

RTP® Network Overview

Powering Smarter Payments



September, 2020



*Founded in 1853 to improve efficiency
and remove risk from payments
exchanges – and to be a place for
collaboration and innovation*

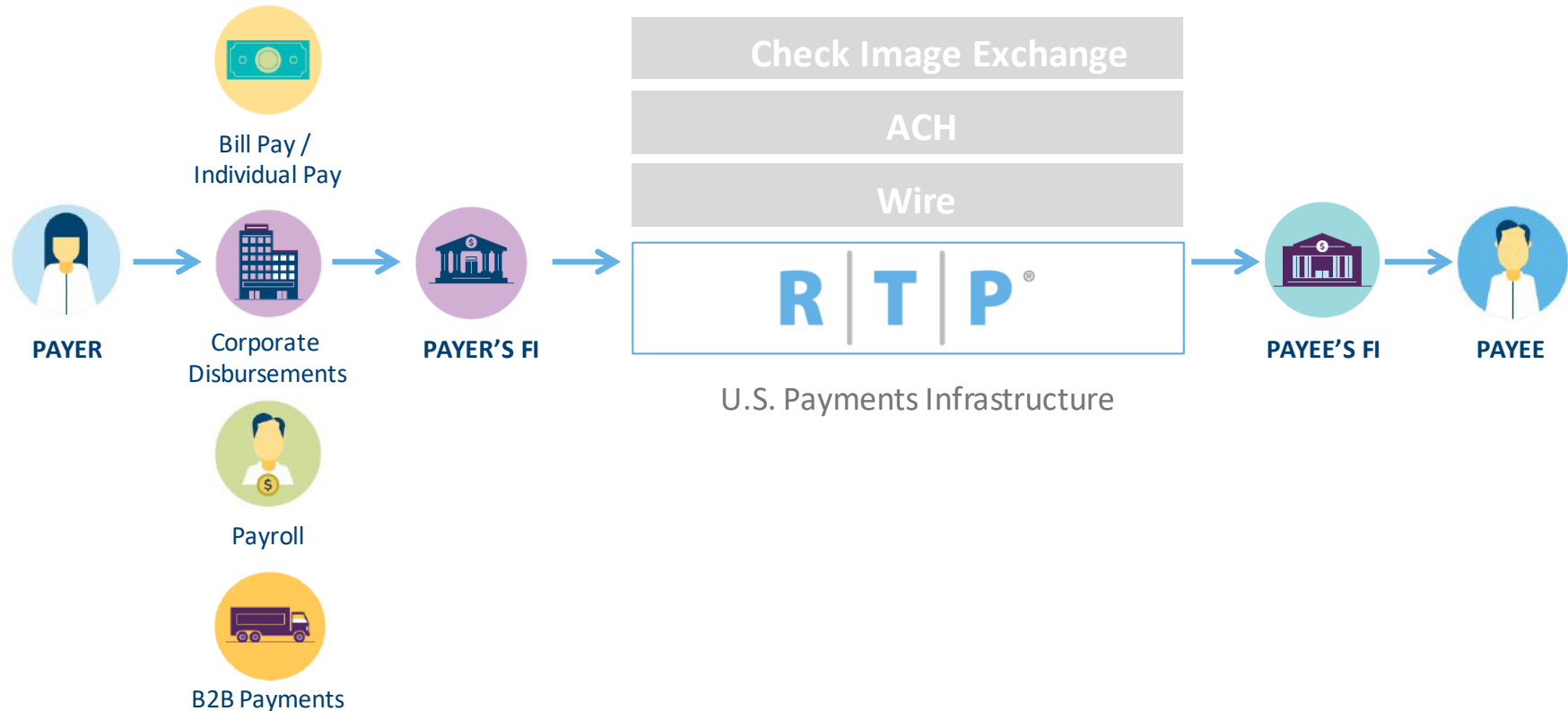
Same mission as today. . .

