



# Real-Time Payments and Alternative Payment Schemes on the Rise

[LISTEN TO THE EPISODE HERE](#)

Recently Corpay Cross-Border executives Don Banowetz, Vice President, Enterprise Sales, and Alberto Roncajolo, Director of Financial Institutions, US and LACA, got together for a conversation about the rise of real-time payments.

While real time and instant payments have long been available in many emerging markets, including LACA and Africa, as well as in the UK among others, the application has, in many cases, peer-to-peer. With notable exceptions including Africa's M-PESA and the EU's SEPA, real-time payments applications have stayed within country borders.

Is that about to change? What hurdles are there to wider adoption, and to real-time payments becoming a truly international cross-border business-to-business solution?

And is such a solution really needed?

*The transcript has been edited for length and clarity.*

## KEY TAKEAWAYS:

- Adoption in LACA and new instant payment schemes (Swift Instant; FedNow; SEPA Instant Credit Transfers; next iteration of UK Faster Payments). Is the US late to the RTP party?
- Fraud detection and recovery is still a barrier to adoption: Who is responsible for the recovery when payments are delivered instantly?
- Real-time use case: Real estate transactions
- All about data: ownership; machine-learning and Artificial Intelligence to process real-time data...and the regulatory implication
- Cross-border challenges include interoperability of payments systems and rails, and different regulations
- Cost of infrastructure and building the 'connective tissue': should cross-border real-time payments be free?
- Volume of B2B payments is typically larger than many P2P / C2C payments, meaning more risk of loss should payments go awry.
- Is US demand for real-time payments rising? The higher interest rate environment may drive commercial demand
- It comes down to transparency and trust
- Following is a transcript of their recent podcast for Corpay Cross-Border's FX in Focus series.



Welcome to FX in Focus, where our mission is to celebrate the talent and ideas that contribute to the global B2B payments industry. Our series is designed to showcase our thought leaders as they address pressing questions and share their vision on a variety of topics.

Today we're talking real time payments and alternative payment schemes.

They're on the rise, but how prevalent will they become? Is this a thing, or solution in search of a problem?

I'm Don Banowetz, Vice President, enterprise sales at Corpay Cross-Border. My background is a mixture of commercial banking and financial services and international payments and foreign exchange.

I've been with our organization 12 years, and have helped drive some innovations within the fintech space and financial institutions to help our customers find secure and efficient ways to deliver money around the world.

I'm joined today by Alberto Roncajolo.

Alberto, it's great to see you. Please introduce yourself.

---



Thank you, Don! My name's Alberto Roncajolo. I am the Director of Financial Institutions for the US, Latin America, and the Caribbean. I joined Corpay Cross-Border a bit less than a year ago.

My background includes close to 20 years in the payments industry, mostly doing partnerships, and in the last 10-11 years, working with financial institutions with a focus in Latin America and the Caribbean.

So Don, today's hot ticket is real time payments.

### **Adoption in LACA**

It seems like everyone in our industry is talking about real time payments—and the lack of real time payments in the US.

Many countries in Latin America and the Caribbean have had domestic payments and advanced payment solutions and local rails for years and years: Paraguay, Chile, and others, and most recently Pix in Brazil.

It's funny: Every time I'm talking to a bank almost anywhere in Latin America, for whatever reason, the topic of real-time payments in the US always comes up. And it's mostly the banks mentioning how far behind the US is in real time payments.

### **Peer-to Peer predominates**

RTP applications are still mostly Peer-to-Peer or a Customer-to-Customer solution. You don't normally have corporate clients paying millions of Colombian pesos, Chilean pesos, at the click of a button. The risk is higher.

Today we'll talk about different use cases, some pain points and some of what I've seen in the LACA region, and that I think you may be seeing now in the US.

So I'll let you jump in now to give us your thoughts around it.



## The evolution in Payments: Globally and in the US

Alberto, you're spot on. We've seen an evolution in in the payment space.

Swift wires were the culmination of how to move money around the world from the 1970s onward. But the cost to build out the Swift infrastructure was expensive, so Latin America and Africa and many others, had to find efficient ways to move money to drive commerce.

