

RTP® Backgrounder

September 2018



Market Drivers

With the internet literally in their pockets, customers expect everything they do to be an integral part of their digital lives. There are new ways to navigate, shop for groceries, buy tickets, order supplies, listen to music, and do just about everything else.

Likewise, every financial institution in the U.S. is reimagining the way they deliver payment services to be:



	Faster
	More Convenient
	Transparent from End-to-End
	Safer

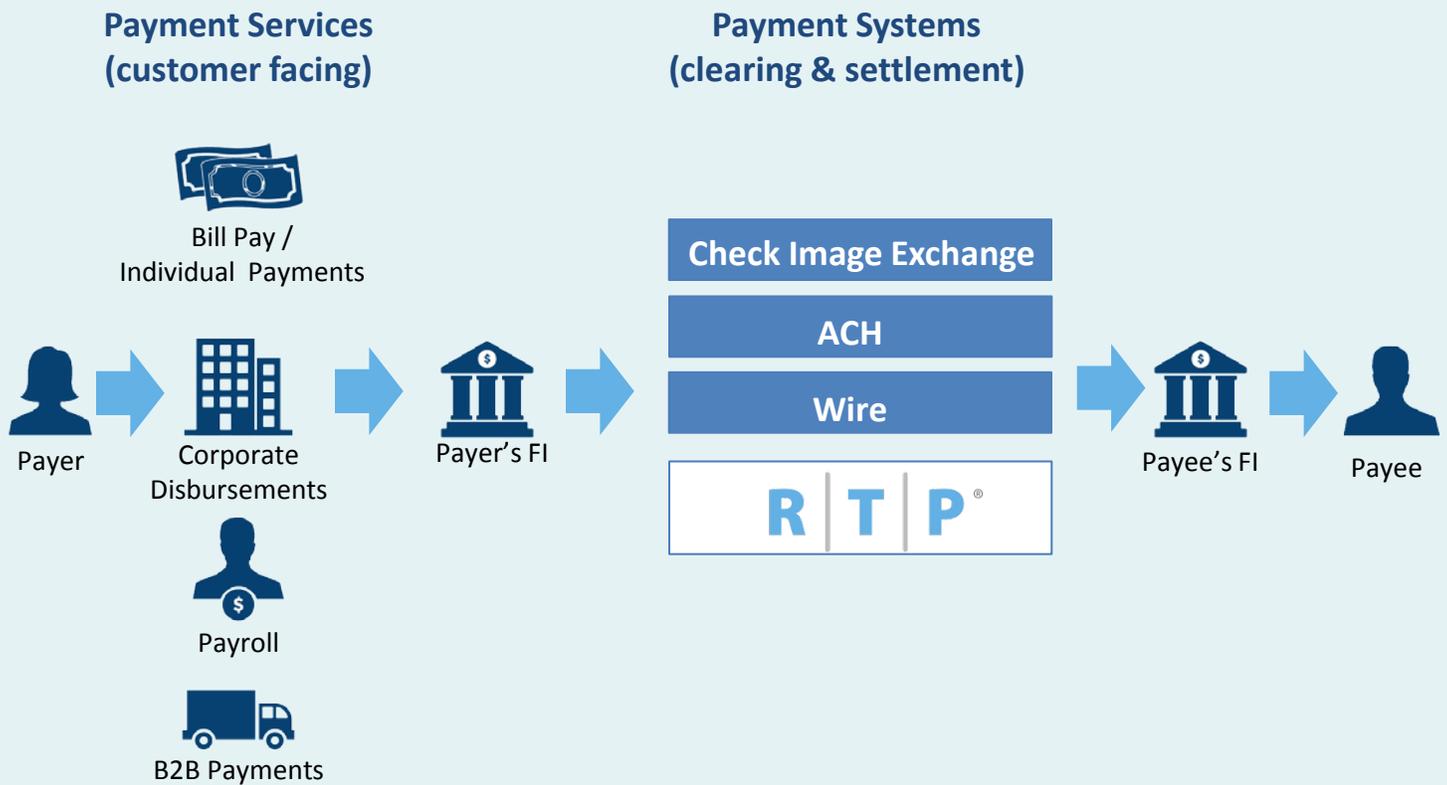
These market drivers led to the creation of the RTP® system, new industry infrastructure built to support all financial institutions the digital age.

