



How Utility Companies Are Using Faster Payments

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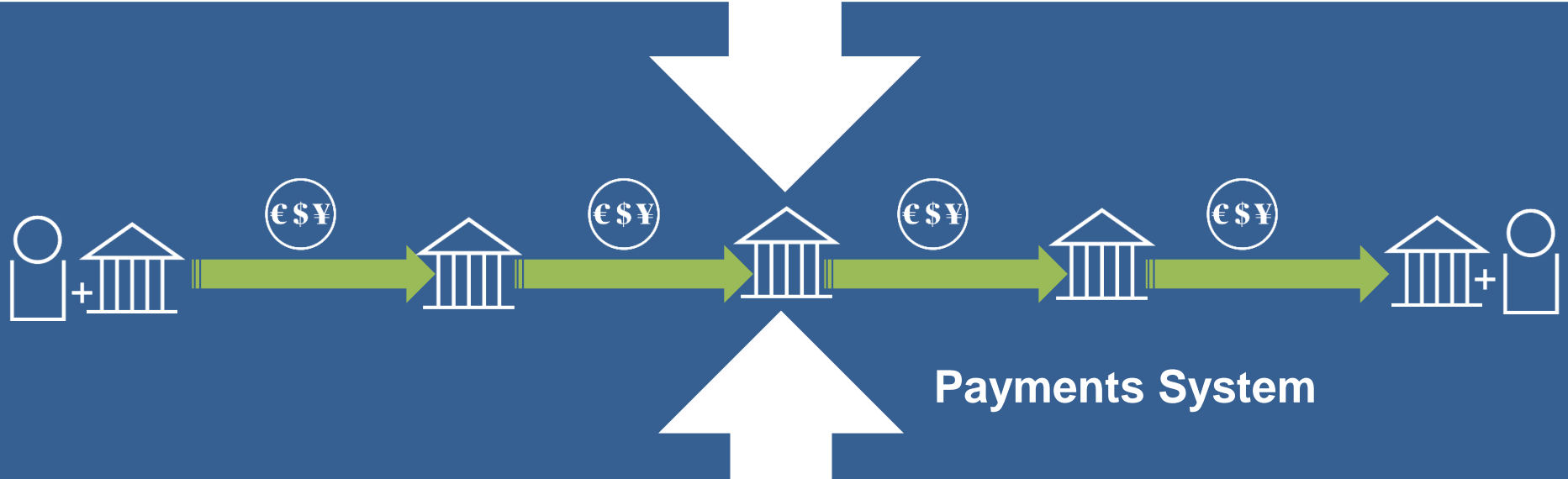
Agenda

- Introduction
 - How redesigning payment capabilities can meet the demand for faster, more transparent and more cost-effective ways of executing payments
- Overview
 - The demand for faster payments
- Panelist insights
 - Shifting to the Zelle Network[®]
 - Using a tokenized payments solution to process refunds
- The trend for Real-Time Payments
- U.S. adoption rate
- Applying the Real-Time Payments Request for Payment message as a collections resource
- Summary and resources





Growing Pressures on an Imperfect Payments System

Market Forces...

-  Millennials with New Expectations
-  Advancing Technology
-  2008 Financial Crisis
-  Growing Regulation
-  Fraud & Cyber Attacks
-  Globalization of Trade Flows



Traditional Challenges...

