



KEY TRENDS IN REAL-TIME PAYMENTS

Architecting a Foundation for
Innovation in Digital Payments



The Real-Time Payment Revolution

Today's consumers increasingly expect instant service delivery, and that is no exception when it comes to digital payments and banking transactions.

An increasing number of national and regional payment infrastructure providers across the world are moving toward real-time payment platforms in order to:

- Meet rising consumer expectations.
- Remove friction from the settlement process.
- Stimulate innovation.
- Improve fraud detection.

This real-time revolution is happening across all layers of market infrastructure, translating into growth opportunities for players throughout the entire payments and banking value chain.





Growth = Opportunity

Real-time payments (RTP) dictate that transmission must be near-instantaneous, allowing customers to receive funds immediately. Additionally, payments must be able to process any time of day, any day of the year.

Real-time payments are witnessing huge global volume growth, including with standout markets.

Numerous projects are underway at the national and regional levels to build or renew real-time clearing and settlement platforms.

This impetus to move to real-time payments is driven by:

- The need to remove friction from the settlement process—delays in settlement strain participants severely impact cost.
- The opportunity to build overlay services on top of real-time payments data.

“From governments and central banks to merchants, corporations, billers and fintechs, every player in the payments ecosystem stands to benefit from real-time payments.”

Jeremy Wilmot

Group President, ACI Worldwide

* “How the Pandemic is Changing Payment Habits,” Banking Exchange, April 1, 2020. <https://www.bankingexchange.com/cards/item/8189-how-the-pandemic-is-changing-payment-habits>.

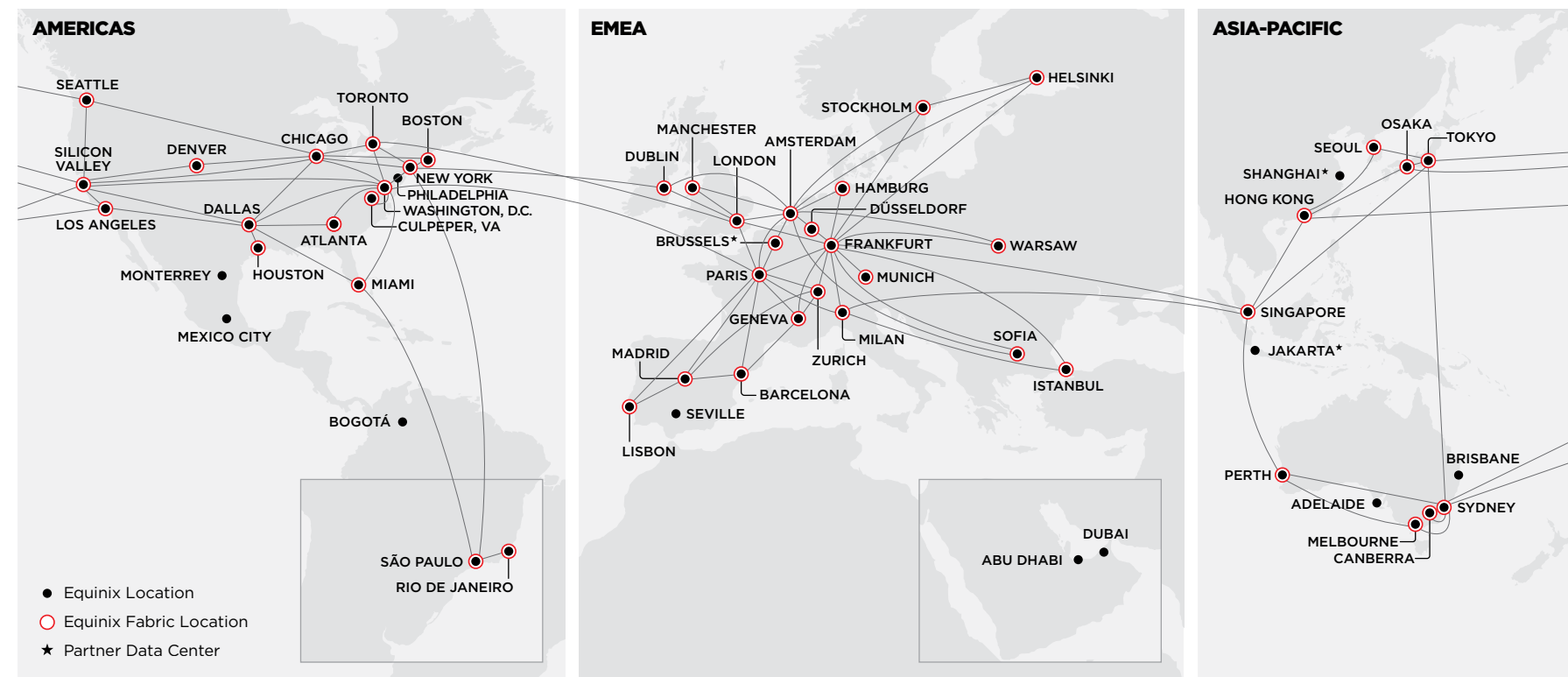




Real-Time Payments Around the World

Among the 15 Equinix markets where real-time payments are in use, the infrastructure of seven real-time payment platforms sits inside our International Business Exchange™ (IBX®) data centers.

