

# DISBURSEMENTS SATISFACTION

PLAYBOOK

LEVERAGING INSTANT PAYMENT ACCESS TO DRIVE ENGAGEMENT

## The Disbursements Satisfaction

**Playbook**, a PYMNTS and Ingo Money collaboration, analyzes the responses of more than 5,000 consumers and 500 microbusinesses that receive disbursements as well as those of 600 small and medium-sized companies and large corporations that pay disbursements across the United States. We gathered their views on how much payment choice they have and offer, how much they use instant payments and their willingness to pay to receive or enable this payment option. This study details the results of our extensive research.

# DISBURSEMENTS SATISFACTION



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The Disbursements Satisfaction Playbook was done in collaboration with Ingo Money, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

# INTRODUCTION

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**E**very interaction makes an impact on the future of businesses' relationships with their customers. Efficiency and value promote longevity, while friction and inconsistency sow the seeds of eventual rupture. Payment processing is no different: Businesses and consumers each think as customers, not merely as passive participants in a transaction. Timeliness, interoperability and security matter as much as the bottom line in commercial transactions. Most technical innovations must be tailored to each businesses' specific requirements, but instant payments simplify commercial relationships for parties on either side of a transaction, irrespective of the type of business involved or its stage of development. This is because consumers, like businesses, want to receive and send payments in the most efficient way possible, regardless

of the device or platform they are using. Unnecessary layers of complexity — such as payment delays or complex invoicing processes — compromise the value that businesses and consumers seek from their transaction choices, making those business relationships more vulnerable to fracture over time.

Our 2020 research revealed that the majority of microbusinesses and customers care deeply about transaction efficiency. Deposits' timing and ease of access can be crucial to the fiscal viability of small businesses, as even short delays in payments or income receipt can be financially devastating in a time of extended economic uncertainty. Instant disbursements offer a seamless flow of funds between vendors and clients, eliminating sometimes lengthy and inconsistent waiting periods before funds clear. Instant payments also limit the possibility of

administrative errors common to slower payment methods like paper checks, making it easier for consumers and microbusinesses to manage budgets and project future earnings.

The importance of instant payments was reflected throughout our research, with fewer than one-third of consumer respondents stating that they were likely to continue relationships with businesses that were not capable of instant payments. Consumers and businesses live and work in a digital-first world in which contactless payments and innovations like text-to-pay mobile are becoming commonplace. Frictionless transactions have become the new normal for many consumers and growing businesses, and this expectation of seamless funds transfers means consumers will be less tolerant of intractable barriers to rapid funds access. Our research indicates that payors must adopt

a robust digital-first strategy to meet the transaction requirements of the modern client, as the overwhelming majority of consumers and businesses, even those not choosing instant payments for every transaction, expect instant payments to be available on demand.

This edition of the Disbursements Satisfaction Playbook, a PYMNTS and Ingo Money collaboration, presents new data on how consumers and businesses evaluate, access and interact with instant payment features in commercial and private settings. Our study, drawing insights from more than 5,000 consumer survey responses and 1,000 responses from businesses of all sizes, revealed the transformative role of instant disbursements in consumers' experiences and long-term client loyalty.

**This is what we learned.**

**01**

**Instant payment options remain an underutilized tool for improved customer engagement and transaction management.**

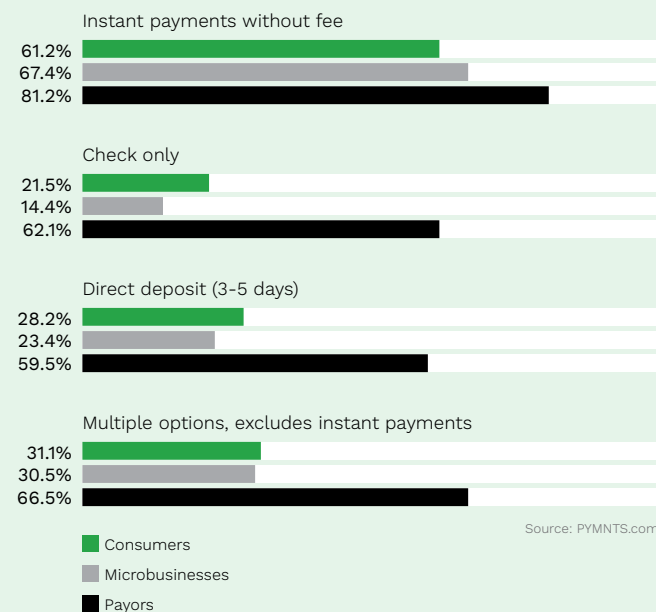
Our research indicates that businesses that resist modernizing their disbursement practices may face an excessive risk of alienating their vendors or customers over time. Only 31 percent of consumers and an equally small share of microbusinesses stated that they were likely to continue a client relationship with a business that did not present instant payments as an option.



