

# DISBURSEMENTS

## TRACKER®

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JANUARY/FEBRUARY 2022



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How DoorDash is delivering on faster payments for gig workers

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# DISBURSEMENTS TRACKER®

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## ACKNOWLEDGMENT

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Read the previous Tracker



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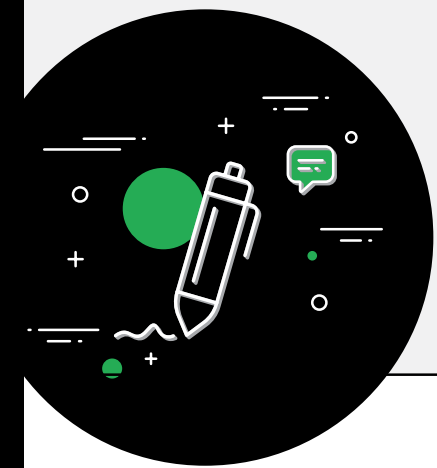
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## EDITOR'S LETTER

# DISBURSEMENTS

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Instant payments are **taking** over an ever-larger share of disbursements, even rivaling same-day account transfers. Demand for faster payments also is rising as consumers' experiences with peer-to-peer (P2P) platforms are raising their expectations of payments everywhere. **Ensuring** a more frictionless user experience when consumers want to move money between disparate accounts now is looking to be the biggest challenge of 2022, and providers still are a long way off from meeting it.

Against that backdrop, the machinery behind account transfers, instant payments and even more traditional methods of money movement remains largely a mystery to both consumers and businesses. Experience shapes perception for users of any system, and when a transaction they believe is "instant" actually takes hours or days to process, that will create the misperception that instant payments are not really instant. With apps such as PayPal or Zelle, consumers may not read the fine print, believing that both products function and move money in essentially the same manner, although just Zelle truly is instant.

Businesses have a stronger incentive to understand the value of payment products than do consumers, as faster payments mean better cash flow and liquidity. This does not mean businesses — especially small businesses — always understand instant payments much better than consumers. Business owners who are generally satisfied with a current payment provider may not wish to risk breaking something that works. They also are likely to avoid trying a new payment product that appears to have higher fees than one they already use, regardless of whether the economic benefits of instant payments outweigh any associated costs. Ultimately, however, consumers are demanding trusted payment options, and, for more than half, that **means** instant payments. Businesses must follow suit if they wish to win consumers' trust.

True instant payments and better money mobility promise to revolutionize the entire economy, but how consumers and businesses perceive instant payments will shape the future of these options. Clear communication of the value of products and services that move money more quickly — and the differences between instant payment products and those that are not — will be essential to ensuring consumers and businesses adopt the best methods and practices.

Thought Leadership Team

**PYMNTS.com**

# How DoorDash Is Delivering On Faster Payments For Gig Workers

## CONSUMERS FAVOR INSTANT PAYMENTS WHEN THEY ARE AVAILABLE, PARTICULARLY WHEN IT COMES TO INCOME AND EARNINGS.

That especially holds true for gig workers. Some employers, such as delivery platform [DoorDash](#), have created programs that enable gig workers to receive payment more often — even daily.

The company established its Dasher Community Council to gain insight into what its delivery workers — called Dashers — expect and need. Working from their feedback, DoorDash has created two payment programs that enable workers to receive pay more frequently than the normal weekly direct deposit, including one that does not require workers to have bank accounts to receive electronic payments.

“Throughout the pandemic, we’ve seen that ensuring Dashers can access their earnings quickly while working when, where and how they want is more important than ever,” Emma Glazer, head of Dasher marketing at DoorDash, told PYMNTS in a recent interview.

Faster gig payment programs vary and may not offer true instant access to funds, but some, such as DoorDash’s DasherDirect, offer payments to prepaid cards — a particularly attractive option to the unbanked and underbanked individuals who are often associated with gig work.

### HOW DOORDASH MAKES GIG WORK PAY FASTER

DoorDash’s delivery workers normally receive weekly paychecks, but under the Fast Pay program, U.S. delivery workers can **cash out** their current earnings once each day for a \$1.99 fee. The funds are not deposited directly to workers’ bank accounts but are instead pushed to their debit cards. Those earnings can include any deliveries that have been completed up to that point. Fast Pay is not a true instant payment, but it is possible for the funds to appear nearly instantly in a worker’s bank account. It is not always that fast, however, and Fast Pay payments can take anywhere from several minutes to several days to process, depending on the bank with which the worker’s debit card is associated.

