

# Faster Payments

## Tracker™

Making International Supply

## Chain Money Move Faster



[Security is about how] we make sure that everything that should be done has been done before the money leaves. Once it has left, it doesn't matter if it's gone over three days, two days, one day or within an hour.



Brian Jamieson, co-founder and CEO  
of Centrip



**Centrip** on sending speedier  
international corporate payments



**Bank of England** merges Bacs and  
Faster Payments

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# WHAT'S INSIDE

**H**aving money is one thing. Having money you can access exactly when you need it is something else altogether.

After all, for a gig worker, having a paycheck in the mail isn't the same as money in the bank when it comes time to buy groceries or fund discretionary purchases. In fact, the most recent PYMNTS [Gig Economy Index](#) found 85 percent of these workers would do more freelancing if they could instantly have those wages in their accounts, or at least the same day the job is completed.

These payment speed issues arise in all types of industries, too. Whether it's the patient who has to [wait](#) a week for a health insurance provider to reimburse healthcare expenses, or a multinational company looking to ensure payments quickly reach suppliers' bank accounts, there is a persistent demand for money to move at the speed of business.

Players from private companies to central banks have been stepping up to the plate to offer solutions and answer that demand. According to recent numbers on national payment schemes, when they build it, transactions will come.

Take, for example, pan-European payment infrastructure services provider EBA CLEARING's RT1 real-time payment system, which has officially [processed](#) 1 million transactions as of Apr. 13, 2018. It was launched in November 2017, topping the 500,000-transaction mark in February. RT1 isn't the only real-time payment scheme impacting that market, though, as the European Central Bank's TAR-



GET instant payment settlement (TIPS) system is set to debut later this year.

Meanwhile, the ACH network in the U.S. is showing some strong [growth](#) of its own, and Same Day ACH may be the strongest of the bunch. According to



NACHA – The Electronic Payments Association, 5.9 percent more transactions were processed on the ACH network in Q1 2018 than in Q1 2017, and Same Day ACH rose 220 percent year over year.

In other parts of the world, Australia is [connecting](#) more financial institutions (FIs) to its national faster payments system, the New Payments Platform (NPP). Not to be outdone, the U.K. is [trying](#) to make its Bacs and Faster Payments payment schemes more accessible to smaller businesses through consolidation, and there's a brand [new](#) pan-European payments scheme in the works.

## Around the faster payments world

As instant payment schemes proliferate and more FIs link up, renewed attention is being focused on combatting fraud. Solutions like fraud detection methods, tighter encryption and more rigorous account controls have debuted around the space, and all to slow down the fraudsters who might attack faster payment systems.

In a recent conversation with PYMNTS' Karen Webster, Gary Kearns, executive vice president of Mastercard-owned payment company Vocalink, and David Divitt, its director of product, [explained](#) that

fraudsters are increasingly attempting to steal large sums of money and launder it before the crime is detected. The pair recommended taking a network-wide approach to catching attackers who may be trying to open an account to stash or move stolen funds. Bringing artificial intelligence (AI) and machine learning to bear can further help identify fraudsters, they said, particularly those working to trick customers engaged in what might seem to be a routine payment request from a known provider.

Customer fraud protection solutions provider ACH Alert has introduced other tools that can help in the fight. The company recently [launched](#) two offerings for ACH credits and payments, both designed to enable account holders to place restrictions on incoming payments, customize behavior that triggers alerts and establish lists of approved and blocked payments based on sender, amount, frequency or dates.

Protecting a bank account isn't just about detecting bad behavior, but also about securing information to make it more difficult for fraudsters to find an opening. To that end, data technology company Rambus recently [announced](#) a solution that applies tokenization to account numbers, safeguarding sensitive

information involved in the direct debit, direct credit and person-to-person (P2P) payments conducted by central banks and clearing houses.

## Channeling an eMoney network for faster payments

Central banks and clearing houses aren't alone in diving into faster payment efforts. FinTechs are also seeking to play a role and bring instant transfer speeds to the corporate realm. Companies with supply chains that wind across borders or flow overseas need to quickly get payments to their suppliers, without incurring hefty fees for those cross-border transactions, or they may face major business problems.

In the June Faster Payments Tracker™ feature story (p. 7), Brian Jamieson, CEO and co-founder of FinTech [Centtrip](#), tells PYMNTS how the company's electronic money (eMoney) approach provides instant in-network transfers for domestic and international payments to corporate clients. He has his own theories on security in the age of faster payments, too — namely, that the time for protection is before the money is even moved.

