A guide to real-time payments
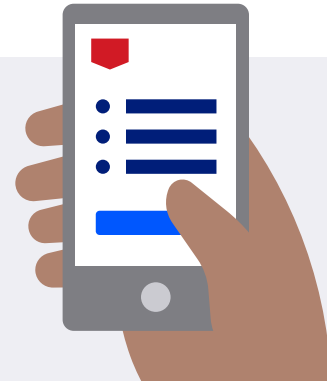
What you and your company need to know about RTP

It has been 150 years since the first payment transaction crackled over a telegraph wire, bonding finance, technology, banks and their customers in an ever-evolving relationship.

The modern economy is not simply automated – it's comprehensively digital, demanding immediate access to funds and reconciliation across business functions.

Real-time payments allows companies to instantly send or receive money between vendors, suppliers and consumers and make immediate payments up to $1 million. Whether it's the weekend, a holiday, midnight in New York or dinnertime in Hawaii, the time or place doesn't matter. The network is always on, 24/7/365.

Businesses can manage payments, cash flow and rich data through the RTP® network. Leveraging real-time payments won't only better your business, it can also transform and unlock company-wide innovation to gain a competitive edge.

RTP can be used for transactions up to $1 million
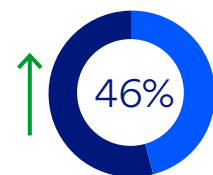
What is the RTP® network?

The RTP network is a digital payment rail operated by [The Clearing House](#) (TCH). The private-sector payments company is owned by a consortium of the largest commercial banks in the country, including U.S. Bank.

All federally insured U.S. depository institutions, which account for 75 percent of the nation's demand deposit accounts (DDAs), can join. The payment network already reaches 61 percent of U.S. DDAs. Payers (sender) and payees (recipient) using financial institutions in the RTP network can send and receive real-time payments and data.

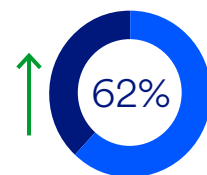RTP transaction and revenue volume is growing rapidly:

Q2 2022 **transaction volume** of
41.2MM

46%

increased 46% over Q2 2021

Q2 2022 **revenue volume** of
$18.3MM

62%

increased 62% over Q2 2021

Did you know…?

Japan developed the first real-time payment solution in 1973.

60+ countries have real-time payment solutions.

The creation of the RTP network in 2017 brought the United States into the rapidly growing real-time payments revolution.

U.S. Bank participated in the first RTP transaction on November 14, 2017.
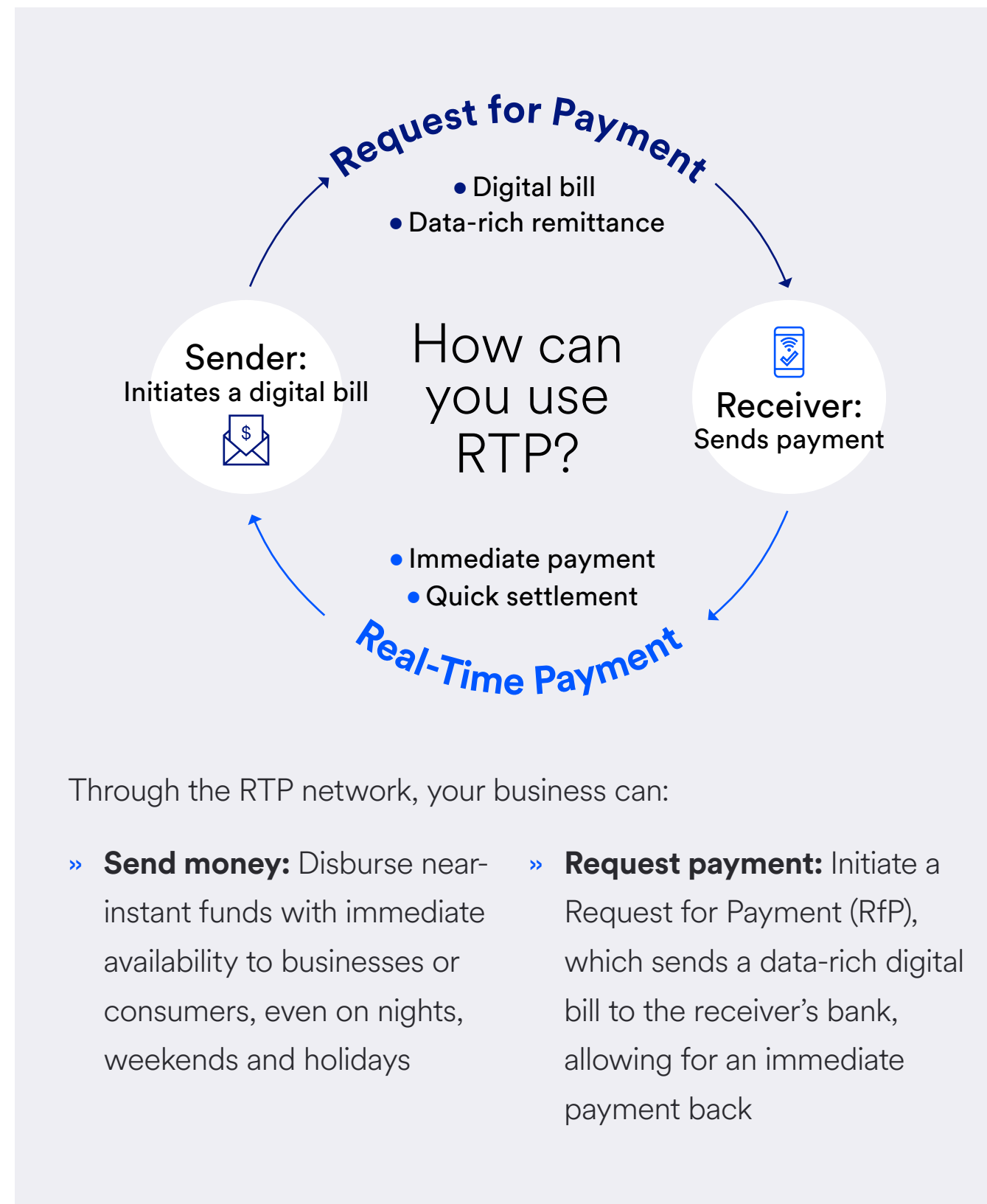
Real-time payment options in the United States will expand in 2023 with the introduction of FedNow by the Federal Reserve.

