



The Making Real-Time Payments a Reality: Rising Demand for Real-Time Payments Report seeks to better understand the shifting attitudes of U.S. businesses toward RTP. The report, a PYMNTS and Mastercard collaboration, is based on a survey of more than 500 financial executives across a range of sectors, including finance, retail and technology.

MAKING REAL-TIME PAYMENTS A REALITY

85%
OF BUSINESS FIRMS
IN THE U.S. ARE

PLANNING ON
IMPLEMENTING RTP
OVER THE NEXT
THREE YEARS

RISING DEMAND FOR REAL-TIME PAYMENTS

■ JANUARY 2020

Firms that are "very" or "extremely" interested in real-time payments


84%
TECHNOLOGY
FIRMS


82%
FINANCE
FIRMS

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MAKING REAL-TIME PAYMENTS A REALITY

RIISING DEMAND FOR REAL-TIME PAYMENTS

The Making Real-Time Payments a Reality: Rising Demand for Real-Time Payments Report was done in collaboration with Mastercard, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

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THE SHIFTING REAL-TIME PAYMENTS PARADIGM

Businesses today often field pitches for products and services that promise to expedite transactions and optimize their payment flows, but one recent foundational shift stands out: Real-Time Payments (RTP). The Clearing House launched the network in the United States in 2017, making it the country's first bank account-based real-time payments system operating 24 hours a day.

PYMNTS has been tracking FIs' and businesses' responses to this groundbreaking payment system since its early stages. Our latest research indicates that RTP awareness has made remarkable progress since becoming operational two years ago. Most firms today know about Real-Time Payments and also feel that it is compelling. We find that 66.7 percent of them are "very" or "extremely" aware of the new payment system, and 71.9 percent are equally interested in leveraging its capabilities. This interest notably appears

to be translating into action: More than 85 percent of firms are either in the process of implementing RTP or expect to do so within the next three years. These are among the key findings in our Making Real-Time Payments a Reality: Rising Demand for Real-Time Payments report, a PYMNTS and Mastercard collaboration.

Rising RTP interest reflects a growing appreciation of its manifold benefits and capabilities, which firms recognize extend beyond speed. Our 2018 study,

the B2B Tipping Point, found firms tended to cite one of RTP's operational benefits to a much greater extent than others: improved cash flow.¹ Our latest study reveals that firms now view a wide range of benefits as important to a similar or greater extent, including improved process efficiency, flexibility, greater supplier satisfaction and increased data access.

This shift carries over to the specific Real-Time Payments features firms consider vital. More than three-quarters of firms consider the following features "very" or "extremely" valuable: enhanced fraud and security (cited by 78.3 percent), 24/7 service (76.9 percent), improved reconciliation with enhanced data (76.7 percent) and instant funds availability (76 percent). Only one feature was considered vital by more than three-quarters of firms in the 2018 study: enhanced fraud and security.

Real-Time Payments is not yet widely used by U.S. firms despite the fact that they are more aware of the payment

system than ever before. Our research shows that some firms are reluctant to adopt RTP because they believe technical requirements stand in the way, and others feel they do not know enough about the system. This underscores the need for educational guidance to help firms bridge the gap between enthusiasm and adoption.

The Making Real-Time Payments a Reality: Rising Demand for Real-Time Payments report explores how to close this gap. The study analyzes hundreds of data points from a survey of more than 500 financial executives representing the construction, professional services, retail and technology sectors, among others.

¹ The B2B Payments Tipping Point. PYMNTS.com. 2018. <https://www.pymnts.com/study/the-b2b-payments-tipping-point-playbook-study/>. Accessed January 2019.



Here are the key findings from our research:

01

Most businesses are very aware of and interested in Real-Time Payments.

Our research shows that 66.7 percent of firms have high levels of Real-Time Payments awareness, while 71.9 percent say they are “very” or “extremely” interested in its capabilities. Awareness and interest levels tend to correspond with each other, suggesting that Real-Time Payments’ appeal increases as companies learn more about it. We also discovered that 85.3 percent of firms are either in the process of implementing RTP or plan to begin implementation within the next three years.

02

Firms appreciate the numerous benefits RTP can offer their operations.

