

MEASURING CONSUMERS' **GROWING INTEREST IN INSTANT PAYOUTS**

March 2024 Report



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MEASURING CONSUMERS’ GROWING INTEREST IN INSTANT PAYOUTS

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Measuring Consumers’ Growing Interest in Instant Payouts was produced in collaboration with Ingo Payments, and PYMNTS Intelligence is grateful for the company’s support and insight. **PYMNTS Intelligence** retains full editorial control over the following findings, methodology and data analysis.

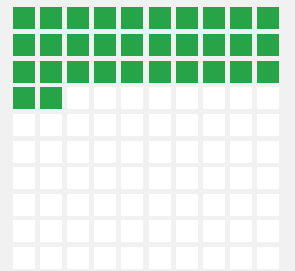
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WHAT'S AT STAKE

Most consumers in the United States received at least one type of disbursement in the past year, including earnings and income payments, Social Security payments, tax refunds, insurance claim payments and loan disbursements. Although more than half of consumers received such payments from various corporate and government agencies in the last 12 months, this number is down moderately from this time last year. This decrease can be explained by an ongoing drop in government disbursements, many of which peaked during the height of the pandemic. Even so, the number of disbursements consumers receive is on the rise, predominantly income and earnings disbursements, with increasing numbers issued via instant payment methods.

32%

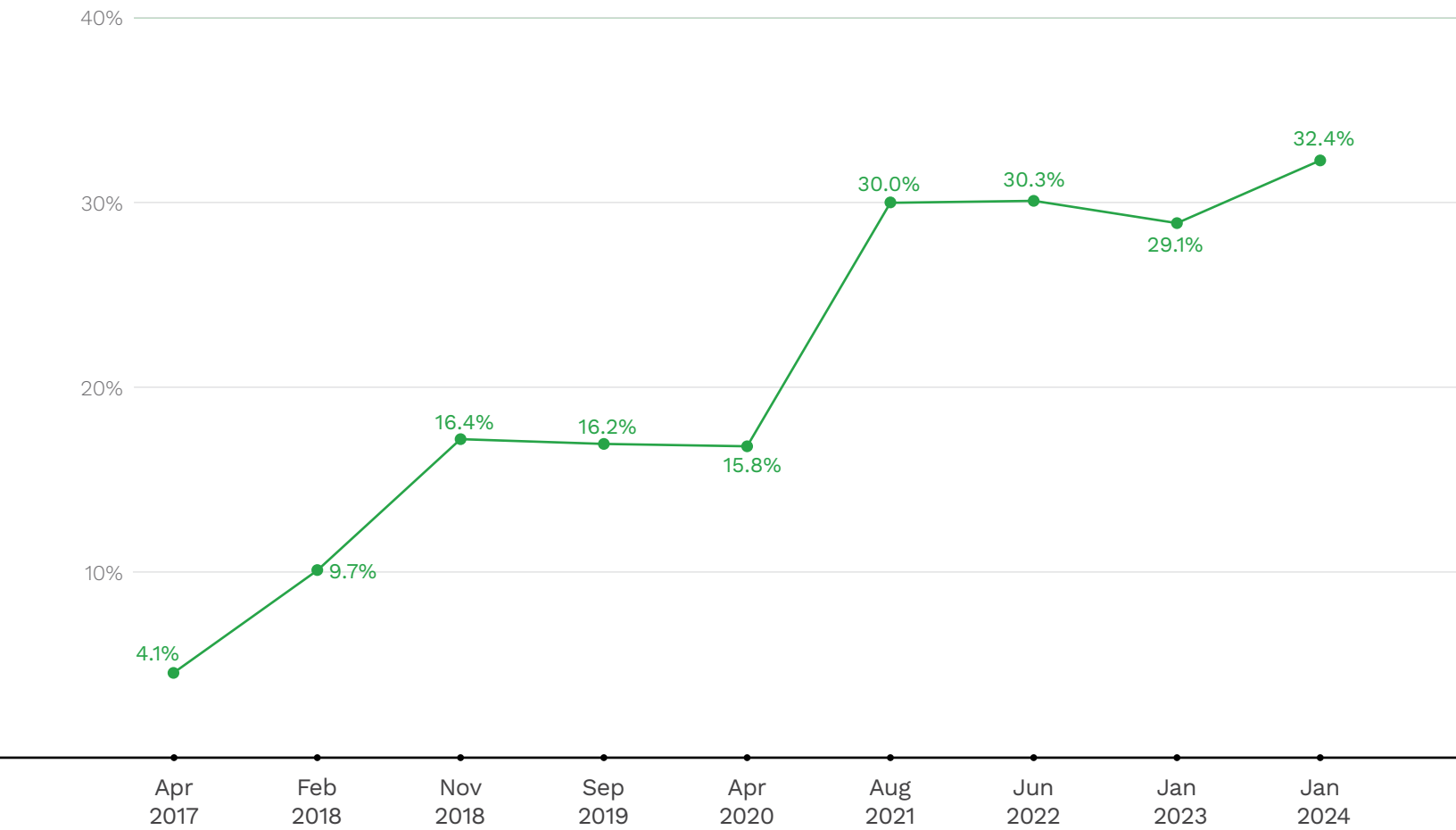


of disbursement receivers **now use instant methods as their most typical way to receive nongovernment disbursements**, up from 29% last year.

In fact, 32% of consumers now use instant methods as their primary way to receive nongovernment disbursements, which is an all-time high since we first produced this report in 2017. When they have the option, consumers are using instant digital payments in lieu of slower, non-instant digital payment methods, which saw a 9% reduction in the last year. Instant payments have increased the most for borrowing disbursements, followed by income and earnings. Consumers are not only increasingly satisfied with instant payouts but also increasingly willing to pay a fee to receive disbursements via instant rails, especially millennial and Generation Z consumers and those earning more than \$100,000.

