

INSTANT PAYMENTS

SCT Inst—Accelerating the Pace of Commerce in Europe



Instant payments are a key pillar of Finastra's global payment vision and solution suite, which today powers: Sweden's Swish real-time mobile payments platform, used by over half the population; over 1.1m Faster Payments per day in the UK; and, nearly a quarter of Singapore FAST daily volume.”

A global leader in Instant Payments, Finastra is a frontrunner service provider to EBA Clearing's pan-European instant payment platform, RT1.

21st November, 2017 will be a historic date in the evolution of European payments. On that day, the SEPA Instant Credit Transfer (SCT Inst) scheme goes live, and the first instant payments—defined as “available 24/7/365 and resulting in the...interbank clearing of the transaction and crediting of the payee's account with confirmation to the payer within seconds¹”—will start hitting receiver accounts in Europe.

Instant payments, combined with the open API mandates of PSD2 set to take effect in January 2018, promise to fundamentally transform the European financial services landscape. Banks will soon be able to offer real-time digital customer experiences based on immediate funds transfer anywhere in the SEPA zone. But in order to take advantage of this opportunity, they need to be able to connect to SCT Inst compliant Clearing and Settlement Mechanisms (CSMs) to send and receive instant payments—and do so with minimal cost and system impact in a short implementation time.

Finastra Solutions for SCT INST Payment Processing and CSM Connectivity

Finastra's SCT Inst solutions are deployable in a variety of configurations tailored to meet the needs of individual financial institutions and their customers. They range from smart gateway packages providing multi-network routing and connectivity, to end-to-end instant payment processing solutions with built-in digital channel integration, stand-in processing, and liquidity management.

The modular architecture of the solution allows banks to easily extend any configuration beyond SCT Inst to support other European payment types such as SEPA CT, SEPA DD, and TARGET2—as well as SWIFT cross-border payments and a variety of domestic schemes around the world.

All configurations are available either for on-premise install on low-cost commodity hardware, or on a SaaS basis in Finastra's award-winning secure service bureau.

1. European Payments Council (EPC)

Finastra's solutions can be used as stand-in processing for core systems



Finastra's solutions can be used as stand-in processing for core systems when they are off-line, ensuring uninterrupted processing round the clock

As more countries look to roll out instant payment schemes, Finastra's reach continues to grow. In addition to SCT Inst, Finastra is an enabler of instant payment services with Australia's New Payments Platform, U.S. real-time payments, and Hong Kong's Faster Payments System, among others.

Whatever the deployment model, banks can be confident that they are adopting payments technology that has already been production proven in the most demanding instant payment processing environments in the world today.

Solution Features and Benefits

Support for Both Corporate and Retail Use Cases

Instant payments are often thought of solely as retail payments, particularly P2P mobile payments. But data from mature instant payments markets show that corporate use cases form a significant portion of instant payment volume—and that banks can charge for, and raise revenue from, corporate instant payment usage.

- Support for P2P, C2B, B2C, B2B use cases in a single package.
- Standing orders and forward-dated transactions to support pension payments, periodically billed subscriptions, payroll and other timed services.
- Bulk file/batch initiation facilities for corporate mass payments applications.

24x7x365 Operability and SLA-Exceeding Performance

Modern instant payment systems are always on, and all payments need to adhere to a strict SLA—in the case of SCT Inst, 10 seconds or less from initiation to confirmation, at any time of day, regardless of how many payments are being processed per hour.

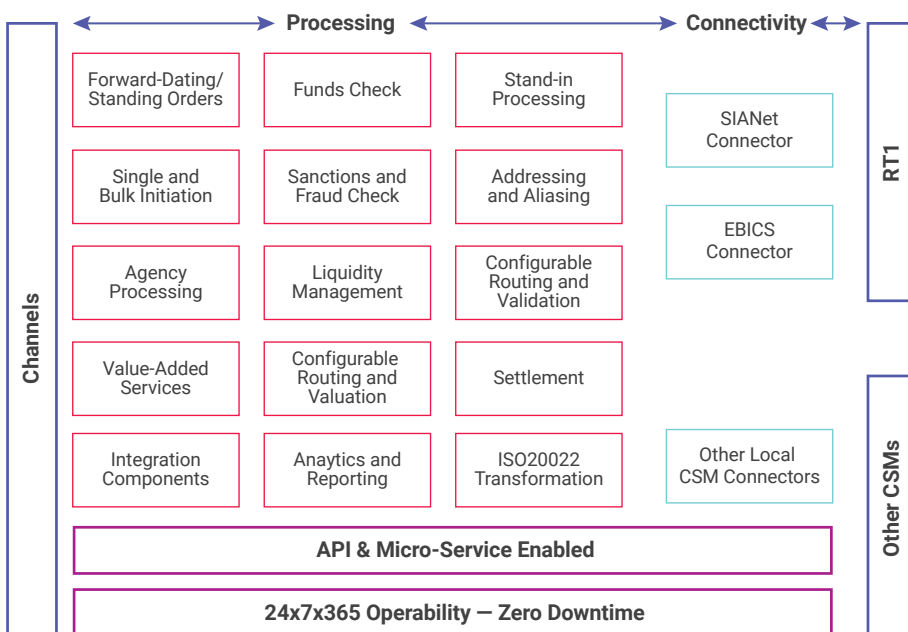
- Zero downtime—Upgradeable “in place” without need to take system offline.
- Regulatory and product updates can be applied at any time without any reduction of service capability.
- Benchmark-tested to exceed SCT Inst SLA and throughput requirements.
- Proven in production in Sweden, UK, Singapore and other mature instant-payment scheme environments.