While sometimes it's small to mid-sized businesses, it's also consumers.

As technology is pushing things forward, we're now seeing almost 53 countries around the world with some form of real-time payments. The US is in the infancy stage.

The Clearing House, and the Fed, with FedNow, have both come out with their own real time payments schemes.

But of the 9,000 banking institutions in the US, we see approximately 800 plus that have adopted FedNow in the year since it's gone live.

---



## Barrier to adoption: the risk of payment fraud

There's still an adoption barrier for the banks. I don't want to say they are fearful, but there seems to be genuine concern about opening the floodgates to these new technologies.

What are the repercussions when it comes to fraud, or illicit activity? Or a payment going out, with insufficient funds in the payor's account?

I'm sure banks in the US, big or small, are thinking about these issues.

---



And the challenge with respect to fraud is that it is real time. There's no recourse.

We're seeing some fintech applications like Zelle and others adding disclaimers when clients send money.

The real challenge with fraud, though, is that there's no difference in the fraud—or the fraudster.

A lot of banks' solutions today are not necessarily geared to real-time data. Payments are batched daily, batched hourly.

So for real time payments, more real time data capture and fraud monitoring will be needed to help drive adoption.

But the second issue you highlighted is the fear of the unknown. Not every use case has been fully baked in.

What is the right use case? And again, we think about real-time payments and instant payment schemes as still being consumer-driven.

## A real time use case: Real estate transactions

I was at a conference recently, where they highlighted real estate transactions and loan funding. It's traditionally driven Monday through Friday because of traditional banking hours.

 DON

But if you get into a real-time environment for dropping loan funding to an escrow company, we're now starting to talk about commercial real estate or residential real estate transactions being able to happen 24/7.

And with any type of adoption of innovation, you need people to understand the value and the use cases that come out of it.

---

 ALBERTO

That's a great use case—I never thought about that. I bought a house three years ago and the whole process, sending the deposit and moving the funds to wherever they needed to go, ended up being a week long.

In this particular case, real-time could possibly shorten the sales process, and it does make it more user-friendly and less stressful for the buyer.

I live in South Florida where real estate is considered medium- to high-risk because of all the elements that we have here. So I would assume that banks might be hesitant about receiving a down payment of \$300,000 in two seconds. And it's gone.

Some of the folks here will maybe want to wait an hour or so, so that they can at least do some enhanced due diligence to make sure that the funds are real and not coming from, say, a sanctioned individual, or an obscure shell company.

---

 DON

### **Data, data, data...**

In a lot of these examples, it comes back to real-time data.

I think we're seeing a parallel development of adoption of artificial intelligence and machine learning applications, to try to get to more real-time, actual transaction monitoring, actual background checks, whatever data we need to get people more comfortable.

We're in an era of instant gratification. People are used to having things done instantly. So the more that we can couple instant data with instant payments, I think the better we will be.

But let's not fool ourselves in the US. As you highlighted, we've been seeing this in other countries for decades. Faster Payments in the UK has been the core of moving money in the UK for a while (since 2008)<sup>1</sup>. And it's 24/7, to be able to move money both commercially as well as from a retail perspective.

---

 ALBERTO

I heard recently that they added a call-back on the UK Faster Payment scheme. I think they're trying to slow it down due to a recent increase in fraud attempts.<sup>2</sup> The majority of banks are not evading accountability in some of these fraud cases, but they definitely don't want to assume the responsibility if it's not their fault.

So it goes back to what's happening in the US: banks are wary of fraud.

In the UK, where they've had this scheme for a while, I think some banks and even consumers are realizing that, OK, maybe the funds don't need to arrive 2 seconds after you click the button.

Maybe we're OK if the funds arrived 30 minutes later. That, I think, gives banks and consumers a little buffer, to make sure the right boxes are getting checked.



You're right. There was a publication by a UK law firm that outlined a plan to address fraud.<sup>3</sup> I don't if it's been fully baked in yet, or if it's going to happen later this year, but they are looking at a plan where you have so many days where you can recall it, and some form of recourse to protect against fraud.

