Twitter Thread by Khurram Zafar



Khurram Zafar
@kayzafar



1/ Still lots of questions about #RaastBySBP and how it's different from current online transfer mechanisms. People keep insisting it's the same as current digital payment switches, but it's NOT in a huge way! Read on and share so there is clarity...

2/ #RaastbySBP is not an app or a consumer product of any sort. It is the backend infrastructure or plumbing that is connected to EVERYONE (Banks, Fintechs, EMIs, etc) that allows for service providers to build consumer or business service on top of it.

3/ @StateBank_Pak in collaboration w @KarandaazPK is implementing the first few of those services (called use cases) by using RAAST platform to connect government departments to individuals it needs to make payments to. Bulk CDC payments of dividends to shareholders is the first.

4/ Bulk BISP payments to women will follow and then more use cases will be built by private sector to enable P2P payments, Business to Consumer payments and Consumer to Business payments. That capability built into Raast will enable what was previously not possible.

5/ Let me explain by example. Raast allows payments like the following:
From: Khurram@UBL
To: Fee@Aitchison
Amount: Rs 40,000
Roll Number: 12345
Bill Number: 67890
Date/Time: Monday, 14 Jan, 2021

I am just dumbing it down, the actual APIs will be different & allow more context.

6/ Here are the features of Raast based on that example. First, RAAST transactions allow you to attach context with the txn based on ISO 20022 standard for cross-bank account payments. In example, roll number and bill number so receiver can identify what the payment is for.

7/ Up until now, when ever you make a payment from 1 acnt to another, it only allowed the amount and from bank account causing reconcilation issues. I'd make the payment & then call the school & tell them I just made payment from this account of this amount to them to recognize.

8/ If two people sent the payment at the same time of the same amount, u would invariably have to spend a lot of time convincing the human on the other end which payment was urs. Raast allows programmatic parsing of contextual information from payments for auto reconciliation.

9/ The contextual information can be anything service providers attach to the txn & allows for some amazing use cases & apps to be built upon it. It's the most powerful feature of Raast which up until now was only available if both sender/receiver accounts were w same provider.

10/ Second, Raast will allows access to it's infrastructure and messaging standard through open APIs that eligible service providers can use to very easily integrate with the Raast backbone and have access to everyone integrated with Raast including Government depts.

11/ Third, Raast will have a universal directory service sort of like the DNS registry where account holders can assign aliases to their accounts. So instead of providing bank name & variable length acnt numbers with chances of errors, you just create an alias like kz@ubl

12/ This is a huge user experience upgrade. How many times have u gone back & forth trying to get & enter an Acnt# frm some1 to pay them. Now they just tell u to send a payment to pay@daraz like an email address. Easy to remember & allows for branding like website names.

13/ The primary objective of Raast is broader financial inclusion. The directory feature allows unsophisticated users to be able to send payments easily if service providers leverage the context and directory features right in their apps.

14/ Fourth, again in order to promote broad financial inclusion, Raast will have extremely low fees that will enable sending micro payments to one another. Right now u can send a free payment from 1 EasyPaisa Acnt to another. But try sending the payment frm EasyPaisa to Jazzcash!

15/ Other switches in the country had been extorting huge fees for interbank transfers for just moving dumb bits around their pipes. Without SBP intervention, you'd still be paying big fees when taking money out of the MCB atm when your account is with HBL. That ends w Raast!

16/ Think of it as govt laying roads network & NOT charging any tolls for moving frm 1 city to another. It is up to u now to build prods/markets, build trucks & move goods freely between cities & promoting commerce. With Raast (the digital roads) r free of toll. Time 2 innovate!

17/ Fifth, the current systems do not allow for real time settlement. You may receive payments instantly but the settlement between send/receiving banks happen after a day. Which is why when your payment goes missing it takes a while to revert or fix the issue.

18/ Raast will allow realtime settlement but depending on usage initially, the banks may decide to do it 3-4 times a day. Sixth, Raast is built on a massively scalable architecture with a massive txn throughput capability to cater to expected increase in txn volume.

19/ Seventh, Raast is not controlled by SBP or Karandaaz or Gates Foundation. It will have a truly democratic governance model w representation of participants from all stakeholders unlike current switches controlled by a few large banks.

20/ Eighth, w the launch of Raast & very low fees, innovation will now focus on building use cases on top of it specially the ones that benefit the masses that can't pay exorbitant fees or were previously forced to open a new account with every service provider w a good product.

21/ I can go on and on about other features like security, technical architecture, reliability, etc but this should suffice to understand the differentiation that Raast offers compared to exiting offerings.

22/ A lot of the times when people are comparing features of Raast with other options, they are comparing apples to oranges. For example, the UX experience or contextual txns that are offered by EasyPaisa ONLY work if both sender & receiver accounts are w EasyPaisa.

23/ Raast's true power lies in enabling the same products and services to be developed without mandating the users of those services to have an account in the same bank or with the same mobile service provider.

24/ Think of RAAST as the internet backbone equivalent of digital payments. It's up to you now to build the Facebook, Amazon, Netflix and Google equivalent of digital payments on top of it!