The RTP® system was designed and built working closely with industry stakeholders, regional payments association executives, banks and credit unions, regulators, and the Federal Reserve’s Faster Payments Task Force.

This Task Force set a goal that, by 2020, a majority of U.S. financial institutions will have access to real-time payments. By the end of 2018, more than 100 banks -- many of which are community banks -- will be connected to the RTP® system, reaching greater than 50% of U.S. deposit accounts.

What is the RTP® system?

RTP® is industry infrastructure, in the same way that ACH, wire and check image exchange are infrastructure, created for all financial institutions to use. It's the first new payments infrastructure in 40 years, and specifically built to support the digital way people live and work today.

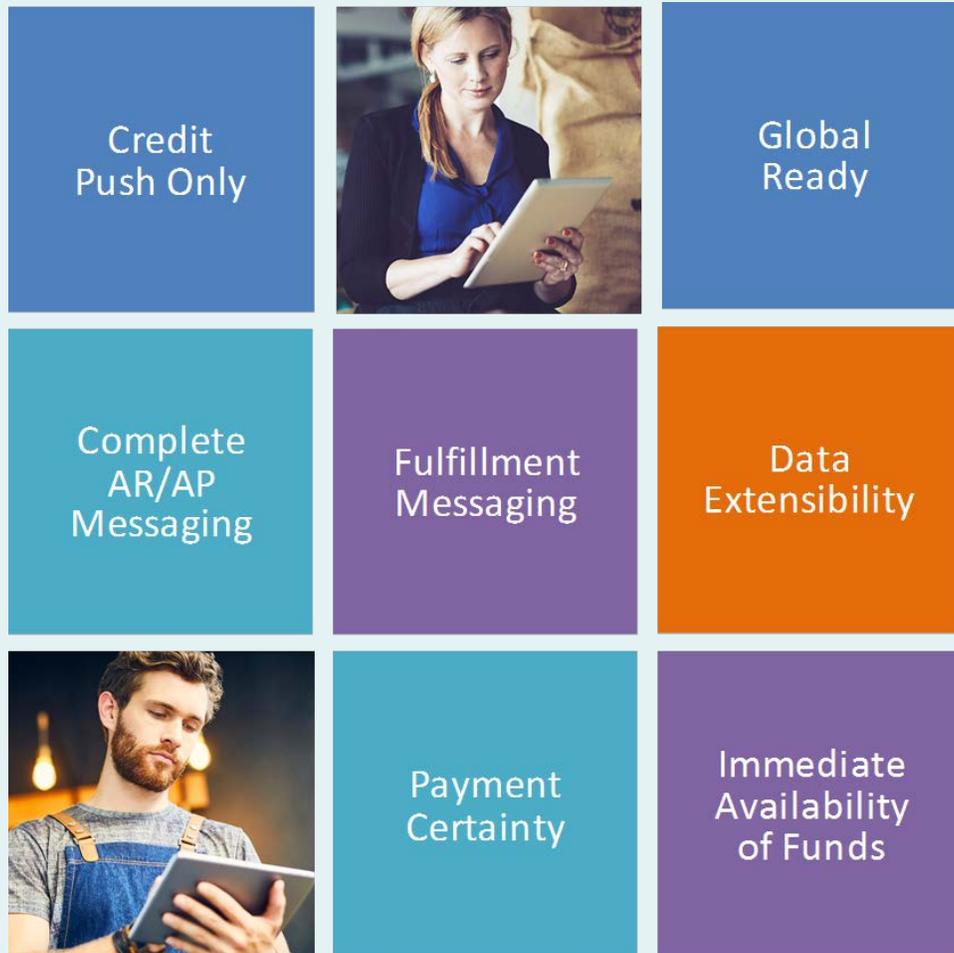


What makes it unique?