FIGURE 1:
Consumers receiving instant nongovernment disbursements

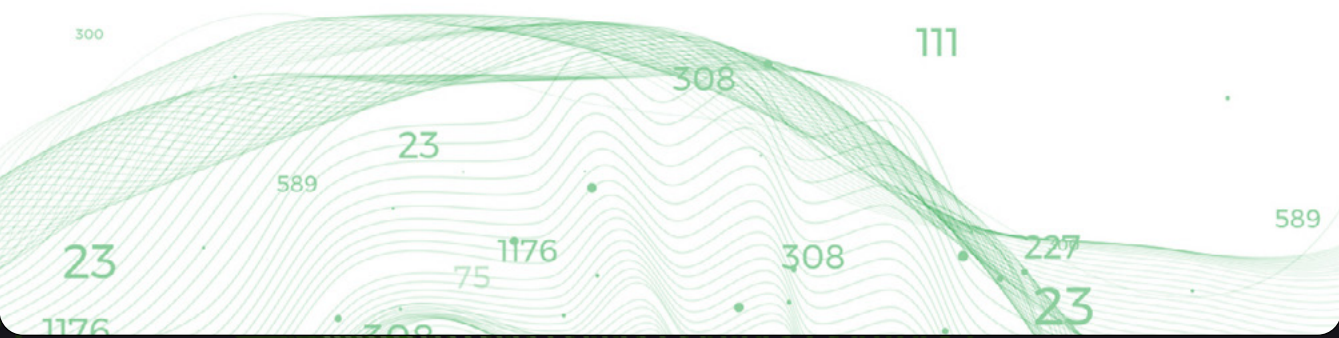
Share of consumers who used instant methods as their most typical way to receive nongovernment disbursements



Source: PYMNTS Intelligence
Measuring Consumers' Growing Interest in Instant Payouts, March 2024
N = 2,237: Consumers who received at least one disbursement over the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024

These are some of the findings explored in Measuring Consumers' Growing Interest in Instant Payouts, a PYMNTS Intelligence and Ingo Payments collaboration. This report is based on a census-balanced survey of 3,898 U.S. consumers conducted between Dec. 28, 2023, and Jan. 22, 2024, and it examines consumers' use of instant pay for the disbursements they receive from government and nongovernment entities. This is the seventh year that we have conducted this study, providing insight into consumers' growing interest in instant disbursements, even as some issuers are lagging in offering instant options.

This is what we learned.



KEY FINDINGS

01

DISBURSEMENT SLOWDOWN

In the past year, 57% of consumers received at least one disbursement, representing a 6% drop from 2023, primarily due to a decrease in government disbursements.



48%

Share of consumers who received at least one government disbursement in the past year, down from 53% the year before

02

SATISFIED CUSTOMERS

Consumer use of instant payments as their primary method to receive nongovernment disbursements is up from last year, as is the share of highly satisfied instant receivers.



77%

Share of consumers who primarily use instant to receive disbursements and are highly satisfied

03

SUPPLY PROBLEMS

Nearly one-third of consumers regularly use instant to receive their disbursements, yet twice as many would choose instant disbursements when given the option.



77%

Share of consumers who would choose instant payments to receive disbursements when given the option, up from 66% last year

04

INCREASING CONFIDENCE

Consumers are increasingly willing to pay a fee for instant payments and comfortable with the method's safety and security, indicating that such consumer concerns are fading.



29%

Share of consumers who would be willing to pay a fee to receive a payment instantly, up from 26% last year

PYMNTS IN DEPTH

Disbursements are a fact of life in the U.S., with consumers increasingly receiving these payouts instantly.

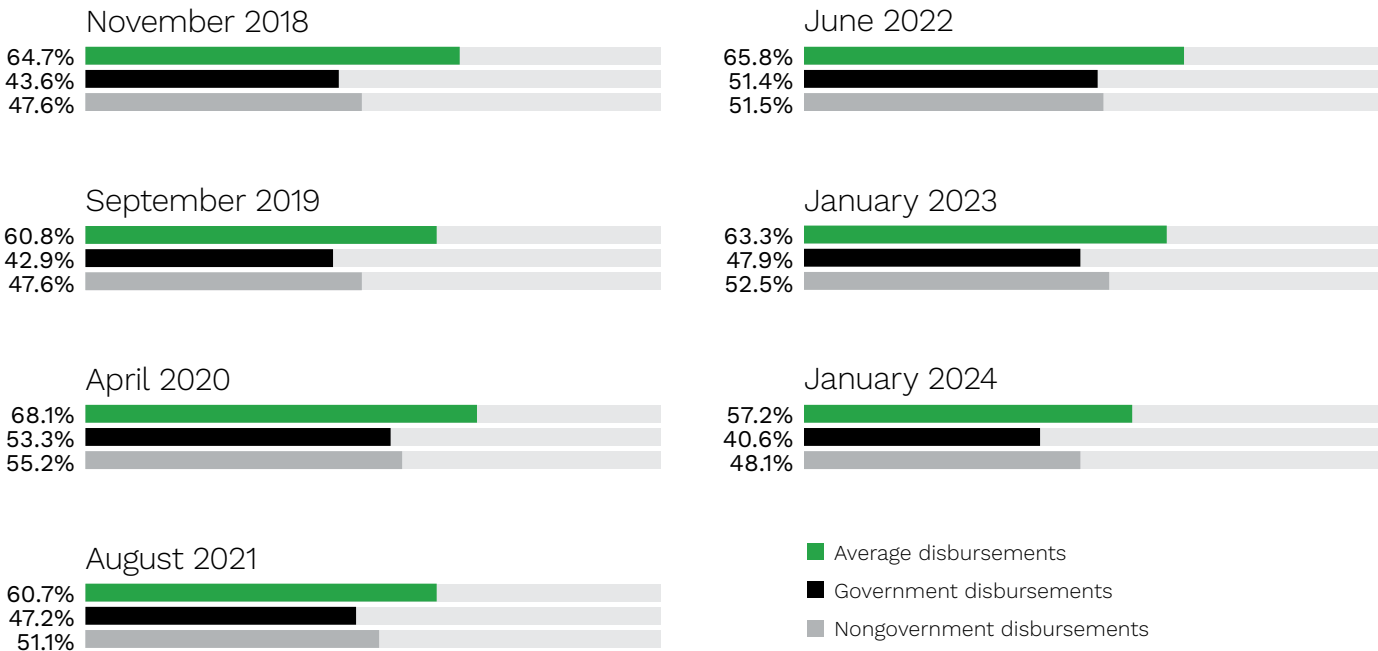
In the past year, 57% of consumers received at least one disbursement, representing a 6% drop from 2022, primarily due to a decrease in government disbursements.