Eighty-one percent of payors believe that instant payments are essential for ongoing client relations.

**FIGURE 1:**

**Likelihood of continuing business relationship based on disbursement type availability**  
Share of respondents "somewhat" or "much" more likely to continue client relation if sender offered specific disbursement and payment types



**02**

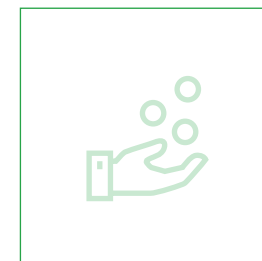
**Our research also revealed a definitive shift toward instant disbursement adoption by consumers, even when those options were infrequently offered by businesses.**

Our analysis of historical and current data revealed a significant evolution in the way consumers look at instant payments, as well as a heightened importance for instant disbursement adoption for businesses of every size.



**INSTANT DISBURSEMENT ACCESS**

The majority of consumers believe that instant disbursements access is a key reason to continue doing business with a company.



**MICROBUSINESSES**

The majority of microbusinesses view instant disbursements as critical for long-term business relationships.



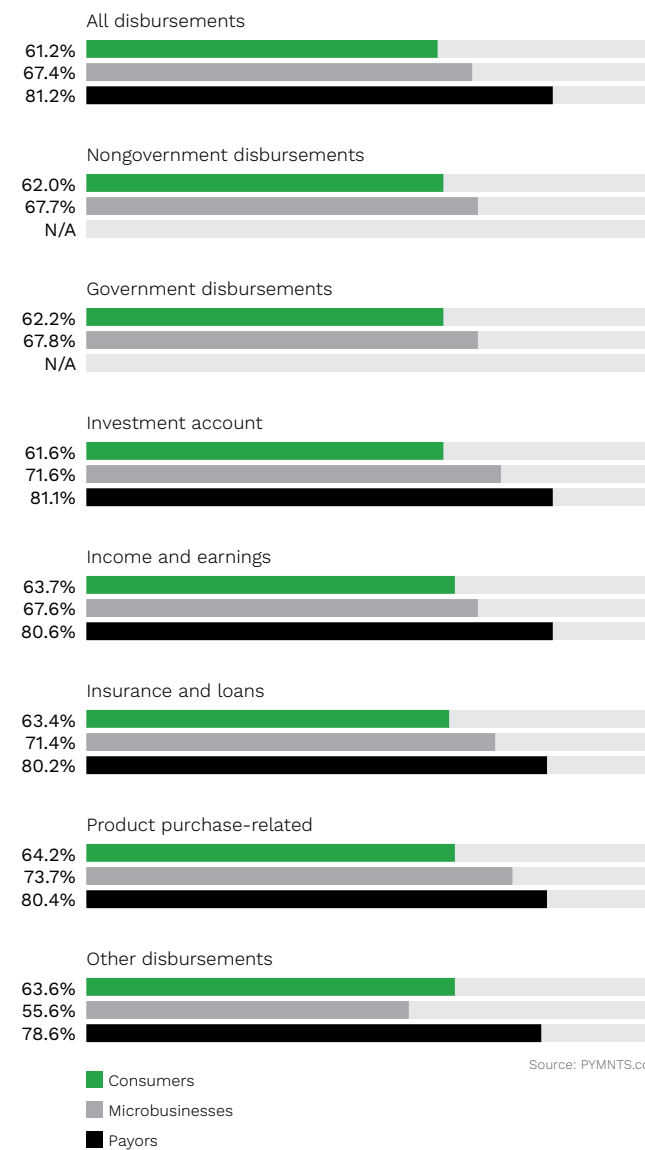
# The marketplace opportunity

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## A FRICTIONLESS PAYMENT PROCESS IS AT THE CORE OF EVERY POSITIVE CUSTOMER EXPERIENCE.

