

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By the time the victim realizes the deception, funds are already withdrawn; a recall request goes out, but the receiving institution has **no obligation to honor it**.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

"Real-time payments have the same fraud protections as wire transfers."

REALITY

Wire transfers settle over hours with some review window; FedNow and RTP settle in seconds with **no equivalent interdiction opportunity** once authorized.

MYTH

"If a payment was authorized by the account holder, it can't be fraud."

REALITY

Authorized push payment fraud means the real account holder was **deceived into authorizing the payment themselves** — the dominant fraud pattern on these networks.

MYTH

"The recall process guarantees we'll get our money back."

REALITY

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

"Regulation E protects consumers from real-time payment fraud like card fraud."

REALITY

Reg E generally **doesn't cover authorized push payment fraud**, since the transaction was technically authorized rather than unauthorized.

MYTH

"US real-time payment fraud liability rules are similar to the UK's."

REALITY

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.