After spiking in 2020 during the pandemic, the share of consumers receiving government disbursements has fallen below the pre-2020 baseline. Disbursements received from the government in 2023 decreased by 14% from 2022, while the change in nongovernment disbursements was negligible. Tax-related disbursements remained relatively stable, but other government disbursements, such as unemployment, stimulus payments and other family assistance payments are now sent to fewer consumers.

FIGURE 2:

Consumers receiving disbursements

Share of consumers who received at least one disbursement in the past 12 months, by disbursement type



Source: PYMNTS Intelligence
Measuring Consumers' Growing Interest in Instant Payouts, March 2024
N = 3,898: Whole sample, fielded Dec. 28, 2023 – Jan. 22, 2024

Although fewer consumers are receiving disbursements, those who receive them are receiving more, on average. This is true even for consumers receiving government disbursements. The number of payouts consumers received in all disbursement categories remained stable or increased slightly. Yet the number of income and earning

FIGURE 3:

Disbursement volume

Average number of disbursements consumers received, by disbursement type

	November 2018	September 2019	April 2020	August 2021	June 2022	January 2023	January 2024
• Income and earnings	18.5	14.9	16.8	16.3	15.9	14.4	17.6
• Government	10.0	7.7	7.8	10.4	9.3	8.5	9.9
• Investment account	12.5	13.4	12.8	14.6	13.4	12.0	12.9
• Product/service purchase-related	11.9	11.1	9.9	13.3	11.2	10.1	11.2
• Insurance	14.6	10.0	11.5	14.4	12.2	11.4	11.9
• Borrowing	14.0	13.0	15.8	17.0	14.6	13.1	13.3
• Manufacturer or store incentives	0.0	12.3	8.9	13.0	11.5	10.3	10.5
• Gaming winnings	0.0	11.3	10.8	13.5	11.0	9.4	11.9
• Legal settlements	0.0	11.0	13.6	16.4	16.9	13.8	12.7

Source: PYMNTS Intelligence
Measuring Consumers' Growing Interest in Instant Payouts, March 2024
N = 2,237: Consumers who received at least one disbursement in the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024

payouts consumers received rose from 14 in January 2023 to 18 in January 2024, approaching the previous historical high. This indicates that income and earnings payouts are beginning to move away from physical checks to digital banking channels, such as direct deposit.

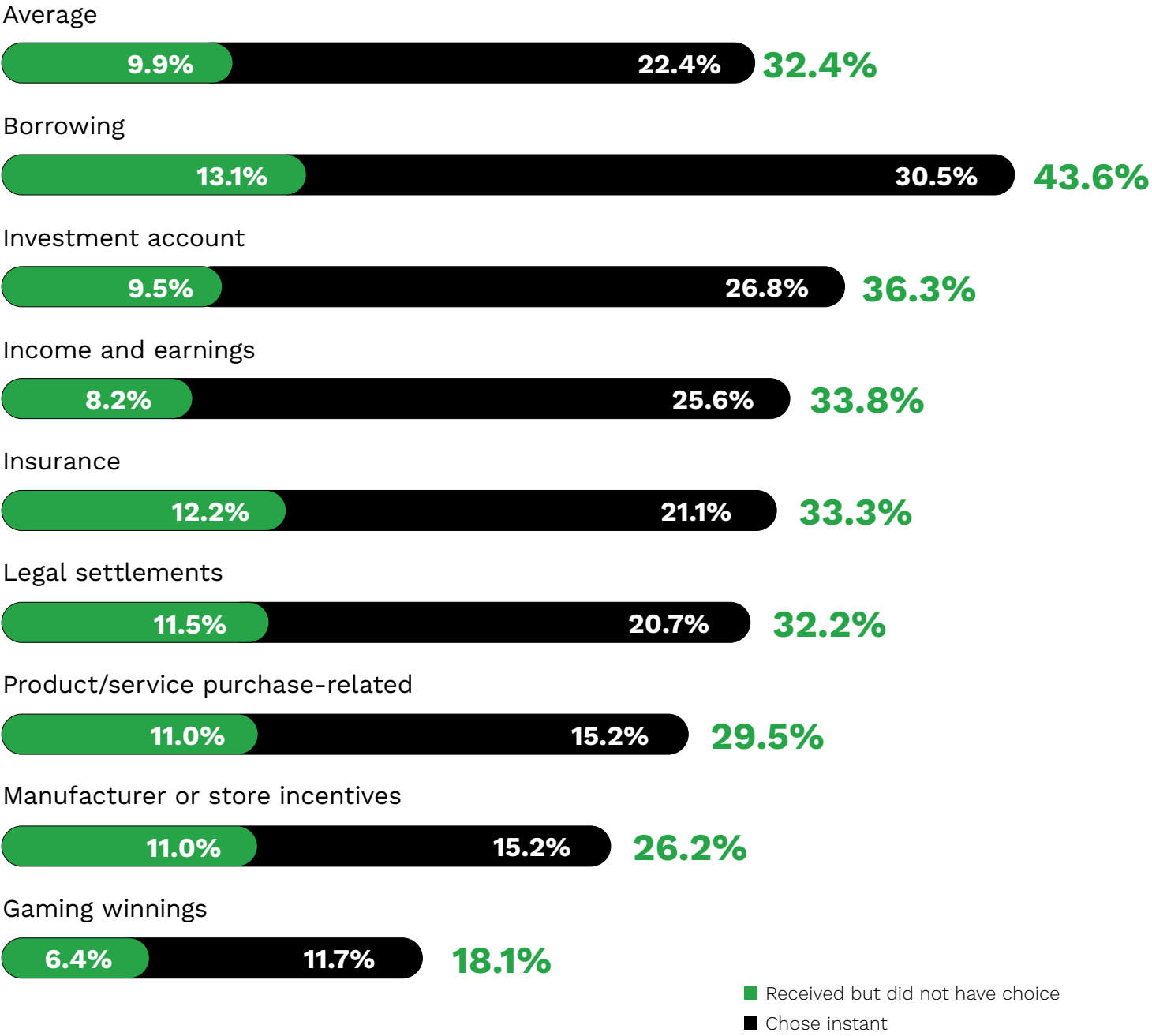
Consumers’ use of instant payments to receive nongovernment disbursements was up sharply in the last year, and so was the share of highly satisfied instant receivers.