But at the end of the day, if the money's being defrauded, they're probably taking the money out of the account before that debit request comes in anyway. So it becomes a challenge.

I do believe it comes back to this: basically they don't have the right data [yet] to be able to protect against fraud.

So they're trying to find ways to mitigate risk until they can get to the point where they can evaluate the payment and have the right data to protect both the bank customers and the consumers in the UK environment.



---

### **The reality of real-time data: sanctions**

All these conversations come down to data, how fast we get the data as a payments company...And not just data in terms of identifying the remitters and the beneficiaries, but also data that's being provided to us, as service providers, from the regulatory agencies.

For example, let's say the OFAC<sup>4</sup> list gets updated x times a day. There have been cases where the OFAC list is updated later in the afternoon, for example,

And again, I'm bringing the South Florida case because there's a big Russian population here. There's a big Venezuelan population here.

I'm Venezuelan, by the way. This is something that I am very familiar with, sanctions for different countries. In this case of Venezuela, sanctions start getting slapped on, individuals are getting sanctioned.

And how fast is that data getting pushed down to banks?

Whether these lists or transactions are updated once a day or once a week, if the Corpays of the world, the receiving banks are doing real time payments, there needs to be an alignment. If data is getting updated in real time and we have significant sanctions going on, the financial institution infrastructure in the US needs to know as soon as possible, so that we as a company are not overstepping a sanction and incurring fines.

It all comes down to data: the quality of the data and how fast and how often we get the data.



---

You're right. We saw it when sanctions came down between Ukraine and Russia at the start of the wars. Banks couldn't move quickly enough and transactions were delayed.

So it is a valid point: data drives the efficiency of money movement. The ability to pivot quickly has not always been a strong suit within the payments industry when change happens.

But when you have access to that data and then you're able to quickly get educated, it does make things move more efficiently.

So real-time payments does bring a risk factor. If you are not getting data quickly enough, you could be putting yourself in a bad position.

## The practicality of cross-border real-time: interoperability will be key

But when we think about real time payments, they are mainly happening within borders. It's not something that we traditionally think about as a cross border-driven solution.

It had been very much solving for a challenge within a specific country, When M-PESA came out for mobile wallets in Kenya, it was a driver because it was hard to move money without the infrastructure. But it was very much within the borders. It started out with a few countries and then grew from there.<sup>5</sup>

And Pix is just available in Brazil. It's not something that that broadens out from Brazil.

So then how do we think about the interoperability of these real time payment schemes, as we think about our business being cross-border and foreign exchange solutions?

---

## Cross-Border alignments

You hit it, you hit the spot. Take, for example, the EU. It's a collective group of countries where they agreed on an infrastructure and in terms of payments, they all share a common rail.

They have SEPA<sup>6</sup>, and now Instant SEPA where payments are being pushed 24/7.

You can send funds from Germany to Spain or Germany to France or within the EU and it works.

In Latin America and the Caribbean, that doesn't exist. And in certain regions in Latin America, you have countries that are very unstable politically.

So you have geopolitical issues. You have countries with currency controls, capital controls.

So moving funds in real time from one country to another can have serious implications.

I think in the Caribbean recently there was a proposal to have x number of island nations share a common rail.<sup>7</sup> I don't think that went anywhere, but I think they were trying to replicate what was happening in the EU. A lot of these island countries are culturally similar. A lot of them share of common factors between them: French-speaking islands, English speaking, Spanish speaking, even Dutch.

I think it would be a great idea, if, say, the English speaking nations or the French speaking islands in the Caribbean were to propose something like that. I think that for them would be incredible.

But if we're talking about rails between, let's say, Argentina and Venezuela, that would just be insanity.

This example is talking about two countries that have had--in terms of currency control, some of the strictest currency control measures you we've ever seen--take the example of Argentina with capital flight and capital controls to combat it<sup>8</sup> And these two aren't the only ones: Brazil, Colombia, and Bolivia also have currency controls.