Instant disbursements facilitate the seamless transactional experiences that today's businesses and consumers have come to expect. More than 67 percent of microbusinesses and 61 percent of consumers in our survey reported that a free instant payment option would amplify their loyalty as clients. Payors (companies with more than \$1 million in revenue) and payment recipients measure the cost-to-reward value of instant payments with different criteria, however. Payor enthusiasm for instant disbursements may be driven by the payments' efficiency and ease of use for clients, with 81 percent of payors believing that offering instant payments for free will increase the likelihood of a continued business relationship with payees.

**FIGURE 2:**  
**Likelihood of doing business if offered free instant disbursements**  
Share "somewhat" or "much more" likely to do business if offered instant payments for free, by category



**THE MARKETPLACE OPPORTUNITY FOR INSTANT DISBURSEMENTS IS IMMENSE AND GROWING EXPONENTIALLY.**

Our research indicates that instant disbursements are vastly underutilized as a customer experience feature. Seven out of 10 consumers — or 172 million Americans — received at least one disbursement in 2020, up from 62 percent in August 2019, yet only 6 percent of all disbursements consumers receive arrive via an instant disbursement service. Survey respondents reported that they were presented with a payment method choice in only half of the disbursements that they received. More than 60 percent of consumers and micro-businesses viewed the option of instant payments as critical to their ongoing business relationships with payors. Consumer and business demand for transaction modernizations — such as voice-enabled account management and digital wallet use — is growing as innovative customer experience tools become ubiquitous in the global marketplace.

**TABLE 1:**  
**Likelihood of continuing client relationship if sender offered instant disbursements**  
 Share “somewhat” or “much more” likely to continue client relationship if sender offered select methods

	Small payors	Large payors	Payors	Microbusinesses	Consumers
• Instant payments with fee	71.7%	<b>87.9%</b>	75.2%	—	—
• Voice command to utilize money	—	—	—	23.2%	24.8%
• Voice command to direct money	—	—	—	26.4%	26.8%
• Free instant payments	<b>80.6%</b>	83.6%	<b>81.2%</b>	<b>67.4%</b>	<b>61.2%</b>
• Check only	60.8%	67.1%	62.1%	14.4%	21.5%
• Direct deposit (3-5 days)	56.5%	70.7%	59.5%	23.4%	28.2%
• Multiple options, excludes instant payments	64.8%	72.9%	66.5%	30.5%	31.1%

Source: PYMNTS.com

**Consumer and business demand for transaction modernizations is growing as innovative customer experience tools become ubiquitous in the global marketplace.**

**More than 60 percent of consumers and microbusinesses viewed the option of instant payments as critical to their ongoing business relationships with payors.**



## PAYORS, MICROBUSINESSES AND CONSUMERS SHOW DIFFERENT TOLERANCE LEVELS FOR INSTANT PAYMENT COSTS.

Payors are nearly three times as willing to agree to a fee for instant payment completion than other groups we surveyed. They are also willing to pay much higher rates than the average payee to access funds quickly. This is not surprising: The cost of payment delays due to slow processing is prohibitive on a large scale. Many payors likely view the cost of instant

payments, even when fees reach \$5, as more tolerable than the potential damage to vendor or client relationships caused by slow payment processes. Payment recipients of nongovernmental, one-off payments prefer fixed transaction processing costs and are amenable to fees of up to \$1 per transaction, while payors are willing to accept charges of up to \$5 per