Alternatively, DoorDash delivery workers can use the company’s DasherDirect Visa prepaid card, which has no fees for its payouts, though disbursements may **take** a day or more to show up. Workers also can transfer funds from the prepaid card

account to a bank account without paying any added fee, but those transactions can take two to three business days and are **limited** to \$5,000 per month. Delivery workers with the DasherDirect prepaid card can use the associated mobile app to find ATMs at which they can make no-fee cash withdrawals, though those also are limited to a total of \$5,000 each month.

### DESIGNING A NEW PAYMENT APPROACH

Some of the added benefits of the DasherDirect program, Glazer noted, include cash back on fuel purchases and availability to delivery workers who may lack current bank accounts or positive credit histories. She said the company's delivery workers specifically desired these aspects.

"In the last year, we've asked Dashers about the types of financial services they'd like to see," Glazer said. "What we heard loud and clear was this: Dashers want faster and more flexible access to their earnings, and they want cash back on gas."

Glazer said the DasherDirect prepaid card serves a need for many of the company's delivery workers in the U.S., where approximately 7 million households are unbanked. It also makes working for DoorDash appealing to underbanked and unbanked communities.

"Many banks carry fees, making them prohibitive and burdensome," Glazer said. "Providing a financial option that increases access to earnings without imposing additional fees is critical in meeting the needs of each and every Dasher."

### FUTURE OUTLOOK

Glazer said the company's delivery workers have responded positively to the DasherDirect program. Popular aspects have included the lack of fees and the ability to manage the prepaid card account through a mobile app. One worker said he intended to pay his DoorDash-related expenses, such as fuel, solely using the prepaid card, which he believed would simplify itemizing his business expenses at the end of the year.

DoorDash will continue to look for ways to improve its payment approaches, Glazer said. Central to that will be assessing the wants and needs of delivery workers to design features and resources that are made to order.





# Q&A

**DREW EDWARDS,**  
CEO



## DISBURSEMENTS TRACKER®

### How can instant payments providers differentiate themselves from services that offer fast but not truly instant payments?

As this month's tracker notes, there is a lot of overlap and confusion about what is truly instant and what is simply faster than other payment methods. Instant payments are defined as the ability to receive fully available funds within 30 minutes, 24 hours a day, seven days a week, 365 days a year. That means no delays after hours, on weekends or during holidays.

Providers can certainly do more to highlight the instant nature of funds in branding and marketing and even upon delivery of monies into an account. But for most recipients, the distinction of whether an actual payment — or just the communication of a payment — is instant holds little value as long as they can spend the money immediately.

The true opportunity to differentiate one's company from other fast payments providers is to offer payments ubiquity. This means the ability to send funds beyond the bank account to any card (debit, credit or prepaid), mobile wallet account or even a cash-out location.

Consumers and small businesses obviously want their money instantly, but they also want it in the account of their choosing. This is what provides maximum spending power and flexibility.

Providers that offer instant funds with payments ubiquity will clearly stand out from the mass of payments brands in the market today.

### What is the first step in solving the money mobility problem, and where do we go from here?

Money mobility is the ability to freely and easily deposit, transfer, receive, pay, send, disburse and access money from any source or destination — safely and instantly.

That's a tall order, but an obvious one at a time when people hold multiple accounts across banks, apps, online wallets and more. And as with every other facet of their modern lives, consumers expect speed, convenience and choice when moving their money between those accounts.

For providers, meeting that demand requires three core features: instant funding, payments ubiquity and transactional security. Without the ability to offer fully available funds into and out of every account a consumer holds with complete confidence, money mobility is impossible.

Money mobility will be the defining payments issue of 2022. As awareness, expectations and providers proliferate, it will enable a new golden age of payments [in which] money moves like the queen on a chessboard, in any direction with speed and authority. For providers delivering on the promise of money mobility, it will be checkmate for the competition.

