

**Accelerating The Time
To Realized Revenue,**

a PYMNTS and Mastercard collaboration, provides a firsthand account of how payments automation can optimize businesses' B2B payments flows and TTRR. We surveyed 400 corporate executives in the manufacturing, healthcare and transportation/logistics/shipping sectors in the U.S. and Canada about how they plan to invest to streamline their payments processes and boost their bottom lines.

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ACCELERATING THE TIME TO REALIZED REVENUE

THE REAL-TIME PAYMENTS EDITION

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Accelerating The Time To Realized Revenue was produced 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.

INTRODUCTION

01

Thirty-seven percent of all U.S. businesses are currently using real-time rails to pay or receive invoice payments, and 37% of all Canadian businesses want to use them. Year-round, 24/7 access to payments functionality is the chief benefit cited by 28% of U.S. firms that have adopted real-time payments.

Of the U.S. firms that use real-time payments, 29% cite 24/7 year-round access as a key benefit of using these payments and 35% of Canadian firms that want to use real-time payments cite it as one of the key benefits that they believe these payments can bring to their businesses.

02

Large-market U.S. firms make and receive nearly twice as many real-time payments as mid-market U.S. firms. This could put mid-market firms at a competitive disadvantage, as many are not taking full advantage of real-time payments' benefits, such as better cash flow management and 24/7 year-round access.

On average, large-market U.S. businesses use real-time payments in 7.9% of the payments received and 8.6% of the payments made. The average mid-market U.S. firm receives 4.3% and makes 4.3% of its payments via real-time payment rails, by contrast. This signals that mid-sized U.S. firms are twice as likely as their larger counterparts to be forgoing any operational benefits they stand to gain from adopting real-time payments.

03

Concerns of fraud are the foremost factor preventing businesses from adopting real-time payments, but this is not a concern among businesses that use these payments. Eighty-four percent of U.S. businesses that already use real-time payments say that fraud is not an issue they experience when using real-time payments.

Our research shows that 30% of the Canadian firms that are not interested in using real-time payments cite fraud as a reason. This indicates that many firms may be under a false impression about how widespread fraud is among firms that use real-time payments rails.

Real-time payments have become an integral part of the business-to-business (B2B) payments ecosystem in the United States since The Clearing House launched the RTP network in 2017. Roughly 41% of U.S. firms now use real-time payments in some capacity, with each firm using them to make an average of 3,678 payments and receive an average of 7,235 payments to and from their business partners each month.

Real-time payment usage nevertheless varies drastically among firms of different sizes. U.S. firms that generate more than \$1 billion in annual revenue (large-market firms) use real-time payments to make and receive twice as many B2B payments as firms that generate between \$20 million to \$1 billion (mid-market firms). This so-called "adoption gap" not only prevents many mid-market and large-market firms from accessing real-time payments benefits, such as enhanced reconciliation and increased transparency, but it also puts them at a disadvantage com-

pared to their larger competitors. Why are so many mid-sized U.S. firms not adopting real-time payments even though they can have a direct positive impact on their businesses' bottom lines? What do the lessons learned tell us about how Canadian firms will adopt real-time payments once they become available?

In Accelerating The Time To Realized Revenue Playbook: The Real-Time Payments Edition, PYMNTS explores how real-time payments have changed the operations of the U.S. businesses that have adopted them, why Canadian firms are taking notice and what misunderstandings about real-time payments technology might be inhibiting their broader adoption. We surveyed 400 business leaders from across three key industries in both the U.S. and Canada about their interest in and usage of real-time payments to detail what businesses need to know to make informed decisions about whether real-time payments can work for them.

This is what we learned.



Real-time payments: Who uses them and how often

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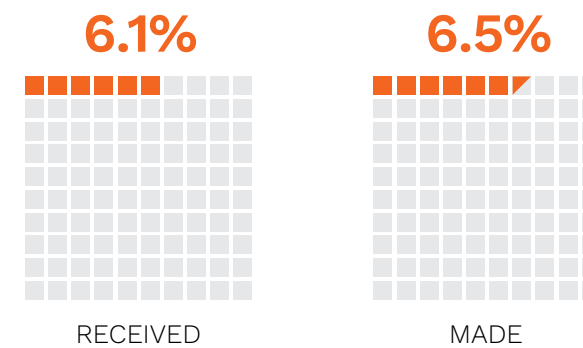
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FIGURE 1A:

