



A Mobile Economy

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The Clearing House Payments Authority

- January 1, 2016 business combination of The Payments Authority (41 years serving Michigan FIs) and The Clearing House.
- Covering Michigan, New York, New Jersey, Delaware, Pennsylvania, Northern Illinois, Puerto Rico, US Virgin Islands and Guam.
- Members include credit unions, banks, solution providers, core processors and companies.
- Resources support operations, branch personnel, product management, IT, compliance, senior management and boards.
- Offering education, hotline support, consulting, rules compliance audits, advocacy, publications and strategic direction.
- Find us at www.theclearinghouse.org.

Mobile Banking - *is a term used to refer to systems that allow customers of a credit union or bank to conduct a number of financial transactions through a mobile device such as a mobile phone or tablet.*

Typically offered through your online banking vendor, redesigned to fit a mobile screen. Account balances and transfers as well as other simple functions available.

Mobile Payments - *also referred to as mobile money, mobile money transfer, and mobile wallet generally refer to payment services operated under financial regulation and performed from or via a mobile device.*

Instead of paying with cash, check, or credit cards, a consumer can use a mobile phone to pay for a wide range of services and digital or hard goods.

Mobile Wallet – *definition still evolving, but most consumers believe it should replace the wallet they carry. Payment mechanism, identification cards, retail loyalty cards, health care information, car registration, coupons.....*

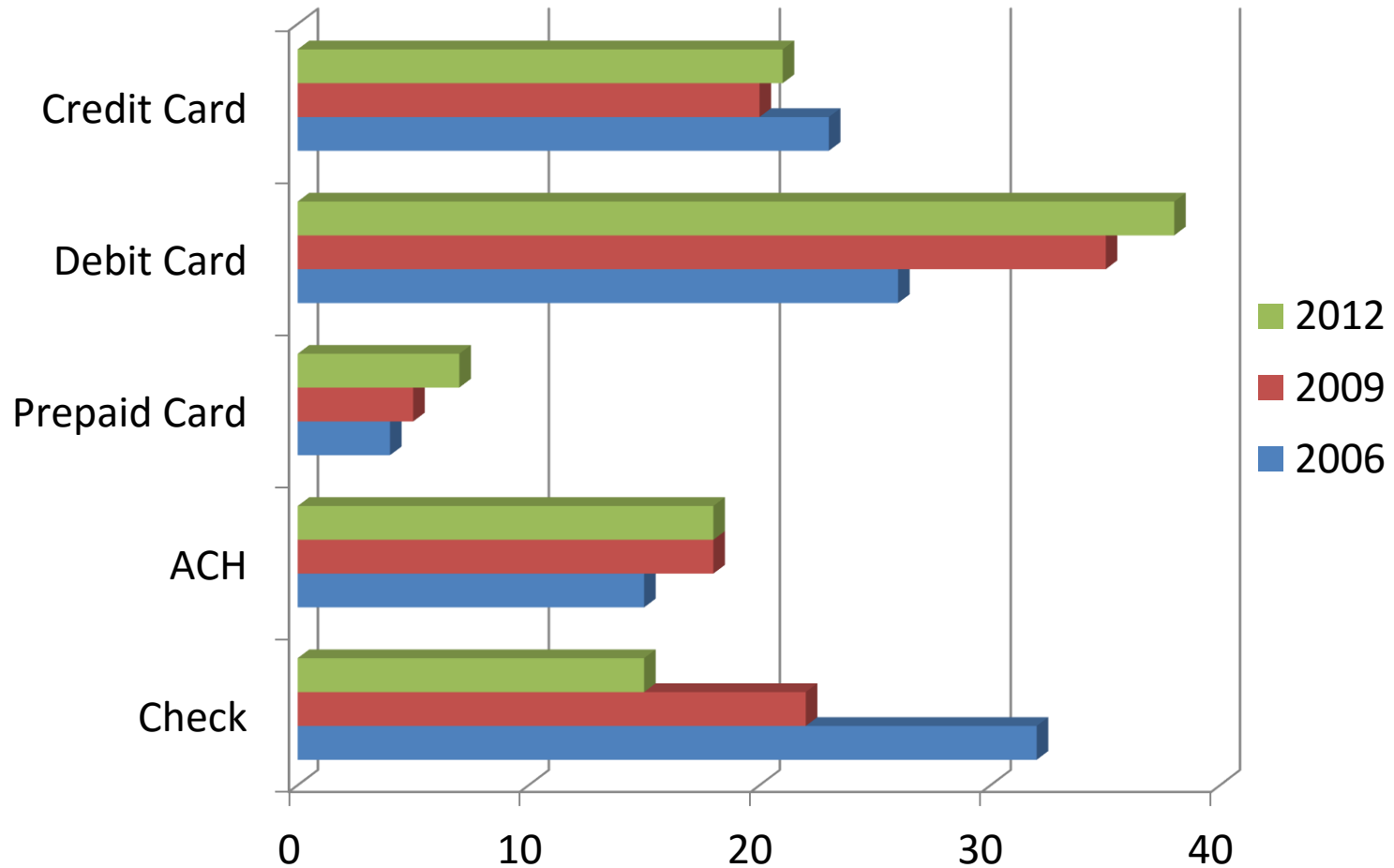
Platform and concept leveraged to support device specific payment capabilities.

