



FOCUS NOTE

A FAST PAYMENTS CHAMPIONING HANDBOOK FOR CENTRAL BANKS



JUNE 2024

FINANCE, COMPETITIVENESS & INNOVATION GLOBAL PRACTICE

Payment Systems Development Group

© 2024 International Bank for Reconstruction and Development / The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

This volume is a product of the staff of the World Bank. The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent.

The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of the World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

RIGHTS AND PERMISSIONS

The material in this publication is subject to copyright. Because the World Bank encourages dissemination of their knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution is given.

CONTENTS

1. SETTING THE CONTEXT	1
2. BACKGROUND	2
3. THE CHAMPIONING ROLE OF CENTRAL BANKS	3
4. METHODOLOGY	5
5. THE CHAMPIONING ACTIVITIES	7
6. KEY TAKEAWAYS	22
7. CONCLUSION	26
8. ACKNOWLEDGMENTS	27
ENDNOTES	28





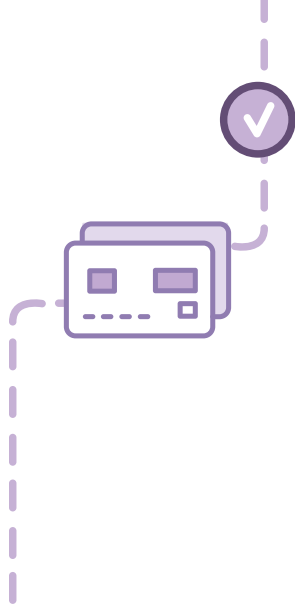
1 SETTING THE CONTEXT

The World Bank has been closely monitoring the development of fast payment systems (FPS) by central banks and private players across the globe.¹ This comprehensive study has resulted in a policy toolkit designed to guide countries and regions on the likely alternatives and models that could assist them in their policy and implementation choices when they embark on their FPS journeys. Work on the FPS Toolkit is supported by the Bill and Melinda Gates Foundation under Project FASTT (Frictionless Affordable Safe Timely Transactions). The toolkit and other relevant resources of Project FASTT can be found at fastpayments.worldbank.org and consist of the following components:

- The main report, *Considerations and Lessons for the Development and Implementation of Fast Payment Systems*
- Case studies of countries that have already implemented fast payments
- A set of short focus notes on specific technical topics related to fast payments

This note is part of the third component of the toolkit and aims to provide management guidance for central banks to drive initiatives aimed at developing FPS in their jurisdictions. Therefore, this note complements the other components of the toolkit, which focus on technical aspects of FPS development.





2 BACKGROUND

Fast payments have emerged as a transformative force in numerous jurisdictions, and their adoption in recent years has been rapid around the world. According to the World Bank’s latest Global Payment Systems Survey,² which gathers information on the status of payment systems from national and regional central banks and monetary authorities, 61 percent of the 93 countries surveyed already have an FPS or an equivalent service operational in their economies, while 29 percent indicated planning for implementation in the next three years. Nonetheless, some low- and middle-income countries—the ones that could benefit most from FPS—as a cohort are lagging, and most of those that have implemented FPS are still at nascent stages and far from reaching their full potential.

The development life cycle of FPS entails multiple stages, and fast payments evolve through iterative enhancement cycles after the go-live of the system.

Especially in low- and middle-income countries, central banks should take action and drive the adoption of fast payments to convert the potential benefits of these systems into actual value delivered to the entire ecosystem. The proactive action of the central bank is crucial to ensuring that the development of fast payments is aligned with public and financial policy objectives, enhances the existing national payment systems, fosters innovation and competition in the payments landscape, and pushes a long-term vision of the benefits for the entire economy (over short-term results).



3 THE CHAMPIONING ROLE OF CENTRAL BANKS

With the term *championing*, this note refers to the set of activities that a central bank can undertake to drive the development of the fast payment initiative and ultimately uptake by end users.

In many cases, central banks have taken on a leading role and “champion” fast payment initiatives in their jurisdictions for a variety of reasons. Firstly, this ensures that development efforts are aligned with public policy objectives, such as a safe and efficient payment system, 24/7 availability, financial inclusion, reducing dependence on cash, digitizing the economy, and that the fast payments fit within the broader retail payment strategy and enhance the national payment ecosystem without impairing its integrity, security, and reliability. As a champion of the initiative, the central bank can also drive the development of a system that fosters fair access, competition, and innovation and focuses on pursuing a long-term vision for broader ecosystem value over a short-term vision limited to generating profit for system participants. In this perspective, the central bank can also facilitate cooperation and coordination with other fast payment initiatives carried out in other jurisdictions at an international level (regionally and globally). Lastly, the central bank can act as a champion of fast payments to address ecosystem constraints—such as a lack of readiness or a lack of initiative in the private sector—generating inertia or constituting roadblocks to modernization efforts. In this perspective, the reputation of the central bank can also contribute to promoting industry-wide dialogue and contribution to the initiative.

The championing activities, which are elaborated below, can contribute substantially to the success of a jurisdiction’s

FPS journey, especially where traditional financial service providers do not proactively take the lead on innovation initiatives in the field of retail payments.

Central banks can play one or more of the following—not mutually exclusive—roles in the FPS initiative:



CATALYST: The central bank encourages and promotes the development of a fast payment system by highlighting its benefits to the economy and society, facilitating collaboration among stakeholders, establishing a common vision and roadmap for the system, and providing guidance and technical expertise to support the development and implementation of the system.



REGULATOR: The central bank oversees the system and ensures that it operates within the relevant legal and regulatory framework of the jurisdiction, and the bank updates the framework as required to support the development of fast payments.



OWNER: The central bank owns the fast payment system infrastructure (including the technology platform and network) and/or the fast payment scheme. As the owner of the system, the central bank can govern the decision-making process and define the scheme rules (based on which layers of the FPS are owned by the central bank).



OPERATOR: The central bank manages the day-to-day operations of the fast payment system, including processing transactions, maintaining the technology infrastructure, and providing customer support.

The championing activities refer to elements across all the aforementioned roles but to the role of catalyst in particular. It is important to note that central banks should take on the championing duty in any FPS initiative and drive FPS development and adoption regardless of the role they play in the system. Even when central banks do not take on the role of owner and/or operator of the FPS, they can indeed act as a catalyst and support FPS development initiatives led by the private sector. In their role as catalyst, central banks can utilize their convening power and provide financial and technical support to the initiative, among other actions. Moreover, they can rely on their authority to influence the development initiative when needed. Instances in which the central bank needs to use its moral suasion and catalyze development include, among others, when multiple FPS are developed in a jurisdiction. In this case, authorities need to ensure that interoperability is built across the systems and that silo effects are prevented.

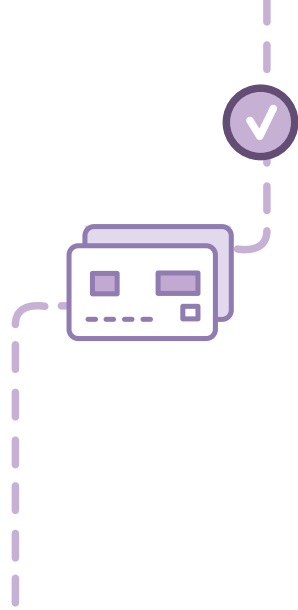
Should the catalyst efforts prove insufficient to align market-led initiatives toward the public interest, central banks can consider using their regulatory power. In this case, they should ensure that their intervention neither hampers the project nor hinders its potential for innovation (for example, by limiting the attractiveness of the development investment for the private sector), since these drawbacks would ultimately translate into a lost opportunity to deliver value to end users.

On the other hand, the absence of a championing entity could potentially keep the FPS initiative from reaching its full potential, due, for example, to a lack of coordination

between different stakeholders, which may have different objectives and face different challenges in relation to the development of FPS in a jurisdiction. Aligning the efforts of all stakeholders and driving their commitment become essential for the initiative to deliver value to participants and end users in the longer term.

For the reasons mentioned above, it is crucial for the central bank to allocate adequate resources and efforts to its championing role. This is especially true considering that the development of a fast payment system—which is a retail system through which fast payment services are offered to individuals and businesses—often falls outside of the scope of typical activities of a central bank. The objective to create a win-win equilibrium in the fast payments ecosystem, balancing public policy and private-sector incentives, should be the compass for central banks to navigate their FPS championing efforts.

Lastly, it is worth noting that the effectiveness of a central bank in its championing role, as well as its potential scope of action, also depends on factors such as the institutional arrangement with reference to FPS regulation and oversight, the level of capacity and resources available, and the overall development of the payments ecosystem. In general terms, championing FPS will be more complex in jurisdictions that present an outdated or underdeveloped endowment with reference to these factors, even when stakeholders acknowledge the importance of fast payments. This complexity may be mitigated by a central bank by aligning FPS development to (or include it into) broader national payment systems strategies or national financial inclusion strategies, by bringing FPS development discussions to the table of the National Payment Council (or similar entity available in the country), and by conceptualizing FPS development as a strategic initiative with a long-term impact rather than a shorter-term effort. These approaches will help position FPS development as a pillar of a broader financial sector modernization effort, and will therefore facilitate the commitment of resources to the initiative.



