

Real-Time Payments: What's Next?

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April 21, 2021



FOR PRACTITIONERS

- Does my bank participate in the Real-Time Payments network and what message types are supported?
- Am I making payments that could and should be sent using the Real-Time Payments network?
- Do I have customers that may want to pay me using the Real-Time Payments network?
- How can I plan for the future of the Real-Time Payments network?

FOR FINANCIAL SERVICES PROVIDERS

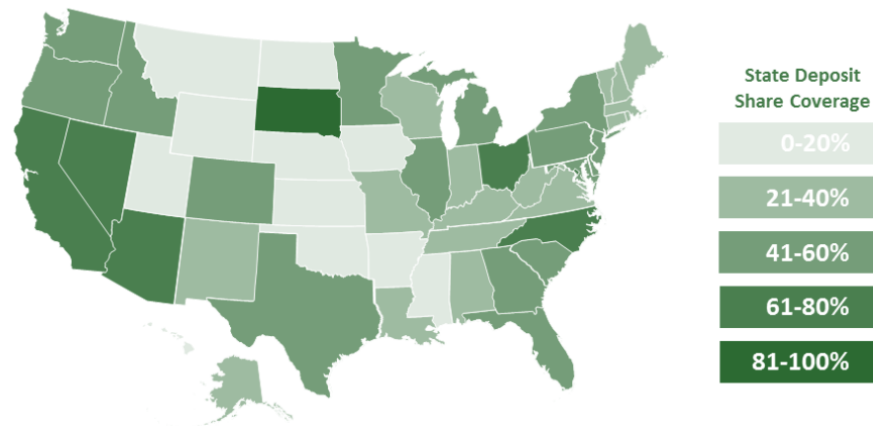
- Does my FI participate in the Real-Time Payments network and what message types are supported?
- How is my FI participating in working groups associated with increasing adoption and identifying new use cases?
- Does my FI have development plans to deliver new/enhanced functionality to remain competitive within the Real-Time Payments network?

Why Real-Time Payments?

The RTP[®] network from The Clearing House is a real-time payments platform that all federally insured U.S. depository institutions are eligible to use for payments innovation.

With mobile technology and digital commerce driving the need for safer and faster payments in the U.S., financial institutions of all sizes are taking advantage of the RTP network's capabilities to create or enhance digital services for their corporate and retail customers.

RTP network Coverage by State



Source: FDIC, NCUA, S&P Market Intelligence;; deposit data as of June 30, 2020; RTP Participants on network as of end of 4Q 2020.

As the volume of the RTP network continues to grow, so have the number of financial institutions that have joined the real-time payments revolution. Additionally, the number of technology partners, funding agents, and core banking providers that are working to provide depository institutions of all sizes with connections to the network and RTP-related services also continues to grow.

105

Financial institutions participating live on the network

57%

Financial institution DDAs are enabled on the network

10%

Consistent growth month over month for volume of dollars settled over the network.

57% of DDAs are either live or technically enabled

700+ RTNs are listed on the RTP Routing Table

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

Associated Credit Union of Texas

Avidia Bank

Bank of America N.A.

Bank of Clarkson

Bank Independent

Bank of Lexington Inc.

Bank of New York Mellon

Bank of the West

Bank Champaign, N.A.

BankNewport

Banner Bank

Bar Harbor Bank & Trust

Black Hills Federal Credit Union

BMO Harris Bank

Bryant Bank

Cape Cod Five Cents Savings Bank

Century Bank & Trust

Chain Bridge Bank. N.A.

Chesapeake Bank

ChoiceOne Bank

CIBM Bank

Citibank N.A.

Citizens Bank N.A.

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Comerica Bank

Community First Bank

Corporate One Federal Credit Union

Cross River Bank

Dogwood State Bank

Dow Chemical Employees' CU

Edmonton State Bank

ESL Federal Credit Union

Essex Bank

Essex Savings Bank

Farmers & Merchants Bank (NC)

Farmers & Merchants Bank (VA)

Fifth Third Bank N.A.