Use of real-time payments

Share of B2B payments that U.S. firms received and made using real-time payments rails

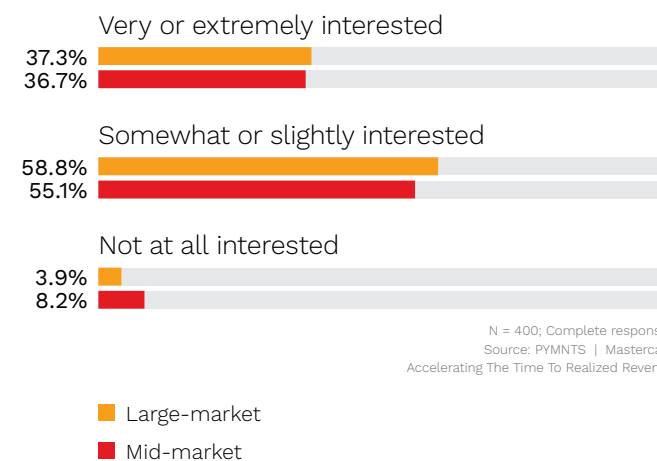


N = 400; Complete responses
Source: PYMNTS | Mastercard
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FIGURE 1B:

Use of real-time payments

Share of Canadian firms that would be interested in using real-time payments when they become available, by size



N = 400; Complete responses
Source: PYMNTS | Mastercard
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Forty-one percent of all U.S. firms use real-time payments in some capacity, with the average among them using real-time payments for 6.5% of all B2B payments they make and for 6.1% of all the B2B payments they receive. In total, each firm makes roughly 3,678 B2B payments and receives 7,235 B2B payments via real-time payments rails per month. This signals that although real-time payments are not firms' principal way of making or receiving payments, they are nevertheless a critical part of the broader B2B ecosystem.

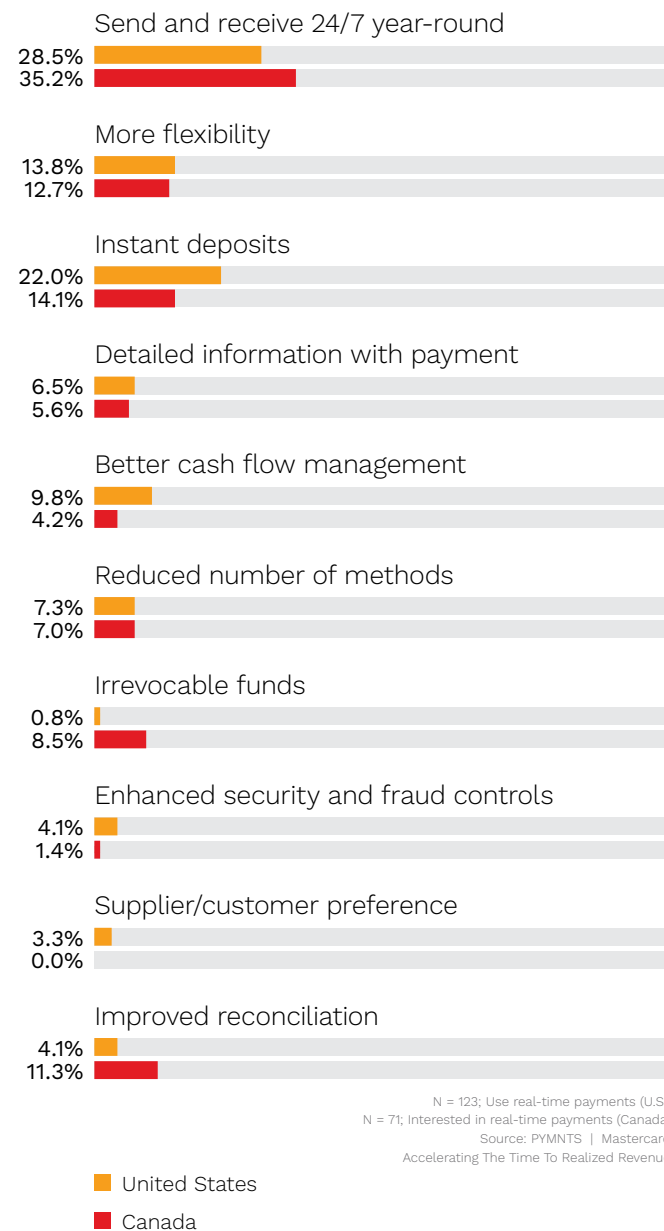
Real-time payments are not yet available in Canada, but many Canadian firms are eager to use them. Thirty-seven percent of both large- and mid-market Canadian firms say they would be either "very" or "extremely" interested in using real-time payments if they were available.

