

Document 1: Overview of End-to-End Payment Processing in Banking

End-to-end payment processing in the banking industry involves a series of coordinated steps that ensure a payment transaction is securely validated, cleared, settled, and recorded. The key components include:

1. Payment Initiation:

- Initiated via digital channels (mobile, online, APIs).
- Captures transaction details from payer.

2. Validation Layer:

- Validates account status, KYC, AML, and sanction screening.
- Prevents fraudulent or illegal payments.

3. Authorization:

- Ensures account has sufficient balance.
- Performs dual authorization if required.

4. Posting and Core Banking:

- Debit and credit entries are recorded.
- GL is updated in real-time.

5. Clearing and Settlement:

- Routed via clearing networks (SWIFT, RTP, Fedwire, ACH).
- Confirmation sent back to initiating party.

6. Notifications and Reporting:

- Beneficiaries are notified.
- EOD and compliance reports are generated.