

September 2022

2022 Continues Strong Growth For Real-Time Payments

Real-Time Payments Tracker® Series

■ Read the previous edition



AUGUST/SEPTEMBER 2022
Real-Time Payments Tracker® Series

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PYMNTS



Acknowledgment

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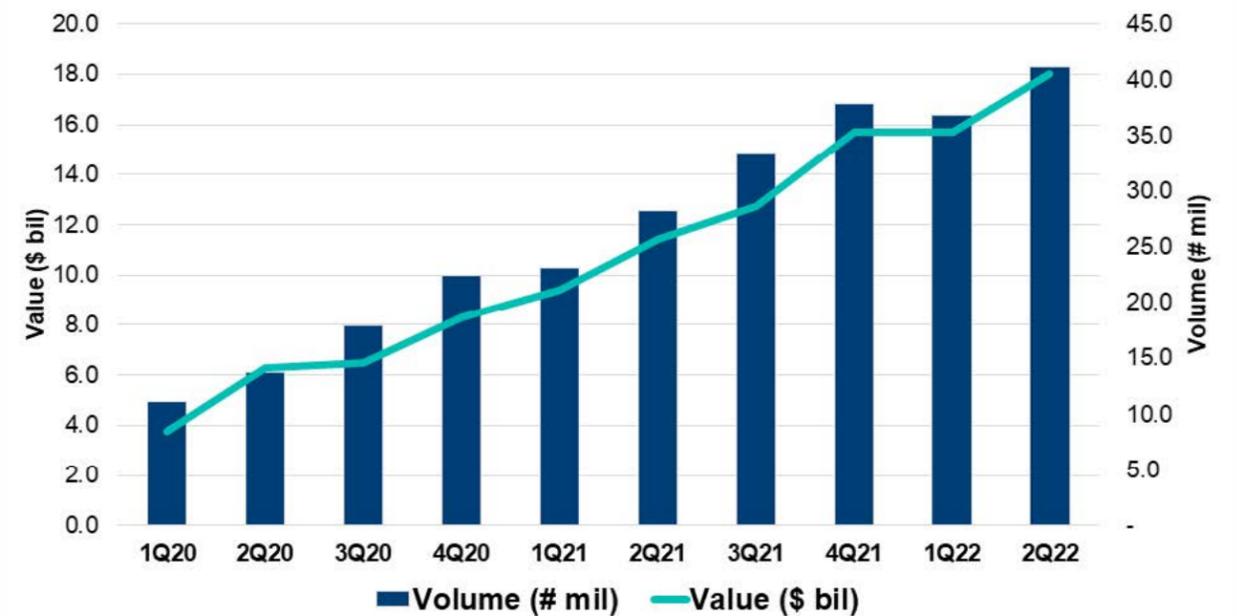
Need To Know

Real-Time Payments in 2022

The RTP® network continues to be a monumental force in the digital payments scene. Digital payments have become table stakes around the world, with more than \$6.6 trillion in digital transactions **taking place** last year, and this sum is expected to hit \$10.5 trillion within the next four years. These payments are often much slower than other digital facets of consumers’ lives, however. While an email can flow from sender to recipient in less than a second, digital payments can still take days to resolve. The introduction of the RTP network in 2017 intended to solve this problem, but the program only fully came into its own over the past couple of years.

It has been a banner year for the RTP network, with Q2 2022 witnessing 41.2 million transactions valued at \$18 billion. This is more than a threefold increase over Q1 2020, which saw approximately 12.5 million transactions.

FIGURE 1:
Real-time payments growth since 2020



2Q22 • 41.2 million transactions for \$18 billion
 • 12% volume growth and 15% value increase over 1Q22

Source: Author unknown. Real-Time Payments for All Financial Institutions. The Clearing House. 2022. <https://www.theclearinghouse.org/payment-systems/rtp>. Accessed September 2022.

Need To Know

Today, 61% of direct deposit accounts can now **access** the RTP network, and 2022 has brought a wave of new innovations as various companies jump on board.



U.S. Bank **announced** it was integrating bill pay for real-time payments in January.



