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# Real-Time Payments

THE FAST TRACK TO THE FUTURE OF CORPORATE PAYMENTS

Real-Time Payments: The Fast Track To The Future Of Corporate Payments, a PYMNTS and The Clearing House collaboration, offers insights into the rapidly growing market for real-time payments. Our findings are based on a survey of 100 executives at companies with \$50 million to \$1 billion in annual revenue that was conducted from Jan. 12 to Jan. 31.



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ACKNOWLEDGMENT  
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# Introduction

Real-time payments usage may be nearing an inflection point. These payments still account for just 2% of corporate payments sent and 1.3% of payments received, but a growing number of corporate treasurers and billing and payment executives recognize the opportunities these payments offer in helping companies shore up cash flow management and maximize efficiency. As more corporate accounting and finance departments install the necessary infrastructure to handle real-time payments, this payment method may steadily replace more familiar and established forms of business-to-business payments such as credit cards and checks.

Nearly three-quarters of companies receiving real-time payments say they expect to increase payments received via this method in the next year, and 69% of companies sending real-time payments say they expect to increase usage of real-time

payments. Although real-time payments can have some drawbacks, such as the expense of implementing the necessary systems and the costs associated with making the payments, many businesses recognize that the benefits exceed the shortcomings by a significant amount.

Real-Time Payments: The Fast Track To The Future Of Corporate Payments, a PYMNTS and The Clearing House collaboration, offers insights into the rapidly growing market for real-time payments and examines how companies leverage real-time payments to improve key aspects of their businesses. Our findings are based on a survey of 100 executives at companies generating \$50 million to \$1 billion in annual revenue that was conducted from Jan. 12 to Jan. 31.

## **This is what we found.**

**Fifteen percent of companies from four industries with annual revenue between \$50 million and \$1 billion use real-time payments to make or receive payments.**

PYMNTS' research shows that larger companies are more active users of real-time payments than smaller companies. Eighty-six percent of the businesses surveyed that generate \$500 million to \$1 billion in annual revenue use real-time payments to make or receive payments. Nearly 10% of the companies surveyed that use real-time payments come from this revenue range. Another 3.9% of the companies surveyed that use real-time payments generate between \$250 million and \$500 million in yearly sales.

**Just 2% of all payments are sent as real-time payments, according to our respondents, who represent 100 companies across four industries. The share of all real-time payments the companies receive is even lower: 1.3%.**

Real-time payments account for a modest share of total corporate payments but account for a significant portion of transactions among companies that regularly use them. For example, the wireless communications companies that use real-time payments to send payments use them for 20% of the payments they send. When including all wireless companies, however, just 0.9% of the transactions made are sent in real time. When payments received are looked at, 14% of the payments wireless companies with real-time payments capabilities receive are real-time. But when counting all wireless companies, the proportion of real-time payments among the payments received falls to 2.5%.

**Better cash flow is the most frequently cited benefit of real-time payments for both making and receiving payments.**

Twelve percent of the companies that transmit real-time payments say the improved cash flow management they obtain from this payment method is its most important benefit. Double that share says the improved cash flow management is the most important benefit of receiving real-time payments. The benefits respondents cited extend to a range of accounting tasks related to cash flow management, such as better reconciliation of payments made and received to the core accounting system and more efficient working capital management.

**Nearly three-fourths of the firms currently using real-time payments are likely to increase usage when making and receiving payments in the next year.** More than one-third of companies not using real-time payments are highly interested in beginning to use them.

Corporate usage of real-time payments will continue to grow. Seventy-four percent of the companies receiving these payments say they expect to increase the amount they receive during the next year, and 69% of companies transmitting these payments

say they expect to increase the real-time payments they send out. In addition, more than three-fifths of the companies that have not been users of real-time payments are interested in starting to use them. All of the largest companies surveyed — those with \$500 million to \$1 billion in annual sales — plan to begin using real-time payments.

**Real-time payments tend to provide more benefits than problems for most firms.** As companies continue to realize more benefits than problems when using real-time payments, it will be more likely for them to increase their usage of them to send and receive funds.

Eighty-two percent of the companies that say the benefits of real-time payments significantly outweigh the drawbacks expect to increase their volume of such payments received. Seventy-one percent of the companies that say there is a substantial difference between the benefits and the drawbacks of real-time payments expect to increase the volume of real-time payments sent out.



# The large-company connection

Eighty-six percent of businesses surveyed that generate \$500 million to \$1 billion in annual revenue use real-time payments to make or receive payments, far exceeding the proportions of smaller companies using them. Companies in this size range also account for roughly two-thirds of the users of real-time payments.