4 METHODOLOGY

The Payment System Development Group of the World Bank has developed a framework to help central banks take on the role of a champion for the development of fast payments in their jurisdictions, regardless of the extent of the role that they will play in the very fast payment system.

This framework encompasses five areas of focus (see figure 1) along the FPS development life cycle developed by the World Bank in 2021.³ Like the FPS development life cycle, the championing framework presents an iterative nature. Central banks should not consider their championing role as a single stint ending with the go-live of the system. Rather, the central bank should promote the development of the system on an ongoing basis, steering the innovation cycles through which the FPS evolves over time. This is crucial to driving the FPS toward maturity and for the system to reach its full potential.

The championing activities that can be carried out by a central bank are organized in the following five areas of focus:

1. **Position:** Define the goals of introducing fast payments within the broader retail payment strategy of the jurisdiction and define the role to be played by the central bank.
2. **Engage ecosystem:** Onboard all relevant stakeholders and build commitment around a shared vision.
3. **Inform development:** Underpin the decision-making on design and implementation with broad participation and dynamic discussions.

4. **Promote adoption and usage:** Deploy a thorough communication strategy to build awareness and educate, support uptake by both consumers and merchants, and foster adoption of system services by market players.
5. **Drive and support:** Ensure that ongoing advisory and technical support is available throughout the project.

For all areas except for the first one, which refers strictly to positioning the jurisdiction toward fast payments, the central bank can delegate the related championing activities (to varying extents based on factors such as the ownership of the system, the nature of its operator, and the complexity of the digital payment ecosystem in a jurisdiction) to other entities. Through delegation and a collaborative approach (especially in areas such as informing development and promoting the adoption and usage of the system), the central bank can harmonize public policy and private-sector initiatives eventually to maximize the potential of the FPS to meet the needs of the population that the system is developed to serve. This also leads to greater involvement by stakeholders and facilitates their buy-in.

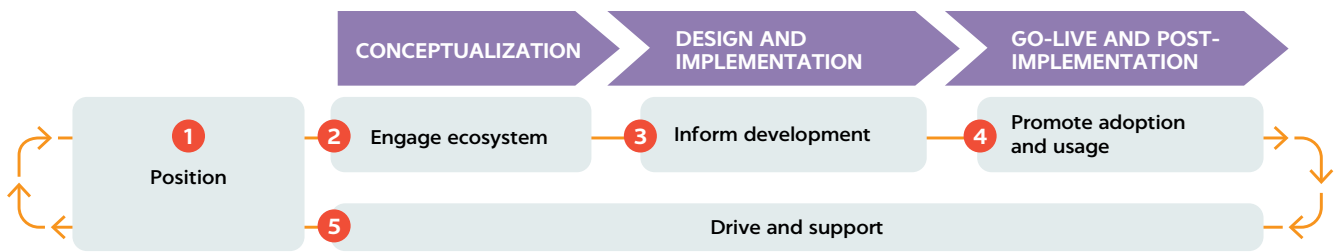
Insights into the various aspects that are highly relevant for central banks to drive successful development were analyzed in each of the areas identified in the framework. For each area, best practices were also identified by conducting interviews with representatives from fast payment initiatives in diverse jurisdictions, covering different regions (Latin America and The Caribbean, Europe and Central Asia,

Middle East and North Africa, South Asia), income levels (Lower-middle income, Upper-middle income) and levels of development (initiatives at conceptualization phase, initiatives just launched, and mature initiatives). A diverse sample of jurisdictions was selected in order to provide a comprehensive representation of the championing strategies and approaches available to central banks.

The development of the guidance has benefited from interviews/interactions with the following entities:

- Banco Central do Brasil (BCB), Brazil
- Banco de la República (Central Bank of Colombia), Colombia
- Reserve Bank of India (RBI), India
- Centralna Banka Crne Gore (Central Bank of Montenegro), Montenegro⁴
- National Bank of Serbia (NBS), Serbia
- Central Bank of the Republic of Türkiye (CBRT), Türkiye
- Jordan Payments and Clearing Company (JoPACC), Jordan
- The Clearing House: Clearing Interbank Systems AD Skopje (KIBS), North Macedonia⁵

FIGURE 1 FPS Championing Framework Overview





5 THE CHAMPIONING ACTIVITIES

5.1 POSITION THE JURISDICTION TOWARD FAST PAYMENTS

This championing area refers to defining the goals underlying the decision to introduce fast payments in a given jurisdiction. FPS development should be positioned as a component of the broader national retail payment strategy (when present) and define the role to be played by the central bank. It has been observed that when a country does not have a retail payment strategy in place, the central bank can decide to develop FPS from the “bottom up” to address key challenges in the national payment landscape or respond to market demand.

The objective of this area is to define the jurisdiction’s fast payments vision as the guiding principle for the entire initiative.

It is indeed important for a central bank to define a clear vision for fast payments in its jurisdiction to guide the development and implementation of FPS. Such a vision can help to channelize the requirements of various stakeholders, including technical readiness based on system design to meet the needs of various stakeholders, including the financial institutions and end users (individuals and businesses). A clear vision can also help to build consensus around the importance of fast payments and bring together different stakeholders, such as banks, payment providers, potential end users, and regulators, to work together to make fast payments a reality. Such a vision can help attract investment in FPS, showing that there is a long-term plan in place for their development as a prominent component of the

national payment system. Defining a clear vision should be complemented with building capacity inside the central bank to keep pace with digital transformation and technological innovation.

Moreover, an accurate characterization of the scope and mandate of the FPS, referring not only to the present but also to the foreseeable future, is a foundational building block for properly defining the governance of the system.⁶

Central banks can undertake the following activities to define their positioning toward fast payments:



- i. Constitute a committee or working group on fast payments within the central bank, guided by the department responsible for the regulation and oversight of payment systems.**

This committee/working group can take different levels of formality, ranging from dedicated teams appointed with a formal mandate to act (as was the case in Montenegro, where representatives of the payment system, IT, and procurement departments at the Central Bank of Montenegro were given an official mandate from the beginning of the project) to “soft”—that is, not formally appointed—cross-divisional working groups (as was the case in Türkiye).

The case of Brazil was slightly different, as BCB did not constitute a dedicated team for the management of Pix until 2021, after the launch of Pix. The initiative was undertaken by the payment systems department at BCB to evaluate the FPS opportunity using internal resources, and then by selected staff from other divisions of the central

bank to contribute to the project. Nonetheless, between 2018 and 2021, BCB formally created a working group with the participation of the financial and payments industry to discuss the main requirements of the fast payments ecosystem as well as the role of the central bank. A team formed later had responsibility for developing Pix and other responsibilities.

In Serbia, the project was spearheaded by the NBS itself. The bank was responsible for a wide range of activities associated with the project, including coordinating across various departments within the NBS.

Regardless of the structure and level of formality of the board in charge of positioning the central banks toward fast payments, at this initial stage it is crucial to focus the efforts of this entity on conducting a thorough assessment of the local retail payment landscape in order to understand how fast payments can contribute to enhancing and innovating it.

For example, before starting any development effort, the Central Bank of Colombia designated two resources to understand and analyze the status of payments in Colombia, with the objective of determining the feasibility of developing an FPS operated by the central bank, as well as the role of the central bank itself in the initiative. Only after this exploratory stage was a team formally constituted, hiring additional resources, and the project launched.

In the case of Jordan, a task force was initially constituted with members from JoPACC (the entity that operates the FPS and is owned jointly by the central bank and all commercial banks in Jordan), the central bank, and commercial banks, to assess the opportunity to develop an FPS and the requirements for such a system. The task force executed both a technical and a business assessment, with the contribution of all participants in the task force.

In Brazil, BCB performed a wide diagnosis of the payment landscape, assessing each means of payment and identifying its gaps, performing an international benchmark and a payment survey with individuals and merchants.



ii. Define the objectives of the fast payments initiative and its alignment with the retail payment strategy.

For the FPS development initiative to succeed, it is important to translate the underlying vision into clear material objectives. Objectives should be defined at the early stages and then referred to throughout the entire initiative, to build stakeholder consensus and a shared vision for development. On the other hand, a lack of clarity on the objectives to pursue could hinder the commitment of stakeholders and

eventually lead to inconsistent system design and implementation decisions.

Among the objectives that the central bank should champion, the development of the system as a digital public infrastructure (DPI) is of particular importance. According to the *G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains through Digital Public Infrastructure*,⁷ DPIs, “generally understood as interoperable, open, and inclusive systems supported by technology to provide essential, society-wide, public and private services, can play a critical role in accelerating this digital transformation in an inclusive way.” The following championing areas present the activities that the central bank should undertake to ensure that the particular objectives of key stakeholders—system owner and operator (when this role is not played by the central bank itself) and the payment service providers (PSPs) participating in the system—are aligned with the development of FPS as a layer of DPI.

Further, a comprehensive cost-benefit analysis could be executed by the central bank (or the private entity assessing the FPS development opportunity and its investment requirements) to determine the best options available in the jurisdiction to pursue the objectives identified for the initiative. Such an analysis should include the perspective of both the central bank and prospective participants in the system and extend to the benefits and switching costs for the end users that the FPS will serve. In Türkiye, for instance, the CBRT decided to build a new instant payment system (FAST) aligning to a vision of helping to achieve the national goal of using less cash, on the one hand, and addressing financial institutions’ demand to increase the operating hours of the retail payment system.