What makes it unique?

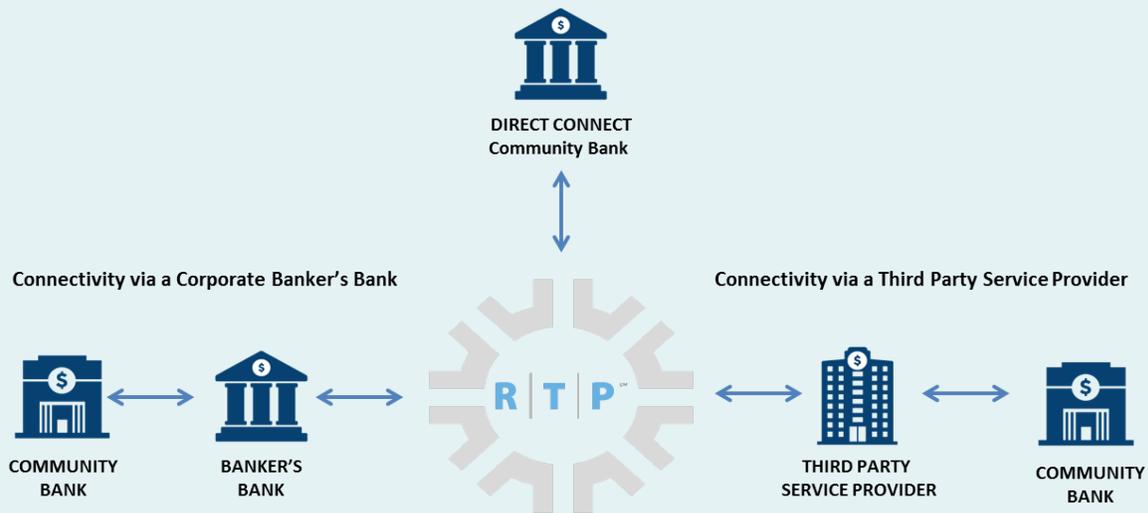
With RTP® capabilities as a foundation, financial institutions can give customers the ability to immediately send and receive funds directly from their bank accounts 24/7.

The RTP® system also enables a real-time conversation between parties over a secure bank network. With RTP® data and messaging capabilities, banks can create or enhance services that can transform the customer experience from end to end – with more convenience, transparency, and efficiency.



Accessing the RTP® network

Some financial institutions will connect directly to the RTP® network while others will take advantage of offerings from providers of payments services to community banks, including bankers' banks and specialist payment processors.



- Any financial institution can connect directly to the RTP® network.
- Third-party service providers can provide access for financial institutions that do not want to connect directly to the RTP® network. Some of these providers offer core customer-facing services financial institutions can use to get to market quickly.
- Participants may also rely on other financial institutions (e.g., banker's banks) to provide a variety of support services including connectivity and application enablement.
- The customer experience is the same no matter how the bank connects.

Sample Use Cases

Banks are reimagining services that take advantage of immediate clearing and settlement along with the ability to create a real-time conversation between parties over a secure bank network.

B2B		A small business paying an urgent invoice in order to receive goods or services
		A restaurateur who pays for farm-fresh produce from the local farmer to serve that evening's dinner specials
B2C		Insurance companies and healthcare plans pay claims with immediate confirmation
		A retail bank distributing personal loan proceeds to a dealership on behalf of a customer who is at the showroom buying a new car
C2B		Consumer pays utility bill in response to Request for Payment from the biller.
		A busy working individual paying for general services around the house such as the gardener, cleaning services, or child care provider
P2P		College roommates splitting monthly rent and utility payments
		A head of household sending emergency funds to a family member on vacation
A2A		A retail investor sending real-time money transfers to his or her investment account

Market Drivers

What is RTP®?