Improved process efficiency tops a lengthy list of operational benefits firms expect to reap from RTP, with 50.4 percent of them citing it. Other expected benefits include improved cash flow (cited by 49.6 percent), flexibility (47.2 percent), greater supplier satisfaction (44.5 percent), better data access (42.3 percent) and enhanced fraud protection (41.8 percent).



03

Interest in specific RTP features — particularly messaging capabilities — is on the rise.

Survey respondents are more inclined than their 2018 counterparts to cite numerous Real-Time Payments features as highly valuable. Six of the new system’s features are considered “very” or “extremely” valuable by at least 70 percent of firms, while just one feature saw the same level of interest in 2018. Highly valued features include enhanced fraud and security (78.3 percent), 24/7 service (76.9 percent), improved reconciliation with enhanced data (76.7 percent) and instant funds availability (76 percent). Interest has also surged in RTP’s robust messaging capabilities, which are considered highly valuable by 63.8 percent of firms: Just 46.5 percent of businesses considered valued these capabilities highly in 2018.

04

Fewer firms list lack of awareness as an impediment to Real-Time Payments’ adoption.

Only 37.9 percent of financial executives who are not interested in adopting RTP cite lack of awareness as a deterrent. This represents a marked shift from PYMNTS’ 2018 study, in which 51.4 percent of firms cited unawareness as the dominant impediment. Our latest research shows that 40.7 percent now perceive a lack of technological resources as a greater barrier. This suggests that firms today are more knowledgeable about RTP but still need education and technical guidance concerning its implementation.

05

RTP interest is highest for large companies and those in the financial services, retail and technology sectors.

Our analysis shows that 82.8 percent of firms with more than \$1 billion in annual revenues are “very” or “extremely” interested in Real-Time Payments and that 77 percent of them report being highly aware of the system. Just 53.6 percent of firms with yearly revenues below \$10 million express interest in the network to the same degree, and just 44.3 percent express strong awareness. Businesses in the financial, retail and technology sectors also show increased interest. For example, 84 percent of technology firms are “very” or “extremely” interested in Real-Time Payments, and 77.8 percent report strong awareness levels. Our research also reveals high levels of interest in some surprising areas, including construction and contracting. We find that 83.3 percent of such firms show great interest in RTP.

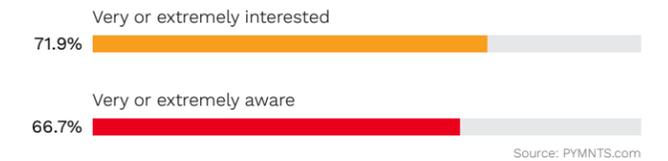
ON THE FAST TRACK TO REAL-TIME PAYMENTS



Firms are gaining awareness and interest in RTP. Our latest research shows that 66.7 percent of businesses are “very” or “extremely” aware of Real-Time Payments, and 71.9 express the same high levels of interest in it.