First American Bank & Trust Co

First Bank

FirstBank

First Bank & Trust Co

First Bank of Manhattan

First Commonwealth Bank

First Fidelity Bank

First National Bank of Coffee County

First State Bank & Trust Co

First State Bank of Middlebury

FirstBank of Nashville TN

Flint Community Bank

Gorham Savings Bank

High Plains Bank

HSBC Bank USA N.A.

Huntington National Bank

IncredibleBank

John Marshall

JPMorgan Chase Bank N.A.

KeyBank N.A.

Kitsap Bank

Lakeside Bank

Liberty National Bank

M&T Bank

Marine Bank & Trust Co

Meade County Bank

Meadows Bank

MidFirst Bank

Monticello Bank Co

MUFG Union Bank N.A.

MVB Bank, Inc

Nano Banc

National Bank of Texas at Fort Worth

Newtown Savings Bank

North State Bank

Northeast Bank (ME)

Northeast Bank (MN)

Ocean Bank

Origin Bank

Pacific National Bank

Pegasus Bank

Peoples Bank

Peoples Bank of Alabama

PNC Bank N.A.

Regions Bank

River City Bank Inc

Royal Bank

Signature Bank

Southern Michigan Bank & Trust

TD Bank N.A.

The Village Bank

Third Coast Bank, SSB

Truist Bank

Truity FCU

West Point Bank

U.S. Bank N.A.

VA Pacific Desert CU

Ventura County Credit Union

Wells Fargo Bank N.A.

