



#17 - What's Faster than Fast? - Real-Time Payments and FedNow

Soundcloud link

The SoundCloud content at https://soundcloud.com/simply_stated_csbs/17-whats-a-real-time-payment-whats-fednow/s-BmwTv is not available, or it is set to private.

Host: Matt Longacre,

Guest: Joey Samowitz, Senior Analyst, Policy, Conference of State Bank Supervisors

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Intro

Paying someone feels so simple nowadays, right?

Whenever I go out to dinner with friends and we need to split the check, they just tell me to "Venmo them" or "Paypal them" or "Zelle them" (Okay, nobody's ever actually told me to Zelle them, but you get my point).

And even the old, "slow" systems seem faster! When I get a check, my bank lets me snap a photo of it and deposit it.

But even though the transaction kind of feels instant, it's still anything but. When I add that check to my account, it says "Pending." And the bank tells me to hang onto that check for a couple days in case something goes wrong.

It turns out that, behind the scenes, there's a vast system of machinery working to make sure the little bits and bytes of data on my phone represent real transactions.

They want to be sure that everyone actually has the money they say they have and that the money is getting safely from bank A to bank B. That process can still take a while to complete.

In recent years, there's been a new obsession with something called "Real-Time Payments." It's the idea that all this should be able to happen (the movement of the money, the confirmation that person A has the funds, the deposit into person B's account) instantaneously.

Today, I talk to an expert who knows more about the hard work going into making payments faster. We talk about how checks cleared before, where we are today, and what new and innovative "Real-Time Payments systems" mean for the future.

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