54 countries used RTP in 2019, with several more under development.





Begin with the End in Mind

If the goal for initiating real-time payment projects is to drive innovation, then a central requirement is fostering the development of an agile, interoperable platform that advances market competition.

Real-time payments offer markets more than the just the ability to clear and settle payments instantaneously; they offer the ability to utilize rich payment-related data that will drive innovation. This data-driven innovation can be accelerated and reach full scale by providing fintech companies secure, low-latency access to the RTP platform in order to create overlay services.

Overlay services work on the front end of payments and make the experience frictionless for consumers, while also connecting the back end to the real-time clearing and settlement services that make the payment possible.

As overlay service providers have shown, APIs and open banking make connecting to and accessing new payment rails simple.

[Learn more in the Open Banking E-book>](#)

“Thinking of those things at the beginning of the process before you do anything—rather than later and trying to reverse engineer—is key because at the end of the day, we live in a global economy. I think the gig economy accentuates that.”

David Watson
SWIFT

Components of a Real-Time Payments Ecosystem

- Market Infrastructure**
National payment systems operators
- Financial Institutions**
Commercial and retail banks
- Platform and Overlay Services**
Fintech and services providers
- Third Parties**
Retail and other enterprises





Infrastructure Needs to Be Architected for Ecosystems

The basic “plumbing” needs to be integrated into an increasingly broader ecosystem, as innovation cannot wait a year to get to market. Similar to the now mature electronic trading ecosystem, all the legacy components of payments infrastructure—such as payment rails and interbank transfers—must be directly integrated with innovative new services in a secure digital ecosystem.

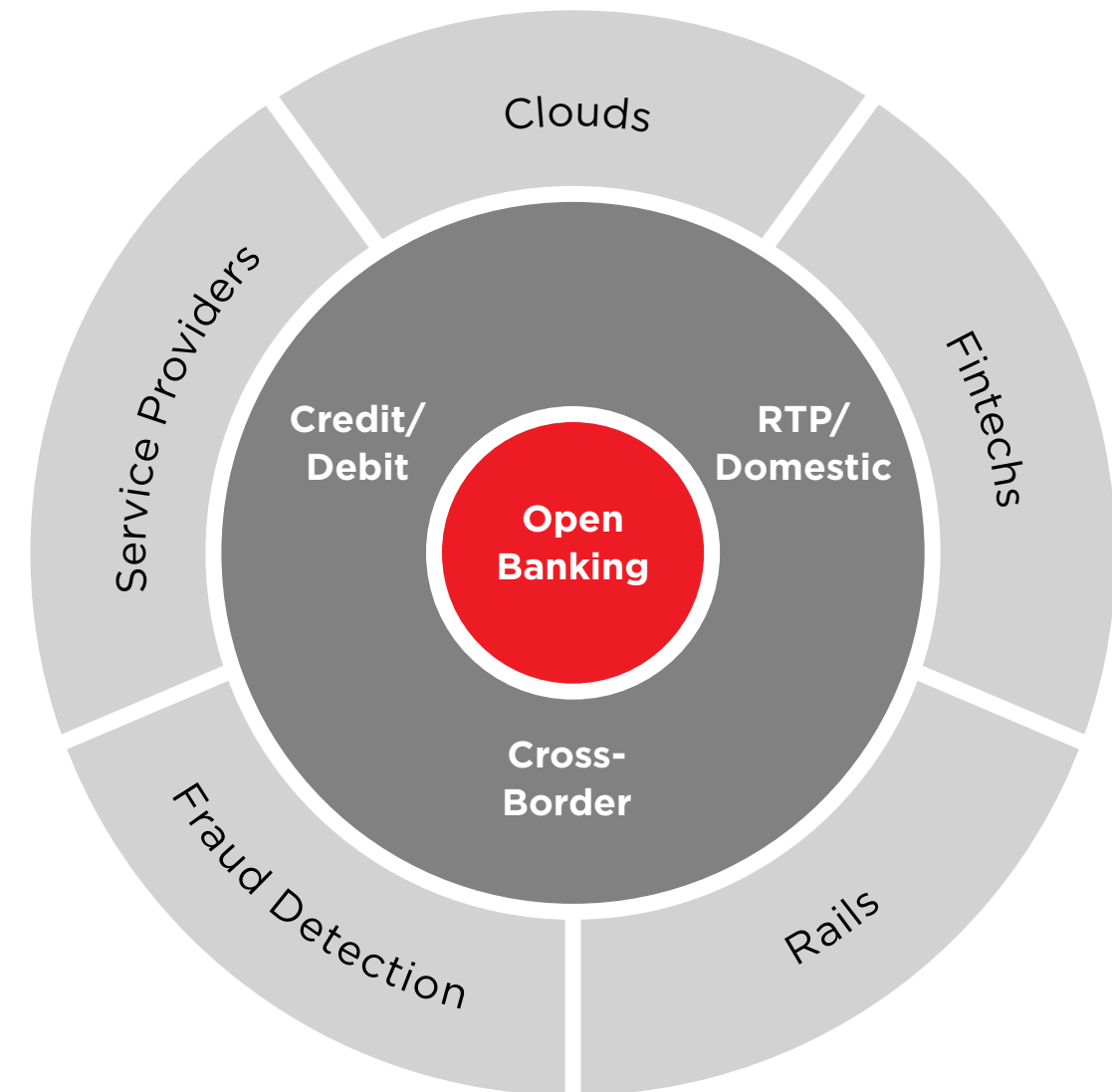
“The challenge is providing interoperability between real-time payment switches; breaking down silos between traditional cards payments and traditional account-to-account payments and e-wallets; and bringing all those disparate sets of rails together.”