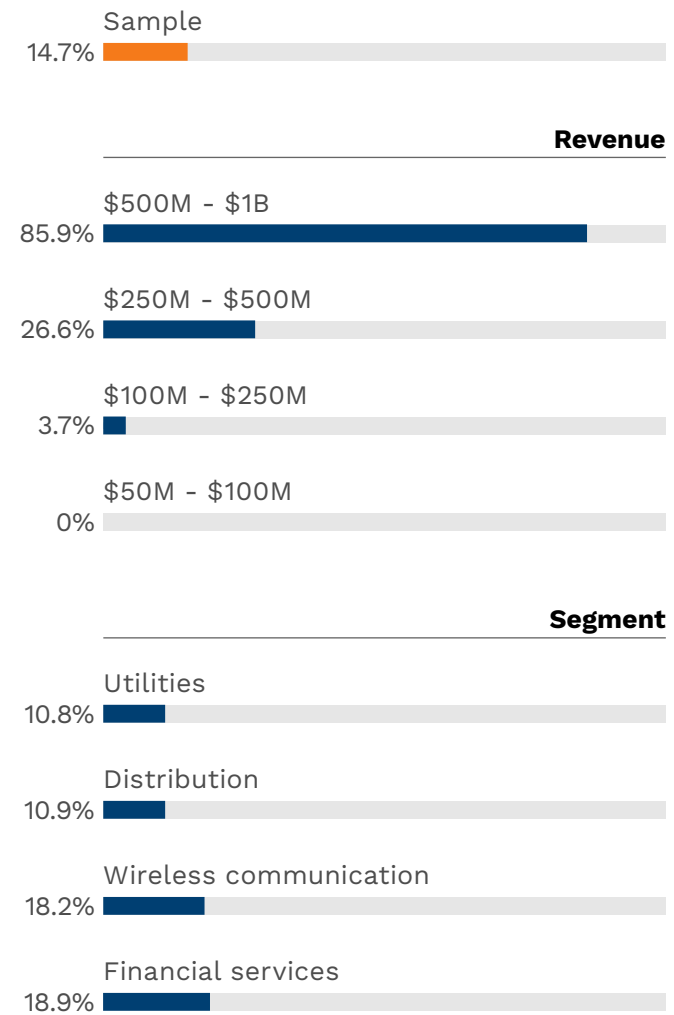
Twenty-seven percent of companies surveyed generating \$250 million to \$500 million in yearly sales use real-time payments, while just 3.7% of companies with sales between \$100 million and \$250 million

per year use them. None of the companies surveyed that generate annual sales of less than \$100 million use real-time payments.

Companies that use real-time payments are more evenly distributed when sorted by industry and not size. Nineteen percent of the financial companies surveyed use real-time payments, as do 18% of wireless communication companies. Approximately 11% of utilities and distribution companies are also users of real-time payments.

**FIGURE 1:**  
Company size and real-time payment usage

Share of real-time payments users in each revenue and industry category



N = 100: Complete responses

Source: PYMNTS.com | The Clearing House  
Real-Time Payments



# Real-time payments and repeat usage

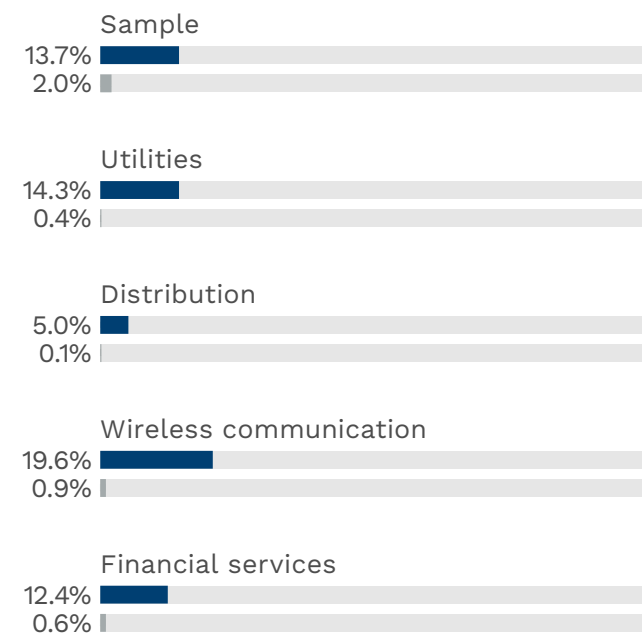
Surveyed companies using real-time payments sent 14% and received 8.6% of all payments as real-time payments. Sectors that most frequently send real-time payments include wireless communications, where 20% of sent payments are real-time, and utilities, where 14% of sent payments are real-time payments.

Just 5.6% of the payments by companies with yearly sales between \$250 million and \$500 million were real-time payments. In comparison, 21% of the payments made by companies in this same revenue range that are capable of making real-time payments were made in real-time.

