



PYMNTS



April/May 2023

# Rising Demand Makes Faster Payments a Growing Necessity

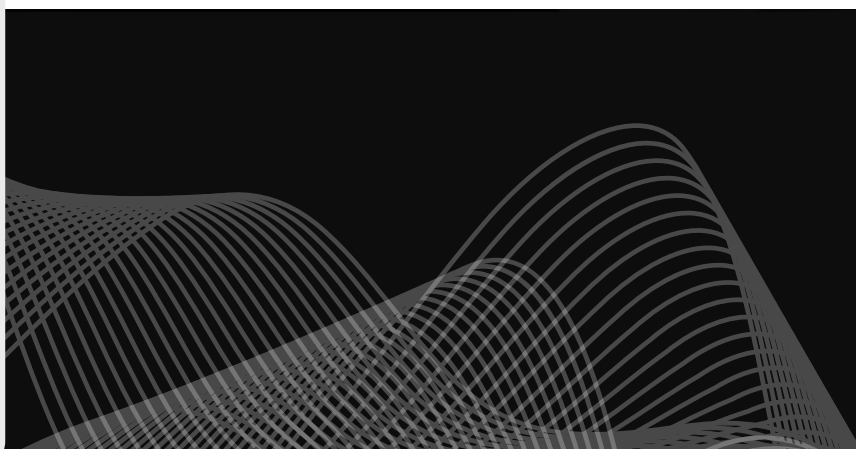
Money Mobility Tracker® Series

■ Read the previous edition



APRIL 2023  
**Money Mobility Tracker® Series**

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ACI Worldwide launched a solution enabling U.S. merchants to accept instant payments via online, mobile and in-store channels, while Trustly partnered with gaming operator PointsBet to offer players instant payouts.

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Instant payments are expected to dominate transaction share in the coming years, with China, India and the U.S. leading the way.

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PYMNTS



### Acknowledgment

The Money Mobility Tracker® Series is produced in collaboration with Ingo Money, and PYMNTS is grateful for the company's support and insight. PYMNTS retains full editorial control over the following findings, methodology and data analysis.

## Need to Know

# Expectations Rapidly Rising for Faster Payments

Banking innovations and accelerated eCommerce adoption have driven a revolution in consumer behavior. The speed of payments in the United States is increasingly moving toward transactions that are instant, especially with the coming [rollout](#) of the Federal Reserve's FedNow Service. Seven in 10 consumers cite access to faster payments from their financial institutions (FIs) as important to satisfaction, and 80% are interested in using faster payments to pay businesses.

The faster-payments trend, apparent across many use cases and demographics, has staying power. While the youngest adult consumers — ages 18 to 34 — [lead](#) the way in preferring faster payments, at least three in 10 consumers ages 55 and over cite sending money to friends and family, last-minute bills and recurring bills as faster-payments use cases. With digital financial services becoming ubiquitous, faster payments are a must-have for businesses to meet always-on, on-demand expectations.

The wide range of use cases for faster payments [indicates](#) how important they are to consumers.



## 53%

Share of consumers who use faster payments to send funds to friends and family



## 32%

Share of consumers who use faster payments for last-minute bill payments



## 31%

Share of consumers who use faster payments to transfer funds at different FIs



## 30%

Share of consumers who use faster payments for online shopping



## Need to Know

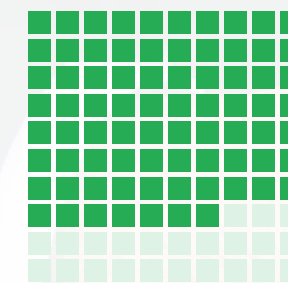
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# Beyond speed, the modern consumer wants it all when it comes to payments.

Recent [research](#) points to strong preferences for both digital and physical payments depending on use case. Digital cards are the top choice for eCommerce payments, and tap-to-pay cards are most favored for in-person transactions, meaning that flexibility within a digital-first framework is essential. Some 53% of U.S. consumers prefer using a stored card on file or an expedited checkout button for a faster checkout, the latter also providing an extra layer of security via encrypted tokenization.