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



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



RECEIPT CONFIRMATION

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



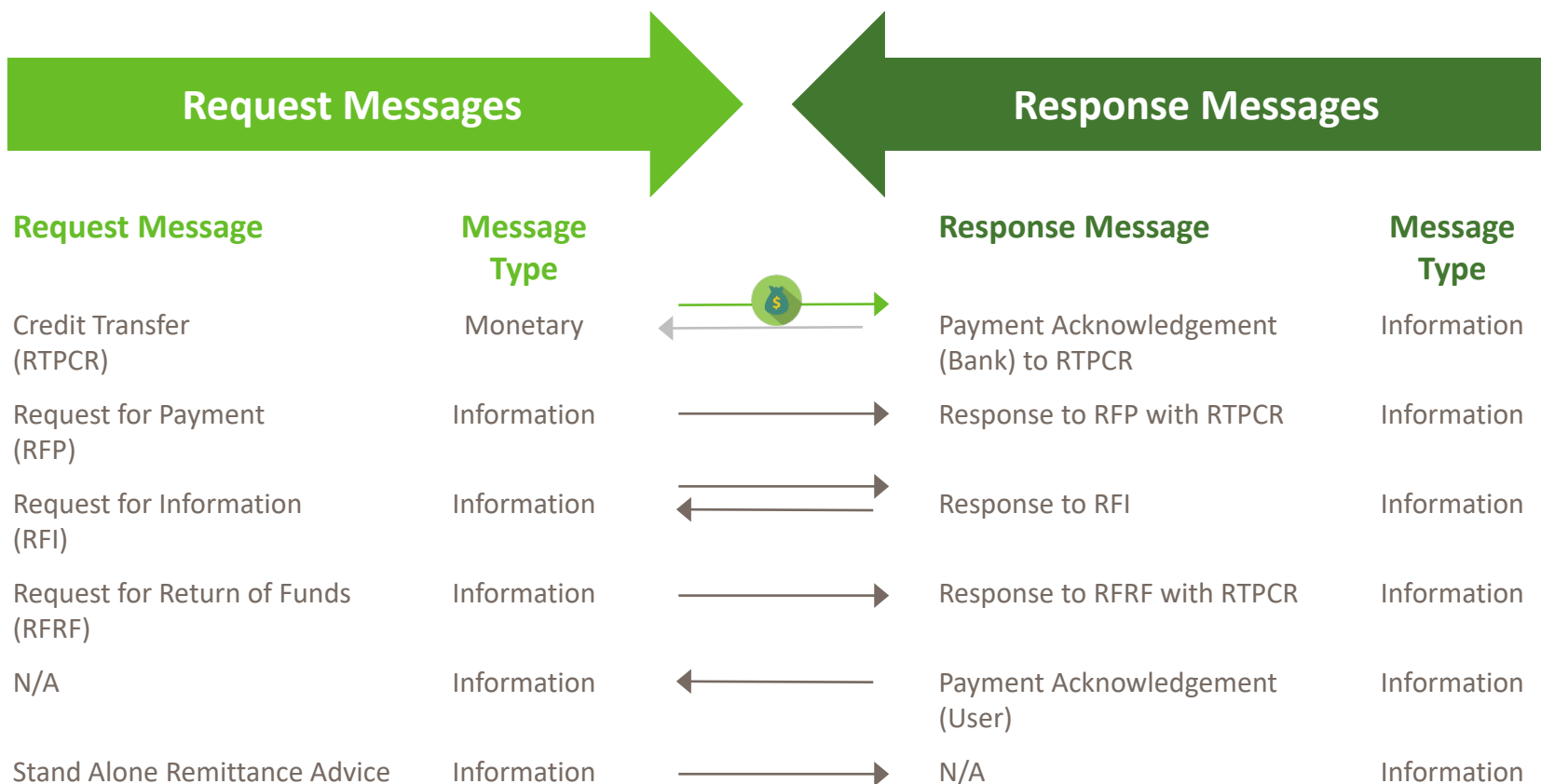
INVOICE/REMITTANCE DETAIL

- 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

- All messages are based on ISO 20022 standard
- Confirmed delivery – all messages are immediately accepted or rejected
- XML format and confirmed delivery make RTP[®] a good fit for API-based deployment

RTP[®] Messaging

The RTP design leverages a core set of ISO 20022 messages



- All messages include Assured Delivery response, indicating that the message was received and able to be processed by the Receiving Participant
- The structure enables “conversations” between trading partners
- Reference information included within the message content ties messages to each other

In partnership with RTP® participants, a robust roadmap has been established in an effort to:

- Increase adoption
- Establish and define new use cases
- Create brand awareness

RTP BillPay

Enable customers to receive Bill Pay RfPs utilizing bank account details (TR & Acct)

Zelle® - RTP

Enables payments using Zelle social alias to clear and settle over RTP between participating FIs

Document Services

Enables parties to exchange documents in support of the payment or RfP process

RTP Bill Pay serves to improve biller efficiencies and cash management while concurrently improving payer experiences through a secure, flexible bill pay journey that drives greater adoption of RTP.

RECENT INITIATIVE ACTIVITY

- Process flows have been defined for various RTP Bill Pay scenarios including prototypes demonstrating the anticipated customer and biller experience.
- An RTP Network Billing Playbook has been published and is available on the TCH RTP website
 - Outlines a recommended phased approach for RTP Bill Pay Production Launch. FIs may leverage this document along with existing RTP documentation (Foundational and Advanced) to launch RTP Bill Pay and provide a consistent Bill Pay experience to their customers and billers.
 - The document is meant to be a guide allowing Financial Institutions to add/remove/modify steps as they see appropriate to match their organization's project management processes.
 - The guide will define how to create a roll-out plan for the RTP bill pay product.
 - Conduct phased launches and plan for a full-scale production launch by leveraging the templates and samples (e.g., text/email communication) designed for use by different teams at the FIs and Biller organization.

Enabling the integrated use of the RTP and Zelle networks to move funds in real time to reduce settlement risk for Zelle transactions and to improve the bill pay experience by supporting the use of the social alias for bill presentment.

- Two banks have completed a production validation in recent months. A production ramp up started in March.
- Additional requirements for emoji support are being analyzed.
- The communication plan is being developed including the value proposition to drive adoption.
- TCH and Zelle aligned on strategy for engaging owner banks for enabling Zelle over RTP.
- Zelle approved rule changes for use of Zelle ID for Bill Pay, P2P, Disbursements, and SMB transactions in October 2020. RTP Rule changes have also been approved.