**“27 percent of customers would likely consider
a branchless digital bank
if they were to switch from their current bank or
credit union.”**

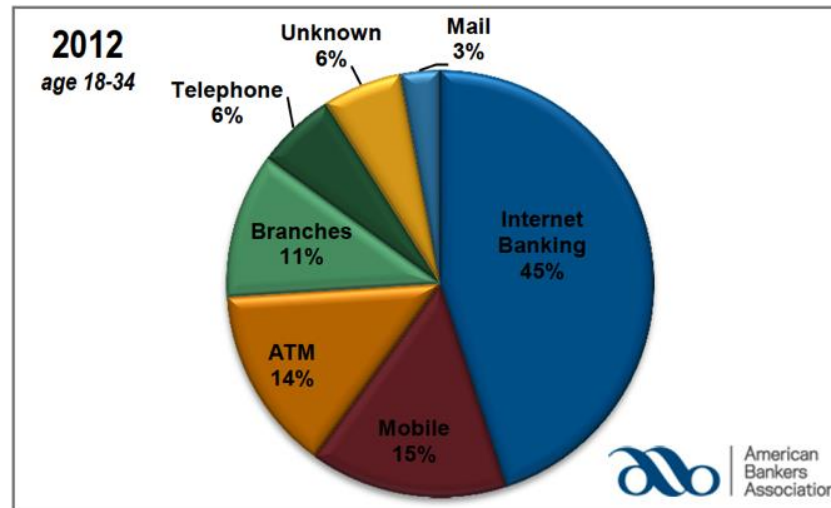
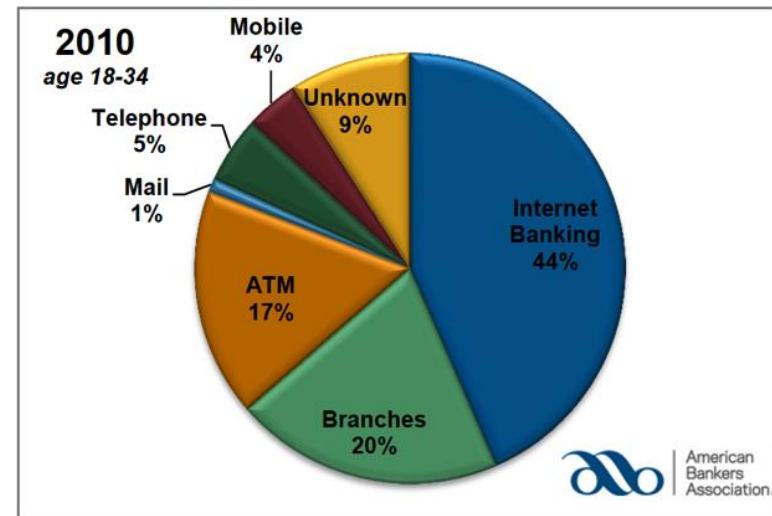
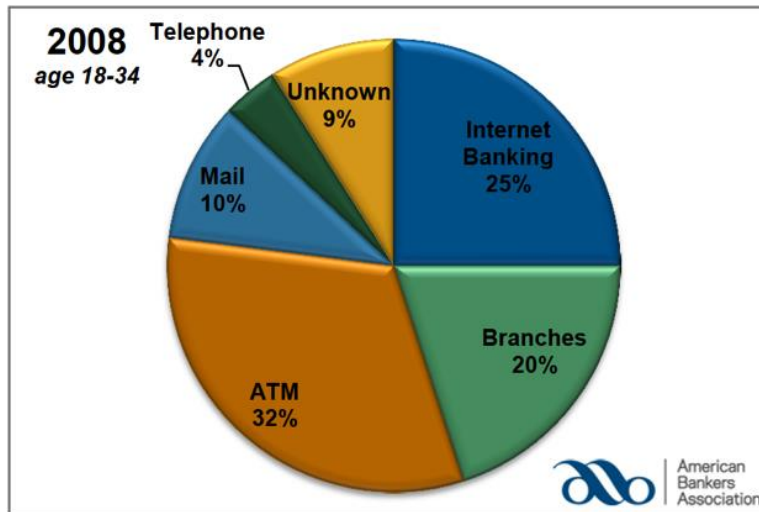
according to an Accenture report

*Consumers and businesses don't care
who's moving the \$\$\$
as long as it's EASY and SAFE...
or as long as they have recourse if it's not!*

Where are we?