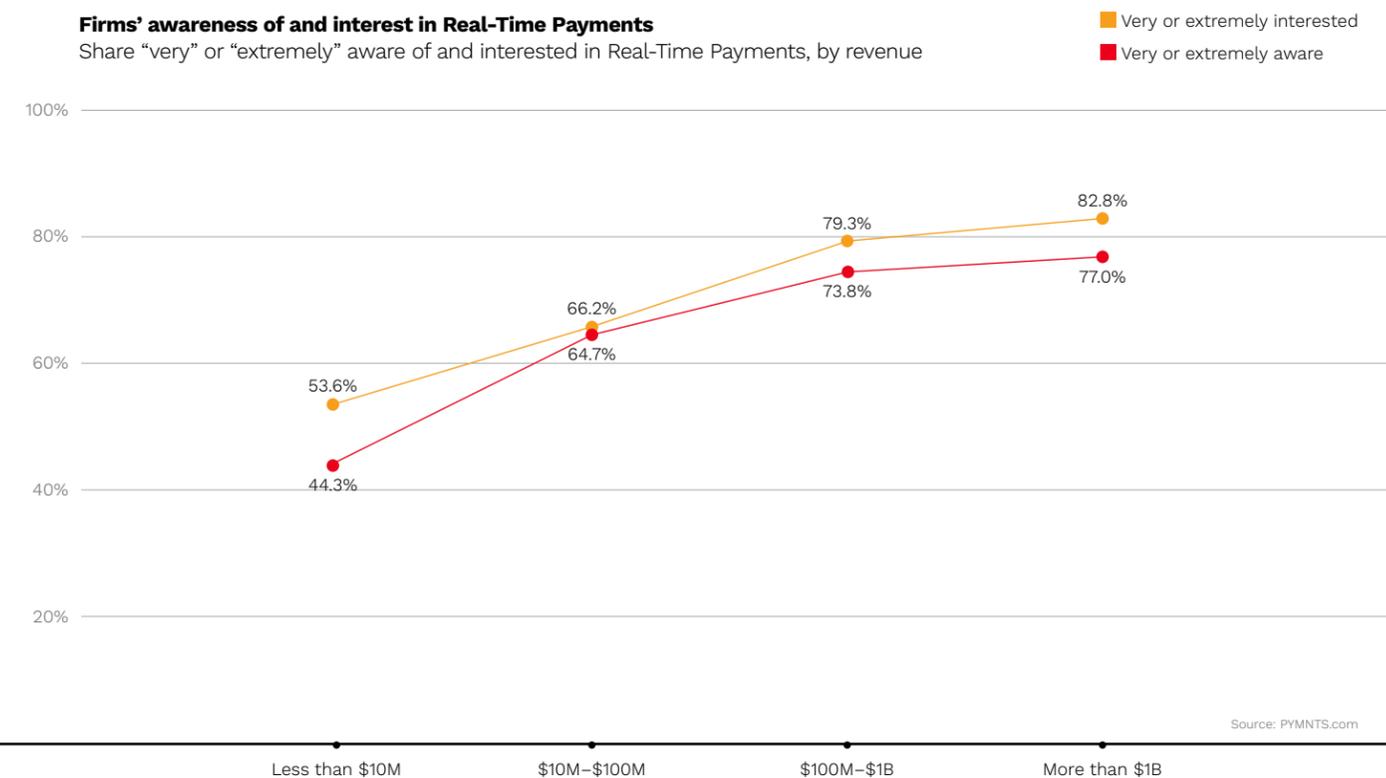
Firms of different sizes and in different sectors express varying levels of awareness and interest, however. Our research indicates that 82.8 percent of those with annual revenues of more than \$1 billion are “very” or “extremely” interested in Real-Time Payments, and 77 percent of

FIGURE 1:
Firms’ awareness of and interest in Real-Time Payments
Share that are “very” or “extremely” aware of or interested in system



companies in this bracket express strong levels of awareness. This contrasts with the levels expressed by firms with annual revenues below \$10 million, of which 44.3 percent indicate awareness and 53.6 percent report strong interest.

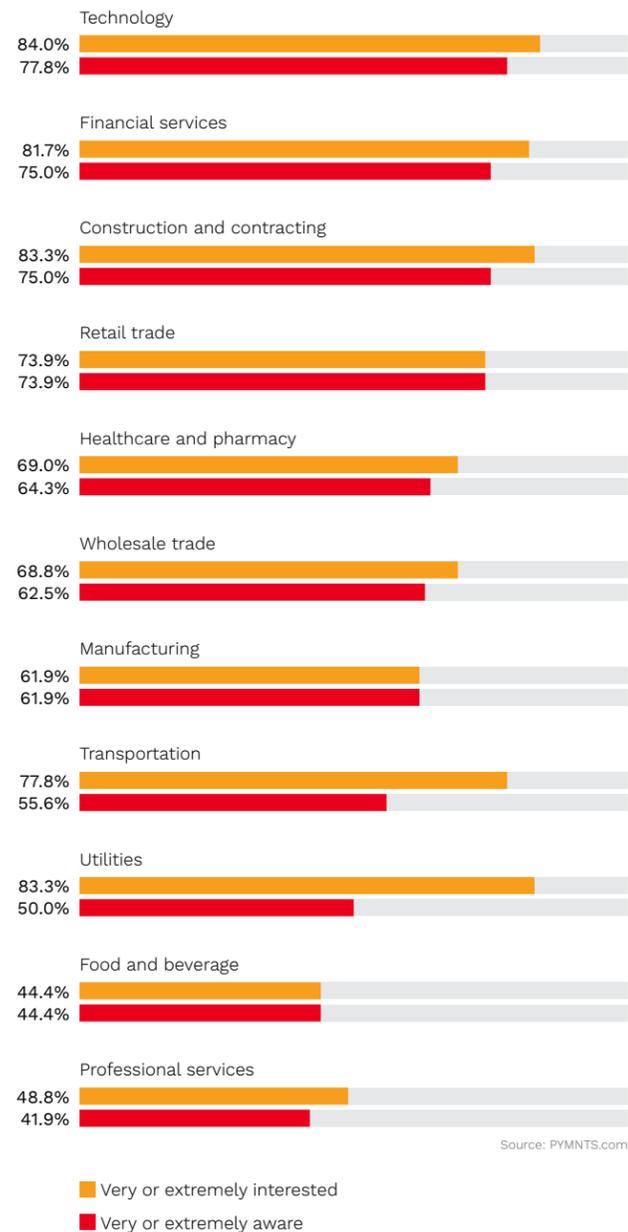
FIGURE 2:
Firms’ awareness of and interest in Real-Time Payments
Share “very” or “extremely” aware of and interested in Real-Time Payments, by revenue