The Clearing House

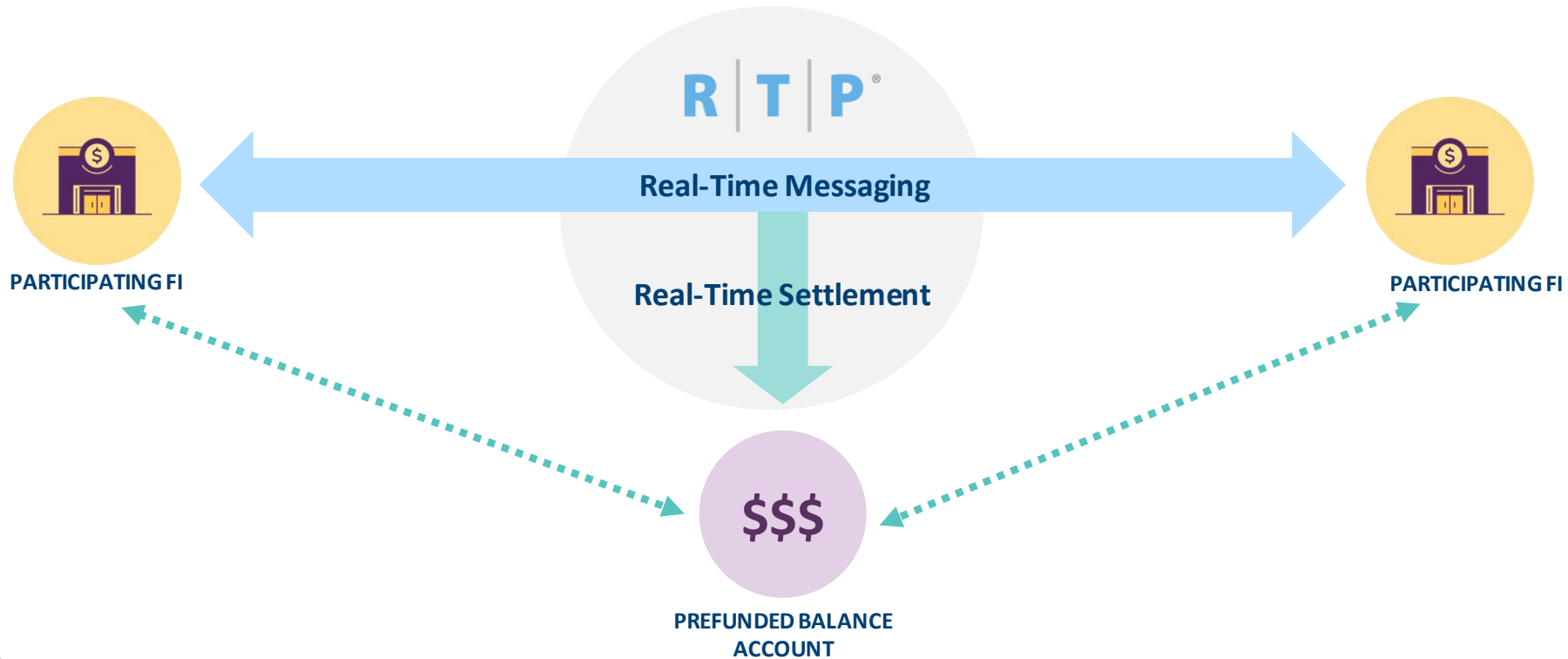
- Operates core U.S. payments system infrastructure including the RTP[®] network
- Clears and settles approximately \$2 trillion each day, representing half of all commercial ACH, wire and check image exchange volume
- Provides informed advocacy and thought leadership on critical payments-related issues



