary training and change management needed to realize maximum benefit from their solutions, with a full understanding of their licensing situation, then balancing available resource centers to ensure the most cost-effective delivery of the solution going forward.



Strategy

How Finastra and Aspire can assist

Invest in modernizing legacy systems.

Finastra and Aspire offer a range of solutions to help FSPs modernize payment processing platforms.

These solutions include:

- Fusion Global PAYplus, a real-time payment processing platform that can help banks to reduce costs and improve operational efficiency.
- Fusion Payments To Go, a cloud-based solution that can help banks implement RTPs quickly and easily.

This is complemented by a suite of APIs and software development kits (SDKs) to assist FSPs to easily integrate RTPs into existing systems. The platform is built on modern technology, making it highly scalable and capable of handling large volumes of transactions.

Together, Finastra and Aspire nurture partnerships with fintech companies and technology providers, which means they can help banks to identify the best solutions for their needs.

Enhance security measures: to protect against fraud and cyberattacks associated with real-time payments.

Finastra and Aspire's range of solutions for financial institutions help enhance security, including multi-factor authentication and biometric authentication. These solutions can be integrated into existing systems to provide an extra layer of security for real-time payments.

With a platform designed with security in mind, advanced encryption and tokenization technology are already built in to protect sensitive data during real-time payments.

Fraud monitoring and detection tools aid in identifying and preventing fraudulent activity before it can cause significant damage.



Leverage cloud technology.

Finastra and Aspire provide a secure and reliable cloud-based payment processing platform. Finastra's FusionFabric.cloud platform and Aspire's cloud-native infrastructure equip FSPs with the necessary scalability and flexibility to handle the demands of real-time payments.

FusionFabric.cloud, can quickly and easily integrate with third-party applications and services, allowing for the addition of new payment processing capabilities without extensive development or infrastructure changes.

A cloud-native infrastructure offers the speed and agility needed to support real-time payments, with the ability to scale up or down as demand fluctuates.

Together, Finastra and Aspire offer superb expertise in cloud security and compliance, including data encryption, multi-factor authentication, and other advanced security measures to help protect against fraud and cyberattacks.

Finastra and Aspire help banks leverage the benefits of cloud technology while minimizing the risks and costs associated with building and maintaining their own payment processing infrastructure.

Create a clear business case.

Finastra and Aspire work with FSPs to create a clear business case for RTPs by identifying potential revenue streams, cost savings, and customer benefits to help justify the investment required.

| CONCLUSION

With the shift to Payments 4.X focusing on the customer experience, FSPs are looking for cloud-ready payment solutions that are compliant, composable, and cost-effective. With the combination of real-time payment support, marketplace integration, and Open Banking enablement, Finastra and Aspire offer a ready-to-use and accessible means to help FSPs go to market faster and stay nimble. Finastra's solution maturity, with Aspire's technology and domain expertise, can accelerate strategic and tactical payment modernization efforts as the industry moves into Open Finance.

For more information about Finastra's

PAYMENTS-TO-GO

For more information about

ASPIRE SYSTEMS



FINASTRA

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning software solutions and services across Lending, Payments, Treasury & Capital Markets, and Universal Banking (Retail, Digital, and Commercial Banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking-as-a-Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, please visit www.finastra.com



Aspire Systems is a global technology services firm serving as a trusted technology partner for more than 250 customers across the globe. Aspire works with leading banks and financial institutions worldwide by helping them leverage technology across every step of their digital transformation journey. Its proven approach to Software Engineering & Digital Technologies and strategic partnerships empower financial institutions to create superior experiences, bring operational efficiency, and embrace their future. Aspire's expansive banking landscape expertise includes payments, retail banking, corporate banking, wealth management, financial services, and inclusive banking.

Aspire's core philosophy of 'Attention. Always.' communicates its belief in lavishing care and attention on its customers and employees. The company currently has over 4500 employees globally and is CMMI Level 3 certified. It operates across North America, LATAM, Europe, Middle East, and Asia Pacific. Aspire Systems has been recognized for the 12th time in a row as one of India's Top 100 'Best Places to Work For' by the Great Place to Work® Institute. To know more about Aspire Systems, visit www.aspiresys.com.



FINASTRA