

# The state of instant payments in the US: *Top 5 findings*

Payments in the United States are witnessing a transition from traditional batch processing to instant payments, available 24/7/365. This change is largely fueled by the demand for quicker, more convenient, and secure payment methods which is increasing year on year. For consumers, instant payments offer a wider range of choices and enhanced control over their finances. Similarly, businesses and financial institutions recognize the market opportunities around instant payments and the pivotal role these payments play in a digital economy.

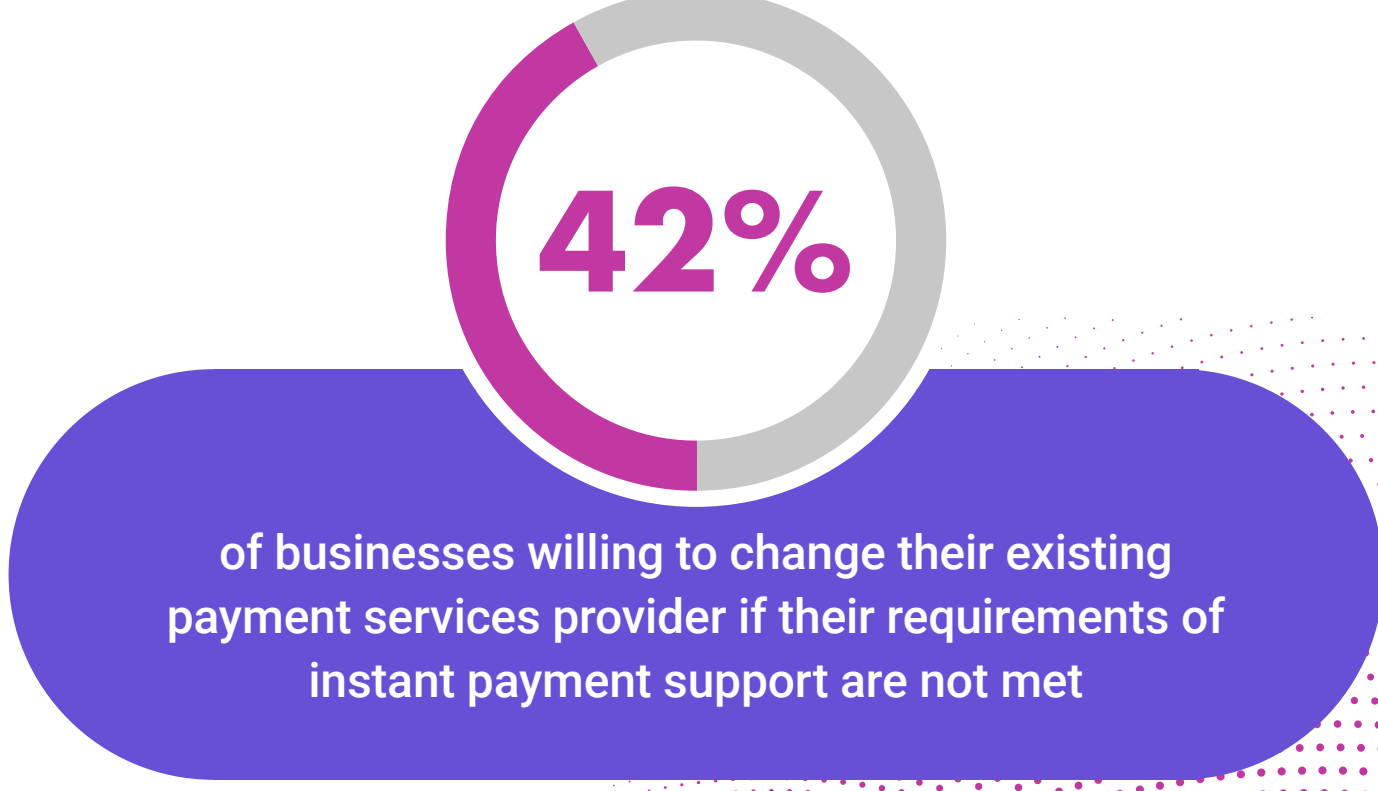
Businesses have been quicker to adopt instant payments compared to financial institutions, in part due to the absence of a regulatory mandate. They appreciate that instant payments lower costs, increase efficiency, improve cash flow management, reduce payment delays, penetrate new markets, and rapidly introduce innovative services.

## #1 Financial institutions are prioritizing investment in upgrading their aging payments infrastructure to support instant payments and keep pace with fintech disruptors.

A new survey by Datos Insights (formerly Aite Novarica Group) highlights the growing impact of instant payments services in the US with:



## #2 Additionally, businesses have shown that support for instant payments is an important influencer when selecting a financial institution, with:



## #3 Instant payments ensure 24/7/365 service availability, allowing customers to manage time-sensitive transactions with ease. From shopping online to paying gig workers, instant payments are becoming an attractive method of payment for customers and financial institutions globally.