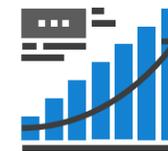
TD Bank began **offering** real-time payments to auto dealers in March.



Peer-to-peer (P2P) app Zelle now **processes** more transactions than Venmo and CashApp combined, and Zelle payments are beginning to flow over the RTP network.



The future promises significant growth for real-time payments both in the U.S. and around the world.



While just 1.8 billion real-time transactions **took place** in the U.S. in 2021, real-time transaction volume is expected to reach 8.9 billion in 2026.



The RTP network could face a prominent competitor, however, when the Federal Reserve's FedNow system **launches** in 2023.

News And Trends

Fighting Misconceptions Regarding Real-Time Payments Fraud

North American Banking Company to power instant payments via OPN

The North American Banking Company (NABC) recently [announced](#) a partnership with the Open Payment Network (OPN) to power its instant payments system, allowing customers to make real-time payments to any financial institution (FI) on The Clearing House's RTP® network. The solution is enabled via OPN's application programming interface, which allowed NABC to integrate its instant payments system with OPN and, by extension, the RTP network. OPN CEO Bradley Wilkes noted that OPN only recently was certified to operate on the RTP network and that the FedNow service will soon be interoperable with OPN as well.

NABC currently operates in Minnesota's Twin Cities and has more than \$1 billion in assets. The FI was the 23rd-largest automated clearing house user bank in the U.S. by transaction volume last year.



News And Trends

Midmarket companies slow to adopt real-time payments due to fraud concerns

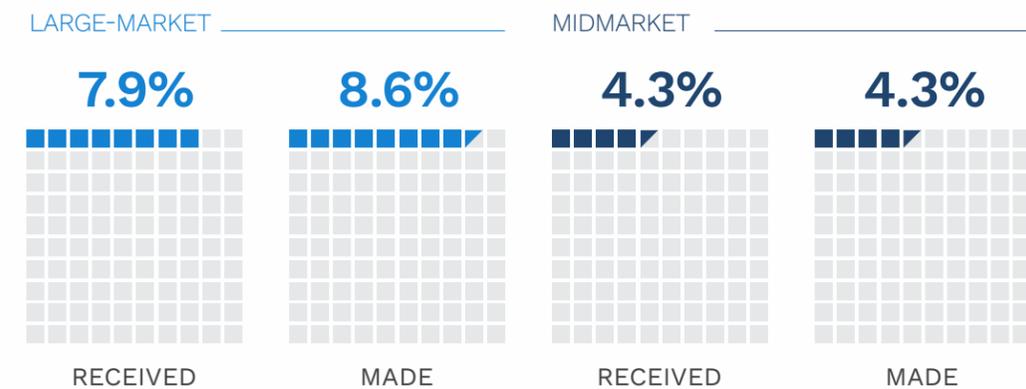
Companies generating between \$20 million and \$1 billion in sales have been relatively slow to adopt real-time payment technologies, according to a recent PYMNTS [study](#), which found that middle-market firms receive 4% and make 4% of their payments via real-time payments. This is in contrast to large-market firms, which receive about 8% and make about 9% of their payments in real time.

Concerns about the method of payment are the biggest hurdles to adoption among midmarket firms, as these companies often think that real-time payments might be more

FIGURE 2:

Payments made and received using real-time payments

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



Source: PYMNTS
Accelerating The Time To Realized Revenue, October 2021
N = 400: Complete responses, fielded Sept. 8, 2021 – Oct. 12, 2021

vulnerable to fraud. This objection may be more myth than fact, however, as PYMNTS found that real-time payment utilization actually correlates with much lower rates of fraud: It occurs approximately 75% less often among firms that use real-time payments than it does among those that lack these payments.