After a brief usage plateau, receiving disbursements via instant payments is on the rise again. As of January 2024, 32% of disbursement receivers use instant methods as their most typical way to receive disbursements, up from 29% in January 2023. This recent uptick is in large part due to some businesses offering instant payments as the only option to receive disbursements. Overall, 10% of disbursement receivers had no choice but to accept an instant payout, while an additional 22% selected instant when given the option. Consumers’ use of instant payouts is highest for loan and borrowing-related disbursements, at 44%, followed by investment account–related disbursements, at 36%, and insurance-related disbursements, at 33%. Use of instant rails for borrowing, investment and insurance payouts suggests that consumers turn to instant in circumstances where they need funds urgently.

FIGURE 4:

Consumers receiving instant disbursements

Share of consumers who used instant methods as their most typical way to receive disbursements, by choice



Source: PYMNTS Intelligence

Measuring Consumers' Growing Interest in Instant Payouts, March 2024

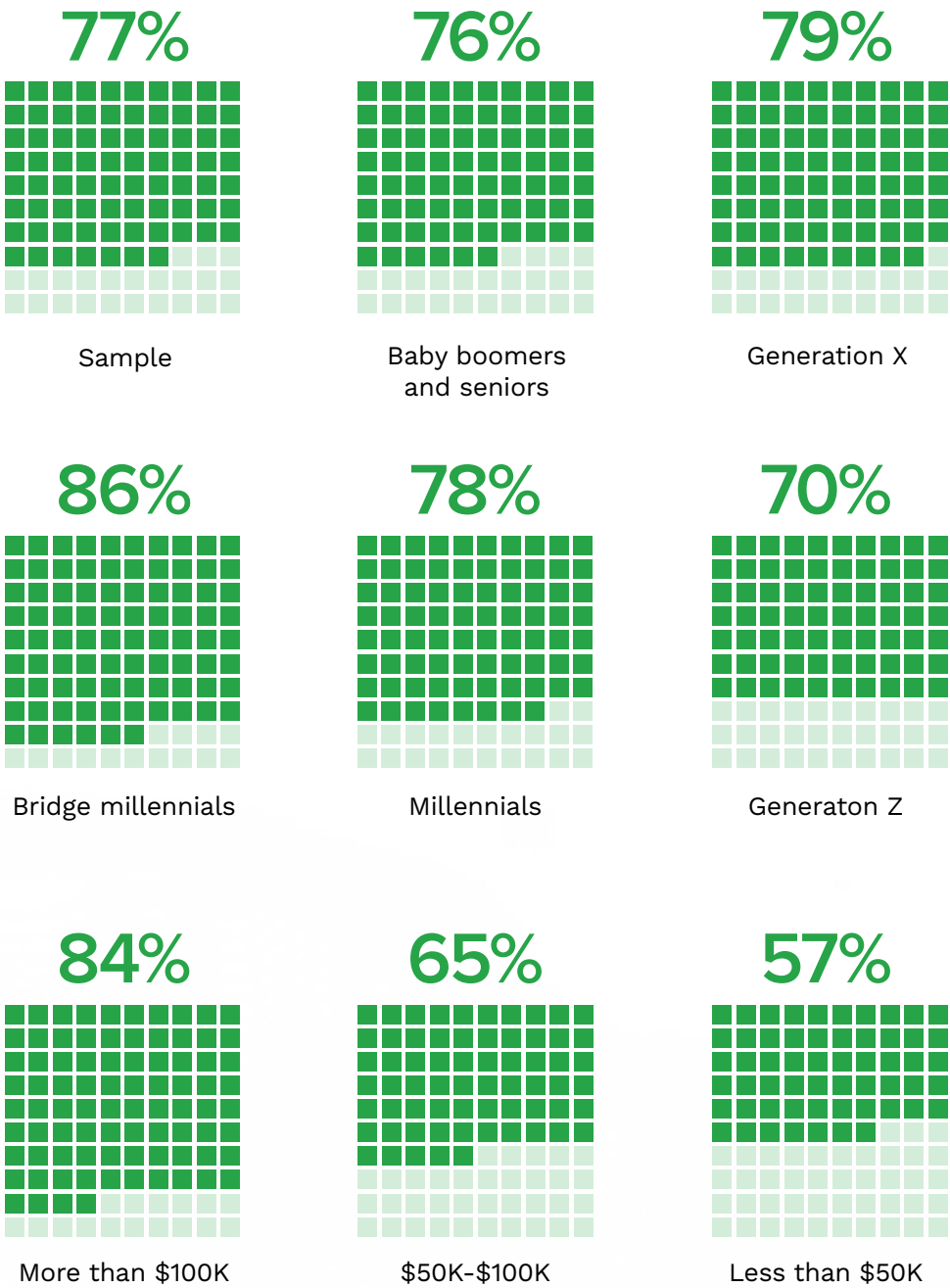
N = 2,237: Consumers who received at least one disbursement in the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024

The share of highly satisfied instant disbursement receivers rose by 3% since last year, breaking a three-year plateau. As of January 2024, 77% of consumers who primarily use instant to receive disbursements were highly satisfied, up from 75% in January 2023. Bridge millennials and consumers earning more than \$100,000 per year, who are more likely to be digitally savvy, are the most likely to be highly satisfied with instant payouts, at 86% and 84%, respectively. Gen Z consumers are the least satisfied with instant payments, but their satisfaction rose 34% over the last four years. This change is a large reason satisfaction rose for the sample overall, suggesting that Gen Z consumers are catching up with other age groups and increasingly value instant access to good funds as a way to meet immediate financial needs.