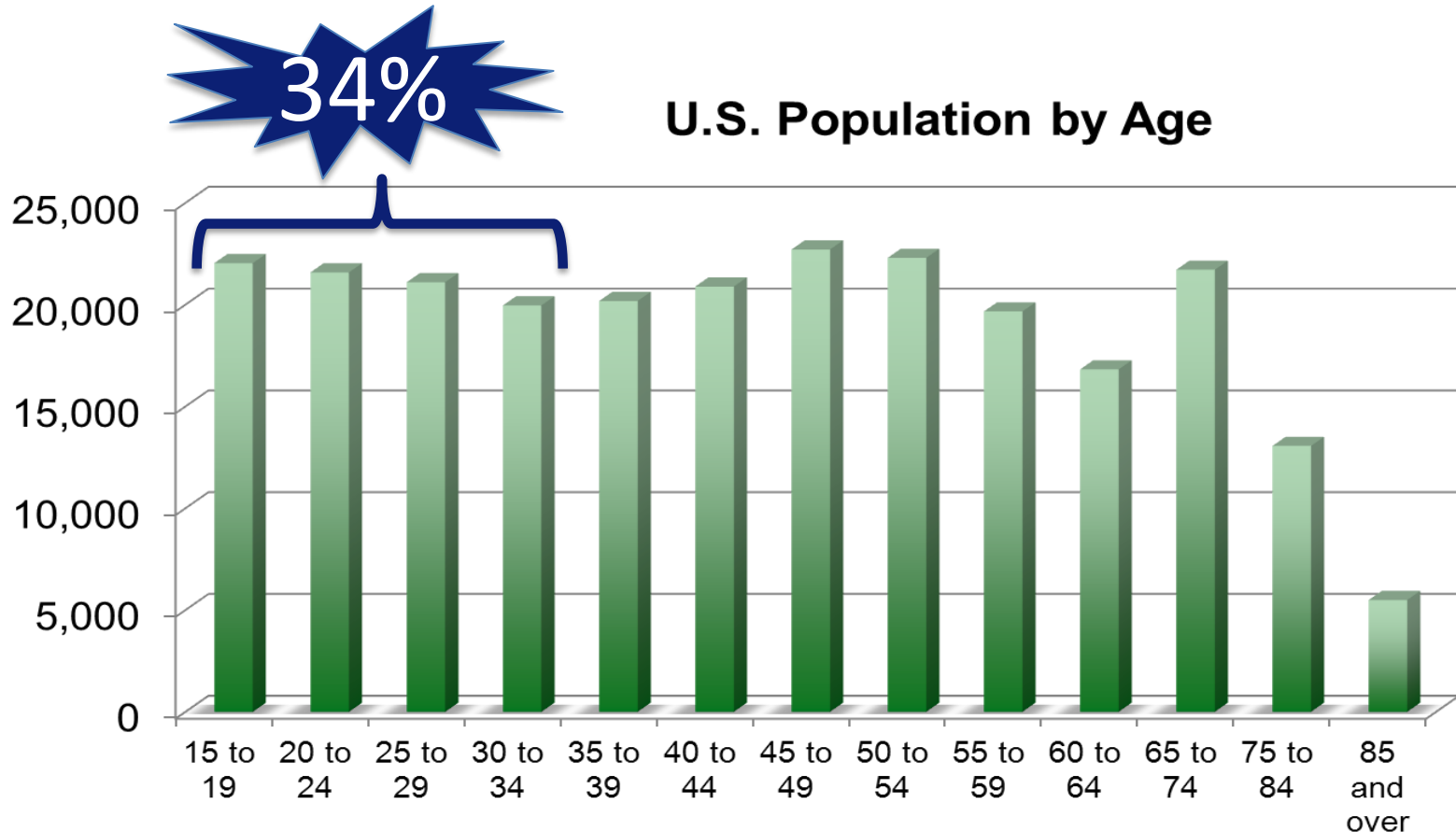


The Changing Face of Banking



Source: American Banker's Association, Consumer Survey 2012

Young Adults Changing the Face of Banking



Source: U.S. Census Data, 2010, census.gov

Fresh. Clean. Simple.