"[Security is about how] we make sure that everything that should be done has been done before the money leaves," Jamieson said. "Once it has left, it doesn't matter if it's gone over three days, two days, one day or within an hour."



# FIVE FAST FACTS

## What's Inside

52%

Portion of U.K. corporate  
finance professionals who  
have used the Faster Payments  
scheme for B2B payments

\$25 BILLION

Value of P2P payments processed on the  
Zelle network in Q1 2018

77%

Share of surveyed global merchants that  
believe real-time payments will ultimately  
replace payment cards

60%

Increase in the number of banks that  
expect real-time payments to drive  
revenue growth

5.7 BILLION

Total number of  
ACH debit and credit  
transactions made  
in Q1 2018



## Making International Supply Chain Money Move Faster

**M**ajor companies rely on a web of world-wide suppliers to keep them in operation, and the entire puzzle can fall apart if just one piece is missing.

Chinese telecoms giant [ZTE](#) has been struggling to survive since it was cut off from its supply of U.S.-made components. Meanwhile, American beer brewers are importing European [aluminum](#) for beer cans, and supermarkets are bringing in Chilean grapes, Colombian [avocados](#) and more to stock their shelves. No matter the product, these companies must find ways to quickly, cost-effectively and repeatedly pay their suppliers — or suffer the same consequences as ZTE.

As the world continues to shrink and companies do more business beyond their borders, quick and efficient fund transfers and reconciliations have become crucial to keeping everything organized and everyone happy. For companies with multinational supply chains, that often means finding quicker ways to move money to suppliers while avoiding significant foreign exchange (FX) costs. Those operating in multiple counties must also manage cross-border money transfers between their far-flung offices' accounts.

To manage frictions like these, FIs, FinTechs and other providers are working to develop new methods of smoothly and cost-effectively moving money, both domestically and abroad. Among these is Lon-

don-based FinTech [Centtrip](#), which provides global payments, treasury and FX services to business clients. PYMNTS recently caught up with Brian Jamieson, the company's co-founder and CEO, to discuss its new service enabling clients to make real-time, in-network payments.

Centtrip works to identify an industry's most painful payment problems, including high payment fees, issues with multiple accounts and reconciliation and more. Jamieson shared his take on the future of the payments space.

## **Supply chains, multi-office companies and international performers**

The need for faster payment and reconciliation strikes a variety of businesses. These can range from managers of yacht fleets, who need to pay staff and maintain the boats, to private equity fund distributors who must pay clients and musicians who travel globally. The latter often need to receive and spend funds in a local currency.

"As they move around the world on tour, they have a requirement for local currency — the ability to make payments to the crew, and then all the other payments that go into the day-to-day running of a large worldwide tour," Jamieson explained. "Because of the multicurrency aspect of our account, it also [means] the artist could ... receive [her] revenue in the currency of the area [she is] in."


FinTechs and FIs can provide better currency access and organization of a company's offices by offering clients sub-accounts held within a single master account, Jamieson said, as Centtrip does. These clients can then make individual or batch payments from each sub-account.

A musician might decide to store a different currency in each of her sub-accounts, making it easier to handle payments when touring abroad. Similarly, a company with multiple offices might decide to give each its own sub-account, rather than setting up a new master account for every location, easing report reconciliation.


"They can manage multiple accounts to one interface," Jamieson said. "From an administrative perspective, it's very efficient. It gives great reporting and reconciliation tools, [and]

also gives them huge control and the ability to move money very, very quickly across their own network."

Centtrip can move eMoney quickly across its network, enabling corporate clients to make real-time payments to any other in-network company. Payment recipients must be part of this same FinTech network, though, making the solution better suited for corporations that regularly pay the same suppliers — those may be more likely to join a network for quick payment receipt. Centtrip offers this service for free, because it makes its revenue from several other services offered to its clients.



We can move money instantly between the various accounts we hold for the client.





“We can move money instantly between the various accounts we hold for the client,” Jamieson explained. “If you’re a Centtrip customer and I’m a Centtrip customer, we’re both within that same eMoney network, which means if you deposit money with us, you can move it to me instantly across that eMoney network, because it’s effectively a ledger movement. The money hasn’t actually moved because it’s within an eMoney environment. What’s happening is they’re making an instruction to transfer money from their eMoney wallet into the other party’s eMoney wallet. Therefore, it’s an instant movement.”

Not all of a client’s payment recipients will be willing to join that particular network, though, even with the benefit of added speed. As such, the FinTech turns to schemes such as single-euro payment area (SEPA), SWIFT and Faster Payments to process these external transfers.