**FIGURE 2:**  
Real-time payments usage within industries

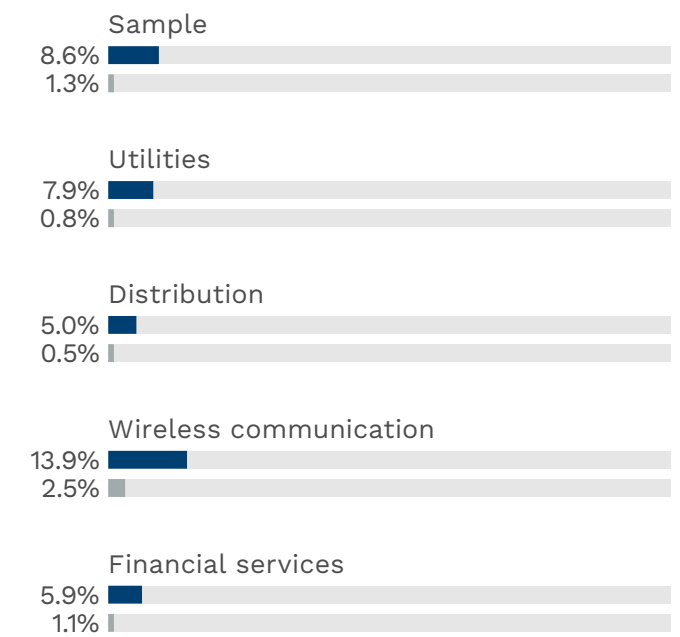
**2A: Share of real-time payments in total payments made last year, by industry**

■ Companies with real-time payments capabilities  
■ All surveyed companies



**2B: Share of real-time payments in total payments received last year, by industry**

■ Companies with real-time payments capabilities  
■ All surveyed companies



N = 100: Complete responses

Source: PYMNTS.com | The Clearing House Real-Time Payments

# 48%

of executives surveyed say improved accounting efficiency is an important benefit of making real-time payments.

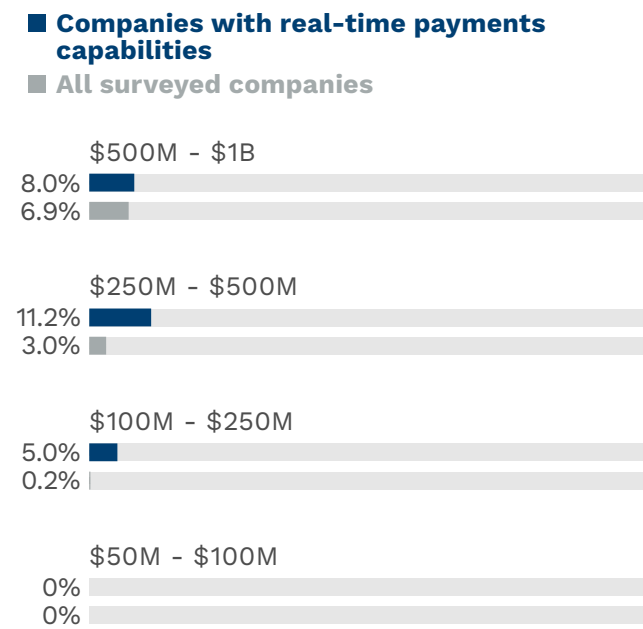
PYMNTS found that 10% of the payments made by companies generating \$500 million to \$1 billion in sales were real-time payments. Twelve percent of the payments made by companies in this same revenue bracket that are capable of making real-time payments were made in real-time.

Smaller companies were significantly less active in their real-time payment usage. Just 0.2% of payments made by companies generating \$100 million to \$250 million in annual sales were real-time payments, although the companies in this revenue range that are users of real-time payments sent 5% of their payments in this fashion.

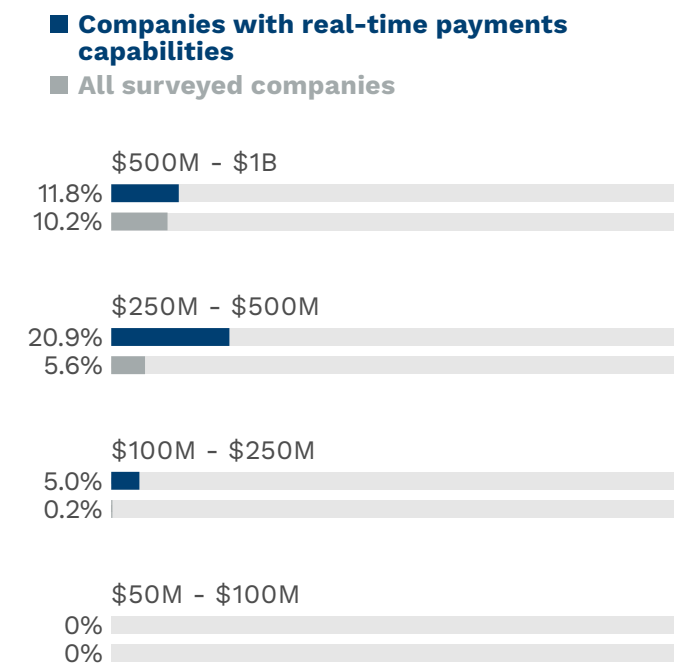
Companies surveyed that generate less than \$100 million in annual sales did not send or receive any real-time payments.