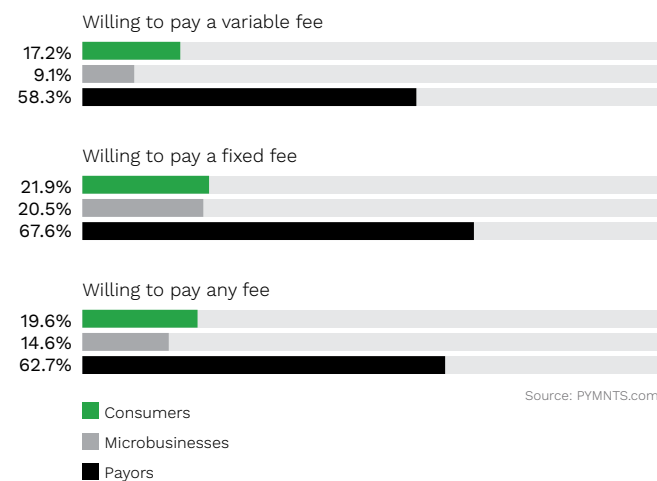
transaction for instant processing. Consumers may choose a lower-cost payment option when per-transaction fees are perceived as too high, but nearly 70 percent want the option to access instant payments on demand. Our research indicates that free instant payment processing eliminates many of the barriers to instant payment adoption for micro-

businesses, which represent 57 percent of payor payment recipients. Consumers and microbusinesses expressed higher interest in paying a fixed fee (22 percent and 21 percent, respectively) for instant payment processing than a fee based on a percentage of the payment (17 percent and 9 percent, respectively).



Nearly 20 percent of consumers are willing to pay any fee to receive instant nongovernment disbursements.

**FIGURE 3:**  
**Willingness to pay a fee to receive and send disbursements**  
Respondents' willingness to pay a fee to receive and send nongovernment payments through instant disbursements.



### INSTANT PAYMENT OPTIONS CAN ELIMINATE KEY PAYMENT PAIN POINTS FOR PAYORS AND PAYEES.

Consumers and microbusinesses believe that instant payment options are an important incentive to continue doing business with a client, but the value is not only in the ease of use that instant payments offer. Instant disbursement adoption powers business growth, allowing microbusinesses to pay and receive funds from vendors and consumer clients in seconds and helping payors avoid late payment fees. Instant disbursements also prevent delays in shipping due to payment processing holds and insufficient funds — bottlenecks that can become significant loss leaders for many small businesses. Consumers' share of disbursements through instant payments has grown the fastest for insurance and loan disbursements, rising from nearly 2 percent of payments in 2018 to 7 percent of disbursements currently. These percentages are relatively small but reflect consumers' increased demand for instant funds access when the cost of adopting a new disbursement method is relatively low.



# Instant payments and demand

## HOW CONSUMERS, MICROBUSINESSES AND PAYORS VIEW LOW FEES AND HIGH VALUE

**O**ur data indicates that relatively few consumers and microbusinesses (30 percent) believe that a relationship will be viable over time if a payor does not offer instant payments. Both consumers and microbusinesses perceive the option to use instant payments to be an essential component of a positive consumer experience. Consumers and microbusinesses also view the option to use instant disbursements as a motivation for initiating a client or vendor relationship: Approximately 60 percent of consumers and microbusinesses indicate that they are more likely to do business with a new company that offers instant payments than one that does not. Consumers benefit from frictionless, instant transactions — they are fast and limit the potential for errors and delays in payment processing — yet on average, only about 20 percent of consumers are willing to pay a fee to receive instant payments for their nongovernmental, one-off disbursements. More consumers are motivated to pay fees to access payments such as insurance and borrowing disbursements (31 percent), income and earnings payments (26 percent), investment payouts (25 percent) and product purchase and related disbursements (23 percent).



About 31 percent of consumers are willing to pay fees to receive instant disbursements from insurance and borrowing payouts.



Approximately 26 percent of consumers are interested in paying a fee to receive instant income and earnings payments.