## Should instant payments be free? Infrastructure costs

But it's hard. It also costs a lot of money. That that's the other thing: I think folks in the US--and not just in the US--expect real time payments to be free or almost free. But it costs money to move money.

Being in the industry, we realize these things. But my mom, your parents, the regular folks out there, they don't know. And for them, it should be like me going on my Venmo and it's free to send you funds.

The expectation is that money needs to move quickly, fast and free. And we see that when it comes to cross-border real-time payments.

How do we move funds from one country to another as fast as possible, as cheaply as possible?

Balancing that is pretty tough. There are compliance costs. We have to pay our banking partners. We have to pay for our infrastructure, our salaries, because we're here making this happen. So there's a lot of stuff that goes into it and unfortunately, it's not free.

---

There's always a cost to building the infrastructure for moving money.

That's partly why there's that philosophy of these rails being built within borders. When you build within borders, you're better able to control the infrastructure costs. There are more parties that are able to adopt the specific scheme.

Whereas when we try to figure out how to then make it interoperable between countries, there are different political schemes, different regulatory environments, different factors that go into it.

Yet we're seeing a world that is becoming flatter from a commerce perspective. We're seeing global trade pick up. We're seeing more adoption.

So finding the ability to have interoperability between countries through one payment scheme definitely will drive commerce.

But to your point, for countries with capital controls: what is the impact from an outflow of currency, that could then impact their overall currency in the FX markets, and their weakening that could make things more expensive and cause inflation?

So it is a driver. But it's a fine line when we think about real time payments and, and cross-border payments in general.

But the key thing here is that there's this adoption and innovation of using it. If not real time, it's alternative payment schemes: pushing through card solutions, pushing through mobile wallet solutions; in addition to actual real time payment schemes.

### **Building the 'connective tissue'**

The thinking now is that if it's not going to happen within specific country environments in the regulatory area, then there will have to be banks and Fintechs that become the drivers of that connective tissue.

And when you start to have that connective tissue, then—using the software term—you become 'middleware'. Companies like Corpay become the middleware to help normalize what each of those payment schemes can do, and understanding what those limits are, because most of these real-time payments systems also have limits.

You're not pushing millions of dollars through it, or billions of dollars through it. It's traditionally smaller transactions that don't provide a lot of risk to the overall regulatory environment.



So that middleware then drives more of the use cases around the world for global commerce, because Fintechs like us can drive that ability. Someone could say this is going to an individual: I need to get the money there right away because they need to help pay their mortgage or they need help actually putting food on their table.

So I'm going to get it there. Specifically because it's a not-for-profit doing grant relief. We can get money in people's hands very quickly.

That connective tissue drives different use cases for different organizations, without them having to open up multiple bank accounts around the world the way we have.

---



### **Is US demand for real-time payments rising?**

And that that brings me to our next point. Where are you seeing demand for real time payments in the US?

I ask because normally we're talking B2B. I used to be a dealer a long time ago, and I never—I don't think ever—had a client say, Hey, I need to pay this €150,000 invoice, it needs to get there right now.

It rarely comes up, whether it's with corporate clients or even larger personal payments.

From my experience, I find it that the use cases are more C2C/P2P. Is that what you encounter on your side of the world and with the type of clients that you interact with?

---



I think the complexion today is still very much driven around that consumer interaction. This is what drives real time payments. But it's also the easiest adoption point for consumers to get into real-time payments.

We go out to dinner and we split the bill. It's easy for me to send you a Zelle or a Venmo and split that bill if you pay for it on your card.

### **The higher interest rate environment may drive commercial demand**

But again, as adoption and tools start getting into place, I think we will see it. We're in a new environment. With higher interest rates, corporates want to hold cash as long as possible.

Think about it. If I have connective tissue between my US situation and my German manufacturing operations, and I can move money instantly from USD to euros, I now may maximize my return overnight.

But then I can also fund my operations at the very last second, because I know it's going to fund real time. And those become interesting scenarios for a commercial environment, or even from an invoice or payment perspective.