### FIGURE 3: Real-time payments use and company size

**3A: Share of real-time payments in total payments received last year, by revenue**



**3B: Share of real-time payments in total payments made last year, by revenue**



N = 100: Complete responses

Source: PYMNTS.com | The Clearing House Real-Time Payments



# Sizing up real-time payments' benefits

Companies using real-time payments realize myriad benefits from tapping the method, and cash flow management leads the charge. PYMNTS' data reveals that 53% of respondents identify improvement to their cash flow management as a benefit of transmitting real-time payments — the largest share for any of the benefits polled — and 12% consider it the most important. Those leading numbers jump even further among companies that use the method to receive payments: 75% of these companies cite improved cash flow management as a benefit — also the highest score for any of the benefits of receiving payments in real time. Twenty-four percent believe

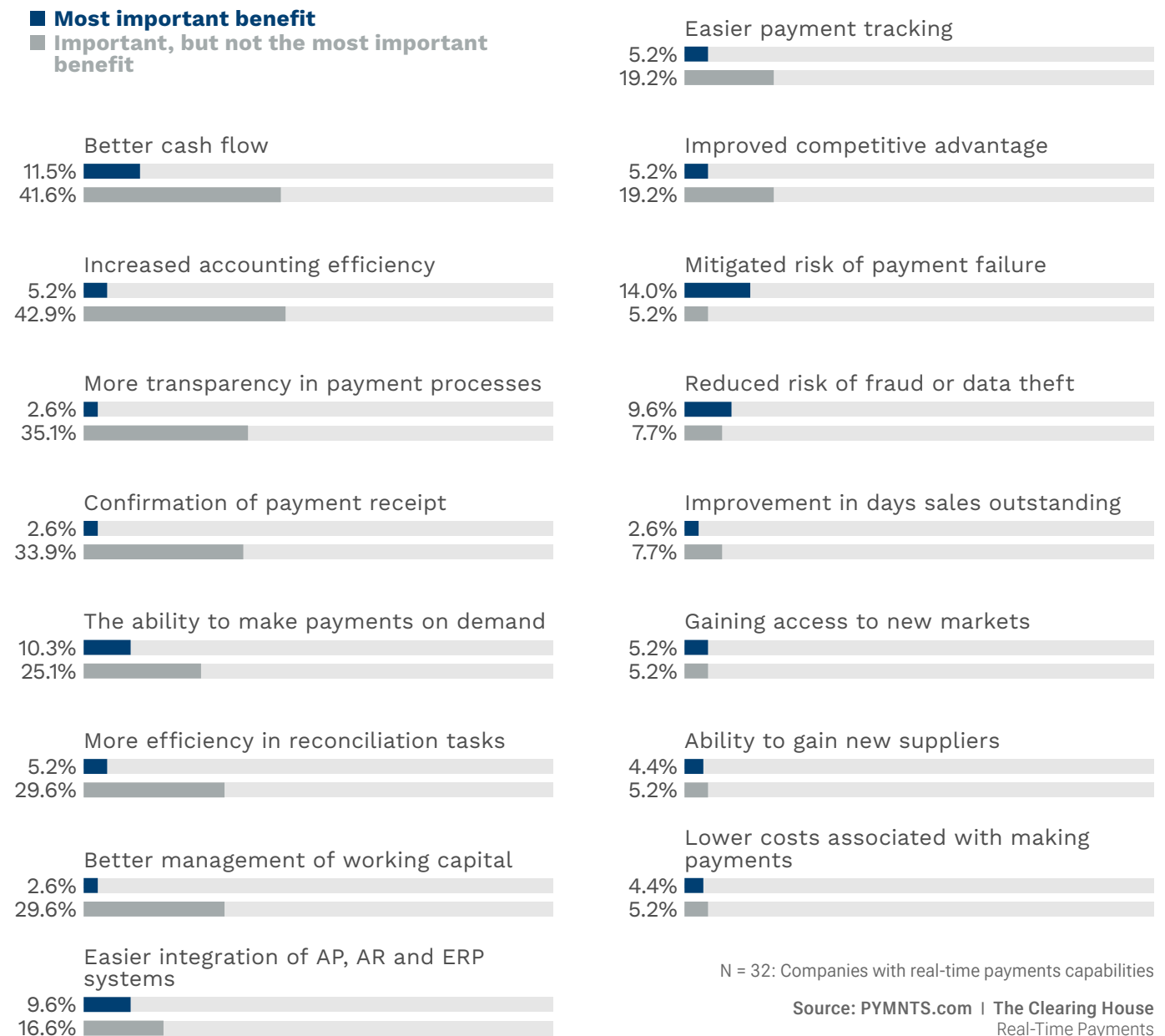
improvement to cash flow management is the most important benefit of receiving real-time payments from other businesses.