How does RTP work?

RTP connects payments and data in a single, transparent transaction for business-to-business (B2B), business-to-consumer (B2C), consumer-to-business (C2B) and peer-to-peer (P2P) payments.

RTP payments are pushed from the sender's bank account directly to the receiver's, providing a more secure transaction. RTP also lets businesses send a digital bill (Request for Payment) to facilitate immediate payment and improve straight-through processing. Because real-time payments are irrevocable, senders cannot claw back or reclaim payments.

Request for Payment
- Digital bill
- Data-rich remittance

Sender:
Initiates a digital bill

How can you use RTP?

Receiver:
Sends payment

- Immediate payment
- Quick settlement

Real-Time Payment

Through the RTP network, your business can:

» **Send money:** Disburse near-instant funds with immediate availability to businesses or consumers, even on nights, weekends and holidays

» **Request payment:** Initiate a Request for Payment (RfP), which sends a data-rich digital bill to the receiver's bank, allowing for an immediate payment back

What is data-rich messaging?

RTP provides process automation and simplification by aligning with the global ISO 20022 standard, along with two-way data-rich messaging. These detailed messages enable straight-through processing and speedy reconciliation.

Capabilities include:

» **Credit transfer** – Moves money to a recipient and provides 140 characters to detail transaction

» **Request for Payment (RfP)** – Sends a payment request to a business or consumer; recipients can initiate payment or decline the request

» **Request for Information (RfI)** – Requests information to facilitate reconciliation and links messages to preserve conversation

» **Payment acknowledgement** – Confirms payment acceptance to sender and optional messaging about account status

» **Confirmation** – Generates message to sender and recipient that transaction was successful

» **Remittance Advice** – Details payment and additional customer data as a single conversation

» **DDA Tokenization** – Issues tokens through Secure Token Exchange, an optional capability, to stand in for real account numbers when sending or receiving payments and reduce the potential for theft and fraud

» **Document Exchange** – Provides access to PDF or XML documents such as bills, invoices and remittances as part of an RTP payment or request for payment message

The unique features of RTP not only streamline payments, but also help reduce fraud often associated with paper-based payments, batch ACH and traditional wires. It is a credit-only system that blocks access to payment rails in which money can be pulled out.

RTP also allows for rapid payment confirmations, reduced reconciliation costs, faster account openings and improved cash flow.

What is the value of RTP?

Immediate
Funds are immediately available to the receiving person or business

Certain
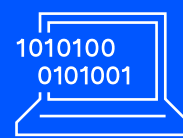Every payment is final, irrevocable and confirmed in near real time.

Easy
Initiating payments is simple, ensuring an optimal customer experience.

Reliable
Fast and secure transactions mean more visibility and control over cash flow.

Data-rich
Rich payment and remittance data reduces manual reconciliation.

Always on
Transactions can be completed 24/7/365, even weekends and holidays.

How does RTP fit into the future of payments?

The COVID-19 pandemic thoroughly disrupted payments. It motivated companies to pivot toward faster transactions that are now baked into consumer expectations. And now, RTP is gaining traction across several industries.

Recent research from U.S. Bank shows that 38 percent of companies are using RTP and 18 percent are committed to adopting the payment system within the next two years. By 2024, 56 percent of companies will be using RTP in some capacity.

Built for today's demanding economy, RTP empowers companies to take control of money movement and support a diverse range of payments, from bills and refunds to vehicle sales and real estate deals.

Leverage RTP to take control of your money movement, elevate your current tools and capabilities, and drive transformation in your front-office customer experience and back-office operations.

Contact us to get started