Instant payments: experience the future today!

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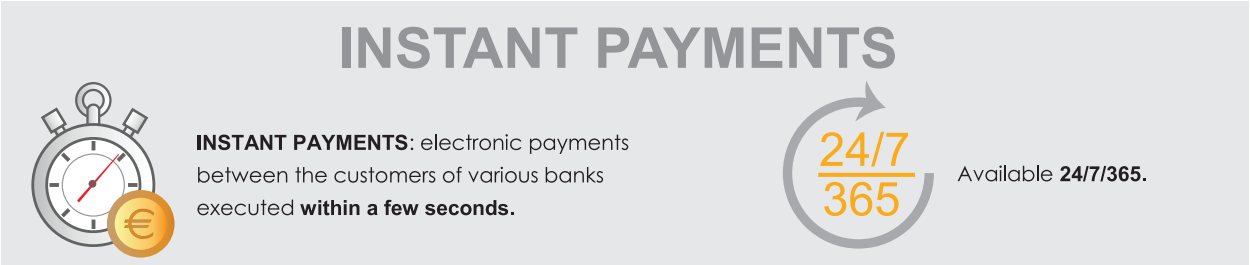
On 28 August 2017, Latvijas Banka is launching the instant payments infrastructure for the participants of Latvijas Banka's electronic clearing system (EKS system). This will promote the development of innovative payment solutions and the use of cashless cash in Latvia. Instant payments are electronic payments and their most important benefit is that they are available 24/7/365. The money is credited to the beneficiary's account immediately (in a few seconds) and the funds are available for use at once. It does not matter which credit institution's customer you are as long as your credit institution offers instant payment services.

It is quite common nowadays for a money transfer to take hours instead of several days. Internet and smartphones provide easier access to financial services and a visit to a local branch of the bank is no longer a must. Making and receiving calls is no longer the primary function of a mobile phone and it can be used to accomplish various operations, including the management of own finances and making payments.

At the moment, the existing technological potential in the area of payments is not used to its full capacity; therefore, Latvijas Banka is introducing instant payments as of 28 August 2017. The most important benefit of those payments is that they are available 24/7/365, the money is credited to the beneficiary's account immediately – even if it is an account held with a different credit institution – and the funds are available for use at once. Thus Latvia will be the one of the first euro area countries to provide an instant payments infrastructure compatible with the pan-European instant payments scheme in euro.

Latvijas Banka offers a secure and modern infrastructure for interbank payments and its EKS system is the only operational clearing (net settlement) system in Latvia for bulk retail credit transfers in euro. Latvijas Banka's instant payments solution is based on the existing EKS system infrastructure. It is compliant with the Single Euro Payments Area (SEPA) Instant Credit Transfer (SCT INST) scheme and will ensure interoperability with other Instant payments solutions in Europe, promoting further integration of Latvia's payment market in the euro area.

Instant payments is not only a Latvian but also a euro area project. European credit institutions will start operating within the framework of the instant payments scheme as of 21 November 2017. Thus the customers of all Latvian payment service providers (including those credit institutions which do not participate in the EKS system but will use other European solutions) will have access to instant payments and their mutual reachability across Europe will be ensured.



The customers of the payment service providers will be able to make instant payments in the same way as they currently make regular payments: by submitting a payment order via their internet bank, mobile bank, mobile application, e-purse as well as by using other solutions offered by the credit institutions and other payment service providers.

An instant payment is completed within a matter of seconds with the payer receiving an online confirmation that the money has been credited to the payee's account. The requirement of 24/7 availability will also apply to the participants of the instant payment service when they provide this service to their customers.

Instant payments provide significant benefits in the area of payments to individuals as well as to companies and the economy at large. For the payer, it is immediate money transfers available on a pan-European scale 24 hours a day regardless of holidays and weekends. This will reduce the individual's need of making large cash payments as well as making a payment before one actually sees the purchased goods when pre-ordering goods or purchasing them online. At the same time, being a convenient and efficient alternative for cash, instant payments will contribute to reducing the grey economy. For the payee and merchants in particular, it is the possibility to receive payment quicker and re-use the money immediately. For the country, it is more efficient cash cycle processes and better integration into the European payments area.