The RTP® network is U.S. payments infrastructure for all financial institutions

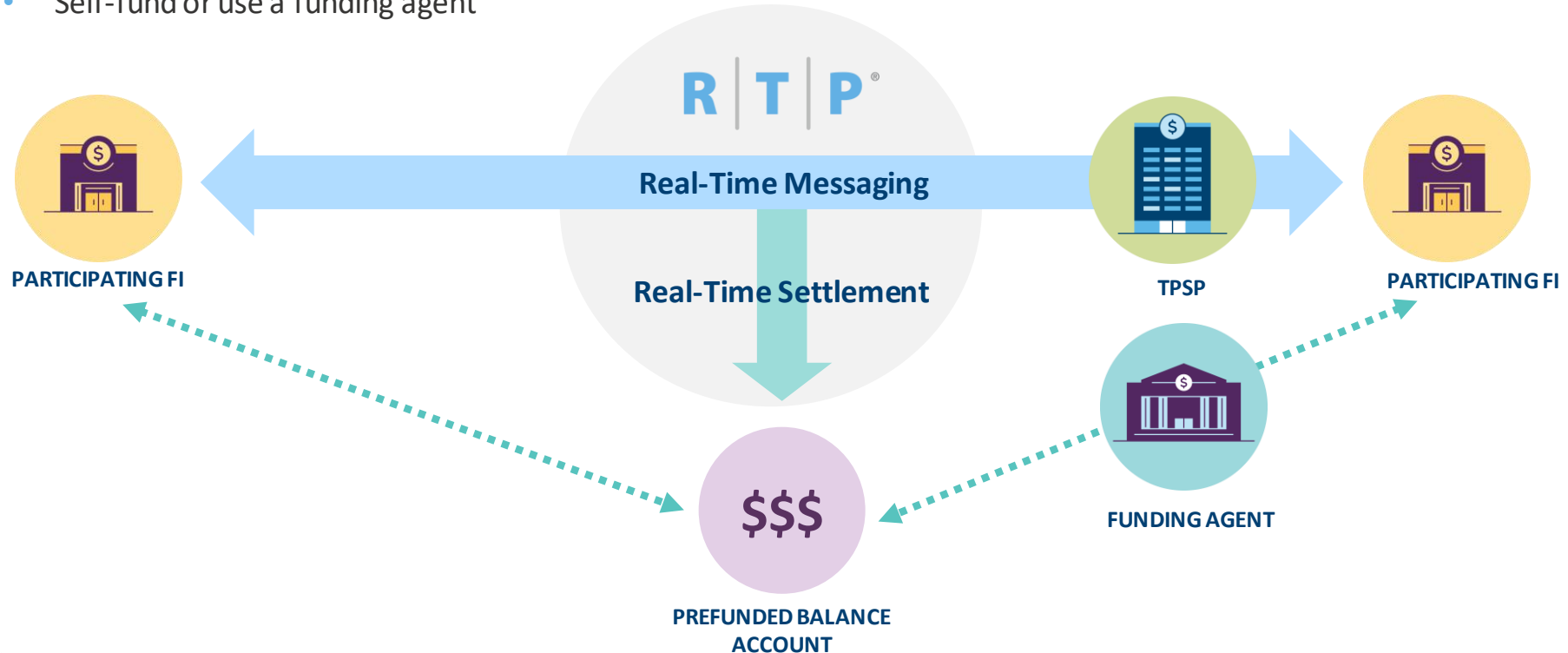


RTP® 24/7 two-way messaging with real-time settlement



RTP[®] connecting and funding options

- Connect directly or through a third party (core processor, gateway, bank)
- Self-fund or use a funding agent



The RTP[®] system has the capabilities you would expect in a 21st century platform

Credit
Push Only



Payment
Status

Payment
Certainty

Immediate
Availability
of Funds

Complete
AR/AP
Messaging

Fulfillment
Messaging

Always on
24x7



Global
Ready



RTP® messages: building blocks for new products



Credit Transfer

- Payer controls timing and sending
- Increased transparency and immediate indication of success or failure
- Payment in good and final funds



Request for Information

- Allows questions to be asked in context in response to the payment made
- Increased security and automation potential



Request for Payment

- Non-obligatory “ask” for a payment
- Bank-grade security for transferring invoice and bill detail
- Enables straight through processing



Invoice/Remittance Detail

- This detail can be included in each message or as a standalone addenda
- Supports links to existing data stores and transfer of full remittance detail



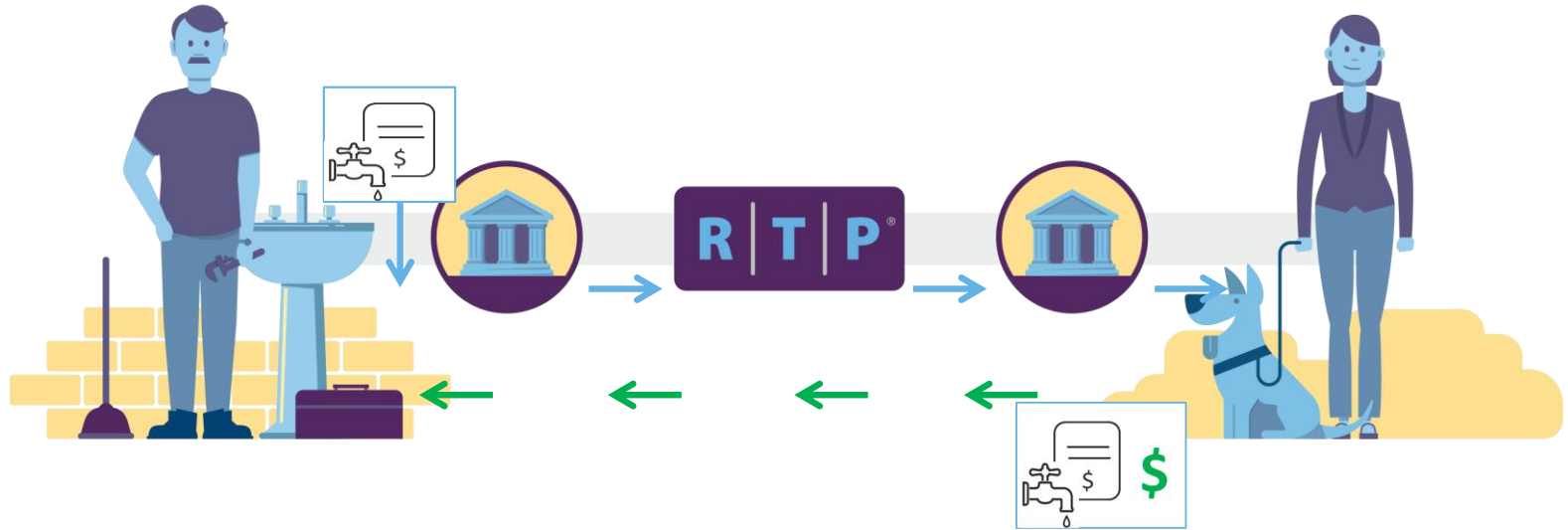
Receipt Confirmation

- Payee can directly let the payer know they have received and posted the transaction
- Reduced customer service calls and increase in transparency

