



TOWN HALL

FPC Town Hall: The Clearing House's RTP® Instant Payments Solution and Expansion of Capabilities

October 11, 2022



Sabrina Chin

Welcome to our presenters
The Clearing House
RTP Product Management
Team



Rich DeCaro



R | T | P[®]

Instant Payment Solution

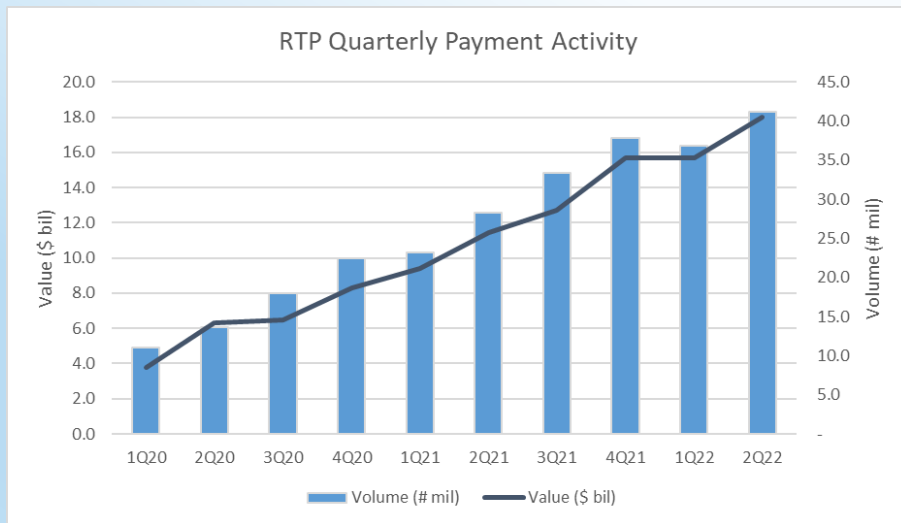
FPC Town Hall, October 2022

A woman with shoulder-length brown hair, wearing a white long-sleeved shirt and a green apron, is looking down at a tablet computer she is holding with both hands. The background is a blurred outdoor scene with green foliage and yellow flowers.

Five years of experience, growth and innovation in instant payments.

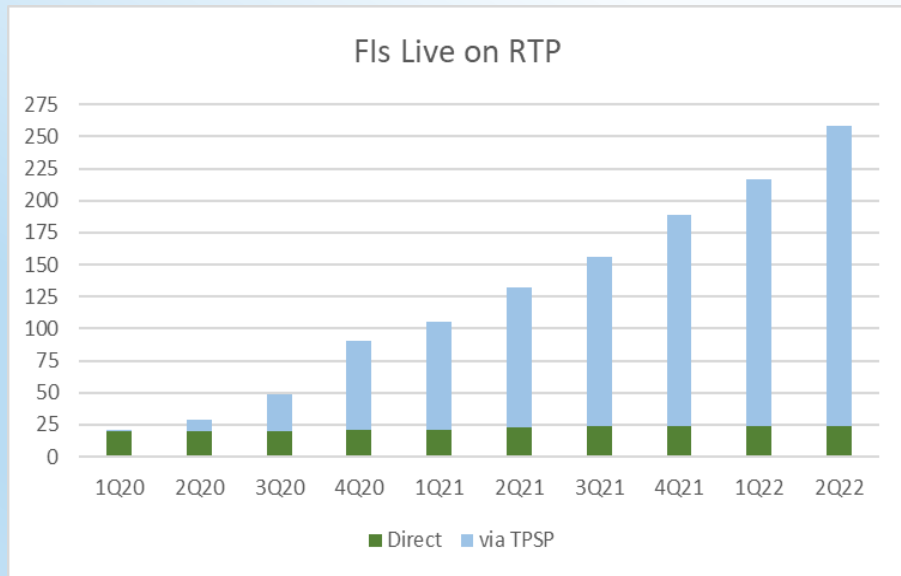
- Proven, reliable real-time payments network supported by expert team
- Easy access for all with express onboarding through 12 major processors – including Jack Henry, FIS, and Fiserv