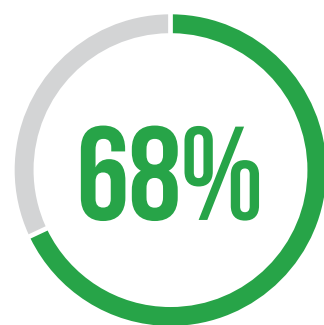
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## WHY PAYORS AND PAYEES

### VIEW FEE PAYMENTS DIFFERENTLY

Payors in our survey represent companies having revenues of at least \$1 million to over \$100 million and at least 11 employees. More than 56 percent of these companies made most or all of their payments to microbusinesses. Payors showed the highest tolerance (68 percent) for fee-paid instant payments to businesses in markets with lower switching costs, such as insurance and investment disbursements. The same percentage of payors (68 percent) were willing to pay a fixed fee to offer payees instant payments for free.



Around 68 percent of payors are willing to pay a fixed fee to offer instant payments for free.

The logic is simple: Instant payments help payors limit costly errors in payment processing that can become prohibitive at scale. Instant payments also help larger payors keep microbusinesses on board as loyal, engaged vendors or clients by limiting friction on every transaction. Instant payments are a key element in payors' arsenal of business performance tools — eliminating transactional friction and simplifying customer relationship management with microbusiness clients by keeping processing times to a minimum.

Consumers show a greater willingness to pay a fee to access instant disbursements for larger payments, such as those involving insurance (31 percent) and income (26 percent). Payors, in contrast, indicate a high interest in absorbing the fees required to allow consumers to access these funds immediately for free. Most large payors view offering consumers or client businesses free instant access to larger payments such as those for investment dividends (76 percent), income funds (73 percent) and insurance and borrowing disbursements (76 percent) as worth the fee costs.

**FIGURE 4:**  
Payor willingness to send instant payments according to rate and fee schedule  
Share of payors willing to pay specific fees, by payor size and fee rate



This reflects the importance that consumers and microbusinesses place on having instant payments as an option for their disbursements. An overwhelming majority of consumers and microbusinesses consider the option of instant payments to be a prerequisite for an ongoing business relationship with a payor. Payors appear to understand this and are willing to provide free instant payment options to clients to improve consumers' experiences, even at fees of up to \$5 per transaction. Consumers and microbusinesses tend to evaluate the impact of fees differently than payors do, having a greater focus on per-transaction fee cost.



**TABLE 2:**  
**Payor willingness to pay a fee to send instant disbursements, per disbursement category**  
 Share of payors willing to pay specific variable or fixed fees, by fee rate

	Income and earnings	Product purchase-related	Insurance and loans	Investment account	Other disbursements	All disbursements
<b>VARIABLE FEE</b>						
• 5 percent	54.0%	57.1%	62.5%	57.6%	80.0%	<b>55.2%</b>
• 2 percent	51.7%	58.6%	63.4%	61.7%	50.0%	<b>54.1%</b>
• 1 percent	58.0%	58.1%	69.8%	63.2%	62.5%	<b>61.3%</b>
• 0.5 percent	55.2%	50.0%	54.7%	56.5%	53.8%	<b>55.7%</b>
• 0.25 percent	61.8%	66.7%	64.4%	61.9%	58.8%	<b>63.9%</b>
<b>FIXED FEE</b>						
• 5 dollars	68.9%	73.3%	79.5%	75.0%	57.1%	<b>68.9%</b>
• 2 dollars	63.5%	74.2%	75.6%	64.9%	71.4%	<b>65.7%</b>
• 1 dollar	67.2%	70.0%	68.3%	72.0%	50.0%	<b>68.2%</b>
• 50 cents	71.2%	79.5%	76.9%	76.7%	83.3%	<b>73.2%</b>
• 25 cents	58.3%	60.0%	64.7%	57.1%	50.0%	<b>60.0%</b>

Source: PYMNTS.com

**TABLE 3:**  
**Consumer willingness to pay fees to receive instant payments, per rate and fee schedule**  
 Share of consumers willing to pay specific variable or fixed fees to receive instant disbursements, by fee rate