- All messages are ISO 2022 standard messages
- Assured delivery – all messages are immediately confirmed or rejected
- XML format and assured delivery make RTP a good fit for API-based deployment



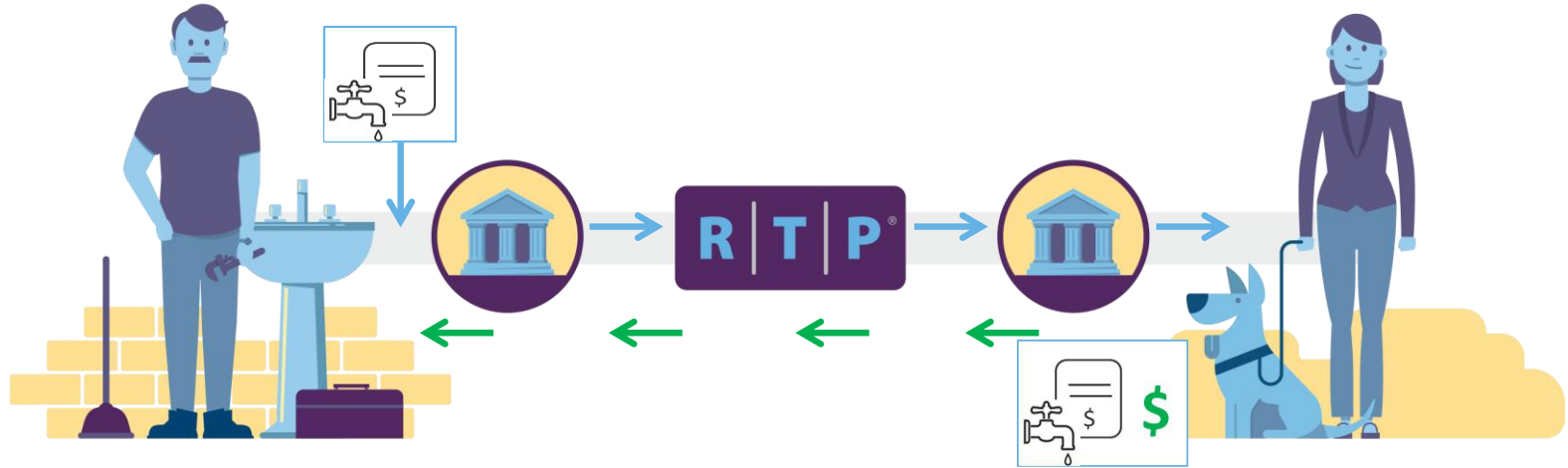
Precision Payments



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- Real-time improves cash flow and predictability
- Pay exactly when and how much you want to, knowing that the payment is posted now

Conversational Commerce



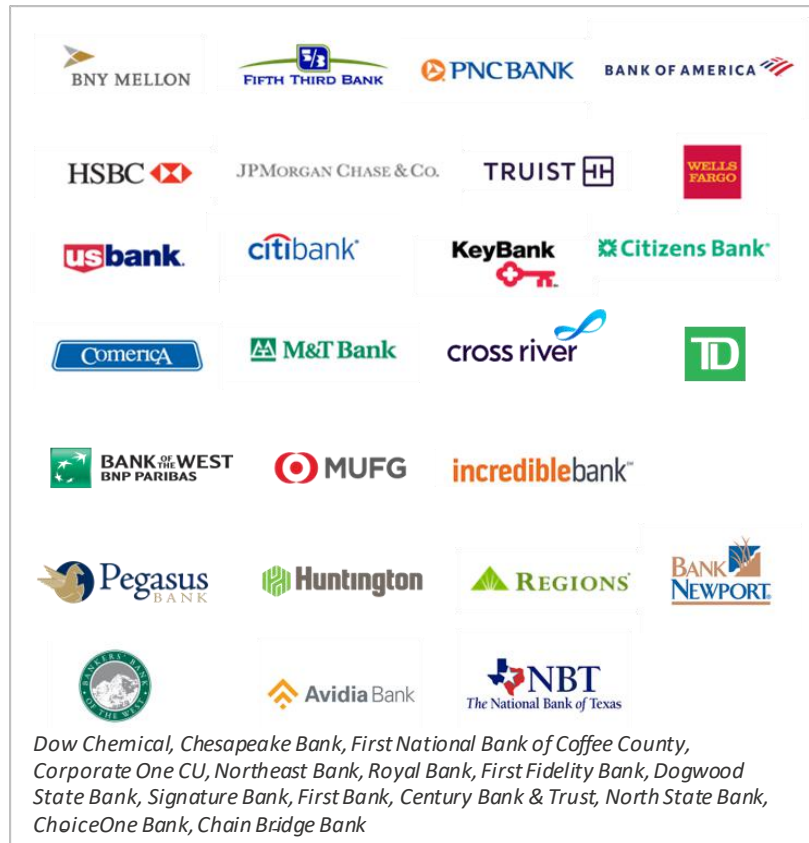
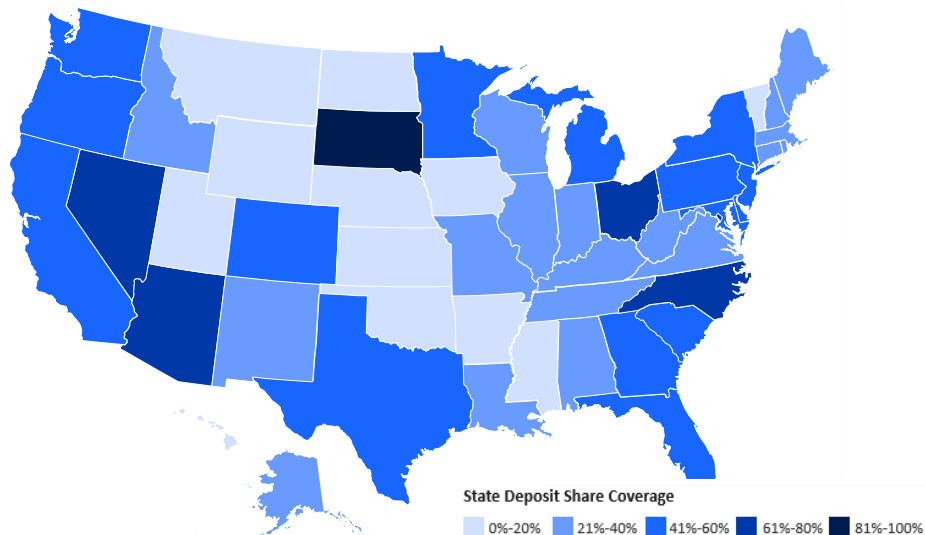
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Send invoices, receive payments, ask questions, receive confirmation in one bank-secure message flow