Source: PYMNTS.com

FIGURE 3:
Firms' awareness of and interest in Real-Time Payments

Share "very" or "extremely" aware of and interested in Real-Time Payments, by sector



Knowledge of Real-Time Payments has not spread evenly to all market segments, however. Interest and awareness levels are highest in the financial services and technology sectors, which is understandable as these industries foster payments innovations. Eighty-four percent of technology firms report being "very" or "extremely" interested in Real-Time Payments, and 77.8 percent cite the same level of awareness. Financial services firms' numbers are also impressive, as 81.7 percent of firms have strong interest and 75 percent report the same level of awareness.

Our research indicates that the concept of Real-Time Payments has yet to make major inroads in certain sectors. Just 50 percent of utility-based companies register strong awareness of the system, for example, but 83.3 percent of them report being "very" or "extremely" interested in the system when they are informed of it.

The broader pattern among businesses is unmistakable, however. The vast majority of firms are strongly interested in Real-Time Payments, and even larger shares

are willing to put their money on the line, planning to implement the payment system. Our research shows that 85.3 percent of respondents are in the process of adopting RTP or will begin doing so within three years. Within this group, 21.3 percent report currently working on implementing RTP, while the largest share — 22.3 percent — are planning to do so within the next 12 months.

This strong interest in RTP corresponds with a growing awareness of the system. PYMNTS' 2018 study The B2B Payments Tipping Point revealed that 51.4 percent of respondents cited unfamiliarity with Real-Time Payments as the reason for their lack of interest.² Just 37.9 percent of firms in our latest survey cited this as a deterrent, a 26.3 percent decline.

The overall trend is therefore clear: Interest in and awareness of Real-Time Payments is growing. There may be no clearer manifestation of this than firms' recognition that its benefits extend far beyond speed.

FIGURE 4:
Firms' plans to implement RTP

Share of firms citing various stages of RTP implementation

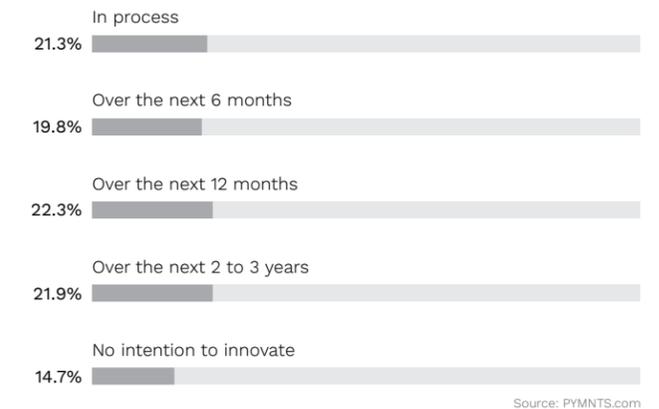


FIGURE 5:
Firms' evolving awareness of Real-Time Payments since 2018

Share citing insufficient Real-Time Payments knowledge as an impediment to adoption, 2018 versus 2019



² The B2B Payments Tipping Point. PYMNTS.com. 2018. <https://www.pymnts.com/study/the-b2b-payments-tipping-point-playbook-study/>. Accessed January 2020.