Other key benefits became apparent in our research: 48% of respondents say improved accounting efficiency is an important benefit of making real-time payments, and 54% say improved accounting efficiency is an important benefit when receiving real-time payments.

Notable shares identified the reduced risk of payment failure as the most important benefit for real-time payments — 14% for making these payments and 7% for receiving them.

**FIGURE 4:**  
Weighing the benefits

**4A: Share of respondents citing select benefits of sending real-time payments**

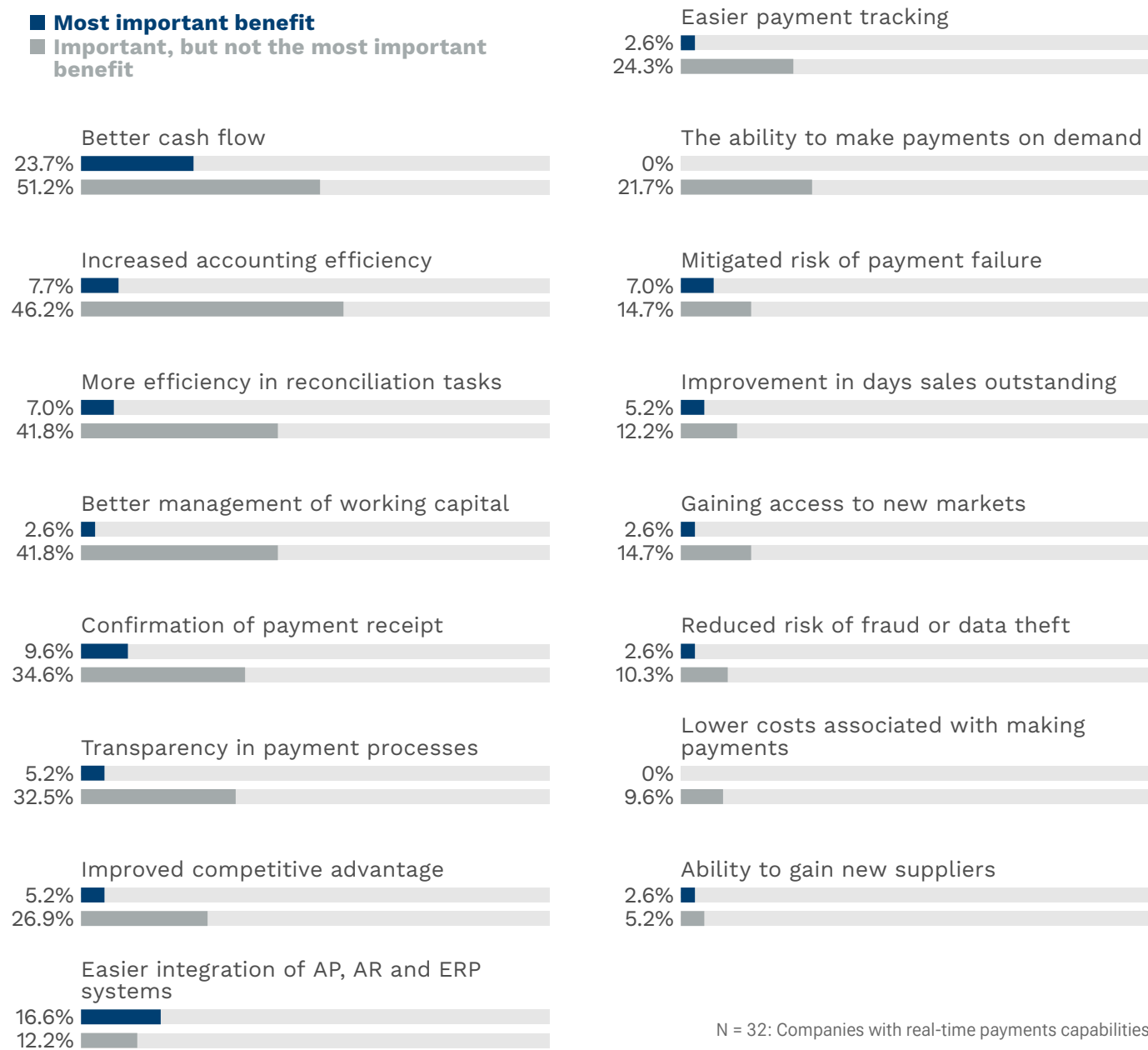


**FIGURE 4 (continued):  
Weighing the benefits**

**4B: Share of respondents citing select benefits of receiving real-time payments**

■ **Most important benefit**

■ **Important, but not the most important benefit**



N = 32: Companies with real-time payments capabilities

Source: PYMNTS.com | The Clearing House  
Real-Time Payments

# 54%

of the companies using real-time payments expect to lower their costs as they introduce new features.