FIGURE 5:

Consumer satisfaction with instant payouts

Share of consumers who primarily use instant to receive nongovernment disbursements and are highly satisfied with instant payments when receiving disbursements, by demographic



Source: PYMNTS Intelligence

Measuring Consumers' Growing Interest in Instant Payouts, March 2024

N varies by the number of disbursements received in the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024

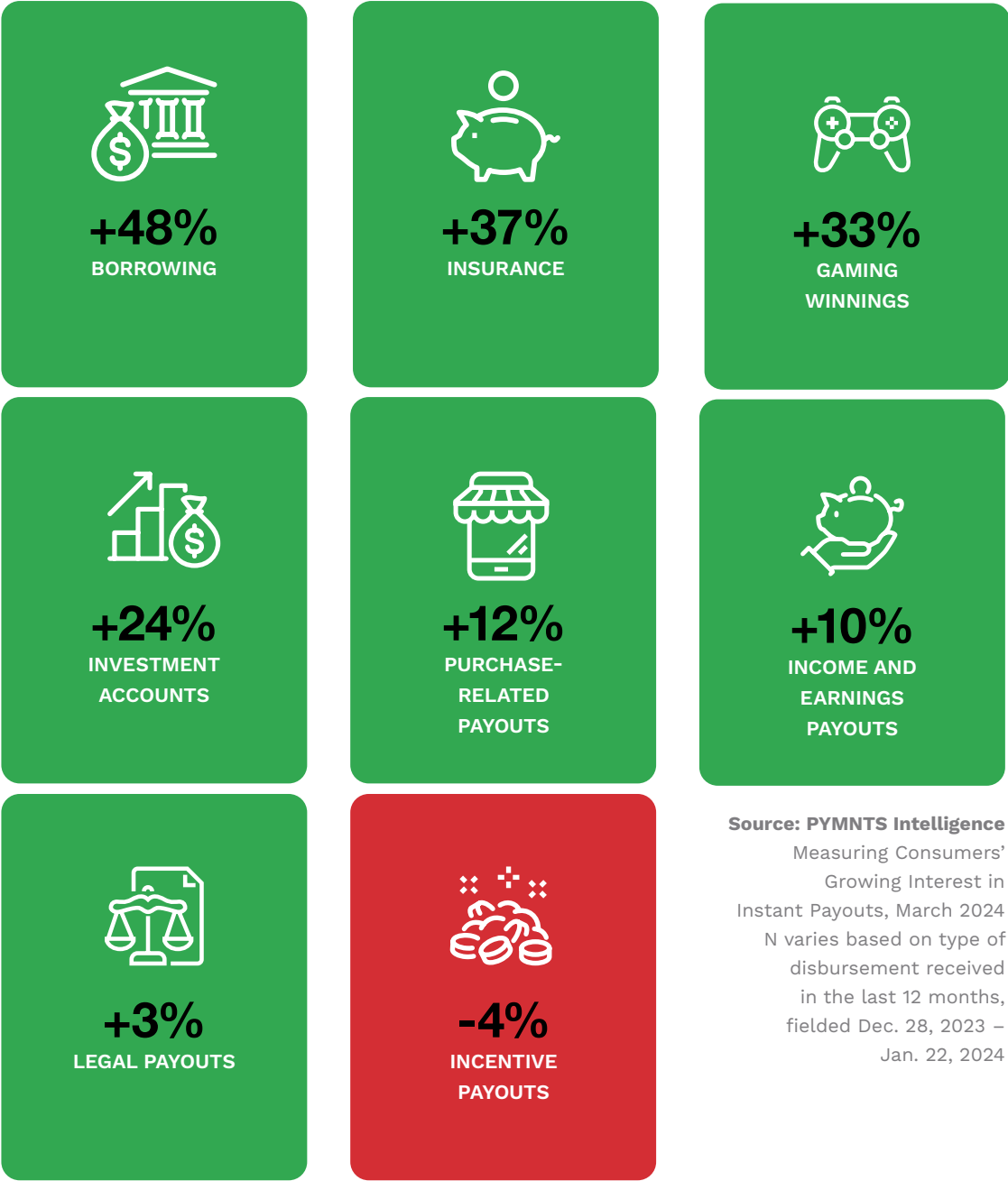
Nearly one-third of consumers regularly use instant to receive their disbursements, yet more than twice as many would choose instant disbursements when given the option.

The lack of instant payment options may be the factor limiting consumers from adopting instant rails as their preferred payment method. As of January 2024, 77% of consumers would choose instant payments to receive disbursements if given the option. Moreover, the share of consumers who would choose instant payments has risen from 66% last year, with consumers gravitating to instant more in all but one disbursement category. Among consumers who would choose instant payments for disbursements if they were available, interest was sharpest for borrowing payouts (48%), insurance payouts (37%) and gambling winnings (33%). While already showing high utilization, increasing payouts related to borrowing is likely due to inflation and economic stress, and insurance due to a rise in natural disasters.