Canadian firms can look to their U.S. neighbors to learn about the benefits they have reaped from adopting real-time payments. Forty-one percent of U.S. firms that use real-time payments report that they have improved their payments operations with flexibility, instant availability of funds and greater remittance detail, to cite a few examples.

FIGURE 2A:

Which benefits firms expect or experience as a result of adopting real-time payments

Share citing select benefits associated with real-time payments adoption, by country



31%

OF FIRMS BELIEVE THAT **24/7 YEAR-ROUND ACCESS IS A KEY BENEFIT OF REAL-TIME PAYMENTS.**

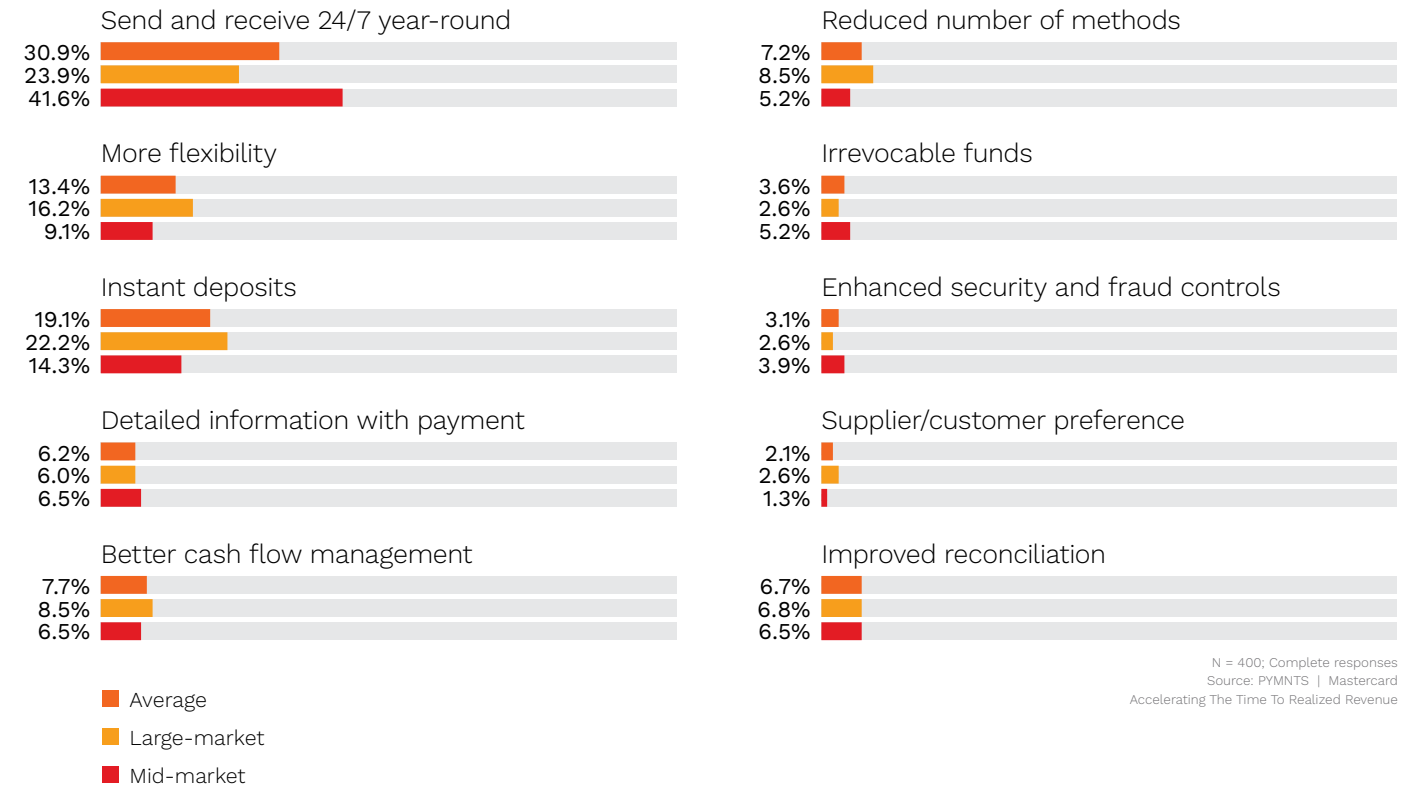
The most common way that U.S. firms say real-time payments have improved their business operations, however, is by providing them 24/7 year-round access to payments services. Of all U.S. firms using real-time payments, 28% cited this as a benefit, and 35% of interested Canadian firms cited it as an expected benefit of adopting these payments.