Jim Mortimer
Vocalink

Position Infrastructure at the Center of Opportunity

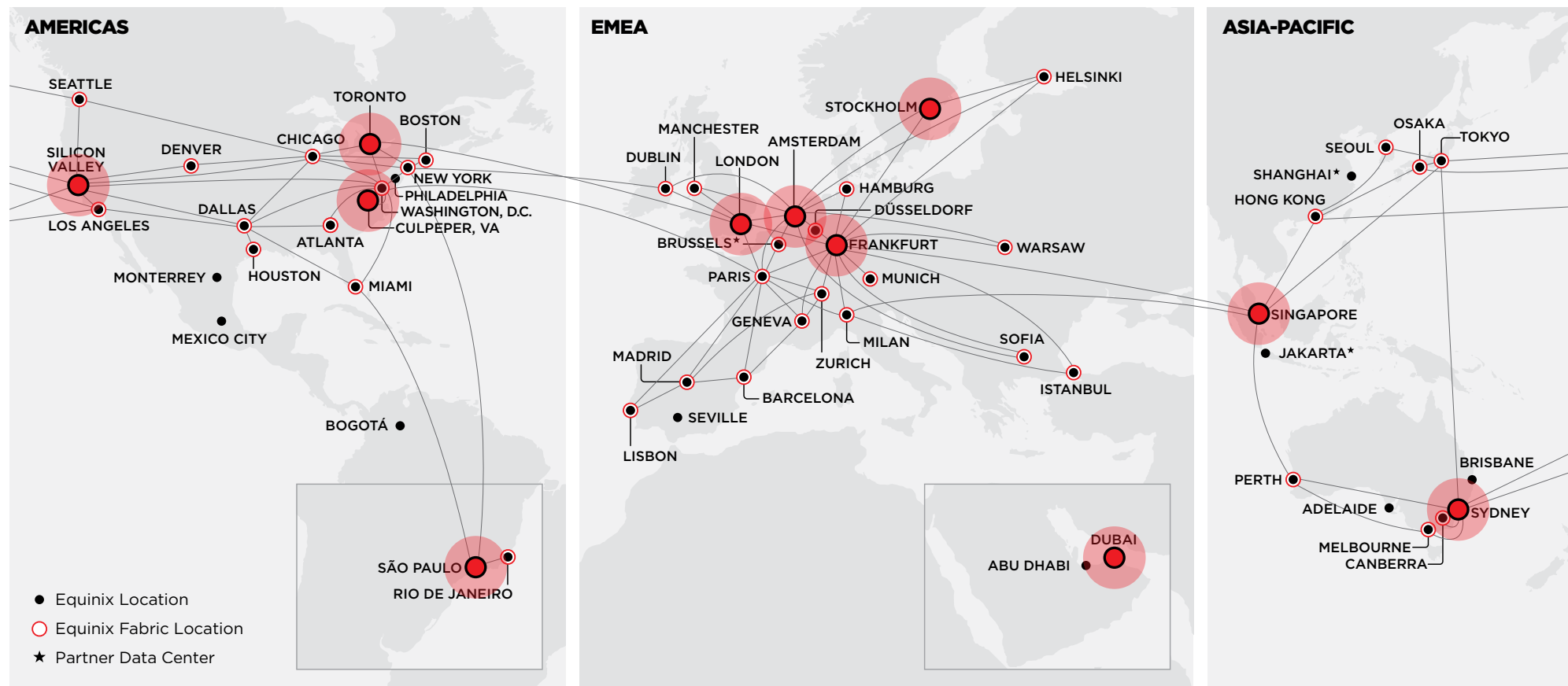
High volumes at low value drives the cloud agenda.

