

Real-Time Payments – Here Now for All Financial Institutions.

To remain competitive in this digital age banks and credit unions need immediate payment capabilities as soon as possible.

With this goal in mind, the Federal Reserve recently issued a request for comment that, among other ideas, included whether they should consider developing and operating a real-time, 24x7x365 interbank settlement system with fair and equal access for all.

The good news is that the U.S. already has one. It's the RTP[®] network, launched by The Clearing House in November of 2017 to meet the requirements of the modern digital economy. It was designed to meet all of the Faster Payments Task Force's effectiveness criteria and is projected to meet the Federal Reserve's goal of ubiquity by 2020.

"The shift toward digital services are changing customer expectations. They want to make payments immediately, send and receive data electronically and reduce friction in banking", said Russ Waterhouse, EVP, Product Strategy and Management at The Clearing House. "RTP[®] capabilities provide a foundation on which to build and deploy new value added services that meet those needs. This in turn will help FI's engage and serve current customers and attract new ones."

While contemplating the merits and

implications of a potential second real-time infrastructure in the U.S., The Clearing House invites financial institutions of all sizes to give the RTP[®] network a closer look.

Simple, Utility-based Pricing and Accessibility for All Financial Institutions

The Clearing House knows that achieving ubiquity requires equal access and fair pricing for everyone, which is why the RTP[®] network has a single price for all

participants with no volume discounts, no volume commitments and no monthly minimums. Financial institutions of all sizes participate on the same terms and pay only for the transactions they originate.

Some financial institutions will connect directly to the RTP[®] network while others will take advantage of connectivity offerings from third parties, including

Continued on page 2

Network Fees	
• Credit Transfer Sent	\$0.045
• Request for Payment Sent	\$0.01
• Remittance Advice Sent	\$0.01
• Prefunded Balance Account Drawdown Request Executed	\$2.00
No network fees apply to any other message sent or received.	
Fees owed to other participants	
• Request for Payment Incentive Fee - Upon each successful RTP Credit Transfer sent in response to a Request for Payment message, the participant that initiated the Request for Payment will owe the incentive fee to the participant initiating the RTP credit Transfer	\$0.10*
Network-at-Cost Pass-through	
• Connectivity	Pass-Through
• RSA Token	Pass-Through
Overall cost of connectivity associated with either the MPLS or secure VPN connections to the RTP [®] network will be calculated by TCH and charged on a monthly basis. Connectivity costs will apply to any participant with a direct connection.	

* TCH will facilitate the collection and disbursement of RFP Incentive Fees between participants. TCH is not obligated to distribute RFP incentive Fees that TCH is unable to collect from the owing participant.

Continued from page 1

bankers' banks, core processors, specialist payment processors, corporate credit unions and credit union service organizations.

Dependability, Performance and Quality

The Clearing House already serves hundreds of banks and credit unions that use ACH, wire and check image exchange services and processes nearly half the U.S. commercial volume through these networks. The Clearing House's payments community extends to thousands more financial institutions through The Clearing House Payments Association and ECCHO memberships.

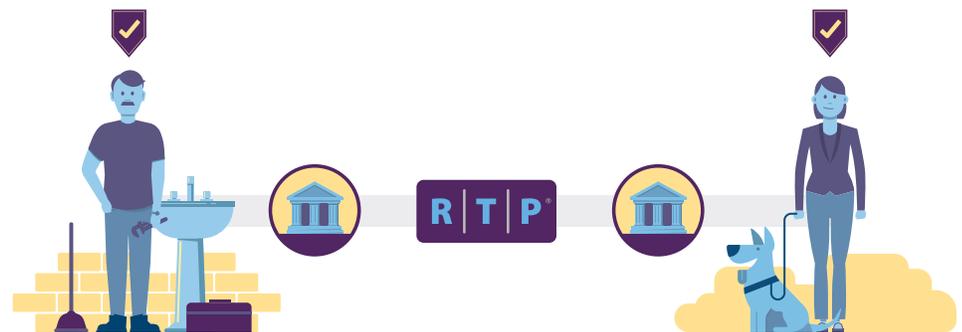
Operating safe and reliable systems and networks are at the core of the business. "We're deeply committed to our participants and their customers," said Dayna Hinds, Vice President of Operations. "Safe, reliable systems and helping our financial institutions when they need us is just what we do. It's been part of our DNA for 165 years."

The RTP[®] network is the newest core service offered by The Clearing House, which is managed with the same commitment to service for all participants.

The RTP[®] Advisory Committee, made up of representatives from community banks, credit unions, and industry trade organizations provides The Clearing House with important perspectives that will help the RTP[®] network continue to be responsive to all financial institutions.

Platform for Innovation

The RTP[®] network uses ISO 20022 messages to enable a conversation between buyers and sellers over their secure bank channel. This core capability can be used in countless ways to



improve efficiency and the end-to-end customer experience.

In addition to fast and secure payments, the RTP[®] network enables payments with precision. Customers have control and transparency over timing of their payments, with assurance that the payment has been received. This precision permits both companies and

individuals to make payments exactly when they are due, which improves liquidity and cash flow management. For business customers this ability, coupled with the smart RTP[®] ISO messages, can deliver significant efficiencies to back office operations and eliminate most of the reconciliation issues that businesses of all sizes deal with today.