The U.S. firms that use real-time payments and the Canadian firms that want to are generally on the same page in terms of the benefits that real-time payments offer, but there are nevertheless several noticeable exceptions.

FIGURE 2B:

Which benefits firms expect or experience as a result of adopting real-time payments

Share citing select benefits associated with real-time payments adoption, by size



The U.S. firms that already use real-time payments have seen firsthand how they have improved security and cash flow, for example. U.S. businesses are more than twice as likely to have seen real-world improvements in both their data security and cash flow management capabilities as Canadian firms say they believe real-time payments can improve these areas.

Large and small businesses also tend to have drastically different ideas about how real-time payments can benefit their businesses. Mid-market firms in both the U.S. and Canada are 74% likelier than large-market firms to cite 24/7 year-round access to real-time payments networks as one of their chief benefits, for example. Meanwhile, large-market U.S. and Canadian firms are 78% likelier than their mid-market counterparts to cite added flexibility as a benefit.



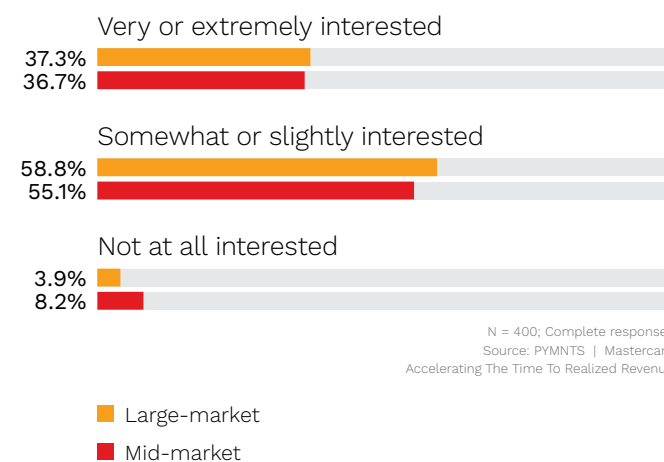
Canadian firms eager for real-time opportunities

Canadian firms may not yet have access to the real-time payments that their neighbors in the U.S. enjoy, but real-time payments nevertheless hold a strong appeal to both large- and mid-market Canadian firms. Our research shows that 37% of all large- and mid-market Canadian firms are “very” or “extremely” interested in using real-time payments, and 59% express at least some interest. Just 6% of Canadian firms have no interest in real-time payments, underscoring how universal the demand for real-time payments is in the Canadian market.

FIGURE 3:

How many Canadian firms want to use real-time payments

Share of firms expressing varying degrees of interest in real-time payments, by size



59%

OF CANADIAN FIRMS ARE AT LEAST SLIGHTLY OR SOMEWHAT INTERESTED IN USING REAL-TIME PAYMENTS.



Real-time payments fraud: Fact or fiction?