	Income and earnings	Product purchase-related	Insurance and loans	Investment account	Other disbursements	Nongovernment disbursements
<b>VARIABLE FEE</b>						
• 5 percent	20.4%	20.4%	27.2%	22.4%	21.7%	<b>16.3%</b>
• 2 percent	15.6%	15.9%	19.0%	19.0%	19.8%	<b>13.1%</b>
• 1 percent	29.4%	28.0%	33.9%	29.4%	24.7%	<b>21.9%</b>
• 0.5 percent	26.8%	24.2%	29.3%	24.0%	25.1%	<b>17.4%</b>
• 0.25 percent	26.2%	19.0%	32.6%	23.8%	23.0%	<b>18.0%</b>
<b>FIXED FEE</b>						
• 5 dollars	23.3%	21.5%	29.9%	25.5%	19.0%	<b>17.4%</b>
• 2 dollars	31.5%	26.3%	36.5%	28.4%	31.6%	<b>22.3%</b>
• 1 dollar	35.5%	30.3%	38.1%	31.6%	27.6%	<b>26.0%</b>
• 50 cents	30.8%	25.0%	39.4%	25.7%	29.8%	<b>25.1%</b>
• 25 cents	24.1%	21.9%	22.8%	21.3%	24.0%	<b>18.5%</b>

Source: PYMNTS.com



# The fee threshold



Approximately 15 percent of consumers are willing to pay as much as \$5 to receive an instant disbursement.

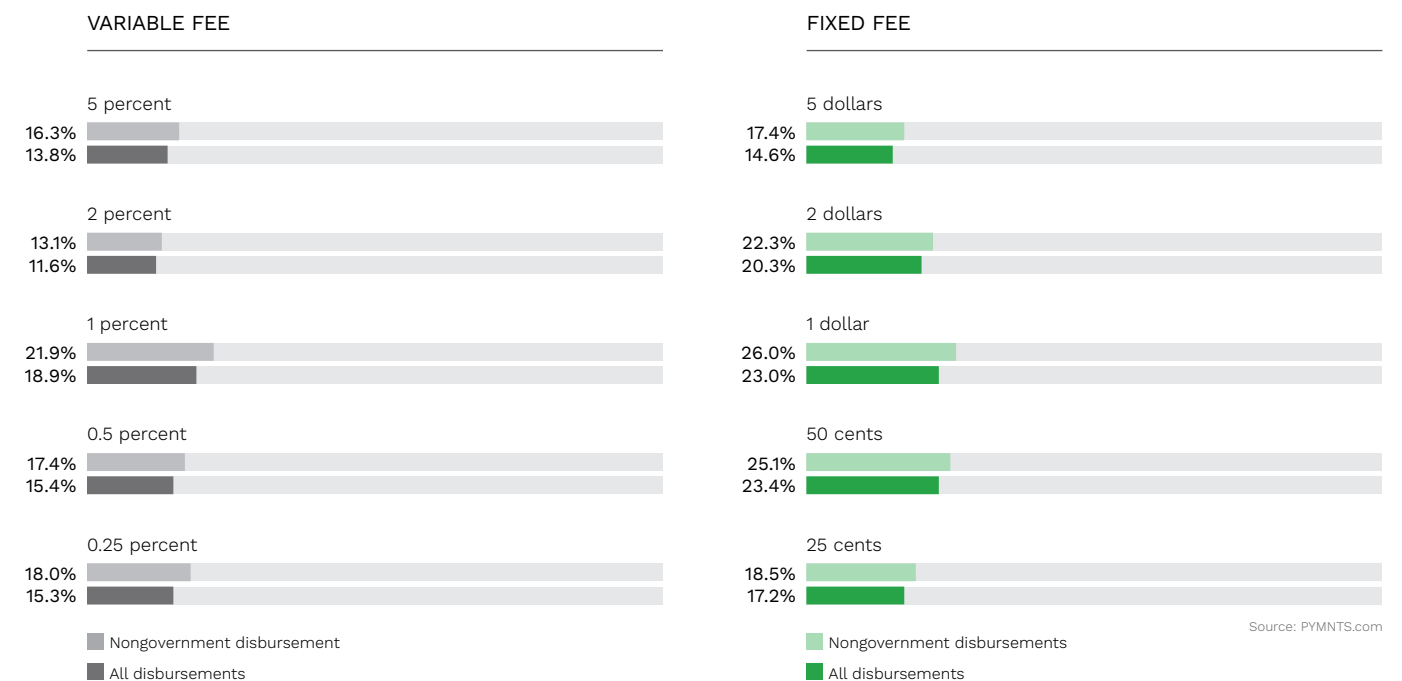
## WHAT CONSUMERS AND MICROBUSINESSES ARE WILLING TO PAY TO ACCESS INSTANT PAYMENTS