# Overcoming The Perceptual Barriers To Instant Payments

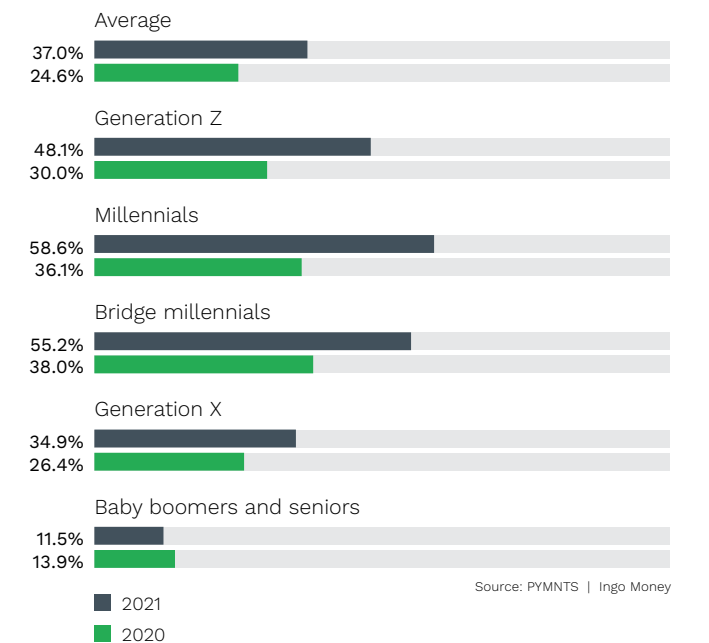


United States consumers **received** 11 billion disbursements in 2021, and 17% of those were instant payments, approximately tripling the 5.7% of instant disbursements made in 2020. Instant payments are gaining even on same-day account transfers, with 22% of consumers receiving disbursements by same-day automated clearing house (ACH) versus 20% who received at least one disbursement as an instant payment. Consumers are now 50% more likely to be aware of instant payments than in 2020, and they are 15% more likely to choose instant payments.

Businesses **see** the benefits of instant payments as well, and more than 75% want financial institutions (FIs) to offer faster payment options. Instant payments can improve cash flow management, make payment operations more efficient and contribute to more secure and accessible payments. Businesses can leverage instant payments to achieve better automated invoicing and remittance processing, resulting in fewer errors and exceptions. The combined benefits of instant payments can grow revenue while reducing overhead. Instant payments also can drive loyalty, and 66% of consumers said they would do more business with companies that offer free instant payment options.

Interest in instant payments does not always translate into understanding how these payments work, however. Most consumers **believe** instant payments do not provide instantly available funds, and 40% of small businesses **said** they would not switch to instant payments because they are relatively satisfied with their current providers. This month, PYMNTS goes beyond instant payments' objective benefits and looks at how perceptions are shaping their development and adoption.

FIGURE 1:  
**Consumers' awareness of instant payments**  
Share of consumers familiar with instant payments, by generation



## CONSUMER UNDERSTANDING OF INSTANT PAYMENTS

Most consumers know about payment platforms such as Zelle, Venmo and PayPal, but they may not **understand** how those platforms work. Instant payments made through Zelle can show up in a user’s bank account immediately, and 50% of consumers recognize that functionality, but 44% of consumers think that other apps such as Venmo, Cash App and PayPal have the same ability, although they do not. Consumers **have** a poor understanding even of ACH transactions, which have existed for decades, and many expect such payments to take up to five days to process, despite the potential for same-day ACH. Experience shapes perception.