High-volume, low-value transaction services lie at the center of competition today. Positioning infrastructure directly among clouds, fintechs, rails, fraud detection and other service providers creates the ability to quickly enable and configure real-time services along with connections to local and long-haul network providers.





Direct Connections to Ecosystem Participants Enable Faster, Secure Transactions



Equinix markets with robust payments ecosystem



Speed—Direct and Indirect—and Resiliency to Infrastructure Matters

Comparing Multiprotocol Label Switching (MPLS) and Equinix Cloud Exchange Fabric® (ECX Fabric®).

MPLS

- **Expensive**
Advanced way of networking.
For resilience, two routes are needed.
- **Lack of Control**
Service provider configures your network.
- **Slow to Deploy**
Can take months to procure, order and install new circuits.
- **Long Contract Term**
Service providers prefer long-term contracts.

ECX Fabric

- **Low Cost**
- **Software-Defined**
Enjoy full control of your network.
- **Fast Deployment**
Turn up new circuits online in minutes.
- **Pay as You Go**
Straightforward pricing; turn your circuits up or down on demand.

“Payment network operators that do not have an agile network onboarding strategy will get left behind by those who can quickly turn up new customers and partners in new locations in minutes, rather than months.”

Lance Homer

Payments Ecosystem Director, Equinix





Virtual Connections Enable Speed, Security and Scale

Skip Evolutionary Steps

ECX Fabric gives you the ability to quickly integrate cloud services and security protocols in a way that speeds up your ability to innovate. Companies can then accelerate the journey to multicloud architectures, bypassing evolutionary steps along the way.

Quickly Move from MVP to Scale

Virtual connections and APIs enable rapid innovation.

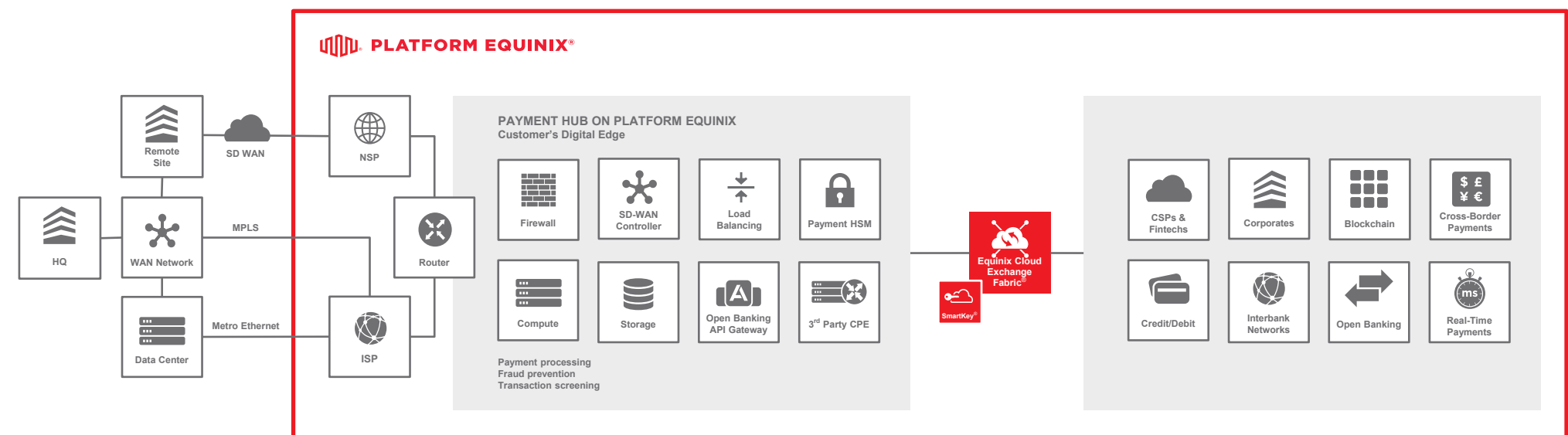
Connectivity Is Key to Scaling and Differentiation

Virtual connections on ECX Fabric offer a new level of speed and agility, making it simple and fast to create new connections.

Real-Time Payments Ecosystem Participants Will Be Hybrid Multicloud

Banks are turning to providers offering real-time payments services in the cloud.

These cloud-based payment services are easy for banks to consume and offer advantages over ease-, simplicity- and consumption-based cost models. Banks will also need to become skilled at managing applications running in hybrid environments.





Connect to the Real-Time Payments Ecosystem

The future of payments is instant, open and everywhere.

Position your company for leadership in digital payments.

Learn more

Visit our [Payments page](#)
