Your new best friend: why a self-service simulator is the answer to real-time payments testing headaches for banks

By Tricia Balfe, CEO at XMLdation

The European payments industry is undergoing a critical structural transformation that demands a new approach from banks.

Real-time payments are now ingrained across the globe, driven by rapid innovation and ongoing regulatory change. Under the EU Instant Payments Regulation, for instance, it is now mandatory that banks and payment services providers (PSPs) in the SEPA zone be connected to RT1 and/or TIPS. As real-time payments become a market staple, many banks and PSPs are joining multiple rails to meet growing regulatory and client demands.

Fundamental to implementing and maintaining any payments rail offering is effective payments testing. This ensures banks' systems are fully prepared to process secure, seamless transactions across a host of potential scenarios. As banks increase their number of rails, however, the end-to-end testing that needs to be undertaken is growing in tandem. Moreover, new regulations, changes to banks' systems and rail developments are regular occurrences – and all demand testing by banks to ensure no impact to ongoing rail usage and performance.

But current testing methods have many limitations:

Testing type	Challenges
Internal testing suites	• Costly to build, ongoing investment required • Unable to perform end-to-end testing • Skilled input needed • Significant time and effort
Market infrastructure tools	• Limited use cases available • Usually no history of tests conducted • Usually don't support test automation
Bank-to-bank testing	• Fully dependent on another bank • Strong relationships in the country/region required • Limited test cases; dependent on what the other bank can support • No history of tests conducted; no control/ visibility of payment messages on the partner bank side • Coordination challenges

Table 1: Limitations of existing payments testing methods

As payments testing becomes an ever-larger part of ongoing operations, payment providers require comprehensive, configurable, cost-effective end-to-end testing to minimise risk and deliver capabilities seamlessly to clients. Certainly, there is a growing desire among banks and PSPs to manage their own testing processes more effectively.

Introducing XMLdation's Virtual Buddy Bank

Enter the Virtual Buddy Bank: a pioneering self-service and automation tool. Acting as a simulated banking partner, it can be directly integrated with a real-time payments scheme/infrastructure through a standard interface, enabling independent, automated end-to-end testing for sending/receiving payments – making getting started seamless.

Buddy Bank has EBA Clearing approval to connect directly to the RT1 rail, making it easily accessed by banks' core systems. Also, since TIPS and RT1 are interconnected, it is already reachable by banks on TIPS for end-to-end testing.

As support for additional rails/overlays becomes available, users will be able to use a common, end-to-end testing solution for all their rails – which is becoming increasingly important as the global, real-time cross-border payments landscape takes shape.

Buddy Bank: your new best friend.

- No integration/configuration required.
- Comprehensive, on-demand testing – including compulsory and fully configurable use cases.
- Test cases updated in accordance with evolving rail specifications.
- Tests can be automated or manual.
- Ongoing system robustness, reliance and compliance through automated regression testing.

All of this means low investment and cost of ownership for the bank in terms of time and resources.