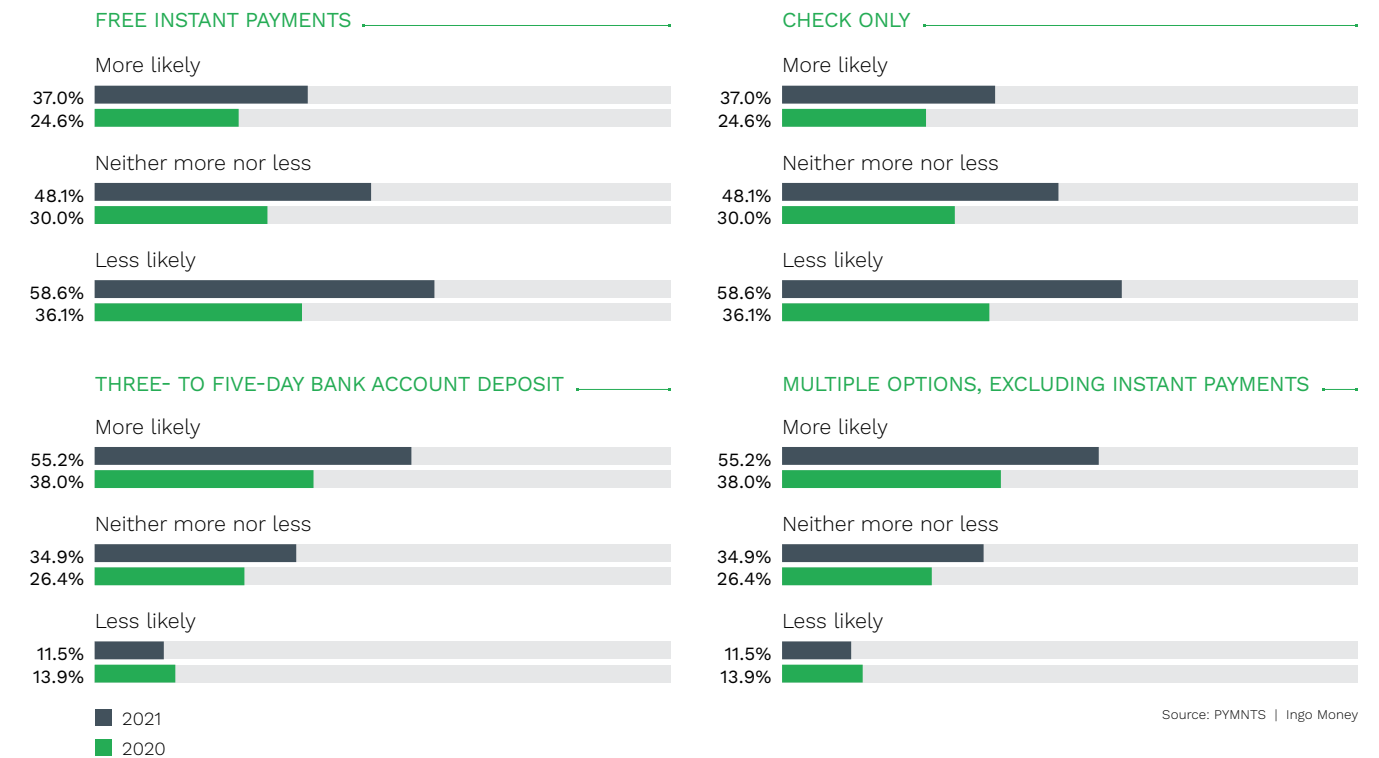
FIs may lose ground to nonbank alternatives because consumers do not know how money moves. Those consumers may not see the value in instant payments, choosing instead to use platforms they perceive as most prominent or readily available. When consumers incorrectly believe a payment platform offers instant payments, their experience with it may cause them to think instant payments are not actually instant — 60% of consumers already believe instant payments take hours or days to process.

At every transaction, consumers are encountering a growing number of payment options, and 71% **said** they could choose between at least two options for receiving disbursements in 2021, up 23% from 2020. Many of those options are presented as instant, regardless of whether they really are. FIs that want to convince consumers of instant payments’ value must ensure consumers know the difference.

FIGURE 2:

### Share of consumers who would want to continue doing business with senders that offer select disbursement methods

Share who would continue client relations if offered select disbursement methods, by source



