

REAL-TIME PAYMENTS SECURITY.

FedNow and the RTP network settle payments in seconds, 24/7/365 — eliminating the hours-long clearing window that gives wire transfers a chance at fraud interdiction. **Once a real-time payment is authorized, prevention has already happened or it hasn't happened at all.**

- SECONDS-TO-SETTLEMENT
- AUTHORIZED PUSH PAYMENT FRAUD
- CONFIRMATION OF PAYEE
- IRREVOCABLE BY DESIGN

01 THE MECHANISM



Settlement in Seconds, Not Hours

FedNow and RTP settle payments within seconds, 24/7/365, **eliminating the multi-hour clearing window** that gives wire transfers and ACH a chance at fraud interdiction before funds actually move.



Credit-Push Only, No Debit Pull

Both networks only support payments the payer actively pushes to a payee. This **removes unauthorized ACH-style withdrawal fraud** but does nothing to stop push-payment fraud.



Authorized Push Payment (APP) Fraud

The dominant fraud pattern isn't an attacker breaking in — it's the real account holder **deceived into authorizing and sending the payment themselves**, outside how most fraud frameworks were designed to work.

02 THE FLOW

Pre-Transaction Screening in Place CONTAINED

1

A payer sets up a new payee; a **confirmation-of-payee check** compares the name entered against the actual account holder name and flags a mismatch before authorization.

2

Behavioral and velocity-based fraud scoring evaluates the transaction in real time, **holding or challenging anything that deviates** from the payer's typical pattern.

3

Because settlement is instant, this pre-transaction screening is the only real chance to intervene — and it **catches the mismatch before funds ever move**.

No Pre-Transaction Screening EXPOSED

1

A victim, deceived by a convincing impersonation scam, **manually authorizes a real-time payment** to an account with no relationship to the intended recipient.

2

With no confirmation-of-payee check and no behavioral flag, the payment **settles within seconds** — fully authorized, fully final.

3

By the time the victim realizes the deception, funds are already withdrawn; a recall request goes out, but the receiving institution has **no obligation to honor it**.

03 CORE PILLARS & COVERAGE

PILLAR	WHAT IT COVERS
Confirmation of Payee	Verifying the payee name matches the actual account holder before authorization, catching misdirected or fraudulent-account payments while intervention is still possible.
Pre-Transaction Fraud Scoring	Real-time behavioral analytics and anomaly detection evaluated before a payment is authorized, since there's no meaningful post-settlement window to catch it later.
Transaction & Velocity Limits	Per-transaction and per-customer sending limits, especially for new or first-time payees, bounding the maximum exposure of a single fraudulent authorization.
Recall / Request for Return of Funds	A post-settlement mechanism to request a receiving institution return funds, understood as a best-effort request rather than a guaranteed reversal.

04 DETECTION APPROACHES COMPARED

APPROACH	SUFFICIENT ALONE?	WHAT IT MISSES
Treating Real-Time Payments Like Wire Transfers	No	Wire transfers settle over hours across correspondent banks, giving a review window that simply doesn't exist once a real-time payment authorizes.
Post-Transaction Fraud Detection Alone	No	By the time an anomaly is flagged after the fact, the payment has already settled and funds may already be withdrawn.
Relying on the Recall / Request for Return of Funds Process	No	The receiving institution has no obligation to honor a recall request, and it's ineffective once funds are already withdrawn.
Assuming Authorized Payments Are Inherently Legitimate	No	Authorized push payment fraud means the real account holder authorized the transaction after being deceived; authorization alone doesn't establish legitimacy.
Confirmation of Payee + Pre-Transaction Scoring + Velocity Limits	Yes	Concentrates fraud prevention at the only point where intervention is actually still possible, before settlement.

REAL-TIME PAYMENTS SECURITY.

SCREEN · CONFIRM · LIMIT

05 PROGRAM OPERATIONS

Settlement finality in seconds means fraud prevention has to happen before authorization. There is no meaningful window to catch and reverse a fraudulent payment after the fact.