Businesses have indicated the following important reasons for using instant payments:

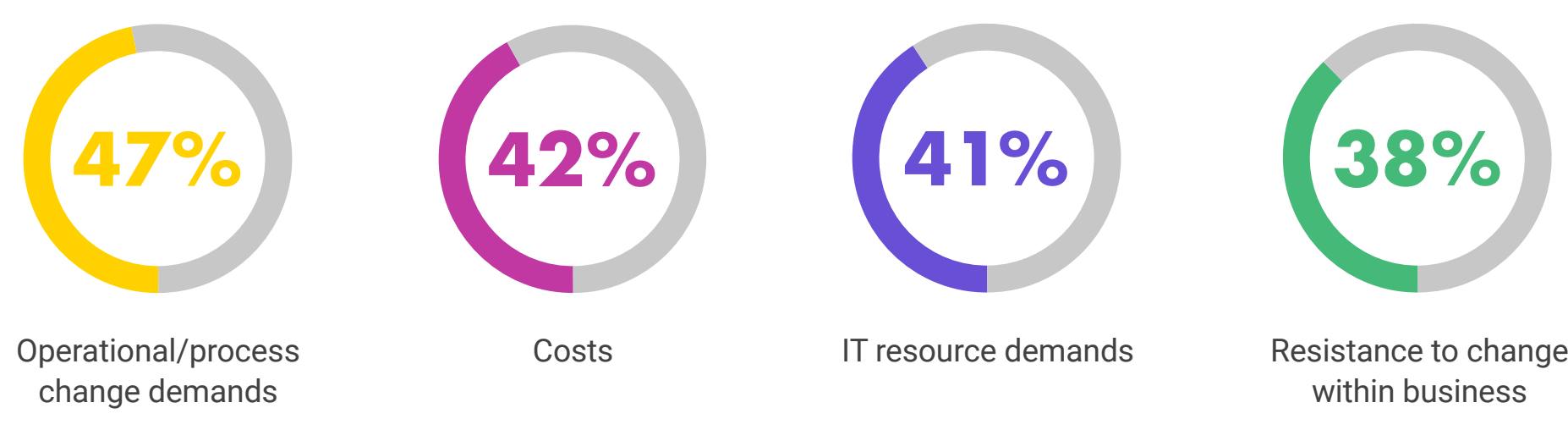


## #4 Challenges in payments modernization

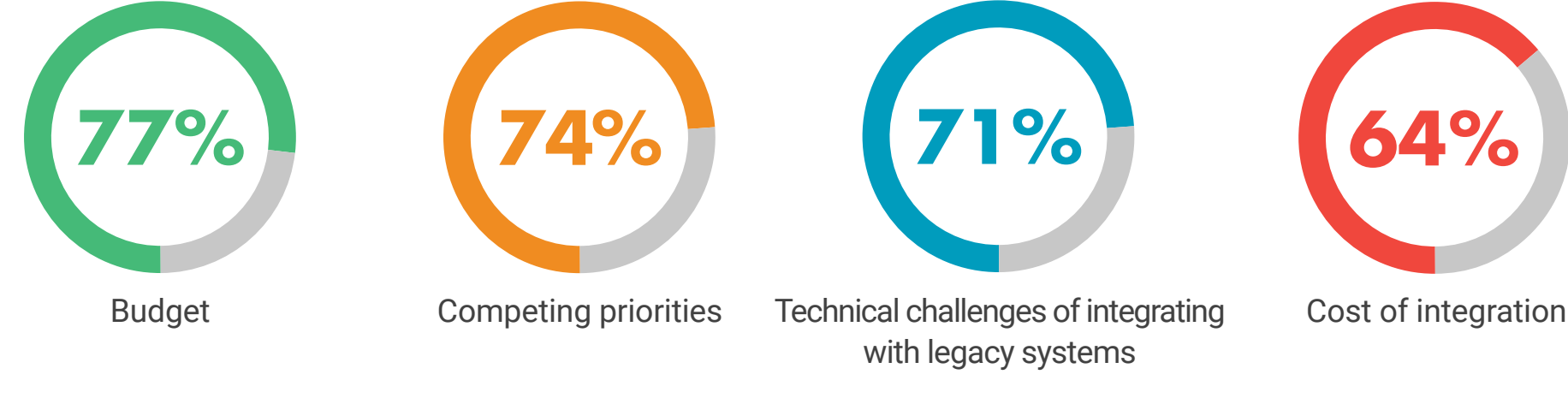
Implementing instant payments is a considerable undertaking for both businesses and financial institutions, often posing operational and technical challenges. The global implementation of instant payment rails increases the sophistication of risks around fraud and money laundering. As a result, financial institutions are under increased regulatory scrutiny and need to enhance their legacy solutions, which may not be equipped to apply the necessary controls for large volumes of instant payments.

With the deadline for ISO 20022 compliance fast approaching, financial institutions must adopt a balanced strategy. This involves not only adhering to the new standards but also addressing the growing needs of their customers and corporate clients. By doing so, they can ensure a smooth transition to instant payments while maintaining high service standards.