The largest shares of consumers are willing to pay fees of \$1 or 50 cents per transaction to receive instant payments, while the largest shares of microbusinesses are willing to pay a fee of 50 cents. A smaller percentage of microbusinesses (12 percent) than consumers (15 percent) are willing to pay the highest listed fee, \$5, to access funds instantly.

FIGURE 5:

### Consumers' willingness to pay a fee to receive instant payments

Consumer fee tolerance, by fee type and rate



Source: PYMNTS.com

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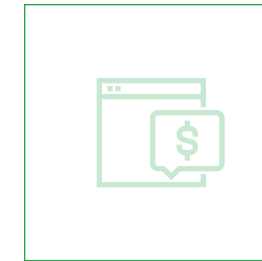


Twelve percent of microbusinesses are willing to pay a \$5 fixed fee to access instant disbursements.

The 50-cent fee level may be a tipping point above which imposed fees could tamp down consumer or microbusiness instant payments adoption, nullifying the positive impact of the feature for payees.

This does not indicate that consumers' interest in instant payments is fundamentally weak, as fee thresholds are key determinants in consumers' and microbusinesses' use of rapid disbursement options. Lower transaction fees help unlock consumer interest in instant payments, and higher fees may depress

higher adoption rates. Low instant payment use may also relate to a lack of options offered. Our respondents stated that they were offered payment method choice only half the time when receiving disbursements. This gap between potential consumer demand for free or low-fee instant payments and the limited payment options presented by companies at the point of transaction represents a significant missed opportunity for vendors to stoke consumer engagement.



