

REAL-TIME PAYMENTS: WHAT YOU NEED TO KNOW NOW

The convergence of mobile technology and digital commerce is leading to real-time payment innovation around the world. Many countries have already deployed or are committed to developing “faster payment” systems to accelerate the movement of money, allowing transferred funds to be available to recipients immediately. While the United States market has seen a recent increase in the development of innovative payment products, RTP[®], The Clearing House’s real-time payments system, represents a new phase in the evolution of digital payments. It also marks the creation of the first new payment system in more than 40 years.

PNC’s Role in RTP

As one of the primary bank owners of The Clearing House (TCH), PNC is taking a leadership role supporting TCH as it completes the development of a real-time clearing and settlement system designed to support the needs of businesses, consumers and government.

THE RTP SYSTEM’S CAPABILITIES RESPOND DIRECTLY TO FEEDBACK RECEIVED IN PNC’S 2017 CLIENT SATISFACTION SURVEY.

65% of respondents ranked improving cash flow as a priority. With RTP, billers can predict with greater certainty when they will receive their payment. RTP invoices can be presented and paid within seconds, and RTPs can replace cash and checks, adding security and reducing fraud.

50% identified accelerating receivables. RTP enables a complete contextual conversation about the full payment life cycle. RTP extended messaging can drive greater internal organizational efficiency by helping to eliminate manual reconciliation and accelerating communication between biller and payer. RTP transactions can be received 24/7/365.

How RTP Differs from Traditional Payment Methods

This entirely new payments and messaging system is commonly referred to as **RTP**. System participants in RTP will be able to send and receive funds immediately at any time — 24 hours a day, 7 days a week, 365 days a year. Along with instant delivery and availability of funds to the receiver, the payer will receive confirmation of funds delivery. Robust messaging capabilities will allow for two-way dialogue between payer and receiver to clarify payment details.

RTP will further differentiate itself from other payment systems by supporting a unique message type — Request for Payment. Request for Payment provides a new way to support business-to-business (B2B) trading partners and business-to-consumer (B2C) billers and payers. Recipients of a Request for Payment can evaluate the request together with related invoice details presented to them by their bank. Payers can easily accept the request and generate payment or deny the biller’s request if deemed unacceptable, an action that notifies the biller of the decision.

Payments received in response to the Request for Payment travel together with the invoice/remittance detail, making reconciliation simple while reducing associated overhead costs.

Key Attributes of RTP

The use of ISO 20022 global standards as the basis for the TCH system will facilitate interoperability with other real-time payment systems to support cross-border payments in the future.

RTP provides:

- Credit transactions only
- An initial threshold of \$25,000 per transaction
- Receipt of payments at any time
- Final and irrevocable payments
- Instant availability of funds
- End-to-end immediate payment confirmation
- Enhanced data transfer and messaging capabilities using ISO 20022 — the global standard for payments and related messaging — to facilitate messaging between participants:
 - **Request for Information (RFI)** messaging allows real-time information exchange between biller and payer, similar to text messages.
 - Payment messaging supports inclusion of extensive invoice/remittance data.
 - **Request for Payment (RFP)** messaging allows presentment of invoice details along with payment amount due.

Incremental Business Value Created by RTP

Improves the customer experience because it:

- Creates the ability to generate refunds and claim payments with speed and efficiency
- Reduces customer inquiries regarding payment status
- Delivers Request for Payment to your customer with invoice details and a convenient option for replying with payment

Streamlines interactions between trading partners by:

- Accelerating the delivery of goods and services to you or your customers in cases when goods will not ship or be delivered until payment is received
- Providing an ideal payment option for cash-on-delivery arrangements
- Linking invoice and payment details to allow for automated reconciliation
- Allowing for posting and messaging capabilities facilitating dialogue between parties to streamline clarifications and adjustments with a supporting audit trail of all correspondence
- Facilitating frequent communication between billers and payers about invoice receipt, payment status and remittance detail

Emergency payments any time, day or night:

- RTP can support immediate distribution of funds for disaster relief.
- RTP can help to eliminate late fees or service disruption when immediate payment is needed.

PNC and RTP Plans

PNC clients started receiving RTP credits in late 2017 and will be able to take advantage of all RTP features in 2018.

- RTP credits were integrated into all of PNC's Treasury Management Receivables reporting services, allowing clients to easily update their A/R systems with this new payment type.
- RTP origination will be made available via PINACLE®, PNC's top-rated corporate online and mobile banking portal, as well as direct transmission and API upon full deployment of RTP in 2018.



READY TO HELP

At PNC, we combine a wider range of financial resources with a deeper understanding of your business to help you achieve your goals. To learn more about how we can bring ideas and solutions to you, please contact your Treasury Management Officer or visit pnc.com/treasury.

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