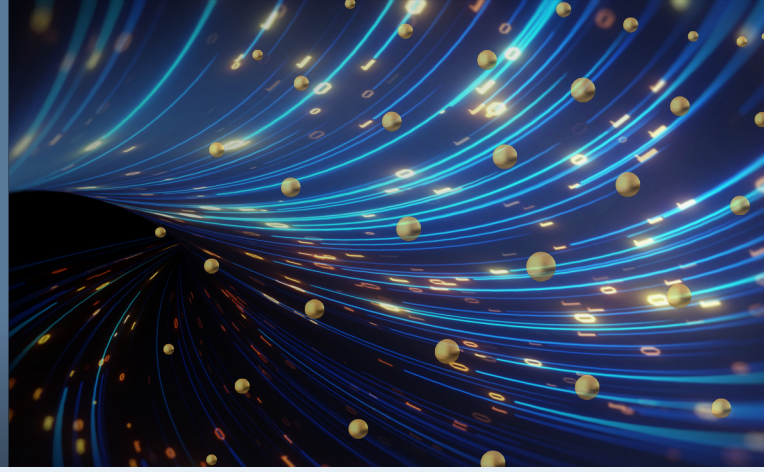


Interoperability as the Payment Control Plane

Why faster rails alone will not solve your payments problem



The industry has largely solved connectivity. Institutions can now access payment rails such as ACH, RTP, FedNow, card networks, SWIFT, and increasingly stablecoins and digital wallets through banks, processors, and other intermediaries. The investment has been significant, yet the expected outcomes, including lower operational costs, reduced exceptions, and leaner liquidity buffers, have not fully materialized.

The reason is structural, and it has nothing to do with which rails you are connected to.

The Real Problem Is Time, Not Connectivity

Payments now move in seconds. The rest of the institution does not. Treasury updates later. Risk is recognized later. Accounting posts later. Controls trigger later.

This timing gap is not a minor operational inconvenience. It is measurable and costly. According to the Bank for International Settlements, intraday liquidity deployed daily by financial institutions equals, on average, 15% of total daily payment values, not because they lack funds, but because they cannot reliably align outgoing payments, incoming payments, and internal recognition. In the US alone, intraday liquidity usage on Fedwire fluctuates around \$630 billion daily, reaching \$1 trillion on peak days, purely to cover timing mismatches.¹

Faster rails do not close this gap. They widen it. When settlement runs in seconds, but recognition takes hours, speed becomes a liability, not an asset.



The structural flaw becomes impossible to ignore when digitally native assets interact with fiat systems. Digital assets settle atomically and continuously. Fiat systems operate on prefunding, cutoffs, and batch accounting. In a true Delivery versus Payment (DvP) model, asset and cash transfer simultaneously; however, with mismatched settlement clocks, that synchrony cannot be maintained. Institutions are therefore forced to choose between holding costly prefunding buffers or accepting settlement and credit exposure. Neither is acceptable at scale.

¹ Kabadjova, B. A., Badev, A., Bastos, S. B., Benos, E., Cepeda-Lopéz, F., Chapman, J. T. E., Diehl, M., Duca-Radu, I., Garratt, R., Heijmans, R., Kosse, A., Martin, A., Nellen, T., Nilsson, T., Paulick, J., Pustelnikov, A., Rivadeneyra, F., Bastos, M. R. do C., & Testi, S. "Intraday liquidity around the world." Bank for International Settlements, April 14, 2023. Available at: <https://www.bis.org/publ/work1089.pdf>.

The consequences compound quickly:

Operational risk rises as systems lag real-time movement. Only 22% of organizations recovered 75% or more of funds lost to payment fraud or errors in recent surveys, down sharply from 41% the prior year.²

Reconciliation expands rather than contracts. Back-office labor devoted to reconciliation activities can represent 30–40% of total cost.³

Exception volumes grow, requiring more manual intervention precisely when institutions are trying to reduce it.

Multiple conflicting truths emerge across systems, with different positions, cash balances, and exposure figures depending on which system is referenced.

Connectivity Is Necessary. It Is Not Sufficient.

Most interoperability programs define the goal as APIs, integrations, and unified dashboards. This is the wrong frame. Connectivity moves messages; it does not decide when to execute, align liquidity with settlement, synchronize enterprise state, or reduce timing risk.

Consider the current multi-rail reality:



ACH processed 35.2 billion payments, totaling \$93 trillion in 2025⁴



RTP and FedNow together handle trillions in real-time value^{5,6}



Stablecoin transaction volume grew by 72% in 2025 to \$33 trillion⁷



Digital wallets now account for 83% of global digital payment volume⁸

No single rail dominates across use cases, and none are going away.

The result: 58% of institutions operate on both RTP and FedNow simply to bridge coverage gaps. Meanwhile, 92% of U.S. banks offering instant payments are considering interoperability between schemes, but only 2% have actually implemented it. The gap between intention and execution is not a technology problem. It is a governance and architecture problem.⁹

You can connect everything and still be completely out of sync.

² Fellows, Melissa. "How to Prevent Payment Fraud: Insights from AFP's Latest Survey." First Business Bank, 2025. Available at: <https://firstbusiness.bank/resource-center/how-to-prevent-payment-fraud/>.