THE FASTER PAYMENTS AGENDA

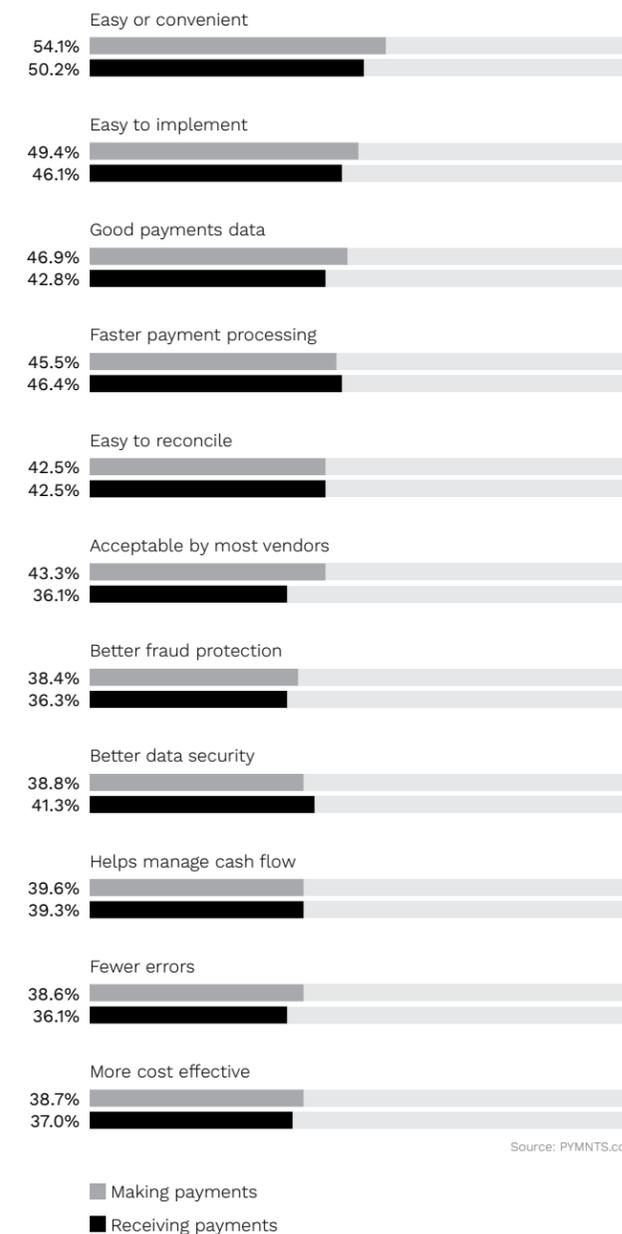


Firms are understandably invested in payment methods' speed, but other attributes are just as significant. The three most important reasons firms cite for being satisfied with their payment methods are ease and convenience (cited by 54.1 percent), ease of implementation (49.4 percent) and the availability of good payments data (46.9 percent). Fast processing is next on the list, cited by 45.5 percent of firms.

Firms list speed as a higher priority when it comes to receiving payments, though, with 46.4 percent of respondents citing faster processing as a reason to be satisfied with a given payment method. Companies receiving funds also prioritize convenience and the availability of good payments data, cited by 50.2 percent and 42.8 percent, respectively.

These findings reveal that firms want their payment systems to offer more than quick settlement, which goes a long way toward explaining why Real-Time Payments is so intriguing: Businesses' priorities dovetail with its numerous capabilities.

FIGURE 6:
Firms' reasons for being satisfied with payments
Share of those making and receiving payments that cite select reasons for being satisfied, by reason



