



# A guide to instant payments



# What you and your company need to know about instant payments



It's been 150 years since the first payment transaction crackled over a telegraph wire, bonding finance, technology, banks and their customers in an ever-evolving relationship.

The modern economy is not simply automated – it's comprehensively digital, demanding immediate access to funds and reconciliation across business functions.

Instant payments allow companies to send or receive money immediately between businesses, suppliers and consumers. Whether it's the weekend, a holiday, midnight in New York or dinnertime in Hawaii, the time or place doesn't matter, and it's available 24/7.

Businesses can manage payments, cash flow and rich data through two instant payment services that work together, the RTP® network and the FedNow® Service. Leveraging instant payments won't only better your business, it can also transform and unlock company-wide innovation to gain a competitive edge.



## The transaction limit

RTP Network

\$1 million

FedNow Service

\$500,000

## Did you know...?



Japan developed the first instant payment solution in 1973.



60+ countries have instant payment solutions.



The creation of the RTP network in 2017 brought the United States into the rapidly growing instant payments revolution.



U.S. Bank participated in the first RTP transaction on November 14, 2017.



Instant payment options in the United States expanded in 2023 with the introduction of FedNow Service by the Federal Reserve.

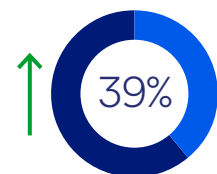
# What is the RTP network?

The RTP network is a digital payment rail operated by [The Clearing House](#) (TCH). The private-sector payments company is owned by a consortium of the largest commercial banks in the country, including U.S. Bank.

All federally insured U.S. depository institutions can join the network. The payment network already reaches 65 percent of U.S. DDAs. Payers (sender) and payees (recipient) using financial institutions in the RTP network can send and receive instant payments and data.

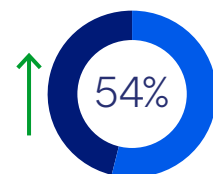
RTP transaction and revenue volume is growing rapidly:

2022 transaction volume of **172.6MM**



increased 39% over 2021

2022 payment value of **\$76.1B**



increased 54% over 2021

Source: The Clearing House

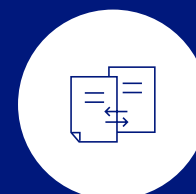
Instant payments



Immediate payments, 24/7



Irrevocable, good funds payments



Leverage ISO<sup>®</sup> 2022 to deliver data-rich messages

# What is the FedNow Service?

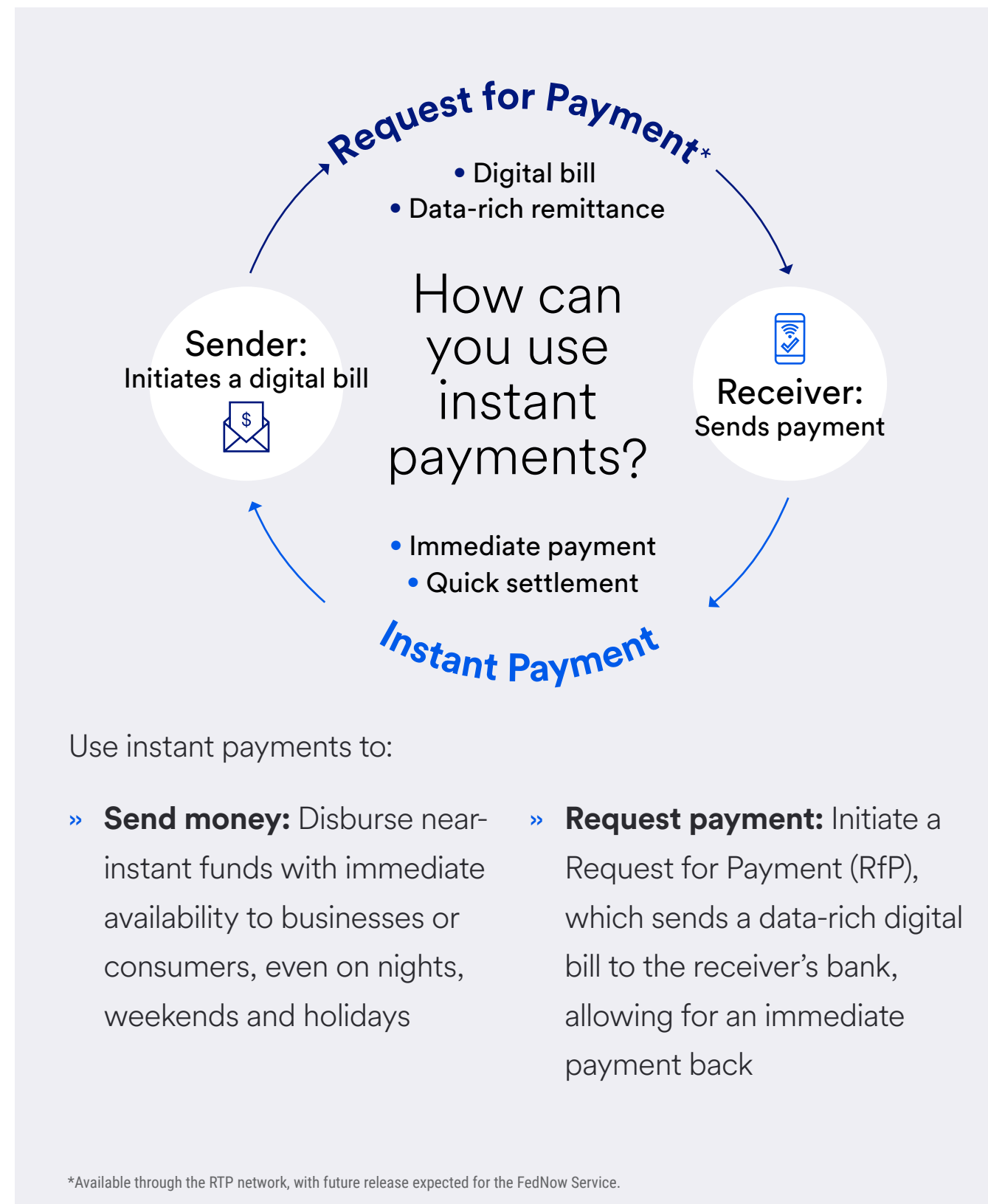
The FedNow Service, launched by the Federal Reserve in 2023, expands the delivery of immediate, irrevocable payments, 24 hours a day, 7 days a week, 365 days a year, across U.S. financial institutions.

