

A large, dark gray gear icon is centered in the background of the slide. It has ten teeth and a circular center.

# The Latest Developments in Real Time Payments & The Reinvention of Bill Pay

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RTP is growing quickly with a goal connect every Financial Institution and their customers



Powering Smarter Payments

**51%**

*Of All Domestic DDAs Received Enabled*

**45%**

*Of Participants are Commercial Send Enabled*

**18%**

*Have Enabled Retail Send Enabled*



# What is RTP® Request for Payment?



# What is a Request for Payment?

## REQUEST FOR PAYMENT (RfP)



A Payment-related Message that a Message Sender submits to the RTP System to request a Real-Time Payment from a Customer of a Message Receiver



RfPs are **non-obligatory** and give the receiver **greater control over funds** disbursement



RfPs enable a sender to **communicate** with the receiver through a **secure** bank channel



RfPs provide context to the payment and enable **straight through processing**



# What are the use cases of a Request for Payment?

## REPRESENTATIVE USE CASES



# Why is RfP good for Bill Pay?

## Benefits for customers



### Direct Communication with the biller

Self-service RFIs for bill inquiries and exception handling; Proactive notifications around payments and balances



### Immediate certainty

Real-time RfPs and 24/7 payment confirmations; Immediate debits from the account balance via a visible tracker



### Flexible control

Consolidated view of all bills; Configurable payment schedules; Access to payment history

## Benefits for billers



### Easy reconciliation

Match customer/store/ parent company names with transactions and credit statements



### Direct Communication

Address common customer bill questions within the bill itself for fast alignment and payment



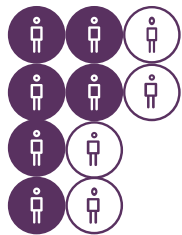
### Better Predictability

Schedule or send immediate RfPs to customers and receive usable funds



# The current bill pay experience is frustrating, time consuming and error prone, providing us an opportunity to offer a reimagined experience

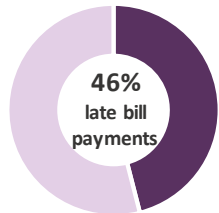
## Customers today are primarily concerned about keeping track of due dates and possibility of late payments...



6 in 10 Americans are **anxious about mismanagement of their different bills**<sup>1</sup>



35% of customers cited **tracking due dates as their biggest pain point**

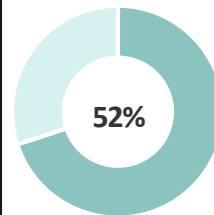


> 61% of consumers make one-time bill payments resulting in nearly **46% making late bill payments**<sup>1</sup>

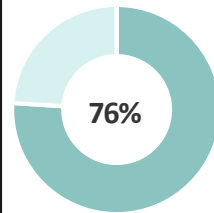


84% customers cited **late fee as the primary motivation** to drive bill pay prioritization<sup>2</sup>

## ...which has given rise to new customer expectations...



52% of the consumers said *their satisfaction would improve with emergency bill pay offered through bank's online bill pay service*<sup>4</sup>



76% of customers expect *real time payment delivery in their mobile banking experience*<sup>3</sup>

High costs of paper bills, inefficient reconciliation, and need to maintain higher cash reserves are some of the challenges faced by billers today



### High Bill Processing Costs



1 in 4 checking account owners/bill payers still receive both online and paper statements each month which is **redundant and costly**<sup>1</sup>

5 x

Paper check receiving and processing is 5 times more **expensive** than the cost of receiving an ACH for a billing company<sup>2</sup>



### Ineffective Funds Mgmt.

**Lack of visibility** in bill payments;  
**Tedious reconciliation** of money  
from different channels



### Ineffective Messaging

Mass messaging gaining **limited  
attention from target customers**



### High Contact Center Costs

Most calls to the contact center are  
to enquire about payments which  
**add to contact center costs**



# Our customer interviews helped us arrive at four key design principles for the bill pay prototype

We went through multiple iterations with the participating banks to develop a bill pay prototype using the following four design principles that deliver the optimal user experience based on customer needs and preferences. The success of RTP® depends on not only its technical capabilities, but also its experience design for the end customer.



## Clarity

Proactively provided relevant information



## Intuition

Inclusion of recognizable symbols and tools



## Simplicity

Optimized “screen-scape” for ease of use



## Control

Flexible personalization to customer preferences



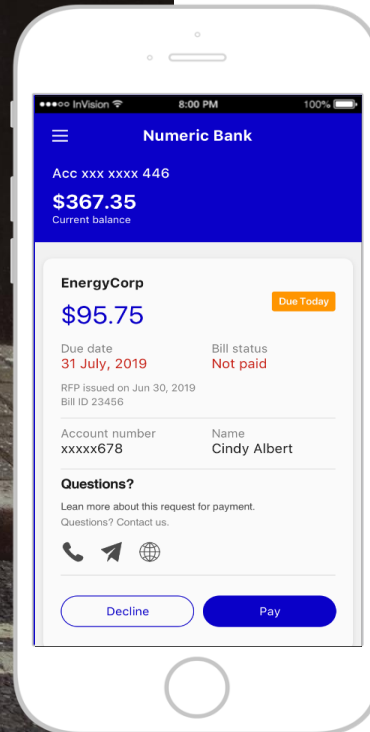
Introducing:

**RTP<sup>®</sup>**

*(for the customer)*

Ever get that feeling you've...

