

The Clearing House's RTP® Network

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What is RTP®?

The Real-Time Payments network (RTP®) has been one of the most significant advancements in western banking technology in recent years. As the name suggests, payments deployed on the RTP® network are processed in real-time. This infrastructure, the first of its kind in the history of US financial services, was launched in November 2017 by The Clearing House (TCH) to bring real-time payments to the US. By allowing money to be transferred via a credit transfer between any two parties connected directly, or indirectly, to the RTP® network, TCH's innovation allows for immediate settlement to occur irrespective of geographic location*, bringing a level of convenience, accessibility, and security that has revolutionized the landscape of financial transactions. The RTP® network also enables consumers to send “request for payments”, or RfPs, to one another, providing a safe, “debit-equivalent” method for transaction originators and participants.

Why did The Clearing House start RTP®?

Prior to 2017, businesses across the US relied on non-API bank rails for their incoming and outgoing financial transactions. The newest of these rails, ACH, is 49 years old. Wire transfers are even older; SWIFT messaging started in 1973 and Fedwire dates back to 1918. Although these types of transactions, via wires and ACH, remain dependable modes of money movement, they fail to offer immediate settlement of funds, a growing pain point for many. Millions of people tied to these financial systems are often required to wait days, even weeks, to ensure their transactions are accurately processed, creating a number of barriers. Delayed settlements not only inhibit a business's ability to deliver goods and services, which impacts day-to-day turnover, scale and business growth, but it also creates a cumbersome, real-time, cash flow management system.

TCH's innovation addressed these major shortcomings, creating an entirely new opportunity in the world of payments within the US. TCH's RTP® network has ultimately become known as a low cost, faster payments solution.

“Today the RTP® network's real-time payment capabilities reach 65% of U.S. DDAs.” The Clearing House

Key Benefits of RTP®

Money movement via RTP® improves transparency and confidence in payments, helping consumers, banks and businesses manage their money.

Increased Efficiency and Immediate Availability of Funds

Real-time payments offer a faster mode of payments, 24/7/365. A business that utilizes RTP® to transact with customers and vendors benefits from operational cost savings, improved cash flow, and immediate settlement of funds.

Improved Cash Flow

With RTP®, businesses can expect immediate payment from customers, thereby improving liquidity and providing them with the flexibility to spend and manage their operations.

Reduced Risk

The risk associated with payment delays and potential fraud is greatly reduced when leveraging the RTP® network. Banks and financial institutions can utilize risk mitigation techniques, such as compliance and fraud monitoring, to reduce potential losses incurred from any illicit activities. The RTP® network is also credit push only meaning that funds cannot be “pulled”. This process was designed to mitigate the inherent risk associated with faster money movement.

Improved Customer Experience

RTP® allows businesses to quickly process customer payments, leading to a positive customer experience. Customers can enjoy immediate fund settlement, thereby ensuring faster receipt of purchased goods or services, and increased satisfaction with the merchant’s service.

Payment Certainty and Good Funds Model

While there are processes in place to host FI to FI communication in instances of erroneous fund returns, sending FIs are unable to revoke or recall a payment once it has been authorized and submitted to the RTP® network. As a reminder, transactions can only be processed via RTP® with sufficient funds present in the withdrawal account.

Network Safety and Monitoring

As The Clearing House takes on a requisite role, it is highly regulated and is regularly examined by supervisory staff from the Board of Governors of the Federal Reserve System (FRB), Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC).

High Transaction Limits

With RTP®, transact with a credit transfer limit of \$1 million.

Accessibility and Reach

The RTP® network was designed to address unmet customer needs across all user types. These include B2B, B2C, C2B, P2P, A2A, and G2C use cases for consumers, businesses, as well as the government. Additionally, all federally insured depository institutions, regardless of size, can participate on the RTP® network, helping to broaden the reach and impact of faster payments.

Adaptability

TCH built RTP® with a flexible architectural foundation to ensure technological adaptability and strengthened response times to shifting market needs. Some of its' most recent feature launches are highlighted below.

Some Common Use Cases

B2B real time transactions

Invoicing

Payroll (earned wage access)

Insurance payouts

Fiat off ramp

New Features That TCH has Launched

As TCH continues to understand the faster payments model from its customers' lens, it is working to provide additional features to the RTP® network, enhancing its parameters and driving stronger adoption rates.

To put things into perspective, real-time payment transactions volume in the US hit 1.8 billion in 2022 and is said to increase to 8.9 billion by 2026. This significant jump in business and consumer adoption is likely a consequence of TCH's continual innovation as well as the generally shifting trends towards sending and receiving instant payments. It is worth noting that while TCH was not the first to create the concept of real-time payments, RTP® has shown stakeholders, over_time, the possibility and power of a faster payments' world.

Notable features that TCH has recently launched include “DDA tokenization”, a stride towards even higher levels of security, and “Document Exchange”, providing a convenient search option to access PDF or XML documents associated with any RTP® or RfP messages.

Cross River's Partners Using RTP®

Trustly

Dwolla

Plaid

Paymints.io

Marlette

Other Modes of Faster Payments

FedNowSM

Push-to-card

XPay (intrabanking)

Same-day ACH

*Domestic within the US only