Source: PYMNTS | Ingo Money



## MAKING BUSINESS SENSE OF INSTANT PAYMENTS

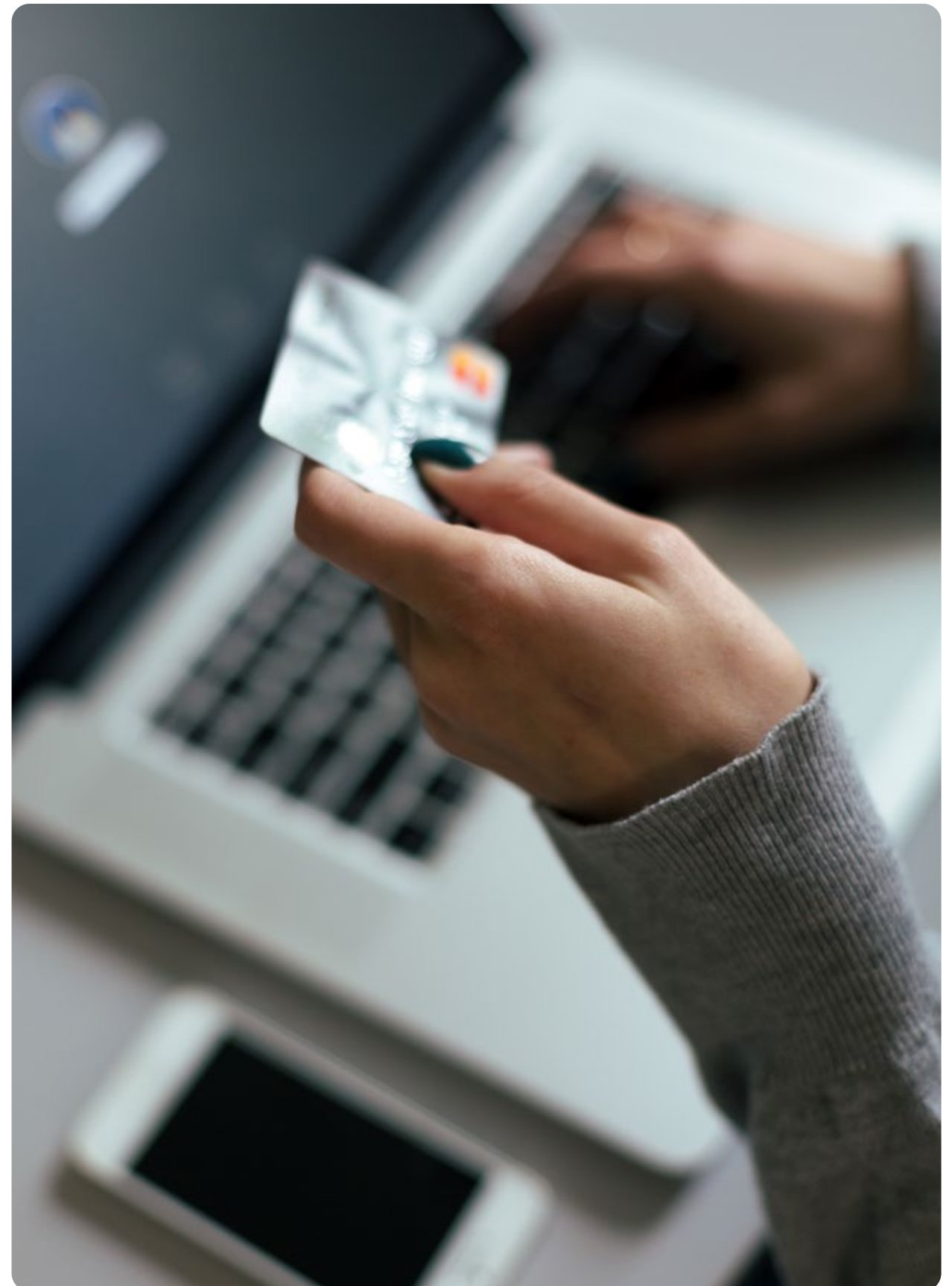
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Businesses **recognize** the benefits of faster payments even more than consumers do, especially with 60% of companies citing cash flow management and working capital as top concerns. Three out of every four businesses with revenues ranging from \$1 million to \$250 million believe it is essential to offer faster payments. Most of those businesses also used some form of faster payment in 2020, but many of these were same-day ACH, push-to-card or digital wallet varieties rather than actual instant payments. Approximately two-thirds of firms said they would factor fast-payment options into their future banking choices.

At the same time, 66% of microbusinesses and 60% of small businesses said they would not be interested in instant payments if it meant paying more than their current bank fees. Satisfaction with existing payment services also is enough to make 56% of microbusinesses and 40% of small businesses discount the benefits of switching to faster options.

Even such hesitant businesses, however, must appreciate instant payments' potential to improve customer experience and loyalty. Two-thirds of consumers in a recent PYMNTS **report** said they would be more likely to continue doing business with firms that provided free instant payment options. Not being able to **use** their preferred payment choices also will leave 34% of consumers feeling disappointed or let down, and 46% are likely to feel anxious or stressed if they cannot use a payment method they consider secure. Customers demand trusted payment options and for 53%, that means instant payments.

How both consumers and businesses perceive instant payments — and how well they understand them — will shape the future of these options. FIs should be prepared to communicate instant payments' substantial benefits to both groups to drive their greater adoption.