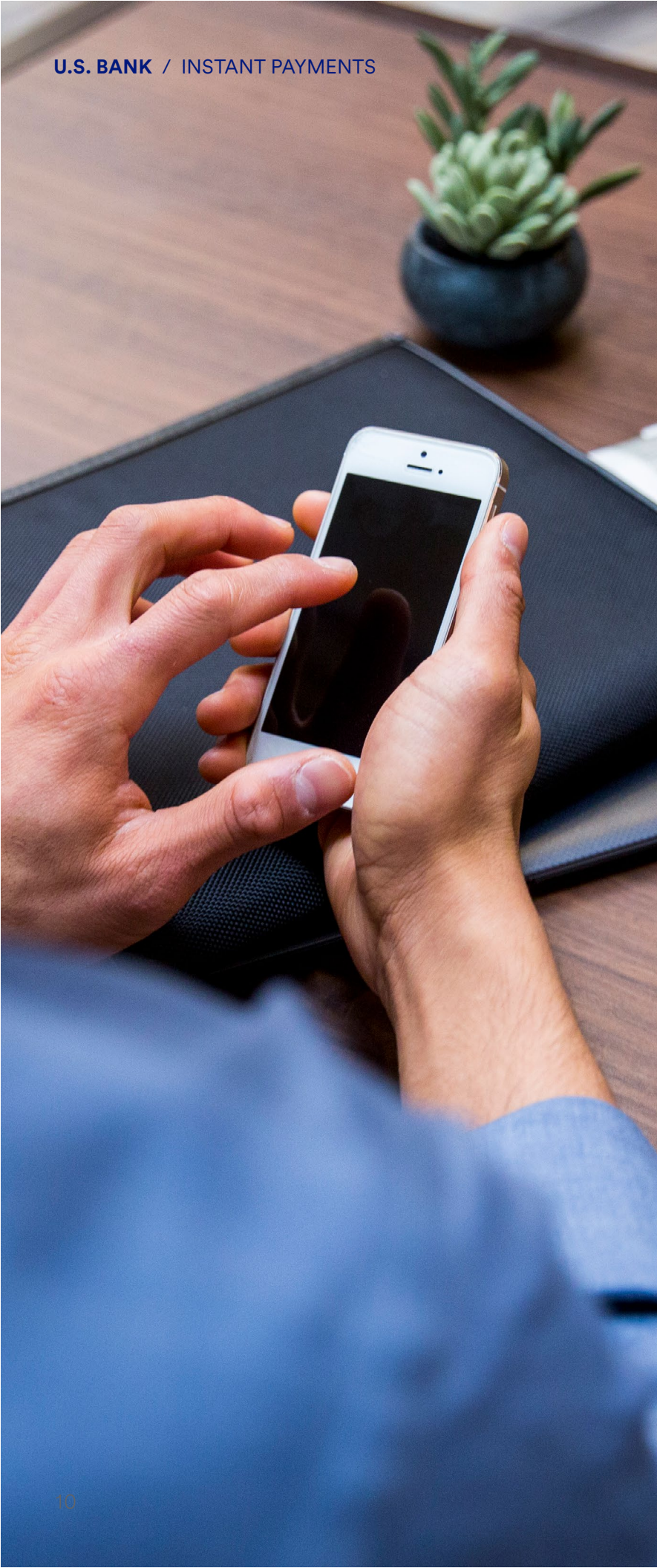
The FedNow Service will greatly expand the network for instant payments over the next few years, particularly with smaller regional banks and credit unions.