Authorized push payment fraud doesn't fit traditional unauthorized-transaction protections, since the account holder genuinely authorized the payment — just under deception.

The UK's Faster Payments experience is the most mature reference point. Years of APP fraud data led to a mandatory reimbursement framework the US hasn't yet adopted for FedNow or RTP.

A recall request is a best-effort courtesy, not a guarantee. The receiving institution isn't obligated to return funds, and it can't return money already withdrawn.

06 CONTROL MAPPING

FEDNOW FRAUD PREVENTION TOOLS

Federal Reserve-provided features including transaction limits and a Request for Return of Funds message, though receiving-institution compliance isn't guaranteed.

RTP NETWORK

The Clearing House's real-time payments rail, operating on the same credit-push, 24/7/365, seconds-to-settle model as FedNow.

UK PSR APP FRAUD RULES

Mandatory reimbursement rules for authorized push payment fraud on UK Faster Payments, splitting liability between sending and receiving banks.

REGULATION E (LIMITED)

Generally does not cover authorized push payment fraud, since the transaction was technically authorized by the account holder.

07 WHAT THIS DOES NOT SOLVE

Recovering Funds After Settlement

Once a payment settles and the receiving customer withdraws the funds, **recovery becomes extremely unlikely** regardless of how quickly fraud is reported.

The Social Engineering Itself

Pre-transaction controls catch a mismatched payee, but they **don't stop a scam that convinces a victim** to authorize a payment to an account the scammer actually controls.

Consistent Cross-Institution Cooperation

A recall request depends entirely on the **receiving institution's willingness to act**, which varies and isn't mandated the way UK reimbursement rules require.

Business Payment Protections

Businesses using real-time payment rails generally have **even less regulatory protection** against authorized fraud than individual consumers do.

08 MYTHS VS. REALITY

MYTH	REALITY
"Real-time payments have the same fraud protections as wire transfers."	Wire transfers settle over hours with some review window; FedNow and RTP settle in seconds with no equivalent interdiction opportunity once authorized.
MYTH	REALITY
"If a payment was authorized by the account holder, it can't be fraud."	Authorized push payment fraud means the real account holder was deceived into authorizing the payment themselves — the dominant fraud pattern on these networks.
MYTH	REALITY
"The recall process guarantees we'll get our money back."	A Request for Return of Funds is a best-effort request the receiving institution isn't obligated to honor , and it fails once funds are withdrawn.
MYTH	REALITY
"Regulation E protects consumers from real-time payment fraud like card fraud."	Reg E generally doesn't cover authorized push payment fraud , since the transaction was technically authorized rather than unauthorized.
MYTH	REALITY
"US real-time payment fraud liability rules are similar to the UK's."	The UK has mandatory APP fraud reimbursement splitting liability between banks; the US has no equivalent mandatory framework for FedNow or RTP.

09 SPEAK THE PROGRAM — KEY TERMS

FEDNOW

The Federal Reserve's real-time gross settlement service, launched 2023, enabling **instant, final payments 24/7/365** between participating institutions.

RTP NETWORK

The Clearing House's real-time payments rail, launched 2017, operating on the **same instant, irrevocable settlement model** as FedNow.

AUTHORIZED PUSH PAYMENT (APP) FRAUD

Fraud where the legitimate account holder is **deceived into authorizing and sending a payment themselves**, rather than an unauthorized transaction.

CONFIRMATION OF PAYEE

A pre-authorization check verifying the payee name entered matches the actual account holder, **flagging mismatches before a payment is sent**.

REQUEST FOR RETURN OF FUNDS (RFR)

A post-settlement message requesting a receiving institution return funds from suspected fraud, **honored on a best-effort basis only**.

CREDIT PUSH

A payment model where only the payer can initiate sending funds; there is **no debit-pull capability**, unlike ACH.