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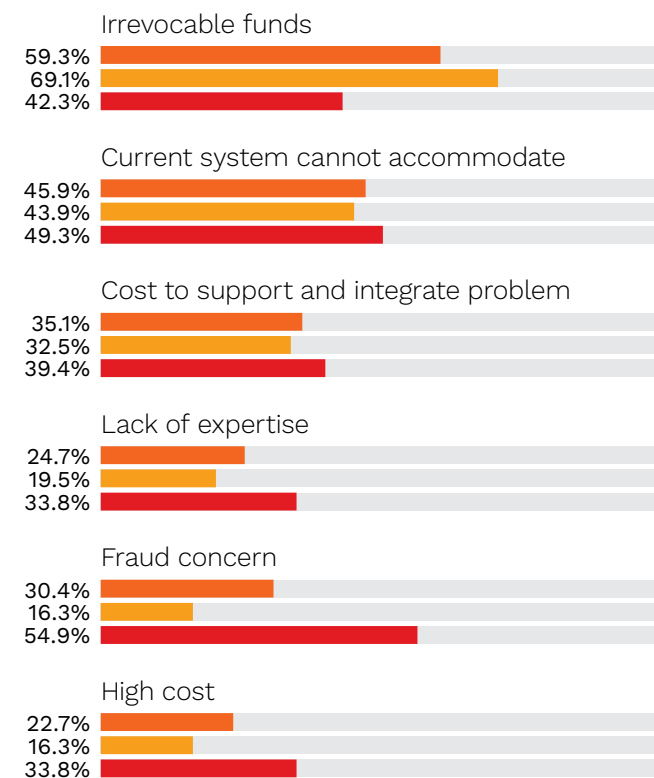
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FIGURE 4:

The most common pain points firms expect or experience when using real-time payments

Share of U.S. firms using real-time payments that experience select pain points versus the share of Canadian businesses that believe real-time payments will cause select pain points



N = 177; Not using real-time payments (U.S.)
 N = 29; Not interested in real-time payments (Canada)
 Source: PYMNTS | Mastercard
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■ Average
 ■ United States
 ■ Canada

Many U.S. firms that do not use real-time payments and the Canadian firms that have no interest in adopting them are working under the assumption that real-time payments might increase instances of fraud. This assumption, however, is not widely shared by the businesses that already use them.

Our research shows that 55% of Canadian firms that are not interested in real-time payments cite fraud concerns as their reason for not being interested in them, but just 16% of the firms that use real-time payments cite fraud as an issue.

The more pressing concern — one likely fueling these widespread fears of fraud — is the fear of irrevocability. Real-time payments are irrevocable once sent. This fact can make instances of fraud more difficult to resolve, should they occur. This problem is by far the most common pain point that U.S. firms using real-time payments encounter, with 69% citing it as such.

U.S. firms that do not use real-time payments also say that the concern that fraudulent transactions cannot be revoked should they occur is the most common reason they are not interested in real-time payments, with 24% citing it.

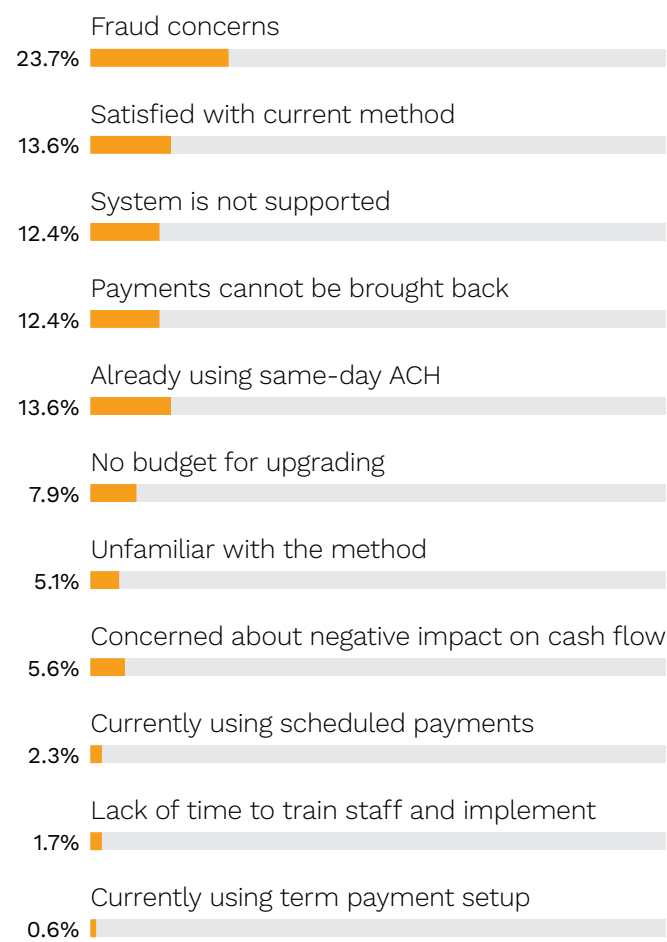
It is nevertheless critical to point out that fraud occurs roughly one-quarter as often among firms that use real-time payments as it does among firms that do not use them. In fact, firms that use real-time payments experience every other pain point less often than Canadian firms not using real-time payments expect to experience them. This suggests that real-time payments may not bring about the operational frictions that some businesses believe they could.