...forgotten  
something?



### Transparency

Get a clear, centralized picture of all of your bills, including which have been paid and are coming due



### Flexibility

Prioritize bills and set an exact payment schedule to fit your income and expense needs



### Peace of Mind

Get notification of bills, and instant acknowledgement of payment receipt, all within your bank app

**Stay in control of your bill pay.  
Get back to enjoying your life.**

Select customer quotes further illustrate their current bill pay experience & eagerness for a solution that can make the process quick, simple, organized

## Cindy – Last Minute Bill Payer



My current bill pay experience is...  
“Cumbersome!” “Overwhelming!”  
“Terrifying!” “A mess!”

“It is very **frustrating** that it’s 2018 and we sometimes have to **wait nearly a week for funds to show up in the biller account**”

“I would try it to get **rid of all of the paper statement clutter** in my apartment”

“I would use this app if it were available now. I **think it’s even worth a fee!**”

I wish...  
“there were a **‘one-stop-shop’** for all my bills!”  
“I get **reminders of what was coming due!**”  
“I could **schedule payments** like I schedule my blog posts!”

“I would jump on board for RTP; I **like that it’s offered by my bank**, which I feel is **trustworthy and reliable**”



Introducing:

**RTP<sup>®</sup>**

*(for the biller)*

Having  
trouble  
navigating the  
world of  
customer  
payments?



### Control

Access simple cash management solutions, customizable to your business and secured by your bank



### Liquidity

Schedule or send immediate Requests for Payment to customers and receive usable funds now



### Resolution

Address common customer bill questions within the bill itself for fast alignment and payment



### Innovation

Increased scope of innovation & competitive propositions to end users through common messaging

**Stay in control of your cash flow.  
Get back to growing your business.**

Learn more at <https://www.thedearinghouse.org/payment-systems/real-time-payments>



Select biller quotes describe their current bill pay experience and eagerness for a solution that ensures on-time payments and allows self-service communication

## William – Small Business Owner



“...we do not allow personal **checks** for fear of it **bouncing**”

“I wish **monthly reconciliation** was **easier to match** customer names with transactions and credit statements”

“I like the **real-time transparency** so we know exactly when payments went through and don't have to go back to the bank for a list of wires for reconciliation - RTP will save us time!”

“...from our back end perspective, **forecasting can be tough** (we are usually underestimating inflows and over drafting) and we **wish it were more predictable**”

“Real time payments will enable us to keep a **smaller cushion in our account**”

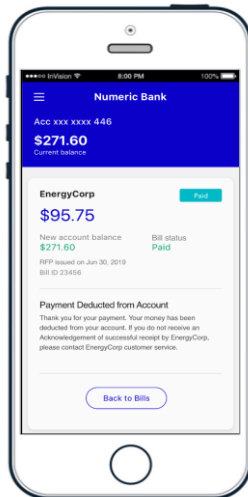
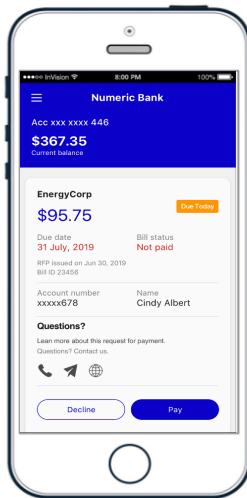


# We are currently planning to launch the MVP Pilot later in 2019, and will continue on this journey to bring RTP® to consumers and billers in 2020

## RTP® MVP Pilot Launch



*Planning for the first MVP pilot is underway, with multiple waves of the pilot planned to be launched between Q3 - Q4 2019*

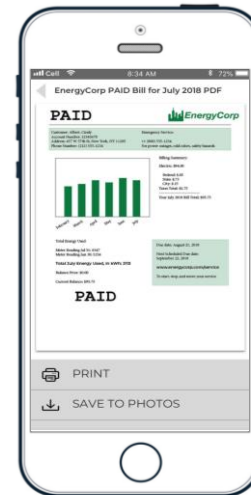
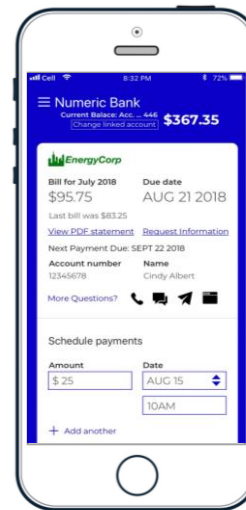


**Indicative mobile screens**

## Commercial RTP® Bill Pay Launch



*Commercial planning will begin in Q4 2019, with RTP® for commercial bill pay planned to be launched by Q1 2020*



**Indicative mobile screens**

# Thank You



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