The RTP® network is growing, with more banks added each week

Volumes have grown from a few hundred thousand to several million a month and continue to grow daily

54% *share of U.S. DDA balances in accounts able to receive RTP payments*



*Based on U.S. DDA balances as of 3Q19

The RTP® network has reach

- 600+ RTNs are listed on the RTP Routing Table
- That means, chances are, the RTP network already has volume for your customers or members!

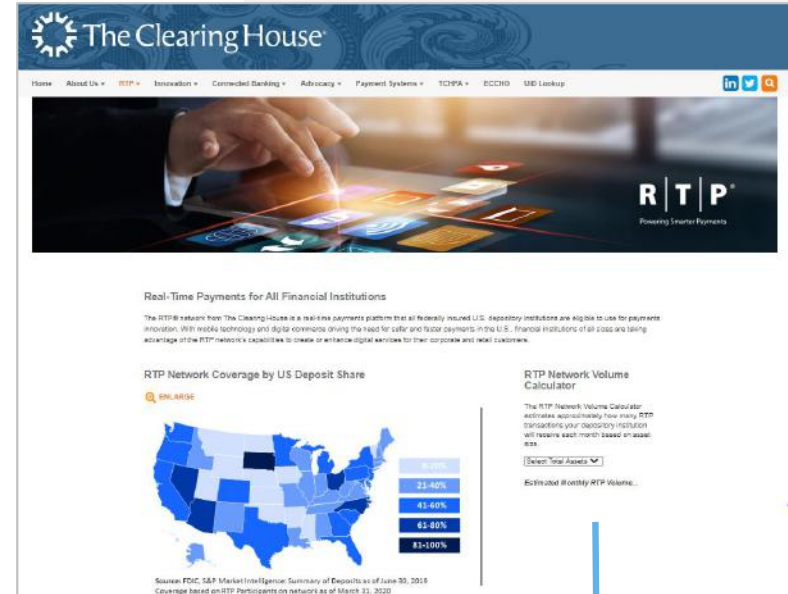
See your FI's potential RTP volume with the volume calculator

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

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.

Estimated Monthly RTP Volume...



The RTP[®] network is the perfect platform for enhancing common business and consumer transactions



The RTP® Corporate Advisory Group

- Meets regularly in candid, interactive sessions
- First-hand insights and perspectives across diverse industry sizes and types
- Input on use cases, approach to market, product design, materials and more
- Serve as RTP advocates in their industries and ours

"This is the future.... there's never going to be a better and faster payment than RTP."

"There are banks that know about RTP, and banks that believe in it."

"RTP gets our attention because it will change the customer experience."

"Go all in. Receive, send, originate RfPs."

"Our RTP pilot is with a bank that's not one of our primary banks. They earned their way in."



