



Electronic Funds Transfer Industry Favors Real-time Settlement of Financial Transactions—with Some Conditions

December 26, 2013 02:23 PM Eastern Standard Time

Fairfax, Va.—BUSINESS WIRE—By four-to-one margin organizations in the electronic payments industry believe that the U.S. payment system should begin migrating to “real-time” settlement of transactions.

That’s the conclusion of a recent member survey conducted by the Electronic Funds Transfer Association, a leading trade group representing financial institutions, processors and others within the payments industry.

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Real-time settlement is generally acknowledged to be settlement of electronic financial transactions without any waiting period following the processing of the transactions.

The 12 regional banks that comprise the Federal Reserve System are currently engaged in an effort with the payments industry to determine if moving to real-time settlement is feasible.

Among the other findings in the EFTA survey:

87 percent of respondents believe that achieving real-time settlement is a realistic goal.

70 percent of respondents believe the industry can modify existing, legacy systems to achieve real-time payments, rather than creating new infrastructure.

60 percent of respondents support the idea of developing a centralized directory of account and routing numbers to expedite settlement.

More than half of respondents believe that the Fed banks should set deadlines for industry to convert to real-time settlement.

“Real-time payments will increase the efficiency of our payment systems,” said Kurt Helwig, president and CEO of the Electronic Funds Transfer Association. “It is important for us to work with the Fed Banks in order to adapt to changing technology in order to remain competitive within the global markets.”

While EFTA members were overwhelmingly supportive of the concept of moving to real-time payments, the survey did reveal some concerns over fraud, cost and control.

More than 60 percent of respondents expressed concern over the ability to manage fraud within a real-time settlement framework.

By a like percentage respondents thought that the electronic funds industry, not government, should lead the migration to real-time settlement, and that the Fed should conduct a cost-benefit analysis prior to moving forward.

“We support the Fed in its effort to determine the feasibility of this concept,” said Helwig. “However, there are a lot of details in the areas of fraud abatement, ROI and control to workout before you can get from concept to sub-second settlement.”

EFTA conducted the survey from November 22, 2013 to December 3, 2013. Financial institutions, payment networks, transaction processors, technical consultants and emerging payment companies participated in it.

EFTA has responded to the Fed’s request for comment on the real-time settlement issue, said Helwig. A copy of that letter is posted at <http://www.efta.org/currentissues/EFTAResponse.pdf> .

About the Electronic Funds Transfer Association

The Electronic Funds Transfer Association is an inter-industry trade association based in Fairfax, Va. It provides thought leadership on legislative and regulatory matters and other issues involving the electronic payments industry. Its members include a wide array of companies and organizations that provide the infrastructure that drives electronic payments and commerce for consumers.

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