Chart Of The Month

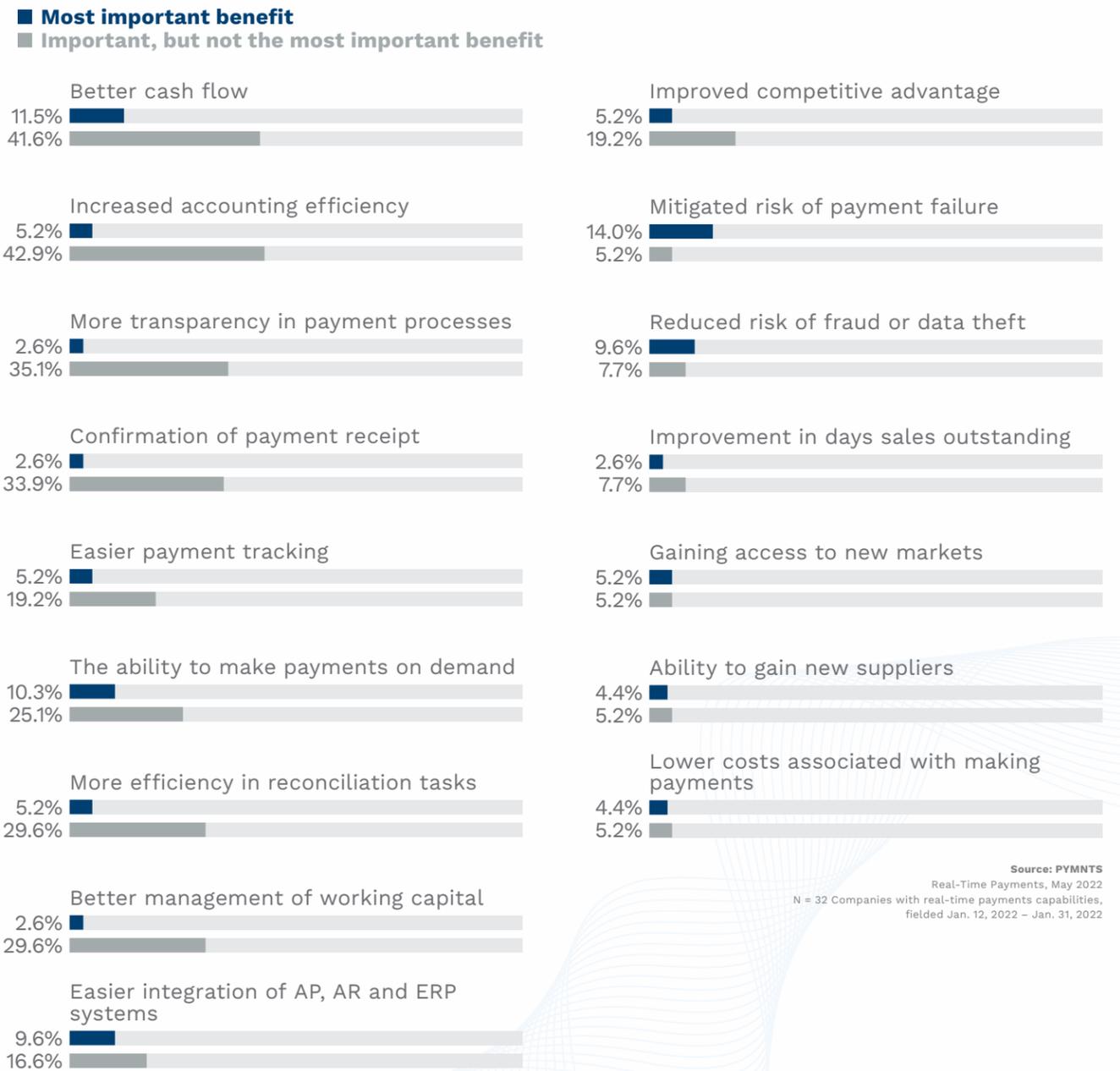
Customers Weigh Real-Time Payments' Benefits

There are many benefits to deploying real-time payments from both customer and business perspectives, but some of these boons are more widely appreciated than others. At the top of the heap for companies that send real-time payments is improved cash flow management: 42% of companies in a PYMNTS [survey](#) said that improvement to their cash flow management was an important benefit of sending real-time payments — the largest share for any of the benefits surveyed — and 12% of respondents considered it the most important benefit overall.