CAG Members

ADP
Compustore
Conduent
Duke Energy
Elytus
Faster Payments Council
Fillmore Capital Partners
Global Holdings
Google
Gusto
Michigan State University
Nationwide Insurance
Netflix
Paycom
Paychex
Planet Nine
Sysco
Target
Uber
United Telemanagement
Verizon
Walmart



How RTP[®] capabilities are being used today



A2A



**Loan
Funding**



**Gig
Economy**



B2B



Payroll



**Merchant
Funding**



**Title
Companies**



Wallets



**Insurance
Claims**



**Cash
Concentration**



- Sometimes employees need to be paid *now*
 - Work today, pay today
 - Correcting mistakes
 - Terminated employees
- Real-time pay is a reality when the employee banks with a participating financial institution



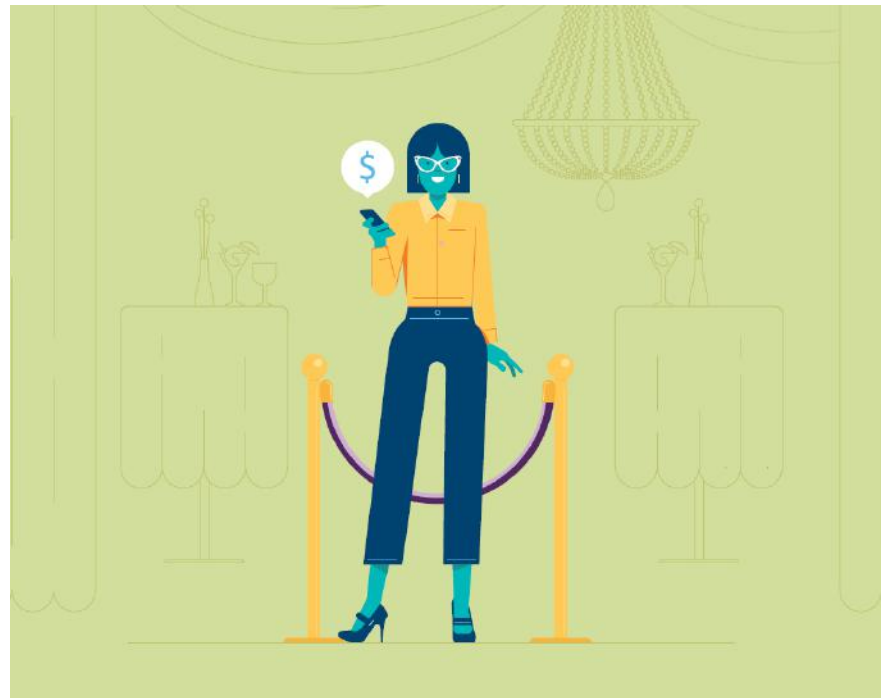
**Payments
Nerds**

“Making Real-time Payments for Payroll”

Season 2, Episode 3

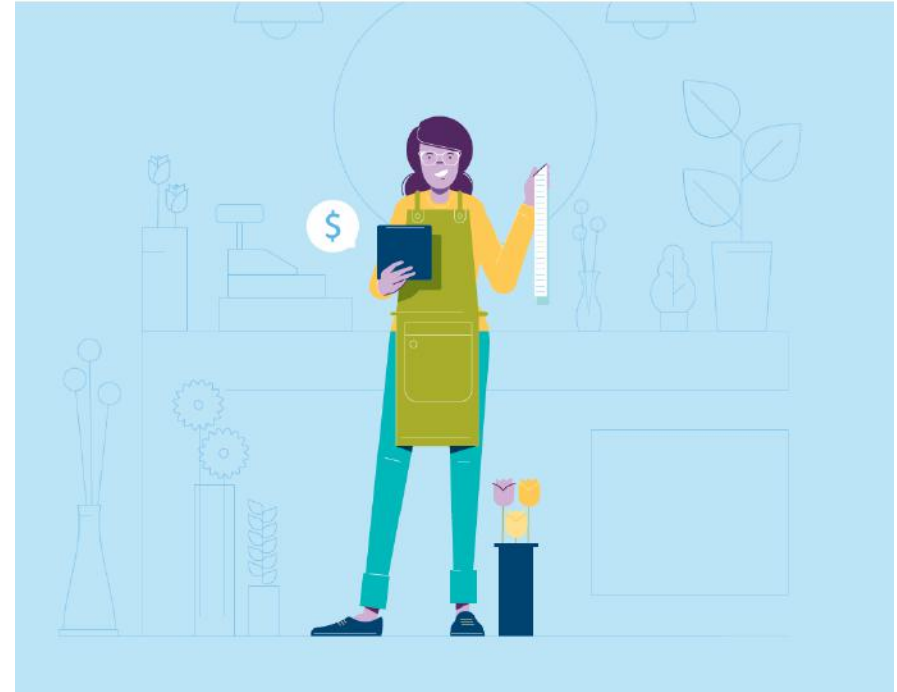
<https://www.theclearinghouse.org/about/payments-nerds>