In the same vein, KIBS, the operator of the fast payment system in North Macedonia, conducted a comprehensive cost-benefit analysis at the beginning of the development initiative. The analysis estimated the volume of fast payments over a time horizon of 10 years, considering not only the “organic” growth in digital payments over the period but also the potential for FPS to drive a conversion of a share of the gray economy in the country. In addition to this, KIBS (which is owned by commercial banks) expanded its analysis to include an assessment of the implementation costs (for example, for the adoption of required messaging standards) to be borne by North Macedonian banks to participate in the system. In the early stages of the development initiative, KIBS connected with peer operators and central banks within the Balkan region and other European countries to observe the experiences of other FPS implementations in Europe. The observation of these experiences helped KIBS

to design the system, identify key challenges and factors of success, and set consistent targets. A lack of coordination with, and support from, the banking sector was identified as one of the key challenges, which KIBS prevented by creating working groups to which representatives of PSPs were directly appointed. KIBS communicates directly with the central bank but also relies on the banking association of North Macedonia to facilitate the dialogue with the central bank regarding issues related to instant payments that are within the banking domain. Open channels of discussion were also created with the ministry of finance and government agencies participating in existing payment systems. Similarly, in India, RBI's Payments Vision defined a commitment to create safe, accessible, secure, efficient, and interoperable payment systems. The FPS was identified as one of the systems to be implemented, and the National Payments Corporation of India (NPCI) was given the mandate to develop the system.

While aligning with a jurisdiction's retail payment strategy is fundamental to ensuring that FPS development contributes to achieving overarching financial and public policy results, fast payments can also act as a driver of broader modernization in payments where a national retail payment strategy is not in place.

For example, Pix was developed by BCB to help move the country past cash, improve financial and digital inclusion, foster competition in the payments market, reduce the costs of accepting payments for merchants, reduce friction between the payment instruments available at the time, and prepare the payment system for new business models enabled by the digital economy. Even if BCB does not have a national retail payment strategy, through the development of Pix it was able to pursue objectives (and build ecosystem commitment around them) that are typically included in such a strategy.

In the early stages of the FPS development initiative, the NBS carried out a cost-benefit analysis and assessed the potential impact of the initiative, comparing the benefits of introducing new person-to-person and person-to-merchant payment methods against existing alternatives. The decision to introduce an FPS was motivated primarily by the desire to offer Serbian users the most modern payment infrastructure and the ability to make payments at any time of the day, every day of the year. The system aimed to address the growing demand for more flexible and accessible payment solutions, thereby enhancing the convenience and efficiency of the payment ecosystem in Serbia. Additionally, the introduction of an FPS was seen as an opportunity to provide a payment instrument that incurs lower costs than some payment card transactions.

Lastly, when the FPS development initiative is led by the private sector, the central bank needs to work actively to align the private interest with the public one. For this purpose, the central bank, in its catalyst role, should engage with the private promoter of the initiative from the very beginning of the project, to foster a dialogue on foundational aspects of the FPS under development, such as the pricing and participation model. Such a dialogue is crucial to ensuring that FPS do not disperse their potential to achieve financial inclusion and sustainable development objectives, which may not necessarily be priorities of a private-led initiative.



iii. Evaluate engaging potential cosponsors of the initiative to verify their availability to join the initiative.

FPS development is a complex venture requiring important investments and broad commitment throughout the entire life cycle of the initiative. For this reason, central banks should explore the opportunity to partner with other entities that can play roles in steering the initiative toward success. When the central bank is the owner of the system, it can look at external partners, such as philanthropic foundations and development agencies, to share the investment burden. This was the case for the State Bank of Pakistan, which was funded by the Bill and Melinda Gates Foundation for the development of RASTT.

A hybrid case is provided by India. The owner and operator of IMPS and UPI, the FPS available in the country, NPCI is a nonprofit organization set up as an initiative of RBI and the Indian Banks' Association for establishing and operating robust retail payments and settlement systems in India. NPCI was initially promoted by 10 banks, but over time the shareholding was expanded to include additional banks representing all sectors and payment system operators regulated by RBI.⁸ NPCI partners closely with the central bank (involved as the regulator and overseer of the system) and the private sector for FPS development in the country. In this perspective, RBI had a key role in defining the initial mandate and gradual transfer of management of payment systems to UPI, and was involved at all stages of development to steer activities, provide guidance, and ensure that meeting the demands and needs of end users remained the paramount objective throughout the initiative.

When the FPS initiative is led and owned by the private sector, the central bank should proactively position itself as a catalyst for development and offer its partnership to the promoters of the initiative. This would allow the central bank to ensure that the FPS is developed in line with the vision set

forth for the development of retail payment systems in the country. In its catalyst role, the central bank can also evaluate subsidizing the infrastructure, as well as other components of the system, should financial support be required by the market. In this case, subsidization could also strengthen the ability of the central bank to align private-led development efforts (and interests) with public policy objectives.

5.2 ENGAGE THE ECOSYSTEM

Once the central bank has identified its position toward fast payments, it should focus on building the commitment of all relevant stakeholders.

The objectives of the central bank in this area are to ensure that the initiative is launched effectively and that its foundations are laid with a collaborative approach. It is important for a central bank to onboard all relevant stakeholders at the early stages of the initiative to ensure a successful implementation of the system, address any misalignment, prevent delays or disruptions at later stages of the development journey, and build consensus and ongoing support for the initiative through its entire life cycle. Moreover, interaction with the market provides valuable insights about the readiness and capabilities of PSPs. Such insights permit the initiative to define consistent implementation timelines accordingly.

This championing area is important because fast payment services are delivered to end users (individuals and businesses) according to a business-to-business-to-consumer (B2B2C) model, where the central bank (considered here as a business, for the purpose of explaining the nature of the relationships in the model) makes the system available to another business (the PSP), so the PSP can leverage the system to offer a service to a consumer (which is a customer of the PSP and can be, for example, an individual or a merchant). For such a model to be successful, all involved stakeholders need to value their participation in it. For PSPs, this means that participation in the system will allow them to strengthen their offering to their customers (existing and prospective) in a sustainable way. For end users, this means that the fast payment services made available by the PSPs address their needs and do not present excessive switching costs, compared to existing alternatives (such as cash). A synthesis of these objectives and needs is necessary to underpin the successful development of the FPS, which is built on a sound and active engagement of the ecosystem at all stages of the initiative.

Wide ecosystem engagement can be pursued by the central bank by focusing on the following activities:



i. **Constitute a fast payments working group in order to invite a broad set of stakeholders to participate in the initiative.**

At a minimum, the working group should ensure proper representation from both the supply side (PSP community, payment systems owners and operators, e-money providers, commerce/trading associations, telcos, banking associations) and the demand side (consumer associations, retail commerce, corporations, small and medium-sized enterprises, public administration, and government agencies) in a payment ecosystem.

In Colombia, the central bank created a new payment system forum as an informal platform open to all where stakeholders in the industry can participate and engage in dialogue. The objective of the platform is to understand the incentives needed by all players to transform their business models and adopt fast payments. Separate working groups to discuss different aspects of FPS development were constituted, promoting the participation of different stakeholders with the objective of understanding mutual needs and challenges. After the enactment of a new regulation in the country, the forum became the Fast Payments Interoperability Committee. The committee helped to define details for setting standards, protocols, and procedures. As Banco de la República will regulate and operate the system, to manage conflict of interest, the secretariat of the committee is headed by the banking operation deputy office, instead of the payment systems department. Moreover, to foster and safeguard coordination, the central bank chairs an interinstitutional roundtable with the Superintendency and the Ministry of Finance.



ii. **Host bilateral meetings and multilateral sessions to assess stakeholders' readiness and capabilities.**

These meetings also provide the central banks with an opportunity to investigate the development options available in the jurisdiction.

BCB offers an example of how bilateral engagements can be used to onboard a wide spectrum of stakeholders. BCB scheduled an intense calendar of bilateral sessions with a large number of stakeholders (for example, banks, nonbanks, retailers, and consumer and retail associations, among others) to present to each of them the Pix development project and the potential benefits to be brought by the system. The meetings were also used to discuss with each stakeholder technical aspects related to the development and implementation of the system.



iii. Define the foundational requirements of the FPS arrangement.

A concerted approach to the definition of system requirements ensures that this is consistent with the needs, capabilities, and constraints of the local ecosystem and therefore maximizes the likelihood of an effective and efficient implementation and go-to-market of the system. For this reason, central banks should proactively promote such a concerted approach by creating platforms (such as working groups on the different areas of development) involving prospective participants and, potentially, representatives of end users.

The CBRT adopted a comprehensive approach to define the requirements of the arrangement. Internally, several cross-departmental work groups were constituted to discuss issues such as legal, accounting, and operations of the system. Externally, three working groups (on message formats, liquidity, and payment flows) were constituted with members from the participating banks. These working groups were led by the CBRT and met monthly during the project life cycle. An additional working group was created with a specific focus on overlay services, which were implemented and operated by the operator of the card schemes in Türkiye, the Interbank Card Center (BKM). The methodology applied across the working groups was that the CBRT proposed the development solutions and the members of the working group reacted with their comments and counterproposals. Based on these iterations, the CBRT made the final development decisions.

