Zelle Network®

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WHAT IS ZELLE®?

Zelle® is a service, offered by Early Warning Services, LLC., that makes it easy for customers to make person-to-person (P2P) and business-to-consumer (B2C) payments. With only the recipient’s mobile phone number or email address (a “token”), customers can send funds directly from their U.S.-based bank account to their recipient’s U.S.-based bank account.
BUT, WHAT IS ZELLE® EXACTLY?

TECHNOLOGY
- Alias-based Directory
- Immediate messaging
- Fraud risk management

NETWORK
- Governance & rule making
- Peer-to-Peer (P2P)
- Disbursements (B2C)

BRAND
- Intuitive experience
- Common across FIs
- Faster funds

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CURRENT ZELLE® USE CASES

Person-to-Person (P2P) Payments
Send and receive money in minutes* with almost anyone with a U.S. bank account. Zelle is a fast, safe and easy way to get money moving in today’s modern world.

Corporate and Government Disbursements
With only a mobile number or email address needed to distribute funds, Zelle disbursements is revolutionizing how businesses think of payroll, refunds, tipping, and numerous other payment challenges.

* Transactions between enrolled Zelle users typically occur in minutes. If a recipient is not enrolled with Zelle, it could take 1 to 3 business days to receive the money once enrollment is completed.
### ZELLE NETWORK® BY THE NUMBERS

#### Participating Banks

- **Over 170** Financial institutions contracted with 38 live

#### Users

- **67MM** Registered users network-wide (Q2’18)
- **~2.5MM** Zelle app registered users
- **~110K** Enrolling daily
- **~$300** Average Zelle payment

#### Transactions

- **$28B** Transactions processed in Q2 2018

- **$17.5B** to **$28B** Transactions per quarter

- **100MM** Transactions processed in Q2 2018

- > 98% of transactions initiated through a bank app; < 2% through the Zelle app

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ZELLE NETWORK®
Now Over 170 U.S. Banks & Credit Unions Signed

Zelle® participants represent nearly 80% of the online DDAs in the U.S. and can reach 97% of the U.S. debit card holders

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*Not all logos shown
*Not all FIs are “Live”
LIVE ON THE NETWORK — 38 U.S. Banks & Credit Unions Live

FIs live in the Zelle Network® have enrolled more than 67 million tokens.

*Not all logos shown
KEY THINGS TO KNOW ABOUT ZELLE®

Where to find Zelle
- Zelle® is offered through the mobile and online banking apps of U.S. financial institutions, as well as the Zelle app available in app stores.
- A depository institution with insured deposit accounts is eligible to become a Zelle Network® participant. Participating banks must adhere to the Zelle Network® Participation Rules. Banks may connect direct or through an approved reseller.

Zelle Users
- Customers of a Zelle Network financial institution are referred to as “in-network.” They use their bank app and/or the Zelle app.
- Customers of banks that are not participants in the Zelle Network are referred to as “out-of-network.” They use the Zelle app with an eligible debit card.

How Money Moves
- As the network operator of Zelle, Early Warning does not handle funds; rather Early Warning transmits messages to participating financial institutions who execute transfers of funds via ACH, or, for out-of-network transactions, Early Warning serves as a technical integrator to the debit card networks.
- All money moves directly between U.S. deposit accounts held by U.S. financial institutions. Zelle does not hold accounts or funds.
HOW ZELLE® WORKS:
IN-NETWORK TO IN-NETWORK BANK

In-Network to In-Network Experience

**USER EXPERIENCE**

- Cindy SENDS Paul $34.59
- Paul RECEIVES $34.59 IN MINUTES using Zelle

**Funds Posted**

- Debit Cindy’s acct. $34.59
- Message Zelle Network
- Funds moved to settlement account
- Message Cindy Completion
- Credit Paul’s acct. $34.59
- Message Paul Funds Rec’d
- Message Zelle Network

**Settlement**

- ACH $34.59 to Bank B
- Bank A Settlement Account
- ACH
- Bank B Settlement Account
HOW ZELLE® WORKS: IN-NETWORK TO OUT-OF-NETWORK

In-Network to Out-of-Network Experience

USER EXPERIENCE
- Cindy SENDS Don $34.59
- Bank A Zelle Participant
- Message: Zelle Network
- Funds moved to Visa/MC settlement account
- Message: Cindy completion
- Bank A Settlement Account

FUNDS POSTED
- Debit Cindy’s acct. $34.59
- Message: Funds Received
- Bank A Zelle Participant
- Visa or MC
- MC Send or Visa Direct On behalf of Acquiring FI
- Bank B Out-of-Network Bank

SETTLEMENT
- ACH / Wire $34.59 to Visa/MC
- Bank A Settlement Account
- ACH / Wire
- Bank B Settlement Account
- Visa or MC
- Credit Don’s acct $34.59
- Don* RECEIVES $ IN MINUTES using Zelle® app
- *Out-of-network user
HOW ZELLE® WORKS: DISBURSEMENTS

In-Network to In-Network Experience

**USER EXPERIENCE**

Insurance Company SENDS Paul $2,350 post-accident

Bank A
Commercial Client

$2,350

Paul RECEIVES $2,350 IN MINUTES using Zelle®

**FUNDS POSTED**

- Debit acct. $2,350
- Message Zelle Network
- Funds moved to settlement account

Bank A
Zelle Participant

Bank B
Zelle Participant

**SETTLEMENT**

ACH $2,350 to Bank B

Bank A
Settlement Account

ACH

Bank B
Settlement Account

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GROWING THE ZELLE® NETWORK
All ages are adopting Zelle®

- Digital Tracker Study of 9000 consumers who have sent or received a payment, owns a smart phone and access mobile or online banking.

- P2P is being used at least once a week by 49% of millennials, 42% of Gen X and 32% of Baby Boomers.

- 70% of Boomers reported they used a P2P service because it was offered by their bank.
CONSUMER EXPERIENCE RISK MITIGATION

Key Risks
- Fraud
- Misdirected Payments
- Scams
- Consumer Confusion

Consumer Awareness
- Consumer Education
- In-app messaging and alerts
- Terms and Conditions
- Manage PR/media outlets

Operating Rules
- Dispute Rules
- Brand Protection Rules
- Token Management
- Complaint Reporting

Network Capabilities
- Dispute Processing
- Fraud Controls & Transaction Monitoring
- Complaint Management
- Directory Recipient Name Matching
REPORTED FRAUD TO DATE IS BELOW BENCHMARKS

Fraud rates below industry and internal estimates and trending lower

Fiction:
Depictions of widespread fraud on the Zelle Network

Fact:
Fraud is below industry and internal benchmarks
Zelle

THIS IS HOW MONEY MOVES®