PAYCHEX



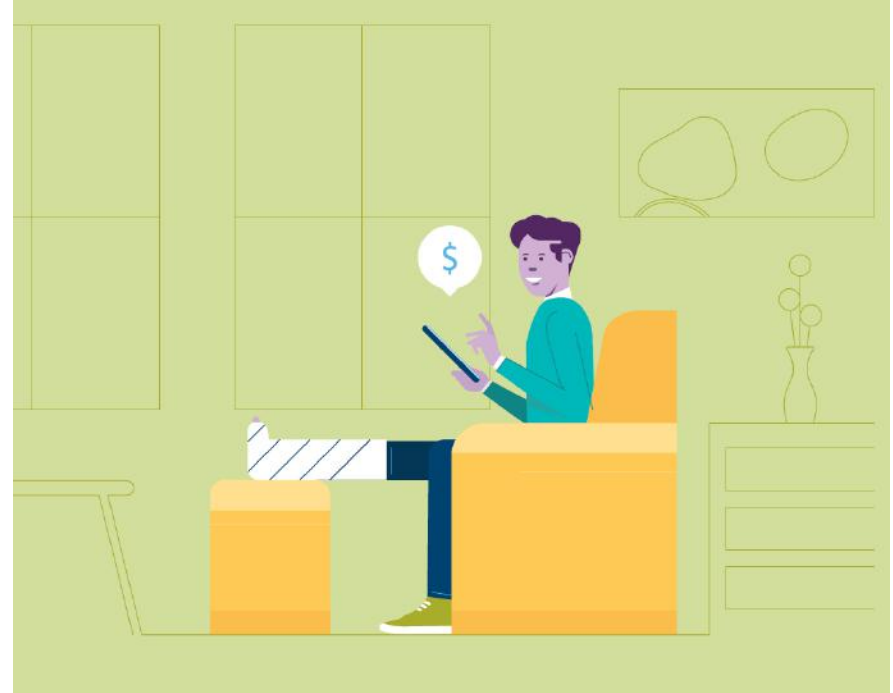


- For merchants, cash flow is king
- That means getting speedy funding for their sales receipts deposit is a big plus – especially on weekends
- Real-time is a reality with RTP[®] network participation



digit

- Facilitates automatic savings and on-demand withdrawals for a rainy day or emergency
- Paid more than \$7 million to date and saved its customers more than 31,000 years of waiting for ACH transactions



- Student emergencies happen in real-time
- Now help can too, with a student-designed app that provides instant loans to students



**Payments
Nerds**

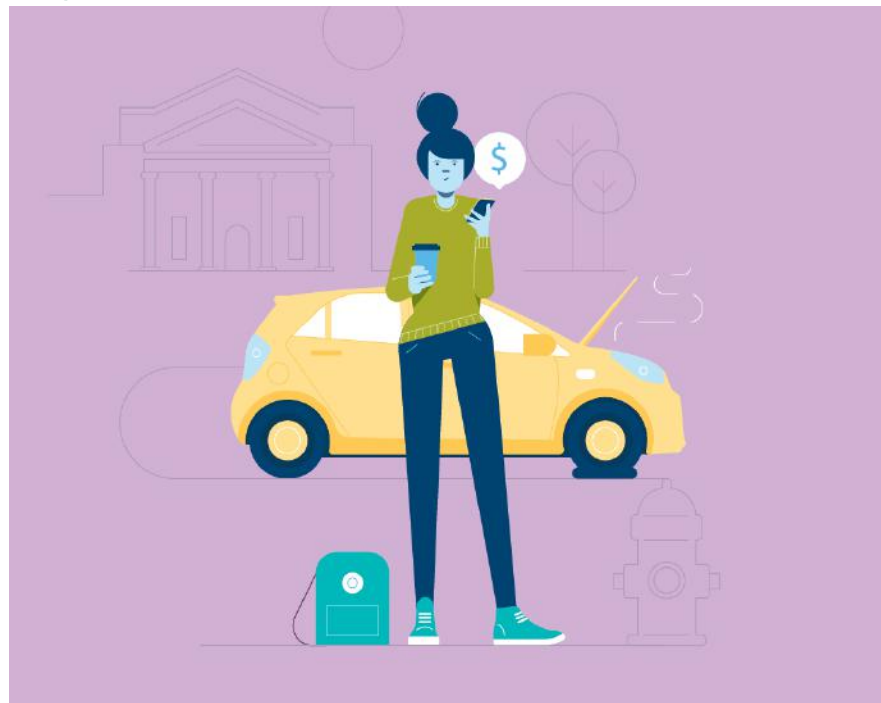
"Instant Payments and Other Everyday Uses for the RTP® Network"

Podcast Season 2, Episode 5

<https://www.theclearinghouse.org/about/payments-nerds>



MICHIGAN STATE UNIVERSITY





Your customers
are ready for
real-time
payments now.

So are we.