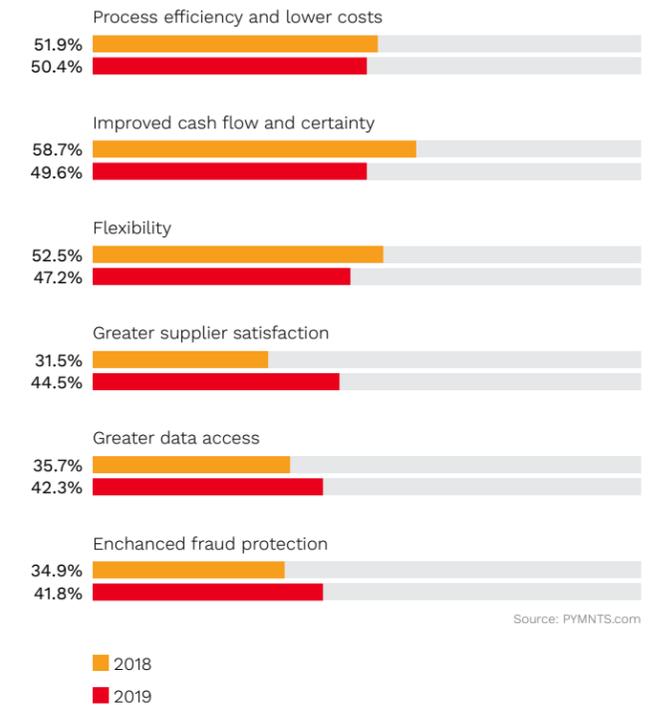
THE NEED FOR MORE THAN SPEED: A HOLISTIC LOOK AT REAL-TIME PAYMENTS



Only one potential Real-Time Payments benefit registered with firms more strongly than others in PYMNTS' 2018 study: improved cash flow. This contrasts with the views expressed in our latest survey, with companies reporting they expect a range of interconnected benefits.

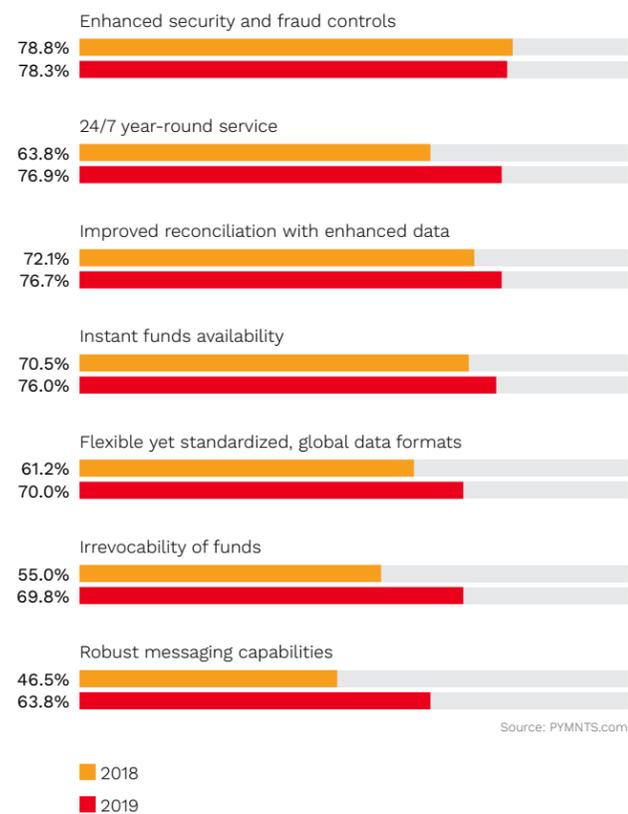
Our latest research shows that improved process efficiency is the biggest benefit firms expect from Real-Time Payments adoption, with 50.4 percent of respondents citing it is a reason for their interest in the system. Other popular expected benefits include improved cash flow and certainty (cited by 49.6 percent), flexibility (47.2 percent), greater supplier satisfaction (44.5 percent), greater access to data (42.3 percent) and enhanced fraud protection (41.8 percent). This shows that companies are beginning to see Real-Time Payments as an offering that provides holistic operational advantages rather than mere cash flow improvements.

FIGURE 7:
Firms' interest in Real-Time Payments over time
Share citing select reasons for being interested in Real-Time Payments, 2018 versus 2019



This broad-ranging interest in Real-Time Payments translates into interest for an array of specific features. Only enhanced fraud security was considered “very” or “extremely” valuable to more than three-quarters of respondents in 2018. The firms in our 2019 survey express similar levels of enthusiasm for four distinct features: enhanced fraud and security (cited by 78.3 percent), 24/7 service (76.9 percent), improved reconciliation with enhanced data (76.7 percent) and instant funds availability (76 percent).

FIGURE 8:
Valuable Real-Time Payments features over time
 Share of firms that consider select features very or extremely valuable, 2018 vs. 2019



Businesses’ growing interest in enhanced data and messaging is especially notable. In addition to facilitating instant payments themselves, Real-Time Payments’ capabilities enable payment and nonpayment messages across the network. **The share of firms that regard robust messaging capabilities as “very” or “extremely” valuable has increased dramatically from 46.5 percent in 2018 to 63.8 percent in 2019.**

Firms also place greater value on another important Real-Time Payments feature: the irrevocability of funds. Payments cannot be withdrawn or delayed once they are made. Our research shows that 69.8 percent of firms view this feature as “very” or “extremely” valuable, compared to 55 percent in 2018.