PayPal Here

PayPal Here, created by PayPal, is one of the easiest and most popular smartphone payment solutions. **It allows small businesses to accept payments anywhere.** It is a card reader with a low cost and no monthly fees. It supports Visa, Maestro, MasterCard, V Pay, and Visa Electron cards and therefore a majority of users can take advantage of paying through the PayPal Here App.

- Features:
- The PayPal Here app can be used to track the payments, including check, cash, invoices and receipts. You can link PayPal Here payments and eBay sales as well.
- The PayPal device is really attractive and thicker and the payment amount is clearly visible on the phone.
- When using the PayPal Here app on an Android smartphone, you need to have 2.0 Bluetooth version or higher.
- PayPal is one of the most trusted payment solutions for users and hence, you would get a lot of users to use this payment mode.
- The PayPal Here solution offers payment of additional tips as well.
- The account can be synchronized to bank accounts directly.
- Free or Paid: The app is free to use.



Google Wallet

Google wallet is a smart phone payment service developed by Google which you can use to transfer payments to other user accounts from your mobile device or computer. The Google wallet is **linked to your Debit card or bank account so you can use the wallet just like a virtual debit card itself for any electronic transactions**. This smart phone payment solution app is available for Android devices of 4.0 and above and iOS devices of iOS 7.0 and above.

- The user can also use a Physical Google wallet card which he or she can make purchases at stores with the money in their Google wallet account and also withdraw from ATMs using this card.
- This application allows users to send money to each other via Web, Gmail or their phones by just entering the phone number or email of the recipient.
- The user can link upto two bank accounts on the same Google wallet.
- The user creates a 4 digit PIN for managing the Google wallet and after the PIN gets verified, the transactions can be conducted through the smart phone.
- Google Wallet and Google Wallet cards can be used to conduct transactions anywhere in the US.
- The user can take advantage of additional offers and deals on shopping and other transactions which he gets as a user of Google wallet.
- Free or Paid: the app is free to use.



LevelUp

LevelUp is a mobile payment platform created by SCVNGR, which is a Massachusetts based startup. This application **allows the user to use QR code technology in order to conduct payment transactions for local businesses on Android and Apple smart phones.** This app works on a process where the registered users link their debit or credit card to a unique QR code displayed in the app.

- In order to pay with the help of Level Up, the user has to scan the QR code on their phone at the Level Up terminals located at the places where payments through this payment solution are accepted.
- There are a lot of savings and discounts which the user can avail when he uses Level Up as it offers 'First Time Visit'special savings. This means that when the user makes the first transactions at the merchant's location, he gets some discounts.
- The users can unlock credit facility at a particular merchant's store after spending a particular amount for paying at the merchant's business.
- Level Up payment option is available at businesses in Boston, Chicago, Washington DC, San Francisco, Seattle, Philadelphia, Virginia, NYC and other major cities in the US.
- Free or Paid: The app is free to use.



Intuit GoPayment

Intuit GoPayment is a mobile credit card operating system created by Intuit. It accepts all types of credit cards and the application is compatible with iOS and Android devices. With the help of this app, you can pay at different small scale businesses and can also pay tips directly.

- Intuit GoPayment supports Blackberry Smartphones as well as Android and iOS.
- The registration on GoPayment includes a lot of questions related to the card details and bank accounts and hence, your transactions would be totally safe.
- You can integrate QuickBooks to GoPayment with the help of which you can easily import and export the sales data between QuickBooks and GoPayment.
- GoPayment gives the user a special feature in which the user can use the smart phone camera to capture credit card information.
- You can collect sales tax and allow your customers to keep tips with the help of GoPayment.
- You will get receive a card swiping machine for your account on GoPayment.
- Free or Paid: The app is free to use



Square

Square register is a free to use Android point of sale app that provides all the facilities needed to run a business and take the payments. The app allows easy and fast funds deposit in the bank account and also provides option to keep a track on the inventory and sales.

- It offers a range of tools which helps the user to track sales, taxes, top paying customers and a lot more.
- There is no monthly fee required to pay in order to use Square.
- Square takes care of digital receipts, inventories and sales reports while providing you with valuable statistics. As a result, you get the exact details of any transaction whenever you want.
- Square even works when your internet is not working so there would not be any obstacles in conducting the transactions.
- Square upgrades itself automatically to the latest versions so that all the payment transactions as well as other new utility features can be utilized as soon as it's available.
- The interface of Square resembles a traditional cash register.
- The app accepts Visa, American Express, MasterCard and Discover.
- It records gift cards, cash as well as other tender forms.
- It can send the receipts through text messages as well as emails.
- Free or Paid: The app is free to use.