Growth trajectory: activity, reach and participation



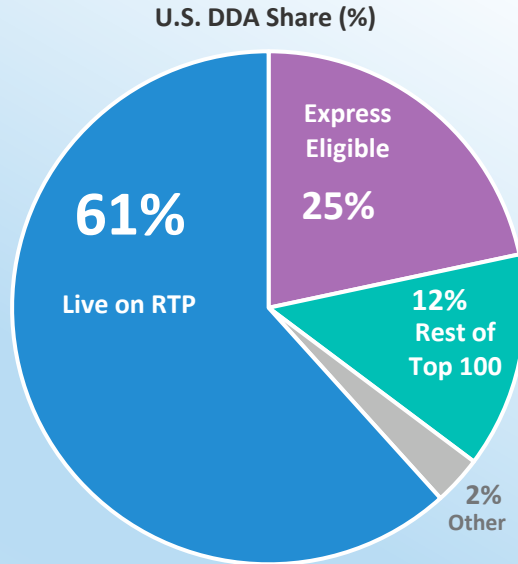
- 17% average quarterly volume growth rate
- 42 million transactions for \$18 billion in Q2 2022
- 330 million payments to date for \$126+ billion, clearing at all hours of the day and night

Growth trajectory: activity, reach and participation



- ~275 depository institutions on RTP and growing weekly
- 90% of RTP participants are credit unions and community banks

85% of DDAs are either live or technically enabled



RTP® Express Onboarding Program

Largest core processors and gateways are certified on RTP and can quickly / easily onboard >6,000 FIs in a matter of weeks.



Rest of Top 100 FIs

TCH is actively working with the 100 largest FIs not already connected to the RTP network – many are onboarding.



Other

Remaining cores, gateways and other FIs – some of which are working to join the RTP network.

New ways to use RTP are added regularly



- \$1 million transaction limit opens the network to new use cases and volume (7,000+ payments since April)

RTP® Headlines



U.S. Bank, Driveway deliver payments instantly to online car sellers

Customers selling a car on Driveway.com can now have the payment deposited instantly into their bank account after a sale is complete and before the vehicle even leaves their driveway.

Mazooma and Fifth Third Bank are the First to Bring Instant Withdrawals to the \$150B+ U.S. Sports Wagering, iGaming Markets

iGaming and sports wagering players can now withdraw funds to their bank accounts instantly through the RTP® network from The Clearing House

Giving Customers More Ways to Instantly Access Their Money

At PayPal, we're beginning to roll out Instant Transfer to bank to consumers in the U.S. now and we expect to roll this out for businesses in the U.S. in the coming weeks, with international expansion expected in the near future.

U.S. Bank Delivers Another Real-Time Payment Solution to Auto Dealers

With another innovative RTP® Network solution, U.S. Bank can now provide loan funds to auto dealers instantly after the loan contract is finalized by the bank. Following a successful pilot completed in June, U.S. Bank has already enabled more than 800 auto dealers to receive funds from auto loans via a real-time payment. The bank expects to deliver the solution to more dealers in the coming months as the bank continues to improve operational efficiencies for auto dealers

Trustly launches Instant Payouts

In partnership with Cross River Bank, Trustly's technology platform enables US businesses to provide their US customers with near-instant payouts to their bank accounts.

RTP[®] Fraud Mitigation: RTP is safer by design

Credit Push:

RTP is a credit-push payment system → safer design than direct debits

Fraud Risk:

Primary fraud risk is account takeover / unauthorized payments; as Consumer Sender usage increases, risk of payee scams will rise

Unauthorized Fraud Mitigation:

Most important elements leverage existing industry efforts

- Strong Sender Authentication: Confirming account holder ID
- Payee Verification: New payee validation; initial payment limits; payee changes
- Payment Pattern Analysis: Anomalous / unusually large payments; rapid repeats

Payee Scam Mitigation:

Starts with KYC of receiver accounts

- Consumer education will be key, along with pre-payment pop-ups (“Do you trust receiver?”)