³ Meeks, Michael. "Revolutionizing payment operations with real-time reconciliation." BAI by ProSight, May 8, 2025. Available at: <https://www.bai.org/banking-strategies/revolutionizing-payment-operations-with-real-time-reconciliation/>.

⁴ Woodward, Kevin. "ACH Volume Grew 5% in 2025." Digital Transactions, January 29, 2026. Available at: <https://www.digitaltransactions.net/ach-volume-grew-5-in-2025/>.

⁵ Woodward, Kevin. "FedNow Tallies More Than 1,600 FIs in its Real-Time Payments Service." Digital Transactions, January 22, 2026. Available at: <https://www.digitaltransactions.net/fednow-tallies-more-than-1600-fis-in-its-real-time-payments-service/>.

⁶ Grant, Wesley. "With More Institutions on Board, FedNow Notches Volume and Value Gains." Payments Journal, January 23, 2026. Available at: <https://www.paymentsjournal.com/with-more-institutions-on-board-fednow-notches-volume-and-value-gains/>.

⁷ Sundararajan, Sujha. "Stablecoin Transactions Soared 72% in 2025, Hit \$33T With USDC in Lead." Yahoo Finance, January 9, 2026. Available at: <https://finance.yahoo.com/news/stablecoin-transactions-soared-72-2025-054951388.html>.

⁸ Dawson, Daniel. "The Digital Wallet Revolution: How Payment Preferences Are Reshaping Financial Services." Datos Insights, May 7, 2025. Available at: <https://datos-insights.com/blog/digital-wallet-revolution-strategic-implications-financial-services/>.

⁹ PYMNTS. "How Banks Are Making Instant Payments Interoperable." PYMNTS, August 8, 2025. Available at: <https://www.pymnts.com/real-time-payments/2025/how-banks-are-making-instant-payments-interoperable/>.

Interoperability Must Become the Control Plane

The shift required is not more connectivity. It is a different conception of what interoperability should do.

A payment control plane governs five things that a message bus cannot:



Rail selection:

Cost, speed, acceptance, and risk evaluated per transaction.



State synchronization:

Treasury, risk, and accounting aligned to settlement rather than lagging behind it.



Execution timing:

Cutoffs, liquidity position, and 24/7 behavior coordinated in real-time.



DNA-to-fiat coordination:

Delivery versus payment timing, collateral visibility, and recognition handled coherently.



Liquidity orchestration:

Prefunding versus just-in-time funding decided dynamically.

This is a structural shift from integration to orchestration, and from routing tables to a true control layer. Historically, SWIFT controlled messaging, while clearing systems controlled settlement. The control plane governs how value moves across all of them, and keeps the enterprise coherent when it does.

Institutions that solve timing will reduce liquidity costs, eliminate the operational overhead that faster rails currently amplify, and gain genuine control over multi-rail execution. Smart routing between rails can reduce average transaction costs by 40–60% while improving success rates.¹⁰ Data from The Dallas Fed shows that banks settle more than half of their Fedwire transactions in the final third of the day, a direct measure of liquidity being hoarded because institutions cannot predict when incoming funds will arrive.¹¹

Institutions that do not solve timing will continue to add connectivity without coordination, increase speed without synchronization, and pay more to manage complexity they created.

The next frontier in payments is not faster rails. It is system coherence: a governance layer that ensures every rail you connect to works in concert with the rest of your enterprise.

How A&M Can Help

Alvarez & Marsal partners with financial institutions to identify and close operational gaps across the payments enterprise. This includes mapping integration seams, designing control planes that coordinate value movement and liquidity across multiple rails, and aligning governance and controls with real-time settlement environments.

The result is a payments ecosystem where faster rails do not add complexity but instead deliver measurable operational efficiency.

¹⁰ Monite. "Multi-Rail Payment Solutions for B2B Platforms: The Complete Guide (2025)." Monite, September 2025. Available at: <https://www.monite.com/blog/what-is-a-b2b-multi-rail-payments-solution>.

¹¹ Levy, Rosie. "Payment system design can encourage intraday liquidity efficiency." Dallas Federal Reserve, October 2, 2025. Available at: <https://www.dallasfed.org/research/economics/2025/1002>.

About A&M

Alvarez & Marsal's Financial Services Financial Markets Infrastructure practice delivers operational and technology-driven solutions to address the evolving needs of financial markets participants. We specialize in optimizing business models, driving digital transformation, and navigating complex regulatory landscapes to enhance performance and enable growth. Our core services include:

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Modernize operations with AI, blockchain, and digital platforms to enhance efficiency, transparency, and customer service through tailored digital transformation.

AI and Advanced Analytics

Leverage AI and advanced analytics to improve decision-making, operational performance, and unlock new revenue opportunities.

Digital Assets and DLT

Adopt blockchain and digital assets to streamline operations, with expertise in regulatory and operational standup, tokenization, DeFi strategies, and regulatory compliance.

Regulatory Compliance

Provide tailored compliance frameworks and solutions to meet evolving global and regional regulatory standards.

Risk Management

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Develop and implement scalable operating models to optimize performance and align with strategic goals.

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Customer Experience and Service Enhancement

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Identify growth opportunities and execute go-to-market strategies to drive revenue and long-term success.

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