FIGURE 3:

Weighing the benefits of sending real-time payments

Share of respondents citing select benefits of sending real-time payments



Source: PYMNTS
Real-Time Payments, May 2022
N = 32 Companies with real-time payments capabilities,
fielded Jan. 12, 2022 – Jan. 31, 2022

Chart Of The Month

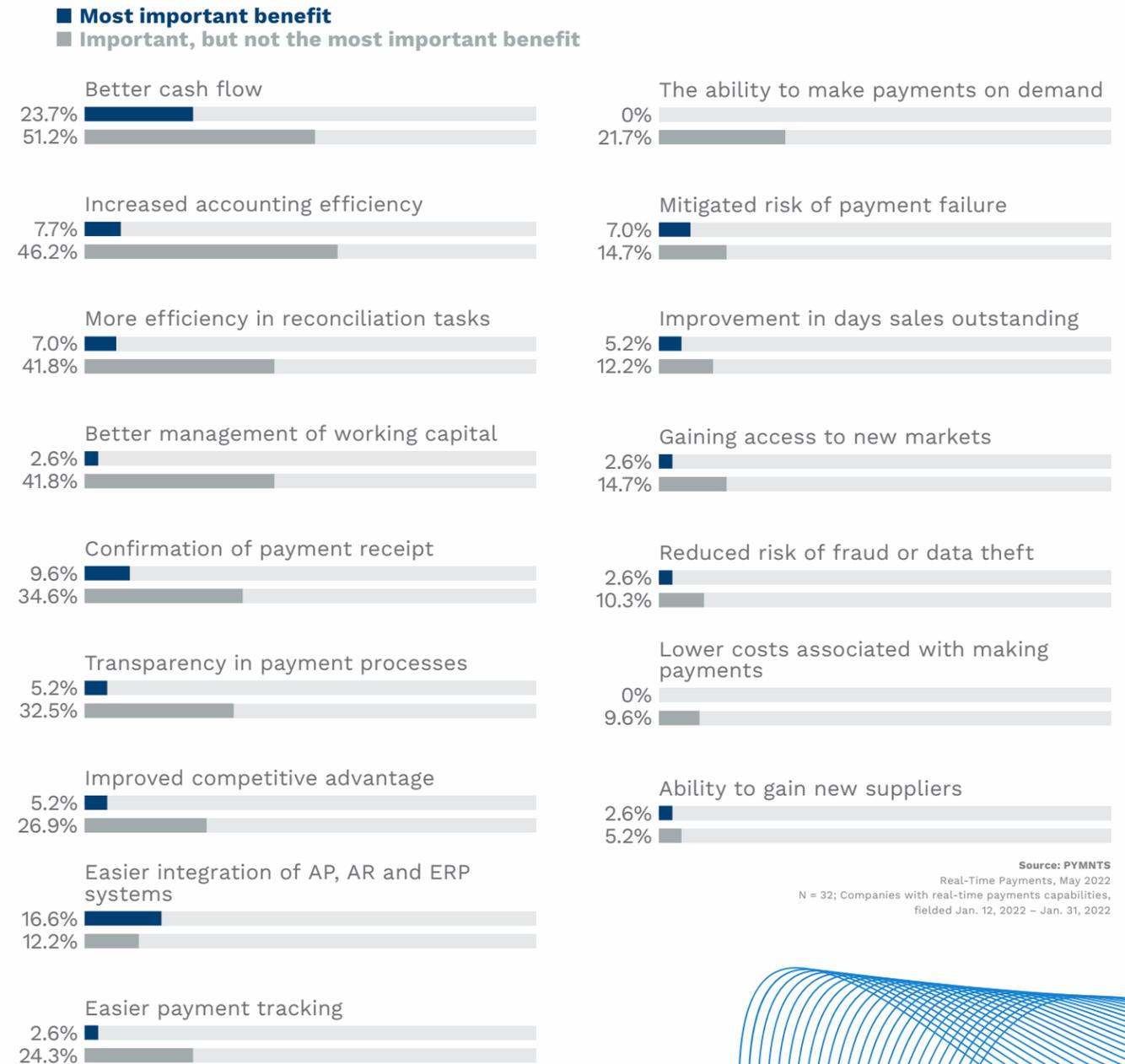
Among companies that receive real-time payments, the cash flow benefits were even more strongly realized. More than half of these companies **said** they benefited from improved cash flow management, the highest percentage among any of the benefits of receiving payments in real time. Twenty-four percent said this cash flow management improvement was the single most important benefit of receiving real-time payments.