Apple Pay

Apple Pay is an app which has made payments through apps easier and safer. You can use your credit cards and all other cards with just one touch. It is a simple to use app which would not require you carrying your cards everywhere. You can utilize this safe and private way to pay from this app whether it is from your iPhone, iWatch, or iPad.

- The credit card number is never separately saved on the iOS device and therefore your information is never sent to the merchant. Only the actual payment is made from your device.
- If you use this app on iPhone 6 or 6s, you can make your payments with just the touch of a finger because of the Near Field Communication Antenna.
- You can add multiple credit and debit cards on this online wallet and have a safe and secure checkout experience.
- Even if you lose your phone, your account would be safe as you can immediately deactivate your app account within no time.
- Free or Paid: It is free to use.



The Others...for now

Amazon Pay

PayAnywhere

CurrentC

VeriFone SAIL

Pop Money

Square Wallet

Samsung Pay


Walmart Pay

Android Pay

Venmo

Retailer Apps

The New “Mobile Reality”

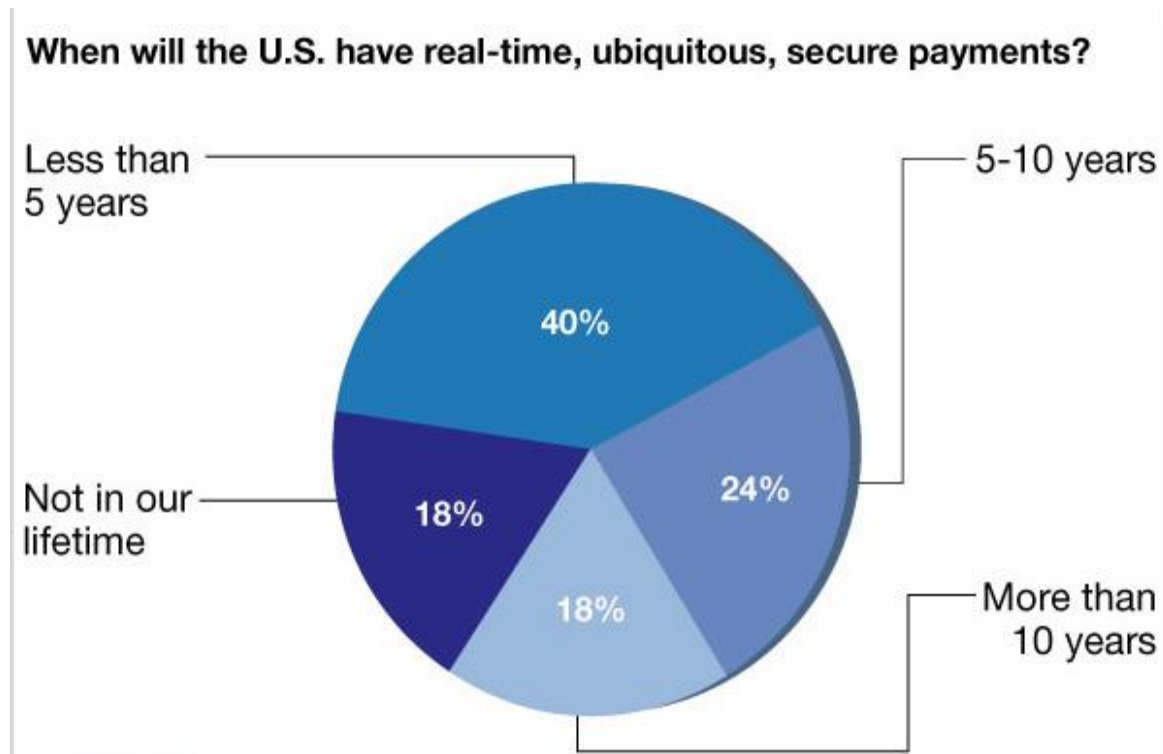


Consumers (and businesses) want their laptop or mobile device to be their branch of choice.