FIGURE 6:

Growth in consumers' choice of instant disbursements

Percent change in the share of consumers who would choose instant if able over the past year, by disbursement category



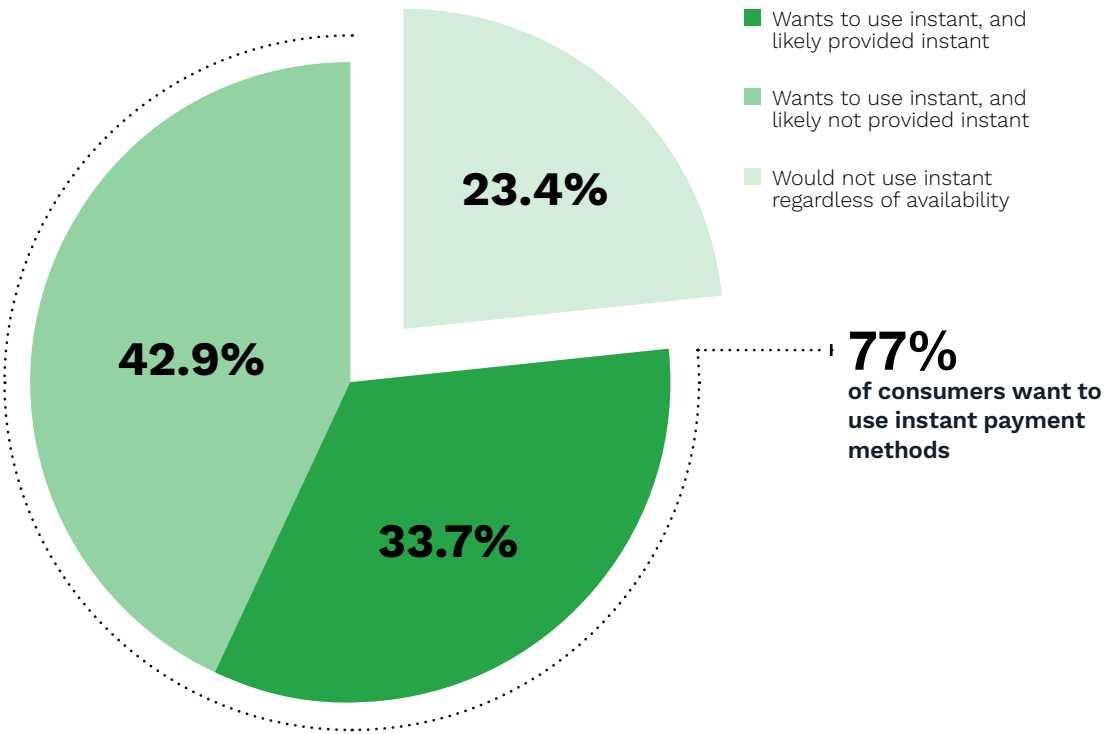
Source: PYMNTS Intelligence
Measuring Consumers' Growing Interest in Instant Payouts, March 2024
N varies based on type of disbursement received in the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024

If more than three-quarters of consumers want to use instant, why are only one-third using it regularly? The issue seems to be supply. Our complementary data set on payment senders finds that just 44% of senders make instant payments available. Since 77% of consumers want to receive disbursements instantly and just 44% of that group ends up with the availability to do so, we would expect 34% to ultimately receive instant disbursements — and we found that 32% of consumers receive instant disbursements. The closeness between those numbers implies the relatively low regular usage of instant has more to do with inability to access the payment method. Because the problem is on the supply side, we expect that use will rise as more senders offer instant payments.

FIGURE 7:

Instant choice versus availability

Share of consumers agreeing with select statements about their desire to use instant payments and whether it is available to them



Source: PYMNTS Intelligence

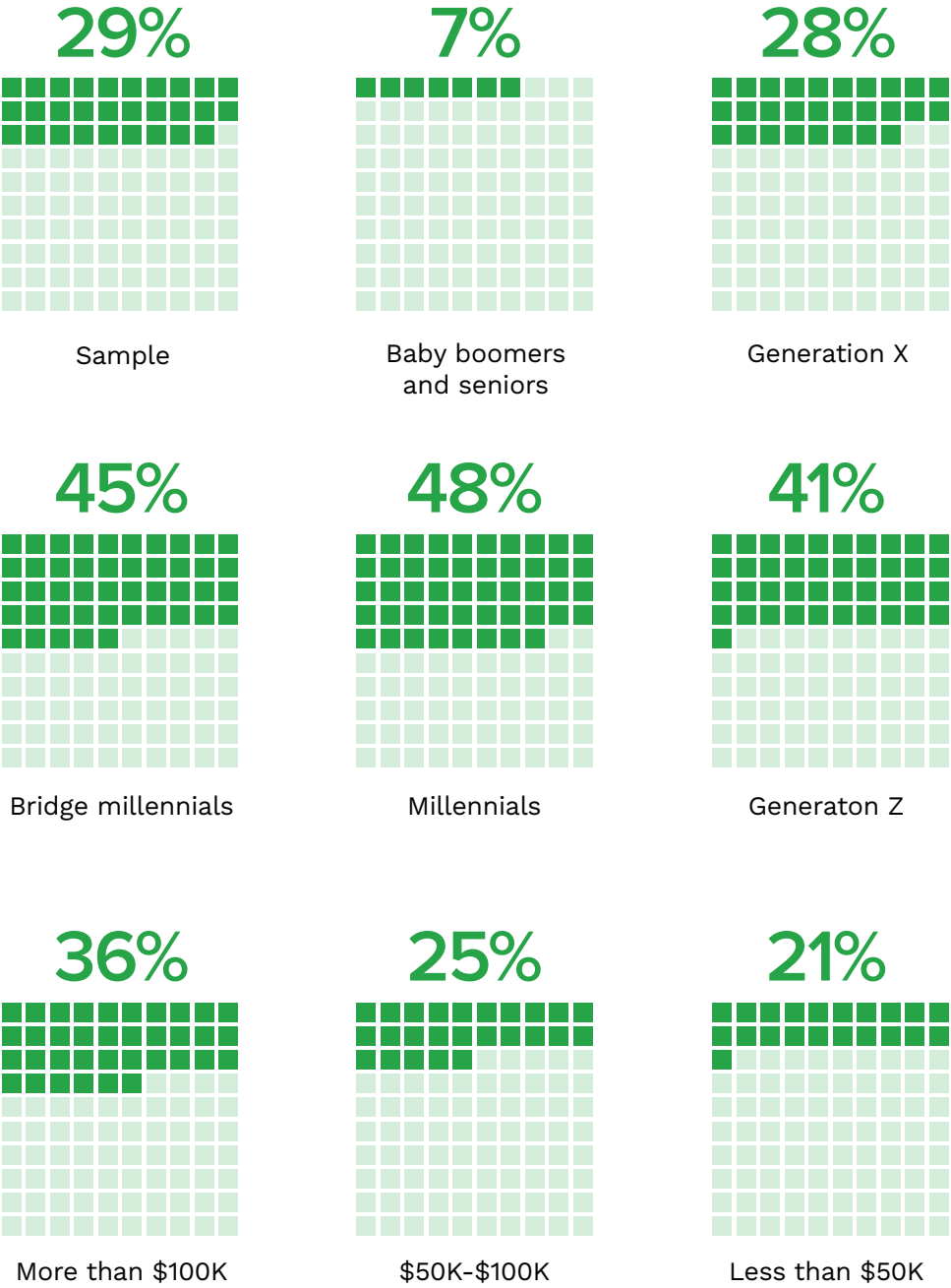
Measuring Consumers' Growing Interest in Instant Payouts, March 2024

