THOUGHTFOCUS

Why Aren't FedNow and RTP Seeing Hockey Stick Growth Yet?

I've been asked this question repeatedly by senior executives across financial institutions in recent weeks. Many are eager to understand why, despite the buzz, instant payments in the US haven't experienced the exponential adoption we see with UPI in India or SEPA Instant in Europe.

The answer lies in readiness, use case maturity, and lack of regulatory push.

1. Fragmented Readiness

Most small and mid-sized banks aren't technically ready. Core systems upgrades and liquidity management capabilities are still catching up to support 24x7x365 instant payments.

2. Limited Consumer Pull (So Far)

Consumers already perceive apps like Zelle or Venmo as "instant," so the incremental value proposition of FedNow or RTP isn't clear yet.

3. Business Use Cases Are Emerging Slowly

While B2B just-in-time payments and Earned Wage Access are promising, operating these use cases requires significant process changes across AP/AR systems.

4. No Regulatory Mandate

Unlike India or Europe, where governments pushed adoption, the US relies on voluntary market forces – slowing the network effect.

5. Unclear Monetization Model

Banks are still figuring out how to create ROI that justifies the investment compared to ACH or wire alternatives.

6. Fraud and Liquidity Concerns

Real-time irrevocable payments pose risks without equally real-time fraud controls and liquidity management frameworks in place.

Meanwhile, ISO 20022 is going live for US wires this Monday.

Starting next week, US wires are ISO 20022 compliant. This shift isn't about compliance alone. ISO 20022 delivers **rich, structured data** that can transform payments from a commodity to a strategic differentiator, including:

- Automated reconciliation
- Streamlined treasury workflows
- Enhanced buyer-supplier experiences
- Build of data-driven financial products

Let's not forget, **ISO 20022 underpins new instant payment infrastructures here in the US and around the world.** This isn't just about wires; it's about future-proofing payments strategy.

How is your organization thinking about instant payments beyond compliance and connectivity?

If you're wondering **how to leverage your investment beyond checking the compliance box**, please reach out. We're here to help banks, fintechs, and corporations turn this mandatory migration into a **meaningful competitive advantage**—delivering real value to buyers and suppliers on either side of B2B transactions.

#InstantPayments #FedNow #RTP #ISO20022 #PaymentsStrategy #FinancialServices #ThoughtFocus #Fedwire

Contact us to discuss your payments challenges and discover how we can accelerate your success.

Let's talk.

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ABOUT US

We partner with banks, financial institutions, fintechs, and enterprises to navigate platform modernization and core migrations, driving strategic competitive differentiation. Our advisory through execution capabilities help clients transform from transactional players into ecosystem orchestrators.

For more information, please visit the company website www.thoughtfocus.com