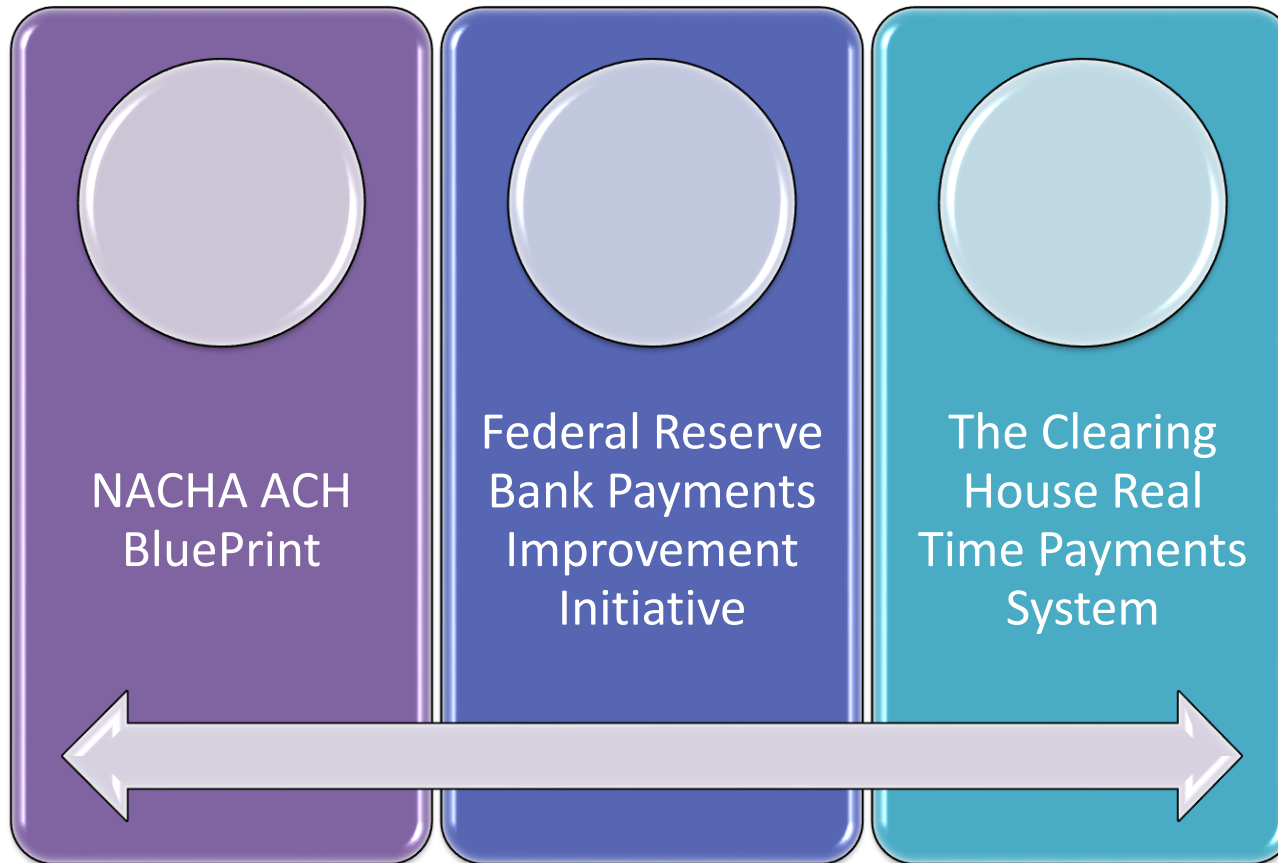
Banks and CUs who think like the consumers and serve up their financial picture will win.

Banking is no longer a proximity issue when it comes to payments.

Recent American Banker Survey



Foundational Work Underway



What Is Same Day ACH?

- The ACH Operators will offer two new same-day processing windows:
 - A morning window with settlement occurring at 1:00 PM ET
 - An afternoon window with settlement occurring at 5:00 PM ET
- All RDFIs will be required to receive Same Day ACH payments, thereby giving ODFIs and Originators the certainty of being able to send same-day ACH payments to accounts at all RDFIs in the ACH Network.
- RDFIs will make funds available from Same Day ACH credits such as payroll Direct Deposits to depositors by 5:00 PM local time.
- All transaction types except for IAT.
- No transaction greater than \$25,000.

A Phased Approach to New ACH Network Functionality

To ease the industry's implementation effort, the new ACH Network functionality will be implemented across three implementation phases.

Functionality	Phase 1 Sept. 23, 2016	Phase 2 Sept. 15, 2017	Phase 3 March 16, 2018
Transaction Eligibility (\$25,000 limit; IAT not eligible)	Credits only	Credits and debits	Credits and debits
New Same Day ACH ODFI Processing Deadlines	10:30 AM ET and 2:45 PM ET	10:30 AM ET and 2:45 PM ET	10:30 AM ET and 2:45 PM ET
New Settlement Time(s)	1:00 PM ET and 5:00 PM ET	1:00 PM ET and 5:00 PM ET	1:00 PM ET and 5:00 PM ET
ACH Credit Funds Availability	End of RDFI's processing day	End of RDFI's processing day	5:00 PM RDFI local time

Times shown represent the approximate times for an ODFI's deadlines to transmit same-day ACH transactions to an ACH Operator.