63.8%
 OF FIRMS
 REGARD ROBUST
 MESSAGING CAPABILITIES
 AS “VERY” OR
 “EXTREMELY” VALUABLE,
UP FROM 46.5%
IN 2018.



THE ROLE OF EDUCATION IN REAL-TIME PAYMENTS ADOPTION



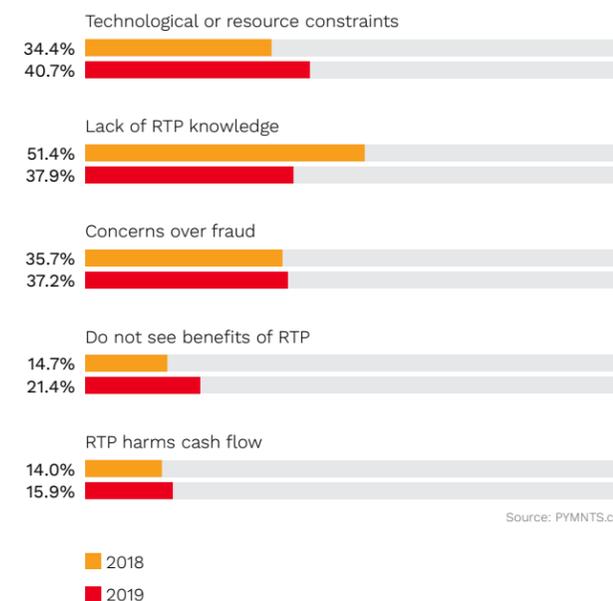
U.S. firms are more familiar with and interested in Real-Time Payments than they were last year, but our research reveals there is still a widespread need to educate businesses on the system's benefits and implementation.

The lack of awareness about Real-Time Payments has receded as an impediment, but other perceived barriers remain among firms that are not interested in the system. They include technological or resource constraints, which 40.7 percent

of firms cite as an inhibitor, an increase from the 34.4 percent that cited it in 2018. Fraud also remains a persistent concern, with 37.2 percent of firms citing it, a slight increase from the 35.7 percent of firms that cited it in 2018.

Firms' sizes have a significant bearing on their perceptions of these barriers. Lack of awareness remains the top reason for lack of interest among small and mid-sized businesses: 46.7 percent of those with annual revenues under \$10 million

FIGURE 9:
Potential hurdles to Real-Time Payments adoption
Real-Time Payments inhibitors cited by firms,
2018 versus 2019



There is still a need to educate businesses on RTP's benefits and implementation.

cite this reason, as do 47.1 percent of those with revenues between \$100 million and \$1 billion.

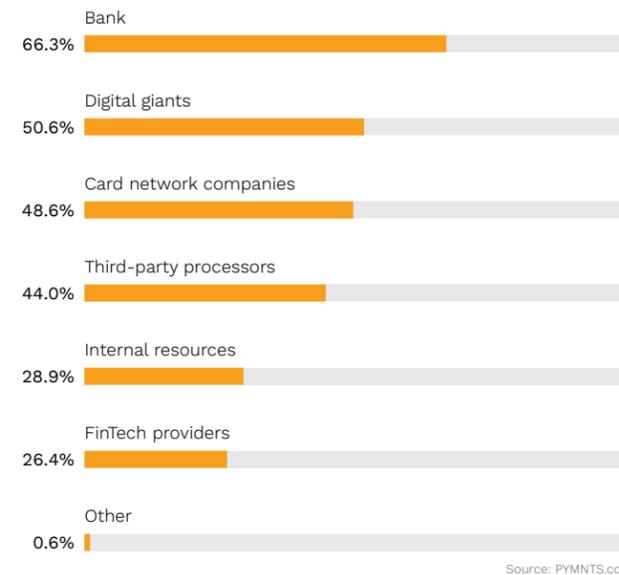
It bears noting that reservations surrounding fraud and technical complexity often accompany the introduction of new financial technologies, and PYMNTS' past research shows that such concerns are usually linked to a wider lack of knowledge. Enhanced fraud protection was cited as a key benefit of RTP to a greater extent than it was as deterrent among firms not interested in the payment system, after all.