RTP[®] Means Your Customers are Ready-to-Play

The RTP[®] Corporate Advisory Council, comprised of 15 large corporate brands,

mid-size companies and small businesses, see many use cases that employ these unique capabilities to remove pain points and improve service.

"A year ago, the group was skeptical about how to incorporate RTP[®] payments. Now participants have ideas for adoption within their companies," said Jim Colassano, SVP, RTP[®] Development and Strategy. They are ready to take advantage of RTP[®] capabilities."

Use cases are sometimes as unique as the businesses themselves. Several companies saw benefits in being able to make their payrolls and other disbursements on weekends and holidays and not being constrained by traditional "banking hours". Others saw real utility in paying temporary and gig

"As a long time ACH processing customer of The Clearing House, we have consistently received the highest quality of customer and operational support. We don't just view The Clearing House as our Operator, but as a trusted business partner."

MARY ALICE LIOTTA
SENIOR VICE PRESIDENT, DIRECTOR OF OPERATIONS
ESL FEDERAL CREDIT UNION

Continued on page 3

Continued from page 2

economy employees at the end of their shift each day and the ability to resolve payroll issues and exceptions quickly. A national food service corporation wants to avoid using cash or disbursing checks remotely – the RTP® network makes it possible to pay for fresh fish right at the dock. A utility company sees improved customer service by sending last minute reminders real-time, providing a safe,

“It only took me five minutes to think of a handful of great uses for RTP.”

CORPORATE ADVISORY
COUNCIL MEMBER

more transparent efficient model for all.

Get Started Now

It’s an exciting time to get started with immediate payments. By the end of March, financial institutions will be able to reach 50% of U.S. demand deposit accounts. If you are interested in learning more about the RTP® network please contact Tim Mills at 336.769.5357 or tim.mills@theclearinghouse.org and visit theclearinghouse.org/events for the schedule of in person and online events.



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

He’ll also answer to Tim.



Come to our Information Briefings around the U.S. to get straight answers from Tim on connecting to the RTP® network. [Click here](#) to register.

Excerpt from:

Real-Time Payments: This Train is on the Track

An article in *Banking Perspectives* by Jeff Plagge, *President & CEO of Northwest Financial Corp & Chairman of The Clearing House RTP Advisory Committee.*

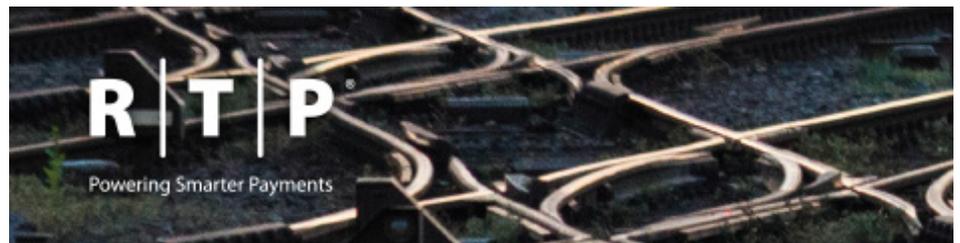
Ever since the Federal Reserve convened their Faster Payments Task Force in 2015, we've all been hearing a louder and louder drum beat about the need for faster or real time payments. As I have visited with community bankers about the issue, I get a variety of reactions. Many bankers aren't engaged in the discussion at all. Others are still only thinking about the consumer side of real time payments and some community banks are ahead of the pack and working on their plans.

For those that aren't thinking about it at all, there seems to be four common responses:

- My customers aren't asking for it.
- My core system isn't ready or isn't even talking to us about it.
- I'm waiting to see what the Federal Reserve comes up with.
- We'll start working on it later when prices come down.

I have found in my career that customers don't necessary engage in these kinds of discussions with us as bankers. If our bank isn't offering something that they want, they just find a vendor that does

offer it. Sometimes that is a single service engagement by the customer and sometimes it leads to a customer totally leaving our bank for another financial institution or financial service provider. On the latter, unfortunately by the time we know it was an issue with the customer, they are already gone.



So I always encourage community bankers to be more engaged and proactive in this payments discussion event though it is hard to find an immediate ROI on these kinds of investments.

I currently serve as Chairman of The Clearing House RTP[®] Advisory Committee. I accepted that role because I really want to better understand the direction of the real time payment initiatives beyond the consumer space and make sure that community banks have a voice and a chair at the

table in the discussions. The Clearing House and its owners have been very accommodating to both concerns and totally understand that we will never have a truly ubiquitous and interoperable real time payment network in the United States unless financial institutions of all size are part of the system.

My other reason for being involved in this initiative is the understanding that many of these customers that see the value in real time payments on the consumer level also work and manage businesses. They will begin asking why their businesses can't move money on a

real time basis as well. As a community bank, if we aren't thinking about that now and making our plans to eventually facilitate real time payments for our consumers and business customers, they will find partners who will.

Engage now and be part of the initiative. Your customers are depending on you.

Read the [rest of this article](#) and more in the new issue of *Banking Perspectives* online at www.bankingperspectives.com.

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, developing and operating industry utilities focused on safer and faster payments for everyone. Its regional payments association, The Clearing House Payments Authority, provides education and professional services to financial institution members and corporate subscribers. ECCHO is a service of The Clearing House providing check education, check advocacy, and the creation and maintenance of rules that govern private sector check image exchange for its members.*