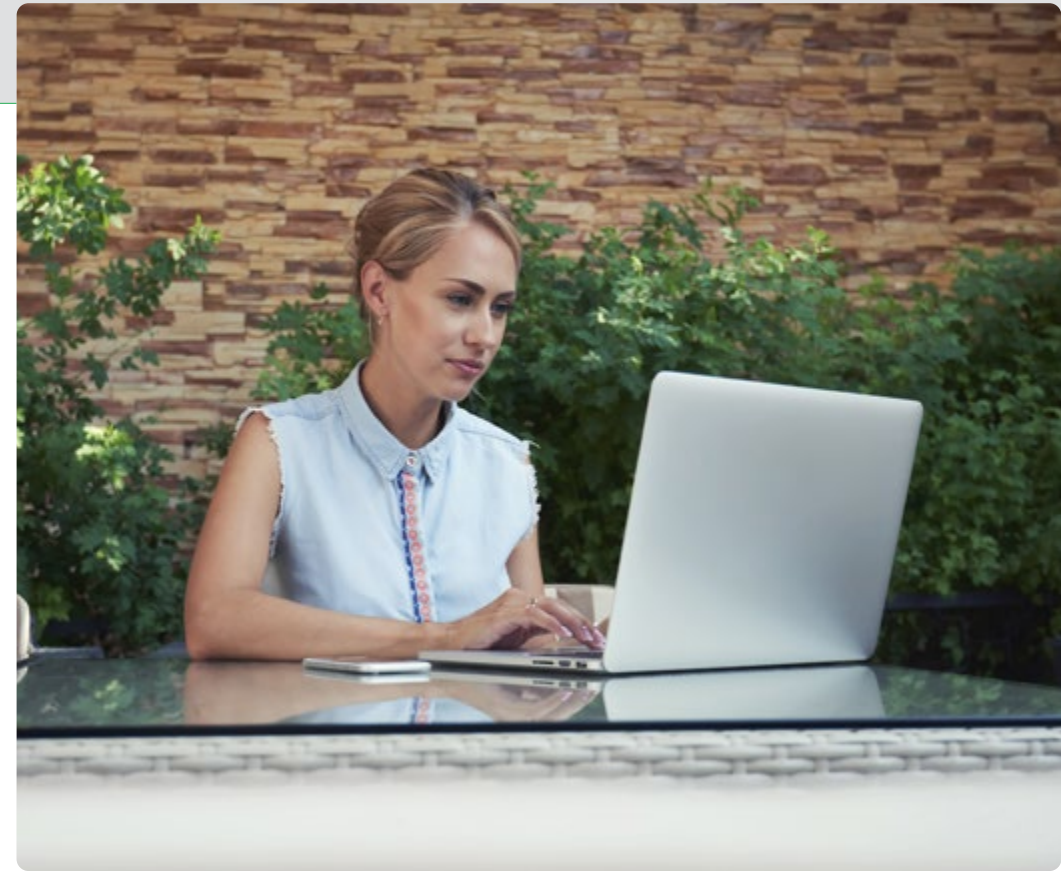
# NEWS & TRENDS

## ADDRESSING DIGITAL DISBURSEMENT CHALLENGES

### FASTER MOVEMENT OF FUNDS BETWEEN ACCOUNTS TO BECOME NEXT 'BIG THING'

If buy now, pay later (BNPL) was 2021's "big thing," money mobility will be 2022's, according to Drew Edwards, CEO of Ingo Money. With the rising variety of new accounts offered by challenger banks and neobanks, FinTech disruptors and legacy financial firms, users **face** a new problem: moving money among the various accounts they now own. Currently, this takes time and effort, Edwards said, characterizing the process as the digital equivalent of physically withdrawing cash from an ATM at one bank and traveling to another bank to deposit it.

Users now have phones full of accounts, Edwards said, and this makes no sense unless they can freely and instantly move their money in and out of each account. When users receive instant payments, he said, they should be able to choose where those payments land without taking intermediate steps. Edwards said moving money between disparate accounts will be the next big payments challenge for 2022.



### BRINGING INSTANT PAYMENTS TO INSURANCE PAYOUTS

As individuals become more accustomed to instant payments and frictionless transactions, their expectations are **changing** for all payments, including insurance payouts. Consumers even are willing to switch insurance providers for the sake of digital experiences and instant payouts. Approximately 30% of consumers said they would not consider traditional, non-digital insurance when picking providers in the future, and 68% said they would switch providers to gain access to flexible cancellation and automated claims.

Consumers also are willing to pay 5% to 15% more for the quality of service and flexibility associated with digital embedded insurance services, such as flexible cancellation and delay insurance. Millennials have the highest preference for automated claims processing and instant refunds, with 69% saying they would purchase insurance with those services. Even 58% of baby boomers share that preference.