These findings underscore that businesses need sound guidance and solutions to address these reservations. The barriers to RTP adoption may not be as daunting as some firms believe and may be rooted more in perception than reality.

Firms can rely on several market resources to educate both their staff and business partners about the potential benefits of payments made in real time. **Our research indicates that 66.3 percent of firms believe their banks are best suited to providing solutions to implement Real-Time Payments.**

FIGURE 10:

Firms' likely Real-Time Payments guidance providers
Share of businesses citing institutions as the most likely to help them adopt Real-Time Payments, by provider



Companies tend to trust their banks, so Real-Time Payments represents an opportunity for both parties. This in turn could create new alliances with third-party providers and educators while strengthening the financial partnerships they already have.

TABLE 1:
Potential hurdles to Real-Time Payments adoption
Real-Time Payments inhibitors cited by firms, by annual revenues

Reasons	REVENUE			
	Less than \$10M	\$10M-\$100M	\$100M-\$1B	More than \$1B
Technological or resource constraints	33.3%	48.9%	38.2%	42.9%
Lack of RTP knowledge	46.7%	26.7%	47.1%	28.6%
Concerns over fraud	40.0%	28.9%	44.1%	38.1%
Do not see benefits of RTP	26.7%	20.0%	20.6%	14.3%
RTP harms cash flow	15.6%	11.1%	23.5%	14.3%
Other	2.2%	4.4%	0.0%	4.8%

Source: PYMNTS.com

66.3%
of firms believe
**their banks are
best suited**
to providing RTP
implementation
solutions.



CONCLUSION

Real-Time Payments has come a long way in just two years. Our research shows that most U.S. firms are well aware of the system and are strongly interested in it — to the extent that 85 percent plan to implement RTP within the next three years.

This increased interest is manifested in a wider appreciation for Real-Time Payments' holistic operational benefits, which extend beyond expedited payments and improved cash flow. Among the most compelling perceived by firms are improved process efficiencies, enhanced security and accompanying payments data.

A small share of firms are reluctant to adopt the system despite its promising start, however. Their reservations primarily concern a perceived lack of technical readiness to enable RTP and a lack of knowledge surrounding the system. This

underscores an important reality facing nearly all firms, regardless of how much knowledge or enthusiasm they have about RTP: They need sound guidance to make Real-Time Payments implementation a reality. Firms and their financial partners should consider the following key points when pursuing RTP:

- **Work with trusted financial partners:** These can include banks as well as other financial services providers.
- **Consider the pain points in your payment flows:** A key starting point for implementing RTP is identifying the specific cases in which delayed access to payments hurt firm operations.
- **Look beyond cash flow:** Firms are most enthusiastic about RTP not as a one-off solution but as a powerful tool that can bring greater visibility and efficiency to entire accounts payable and receivable operations.

RECOMMENDATIONS FOR BANKS:

CENTER AROUND CUSTOMER NEEDS

- **Take an outside-in approach to understand customer needs.** Identify and build out RTP use cases that create value for customers and banks.

EDUCATE AND EMPOWER

- **Awareness and interest in RTP has grown, but education is still needed, especially in industry segments with lower levels of both.** Help businesses overcome perceived technical hurdles by educating them on the available resources and solutions. Make sure that internal teams are aware of RTP's benefits and can articulate them to customers.

PARTICIPATE IN THE MARKET SHIFT AS EARLY AS POSSIBLE

- **Our study shows that 85 percent of businesses plan to implement RTP within the next three years.** Early movers may be best positioned to capture these opportunities and deliver new value to customers.



MAKING REAL-TIME PAYMENTS A REALITY

RISING DEMAND FOR REAL-TIME PAYMENTS



METHODOLOGY

The Making Real-Time Payments a Reality: Rising Demand for Real-Time Payments report is based on a survey of 516 company leaders. The survey consisted of 32 questions aimed at assessing firms' knowledge of and interest in Real-time Payments. Respondents had to be involved in one of four areas: consumer billing and collections, financial planning and analysis, treasury management or accounts payable and receivable. Firms belonged to a wide range of industry sectors — including financial services, manufacturing and technology — and ranged in size from less than \$10 million in revenues to over \$1 billion. The survey was designed to match some of the questions in PYMNTS' 2018 B2B Payments Tipping Point report to assess the evolution of RTP awareness and interest.



ABOUT

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