

Making Person-2-Person (P2P) Payments for Mobile and Home Banking a Breeze Using UPIC Architecture

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With all the hoopla around mobile banking and mobile payments, did you ever wonder how a payment will be sent from your bank account to the person you want to pay? Are you going to have to transfer the money to PayPal and then send it, requiring the person that is receiving the payment to join PayPal? Or are you going to use your home banking system which will probably send a check to the receiver?

Wouldn't it be nice to connect to your bank account and send an electronic payment without effort to the receiver? It is possible and it can be accomplished using the payment infrastructure that is in place today.

The Tool

The Universal Payment Identification Code (UPIC) is an integrated payment system technique to allow all financial institution customers to receive ACH credit transactions without divulging their sensitive banking information. The UPIC process is accomplished by using a universal bank routing number and a randomly generated account identifier that can be 15 significant digits along with 2 check digits to stay within the 17 character account identifier allowed in an ACH transaction. The Clearing House Payments Company originally rolled out this payments system innovation to commercial customers in 2002 and the system was designed to handle in excess of 100 million entries for both consumer and commercial customers. The time is now right to begin offering the service to consumers.



The Concept

Banks would enroll consumers for inclusion in the UPIC database, using their mobile phone number as the UPIC number, so those customers are enabled to receive electronic payments. The payment process would follow these steps:

- Once the customer was enrolled, the banks would instruct him to use his mobile phone to receive electronic payments.

- The payment would flow from the originating bank to the clearing process where the universal routing number is used to identify the transaction for a phone number look-up.
- The phone number would be used as an index to retrieve the receiver's bank routing information and account number.
- The receiver would get an electronic credit transfer posted to his account with immediate access through an ATM or other access channel.

The Flow

The diagram below demonstrates the entire enrollment and payment process.

The Outcome

A P2P payment infrastructure can be rolled out using the ACH Network. This is the perfect opportunity for financial institutions to work together to use the most powerful payment system in the U.S. - the ACH - to meet the needs of banks' customers without each bank trying to re-create the payment system for mobile payments. Financial institutions will be able to compete head-to-head with PayPal using the cell phone number to mask the bank account information. Consumers will have immediate access to payments received for cash withdrawal or other uses. ■