Before and throughout the entire FPS implementation project, the NBS engaged in regular meetings with both internal and external participants. These meetings were crucial to ensuring a cohesive and coordinated effort toward the development and deployment of the system. To solidify further commitment to the seamless integration of fast payments at points of sale, a dedicated working group (led by the NBS in its role as operator) was established with the mutual cooperation of the banks and their representative organization.

Another relevant example in this area is offered by the Central Bank of Montenegro, which connected with other peer countries (from an economic development, geographic size, and population perspective) to collect their FPS development experiences and allocated resources for internal research on other similar initiatives.



iv. Finalize the decision about the role to be played by the central bank in the initiative.

Based on the commitment of the stakeholders and their capabilities (specifically, of financial institutions,

other nonbank PSPs, and payment system operators), the central bank should define the extent of its participation, ranging from acting only as an overseer to expanding its role to owning and/or operating the system. To play each role successfully, it is important for the central bank to thoroughly evaluate its capabilities, as well as the market dynamics and alternatives available in the jurisdiction. Moreover, the central bank should carefully evaluate whether a system owned and/or operated by the private sector would be able (and committed) to pursue the financial and public policy objectives underlying the initiative. Regardless of the extent of the role played by the central bank, it should always assume the function of a catalyst of FPS development and operate as a driving force throughout the entire initiative.

BCB adopted a multistep approach to finalizing its decision about the extent of its role in Pix. The first decision made by the central bank was to act as a catalyst of FPS development, to address the inability of the private sector to coordinate its efforts and deploy an FPS without the lead of the central bank. Specifically, BCB intervened because the private sector was implementing closed-loop, non-interoperable schemes that did not correspond to the vision of the central bank. Subsequently, after the first working group, the central bank decided to be the owner of the scheme, again to respond to the lack of coordination and different interests expressed by the members of the working group. Lastly, BCB decided to take on the role of operator of Pix. BCB considered the alternatives available (including hiring a vendor or delegating to another financial market infrastructure in Brazil) and then opted to rely on its previous experience with developing and operating the real-time gross settlement system in the country. BCB undertook each role expansion following a dedicated decision by the board of the central bank.

In Colombia, the central bank decided to play an extensive role as owner and operator of the FPS based on the identification of market failures that the central bank had deemed impossible to solve through regulatory intervention or the development of supporting financial infrastructure. The main failure was the lack of interoperability between the large closed-loop systems available in the market (which were also gaining momentum during the pandemic). Other issues that the central bank wanted to address were limited financial inclusion and limited electronic payment acceptance, especially by small businesses. Taking a direct role in the development of the system, Banco de la República intends to promote competition and open FPS to a larger number of PSPs.



v. Bring fast payments on the agenda of the national payments council.

As a catalyst, the central bank should set up and manage the activities of a national payment council or equivalent entity. Such an entity is constituted with the aim of guiding the ongoing development of the national payment system, gathering relevant stakeholders and market agents together to foster a concerted agenda for development. When well designed and implemented, fast payments can contribute heavily to strengthening the national payment system and meeting public and financial policy objectives. For this reason, the central bank should bring a conversation about developing fast payments right to the core of the agenda of the council.



vi. Announce the initiative's kickoff to the public.

The formalization of the commitment of the ecosystem to developing fast payments is important not only to create momentum but also to reach additional stakeholder “layers” (which may not be directly involved in the initiative) and society in a broader perspective. As said earlier in this note, the transformative potential of FPS is substantial and expands beyond the boundaries of the payment ecosystem.

High levels of transparency are guaranteed by the publication of the development activities on the public website of the central bank. Understanding the importance of informing all stakeholders on how to engage and participate, the central bank should consider communicating the agenda and schedule of the meetings held by the FPS development group and creating a dedicated email distribution list and webpage for the project.

5.3 INFORM DEVELOPMENT

This championing area refers to the steering role of the central bank in underpinning the decision-making on design and implementation of the system. As per the definition of the objectives and the overarching features of the FPS, broad participation and dynamic discussions are crucial to defining the details of the design and implementation activities that ultimately translate the FPS vision into the deployment of valuable services for end users—they are indeed the ultimate validators of the system and of the services offered through it. In other words, the success of the FPS depends on its ability to meet the needs and demand of end users, and it is therefore necessary to incorporate such needs and

demands as foundational inputs to inform the design and development processes. In its catalyst role, the central bank should identify inclusive design of the system as an overarching pillar of the development initiative. Inclusiveness can also be seen as the ability to serve the broadest array of population segments possible, and especially the most vulnerable, such as the poor, ethnic minorities, and inhabitants of rural areas. It should be pursued through the involvement of such user groups (for example, by conducting field research, focus groups, or surveys), their representatives, or, at the very least, the PSPs that have a direct knowledge of their needs, demands, and challenges. Therefore, the main objectives for the central bank in this area are to ensure that the FPS is designed according to ecosystem needs and capabilities and to streamline the implementation processes accordingly.

Promoting dynamic participation can help to ensure that the design and implementation of FPS are aligned with the needs of all stakeholders (starting from the participants in the system and cascading to the end users—that is, individuals and businesses). By engaging with a wide range of stakeholders, central banks can get a better understanding of the different needs and requirements of different interest groups. This can help to ensure that FPS are designed in a way that is beneficial to everyone. Additionally, when different stakeholders are involved in the decision-making process, they are more likely to feel ownership of the system and to be supportive of its implementation and further development on an ongoing basis. This can help to avoid delays or disruptions to the implementation process.

By engaging with a wide range of stakeholders, central banks can also get a better understanding of the potential risks and challenges associated with the adoption of FPS in a given jurisdiction. This can help ensure that these risks and challenges are addressed early on, which can help avoid additional issues in the future.

Lastly, fostering concerted efforts to inform system design can help to promote innovation. By engaging with a wide range of stakeholders, central banks can get a better understanding of the latest innovations in the fast payment space and in the realm of digital financial services with a broader perspective. This can help central banks to design and implement FPS that extract value from the innovation available in the national ecosystem and that are synergistic with other foundational digital infrastructures in the country.

A central bank can carry out the following activities in this area:



i. Set up the operating team for the project, appointing experts from the central bank and other stakeholders (public authorities, operator, PSPs), and

define the project plan and governance (that is, rules, procedures, and policies).

In this phase, the initial working group that was set up to assess the FPS opportunity (possibly informally) is structured into a project team composed of resources with the diverse skillsets and expertise required in the system development phase. Typically, when the central bank takes a leading role in the development of the system, this team comprises professionals from different bank departments (including the payment system department, IT, and legal, among others), as well as external resources. For example, hiring new resources with specific expertise is part of the strategy adopted by the Central Bank of Colombia. When the private sector leads the FPS development initiative, the central bank should proactively seek participation in the project, either directly providing resources to the project team or in its oversight function.

Once the operating team is created, the project plan should be defined for the development and launch of the system. The project plan needs to provide a timeline characterized by clarity and sustainability. Clarity refers to the provision of clear deadlines and milestones for the different phases of the project (for example, design, specifications definition, implementation, testing, go-live), which stakeholders can take as a reference to plan their efforts accordingly (for example, technology development for future participants in the system). Sustainability refers to whether the project plan is consistent with the actual capabilities of the system owner, operator, and participants, and momentum and commitment can be maintained throughout the initiative. In other words, the project plan should be based on an assessment of the impact, efforts required, and current readiness level of each stakeholder, and it should identify milestones and timeframes that are achievable for the ecosystem as a whole. When the project plan lacks clarity or sustainability, the project may be exposed to delays (that is, a failure to meet deadlines) and inefficiencies (for example, decisions to postpone or abandon the development of features or functions to comply with the deadlines).

To develop a clear and sustainable project plan, the Central Bank of Colombia evaluated different development alternatives with the industry, making this topic the focus of the first months of activities of the forum constituted ad hoc for FPS development. Based on feedback from the industry and a risk and legal assessments, the project team identified the development course and developed a project plan accordingly.

Given the importance of defining the project plan correctly, it is crucial for the central bank to take a leading role and also to foster an open dialogue with relevant stakeholders on this component of the FPS development project.

In Brazil, BCB achieved this by maintaining an updated body of documentation on its website, providing transparency on the progress of project activities. The industry had access to this documentation and could monitor the project timeline and plan their readiness efforts for the launch of the system accordingly.

In Türkiye, where the Law on the Central Bank of the Republic of Türkiye No. 1211 and the Law on Payment and Securities Settlement Systems, Payment Services, and Electronic Money Institutions provide the legal basis for FAST, the central bank is the owner, operator, and overseer of FAST. The top management assigned to the project team the ambitious mandate of completing the project in one year. To achieve this goal, the project team detailed the project plan with stakeholders, working closely with the IT team within the central bank (in charge of developing the infrastructure of the new system) and participating financial institutions. On the other side, prospective participants were requested to appoint their most experienced resources to the working groups.

The definition of the project plan is strictly related to defining the governance of the project. This refers to the set of rules, procedures, and policies that define how projects are managed and overseen. While considerations and lessons learned about the governance of FPS are provided in other materials of the World Bank's FPS Toolkit (namely, the main report *Considerations and Lessons for the Development and Implementation of Fast Payment Systems* and the technical focus note *Scheme Rules in Fast Payments*), this note refers specifically to the governance of the system development project.