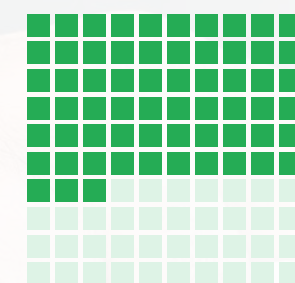
Fast and flexible payment options must come easily, however, or consumers are likely to abandon their purchases. According to a recent [survey](#) from the United Kingdom, 88% of consumers would leave a transaction upon encountering friction. Security is a top concern, while consumers also want to avoid sharing personal details with a third party and being bumped to another site for payment or to a different device for identity verification.

Consumers, especially the youngest adults, have high expectations for speed, flexibility and ease of use for online payments.



**77%**

**Share of U.K. consumers who now expect payments to be instantaneous**



**63%**

**Share of U.K. consumers ages 18-34 who expect to pay for everything with one click**

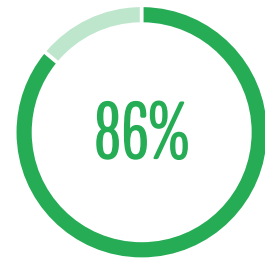
## Need to Know

# Instant disbursements are in demand, but options are not there yet.

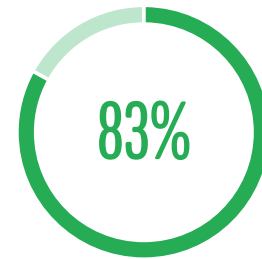
The demand for immediate payouts is clear, with 47% of U.S. consumers in a 2022 PYMNTS [survey](#) saying they would choose to receive instant disbursements if possible — a share that has climbed steadily since 2020. Most consumers are never given the option, however, and trends are moving toward removing options. Only 17% of consumers received disbursements via instant rails last year, and consumers were allowed to choose their method of disbursement only 68% of the time.

Consumers receiving winnings, legal settlements and insurance payouts have all experienced a decline in options. This lack of choice for consumers is a key obstacle and results in many opting for same-day account transfers as the fastest and most reliable method available..

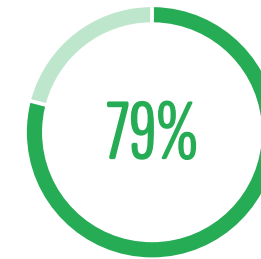
**Demand is strong across use cases for instant payments, according to recent PYMNTS [research](#).**



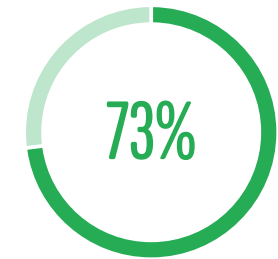
**Share of U.S. consumers who chose instant payments for income and earnings disbursements**



**Share of U.S. consumers who chose instant payments for borrowing disbursements**



**Share of U.S. consumers who chose instant payments for investment account disbursements**



**Share of U.S. consumers who chose instant payments for insurance disbursements**



## News and Trends

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# More Demand, Less Supply for Instant Insurance Payouts

Instant disbursements were at a five-year high in the insurance industry in 2022, yet fewer insurers offered the option to clients compared to the year before. PYMNTS research revealed that 62% of insurance payouts offered an option for instant disbursements — significantly fewer than the previous year, although the pandemic played a role that year by causing a spike in payouts.

Consumers are choosing instant payouts 23% of the time. The choice for instant disbursements was highest for automobile claim payouts (27%), followed by life insurance claims (26%), property and casualty claims (20%) and healthcare claims (20%). This consistent need for speed demonstrates how strong consumer expectations are for instant disbursements across the insurance industry.



## News and Trends

# Popularity of money-storing apps grows with each use

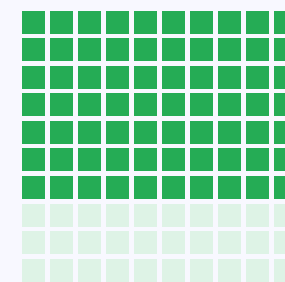
Money-storing apps are gaining in popularity, thanks to the speed and convenience they provide. PYMNTS [research](#) found that 37% of consumers used general storage apps, such as PayPal, and another 15% used both general storage apps and merchant-specific apps. For retailers, this trend means more customer spend in addition to greater customer loyalty.

Money storage apps provide so much convenience that usage increases among those who have tried them, making them a powerful draw for customers and a must-have at checkout. Rewards are also a key factor driving use: 46% of consumers would use general-purpose apps if rewards were active, compared to just 18% who are interested without rewards.

