

# FPC Fall Member Meeting 2025



# What do you know about SEND? Test time.



# Our Panelists



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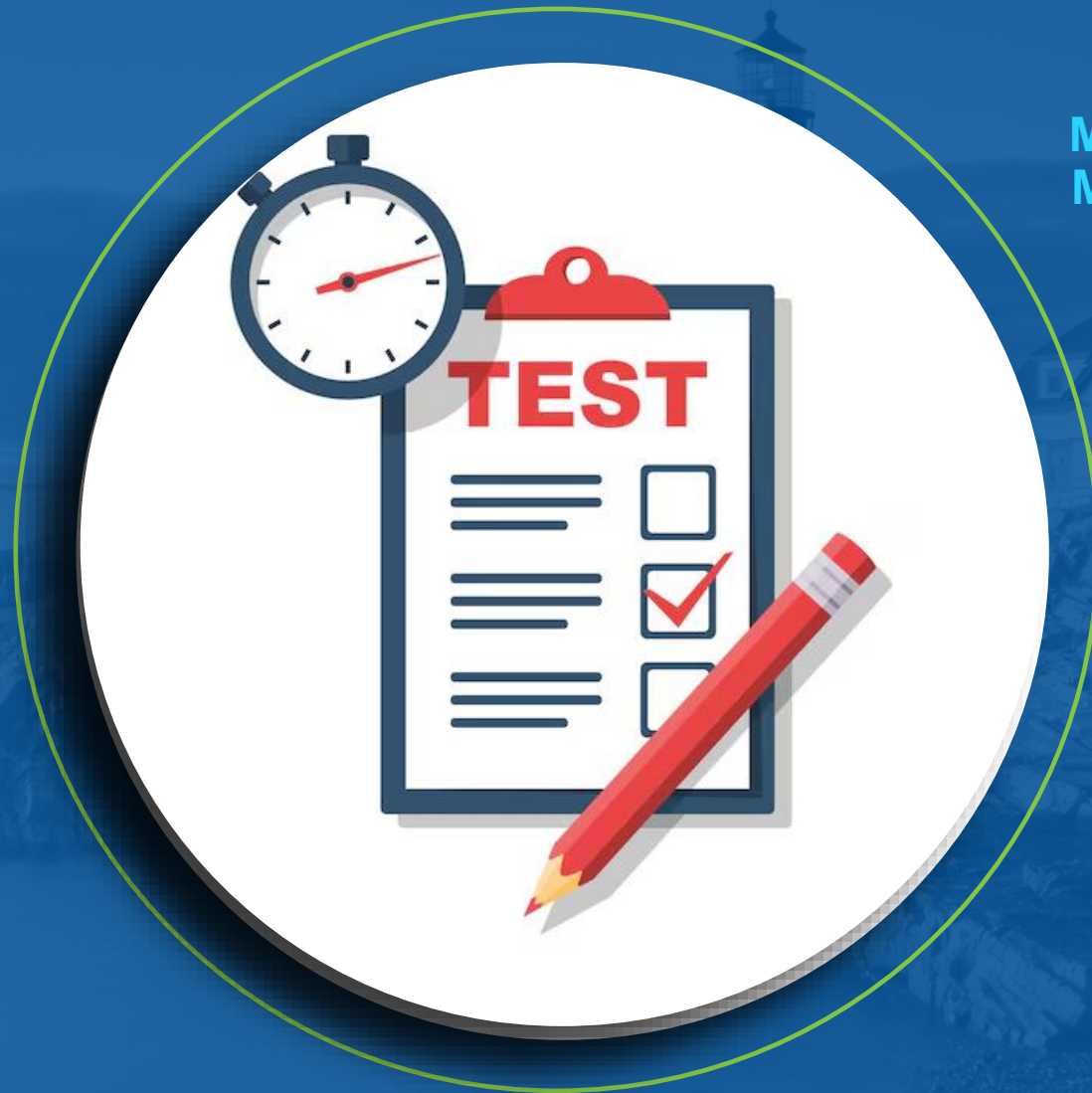




# What is the OCWG and what we'll be doing in the panel today?

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Come join us!