In the forthcoming *Practitioner's Guide to Governance of Fast Payment Systems*, the World Bank additionally performs a thorough analysis of the governance models applied by a sample of FPS around the world, identifies the key questions that inform governance decisions, and provides consequent recommendations for governance design. The practitioner's guide highlights that the governance of FPS can be unusually challenging because FPS typically have economic and public policy significance for the jurisdictions they serve. They have a diverse and evolving range of stakeholder interests that affect governance arrangements. As these systems grow and proliferate, they become more important both to increasing numbers of individuals and businesses and to the health of national economies. Due to its organic nature, governance should align with this growth

and evolve consequently. As environment, scope, and mandate change, so must the governance design of FPS. Getting their governance right becomes a key policy concern for central banks and economic policy makers in their role of champions of the fast payment initiative, starting from the championing area of informing development. In this area, the central bank should ensure that the governance design is built on an accurate identification of the environment (and of the stakeholders' requirements in particular) and that, regardless of the system ownership structure, governance mechanisms can be utilized to ensure open access for banks and nonbanks in the system.

When the central bank is the owner and/or operator of the system, it should define the project governance to ensure that relevant stakeholders are involved “by design.” In practice, this means that the central bank should formalize interaction with industry players in the project governance framework as a foundational procedure to inform decision-making processes. Nonetheless, this does not imply that decision-making should be distributed among stakeholders; rather, it should remain under the control of the central bank. In this perspective, the central bank can involve representatives of other entities (for example, banking associations) in the steering committee for the project, so they can represent all relevant interests involved in the project.

When the private sector leads the project and the central bank does not take an owner's or operator's role, it should still make sure to play an active role in the definition of the project plan, its milestones, and the governance of the system, to ensure that it is designed in an inclusive way. This is crucial when the initiative is led by traditional banks, which may have a strategic interest in defining a “locked” governance framework to prevent the participation of nonbank PSPs in the system. To avoid this risk, central banks could proactively request to participate in the project governance (and potentially be represented in the system governance) and, at a minimum, to have comprehensive documentation about the project plan and updates on the progress of project activities be shared, meeting the project team regularly during the project development life cycle.



ii. Instruct the design and implementation of the FPS arrangement.

Allocating adequate time and resources to defining the core components of the system (for example, specifications, operating procedures, features of the arrangement, legal and regulatory framework, risk-management rules) is crucial to facilitating the subsequent implementation and preventing potential roadblocks or issues that could be foreseen in advance. Since access

to, and participation in, the system requires investing in the upgrade of processes and capabilities, as well bearing operating costs on an ongoing basis, involving PSPs in the decision-making on system design and implementation is key to making sustainable decisions. On the contrary, decisions made without considering the needs, capabilities, and constraints of PSPs could impair the successful implementation of the system, and even PSPs' commitment to the initiative as a whole, should they estimate that the initiative is unsuitable from a cost-benefit perspective. This is especially relevant in consideration of the fact that PSPs are the entities that “own” the relationship with end users, as they are the providers of services to them and hence are in the best position to understand their needs and demands. The involvement of the end users—typically through the bodies that represent them—is indeed another activity that the central bank should actively promote during the development of the system—for example, in areas such as the design of overlay services. These are crucial to the delivery of a seamless and friendly fast payment experience to end users and meeting their demands for convenience. In their championing role, central banks could therefore promote and harmonize the adoption of overlay services by system participants.

In order to inform decisions about the design and implementation of the system, the central bank can rely on multiple activities, which it can undertake either as a system owner/operator or while performing its catalyst function. These activities include

- Coordinating the agenda of discussions for the extended fast payments working group;
- Launching public consultations to collect the perspective of market players; and
- Surveying the perspective of prospective end users through field research. This activity is extremely relevant to investigations of the needs and demands of the population, especially in jurisdictions where such end users are not represented by associations and, therefore, the central bank cannot engage in a dialogue with a formal entity. The insights collected through the survey can inform decisions, for example, about the overlay services to simplify and enhance the user experience offered by the FPS.

BCB offers a comprehensive example of how to involve the broader payment ecosystem in the jurisdiction into the definition of FPS design and implementation choices. Already in 2018, before the board decided on the design of the FPS, BCB had created a working group to discuss FPS development and set the general framework and fundamental requirements of the fast payment ecosystem. In 2019, BCB

created the Pix Forum and several working groups with the objective of opening a platform with a wide spectrum of players (including financial institutions, nonbank PSPs, retailers, consumer associations, and retail associations) to work on the technical specifications for development, based on the general framework set in 2018. The working groups created under the Pix Forum focused on specific topics—for example, business rules, standards and technical requirements, electronic data interchange (messaging), and security—and met regularly every 45 days to discuss progress on each topic. Throughout the entire design phase, BCB published comprehensive documentation for market players to review and provide feedback. In addition to this, BCB engaged with multiple entities (for example, merchant associations representing both large enterprises and small and medium-sized enterprises, as well as associations of non-governmental organizations) to collect the feedback of end users of the system.

The NBS provides further insights into how central banks can collaborate with multiple players in the ecosystem to steer the inclusive design of fast payment services. For example, the NBS worked with participants in the system and the chamber of commerce to define the specifications of the QR codes to facilitate the initiation of fast payments. The NBS is actively collaborating with system participants to engage merchants in adopting fast payment solutions at points of sale (both in-store and online). Throughout this process, solutions from both participants and merchants undergo evaluation according to specified standards within a specialized laboratory environment—the Instant Payment System (IPS) Test Lab. Additionally, the system enables the execution of transactions through conventional channels, such as QR codes, and using aliases. The NBS introduced a generator and validator for the NBS IPS QR codes, which were made readily accessible on the NBS's IPS website, ensuring compatibility and ease of use within the NBS IPS framework. This consultative and inclusive approach allowed the NBS to certify the design of the service rolled out in the market.



iii. Publish reports on progress and decisions about design in order to ensure stakeholder alignment.

Comprehensive and continued communication facilitates planning and the allocation of resources by prospective participants, making it easier for them to commit to the initiative. Moreover, transparent decision-making processes favor consensus building, which is a critical enabler of continuous enhancement of the system in the long term.

To ensure transparency on the decisions taken and the progress of the FPS development initiative, BCB published on the central bank's public website all consultations held with market entities. The information provided included the content of the consultations, the suggestions made by the participants, and whether the central bank accepted or rejected these suggestions. Also provided was a description of the rationales underlying the final decisions on different components of system design.

Similarly, the Central Bank of Colombia published specific questions on its website soliciting informal feedback from current and potential participants. In addition to this, the central bank conducted focus groups with end users (particularly businesses) to understand their preferences on aspects such as payment services that they would like to be offered and the pricing of these services.

5.4 PROMOTE ADOPTION AND USAGE OF FAST PAYMENTS

In this championing area, the central bank undertakes activities aimed at supporting uptake by both individuals and merchants and fostering adoption of system services by market players. Doing this lays the foundation for further development of the system and the rollout of new features and services. Any commitment by participants (current and prospective) to invest resources in the enhancement of the system will be based on their expected return, which, at its core, is a function of the usage of the system by the target end users. On the other hand, the wide adoption and usage of a fast payment system can unlock efficiency improvements and economies of scale that translate into cost savings and opportunities to reallocate resources to the enhancement of the system. For these reasons, central banks should not only proactively promote the adoption of the system but also lead concerted initiatives, engaging with participating financial institutions and other entities to amplify the impact of these efforts.

The main activities in this area are focused on communication. These efforts typically serve the purpose of cultivating interest in the initiative under development and educating the target end users about the benefits of fast payments, the services offered by the relevant FPS, and other relevant aspects for adoption (for example, safety and security practices). In addition to communication efforts, the central bank and other entities (for example, the ministry of finance and system participants) can undertake other initiatives, such as implementing reward and loyalty schemes, to drive further adoption of the FPS.

5.4.1 COMMUNICATION ACTIVITIES

These activities should begin at the kickoff of the development initiative and be carried out throughout its entire life cycle, to build awareness over time and gather momentum ahead of the go-live of the system. Moreover, communication activities should not be aimed at limited specific audience clusters but target all stakeholders. For example, information about the progress of the FPS development initiative should be made available online on public websites. Rich and transparent communication also helps to build trust and manage the expectations of different stakeholders (for example, PSPs), facilitating their participation in the initiative.

Based on these considerations, the central bank should develop a comprehensive multichannel communication strategy based on the following pillars:



i. Define the FPS brand (if the central bank is the scheme owner).

An accurate definition of the key elements of the brand identity, starting with the FPS name and logo, is crucial to ensuring that end users can identify and remember it easily, as well as facilitating word-of-mouth dynamics. Brand names and logos are ubiquitous communication tools that might appear exactly where end users carry out fast payments (for example, on a mobile app or at the premises of a merchant) and are therefore seen frequently. To build the trust of end users, a clear reference to the fact that the FPS is regulated under the authority of the central bank could be added to the logo, as in the case of Pix in Brazil. Especially in the case of private FPS, informing individuals and businesses about the fact that the system is regulated by the authority increases their perception of safety, security, and protection.



ii. Publish well-documented communication guidelines for participants in the scheme.⁹

Consistent communication across different providers ensures that all end users receive the same information and therefore develop the same perceptions—and expectations—with reference to the FPS and its services. On the contrary, different (even conflicting) information about fast payment services can generate confusion and erode the trust of users and harm uptake of the system. To ensure that different financial institutions, other PSPs, and merchants (as they accept the fast payment service from their customers) communicate the same information, the central bank should provide clear guidelines and mandate that its counterparts adhere to them strictly. These guidelines should be

documented in the scheme rules and cover all aspects of communication, including the permitted declinations of the brand logo, the tone of voice, and templates to adopt in communications related to the FPS, among others.