Stand-In Processing

Most core systems are not designed for 24x7x365 processing, often burdened with start/end of day processes that require them to be taken offline periodically. Finastra's solutions provide account validation and posting capabilities that can be used as stand-in processing for core systems when they are off-line or impacted operationally, ensuring uninterrupted processing of instant payments round the clock.

Support for Multiple Clearings and Networks in a Single Footprint

Banks have a variety of options for participating in the SCT Inst scheme—they can go directly into EBA Clearing's RT1 platform over the network provided by SIANet or using EBICS, or connect via a local CSM. Finastra supports all of these connectivity options, so that banks can choose the ones most suited to their deployment needs. For multi-CSM and multi-network installations, Finastra also offers rules-based smart



Finastra SCT Inst Payments & Connectivity Solution Suite

routing capabilities to route SCT Inst transactions to the most appropriate CSM via the relevant network, while ensuring compliance with CSM-specific rules over and above standard EPC requirements.

Liquidity Management

As instant payment volumes and value thresholds rise, the management of liquidity on a real-time intraday basis becomes increasingly important.

- TARGET2 clearing and settlement capability to support liquidity management of instant payment pre-funding balances.
- Advanced liquidity management features for providers as well as consumers of liquidity.
- Liquidity position notifications/alerts as provided by the CSM.

PSD2 and Open API Compatibility

The Open API requirements of PSD2 and instant payments go hand-in-hand in Europe: instant payments volumes will be driven by initiations from third-party providers via APIs. Finastra's solutions incorporate a suite of micro-services and APIs that can be invoked from any API management platform, providing banks with a combination of instant payment processing, PSD2 compliance and API enablement in a single integrated package.

Integrated Sanctions and Fraud Screening

When payment processing moves to an instant paradigm, the workflow steps involved in the processing need to be executed on a real-time basis as well, particularly the critical functions of sanctions and fraud checking.

- Sanctions—Link to any external sanctions screening solution, whether a bank's in-house enterprise solution, a third party provider, or bundled with Finastra's own screening technology.
- Fraud—High-performance pre-packaged integrations with many of the world's leading real-time fraud providers, ensuring that a bank can apply fraud checks at an enterprise level without compromising scheme SLA performance.

Configurable Scheme Parameters

The SCT Inst rulebook specifies key parameters—timeout period, maximum transaction amount etc.—at a global level. However, individual countries and banks can choose to modify these parameters, for example enforcing lower transaction limits, as long as they are within overall scheme rules. In Finastra's solution, all such parameters can be configured by the bank, keeping the solution extensible and future-proofed as the scheme evolves.

Addressing Service

Bringing new value-added instant payment services to market frequently requires layering capabilities for addressing and aliasing—such as representing payees by passport or mobile numbers—above and beyond the basic account-based addressing requirements of the SCT Inst scheme. The solution incorporates a service that can access third party alias resolution or directory providers to enable such service provision.

Finastra adopts an agile deployment approach to implementation projects, allowing for quick adaptability

Ease of Integration and Agile Deployment

Finastra's solution features a fully ISO20022-aware data model, and includes the ability to store extended remittance data and enrichment fields to drive provision of value-added payer and payee services. The solution also incorporates native message mapping and integration technology, requiring no reliance on third party tools, to facilitate rapid customer on-boarding and back-office application integration. Finally, Finastra adopts an agile deployment approach to implementation projects, allowing for quick adaptability and responsiveness to change in the fast-evolving instant payment landscape.

Start Your Instant Payments Journey with Finastra's Cloud Test Environment

Instant payments are new to Europe, and many banks are still struggling with fundamental questions: How to build a business case? How to assess the operating impact of 24/7 availability? How to explore the open API innovation opportunities of PSD2 without a large upfront investment?

Finastra's Instant Payments Cloud Test Environment is designed to help banks resolve these questions in a quick, easy and low-risk manner by providing simulated cloud-based connectivity to EBA Clearing's instant payment infrastructure solution, RT1. With minimal investment, banks can:

- Explore key B2B, B2C, C2B, and P2P SCT Inst payment use cases and identify new product and service opportunities based on these use cases.
- Assess the impact of instant payments and 24x7 operations on the bank's environment.
- Experiment with open APIs for Payment Initiation Service Providers (PISPs) for PSD2 enablement.

Finastra's instant payments cloud test environment is the ideal starting point for your instant payments journey.



17M

17 million real-time SWISH transactions are processed by Finastra every month.



1.1M+

Over 1.1M Faster Payments per day in the United Kingdom.



4

Finastra supports 4 major banks on Singapore's FAST scheme.

About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today – spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world's top 50 banks use Finastra technology. Please visit finastra.com

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