**What is RTGS System?**

Ans. The acronym 'RTGS' stands for Real Time Gross Settlement, which can be defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). 'Real Time' means the processing of instructions at the time they are received rather than at some later time.’ Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis).

**What is the time taken for effecting funds transfer from one account to another under RTGS?**

Ans. Under normal circumstances the beneficiary branches are expected to receive the funds in real time as soon as funds are transferred by the remitting bank. The beneficiary bank has to credit the beneficiary's account within two hours of receiving the funds transfer message.

Payment Types supported for RTGS are:

| Payment Type | Description |
| --- | --- |
| ACH | Single International ACH payment. |
| Branch Wire - Domestic | Fedwire payment specialized for branch operations. |
| Branch Wire - International | International payment specialized for branch operations. |
| Draft | Foreign Draft. |
| Drawdown | Fedwire drawdown. |
| Institutional Transfer | Transfer of funds between financial institutions modeled from a SWIFT MT202 message. |
| Multi-Bank Payment | Global wire, drawn on an external debit account modeled from a SWIFT MT101 message |
| Notice To Receive | Notice of receipt of funds modeled from the SWIFT MT201 Notice To Receive message. |
| Transfer | Transfer of funds between two accounts assigned to same user group. |
| Wires - Domestic | Used for single currency domestic payments. Currently supports US Fedwire payment. |
| Wires - International | Global wire. |

**ACH vs. Wire Transfer -**

When you want to transfer money to your significant others, most especially if they are situated far away from your location, you need to consider a lot of things. First, you’ll ask yourself how you can transmit your funds. Second, you stumble upon several issues involving the timeframe for the funds to be credited to the recipient’s account, and the fees involved in the process. Having known all of these, most money senders opt for two methods of money transfer. These are the ACH and the wire transfer. So how do they differ?

ACH, completely known as the Automated Clearing House transfer, has been a medium of fund transfer since1970. It was devised as an alternate to the usual issuance of checks. If an ACH transfer is initiated, the funds will be removed from the sender’s account in a day or less. With regard to the actual ACH transfer process, this happens in batches. This means that the bank transacts together all ACH transfer requests that happen within a given day. It is possible that requests for the day will be stored by the bank then processed the next day, and may be available the day after the bank’s processing. Thus, ACH transfers ideally take between 2 to 4 days. As a result, many companies have employed this medium to issue any recurring payments. With regard to cost, ACH transfers are relatively cheaper. Would you believe that some firms handle it for free? Nevertheless, the majority of banks charge a nominal fee.

Conversely, wire transfer is the money transfer of choice for the majority of senders because of speed and reliability. Especially if you are transacting huge sums of money, you must make sure that your funds will really go to the recipient in real time. Hence, the wire transfer does away with the batch process. Most wire transfers are cleared within 24 hours. But, because of such a speedy feat, it has become more expensive. Also, the real time strategy paves the way to a faster transfer process. Faster processing would also directly imply a greater cost for the transaction.

Overall, no matter what medium of transfer you’d like to use, make sure you know the consequences of your transactions, like the fees involved, as well as, the time it takes for your funds to reach your target recipient.

1. ACH is a cheaper transaction than wire transfers.

2. ACH is done through batch processing, whereas wire transfers are done real time.

3. Wire transfers are the faster alternative to ACH transfers.

4. Wire transfer is a lot safer when transacting larger sums of money.