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HOW INSTANT PAYMENT SYSTEMS CAN CHANGE OUR WORLD?**Abstract:**

Modernizing a national financial system is one of the most complex economical decisions as it has impacts on the whole national economy. Based on my research the fundamentals of this process span across the basic idea, market consultation, modeling and simulations, discovering technology barriers and regulations by law.

The appearance of the basic need is the very first step of a long journey, typically lasts 5 to 10 years. Many countries – like United Kingdom, United States of America, Switzerland, Poland, Sweden, Denmark, Singapore, Australia as well as the European Central Bank – have already implemented an instant payment system, though each is different.

As first step, a round-table discussion with market players is suggested to collect their ideas and expectations on the new system, however involving government and private sector might also be one of the key success factors.

Based on the results, model making and simulation running comes next in order to set the field for the project, via determining payment limits; the way and conditions of clearing and settlement; working model; service hours; and provided services.

Technology and resource barriers further helps in cleaning the possible project portfolio, however, a Central Bank is often contemplated as having no limits on these. In reality an instant payment system also needs its funds, basically coming from latter transaction fees charged to individuals spread over typically 10 years.

Last but not least the field defined by the legal system has to be checked as many connecting codes need a change. Even though this is a long and resource absorbing process most Central Banks acts as legislator, codifying the changes not taking longer than a year.

However a new payment system is highly time consuming, the basic idea and the possible solutions have to be challenged in each and every phase of the program. The uniqueness of the program makes it extremely difficult, scaling is a suggested method of avoiding an unsuccessful implementation.

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Instant Payment System, Immediate, Real-time, Secondary ID, proxy database

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