Businesses reported the following hurdles in implementing payments modernization plans:



While for financial institutions the major obstacles are:

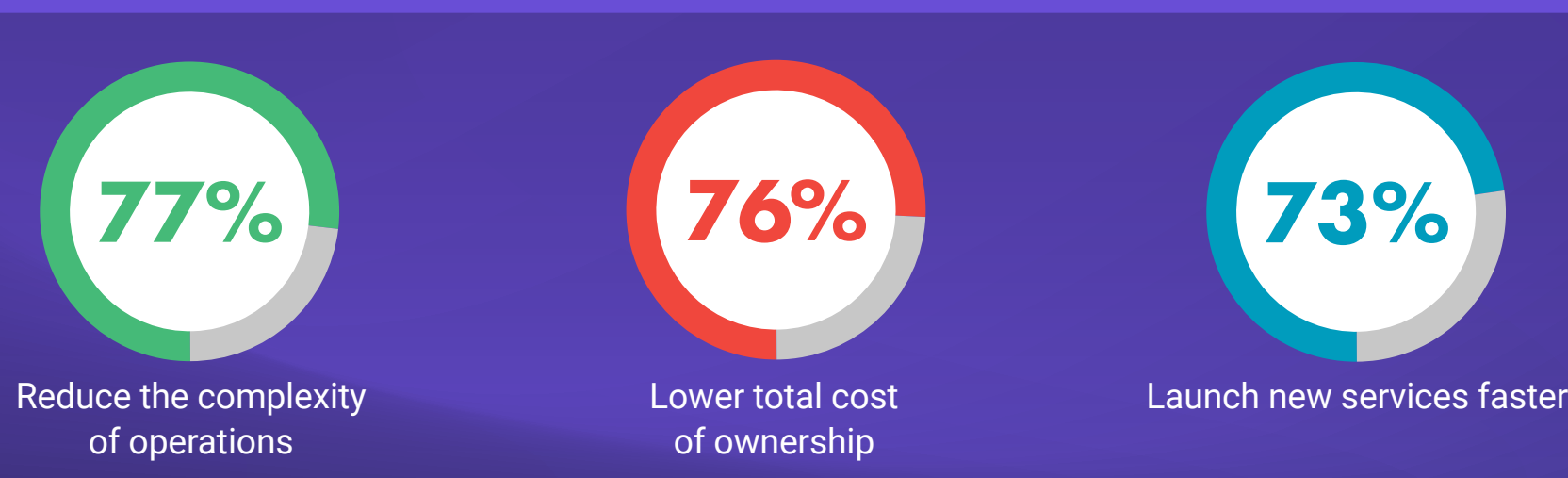


## #5 The growing significance of Payments-as-a-Service solutions

With the continuous expansion of the digital economy, the importance of efficient and secure transaction processing is becoming increasingly evident. Financial institutions are recognizing the need to adapt to this changing landscape by investing in cloud-based solutions. Furthermore, the surge in transaction volumes and the necessity for scalable, reliable services have led financial institutions to embrace Payments-as-a-Service (PaaS) solutions - and understanding of this mode of deployment is growing, with:



Financial institutions are recognizing the following as key benefits of using Payments-as-a-Service solutions:



## Simplify your instant payments implementation with Finastra Payments To Go

In response to market demands for Payments-as-a-Service (PaaS) solutions, **Payments To Go** offers pre-packaged and pre-certified payment workflows for all payment types, including instant payments. Leveraging Microsoft Azure cloud technology, our solution helps financial institutions lower the total cost of ownership by eliminating in-house maintenance and rapidly onboarding to a secure, scalable, available, and resilient instant payment service.

Harnessing modern APIs to facilitate simplified integration with legacy systems, **Payments To Go** allows financial institutions to quickly launch US instant payment services including FedNow<sup>SM</sup> and RTP<sup>®</sup>. The modular design reduces the implementation time for new instant payment rails and allows financial institutions to introduce innovative, value-added services in alignment with clearing scheme changes and customer demands. As a PaaS solution, Payments To Go ensures continuous compliance with clearing scheme updates and global standards like ISO 20022.

Reducing operational complexity is key to delivering a smooth instant payments experience. **Payments To Go** equips financial institutions with end-to-end visibility, providing a standardized view encompassing all clearing schemes under one unified platform. In addition, the use of best practice workflows maximizes STP rates and personalization of the service is through user-driven business rules as opposed to customizations.

And to support new instant payment use cases as they emerge, **Payments To Go** integrates with our API-driven open innovation platform, FusionFabric.cloud, providing access to a rich and growing marketplace of fintech solutions, from fraud management to AML and compliance scanning, payment initiation, corporate to ERP integration, and vital alternate cross-border payment methods like Visa Direct, essential for rapid progress in an interconnected economy.

Support instant payment requirements for your business with Finastra Payments To Go!

Instant Payments in the U.S.: How to Seize the Opportunity

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