# Expanding digital options accelerate payments across retail, healthcare, hospitality

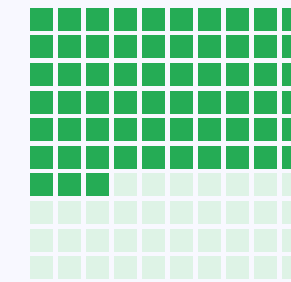
Overall, businesses are expanding digital payment options because of the growth potential they see in modern payment systems, especially those enabling faster payments that support improved cash flow. Contactless cards and digital wallets are anticipated to be the most popular payment methods among consumers in the next two years. Some 65% of healthcare executives are looking to add digital wallets and enable patient financing. Buy now, pay later (BNPL) is expected to become mainstream, according to 47% of retail executives representing both consumer and business-to-business (B2B) payments. Across the restaurant industry, six in 10 businesses are seeing more customers requesting cryptocurrency, P2P payments and mobile wallets.

70%



**Share of U.S. restaurants that say the ability to order and pay quickly impacts customer choice of where to eat**

63%



**Share of U.S. health industry executives who say an easy and patient-friendly way of paying bills promotes faster payment of account balances**



## PYMNTS Intelligence

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# Merchants Can Ride Faster Payments to Improved Customer Loyalty

Shifting preferences favoring transaction speed and ease have led many organizations to move toward faster payment methods. In fact, 54% of North American businesses [say](#) payment speed is a primary reason for adding digital payment options at all. Especially with lingering inflation and economic uncertainty on the horizon, faster payments can be a significant driver of customer loyalty. This is one reason why three in four businesses say such payments have had a highly positive impact on their organizations.

Instant payments [take](#) faster payments' desirable results to a new level, tied to their immediate, 24/7 availability. Consumers can send and receive instant funds securely and reliably while avoiding overdraft and late fees. Businesses, meanwhile, can benefit from instant payments by better managing cash flow, improving the efficiency of B2B payments and streamlining reconciliation processes.



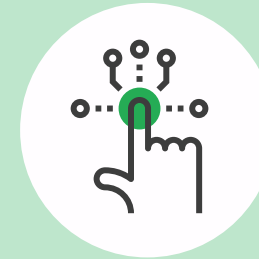


## PYMNTS Intelligence

# How faster payments transform business operations, revenue

The benefits of faster payments extend to operational efficiencies and more kept revenue for the organizations that implement them. Manual data entry is no longer required to process transactions, **reducing** administrative costs and freeing staff to focus on bigger-picture tasks. This organizational impact is why more than seven in 10 executives expect new, faster payment processing systems to have a transformational impact on their businesses in the next 36 months. Integrated or embedded payment solutions, in particular, can offer a dual benefit of faster transactions for customers and improved reconciliation in the back office.

Businesses recognize the power of faster payments and are **investing** in such systems to help drive business transformation.



# 72%

Share of businesses anticipating a transformational impact from new, faster payment processing systems in the next three years



# 37%

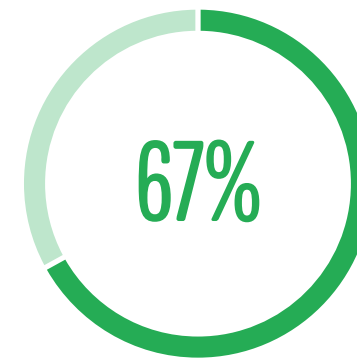
Share of businesses expecting to make investments in payment processing in the next year

## PYMNTS Intelligence

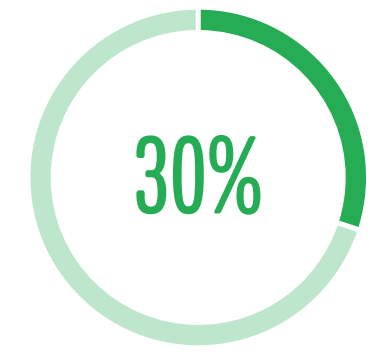
# Demand fuels growing features, use cases for faster payments

Faster payments have wide appeal for all types of businesses, with most planning to [roll out](#) faster or instant payment systems by 2024. These systems not only bring about accelerated payment processing but also provide timely notifications of payment arrival or funds availability and remittance or invoice information. Features such as these help businesses operate more efficiently and enable consumers to gain visibility into transactions. B2B (93%), person-to-business (85%) and business-to-person (81%) are the leading use cases for faster payments. Businesses are also widely using faster payments for account-to-account transfers, payroll and recurring bills and invoice payments, demonstrating the enormous demand for speed and convenience.