## ENSURING AGAINST DISBURSEMENT OBSTACLES

### RANSOMWARE ATTACK DEMONSTRATES IMPORTANCE OF SECURITY FOR CLOUD-BASED PAYROLL

The move to cloud-based payroll solutions reduces human error and creates efficiencies, but a recent ransomware attack on human resources and payroll vendor Kronos **highlights** the importance of securing such solutions. Kronos, now Ultimate Kronos Group, is a major provider of payroll services to health systems, and the attack has caused payroll delays for workers in that industry. Additionally, some companies have had to revert to manually tracking employee hours and issuing paper checks. That return to legacy solutions also has resulted in some employees seeing discrepancies in their paychecks.

Kronos has been **working** to restore its compromised systems since late December, but much of the work after that restoration will involve correcting problems introduced while payrolls were reliant on legacy solutions. The incident illustrates the need for data security and employers' obligations to review all security measures during vendor contracting.

### RISE IN IDENTITY FRAUD FURTHER DELAYS FEDERAL TAX REFUNDS

The American Rescue Plan Act (ARPA) waived federal taxes on the first \$10,200 in unemployment benefits received in 2020, but many who filed their tax returns before its March 11, 2021, signing may have to wait for some time before receiving any refunds. New tax rules have **created** a backlog at the IRS, leaving millions of still-unprocessed 2020 tax returns, and increased incidents of identity fraud have **complicated** the problem. Refunds that generally would have taken 21 days to process are taking as many as 120 days, with the number of returns requiring special handling reaching a record 9.8 million. The IRS worked through all but 61,000 of those returns by the end of 2021.

Additionally, some who saw their overall tax burden reduced under ARPA may not have claimed tax credits or deductions for which they became eligible based on their now-lower income. Those taxpayers will have to file amended returns to make those adjustments. Due to the existing backlog, the IRS has asked taxpayers not to file amended returns until their original refunds have been processed.

### FACEBOOK CONTRACTORS THREATEN WORK STOPPAGE DUE TO MISSING PAY

Austin, Texas-based workers at Accenture, a contractor that provides moderation services for Facebook's parent company, Meta, have **threatened** to stop working because of missing paychecks due to problems with the company's payroll provider. The problems began with a transition to a new provider just as the busy holiday season began. Workers noticed inaccuracies in the new system's tracking of paid time off, and then the company failed to issue an entire round of paychecks. Accenture has stated that it will cover any costs incurred by employees, such as late fees or overdraft charges.

The incident has highlighted both the monetary costs and the damage to employee satisfaction associated with payroll system failures. Accenture said "unanticipated challenges" in the payroll system transition resulted in the missing pay. To prevent catastrophic consequences, companies will have to anticipate such challenges and conduct thorough due diligence of both potential providers and the transition process before putting new systems into place.

# Closing the instant payments demand-supply gap



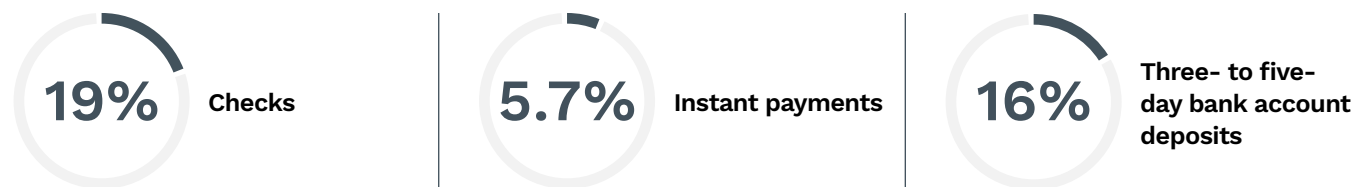
Consumers are showing a growing preference for instant payments when it comes to disbursements, while cash, checks and slower account transfers are in decline.<sup>1</sup>

## Change in consumer disbursements, by method

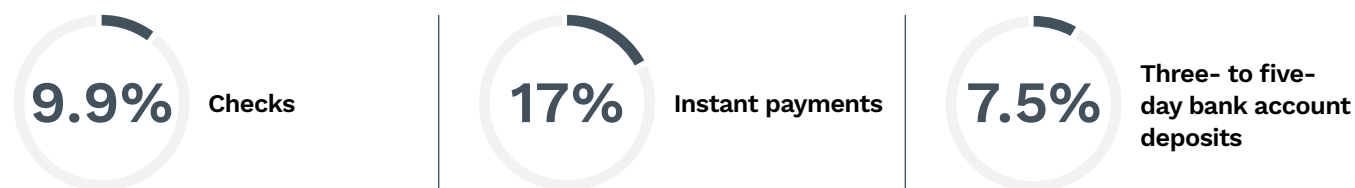
Instant disbursements increased from 2020 to 2021, taking market share from checks and other slower methods.