RTP:

Requires unauthorized payment reporting; looking at potential of central fraud screening

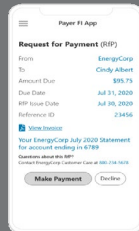
What's next is happening now

Zelle Over RTP



Instant settlement of Zelle payments over the RTP network

RFP Bill Pay



Changing customer expectations are driving the need for a reimagined bill pay experience

Document Exchange



PDF documents accessible with the request for payment or payment

Immediate Cross Border (IXB)



Real-time processing with synchronized settlement of cross-border payments

DDA Tokenization



Tokens used in place of real account numbers in the RTP and EPN networks

Zelle[®] Settlement over RTP[®]

Zelle Over RTP

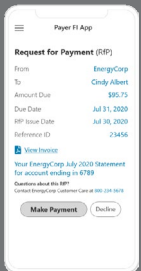


Instant settlement of
Zelle payments over
the RTP network

- Instant settlement of Zelle payments over RTP rails
- Both Sending and Receiving FIs are RTP Participants that have enabled Zelle-over-RTP settlement
- Begins as a standard Zelle transaction, translated to an RTP credit transfer (pacs.008 payment), settled instantly – no change in look and feel to end customers
- Why:
 - Cost savings – eliminate next day exception operations
 - Float – no credit extension by receiving FI

RfP Bill Pay

RfP Bill Pay



A reimagined bill pay
experience

- Visiting multiple biller sites, with multiple logins and portals is not ideal
- Consider an experience that:
 - Puts customers in control
 - Improves back-office efficiency for billers
 - Provides revenue to consumer bank
- Banks are using the bill pay prototype to reimagine their bill pay applications



Stay in control of your
bills and get back to
enjoying your life.

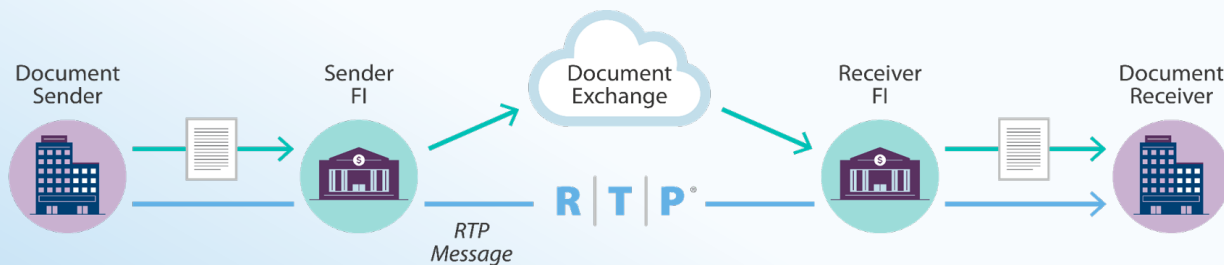
Document Exchange

Document Exchange



PDF documents accessible with the request for payment or payment

- Supporting information in a recognizable format that is accessible with the bill or invoice improves the payment experience for all parties
- Businesses don't need to push data into an addenda record



Document Exchange is part of a secure, two-way communication for billers, suppliers, providers of benefits, payroll, insurance and more.