### **Safely speeding on**

Despite concerns to the contrary, Jamieson claimed there’s little reason to believe bad actors will more quickly and readily make off with funds as payments speed up. After all, the bulk of payments security occurs before any money starts moving, including measures such as multifactor authentication and reauthorization procedures.

“[Security is about how] we make sure that everything that should be done has been done before the

## UNDER THE HOOD



### ***What are your expectations for PSD2?***

“In terms of speeding up a transaction, the open banking network will definitely help with that. [Say, for example,] you’re in your Centtrip account, [and] you want to convert [a currency] into euros, or [that currency] into dollars, and then distribute it out to multiple third parties or beneficiaries. While you can book it all in one go, you then have to send the money to us – which effectively means you’ll probably need to come out of our platform and maybe go into your own banking network platform. But now, with PSD2, you can do it all from one place and send instructions potentially through the Centtrip network to your own banks.”

**Brian Jamieson,**  
co-founder and CEO of [Centtrip](#)

money leaves,” he said. “Once it has left, it doesn’t matter if it’s gone over three days, two days, one day or within an hour.”

Jamieson has seen plenty of progress around the faster payments space, which makes him optimistic that the recent Revised Payment Services Directive (PSD2) rollout will open the doors to greater collaboration between FinTechs and major banks. He doesn’t expect significant changes to the corporate side of faster payments in the near future, but noted that its players have common goals and several key pieces in place, such as security.

Figuring out optimal messaging and settlement, especially for physical currency, remain challenges, however.

“Everybody knows what the problem is, and everybody knows where we want to get, but I don’t think anybody’s got the ultimate solution yet,” Jamieson said.

All that’s left is for someone to find that final missing puzzle piece.



# News & Trends

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## GETTING CONNECTED

### EFiS turns to SWIFT for real-time connectivity

Global payments logistics service provider EFiS is once again turning to payments messaging company SWIFT, with a new partnership recently [announced](#) to help link the former into European faster payment networks. Under the newly signed agreement, SWIFT will use its SWIFTNet Instant offering to facilitate connectivity into two schemes, EBA CLEARING's RT1 instant payments network and the TARGET instant payment settlements (TIPS) system. TIPS is a forthcoming real-time payments service from the Eurosystem eurozone monetary authority, due to launch in November 2018.

SWIFT and EFiS have worked together previously. EFiS is SWIFT's longest-serving Service Bureau in Europe, according to the [press release](#).

### FIS links more FIs into NPP

Meanwhile, Australia's New Payments Platform (NPP) national faster payments scheme has also seen progress. Global financial tech provider FIS recently [announced](#) it used its Open Payment Framework to [connect](#) three FIs into the NPP. The company did not name the organizations, but described them as "leading financial institutions" in a press release.

NPP provides 24/7 real-time clearing and settlements. It launched in February and has since been rolling out to more institutions.

## US AND CANADA

### ACH use rises in Q1 2018

NPP isn't the only platform seeing new popularity, either, as one electronic network in the U.S. is boasting some robust growth in payments of its own. NACHA – The Electronic Payments Association, has [released](#) new numbers reflecting a rise in ACH transactions, particularly for Same Day ACH. It saw approximately 5.7 billion ACH credit and debit transactions in Q1 2018, a 5.9 percent year-over-year increase. That included about 3.3 billion debit transactions, 2.4 billion credit transactions and 1.7 billion payroll and other consumer credits.

Same Day ACH is the star of this show, however. It became available for credit in September 2016 and debit a year later, and demonstrated a 220 percent increase in Q1 2018 over Q1 2017. That amounted to 42.6 million Same Day ACH transactions in Q1 2018. In a press release announcing the data, NACHA chief operating officer and general counsel Jane Larimer called ACH a "vital component of the U.S. economy."

### Visa Direct expands in Canada

Payments processor Visa is hoping to expand the use of its real-time Visa Direct push payments platform in Canada. It recently [announced](#) that payment processing solutions provider Peoples Payment Solutions – working with digital healthcare management firm TELUS Health and Payment Solutions – is among the first to implement the offering for real-time payments.

Visa Direct will work with Peoples and TELUS to instantly push payments, including reimbursements for health benefit claims, to a customer's debit card in real-time, according to a Visa press release. That process previously took up to a week.

## ACCELERATION IN EUROPE

### UK merges Faster Payments, Bacs

Two U.K. payments systems recently became one, with the Bank of England announcing it had [combined](#) its Bacs and Faster Payments systems to lower costs and other barriers to business payment processing. The two are now operating under the New Payment System Operator (NPSO).

