

Anatomy of an Instant Payment

A Quick and Easy Guide

In a world where people, things and time move fast and furiously, there is a natural desire for fast, easy and secure payments. But what happens when a person initiates a transaction through a financial institution in a world of instant payments?

Let's take a look at what happens when Janice makes a payment of \$300 to her handyman, Frank.

Initiation

To pay Frank, Janice connects with her bank. She logs in to her mobile banking app to set up a payment of \$300 to Frank for his handyman services. Janice selects the account she wants to use for the payment and fills in the payment amount and Frank's account or other identifying information, such as his mobile number or email that he associates with his account at his bank.

01



Authorization

Once Janice initiates this payment request, Janice's bank confirms that her account has the funds to cover the \$300 transaction. Once confirmed, Janice's bank takes the money out of her account and pushes the payment information to Frank's bank, using a faster payments system. At this point, Janice can no longer make any changes to the transaction.

02



Transmission

Frank's bank receives and validates the payment message and Frank's account.

03



Acceptance

Once Frank's bank confirms the transaction, it notifies Janice's bank, through the faster payments system that it accepts the transaction and credits Frank's account with the \$300.

04



Receipt

Just moments after the start of the transaction, Janice receives notification from her bank that her payment to Frank's account is complete. Frank also gets notice from his bank that he has \$300 in his account, and he decides to use these funds immediately to pay his supplier.

05

