



**RTP Rules Interpretation
Consumer Payments and Receiver Names
Operating Rule III.C.3**

Issued May 1, 2020

Issues:

1. Is a Sending Participant required to provide a Consumer Sender with the name of the Receiver for RTP Payments when the Consumer Sender instructs payment to an account that the Sending Participant has validated through its own transactional records is an account to which the Consumer Sender has previously sent successful payments?
2. May a Sending Participant use a service that is not a directory service to provide a Consumer Sender with the name of the Receiver?

Current Rules and Guidance:

Operating Rule III.C.3 provides that prior to submitting a Payment to the RTP System, a Sending Participant must provide the Sender with the name of the Receiver that is associated with the routing information the Sender has provided to the Sending Participant in the Sender's Payment Instruction, if the Payment is instructed from a Consumer Account. Operating Rule III.F.1 provides that if a Sending Participant uses a directory service to associate a Receiver's alias with routing information for purposes of sending a RTP Payment, it must certify that the directory service meets TCH's requirements for directory services. These requirements are specified in the Requirements for Directory Service Providers schedule to the RTP Operating Rules.

The RTP Legal and Regulatory Compliance Guide (June 2018) provides that in complying with Operating Rule III.C.3, a Sending Participant is expected to utilize a Directory Service or internal directory that associates routing information (i.e., account number, mobile number, or email address) with Receiver names. A Sending Participant is expected to use such a directory to look up the name associated with the Receiver's routing information that is provided by the Sender and inform the Sender of the name so as to help prevent the Sender from making erroneous payments or being a victim of fraud. A Sending Participant may not simply provide back to the Sender the Receiver name or alias that was provided by the Sender.

Interpretations:

1. The requirement in Operating Rule III.C.3 that a Sending Participant provide a Consumer Sender with the Receiver's name and the expectation stated in the RTP Legal and Regulatory Compliance Guide that a Sending Participant utilize some form of directory to associate the Consumer Sender's routing instructions (i.e., RTN and DDA number or alias) with the Receiver's name are both intended to mitigate the risk that a Consumer Sender will erroneously send a

payment to an incorrect account or will be fraudulently induced to send a payment to an account that is controlled by a bad actor rather than to an intended recipient. This risk can also be effectively mitigated to the extent that a Consumer Sender instructs payment to an account and each of the following conditions are met:

- (i) the Sending Participant within the past 12 months has sent one or more successful payments for the Consumer Sender to the account (i.e., the previous payments were not returned or rejected by the recipient or receiving bank),
- (ii) the Consumer Sender has made no claim that any previous payment to the account was unauthorized or fraudulently induced, and
- (iii) the Sending Participant displays the account to the Consumer Sender for selection as an account to which a payment can be sent in the electronic interface that is used to instruct a RTP Payment and the account is labeled by a name (e.g., "John Doe" or "Mom") or, for payments that a Consumer Sender is sending to another account that he or she owns (i.e., "A2A" payments) the account can be identified by a general description (e.g., "Checking account" or "Bank ABC account 12345"). In either case, the account name or description should be one that the Consumer Sender has assigned or would recognize based on his or her prior transactions.

Because these three conditions effectively mitigate the risk of erroneous or fraudulently induced payments, there is not a need to provide the Consumer Sender with the name of the Receiver for Payments a Consumer Sender instructs to accounts that meet the conditions. TCH plans to revise the RTP Operating Rules in 2020 to account for this exception to the requirement to provide Consumer Senders with the name of the Receiver. Until such time as the Rule is revised or this interpretation is revoked, TCH will waive the enforcement of this Rule under the circumstances above.

2. The current language in the RTP Legal and Regulatory Compliance Guide is not intended to and does not prohibit Participants from using non-directory services that enable a Participant to know the name of an account owner. Participants that enable their Consumer Customers to send RTP Payments should have a reliable method to determine the name associated with the routing information provided by a Consumer Sender through a source other than the Consumer Sender's instructions. A reliable method is one which is reasonably designed to provide correct information about the name associated with an account. Whether such a reliable method is an in-house capability, a third party service, or some combination of the two is the Participant's decision. TCH expects that Participants will perform appropriate, risk-based due diligence to determine that the method(s) they use are reliable. Further, to the extent a Participant decides to use a directory service that associates a Receiver's alias with routing information for purposes of sending a RTP Payment, the Requirements for Directory Service Providers also apply.