#RTPIISREADY

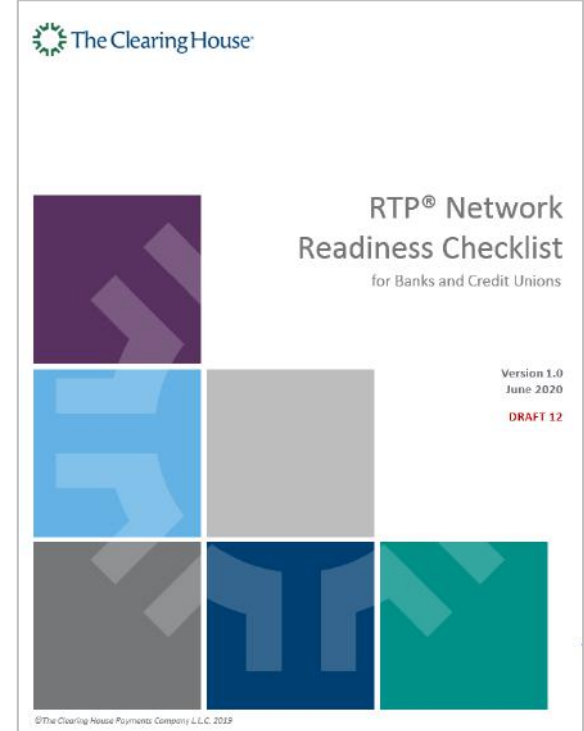
The RTP® network is ready now

- Millions of payments are clearing through the RTP network every month, with the volume doubling about every quarter
- If your financial institution were on the network now, your customers could be receiving payments now
- Companies like Paychex, PayPal, Digit and others want to send payments to your customers



A guided process (literally) makes it easy to participate

1. Educate your organization on the RTP® network capabilities
2. Define the value of the RTP network participation to your organization
3. Connect to the RTP network
4. Join the RTP network as a FI participant
5. Begin the RTP onboarding experience
6. Prepare your operational environment for real-time payments
7. Manage your RTP network liquidity
8. Prepare your customers/members to receive real-time payments
9. Understand your ongoing obligations as an RTP network participant



What else?

Uniform pricing	<ul style="list-style-type: none">• TCH members and non-members pay the same price
Simple, transparent fees	<ul style="list-style-type: none">• No volume discounts, pay for the transactions originated; see RTP pricing on TCH website
Multiple ways to connect	<ul style="list-style-type: none">• Direct to TCH, or through a TPSP (standalone third-party services, core processor integration, Bankers Banks/Corporate Credit Unions)
Streamlined onboarding	<ul style="list-style-type: none">• For both direct and third-party connections
Advisory Committee	<ul style="list-style-type: none">• A way for community banks, credit unions and their representative associations to provide input into RTP network development, rules and other topics



Thank You



For Payroll Companies



Payroll funding – with more precision and better use of funds

RTP Request for Payment functionality enables immediate funding and automated reconciliation from companies funding payroll vs. an ACH Debit

- ✓ Streamlined and automated reconciliation for receipt of funds
- ✓ Payment certainty of received funds with no returns
- ✓ Precise timing of funding for corporate treasurers funding payroll



Opportunities for payroll providers



Emergency Payroll	Ability to push funds on the same day/hour/minute 24/7 for a missed payroll with no need to wait until the next batch cycle
Hourly Pay	Allows employers to pay upon completion of shift or submission of time cards on a same day/hour/minute need even on the weekend and overnight
On-demand Pay	Disbursement of funds when requested with immediate receipt by the payee any time 24/7
Migration of Checks	Works like cash with immediacy: no need to cash paychecks, enabling financial inclusion and reduced reliance on Pay Day lending and incidence of overdraft fees
Expense Reimbursement	On-demand expense reimbursement upon approval of expense reports
<i>Pay Stub</i>	<i>A link to the pay stub can be included on the Credit Push transaction</i>
<i>Tokenization</i>	<i>Use of tokenized account credentials for the employer and employee reducing the need to hold sensitive data</i>

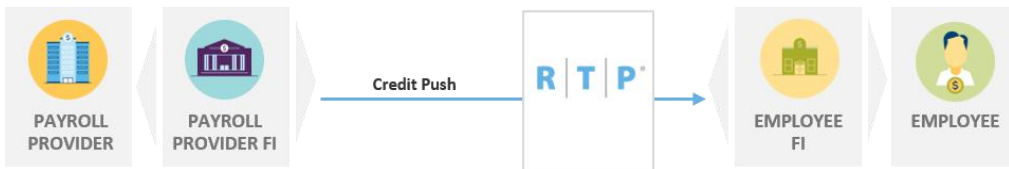


In short: the payroll business is enhanced with RTP[®] capabilities

Funding



Payment



Payroll Provider Benefits

- Better management and control over the use of funds by the employer
- Funds received can be automatically reconciled as key information from the RFP are returned on the credit
- Funds are certain as settlement happens upon receipt and are irrevocable
- Ability to implement new payroll functionality outside of closed networks

Employer Benefits

- Precision on funding and timing of payroll
- Ability to offer broad based new payroll options to employees
- Reduce paper processes for check printing/ reconciliation
- Certainty of the success of payment through assured delivery
- Immediacy of payment for terminated employees