



MY PERSPECTIVE

# Corporates See RTP Network as Innovative Platform for Improving Customer Experience

BY JIM COLASSANO, TCH

When it comes to understanding the real-time payments revolution now underway, corporate customers are a good gauge of what this new wave of payments innovation will offer to consumers and businesses. Many businesses are far ahead on the learning curve in terms of what this next generation of payments innovation offers. In fact, we've experienced that once companies understand the benefits provided by real-time payments, it's hard to slow them down.

It's worth noting that it hasn't always been this way. When corporates first started to discuss the options for faster payments a few years ago, the concept of conducting payments in real time was interesting, but not *compelling*. Some companies even felt that real-time payments might be a "solution in search of a problem" and that such a system might be overly-complex.

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If financial institutions and The Clearing House, which launched the RTP network in 2017, had accepted the corporate's initial reaction it would have been a major error. In looking back now, we see that, as is often the case, new technology, especially something that is radically different than existing solutions, is often met with skepticism. Further, like many innovative ideas, it often takes time for the true power of new innovations to be fully understood. One might perhaps recall erroneous negative predictions about the prospects for mobile phones or, later, the smartphone (including the iPhone).

When it comes to the emerging real-time payments revolution now underway, in our experience, the more corporates learned about the RTP network, the more they liked it. TCH has had the benefit of gaining insights on this highly important group of payments systems users through regular engagement with regular engagement with representatives of corporations of all sizes. Specifically, in 2017, he Clearing House launched its RTP Network Corporate Advisory Group, consisting of an array of corporate users bringing various perspectives to the table. When the group first met, its members simply came to learn more about TCH's new real-time payments offering, the RTP network, which is the first new payments "rail" in the United States in over 40 years. At the time, most were waiting for use cases for the RTP network to develop, saying almost universally: "We need our banks to work with us to find applicability for RTP payments."

Working with this group since its founding, we can say that the members of the RTP Corporate Advisory Group are not bashful. They've been open, transparent, and exceptionally engaged about what the RTP network means to them and why it matters to the companies they represent. The companies they represent are large and small, and they come from a wide spectrum of industries. By no means was everyone in the room a payments expert – that was by design.

The group's 15 members, from a variety of U.S.-based companies of varying sizes, quickly grasped the significance of real-time payments coming through the RTP network, and in less than a year they began to develop business cases where the RTP system would serve a foundational role. In brainstorming sessions at the 2017 Corporate Advisory Group meeting, the use cases were almost exclusively low-volume payment "pain points," such as payments that were cash-based or payments with unique timing requirements (such as paying entertainers or staff at sporting events), that could be solved with the immediacy and irrevocability of the RTP network.

Of note, in 2018, the use cases came to be more focused on the precision of payments versus their speed. Comments such as “you can make payments exactly when they are due, right down to the second” and “the money actually moves instantly, without any settlement risk” became commonplace. At this point, it was clear the applicability of real-time payments was becoming more apparent to corporate users. “With the RTP network, we’ll know immediately that the payment has been received by the beneficiary – as opposed to only knowing when it doesn’t get there,” said one Advisory Group member. Also maturing were use cases that afforded new competitive opportunities – an example would be gig economy payments to specialized contractors that would attract the contractors to the hiring organization based on the speed of the payment.

Many of the ideas capitalized on the RTP network’s messaging capabilities and the real-time characteristics of RTP payments, such as an instant refund to a consumer with a service issue or a rebate to a customer. The conversational nature of messaging on the RTP network is perfect for enhancing the customer service component of any payment-related service encounter. Using the request for payment capability on the RTP network, billers are assured that they will get payments that are “ready to post” to their accounts receivable systems.

After a year of learning how solutions based on the RTP network could be applied to their business, all of the Advisory Group members said they were now ready for payments on the RTP network (for comparison, in 2017, only one-third of the group said they were ready). In other words, given a year to learn more about the RTP network and its potential for their companies, some members of the Corporate Advisory Group were launch-ready, others pilot-ready. What was readily apparent was that no voices in the room were questioning the importance of the RTP network, and the value provided by the system’s speed and functionality, for their company.

For example, during the group’s summer 2018 meeting, even the more skeptical corporate practitioners from a year earlier (“This is interesting, but there’s little application for my company.”) had made lists of pilot-ready and immediately valuable use cases for the RTP network, including student tuition refunds, high-risk vendor payments, internal payments between divisions, patient trials, and same-day exception payments. One practitioner noted that his research after the 2017 meeting revealed more than 12,000 payroll exceptions annually, more than 3,000 of them made with expensive wire transfers.

Across the board, this group of corporate practitioners made clear that the RTP network is fundamental to the future of payments and to their company’s success. In short, this group has transitioned from “curious observers” to “engaged advocates” to “enthusiastic early adopters.” Today, members of this group and corporates nationwide are aggressively pressing their banks, and each other, to launch early-stage programs within their company across a variety of payment applications such as payroll, refunds, contractor payments, and emergency payment requests.

## RTP ENGAGEMENT AS A PROXY FOR INNOVATION

Innovative companies are always looking for services and tools that can help them create more value for their customers and partners. To the RTP Corporate Advisory Group, the RTP network stands for innovation, especially when it comes to measuring banking partners on their ability to offer innovative products and services. In other words, members of the RTP Corporate Advisory Group are increasingly using RTP engagement, readiness, and expertise as a proxy for a bank’s overall innovation and technology capabilities.