FRB's Vision for Payments in the U.S.

- In the 2013 *Consultation Paper*, the Federal Reserve proposed five desired outcomes for an improved U.S. payment system.
- In response to *Consultation Paper* feedback and the results of several other initiatives, the Federal Reserve has refined the desired outcomes and now seeks stakeholder support to achieve them.
- The FRB believes that these desired outcomes will be realized only through collective effort by all stakeholders; they are not the sole responsibility of the Federal Reserve.
- The FRB's final desired outcomes are :
 - Speed
 - Security
 - Efficiency
 - International
 - Collaboration



The Clearing House's Real-Time Payments Initiative

TCH is building an industrial strength clearing and settlement system to support Real-Time Payments for the US

- The system is designed to ensure that payments are not only faster, but safer too, consistent with the CFPB's consumer protection principles and the criteria set forth by the Federal Reserve Faster Payments Task Force
- This system will allow consumers and businesses to send and receive payments instantly, directly from their accounts at financial institutions
- This system will also support the sending and receiving of data and non-payment messages to support the development of innovative products and services by financial institutions

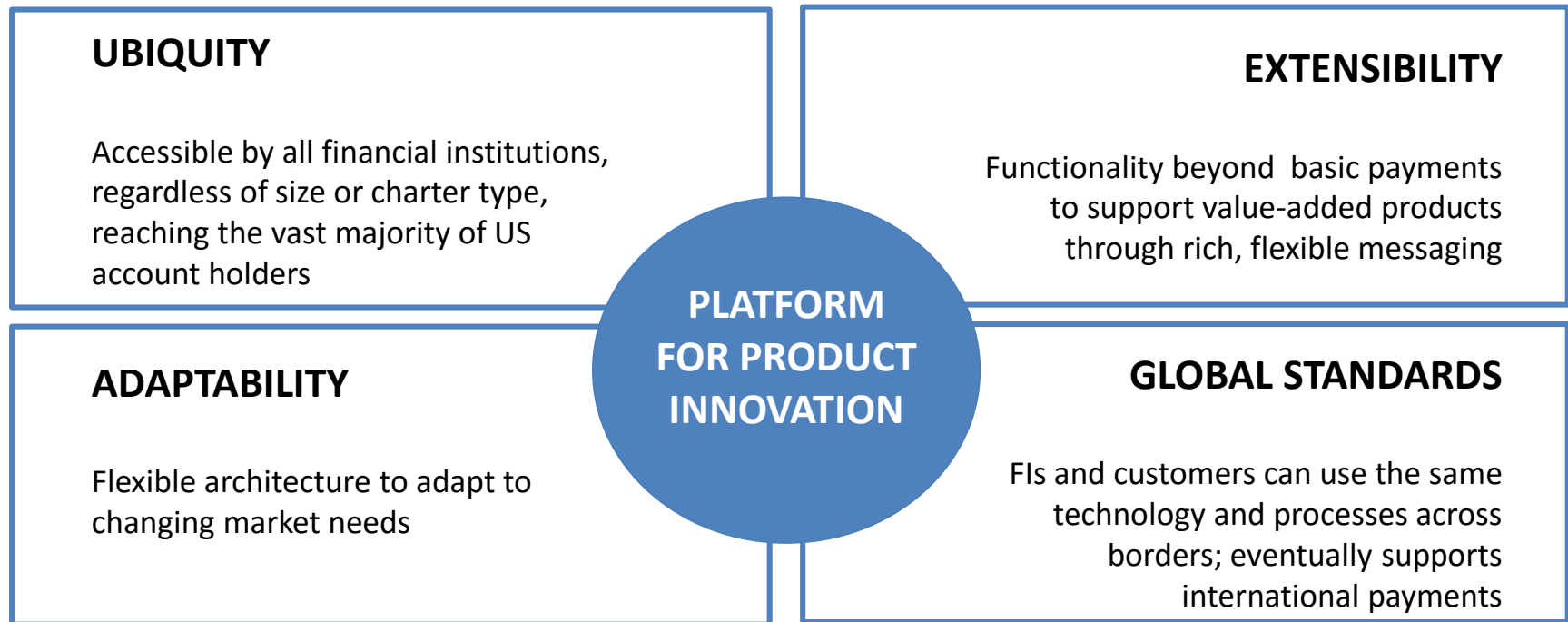
TCH's Real-Time Payments system will be available to all US financial institutions

- All US financial institutions will have access to TCH real-time payments
- TCH's goal is to achieve ubiquity rapidly; we are working with partner organizations to achieve that goal

TCH Real-time Payments architecture is modular for adaptability to changing needs

The system's modular architecture allows TCH and participating FIs to leverage best-of-breed technology for routing directories, anti-fraud, AML, network connectivity, security, settlement and value-added services

The Clearing House initiative to deploy a Real-time Payment system is driven by four guiding principles



Positioning for *Faster Payments* Success

Track the emerging trends related to faster payments.