# Question 1

- **Quick answer!** As a financial institution do you need to prefund a dedicated account if you are implementing:
- FedNow – SEND?
- RTP – SEND?
- **Part 2, longer...** After the setup, what tools/best practices could you, as a financial institution, use to manage liquidity?

# Question 1 – Answer

**Prefunding Considerations:** When participating in the RTP Network, FIs are required to prefund their RTP Account via the joint account to facilitate real-time settlement of transactions. FedNow does not require prefunding as FIs are able to utilize their existing Master Account or a correspondent account. The Clearing House determines prefunding requirements based on tiers structured around U.S. transaction deposit ranges for each FI. This prefunding ensures that funds are immediately available for settlement when transactions occur. Transactions will process as long as funds are in the joint account, however, if the account goes below zero, the transaction(s) will be rejected.



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**Management of Liquidity:** Effective liquidity risk management is essential to handle unexpected spikes in payment volumes or amounts. FIs should incorporate instant payments in their forecasting models to mitigate risk and ensure continuous service availability. Understanding projected transaction volumes from both sending and receiving perspectives is crucial for accurate liquidity forecasting, including overnight and weekend transactions.



**Liquidity Management Transfer:** To support instant payment liquidity needs, the liquidity management transfer (LMT) is available and enables FedNow Participants to send funds to each other. LMTs are available from 7 pm to 7am ET on weekdays, and 24 hours per day on weekends and holidays.

## Question 2

At an institutional level, the sending of fraudulent or otherwise undesired faster payments is a risk. What are some fraud characteristics unique to faster payments?

# Question 2 – Answer

## 9) Fraud Mitigation

The implementation of send capabilities introduces fraud risks that are different than those which exist when receiving instant payments, but are not dissimilar to fraud risks present in other traditional payment channels, such as ACH, wire transfer, check, etc. As a result, many of the internal controls that are effective in fighting fraud in traditional payment systems are also beneficial when applied to mitigating fraud related to sending instant payments.



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### Recommended Mitigating Controls:

1. Digital Profiling
2. Real-Time Fraud Screening
3. Category and Transaction Limits
4. Payee Validation
5. Account Validation
6. Multifactor Authentication
7. Artificial Intelligence



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# Question 3

What controls could a financial institution have in place to ensure reconciliation of real-time payments?

# Question 3 – Answer

## 5) Real-Time Reconciliation for Outgoing Funds

Effective reconciliation of outbound Real-Time Payments (RTP) hinges on real-time data management and robust automation. The FI must ensure their systems can process transactions instantaneously, maintaining up-to-date ledgers and transaction records. Integrating these systems with Enterprise Resource Planning (ERP) solutions is essential for synchronized data flow, providing real-time visibility across departments and minimizing errors through automation.

Adhering to regulatory requirements and generating comprehensive reports ensure transparency and accountability. Exception handling processes must be in place to quickly identify and resolve discrepancies, supported by automated alerts and workflows.

Scalability and interoperability further enhance the reconciliation process. Systems must be designed to handle increasing transaction volumes without compromising performance, ensuring they can scale with business growth and facilitate seamless interactions across the financial ecosystem. This compatibility with various payment networks and platforms facilitates reconciliation efficiency and accuracy.

Financial institutions can leverage their existing reconciliation processes for receiving instant payments to accommodate the origination side. It is important to consider real-time message reconciliation, end-of-day reconciliation, and reconciliation with accountholders and internal general ledger accounts.



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## Question 4

How much exception handling for instant payments can be realistically automated today, and where do you believe human intervention remains essential?

# Question 4 – Answer

## Staffing Considerations

The nature of instant payments lends itself to and requires a higher level of automation and will result in a significant reduction in the number of payments that are typically encountered in traditional exception processing. However, unlike traditional payment rails, users of instant payments will expect a higher level of responsiveness and shorter delays when payments encounter an exception scenario. While the number of staff required to manage exception processing may be drastically reduced, the availability of staff to address payment exceptions will likely need to increase, particularly to cover after-hours, weekends, and holidays. Institutions will need to consider how this need will impact staffing in departments that support instant payments.



**Send-Side Deep Dive – Page 54-55  
(To Be Published)**



# Thank you!

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Read our publications at:

<https://fasterpaymentscouncil.org/Guides-Research?category=659#brsection>