Several FPSs have published brand guidelines. The CBRT has taken this approach further and published a user interface and experience guide to ensure that users have the same experience with the FAST menus in each participant's mobile app. This guide requires all FAST participants not only to display the FAST logo prominently on their applications' first page but also to display the same menu items in the FAST menu.

For further information about the marketing and branding guidelines to be included in the scheme rules, please refer to the relevant technical [focus note](#) published under Project FASTT.



iii. Set up a website dedicated to the FPS, either as a stand-alone website or a section of the central bank's website.

The website should act as the primary source of information about the FPS initiative and the services enabled by the system. At a minimum, the website (as a stand-alone website or a section of the central bank's website) should provide the following information:

- Description of the initiative and its objectives
- Technical documentation of system specifications
- Scheme rules
- Reports on the progress of the initiative (for example, notes on meetings of the working groups constituted for the design and implementation of the initiative)
- Project timeline and milestones
- List and description of payment services and overlay services for end users
- Pricing
- Security measures
- Educational materials for end users, with a focus on fraud prevention
- List of participants
- System statistics (for example, number of users by type, volume, and value of transactions)
- Answers to frequently asked questions for both participants (current and prospective) and users (individuals and businesses)
- Announcements and publications by the central bank



iv. Leverage the social media channels of the central bank.

The increase in internet penetration has led to a subsequent adoption of social media, which represents an efficient channel to reach a potentially large share of the population of target users of the system. While central banks have traditionally communicated with participants in the financial market, their role as owners of a retail payment scheme calls for them to make unprecedented efforts to communicate directly with a new and wider target audience. This change could be substantial, and central banks may not be equipped with adequate resources at the beginning of the FPS development initiative. Albeit challenging, this should not constitute a barrier for central banks, which need to step out of their comfort zone of institutional communication with professional counterparts if they want to be effective in promoting adoption of the FPS.



v. Host (or participate in) public promotional events to announce initiative and milestones.

Events offer an opportunity to amplify communication efforts on the central bank's own communication channels (such as websites and institutional profiles on social media) and reach new audiences. For example, trade fairs can offer an opportunity to connect with businesses and merchants, while technology conferences can allow the central bank to reach early adopters who can act as ambassadors of fast payments and promote adoption by other individuals.

Similar to social media, these types of events offer cost-efficient platforms to disseminate information about the initiative, stimulate public debate about fast payments, collect valuable feedback for FPS development from potential users, and trigger word-of-mouth dynamics.



vi. Build partnerships to reinforce and echo key communication moments and expand the audience.

Potential partners that a central bank can engage with for communication purposes include the participants in the system, media (with both national and local footprints), and industry and trade associations. Multilateral efforts can allow messages to be strengthened and adapted to different segments of the population. As evidenced earlier in this note, this customization of messages should be balanced with the need to ensure consistency of communication.

In this perspective, the central bank can leverage the expertise of partners that know the target audience better (for example, individuals and businesses) and the “language” they speak, in order to convey messages in a more effective, relevant, and recipient-friendly manner.



vii. Produce accessible educational materials for end users.

These communications should cover such topics as the fast payment services and use cases enabled by the system, the fraud risk associated with fast payments, the practices that users can adopt to protect themselves from this risk, and the dispute-resolution mechanisms envisioned in the scheme rules. Communications should be written using simple language and, when possible, rely on graphics, images, and videos to make them more accessible to the target audience (which may include segments of the population with limited financial literacy and low levels of education more broadly). To further educate end users, the central bank can deploy comprehensive communication campaigns—possibly partnering with banks.

This was the case for “UPI Chalega,” a campaign rolled out in India by NPCI, owner and operator of the system, in association with the participants. The campaign offers a comprehensive education program accessible through a dedicated [website](#) and leverages videos (in multiple languages spoken in the country) and simple text to provide rich information about the available fast payment services, the banks participating in the system (including a link where users can download the relevant mobile apps), and instructions for using the service securely.

To address the vital need for accessible educational materials for end users, the NBS has embarked on a comprehensive initiative to inform and educate the public about IPS. The NBS has leveraged its official website as a primary platform for disseminating clear and accessible information related to IPS. On the dedicated IPS website, users can find a wealth of news and information concerning the instant payment services, including detailed use cases that illustrate the system's capabilities and benefits. This platform serves not only as a repository of information but also as an educational hub. In addition to written materials, the NBS has published a series of educational videos on its official site. These videos are user-friendly, making use of simple language and engaging visuals to cater to a broad audience. By incorporating graphics, images, and videos, the NBS aims to enhance the accessibility and comprehensibility of its educational materials, ensuring that all segments of the population can benefit from the information provided. These

efforts are part of a larger strategy adopted by the NBS to engage with the public proactively.

In Jordan, JoPACC adopted a holistic approach to educating end users. JoPACC developed material tailored specifically to foster users' understanding of FPS and enhance their financial literacy. JoPACC also implemented a program with community-based organizations and digital champions—including CliQ, Mobile Wallets, and the Electronic Bill Presentation and Payment System (eFAWATEERcom)—to teach their communities how to use FPS. Moreover, JoPACC signed an agreement with an entity specialized in training and agreed with the Central Bank of Jordan and Jordanian ministries to disseminate knowledge in both English and Arabic about foundational topics related to FPS, such as safety, security, convenience, and use cases available in Jordan. Through this agreement, JoPACC gave training sessions to professors to advocate for the adoption of fast payments in universities. The strategy adopted by JoPACC was to “educate the educators,” rather than addressing end users directly.

In the case of Jordan, user research also assumed a central role. In particular, JoPACC collaborated with a market research company to investigate the user experience, perceived benefits, and challenges of fast payments for a diverse sample of respondents. The results of the research were leveraged to design a wide array of initiatives to drive adoption of fast payments, including initiatives specifically targeting women to address gender gaps in the adoption of fast payments, partnerships with universities to make them “cash-light” and drive usage by youth, and partnerships with the National Aid Fund and multiple humanitarian agencies to digitize their social development and assistance disbursements. In addition to this, the Central Bank of Jordan set specific key performance indicators for access, adoption, and usage of fast payments after the deployment of CliQ. These indicators were included in the national payment strategy.

BOX1 THE COMMUNICATION STRATEGY OF BANCO CENTRAL DO BRASIL

The implementation of Pix in Brazil offers an example of a comprehensive communication approach undertaken by a central bank to champion the adoption of fast payments. BCB took the following steps:

- Creating a universal brand, featuring a catchy name (Pix) and logo, to be included in all communications related to the FPS. BCB included a clear reference to the central bank (“powered by Banco Central”) to position the service as safe and reliable in the perspective of end users, and to build their trust.
- Providing communication guidelines for participants in the system.
- Defining a wide communication plan on proprietary channels (for example, the central bank’s website and social media accounts) to interact with a wide spectrum of stakeholders. BCB created a dedicated thematic area for Pix within the central bank’s institutional website. In this area, a large amount of information was provided on pages dedicated to different aspects of the system. The content is organized in a way that facilitates the interactions of different stakeholders (for example, participants, individuals, and businesses). The website also provides a repository of documentation related to the

Pix Forum (that is, the permanent working group for the development of the system) and answers to frequently asked questions about Pix services.

- Relying on multiple events and bilateral meetings to engage relevant stakeholders and sectors and build awareness on Pix (from the beginning of the initiative, even before a brand was created for the initiative) and illustrate the benefits offered by Pix.
- Launching or participating in live streamed public events, appearing in traditional media (at the national and local level), launching social media campaigns, and engaging relevant digital influencers. While it could be argued that these activities fall outside the scope of a central bank’s traditional communications, BCB invested resources in them to ensure that the bank could reach the entire population with relevant messages on channels with which the population was familiar.
- Coordinating education campaigns on how to prevent scams and how to use Pix, as well as safety aspects. These campaigns were delivered through BCB’s social media channels, and Pix participants were invited to join in order to expand the campaigns’ reach.

RBI in India adopted a different strategy. In the early years of operations of the system, RBI did not directly engage in FPS communication and promotional activities, which were driven by other stakeholders (for example, NPCI and system participants). In subsequent years, coinciding with the onset of COVID-19 (that is, approximately 10 years after the launch of IMPS and five years after the launch of UPI), RBI initiated steps to spread awareness about digital payments, including FPS, as a safe and convenient option to carrying out payment transactions in the country. For this purpose, RBI launched a multichannel awareness campaign (communicating by radio, via social media, on television, and in newspapers) focused primarily on the safety and security of end users. RBI decided to take an active role as fast payments were establishing themselves as a prominent payment solution in the country.

