Pilot Addresses Customer Bill Pay Concerns with Next-Gen Products

By Peter Davey, VP of Product Innovation, The Clearing House

TCH and nine financial institutions collaborate to design a more customer-focused bill pay solution that leverages the RTP® network’s unique capabilities.

The functionality built into the RTP® network allows for a host of opportunities to create new payments-related products and improve existing offerings. The Clearing House (TCH), which launched the RTP network in late 2017, worked with nine financial institutions that included counterparts from both wholesale and retail banking to uncover problems in the bill pay market. The work has led to design thinking sessions to explore how to leverage the new capabilities of the RTP network to enable a more customer-focused bill pay solution.

Research for the project found that more than 70% of bills are now paid through biller direct channels, with nearly 20% of customers moving from bank directed bill pay to biller direct during the past three years.

Customers had no confirmation when they made a payment from a bank site that it was successful; and

Customers were not able to receive most of their bills at their bank website.

There are also issues with biller direct payments as well, including:

• Customers often receive immediate credit for a payment made on a biller site, but the funds sometimes took 2-3 days to be withdrawn from their bank account; and

• Customers had a hard time managing usernames, passwords, due dates, and amounts due for each bill.

In order to address some of these issues, TCH and the banks leveraged design thinking principles to build a set of requirements for a

The RTP Bill Pay Pilot addresses some of the shortcomings in the existing bill pay process and allows billers to send invoices with the requests for payment.

In the research, customers highlighted a number of reasons why they were shifting to biller direct, including:

• Bank directed bill payment did not provide real-time payment capabilities or allow for a last minute bill to be payed;
bill pay product that leveraged the RTP network’s capabilities to address the shortcomings in the current bill pay process that both the billers and bill payers experience. A design prototype was built and both the prototype and the new journey were tested with billers and bill payers to validate that the prototype truly addresses their needs. After completing the validation and finalizing the requirements, the prototype is being moved into a pilot that will include commercial billers, provide customers with applications that support the new processes; solicit feedback from end customers about the new experience; and enhance any of the capabilities to ensure that production capabilities fully address all end customer needs.

TCH and the pilot’s participants will make the results of the initiative available to the industry so that depository institutions of any size can build out their capabilities on the RTP network directly or with their technology partners. The results from the pilot will provide depository institutions with an understanding of what needs to be built and feedback from how customers are benefiting from the new capabilities. Based on the pilot’s timeframe, the commercialization of bill pay capabilities for financial institutions will be available in late Q2 or early Q3 2020. TCH will continue to provide updates to the marketplace as we advance through the pilot period so banks can plan to build bill pay product capabilities for the future.

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Commercial banks, retail banks, and bill pay customers. The pilot is slated to start in Q4 2019 and culminate in Q2 2020. During the pilot, financial institutions will be building out the Minimum Viable Product capabilities and supporting processes for billers and bill payers;
Team from Fifth Third Bank and AvidXchange Wins RTP® Buildathon

By Phil Albinus, Contributing Editor

Thirteen teams submitted 17 applications that leverage the RTP® network’s faster payments capabilities – Levvel, South State Bank, and TIAA named finalists in other categories.

Building the first new payments rail in the U.S. banking system in 40 years was the first step. Now, as the RTP® network continues to grow in terms of the volume of transactions and the number of participating depository institutions, developers are stepping up and creating useful and compelling apps, software, and services for the RTP network.

Earlier this year The Clearing House (TCH), along with the Carolina Fintech Hub, Oracle, Yodlee, and Opus Consulting, joined to spur application development for the RTP network by sponsoring the RTP Buildathon. The event had 13 development firms step up to create 17 solutions in four different categories: Best Consumer Solution, Best B2B Solution, Enabling the Next Digitally Native Business, and Back-Office Improvement.

The teams were given simulated bank accounts, RTP network infrastructure, and 20 days to brainstorm, design, and build a next-gen fintech RTP solution.

For TCH, the Buildathon was a perfect venue for highlighting the RTP network’s flexibility, says Peter Davey, Vice President of Product Innovation at TCH.

“The Buildathon allows this new set of tools to be utilized by a more diverse audience of users who will help develop the next generation of capabilities that will run on the RTP network,” he says.

The Carolina Fintech Hub wanted to provide a solutions-based experience at the enterprise level, according to Patrick Rivenbark, Chief Operation Officer at the Carolina Fintech Hub. “We work with some of the largest financial institutions and many fintechs,” says Rivenbark. “They really want to focus on solving problems and the RTP Buildathon provided an opportunity to apply new technology to the payments experience.”

Garrett Astler (right), bank channel manager for AvidXchange, and Bhavana Prathipati, senior treasury management product manager for Fifth Third Bank, attended Payments Perspective 2019 on June 25 in New York.
with a challenge that would be exciting for all of our partners.”

The Overall Winner for the RTP Buildathon was a combined team from AvidXchange and Fifth Third Bank in the Best B2B Solution category. AvidXchange and Fifth Third Bank’s submission enhanced the accounts receivable/accounts payable automation with supplier alerts to provide discounts to buyers, real-time funds availability inquiry capabilities, immediate supplier payments, and full payments transparency between the parties.

“We worked collaboratively with Fifth Third Bank for the Buildathon because it was an excellent opportunity to tap into our existing partnership to deliver a new, innovative real-time payments solution that addresses the needs of the B2B market,” says Denise Leleux, Senior Vice President of Supplier Services at AvidXchange.

“Rather than viewing banks as competitors, we see them as valuable strategic partners, and working together on this project is a real example of the benefits that can be realized when both sides lend their expertise and resources,” she says.

The Visionary Award was presented to South State Bank in the category of Enabling the Next Digitally Native Business. The submission from South State Bank focused on creating a platform to monitor and manage payments to bridge a gap in utilization of Internet of Things (IoT) devices.

TIAA won The Best Consumer Solution finalist for its real-time cryptocurrency exchange that combines the RTP network, smart contracts, and a Stellar Blockchain network to provide fast, convenient, and low-cost international payments.

Levvel won the Back-Office Improvement category for its notification service that will send RTP message information directly to their corporate ERP application. This winning solution enables real-time visibility into cash positions and reduces manual reconciliation efforts.

You could call him a real-time payments expert, guru, sherpa, or wizard.

He’ll also answer to Tim.