Businesses must also consider the challenges that come with real-time payments. The challenges real-time payments present include the cost of the necessary technology, costs of making and receiving real-time payments and the limited number of counterparties with which to send and receive such payments.

Twenty percent of respondents say the high cost of the necessary technology is the

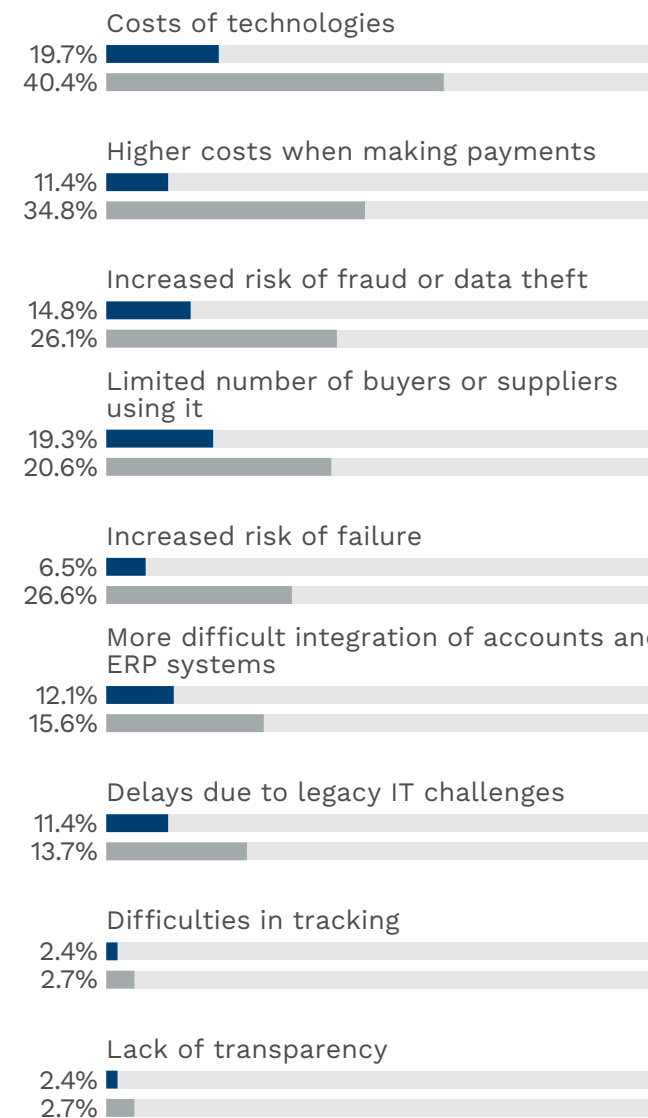
most significant issue that hinders sending real-time payments, and 18% say the cost of the technology is the most significant issue with receiving real-time payments. Nineteen percent say the limited number of companies using these payments is the most important issue in sending real-time payments, and 20% say the limited number of users is the most important issue when receiving these payments.