---



You're right.





The traditional format is this: I pay my invoice, send the money, and show that it's sent it out. The old "it's in the mail" scenario.

But the ability to use real time payments to get that money there at the very last second the invoice is due to be paid? It's another scenario that makes sense as the interest rate environment provides stronger yields for holding your cash longer.

So those are the scenarios I think we could see.

But what we do know historically, is that commercial adoption, especially large corporates and middle market, takes a lot longer than the traditional consumer environment.



---

### **It's already happening in some cases...**

And I'd like to point out that we talk about these real-time payment rails and normally, in the industry or outsiders, tend to say that Swift rails are outdated.

Traditionally that was the case, but dating from about 6-7 years ago, Swift has evolved different tools.

I've seen clients in Latin America send dollars to the US and money has arrived in less than 6 minutes. And I've done that exercise using Swift GPI to track the payments.

The first time it happened, I couldn't believe it. I was expecting same-day because same-day is available. But when the first bank called me to say our client sent the funds and the beneficiary got the funds in 5 1/2 minutes, I couldn't believe it.

I don't want to say that's an outlier, but obviously, if there's a false positive or anything that can hold up the payment, it'll affect how fast the payment gets out there.

But I would imagine that for corporate clients, moving money in five minutes is totally acceptable.

These guys were just over the moon. They had no idea that this was even a thing now, and they never had seen it because they didn't have access to GPI, which not every bank has or can even afford.

So when we gain these tracking tools and this ability...again it brings it back to data. When you have access to this data and you can see how money is moving, whether it's Swift or ACH or SEPA or whatever it is, it makes a world of a difference.



---

### **It's about payment transparency and trust**

Payment transparency is I think a driving factor in payment innovation. I do believe that part of the innovation of real time payments and some of these alternative payment schemes has forced Swift to actually enhance and innovate their own messaging network.

So when we think about Swift and Swift GPI and payment transparency, it is only as good as the correspondent network that delivers that messaging.

 DON

And that's the one thing that when we think about Swift: Is it still the driving factor of how money moves around the world? And with Swift Instant, it still is very much dependent on the bank within that actual transaction.

Do they have funds on hand? Do they actually participate in that specific product within Swift adoption? There's all those little things that happen.

And so I do believe, yes, there will still continue to be a majority that sends via Swift because it is the infrastructure in mass use in the world today.

But the key thing is can there be driving factors? If we think about moving money in the US, we don't traditionally move money in the US via Swift. It's been a Fedwire or ACH.

The introduction of RTP and FedNow now provides an additional avenue. I hope the driving factor becomes that we start to adopt that, over the likes of an ACH.

I believe the Fedwire will continue to be the driving factor until there is adoption for FedNow across the majority of the banks in the country.

---

 ALBERTO

And becomes just like anything else: Consumer choice.

---

 DON

So if you give them the option to go to a real time payment versus a Swift wire, they can start to understand the value of each use case. And those adoptions will change over time.

And our job within the payments industry is to give that consumer choice to businesses and to retail customers.

---

 ALBERTO

And we do something very well here in the US when it comes to payments.

But that is confusing consumers quite a bit because here we have RTP and Fedwire. For example in Latin America, though, that's usually just one rail of fast payments—or a centralized rail, I would say. You have wallets, banks offer wallets... And you can move money back and forth between wallets real time.

But here in the US, we have two big real-time rails. Both have their own sets of rules and limitations. And I think that confuses people quite a bit.

I was at a conference recently where one of the guys from Fedwire was doing a comparison of the limitations of Clearing House and the Fed. And I didn't know a lot of these differences.

I think if they aligned themselves better and if the messaging between them was more centralized, that the consumer, the regular folks sending money, would have a much better understanding of what a real-time payment is. How much can I send? Is this really 24/7?

Because with all the limitations you have today, there are some differences: one can send up to \$1,000,000, the other one can't. Who accepts RTP and who doesn't.

So that's another thing: in the US, we don't centralize the message. We don't make it easy for people to adopt.