Several other factors that U.S. and Canadian firms say limit their interest or prevent them from using real-time payments pertain to not having the in-house experience and expertise necessary to implement them. Fifty-nine percent of U.S. firms that do not use real-time payments cite one of these factors as their reason, as do 29% of Canadian firms that are not interested in them.

FIGURE 5:

U.S. firms forgoing real-time payments for select reasons

Share of U.S. firms saying that they are not using real-time payments for select reasons



N = 177; Not using real-time payments (U.S.)
Source: PYMNTS | Mastercard
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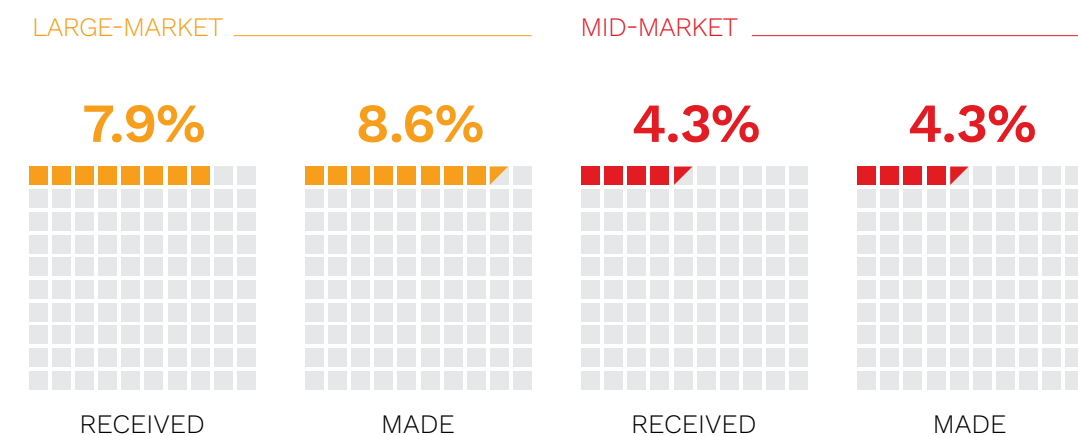
Why smaller firms need real-time payments

Large-market U.S. firms make and receive nearly twice as many real-time payments as mid-market U.S. firms, which means they may benefit from the advantages of real-time payments to a much greater degree than smaller firms. This could put mid-market firms at a competitive disadvantage. Our research shows that 6.1% of the payments that the average U.S. business receives and 6.5% of the payments they make are real-time payments. This compares to just 4.3% of payments made and received via real-time rails among mid-sized firms.

FIGURE 6:

Payments made using real-time payments

Share of payments firms made using real-time payments in the month prior to being surveyed, by size



N = 400; Complete responses
Source: PYMNTS | Mastercard
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CONCLUSION

Real-time payments have yielded real results for the businesses that have adopted them. Those that have implemented real-time payments into their wider operations report seeing enhanced flexibility, better transparency, speedier reconciliation and many other benefits. Nevertheless, misconceptions about real-time payments' risks prevent many businesses — especially mid-market businesses — from adopting them or, for Canadian firms, planning to adopt them when they become available. Firms interested in adopting real-time payments would benefit from educating both their own teams and their business partners on real-time payments' benefits, their capabilities and their limitations.

METHODOLOGY

Accelerating The Time To Realized Revenue Playbook: The Real-Time Payments Edition, a PYMNTS and Mastercard collaboration, examines how today's large-market and mid-market businesses are integrating new and emerging technology into how they make and receive payments. From Sept. 8 to Oct. 12, 2021, we surveyed a census-balanced panel of 409 corporate executives from U.S. and Canadian firms who had more than 10 employees and met revenue thresholds: more than \$20 million in revenue for U.S. firms and more than \$10 million USD for Canadian firms. Firms were in the healthcare, manufacturing or transportation/logistics/shipping industries. Interviewees were required to have knowledge of their companies' accounts payable and accounts receivable or treasury management operations, and we inquired about the impact of their latest innovations on optimizing their cash flow and working capital. Country subsets were weighted to match a set of demographic indicators, and the overall sample was weighted to account for the relative adult population of each country.



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