There are a variety of other benefits stemming from real-time payments as well. Forty-six percent of companies surveyed **said** that improved accounting efficiency is an important benefit when receiving real-time payments. Other large groups of respondents cited reduced risk of payment failure as the most important benefit, comprising 14% of companies making real-time payments and 7% of those receiving them.

FIGURE 4:

Weighing the benefits of receiving real-time payments

Share of respondents citing select benefits of receiving real-time payments



Source: PYMNTS
Real-Time Payments, May 2022
N = 32; Companies with real-time payments capabilities,
fielded Jan. 12, 2022 – Jan. 31, 2022

Insider POV

Real-Time Payments' Present And Future

An Interview with Chris Ward, head of wholesale payments at [Truist Financial](#)



“I think that [there] is going to be a seismic shift in the dynamics between businesses and consumers, or businesses to businesses, using [real-time payments] as a form of bill payment between themselves.”

This has been a banner year for the RTP® network and real-time payments in general, with the ongoing pandemic fueling businesses' and consumers' desires for quick and seamless transactions. PYMNTS talked to Truist Financial's Chris Ward, head of wholesale payments, about some of the most exciting developments in real-time payments this past year and what to look forward to in the future.

“One new development in real-time payments is that it really enables [requests for payment] to be executed [by] using somebody's mobile number or email address, so you don't have to have bank account information, even in cross-border [transactions]. You can execute it all in less than 10 seconds, and that's been a huge success.”

The future of real-time payments is looking no less sunny than its present. Ward pointed out that banks and businesses are integrating the RTP network in record numbers. While it still comprises a small minority of overall digital transactions in the U.S., the expanding payment volume is fostering a radical shift in the way businesses and consumers transact with one another. New use cases are emerging by the day, offering new types of businesses and consumers an on-ramp to the RTP network.

“As more and more banks continue to come online, and with the maturing of the market, I think you're going to see the volume continue to spike up, with more people presenting bills through the RTP network.”

Insider POV

The biggest benefit of real-time payments adoption is increased control over money flow, said Ward. As real-time payments continue to grow more popular, consumers can have greater access to funds, less economic anxiety and faster payroll to avoid economic uncertainties. Individuals can have more power and control over their financial lives and peace of mind when it comes to monetary matters. Greater real-time payments integration could be a game-changer for everyday consumers.

“The more we enable individuals and businesses to access real-time payments, it’s going to help with financial inclusion and having much more control over the flow of funds coming into and out of their accounts. I think real-time payments is a really good avenue to put the power in the customer’s hands. My biggest hope is that we’ll have the majority of bill payments and P2P payments flowing over the RTP network over the next couple of years.”

Truist’s Three “I’s” Driving Real-Time Payments Implementation

Immediacy

“People are expecting immediate things, like when you order your Starbucks coffee and [the app] tells you that it’s going to be ready in three minutes for pickup.”

Integration

“People are expecting integrated experiences [in their payments], like when you order pizza and watch the delivery car arrive on the app.”