 DON

**The key word there is 'centralized'.**

What I've learned recently is that the Fed and the Clearing House and NACHA<sup>9</sup> and all these different bodies in the US would need to standardize formats that are not necessarily centralized now, because they are not directly under the US regulatory bodies' oversight. The US government would have to take the path of mandating how things work within the payment environment.

Whereas when you look at the European Union and some of these different countries, their regulatory bodies are actually driving those payment schemes so they're able to mandate to banks, to say this is how you're going to move money.

It's a key reason why the US is still driven on paper. Writing checks to move money around, still in a very outdated format...

---

 ALBERTO

That's a whole different conversation.

---

 DON

I think we could spend a year talking about that.

But there's no mandate that we can put down for banks to say people cannot write checks anymore.

---

 ALBERTO

We're reacting to the driving factors around adoption and change.

We could go on for days talking about real time payments. It's something that comes up every day.

As we said, it's going to help people, it's going to help companies.

---

 DON

Alberto, let's summarize what we've been talking about:

- It's unlikely real time payments will slow down. Adoption will continue to push forward.
- The factors that drive adoption will be more around data, real-time data, to support and mitigate the risk related to fraud and those challenges with real time payments.
- And then from there, next will be finding organizations like ourselves that have built a network to be able to connect into different payment schemes to then help flatten that commerce world.
- But finding paths and different use cases and getting that education is going to be another contributing factor that organizations need to understand.
- When is real time payments very important and what use cases are going to drive that, from a consumer perspective, from a commercial perspective or even from a business to consumer perspective?

To your point, only time will tell. But we look forward to this innovation and change.

I really appreciate the opportunity to talk with you about this today. And I think it'll be good for us in a year or two to have another one of these to actually see where the adoption stands.

Absolutely.

Well, folks, I think this brings us to the end of our podcast episode today.

Thanks everyone for listening.

FX in Focus is a podcast written and produced by Corpay. The opinions expressed are those of our speakers only and do not necessarily reflect the views of Corpay.

To submit questions or comments or to recommend a topic that you'd like to hear, please e-mail us at [podcast@corpay.com](mailto:podcast@corpay.com).

---

<sup>1</sup> Faster Pay launched in the UK in 2008: <https://www.wearepay.uk/what-we-do/payment-systems/faster-payment-system/>

<sup>2</sup> <https://www.wearepay.uk/pay-uk-fraud/>

<sup>3</sup> <https://www.farrer.co.uk/news-and-insights/authorised-push-payment-fraud-and-mandatory-reimbursement/>

<sup>4</sup> OFAC: Office of Foreign Assets Control (US)

<sup>5</sup> About M-PESA: <https://www.vodafone.com/about-vodafone/what-we-do/consumer-products-and-services/m-pesa>

<sup>6</sup> About SEPA: <https://www.ecb.europa.eu/paym/integration/retail/sepa/html/index.en.html> and Instant SEPA for credit transfers: [https://www.ecb.europa.eu/paym/integration/retail/instant\\_payments/html/index.en.html](https://www.ecb.europa.eu/paym/integration/retail/instant_payments/html/index.en.html)

<sup>7</sup> Caribbean digital currency: <https://caricom.org/two-caricom-member-states-to-access-pan-caribbean-digital-payment-system/>;  
LATAM and Caribbean payments ecosystem: <https://www.iadb.org/en/news/study-fintech-ecosystem-latin-america-and-caribbean-exceeds-3000-startups>  
Latin America instant payments: <https://iupana.com/2023/02/13/these-are-latin-americas-instant-payment-systems/?lang=en>  
IMF Working Paper: Cross border Payments Integration in Latin America and the Caribbean: <https://www.imf.org/-/media/Files/Publications/WP/2024/English/wpiea2024119-print-pdf.ashx>

<sup>8</sup> <https://www.brettonwoodsproject.org/2023/10/imf-acknowledges-capital-controls-have-helped-argentine-economy/>

<sup>9</sup> Administrator of ACH: <https://www.nacha.org/content/about-us>