Accessing RTP®

Use Cases

Next Steps

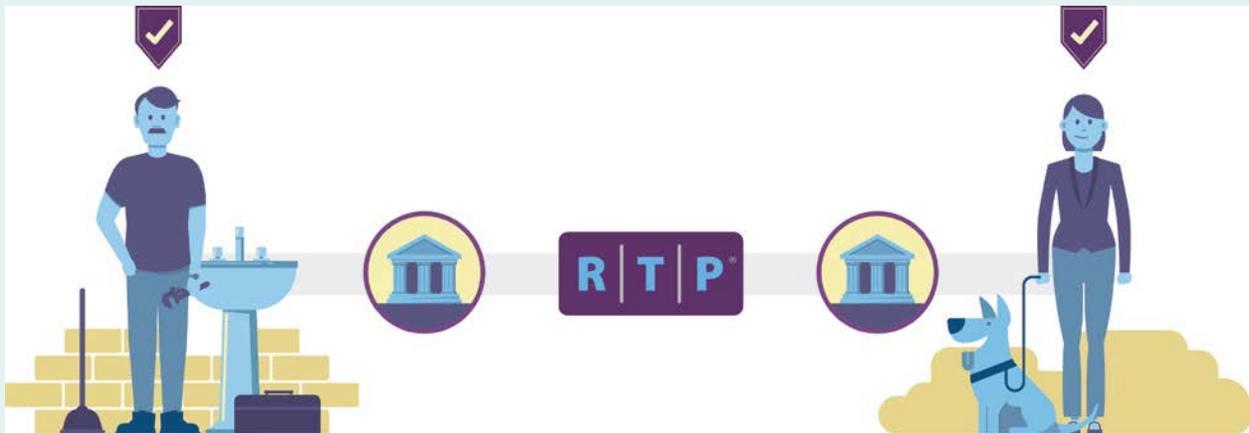
The Clearing
House

Resources

Use Cases

For Example

With bank services powered by the RTP® system, customers have full control and transparency over timing of their payments, while efficiencies are delivered to the back office. (Each transaction is cleared and settled separately – right away and with the information attached – so there are no issues with reconciliation.)



- A bank service powered by RTP® makes it possible for a plumber to deliver an invoice electronically, including pictures of a repair, to the customer who can review the invoice and pay by mobile phone.
- The funds move across a secure bank channel in seconds and,
- Both parties receive a confirmation that the payment has been applied. No loose ends.

Market Drivers

What is RTP®?

Accessing RTP®

Use Cases

Next Steps

The Clearing
House

Resources

Next Steps

Next Steps



Educate

Attend an in-person event or webinar hosted by The Clearing House. See www.theclearinghouse.org for more information and schedule.



Engage

Engage with your core provider to start the process of getting your back office RTP® ready.



Execute

Start using RTP® capabilities to enhance your products and develop new ones.

Market Drivers

What is RTP®?

Accessing RTP®

Use Cases

Next Steps

The Clearing
House

Resources

The Clearing House

Why The Clearing House

The Clearing House has operated core payments systems for U.S. financial institutions for more than 160 years and continues in that role today. It supports more than 400 banks and credit unions with ACH, check image and wire transfer services and serves more than 1,300 members through its payments association. Our business is developing and operating industry utilities focused on safer and faster payments for everyone.

RTP® development was funded by The Clearing House member banks. However, at its core, The Clearing House is a financial market utility, operating the RTP® network for the benefit of all depository institutions and not as a for profit enterprise.

RTP® pricing is the same for all participants, regardless of institution size. In addition to a single, simple price schedule, there are no volume discounts, no volume commitments, and no monthly minimums.

Market Drivers

What is RTP®?

Accessing RTP®

Use Cases

Next Steps

The Clearing
House

Resources

Resources

RTP® Resources

The entire team at The Clearing House stands ready to help you get your financial institution up to speed and on board.

Visit <https://www.theclearinghouse.org/payment-systems/real-time-payments>

For upcoming webinars and events visit <https://www.theclearinghouse.org/events>

For a calendar of industry events see <https://www.theclearinghouse.org/payment-systems/-/media/9cfae20e8dd34dcabe2b7cb07a2e8d87.ashx>

To schedule a conversation with an RTP expert from The Clearing House, call 212-613-9872.

We look forward to working with you.