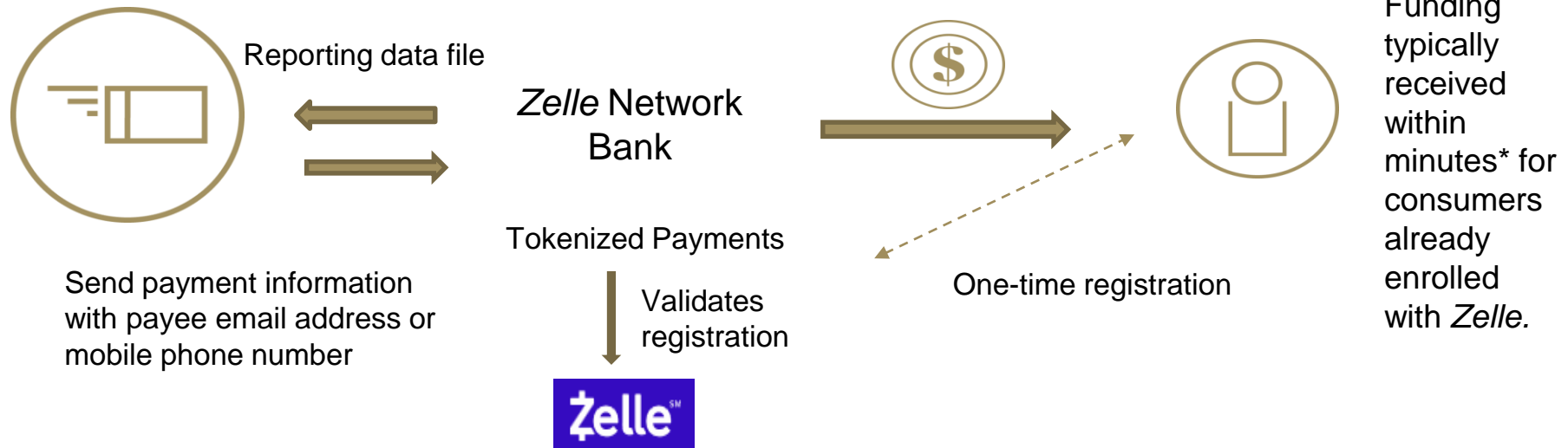
-  Risk
-  End to End Cost
-  Timeliness
-  Client Experience
-  Transparency
-  Managing Payee Information

Tokenized Payments[®] – now available with Zelle[®]

Provide quick notification and fast payments to consumer accounts at almost any U.S. financial institution.

Originate Business to Consumer Payments

- Without needing consumer banking information
- To **almost any** consumer who has an account with a U.S. financial institution
- With quick notification and settlement either within minutes or 1-3 days



* Transactions typically occur in minutes for recipients enrolled in Zelle. If a recipient is not enrolled with Zelle, it could take 1 to 3 business days to receive the money once the enrollment is completed.

What is Zelle® and How Does it Work?

- The *Zelle Network* is owned by Early Warning Services, LLC.
- Early Warning Services, LLC is, in turn, owned by a group of U.S. financial institutions.
- *Zelle* acts as a real-time messaging platform between U.S. financial institutions and does not itself settle transactions.
 - The transactions that settle as part of this service are processed through the ACH network (ACH credit) or the debit card networks through Visa® and/or Mastercard®.





Panelist Insights

- Shifting to the Zelle Network[®]
- Using a tokenized payments solution to process refunds

Real-Time Payments in the U.S.



Powering Smarter Payments

The Clearing House's Real-Time Payments

Real-Time Payments provides businesses and consumers the ability to send and receive funds immediately 24/7/365 directly from their bank account

Features

- Credit push only (\$25K limit)
- Irrevocable
- USD domestic payments
- Real-time messaging
- Immediate notification and funds availability
- 24/7/365
- Directory services
- ISO 20022 formatting