The move comes after regulators reported concerns regarding small- and medium-sized business' (SMB) access to the two schemes, and is expected to lead to new features such as payee confirmation and payment requests. NPSO will also begin to oversee the Cheque and Credit Clearing Company payment system as part of a larger industry consolidation effort.

### Centtrip announces real-time payments for multinational companies

U.K. business are also receiving new ways to quickly send money and do so globally, according to London-based FinTech Centtrip. The company provides global payments, FX and banking services, and recently [announced](#) a new solution to offer real-time international and domestic payments with transactions settled "in a matter of seconds." These services are to support both real-time individual and batch payments, according to the announcement, with FX management and support.

Centtrip's business customers can open a master account, and within it hold sub-accounts in various currencies and regions. Customers receive report-

ing on each sub-account and can use them to make payments or fund transfers to and from cards.

### EBA's RT1 hits 1 million transactions

EBA CLEARING's RT1 system is showing continued growth in Europe. The single euro payment area (SEPA) instant credit transfer (SCT Inst)-compliant scheme reportedly [processed](#) more than 1 million transactions between its Nov. 21, 2017, launch and Apr. 13, 2018. It had reached 500,000 transactions by February 2018, showing a marked increase in the few months leading up to the April reporting date. RT1 has processed approximately EUR 635 million (roughly \$740 million USD), but is expected to face increased competition in the pan-European arena when TIPS launches in November.

## SPEEDY SECURITY

### Rambus protects with tokenization

California-based data tech company Rambus recently [announced](#) a new solution to help combat cyber criminals. Payment Account Tokenization is intended to extend greater security to the real-time





"Tokenization has already been proven successful in securing mobile payments worldwide," said Bret Sewell, Rambus' senior vice president and general manager of security, in a press release. "Our Payment Account Tokenization does the same for real-time payments."

Rambus' solution isn't the only tool in ACH's defense toolkit, though. Security service provider ACH Alert has [launched](#) two new solutions of its own, both aimed at providing the security needed to increase FIs' comfort when receiving real-time payments, according to a statement from CEO Deborah Peace. One of the tools, PRO-TECH RT, enables account holders to set restrictions on incoming payments, customize text or email alert triggers and establish a list of approved and blocked payments based on sender, payment amounts, frequency and start/end dates. The PRO-TECH CR solution, meanwhile, works to offer similar features for incoming ACH credits.

holders wish. For example, these features can be particularly useful when a property management company wishes to reject incoming payments on a property if eviction proceedings have been initiated, Peace said.

But new kinds of fraud are starting to crop up as faster payments spread. In a recent conversation with PYMNTS' Karen Webster, Gary Kearns, executive vice president of Mastercard's Vocalink, and director of product management David Divitt [discussed](#) how banks can stem the tide of attacks and also frustrate fraudsters.

"Faster payments does not necessarily mean more fraud," Kearns said. "It does mean that fraudsters know that they can move faster to more quickly



launder money — a few minutes or hours, now, instead of a day or two.”

## PREPPING NEW TECH

### JPMorgan Chase eyes blockchain for cross-border

According to a patent [application](#), recently made public by the U.S. Patent and Trademark Office, JPMorgan Chase is seeking to develop a system that would use distributed ledger technology to support faster cross-border payments. In the application, the FI said enabling international payments requires a high volume of communication between banks and clearing houses, but slow messaging can cause lags and limited access to funds. JPMorgan believes blockchain technology could support more accurate transaction logging and real-time payment processing.

This recent patent bears similarities to one filed by the company in 2015, according to reports, and follows several of Chase’s earlier distributed ledger

tech efforts. It built its own blockchain on top of Ethereum in 2016, and was one of 86 corporate companies to join an open-source blockchain initiative known as the Enterprise Ethereum Alliance.

### Wells Fargo launches new mobile app service

Wells Fargo’s latest technology foray may seem a bit less complex when compared to JPMorgan’s bid to develop a new system. The FI recently [announced](#) its mobile banking customers will now be able to view and select frequently used payment methods — including Zelle, mobile wallets, card-free ATM access codes and fund transfers — in its app’s home screen, and all without signing in.

The new Pay with Wells Fargo service is part of a larger-scale reworking of the company’s mobile banking offerings. Another service currently in testing with Wells Fargo’s employees allows app users to more easily donate money to their preferred charities and nonprofits. The feature is slated to roll out to customers later this year.



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