Members of our corporate group strongly expressed that the RTP network will fundamentally change their industry, and they are starting to act accordingly. “I can’t afford for our bank to be late to the game,” said one member of the

### JAMES M. MR. COLASSANO

James M. Mr. Colassano is a Senior Vice President in the Product Development and Strategy group at The Clearing House. He has over 25 year of experience in the payments and cash management business, and joined TCH in 2016 to assist in the build out and launch of the RTP® network. Before joining TCH, Colassano spent 10 years with HSBC as a product executive in their Payments and Cash Management group. Prior to joining HSBC, he spent 15 years with JPMorgan Chase in a variety of cash and treasury management roles. Colassano holds Masters Degrees in Banking and Finance from Pace University.

**RTP® CORPORATE ADVISORY GROUP  
MEMBER COMPANIES**

The participants in the  
RTP® Corporate Advisory Group include:

- Duke Energy
- Elytus
- Global Holdings
- Melio & Company
- Michigan State University
- Nationwide Insurance
- Sysco
- Trion Solutions
- Uber
- United Telemanagement Corporation
- Verizon

Corporate Advisory Group during a recent call when he announced that his organization was rebidding its entire banking relationship largely because its lead bank hasn't demonstrated leadership on the RTP network. While this may be a strong step, it is consistent with the consistent message from members of the Corporate Advisory Group that they want to hear about the RTP network from their banks, and they feel that they can't afford to miss the opportunity that the RTP network brings to their company.

**BRING US IDEAS**

When you ask corporates what's the most valuable thing a bank can do, the answer is always the same: "Bring us ideas." The RTP network is the perfect example of exactly what leading corporate practitioners demand.

The RTP Corporate Advisory Group consistently suggests the best way to present the case for RTP payments is to tell a story. Case studies from similar customers are the key to unlocking their creativity and uncovering RTP use cases.

Case studies, success stories, and customer testimonials have one thing in common – they're focused on why and what, not how. There's a place for the operational details, but it's not in the early stages of creating interest and demand. "Show me the painting before you tell me about the artist, the oils, and the brushes," commented one group member.

Members of the Corporate Advisory Group were clear on their advice for banks – position customers to see the value of the RTP network and its applicability, then move quickly to early adoption and tell the early adoption stories to drive further expansion. "Show me how RTP is working in a company like mine. I'm more interested in where it's working than how it works."

However, as more companies start to embrace the functionality of the RTP network and as word of the network spreads, the challenge to stay in front gets harder. Every corporate treasurer and payments leader has a boss. The last thing they want is for their boss to ask them why they're not using an innovative, game-changing tool such as the RTP network before they've had a chance to share their vision for how it can be used throughout their company.

**CUSTOMER EXPERIENCE RULES**

This is why most corporates are *not* approaching the RTP network as solely a payments opportunity. While payments – including major new innovations in the area -- are *interesting*, customer experience matters most. Not surprisingly, corporate internal priorities, project funding, and technology resource allocation reflects the desire to improve the customer experience. So it is no surprise that treasury advisers see the RTP network as a chance to enhance, or fundamentally alter, the customer experience. More than a few of our corporate advisors have their sights set on initiatives

that are driven and funded by the improvements the RTP network brings to their customer experience. An example is an immediate payment confirmation for a utility payment that would eliminate (or greatly enhance) a costly call center interaction.

Time after time, we witnessed the shift from their traditional treasury perspective to their overall corporate perspective. In fact, when we engaged the corporate practitioners in brainstorming sessions around the RTP network's applicability for their company, they focused almost exclusively on use cases that improved the customer experience, not use cases that saved costs or increased payments efficiency.

This is yet another example of how the RTP network will thrive on a non-traditional approach. Our treasury executives immediately challenged the "treasury-centric" approach in favor of a more "customer-centric" approach.

The Corporate Advisory Group has been engaged and supportive of the efforts of The Clearing House to work with the banks to reimagine current bill payment practices. TCH and the banks are working together to create innovative new solutions for payers and opportunities for billers. Similar efforts are underway in the business-to-business space and are being shaped by the Corporate Advisory Group.

Members were also quick to point out that the typical call with the typical bank would focus on "incremental payment improvement" idea generation. However, a completely different team and a completely different approach – from both the corporate user and the bank – is required for innovative "disruptive payment improvement" sessions. "Solving a pain point is interesting and valuable, but disrupting a business by revolutionizing the customer payment experience – that will create a network effect," said one of the group's members.

## A SEAT AT THE TABLE

Early adopters seek the company of early adopters. In the case of the RTP network, members of our group of potential RTP pioneers are very open about their quest

to find the right bank to give a seat at the table. One day, they will use the RTP network with all of their banks, but in the beginning, early-adopter banks will attract early-adopter customers.

One of the early observations from the corporate group after their first in-depth session on how the RTP network could be implemented was that RTP applications could be co-developed or co-invented. Use of the RTP network? would require an in-depth understanding of individual corporate payment and messaging practices, which would be best achieved by a joint development effort by banks and their customers. It's clear that corporate users are looking for banks to step up with innovative tools built on top of the RTP Network. "The effectiveness of the RTP implementation will be directly proportional to the banks' knowledge of my company," said one Corporate Advisory Group member.

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It's also interesting to hear what our group of corporate advisors asks each other. Among their top questions: "How will you choose the bank that gets the seat at the table?"

A seat at the table is up for grabs. If the feedback and actions of our Corporate Advisory Group are representative of other senior treasury executives, it's a valuable seat that's becoming more coveted every day. As one Corporate Advisory Group member said, "We work with plenty of banks, but we innovate with a very small group." As the RTP network becomes commonplace over the next few years, the table will get crowded. But for now, that table belongs to the banks ready and willing to help their customers innovate on the RTP network.