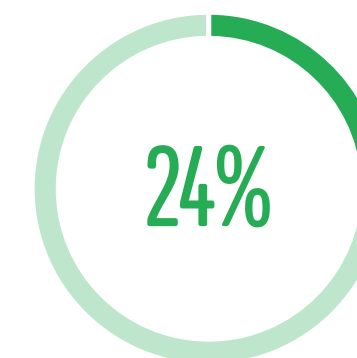
These emerging use cases for faster or instant payments saw the largest year-over-year increases in businesses' interest.



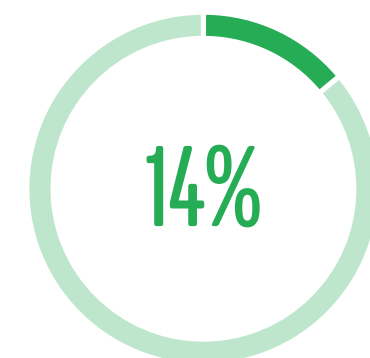
**Mobile order pickup**



**Just-in-time payments**



**Large disbursements**



**Digital wallets**



## PYMNTS Intelligence



# 20%

Share of U.S. businesses that cite the cost of technology as the most important barrier to sending real-time payments



# 19%

Share of U.S. businesses that cite the limited number of buyers or suppliers using it as the most important barrier to sending real-time payments

## Overcoming implementation, cost challenges key for successful instant payments adoption

The transformational benefits of real-time payments are well-established, but the speed of real-time payments also carries some perceived challenges, stifling overall adoption. Some businesses are concerned that instant payments are so fast that they are irreversible: There is no time to remedy a mistake once a payment is sent. New payment methods also typically bring new security threats that are always evolving.

Modernizing legacy systems to accommodate real-time payments integration also could entail major expenditures, making cost a leading concern in both sending and receiving payments. The limited number of users is also a top concern. The potential business growth from real-time payments, however, will be driving many firms to find ways around these obstacles. Businesses that make the move toward instant payments stand to gain a competitive advantage and stay ahead of change.