N = 2,237: Consumers who received at least one disbursement in the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024; N = 200: Whole sample of senders, fielded Jan. 5, 2024 – Jan. 25, 2024

Consumers are increasingly willing to pay a fee for instant payments and comfortable with the method’s safety and security.

Consumers’ concerns about paying for and using instant payouts are waning. PYMNTS Intelligence finds that 29% of consumers would be willing to pay a fee to receive a payment instantly, up from 26% a year ago. Millennials and Gen Z consumers and those earning more than \$100,000 are among the most willing to pay for instant payouts. The type of fee can also impact consumers’ willingness to pay: 53% of consumers would prefer to pay a fixed dollar amount, and 25% would prefer a percentage fee. The average consumer would be willing to pay up to \$2.50 to receive funds instantly.

FIGURE 8:
Willingness to pay for instant disbursements
Share of consumers willing to pay a fee to receive instant payments, by demographic



Source: PYMNTS Intelligence
Measuring Consumers' Growing Interest in Instant Payouts, March 2024
N = 2,237: Consumers who received at least one disbursement in the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024

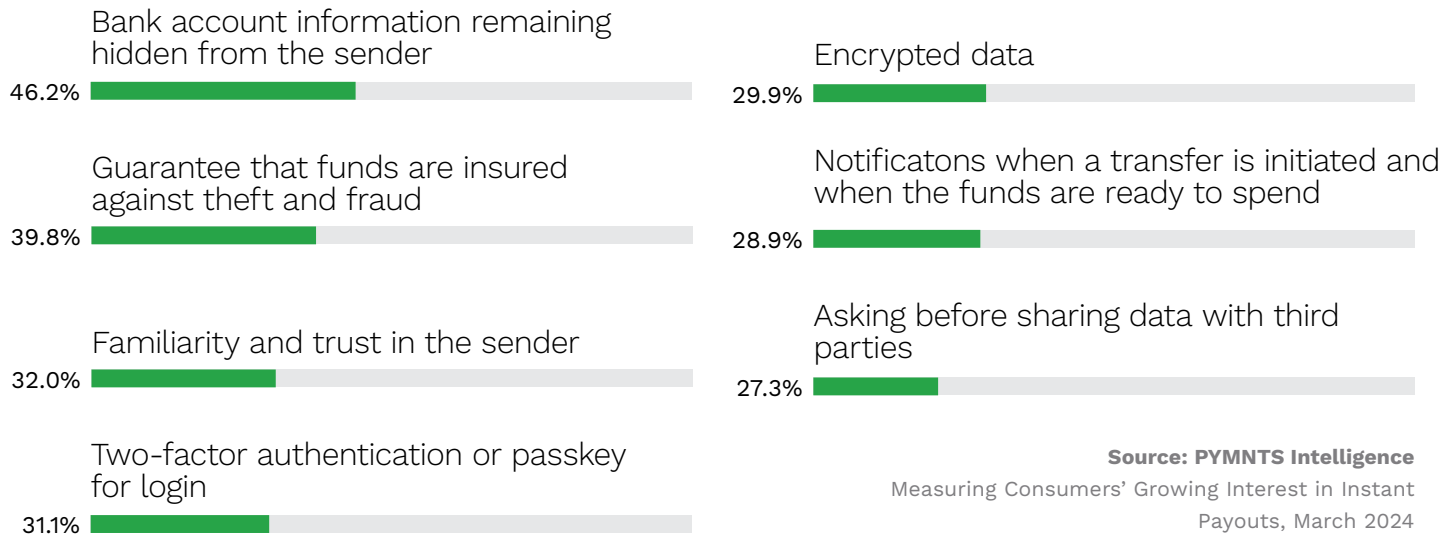
Millennials and Gen Z are more willing to pay in general, and willing to pay a higher amount, with both willing to pay more than \$3.40. They are also willing to pay a higher percentage fee, although this difference is not as notable. That younger consumers are willing to pay even higher fees suggests they may be less willing to delay gratification and more likely to face a financial crunch that may require instant access to good funds.