**FIGURE 5:**  
**Weighing the risks**

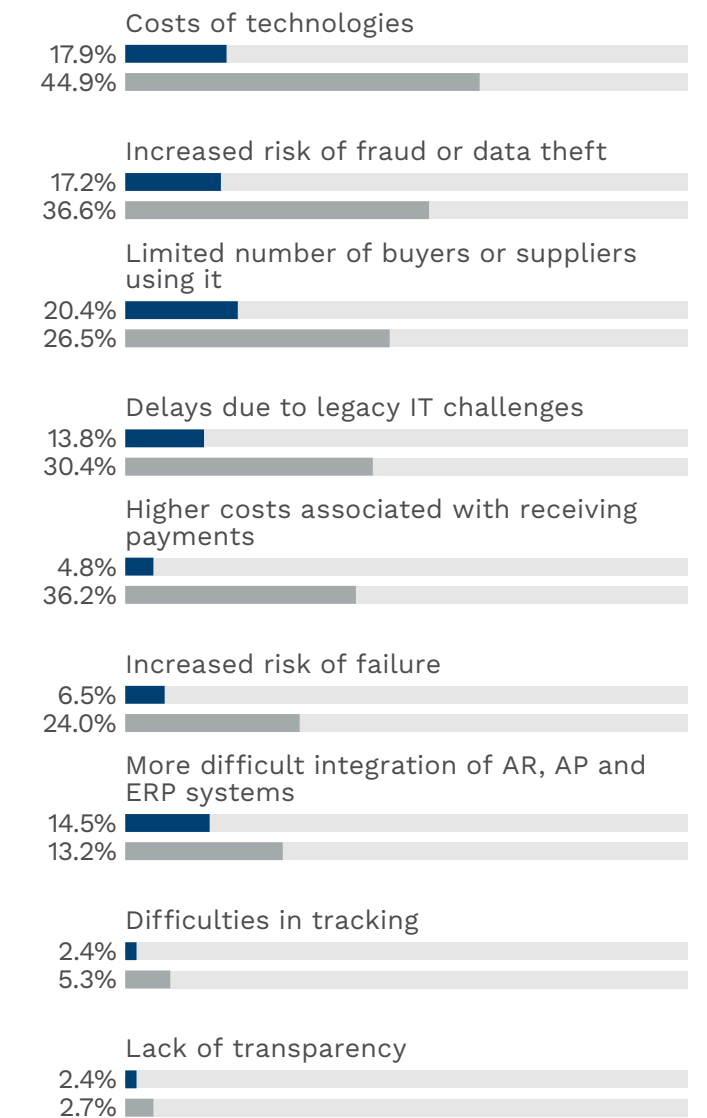
**5A: Issues when sending real-time payments**

■ **Most important problem**  
■ **Important, but not the most important problem**



**5B: Issues when receiving real-time payments**

■ **Most important problem**  
■ **Important, but not the most important problem**



N = 32: Companies with real-time payments capabilities

Source: PYMNTS.com | The Clearing House  
Real-Time Payments

# Businesses' strong interest in real-time payments

Companies using real-time payments with plans to upgrade their systems expect to enjoy several benefits that will help them increase sales and income. Fifty-four percent expect to have lower costs once they introduce new features. Fifty-two percent

expect to gain access to new markets, and 50% say they will gain new customers and suppliers. We also found that 49% believe the new features will reduce the risk of fraud or theft.

**FIGURE 6:**  
Expected real-time payments benefits

**6A: Share of companies expecting select benefits as they invest in new features for their real-time payments processes**



**6B: Share of companies not using real-time payments that expect select benefits once they begin using them**



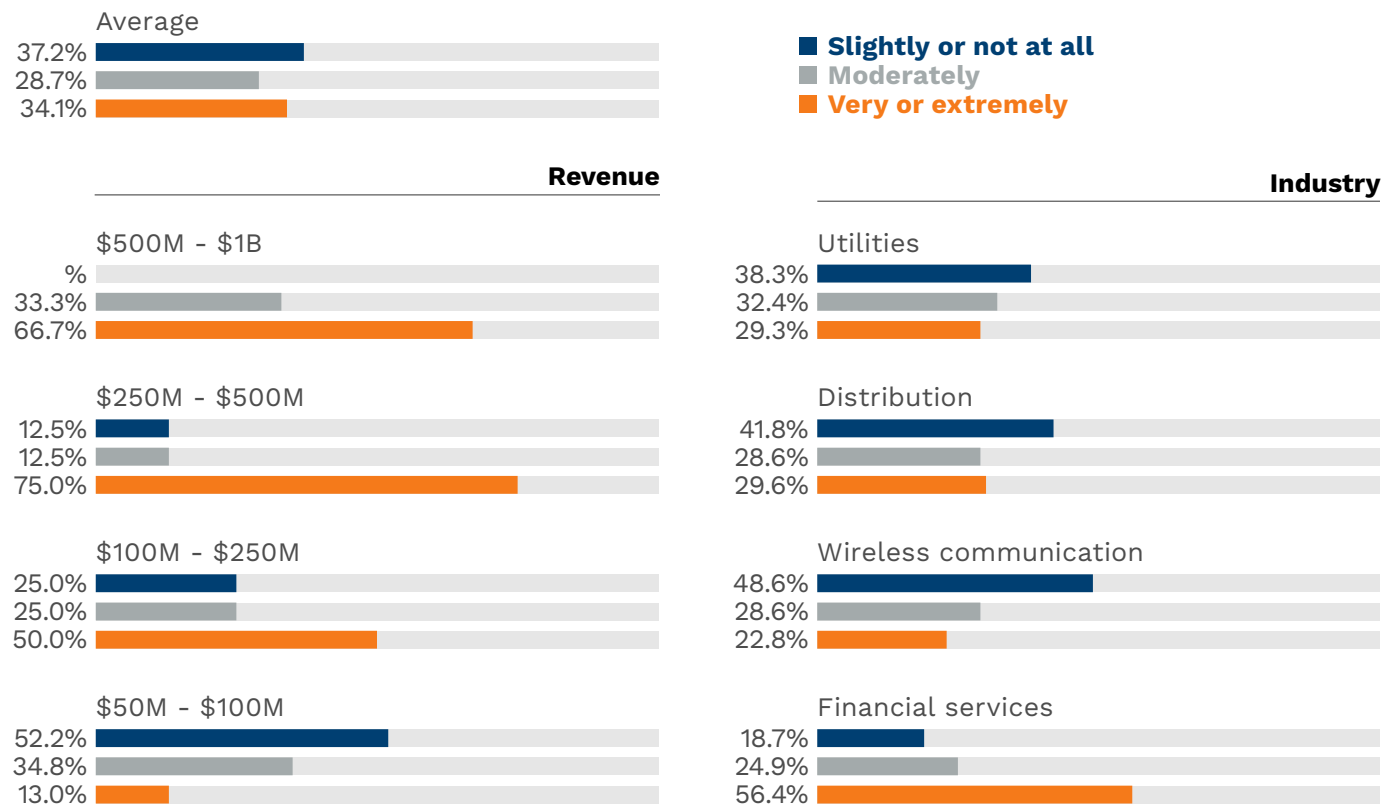
N = 32: Companies with real-time payments capabilities