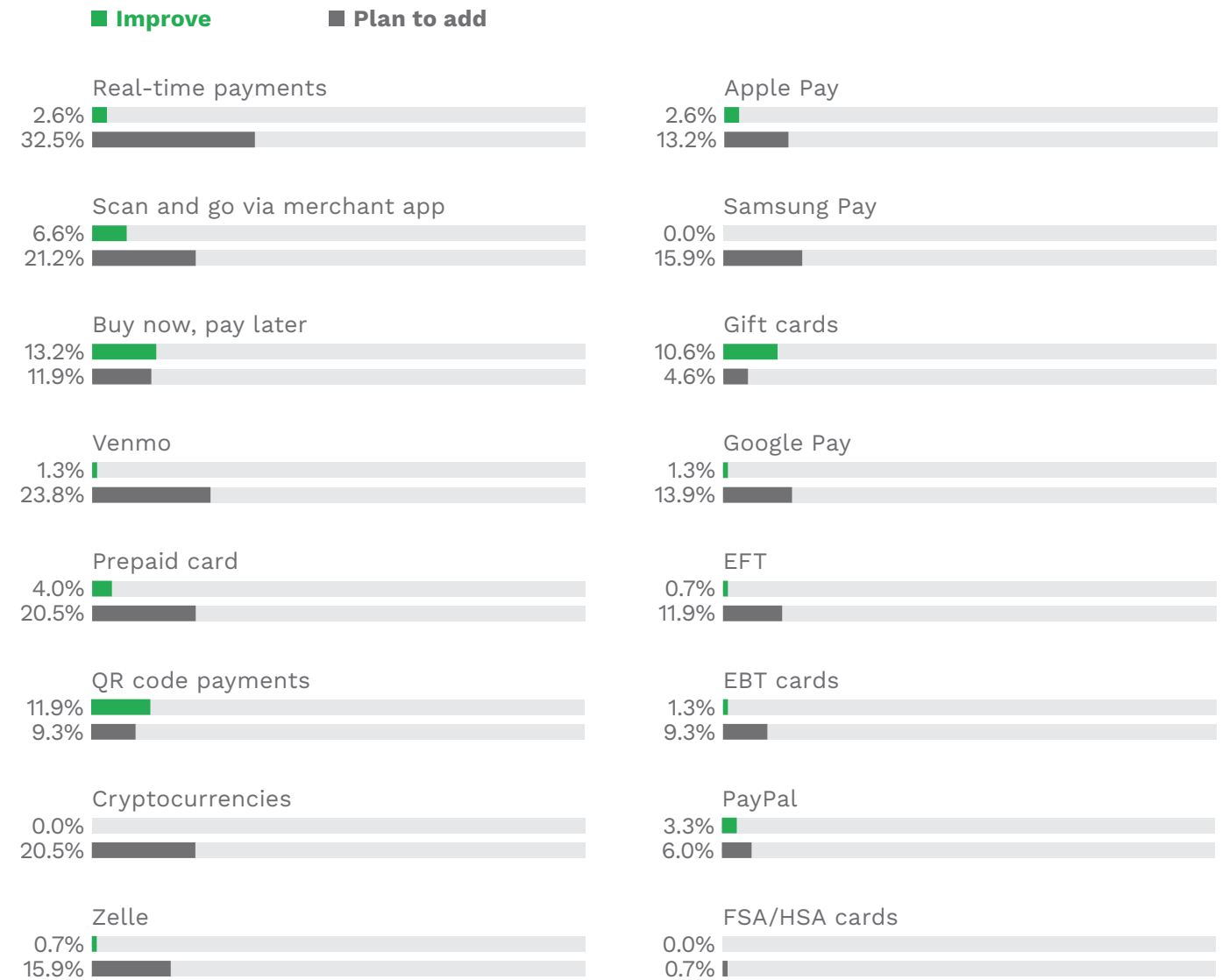
Chart of the Month

# Nearly One in Three Retailers Adding Real-Time Payments

Many retailers across the U.S. are planning improvements or additions to their checkout experiences that offer more payments flexibility and speed wherever customers are transacting. Recent PYMNTS [research](#) found that about 33% of retailers are planning to add real-time payments in the next three years, with Venmo, scan-and-go via merchant app and cryptocurrencies all slated for adoption by at least one in five retailers. As for payment methods most likely to be improved during the same time period, BNPL and QR codes top retailers' priority list at 13% and 12%, respectively, meaning that faster payments are being prioritized both online and in-store.

## Retailers' planned improvements or additions

Share of U.S. retailers that plan to add or improve support for select payment methods in the next three years



Source: PYMNTS

Retail Payments Innovation Year in Review, February 2023  
 N = 300: Complete responses, fielded June 1, 2022 – June 21, 2022



## Insider POV

# An Insider on Open Banking's Power to Deliver Faster Payments



**HARRY LUSCOMBE**  
Co-founder and chief  
executive officer

**BOODIL**

“Our roadmap is to continuously improve our customer experience while enabling more merchants to reap the benefits of lower processing fees and instant settlement of funds.”

Despite instant settlement, lower fees and fraud protection, open banking payment rails in the U.K. are lagging in adoption. New payment option providers such as [Boodil](#), which layers on a rewards program, are hoping to accelerate use.

**Harry Luscombe hears it all the time from merchants.** When considering faster payment options, they are concerned that customers may not want an open banking payment at checkout.

Luscombe, the co-founder and CEO of mobile-first open banking payment solution Boodil, is quick to point out that most customers do not express their preferences and might even abandon their checkouts or choose less preferable payment options if their preferred methods are not available.

## Insider POV

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Boodil aims to create a compelling reason for customers to choose its payment method through its innovative rewards program, ultimately benefiting the merchants through lower fees, instant settlement of funds and removal of chargebacks. The Manchester, U.K.-based startup is using the country's open banking rails to provide a mobile-first payment solution and consumer engagement platform.

“Our aim is to reward and incentivize consumers every time they check out via our payment method,” said Luscombe.

The company has grown quickly since launching its offering early this year. Luscombe and his co-founders were committed to creating a faster payment solution that was unique and offered more than just open banking payment rails, especially considering how open banking has matured in the U.K. since its introduction in 2017.

**Boodil is helping merchants adopt faster payments and drive increased customer loyalty by offering redeemable points every time customers spend using Boodil as their payment method.** Through the Boodil app, customers can redeem points for prize draws and

discounts at various retailers, further incentivizing customers to choose Boodil for their payments.