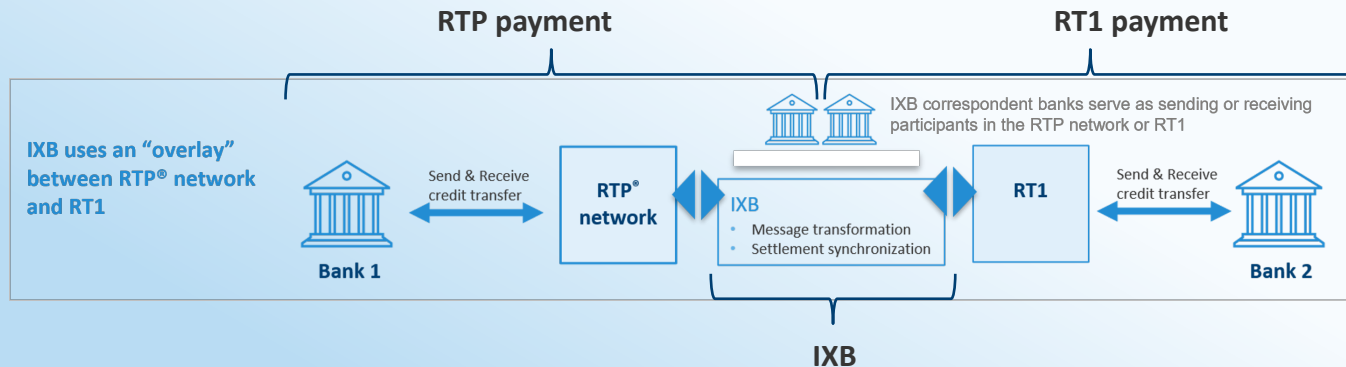
Immediate Cross Border Payments (IXB)

Immediate Cross Border (IXB)



Real-time processing with synchronized settlement of cross-border payments

- IXB is better way to send/receive cross border payments – faster, more certain and more transparent than options available today
 - Proof of concept completed October 2021
 - 24 banks in 10 countries engaged, including 10 in the pilot
 - Additional currency corridors will follow



DDA Tokenization

DDA Tokenization

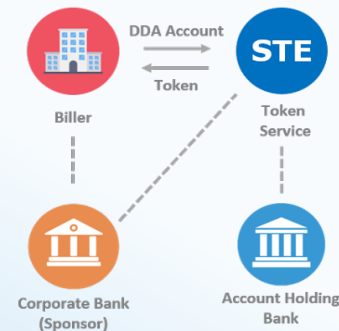


Tokens used in place
of real account
numbers
in the RTP® and EPN®
networks

- Financial institutions are now able to issue tokens to stand in for account numbers on The Clearing House's RTP® and EPN® networks.
- What is a DDA token?
 - Looks like a DDA number
 - Acts like a DDA number
- Why use a token?
 - Mask real account information
 - Lifecycle Management
 - Reduces account-on-file exposure

Token requestors such as billers, disbursers, and aggregators can replace the real DDA account numbers that they hold on file with tokens.

Once a bank enrolls, TCH can generate tokens to send these billers.



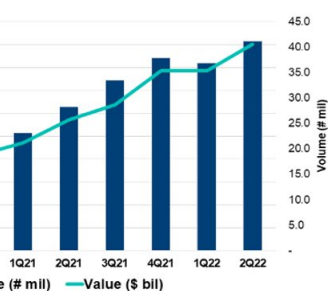


RTP® Network

Financial Institutions

The Clearing House is a real-time payments platform that all federally insured banks are eligible to use for payments innovation. With mobile technology and digital capabilities, financial institutions of all sizes are taking advantage of the platform's capabilities to create or enhance digital services for their corporate and retail customers.

Payment Activity



Transactions for \$18 billion
15% growth and 15% value increase over 1Q22

RTP Network Volume Calculator

The RTP Network Volume Calculator estimates approximately how many RTP transactions your depository institution will receive each month based on asset size.

Select Total Assets ▼

Estimated Monthly RTP Volume...

Resources and support are ready to help!

- List of participating financial institutions
- Guides, videos, podcasts, rules and more
- Experienced team with a passion for payments
- For more information, email:

- ✓ Sabrina.Chin@theclearinghouse.org
- ✓ Richard.DeCaro@theclearinghouse.org
- ✓ TCHinfo@theclearinghouse.org



for weekly updates, press releases

See your FI's potential RTP volume with the volume calculator

<https://www.theclearinghouse.org/payment-systems/rtp>



Wrap Up

FPC Town Hall

The Clearing House's RTP® Instant Payments Solution and Expansion of Capabilities

**The presentation materials and recording of today's FPC
Town Hall will be available in our FPC Member Portal**

www.fasterpaymentscouncil.org
memberservices@fasterpaymentscouncil.org