### Disbursements

2020:



2021:

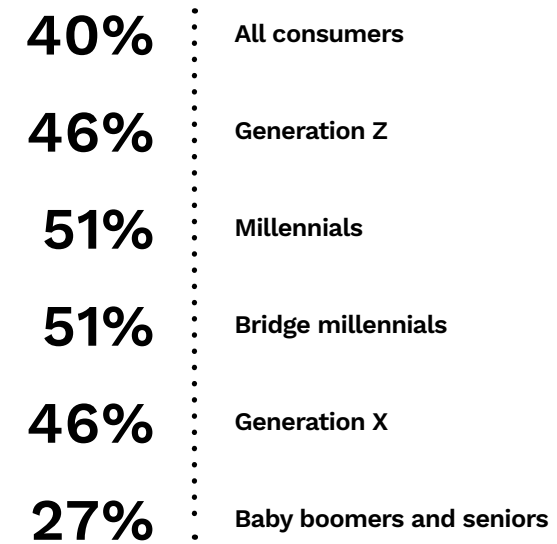


## Share of consumers who would choose to receive instant payments if they could

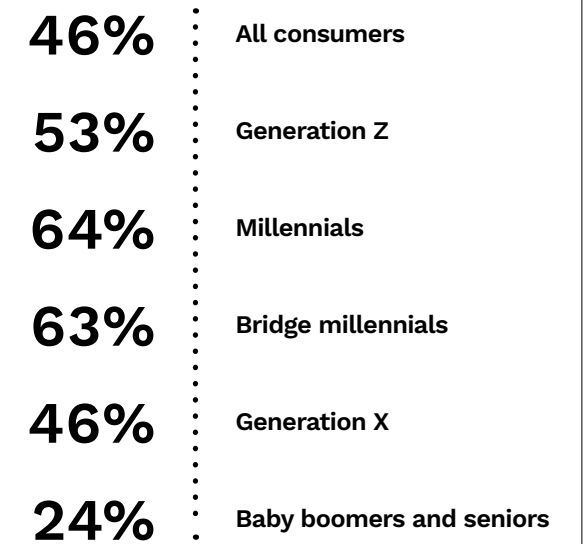
The share of consumers who would be “very” or “extremely” likely to choose instant payments, given the choice, is on the rise, but that likelihood depends on their age group.

### Consumers highly likely to choose instant payments

2020:

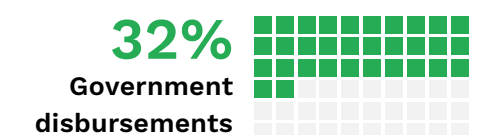
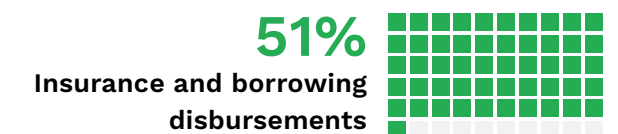


2021:



## Consumer willingness to pay for instant disbursements

One-third of all consumers are willing to pay a fee for disbursements, but that willingness varies based on where the money is coming from.



<sup>1</sup> <https://www.pymnts.com/study/the-state-of-consumer-disbursements-instant-payment-choice>

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## ABOUT



Ingo Money is the instant money company. Since 2001, we have focused on a singular mission: to give people and businesses instant, digital and secure access to their money. Anytime. Anywhere. In any account they choose.

From FinTechs to the Fortune 50, we power payments for fully digital, cloud-based platforms, mainframes and everything in between, bridging the gap between old payment methods and new ones to deliver modern payments experiences.

Our Ingo Payments Network™, the industry-leading network of networks, provides the technology platforms and expert risk management that make instant money possible. Delivering on the promise of instant money takes a payment network with nearly endless reach: to bank accounts by debit card and by bank transfer; to prepaid cards, credit cards and lenders and merchants of all kinds; to digital wallets including PayPal, Venmo, Apple Pay and Amazon; and sometimes it takes cash. We do it all — with one easy integration — because when you can pay anyone, you can pay everyone.

Headquartered in Alpharetta, Georgia, Ingo employs more than 200 payments experts and serves some of the largest brands in North America.

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