

Q&A: The real-time payments trends TCH's product and strategy head is watching

Article



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Faster and real-time payments are having a moment. Faster payments adoption among organizations grew 10% year over year (YoY) in 2021, [per](#) data from the US Faster Payments Council and Glenbrook Partners. And that's accelerated this year as payment systems like **The Clearing House's** Real-Time Payment (RTP) network [innovate](#) and the **Federal Reserve's** FedNow launch [nears](#). Companies like **FIS** have also rolled out solutions that let businesses and [consumers](#) transfer money quickly and seamlessly. Real-time payment innovations will help set a new standard for the US transaction system and speed up the transition away from cash.

Below are highlights from Insider Intelligence's conversation with James Colassano, senior vice president of product development and strategy at The Clearing House (TCH). [Click here](#) to read the full Q&A.

The following has been edited for clarity and brevity.

Insider Intelligence (II): How does RTP network pricing differ from other systems?

James Colassano (JC): Let's look at this in two pieces: We are a network operator, and we are a not-for-profit organization.

We operate on a cost recovery basis, and our clients are our banks. We have a fully **transparent** pricing structure. Everything is based on the individual transaction, and we charge **\$0.045 per RTP transaction**—basically identical to FedNow's pricing. It doesn't vary based on volume or on the customer; it's a flat fee based on the transactions coming through the network. We don't do volume discounting—but there is some additional pricing for things like Request for Payment (RfP), and there's some transfer pricing.

Because we were the first in market, there really was no pricing benchmark to go by. We decided to go with the most simplistic and understandable pricing model we can.

Now, that's what we charge our banks. The banks in turn price it for the market. That will depend on the bank, the service they're providing, and how much these services cost the bank. So bank customers may get a more complex pricing system. But the network's pricing is fixed.

II: What are the major real-time payment shifts or trends that you've seen in the last few years?

JC: The whole concept of earned wage access. Payroll is one of the fastest-growing applications on the network.

We've seen an increase in gig economy workers who want to get paid at the end of their shifts. This is facilitated by payroll companies and other vendors through our banks using RTP. Letting employees get paid when they want to get paid instead of cyclically—that's a benefit that many employers want to offer.

There's also funding and defunding closed-loop wallets. In many cases, users can move money instantaneously to each other inside that ecosystem. But if they need to use that money, they need to be able to pull it into their bank account.

And lastly, merchants want to get their money faster. Many merchants are really strapped for cash flow. And right now, their payment providers determine when they get their money. But now, many providers let merchants get paid instantaneously—even on weekends or after hours.

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