

CONFIRM | PAYMENTS

Confirm: Accelerate transactions processing with global account validation

Financial institutions frequently face payment returns and the risk of fraud due to incorrect account information being attached to a transaction. This can result in significant delays, as account details have to be manually validated before the process can be completed. Treasury departments also have to expend resources investigating what caused the return in the first place. It's for these reasons that cross-border payments can end up taking up over a week and costing 10% of the total transaction amount.

J.P Morgan has invested millions of dollars into developing blockchain technology to streamline cross-border payments and make them cheaper and faster. Our work has revealed that a key obstacle is a sheer lack of accurate data being transferred alongside a transaction; to resolve this, we created Liink by J.P. MorganSM.

Liink is a peer-to-peer blockchain network that facilitates the fast, accurate sharing of payments-related information. By using applications built on Liink, banks and financial institutions are able to communicate with each other quickly and securely, filling in any data gaps there may be with a payment.

Pre-validate account details in near real-time

Confirm is one of the first applications to launch on Liink. It is a simple but powerful tool that enables companies to pre-validate account information before they transfer funds. A participant can submit an inquiry to the Liink network to verify data elements such as account owner name, account status, and transaction activity. For example, they can use Confirm to validate a first-time beneficiary, or a new supplier/vendor that is receiving a high-value payment.

Responding participants may verify whether the information in the inquiry is accurate in near real-time. Information providers are compensated for making data available, incentivizing the participants – a key benefit when compared to legacy systems-- where companies have to provide data in order to receive it.

Reduce delays and fraud

In short, Confirm potentially reduces the risk of payment returns and high fees caused by incorrect account details. Not only does this facilitate more straight-through-processing, it also reduces operational costs, while providing a better experience for customers. Confirm may also add an extra layer of security against fraud, as institutions can check before sending a transaction that the intended beneficiary matches the account owner.

Finally, Confirm offers a way for banks and financial firms to monetize their data assets and generate an additional revenue stream.

A J.P Morgan evaluation of high-value cross-border payments in 2020 revealed that there is scope in the industry to cut processing delays by 3-4 days, and reduce additional costs by millions of dollars. Confirm plays a major role in realizing these savings, by validating account data globally with speed, simplicity, and security. Confirm is easy to use and offers multiple integration options and, importantly, it is payment network-agnostic and can be used for payments of any size.

For more information on Confirm and the other applications available on the Liink Network please contact J.P. Morgan here.

1 ft.com, July 2020. 'Cross-border payment systems have been neglected for too long.' Available at: <https://www.ft.com/content/a241d7e0-e1de-4812-b214-b350cbb7d046>. Accessed March 2021.

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