**TheFundsChain – Payments**

**How to manage cash on the DLT?** This short note keeps track of my current thoughts about handling cash.

**Fiat currency and external payment processors**

TheFundsChain is not about creating a new currency. Investors shall continue to invest their bona fide currencies in securities. It not about shaking up the whole banking system either. We let this ambitious objective to others. Our objective is already quite a bit ambitious…

**Conclusion**: our DLT must interface somehow with external payment processors.

There are many Payment gateways and protocols. Actually, too many. It becomes even worse when we look at international transactions.

Take a look:

|  |  |  |  |
| --- | --- | --- | --- |
| **System** |  |  |  |
| TARGET2 |  |  |  |
| SEPA |  |  |  |
| XRP |  |  |  |
| Bitcoin |  |  |  |
| FasterPayment |  |  |  |
| … |  |  |  |

**Deferred vs instant payments**

The way we handle cash and delivery vs payment transactions greatly depends on whether payment may be considered a synchronous event (e.g. more or less instantaneous, or say a few minutes) or an asynchronous one (e.g. a batch of payment instruction must be reconciled later on).

**Payment initiator**

**Design options for cash**

(from XMIND)

Payments

Fully externalized

External clearing system

Euroclear

Mirror DLT transactions on the clearing system

Prepaid account then internal

e.g. FundsDLT method

Possibility to net payments

Clearing chaincode moves cash and securities back and forth from Portfolio to Fund

Investor transfers his money back and forth on account

On the fly processing

Gross payments

Gateway to payment processor

TARGET2

SEPA

XRP

Proprietary bank solution

Requires either single ledger OR synchronized chaincodes