5.4.2 OTHER PROMOTIONAL ACTIVITIES

Central banks could also evaluate the opportunity to introduce (or support, if they are not the owner of the system) reward and loyalty mechanisms to stimulate adoption and reduce the switching costs against other payment instruments, such as cash. The World Bank's extensive Electronic Payment Acceptance Package analyzes the incentives that can be implemented in a jurisdiction to drive the acceptance and adoption of electronic payments, and that can also be relevant in the context of FPS.¹⁰

One of the most common forms of incentive observed in card payments is a cashback program. These programs reward the user by "paying back" (that is, crediting the user's account) a percentage of the payment transactions carried out by the user. The cashback can be unconditional—meaning that the reward is granted for any transaction (typically with a limit on the total cashback amount for which the user is eligible)—or conditional, meaning that only specific transactions are eligible. Conditional cashback programs are implemented to drive specific use cases, such as e-commerce and mobile commerce transactions, or transactions at specific merchants (such as grocery stores) that the scheme owner could be interested in incentivizing in order to build and expand usage behavior. Cashback initiatives can be implemented as one-off events or take the form of programs. In the former case, the risk is for the initiative to open room for opportunistic behavior and not drive sustained usage of the service. In the latter case, cashback programs can be articulated in multiple waves, or rounds, and contribute to developing the usage of fast payments toward maturity (for example, driving end users who carry out only person-to-person transactions to use fast payments

for person-to-business and person-to-government transactions as well).

Another example of incentive observed in card payments is offering coupons (for example, money to be spent at specific merchants) to a user who completes specific tasks that may not necessarily be related to carrying out transactions. For example, coupons could be granted to individuals who enroll in a payment service by creating their transaction account.

While offering incentives for the adoption and usage of fast payments could be costly (especially when they take a quasi-cash form), the incentives offer an opportunity to create interest in the service and rapidly increase the user base. For the central bank willing to bear these costs, it is crucial to look at them as a continuing investment in engagement with users, with the goal of building sustainable usage over the longer term.

Incentives could also be offered to the other main category of end users: businesses. These incentives can take the form of fiscal benefits, such as discounts on value-added taxes applied to sales for which the business is paid with a fast payment transaction. These incentives can be seen in the context of broader policies aimed at increasing electronic payment acceptance in jurisdictions that rely heavily on cash. The central bank willing to explore this opportunity needs to partner with the ministry of finance for the implementation of fiscal incentives.

The case of Serbia highlights the impact of incentive mechanisms to drive uptake of fast payments. The NBS promoted multiple self-funded campaigns launched by both physical and online merchants offering discounts on purchases carried out through fast payments. This approach encouraged consumers to adopt fast payments and demonstrated the profitability and cost-effectiveness of fast payments for various stakeholders in the payment ecosystem, particularly banks and merchants. The promotion of fast payments in Serbia, supported by strategic incentive mechanisms (such as technical and operational support, education, and promotion) deployed by the NBS, not only has fostered adoption among consumers but also has highlighted its profitability and cost-saving potential.

Another example is provided by BCB, which encourages banks and nonbanks as well as merchants to offer incentives for using Pix to end users (and payers). To PSPs, BCB illustrates the opportunities unlocked by Pix and the positive externalities of higher levels of competition. To merchants, BCB highlights the lower acceptance costs as well as other advantages. BCB has observed that many e-commerce merchants grant discounts (usually between 5 and 10 percent) to customers who choose to pay with Pix.

5.5 DRIVE AND SUPPORT THE LONG-TERM DEVELOPMENT OF THE INITIATIVE

This area presents the activities that a central bank should undertake to ensure that ongoing advisory and technical support is available throughout the FPS development project, including the iterative enhancement cycles that follow the initial go-live of the system.

The main objective of these activities is to provide guidance to the working team and give “ambidexterity” to the initiative (that is, focus on the present and simultaneously explore future challenges and opportunities for system development). This ambidexterity can even be facilitated from an organizational standpoint, as in the case of Brazil, where BCB has two distinct teams: one for the operation of Pix, and one for new products and features.

By ensuring that ongoing advisory and technical support is available, central banks can tap into the expertise of industry insiders and ensure that FPS are developed and implemented in a safe, secure, and efficient manner; are kept up to date with the latest technological advancements; and continue to meet the needs of businesses and consumers. Moreover, if FPS are developed and implemented improperly, the initiative can have negative consequences for the financial system. By ensuring that ongoing advisory and technical support is available, central banks can reduce this risk and ensure that FPS are a positive force for the financial system.

A central bank can undertake the following activities to provide ongoing guidance to the FPS venture:



i. Constitute a permanent advisory committee to support the ongoing development of the initiative and, in particular, the working team by

defining system specifications, operating procedures, and features of the FPS arrangement.

This committee should include members of multiple stakeholders in order to represent different interests involved and provide a variety of perspectives on key development issues. In India, NPCI constituted a dedicated steering committee for UPI on which all relevant stakeholders are represented (for example, banks; issuers of prepaid payment instruments, such as digital wallets; and providers of third-party apps). The steering committee is involved in all decisions related to the management and enhancement of the system.



ii. Coordinate activities of the advisory committee.

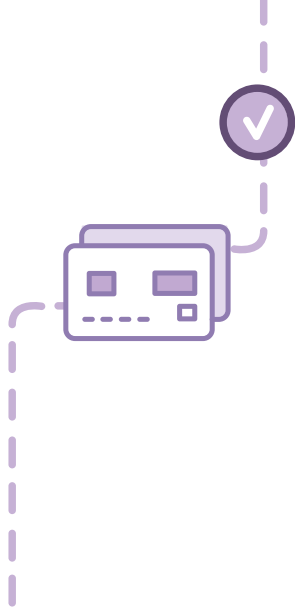
This can be achieved by defining the agenda for committee meetings (for example, quarterly) in line with the system development roadmap and other events of relevance (such as regulatory updates), as well as setting up dedicated task forces to address specific topics, appointing resources (from the central bank as well as other entities, including other participants on the committee or contributors hired ad hoc) with the required skill-set and expertise.

In the case of Brazil, a working group was originally created to collaborate with the central bank on the development of Pix. This dialogue platform contributed significantly to the design of the system. Therefore, BCB decided not to dismantle it after publication of the general framework and converted it into a permanent advisory committee (coordinated by BCB) with a consultative function under the name of “Pix Forum.” The forum’s purpose is to support BCB in the establishment of the rulebook for the system, and it maintains the original constitution and engagement rules. (That is, BCB poses technical consultations to the forum, which provides feedback for the central bank to analyze, informing development decisions and presenting technical proposals.) The forum gathers four times per year; general meetings involve about 300 participants and dedicated working groups on specific topics. The members of the Pix Forum are Pix participants, national associations representing end users, providers and potential providers of IT services (individually or through representative associations of national scope), and clearing houses, as well as providers of clearing/settlement services that offer liquidity-provision mechanisms within the scope of Pix. With permanent or temporary activity, thematic working groups may be set up to address specific issues, such as business, standardization and technical requirements, IP messages, and security.

A different approach was adopted by the CBRT. In Türkiye, FPS development efforts are focused primarily on the layer of overlay services. For this reason, the central bank delegated the creation of a dedicated working group to BKM—the operator of the payment card schemes in Türkiye owned by the CBRT and Turkish banks—to design and develop the overlay services for FAST (jointly with the CBRT). By delegating the development of overlay services to BKM, the CBRT aims to leverage the entrepreneurial approach of the former and the experience of the private sector (represented by the banks participating in BKM).

The NBS has established within its Payment System Department a specialized team committed to overseeing the continuous expansion and enhancement of the FPS. This dedicated team is at the forefront of both managing the current suite of services and spearheading the exploration of innovative payment solutions. With a proactive and collaborative approach, the team maintains regular interactions with a broad spectrum of market participants, encompassing both traditional financial institutions and emerging fintech companies. These interactions are crucial for the dual purpose of ensuring the seamless operation of existing

services and cultivating fresh ideas that can drive the system forward. This collaborative ideation process is designed to harness the collective intelligence of the financial ecosystem, ensuring that IPS remains responsive to the evolving needs and expectations of both consumers and businesses. Once these ideas are collected, the dedicated team evaluates their feasibility, market relevance, and potential impact. The best ideas or concepts with significant potential are then presented to system participants, including banks, PSPs, and other stakeholders, for further discussion and potential implementation.



6 KEY TAKEAWAYS

A combination of desk research and discussions with central banks and private operators from different jurisdictions about the challenges and factors contributing to the success of FPS development allows the identification of best practices that central banks should follow to ensure that they best play their role as champions of FPS development.

For the purpose of this report, these practices are proposed with a focus on FPS. Nonetheless, they have a largely

“system-agnostic” nature, and their relevance for central banks can be extended to any consumer-facing payment system or service that is intended to be widely used and has significant underpinning public policy objectives. These systems or services—for example, retail central bank digital currencies—require central banks to undertake championing efforts similar to those analyzed for FPS to ensure successful development and uptake.

POSITION THE JURISDICTION TOWARD FAST PAYMENTS



As a catalyst of the initiative, the central bank should conduct a thorough analysis of the existing payment landscape, including the identification of potential market failures and unmet needs of consumers and businesses, to determine clear objectives of the FPS development initiative. The central bank can also connect with other central banks to gather insights

about their experience on fast payment development, in both comparable (that is, similar countries in terms of geography or income level) and noncomparable countries. Lastly, the central bank can include the development of fast payments as a core pillar of the country’s broader national payment strategy and/or as a critical enabler of financial inclusion as part of the national financial inclusion strategy.