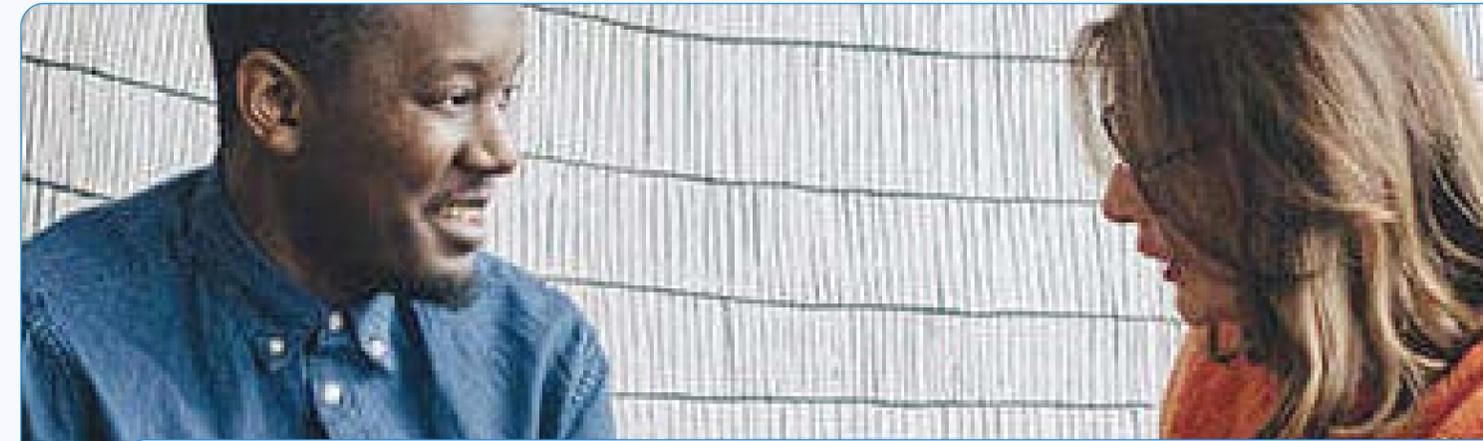
Interruption

“Supply chains and inflation are interrupting the modern economy, so people need faster payments.”

PYMNTS Intelligence

The Year In Review For Real-Time Payments — And A Future Preview

The RTP® network has been a game-changer for the financial industry since its introduction in 2017. The ability to process payments in mere seconds allows for more financial security, more accurate book-keeping and extraordinary levels of convenience for both businesses and individual consumers.



What were some of the most exciting real-time payments developments this year?

“We enjoy watching the volume grow on the RTP network, for sure. But one of the most exciting things we see in real-time payments is how they are changing the movement of money, and in many different ways. One use case that we are seeing on the RTP network that absolutely exploded in volume in 2022 is earned-wage access, where workers can access their accumulated earnings instantly. It is currently the fastest-growing use case on RTP, and it is helping consumers access their earnings instantly, so they don’t have to wait for the normal weekly or biweekly pay cycle.”

Jim Colassano

Senior vice president, product development



PYMNTS Intelligence

Today, 61% of direct deposit accounts can now receive real-time payments on the RTP network, indicating widespread adoption among businesses and consumers. While initially slow to get going, adoption rates skyrocketed as the pandemic wore on and limited individuals' and businesses' access to legacy payment services. This uptick in adoption and implementation has carried over through this year as the pandemic continues, and it is likely to extend well into the future as consumers grow accustomed to the technology.

This month, PYMNTS explores the most significant real-time payments developments of the year thus far and predicts what the coming years hold for this quickly maturing industry.

2022 in real-time payments review

A wide variety of large-scale firms joined the RTP network this year, fueling massive growth in the real-time payments industry. U.S. Bank **announced** it was integrating bill pay and real-time payments in January, and TD Bank began **offering** real-time payments for auto dealers in March. Both of these developments, along with countless others among credit unions, community banks and smaller firms, introduced millions of consumers to real-time payments for the first time.

The Clearing House continued to improve the RTP network, expanding its capabilities to previously unseen levels. The transaction limit was **raised** to \$1 million in April, a huge leap from the \$100,000 transaction limit previously in place. This massively increased the potential use cases for real-time payments, making it feasible for large businesses and institutions to leverage the network for business-to-business payments.

Overseas real-time payments continue to improve as well. Western Union **announced** that it would join the European Union's Single Euro Payments Area Instant Credit Transfer scheme, offering European customers the ability to make real-time payments across 24 countries and from more than 2,300 FIs. In the United Kingdom, meanwhile, the Bank of London **joined** the country's Faster Payment System, which processed 3.4 billion payments in 2021 and does not show any signs of slowing down.