Boodil has added 50 businesses to its client list in the space of about three months. The open banking payments adoption rate, however, is still low, hovering between 3% and 5%, Luscombe estimated. One reason for the lag in adoption is that the U.K.'s biggest eCommerce retailers have yet to jump on board. Consumers, meanwhile, are faced with inconsistent terminology — pay by bank, pay with bank, cardless payments or open banking payments — which creates confusion and stifles awareness.

Luscombe drew a comparison to contactless payments adoption over the first three years. PYMNTS data shows that open banking's growth rate over its first three years has been faster than that of contactless, demonstrating its potential.

Luscombe is surprised to see so many businesses continue to use manual bank transfers, which can be prone to error and are slow and inefficient, when open banking payment options such as Boodil's can



## Insider POV

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save 60%-70% on credit card costs while driving increased loyalty and customer engagement.

“The more merchants adopt the payment method, the more customers will become [familiar] with it, which will thus stimulate adoption and growth,” said Luscombe.

**Of course, it can be cumbersome to implement new payment solutions to checkout.** To make implementation as seamless as possible for merchants, Boodil has built a simple onboarding experience and easy integration options. Luscombe said the entire process takes less than 10 minutes.

“We have seen certain providers that don’t offer that out-of-the-box solution, so we have made it simple and easy for merchants to add to their checkout,” said Luscombe.

When considering adopting faster payments or new payment methods, Boodil suggests that businesses provide information and marketing collateral to instill trust and encourage customers to try out the new payment solution. By highlighting the safety, security

and rewarding nature of their payment methods on their websites or through marketing materials, businesses can help drive customer adoption and loyalty.

Luscombe said Boodil will be enhancing its app throughout the year, with a “version 2.0” launching by early next year. Along the way, Boodil is adding tools for businesses such as its payments portal, which enables businesses to send out payment links via SMS, email or QR codes and customers to pay invoices and bills through open banking payments. The company is also rolling out a merchant dashboard detailing Boodil-led transactions and customer insights as it positions itself for a seed raise in Q3 2023.

“We’re planning for constant improvements going forward,” Luscombe said.

## Companies to Watch

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# Demand Drives Instant Payments, Payouts for Shopping, Gaming

**ACI Worldwide**  
Real-Time Payments

Global leader in mission-critical, real-time payments software ACI Worldwide recently [launched](#) its new real-time payments solution ACI Instant Pay, enabling U.S. merchants to accept instant payments online, via mobile or in-store. The solution helps merchants avoid card processing fees and chargebacks while offering instant settlement via application programming interface integration.

**Trustly**

Swedish FinTech Trustly [partnered](#) with online gaming operator PointsBet to offer its U.S.-based players instant withdrawals of winnings into their bank accounts. Trustly's payment method, made possible by a partnership with financial services and tech infrastructure provider Cross River Bank, boasts an optimized user interface with effortless configurability and turnkey payout logic.

**ACI Worldwide**  
Real-Time Payments

**Trustly**



## What's Next

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# Seven in 10 Payments Will Be Instant in 2027

Driven by increasing merchant acceptance due to lower costs compared to credit, instant payments are **anticipated** to reach 70% of all global transactions by 2027. Currently, 30% of all payments are instant. China's WeChat Pay and AliPay, India's UPI and the U.S.'s FedNow will lead the instant payments transition. Research suggests that instant payment vendors can stay competitive by bundling more value-added features into their service, such as real-time fraud prevention or automated B2B payments.

**Instant payments' share of global transactions will more than double in the next four years.**



## 235B

Projected number of consumer instant payments in 2027



## 30%

Projected share of global transactions that will be instant in 2023



## 70%

Projected share of global transactions that will be instant in 2027

# About

**PYMNTS** [PYMNTS](#) is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



[Ingo Money](#) is the money mobility company. Founded in 2001, it provides technology platforms and expert risk management to FinTechs, banks and businesses that enable safe and instant money movement, from any source to any destination. Ingo’s solutions power deposits and transfers for inbound and outbound money flows, cross-platform P2P and digital payouts, with network reach to more than 4.5 billion bank accounts, cards, digital wallets and cash-out locations. This transformation of traditional payments helps businesses reduce cost and delays while dramatically improving the consumer experience. Headquartered in Alpharetta, Georgia, Ingo employs more than 200 professionals and serves some of the largest brands in North America.

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