ENGAGE THE ECOSYSTEM



As a catalyst, the central bank should foster collaboration and coordination among PSPs, infrastructure operators, and other relevant parties. For this purpose, the central bank can bring fast payments onto the agenda of the national payment council/group or constitute a dedicated working group with broad participation. This entity should have a permanent nature to guide the continuous development and expansion of the FPS, and it should include participants in the system as well as other stakeholders who are interested in and can contribute to the development of the system (for example, merchant associations and tech companies).



If also the owner and operator of the system, the central bank should create a platform for collaboration with all relevant stakeholders on the definition of system rules. The platform can take the form of a forum, to be hosted by the central bank through regular meetings. Adequate transparency on the activities of this forum should be provided to all stakeholders on the central bank's website.

INFORM THE DEVELOPMENT OF THE SYSTEM



As the regulator, the central bank can support FPS development by implementing clear regulatory frameworks that promote innovation and competition while ensuring safety, security, and consumer protection. In this regard, system openness to both traditional financial institutions and nontraditional PSPs is a driver of FPS development toward their full potential. The central bank should therefore ensure that no incumbent institutions adopt anti-competition practices aimed at limiting competition. The central bank should also encourage the adoption of international standards to facilitate cross-border payments, interoperability, and the ongoing enhancement of the system with new features and services.

In its role as regulator, the central bank can evaluate imposing limitations on pricing for participants and end users in order to limit the cost of adopting fast payments. This evaluation should include discussions with relevant stakeholders (for example,

scheme owner, operator, and participants) to define a pricing strategy that does not impair their economic rationale to invest in the initiative. On the other hand, when the central bank acts as the owner and/or operator of the system, it may keep pricing for participants as low as possible, so they can leverage FPS to strengthen the payment value proposition offered to their clients.



If also the owner of the system, the central bank should establish strong and inclusive governance structures and oversight mechanisms to ensure the efficient and effective operation of the fast payment system. Moreover, the central bank should define participation and access criteria that promote accessibility and inclusivity, and it should ensure that the fast payment system is accessible to all financial institutions and end users, including underserved communities.

continued

INFORM THE DEVELOPMENT OF THE SYSTEM, *continued*



If also the operator of the system, the central bank should also create a platform for collaboration with all relevant stakeholders on system design and the definition of specifications. The platform can take the form of a forum, to be hosted by the central bank through regular meetings. Adequate transparency on the activities of this forum, as well as comprehensive documentation related to the design and specifica-

tions determined by the forum, should be provided to all stakeholders on the central bank's website. In its role as operator, the central bank should also proactively seek opportunities to enhance the functionality, efficiency, and user experience of the fast payment system, by monitoring best practices in other jurisdictions and engaging with merchant and consumer associations to monitor the capability of the FPS to meet their needs and demands on an ongoing basis.

PROMOTE ADOPTION AND USAGE OF FAST PAYMENTS



As a catalyst, the central bank can promote awareness of and educate about the benefits and potential of fast payments by actively engaging with stakeholders, including financial institutions, businesses, and consumers. International experiences show that central banks can successfully leverage nontraditional media to promote fast payments among the population. The central bank can also evaluate possibilities to partner with the ministry of finance and other relevant ministries to promote the adoption of fast payments for large-volume government-to-person payment streams (for example, to pay wages of public servants, distribute social assistance programs, or pay for public transportation). The partnership should also evaluate forms of incentives to promote acceptance of fast payments by merchants (for example, fiscal benefits on electronic payment acceptance) and users (for example, reward mechanisms such as cashback).

according to well-defined guidelines (provided in the scheme rules). This is key to building a brand image of availability and reliability and supporting awareness efforts. Additionally, the central bank itself should deploy a multichannel communication campaign, leveraging both traditional and nontraditional as well as proprietary and nonproprietary channels, including the following actions:

- Creation of a dedicated and comprehensive FPS website (either a section of the central bank's website or a stand-alone website)
- Communication on the central bank's social media channels
- Participation in both industry and non-industry events to promote the FPS and engage with target users and other stakeholders
- Partnerships with newspapers and media, both physical and online
- Partnerships with opinion leaders and influencers who can engage with target users more effectively than the central bank



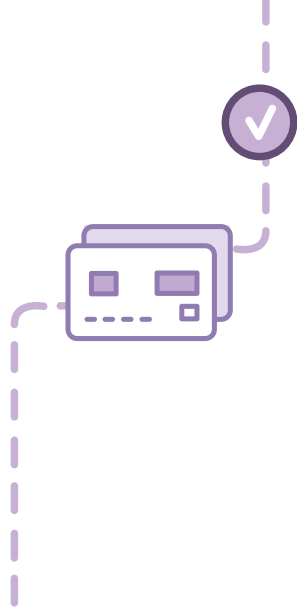
If also the owner of the system, the central bank should create a strong brand and require participants to use it

DRIVE AND SUPPORT THE ONGOING DEVELOPMENT OF THE SYSTEM



As a catalyst, the central bank should ensure that the continuous development of fast payments remains a priority of the payment ecosystem after the initial go-live of the system. For this purpose, the central bank should bring forward a development agenda

and create an adequate platform for the ecosystem to contribute to it. This platform could be the national payment council or another entity constituted ad hoc with the mandate to drive the enhancement and evolution of the system, and it should adequately represent all stakeholders.



7 CONCLUSION

Central banks can undertake several activities across the FPS development life cycle to champion the adoption of FPS in a jurisdiction.

To define their championing approach, central banks should first position themselves toward FPS, defining the objectives to pursue and the role to play in the development initiative. This exercise should lay its foundation in a thorough analysis of the payment ecosystem and align with the broader vision for retail payments in the country. The development of FPS as a foundational digital public infrastructure should be among the overarching objectives of the initiative.

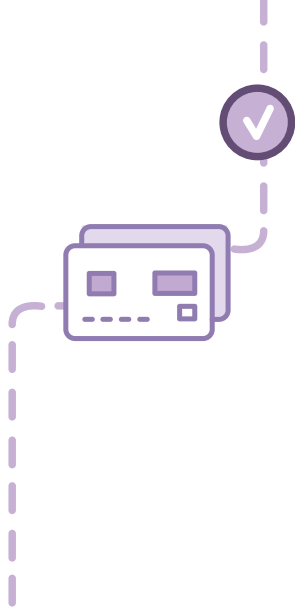
Then, central banks should share this vision and engage with all relevant stakeholders, beginning at the earliest stages of the initiative, promoting broad and lasting participation. To build commitment, the central bank should foster an open and transparent dialogue in which all stakeholders can be represented and have a say. The ongoing cooperation with stakeholders should be facilitated by a permanent platform constituted ad hoc or by the national payment

council. The central bank should pursue broad ecosystem engagement to ensure that the system is developed with an inclusive design.

Central banks should also proactively champion the adoption of fast payments by end users. For this purpose, central banks can undertake multiple communication initiatives, potentially exceeding the traditional scope of their institutional communication.

Lastly, the championing role involves providing ongoing guidance and advice to the system and its participants for the continuous enhancement of fast payments over time. Championing fast payments is indeed a long-term and dynamic activity that continues beyond the initial go-live of the system.

Committing to their championing role, central banks can steer the FPS initiative toward success. On the contrary, the absence of a championing entity would leave the initiative without guidance and therefore expose the FPS venture to the risk of failing to deliver its full potential.



8 ACKNOWLEDGMENTS

Organization	Contributor
World Bank	Andrea Monteleone (primary)
	Harish Natarajan
	Holti Banka
	Nilima Ramteke
	Thomas Piveteau
	Guillermo Galicia Rabadan
	Kiyotaka Tanaka

ENDNOTES

1. According to the Committee on Payments and Market Infrastructures, a fast payment is defined as a payment in which the “transmission of the payment message and the availability of ‘final’ funds to the payee occur in real-time or near-real-time on as near to a 24-hour and seven-day (24/7) basis as possible.”
2. World Bank, *Payment Systems Worldwide: Summary Outcomes of the Sixth Global Payment Systems Survey—A Snapshot* (Washington, DC: World Bank, 2023).
3. The FPS development life cycle framework is presented in World Bank, *Considerations and Lessons for the Development and Implementation of Fast Payment Systems* (Washington, DC: World Bank, 2021), published as part of the World Bank’s FPS Toolkit.
4. As of January 2024, fast payments are not available in Montenegro, and the country is in the process of beginning implementation of its FPS.
5. KIBS is the only private entity included in the study, for the purpose of introducing insights on how championing activities are carried out in the context of market-led FPS development initiatives.
6. World Bank, *A Practitioner’s Guide to Governance of Fast Payment Systems* (Washington, DC: World Bank, forthcoming).
7. World Bank, *G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains through Digital Public Infrastructure* (Washington, DC: World Bank, 2023).
8. NPCI, “About Us” (web page), <https://www.npci.org.in/who-we-are/about-us>. RBI has a nominee director on the board of NPCI.
9. If the central bank is the scheme owner.
10. World Bank publications on electronic payment acceptance incentives include *Incentives for Electronic Payment Acceptance* (2022); “Assessing Incentives to Increase Digital Payment Acceptance and Usage: A Machine Learning Approach” (2022); and *Electronic Payments Acceptance Incentives: Literature Review and Country Examples* (2020).