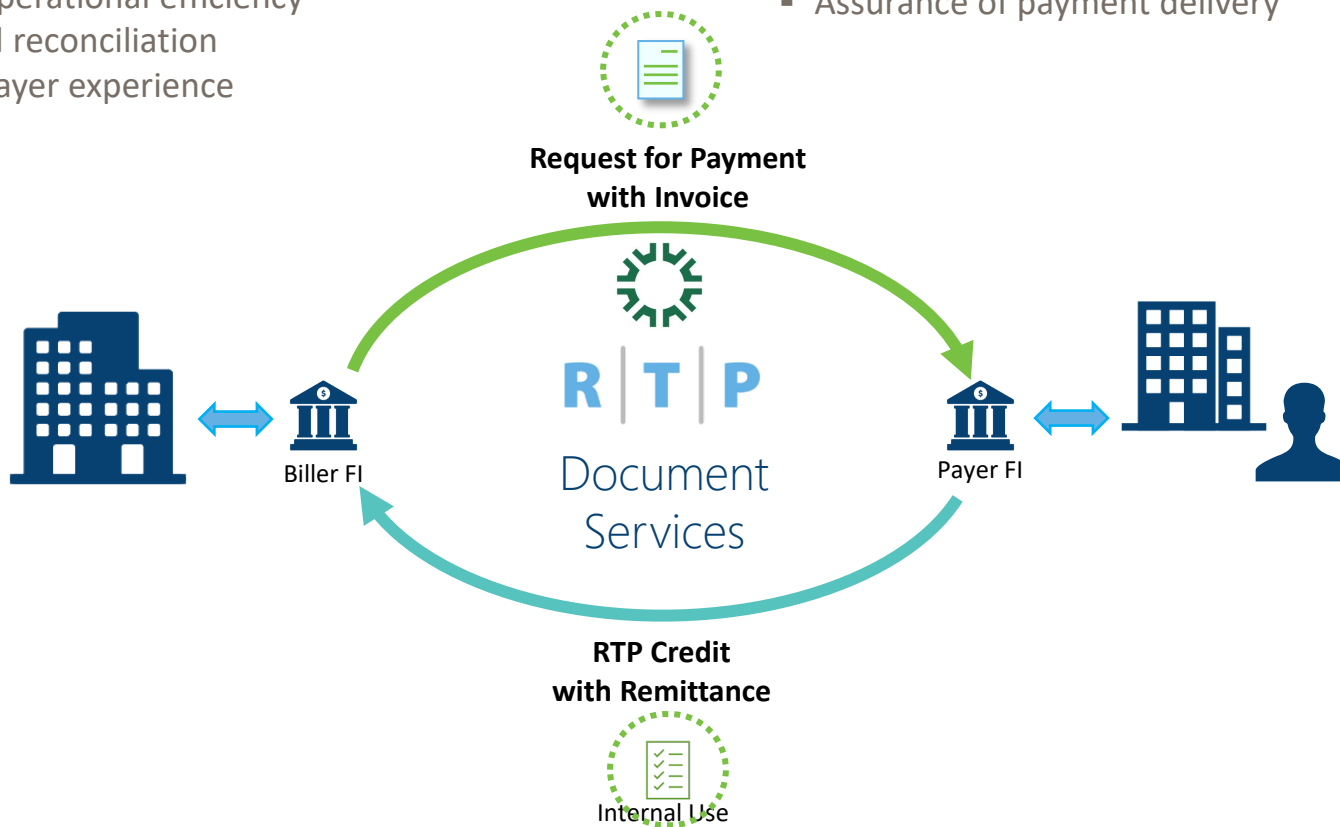
RTP® with Document Services

Biller/Supplier

- Secure channel to send full bills/invoices
- Secure channel to receive full remittance detail
- Improved flexibility in content sharing (pdf, xml)
- Lower cost of bill/invoice presentment
- Increased operational efficiency
- Streamlined reconciliation
- Improved payer experience

Payer/Buyer

- Secure channel to receive full bills/invoices
- Secure channel to send full remittance detail
- Contextual linkage for payment and information
- Enables payment automation and accuracy
- Assurance of payment delivery





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