PYMNTS Intelligence

Looking forward

Real-time payments' true potential remains largely untapped in the U.S. These payments account for just 0.9% of total transaction volume in the U.S., with only 1.8 billion real-time transactions taking place. These numbers are projected to improve in the future, however: Real-time transaction volume is expected to hit 8.9 billion in 2026 — still a minority but representing a promising increase.

Incoming competition and regulations could potentially hamper real-time payments growth. The RTP network could soon face a prominent competitor when the Federal Reserve's FedNow system, a federally backed real-time network that could prove more appealing to many banks and businesses, launches in 2023. SWIFT's ISO 20022 mandate could also have a major impact on the industry, and banks could delay their RTP integration until they are fully aware of how this mandate will affect the industry as a whole.

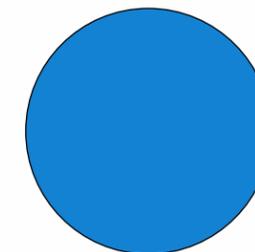
Real-time payments usage in the U.S.

2026

8.9 billion
real-time transactions

2022

1.8 billion
real-time transactions



Companies To Watch

Exciting New Real-Time Payments Applications Unfold

FIS and Wirex are expanding their real-time payments capabilities to encompass virtual bank currency, cryptocurrency and more.

The FIS logo consists of the letters 'FIS' in a bold, green, sans-serif font. Above the 'I' are three small green dots.

Financial services technology provider FIS recently [announced](#) that it was developing a solution for central banks in more countries to update and innovate their real-time payments network, thus improving money mobility. This solution, called RealNet Central, is expected to help several countries that are currently in the midst of real-time payment scheme upgrades, including Brazil, Japan, Mexico, South Africa and the U.K.

This has made FIS a prime company for industry experts to watch, and investors are taking notice as well. FIS [reported](#) that its revenue increased by 8% to \$3.7 billion in Q2 2022, with net earnings attributable to common stockholders coming in at \$277 million or \$0.45 per diluted share.

The Wirex logo features the word 'WIREX' in a bold, dark green, sans-serif font. A stylized green symbol, resembling a combination of a dollar sign and a Bitcoin symbol, is positioned to the left of the text.

U.K.-based cryptocurrency wallet provider Wirex is also a promising player in the real-time payments space. The company recently [announced](#) that it was integrating Single Euro Payments Area Instant and Faster Payments with the aim of simplifying payments for users in the U.K. and the European Economic Area between Wirex and their bank accounts. All 5 million of its users can take part in this program, greatly expanding the footprint of real-time payments across the country.

The crossroads of instant payments and cryptocurrency is quickly growing, with exchanges and other players looking to solve the seemingly intractable problem of cryptocurrency transactions and trades taking a long time to resolve. Integrating with government-backed real-time payment schemes could be an auspicious start to accelerating this industry.

What's Next?

Promising Growth For Future Real-Time Payments

What can we expect in the world of real-time payments?

“ In one word: growth. Growth in terms of volume, the number of people and businesses that can use real-time payments, the number of financial institutions offering instant payments and the different types of use cases for real time. This growth started in 2020/2021 during the pandemic, accelerated in 2022 and shows no signs of slowing down, especially here in the United States as RTP® gains significant traction. ”

What can banks and businesses do to encourage more real-time payments usage?

“ First, banks have to make the strategic decision to offer real-time payments to their customers. Once an FI decides to offer its customers instant payments, often the process is simpler than they would have thought. Many core banking platform providers, including Fiserv, FIS and Jack Henry, to name a few, are already connecting customers to RTP and can relatively quickly connect a bank or credit union to the network. ”



Jim Colassano
Senior vice president,
product development

 The Clearing House

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.



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.

We are interested in your feedback on this report. If you have questions or comments, or if you would like to subscribe to this report, please email us at feedback@pymnts.com.

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