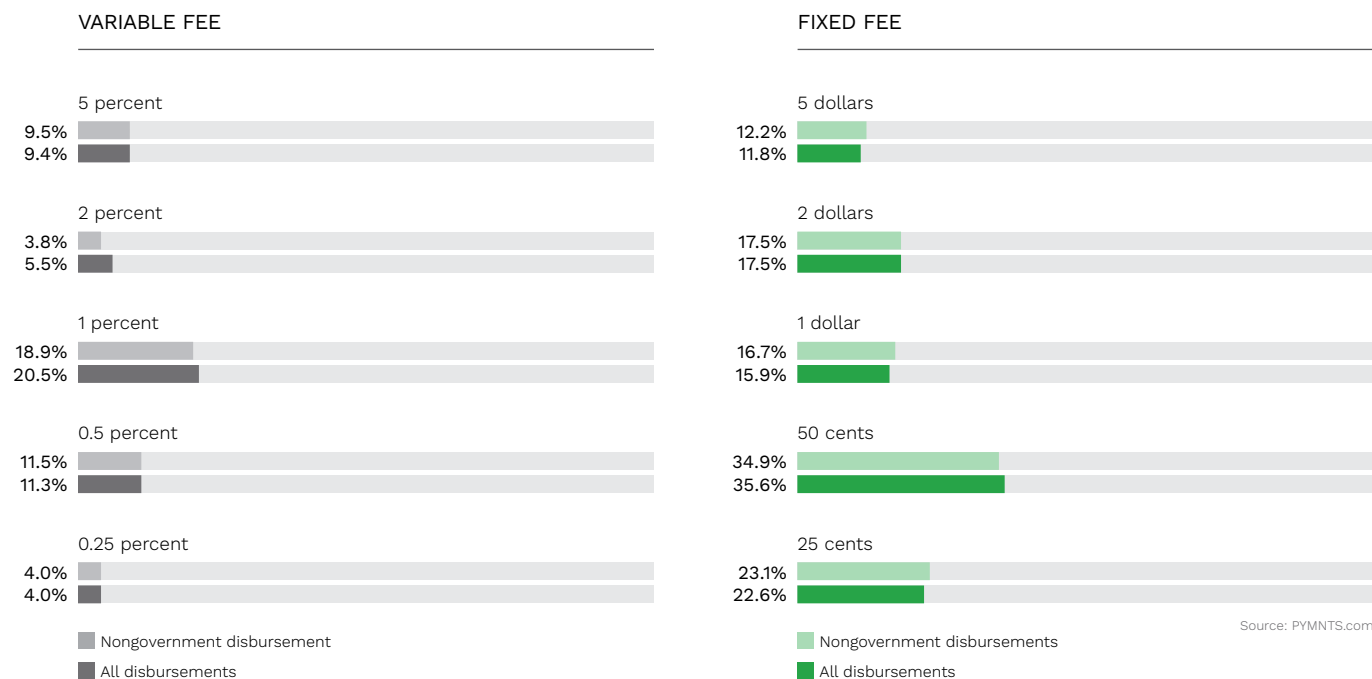
**FIXED FEE**

Most consumers favor fixed fees and will pay less than \$1 to receive instant disbursements.

**FIGURE 6:**

**Microbusinesses' willingness to pay a fee to receive instant payments**

Microbusinesses' fee tolerance, by fee type and rate.



## FREE INSTANT PAYMENTS: WHY THEY MATTER AND WHO WANTS THEM

The absence of fees for instant payment access is most important for microbusinesses with financial challenges and for Generation X and bridge millennial consumers, who bore the brunt of the economic downturn in 2020. This stands to reason, as rapid fund access may be a higher priority for those for whom a single delayed payment may cause significant financial harm. Those who live paycheck to paycheck and struggle to pay bills favor free instant payments at a higher rate (75 percent) than those who do not (58 percent).



# CONCLUSION

Consumers and businesses would benefit from increased instant payment adoption, yet many of our survey respondents revealed that they were offered payment method choice in only half of the disbursements they received. Businesses and payors seeking to protect long-term business relationships can enhance the consumer experience and eliminate payment bottlenecks by offering instant payment options based on consumers' and microbusinesses' tolerance for fees. Not every instant payment choice has to be free, but payors of every size should bear in mind the needs of their customers. Consumers' and microbusinesses' fee tolerance for instant routine payments tends to be limited to 50 cents per transaction. Both groups show a higher interest in paying fees for disbursements like insurance payments. Offering free instant payments to groups for whom fees are prohibitive can help support customer engagement and build brand loyalty over time.

# Methodology

The Disbursements Satisfaction Playbook: Leveraging Instant Payment Access To Drive Engagement is based on three separate surveys of consumers, microbusinesses and companies that make disbursements. As part of our analysis, we surveyed a census-balanced panel of 5,145 consumers and 521 microbusinesses with revenues below \$500,000 and less than three employees on how they have received disbursements in the previous 12 months. We also surveyed 660 businesses, all of which had to have revenues over \$1 million and have made at least one type of disbursement per month over the previous 12 months, to gauge how they were making disbursements. The surveys were conducted between April 20, 2020, and May 21, 2020.

## GET MORE INSIGHTS AND TRENDS:



Disbursements Satisfaction Report

SEPTEMBER 2020



Alleviating The Main Street Cash Crunch

SEPTEMBER 2020



Disbursements Satisfaction Playbook I

NOVEMBER 2020



Disbursements Satisfaction Report II

DECEMBER 2020

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**Ingo Money** is the instant money company. Founded in 2001 with a mission to digitize the paper check, its industry-first disbursements marketplace enables businesses and banks to disburse instant, safe-to-spend electronic funds from any source to an account that a consumer or business chooses, with network reach to more than 4 billion debit, prepaid, credit, private label credit and mobile wallet accounts. This transformation of traditional payments helps businesses reduce cost and delays while dramatically improving the consumer experience by shifting choice to the recipient of a payment.

Ingo Money has funded over \$20 billion in transactions across all of its use cases since launch and completed the first push payment transaction in the United States in 2012. Headquartered in Alpharetta, Georgia, Ingo employs 250 professionals and serves some of the largest brands in North America.

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