- FRB Payments Improvement Website
- Trade Conferences (regional and national)
- Attend RPA training and educational events

Begin to inventory your operational processes with a view to supporting faster payments.

- Changes to posting
- Extended processing day
- Streamlining exception processes
- Consider reporting changes

Think about potential technology changes

- Discuss with Third Party Service Providers
- Determine whether vendors are prepared for the changes
- Ensure Vendors are Preparing to Keep Up

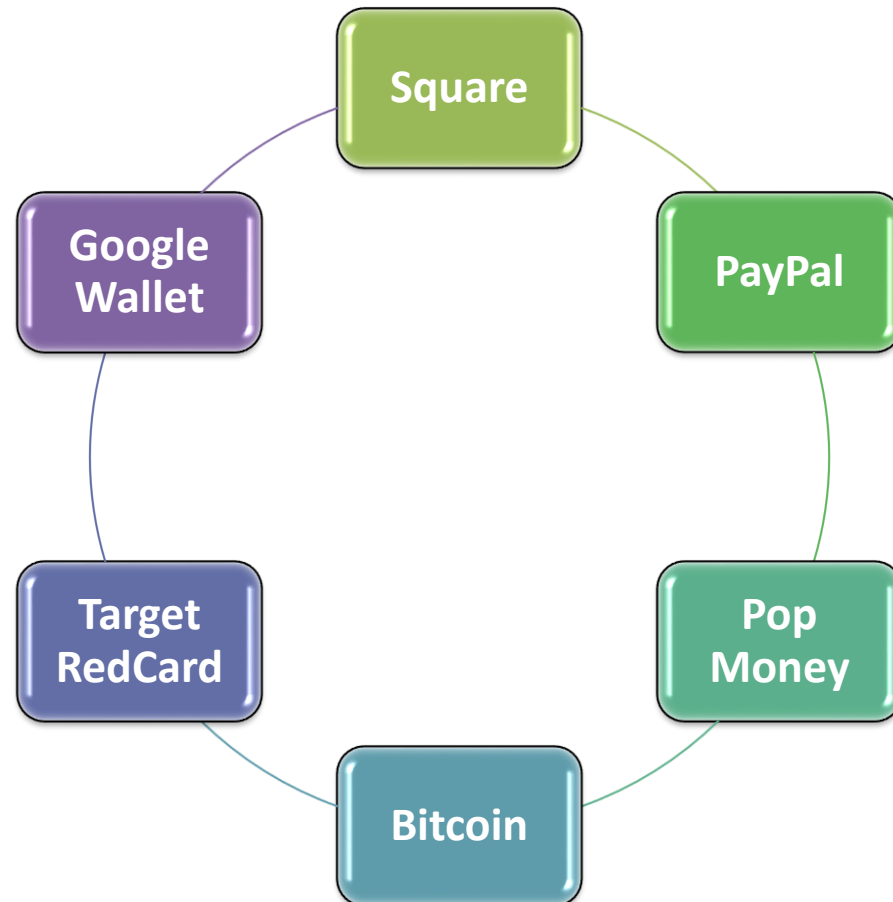
Consider new product and service opportunities

DON'T PUT YOUR HEAD IN THE SAND!!!!



Internal Discovery

- Profile the average account holder.
- Work with Operations to look at the work – what are you getting now?
- Identify opportunities to partner.



Positioning for *Mobile Payments* Success

- Track the players and solutions. Don't be afraid to try one. Ask questions.
- Talk to your peers about mobile solutions like Apple Pay and others. What experience are they having?
- Take the time to understand your member base. What do they want and why?
- Analyze your work. What type of customers to you have? What are they doing now?
- Test for compliance as you implement. Be sure you are keeping your products in check.
- Build a strategy, gather a team, define the business requirements, pick the solutions and implement.



Watch and Listen

- Same day ACH. September 2016...3 phase approach.
- Cyber currency use on the rise.
- TCH Real Time Payments System – a faster channel for payments.
- FRB – speed and security.
- Tokenizing all payments...not just card (EMV and DDA?).
- Distributed ledgers. Directory Services. Account validation. Block-chain.
- Many non-FI players enabling payments.





Thanks for joining me today!

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