The first new payments system in the U.S. in more than 40 years

Developed by The Clearinghouse in conjunction with key bank participants

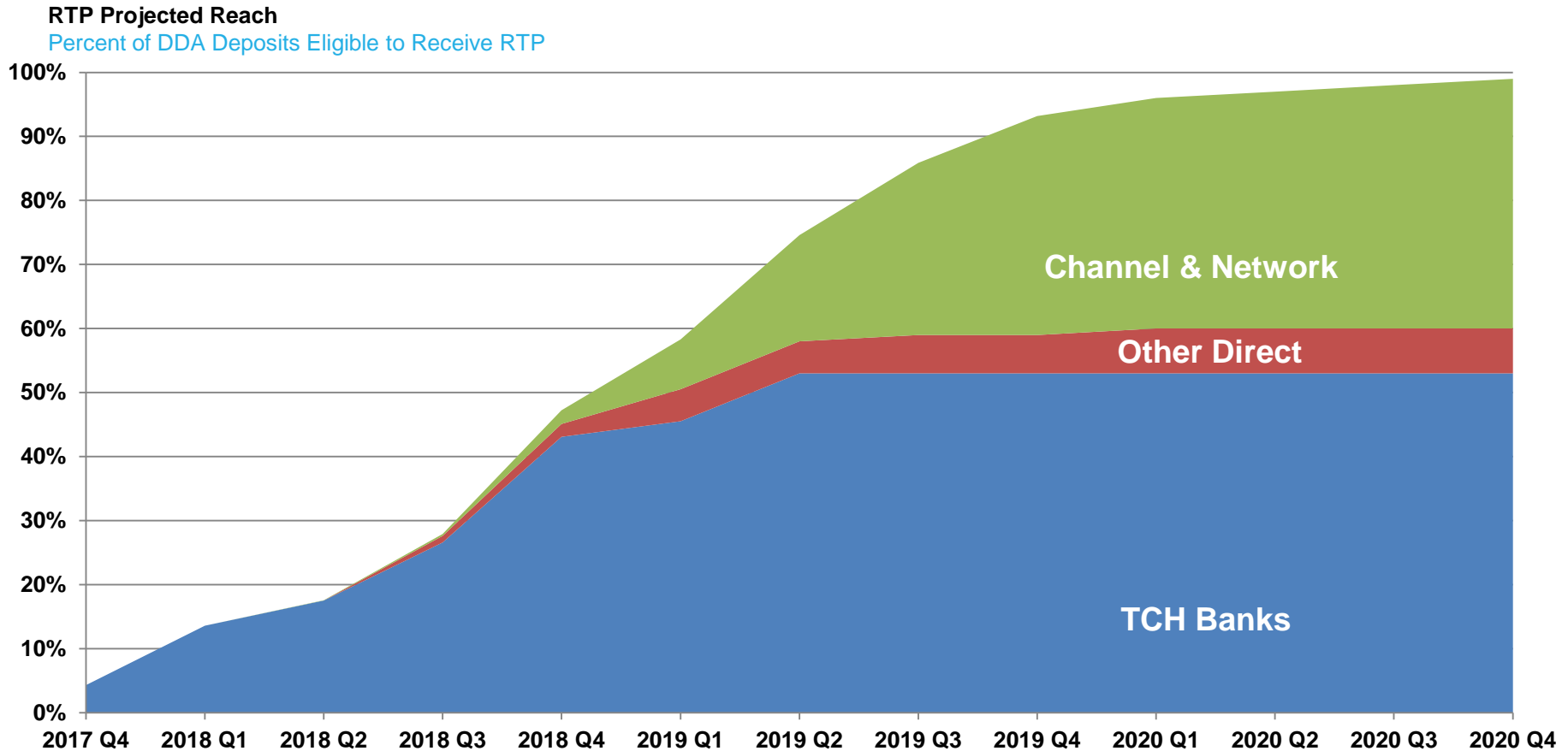
Real-Time Payments provides the ability to send and receive USD immediately 24/7/365

The first U.S. Real-Time payment was processed on November 14, 2017

for Payment:

Real-Time Payments Path to Ubiquity

Goal: Reach Ubiquity in the U.S. by 2020



Projection based on target dates provided by TCH Banks, discussions with potential Direct FIs and estimated Channel ramp-up capacity

Real-Time Payments Use Cases

Business to Business

Urgent Payments

Conditional Payments

Payments After Hours

Contingency Option

Business to Consumer

Refunds and Rebates

Insurance Claims

Emergency Payroll

Investment Distributions

Disaster Relief

Loan Distributions

Consumer to Business

Late/Due Bill Pay

Premium Payments

Ecommerce/ POS

Investment Acct Funding

Utility Payments

General Services

Person to Person

Friends and Family

Informal Services

Account-to account Transfers

To/From Government

Tax Payments

Government Distributions



Applying the Real-Time Payments Request for Payment Message as a Collections Resource

Real-Time Payments (RTP): Request for Payment (RFP) Message

Revolutionizes the receivables process. The messaging and payment collection occurs in a single processing channel.

- **RFP** – A real-time message requesting payment from the receiver of the message.
 - Does not transfer value.
 - Requires the receiver of the message to approve the request for their financial institution to return an RTP credit transfer.
 - Allows for 140 characters of information; you may input a desired due date in the message.
 - Example: “Please pay your bill that has a current balance of \$124.25 by 12/01.” The receiver of this message will get an “approve or reject” decision from their bank.
- **Remittance Advice (Optional)** – An optional message type that is sent along with an RTP RFP to provide additional details regarding the request (e.g., invoice information, etc.).
- **Response to Request for Payment** – The receiver of an RFP may accept or reject the message.
 - Acceptance will result in an RTP Credit Transfer receipt using the same Instruction ID as the original request.
 - A rejection message can include either standard or custom replies. The receiver is not obligated to reply or approve an RFP.



Summary

- Applying faster payments processing to your company
- Resources:
 - <https://www.zellepay.com/>
 - <https://www.theclearinghouse.org/payment-systems/real-time-payments>



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