# How do instant payments work?

Instant payments bring data and payments together in a single, transparent transaction for business to business (B2B), business to consumer (B2C), consumer to business (C2B), peer to peer (P2P) and government-to-consumer (G2C) payments.

Instant payments are pushed from the sender's bank account directly to the receiver's, providing a more secure transaction. Businesses can also send a digital bill (Request for Payment) to facilitate immediate payment and improve straight-through processing. Because instant payments are irrevocable, senders cannot claw back or reclaim payments.





# Types of instant payments

The growing instant payments ecosystem increases the opportunity for treasury organizations to create seamless, immediate experiences for customers, businesses and suppliers across a wide range of payment types.

## What types of transactions are available through instant payments?

### Account-to-Account transfers

A transfer of funds from one account to the other, typically owned by the same customer, across the same or different financial institutions.

### Consumer-to-business bill pay

Payments made from an individual to a business, often for a bill or service.

### Business-to-consumer payments

Businesses providing payment to consumers, such as refunds, wages or insurance disbursements.

### Business-to-business payments

Transactions between two businesses, such as a supplier or service payments.

### Government-to-consumer payments

Government issued payments to individual consumers, such as tax refunds.

### Request for payments

A payment request – or digital bill – sent to a recipient from another person or organization.



# What is data-rich messaging?

Instant payments provide process automation and simplification by aligning with the global ISO 20022 standard, along with two-way data-rich messaging. These detailed messages enable straight-through processing and speedy reconciliation.

Capabilities include:

- » **Credit transfer** – Moves money to a recipient and provides 140 characters to detail transaction
- » **Request for Information (RfI)** – Requests information to facilitate reconciliation and links messages to preserve conversation
- » **Request for Payment (RfP)** – Sends a payment request to a business or consumer; recipients can initiate payment or decline the request
- » **Payment acknowledgement** – Confirms payment acceptance to sender and optional messaging about account status

- » **Confirmation** – Generates message to sender and recipient that transaction was successful





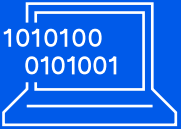

- » **Remittance Advice** – Details payment and additional customer data as a single conversation



These unique features not only streamline payments, but also help reduce fraud often associated with paper-based payments, batch ACH and traditional wires. It is a credit-only system that blocks access to payment rails in which money can be pulled out.

Instant payments also allow for rapid payment confirmations, reduced reconciliation costs and improved cash flow.

# What is the value of instant payments?

 <p><b>Immediate</b> Funds are immediately available to the receiving person or business.</p>	 <p><b>Certain</b> Every payment is final, irrevocable and confirmed in near real time.</p>	 <p><b>Easy</b> Initiating payments is simple, ensuring an optimal customer experience.</p>
 <p><b>Reliable</b> Fast and secure transactions mean more visibility and control over cash flow.</p>	 <p><b>Data-rich</b> Rich payment and remittance data reduces manual reconciliation.</p>	 <p><b>Always on</b> Transactions can be completed 24/7, even weekends and holidays.</p>

# Instant payments are ready for prime time

Built for today's demanding economy, instant payments empower companies to take control of money movement and support a diverse range of payments, from bills and refunds to vehicle sales and real estate deals.

Leverage instant payments to take control of your money movement, elevate your current tools and capabilities, and drive transformation in your front-office customer experience and back-office operations.

Ultimately, instant payments will have ubiquitous reach through the RTP network and the FedNow Service, so companies that are committed to adding instant payments should get started now.

 [Contact us to get started](#)

Disclosures

RTP® is a registered service mark of The Clearing House Payments Company, L.L.C. Eligibility requirements, other conditions and fees may apply. Services mentioned may be subject to credit approval. Deposit products offered by U.S. Bank National Association. Member FDIC.

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