Source: PYMNTS.com | The Clearing House Real-Time Payments

Of the companies in the survey not using real-time payments but planning to do so, 12% are setting up these systems. Another 13% say they will begin their switch in six months, and 38% plan to set up real-time payment processes in a year. The

**FIGURE 7:**  
Real-time payments interest among nonusers

Share of companies interested in starting to use real-time payments, by level of interest



N = 66: Companies that do not have real-time payments capabilities

Source: PYMNTS.com | The Clearing House Real-Time Payments

remaining 37% intend to start their work in two to three years. This means that nearly two-thirds of such companies will be utilizing real-time payments in the near future.

A company’s size is an important factor in its plans to innovate by adding new features to its real-time payment systems, and large companies are moving the quickest. Fifty percent of the largest companies

surveyed — those generating \$500 million to \$1 billion in annual sales — that are not using real-time payments are in the process of innovating, and 50% of companies of this size plan to innovate in the next year.

The benefits companies anticipate with innovation include better cash flow, which 48% of survey respondents cite, transparency into payment processes, which 47% cite, and the ability to make urgent payments, a feature that 46% of respondents cite.

Of the companies that are not using real-time payments but believe that the benefits will significantly outweigh drawbacks, 51% say they are “very” or “extremely” interested in using these payments. Among the nonusers of real-time payments that do not foresee a big difference between benefits and drawbacks, just 27% say they are “very” or “extremely” interested in using them.

Companies that are not using real-time payments but expect the benefits will significantly outweigh drawbacks plan to move quickly in implementing these systems. Eighty-three percent of these companies want to implement the systems within a year, and 17% plan to wait a year before implementation. Among companies that see less of a difference between the benefits and the drawbacks of real-time payments, just 25% have plans to implement such payments within a year.

**FIGURE 8:**  
How the weight of benefits and drawbacks impacts real-time payments interest

Share of companies “very” or “extremely” interested in beginning to use real-time payments, by opinions on real-time payments’ benefits and drawbacks

■ Benefits will significantly outweigh drawbacks  
■ Benefits will not significantly outweigh drawbacks



N = 57: Companies that do not have real-time payments capabilities but are currently innovating or plan to do so

Source: PYMNTS.com | The Clearing House Real-Time Payments

# Conclusion

The most forward-thinking corporate accounting and finance departments recognize the benefits real-time payments offer in improving the management of cash flow, payables and receivables. Real-time payments can help companies recognize incoming and outgoing payments

more quickly. Although the overall proportion of payments made in real time is still somewhat limited, companies that understand that the myriad benefits outweigh the costs and quickly adopt this payment method stand to reap the benefits this payment method offers and thrive.



# Methodology

The findings in Real-Time Payments: The Fast Track To The Future Of Corporate Payments are based on a survey of 100 executives at companies generating \$50 million to \$1 billion in revenue that was conducted from Jan. 12 to Jan. 31. The executives represented companies in four

industries: distribution, financial services, utilities and wireless communication. We sought information on their firms' usage of real-time payments and the benefits they expect when utilizing this payment method.



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THE FAST TRACK TO THE FUTURE OF CORPORATE PAYMENTS

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The Clearing House operates U.S.-based payments networks that clear and settle funds through ACH, check image, the RTP® network and wire transfers. The RTP network supports the immediate clearing and settlement of payments along with the ability to exchange related payment information across the same secure channel.

Learn more at [theclearinghouse.org](http://theclearinghouse.org).