The other notable barrier to instant use is security concerns. Among consumers who are unlikely to choose instant if given the option, 48% cite data security issues. Security concerns are becoming less of an issue, however, as 17% fewer consumers express this concern compared to the peak of 56% in 2021. There are steps instant payment providers can take to make security-conscious consumers more comfortable. For instance, 46% of consumers unlikely to use instant payments said keeping their bank account information hidden from the sender would make them feel more comfortable, while 40% want their funds to be insured against theft or fraud and 32% cited their trust in the sender. Providing these security features could increase interest in instant payouts among reticent consumers.

FIGURE 9:

Most desired security features

Share of consumers not likely to choose instant payments to receive disbursements citing select security features that would make them feel more comfortable receiving disbursements via instant payments



Source: PYMNTS Intelligence
Measuring Consumers' Growing Interest in Instant Payouts, March 2024
N = 1,205: Respondents not likely to choose to receive disbursements via instant payments, fielded Dec. 28, 2023 – Jan. 22, 2024

DATA FOCUS

Interest in instant payouts is higher among consumers who use FinTechs as their primary financial service provider.

Consumers who move money with non-banks are more inclined to use instant payments.

Consumers' use of non-banks, such as Venmo or PayPal, is on the rise, especially among millennial and more affluent consumers. Currently, 13% of all consumers surveyed use a non-bank financial service provider as their primary financial institution (FI), while an additional 22% use them as a supplementary FI. Few consumers currently use non-banks as a primary or secondary financial service provider, but the share of consumers using non-banks rose in the last quarter.

Consumers earning more than \$100,000 annually and millennials are the only consumers to increasingly use non-banks as their primary FI. In fact, 21% and 14% of millennials and high-income consumers, respectively, have used a non-bank financial service provider as their main FI in the last 12 months, compared to 18% and 11%, respectively, this time last year. This suggests that as digital-first consumers, they increasingly value the ease and convenience of transacting via digital channels outside the traditional banking environment.

FIGURE 10:
Consumer use of non-bank financial service providers
Share of consumers who used a non-bank financial service provider in the last 12 months

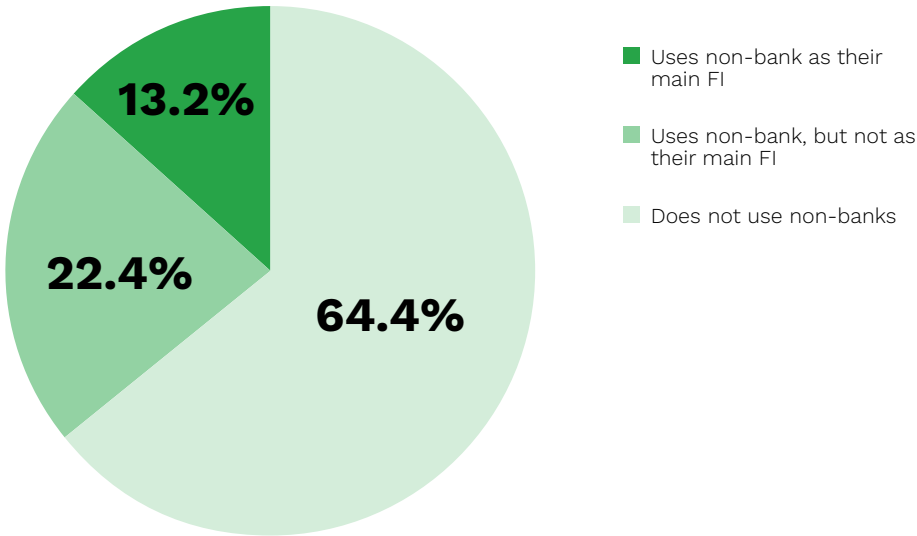
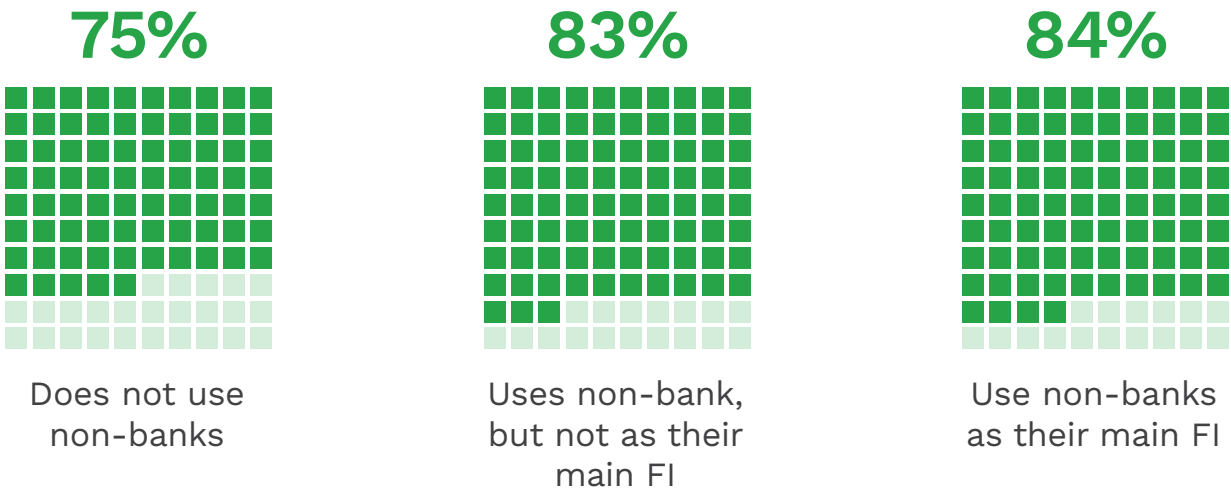


FIGURE 11:
Consumer interest in instant disbursements
Share of consumers who select instant payments when given the option, by financial service provider



Source: PYMNTS Intelligence
Measuring Consumers' Growing Interest in Instant Payouts, March 2024
N = 2,237: Consumers who received at least one disbursement in the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024

Source: PYMNTS Intelligence
Measuring Consumers' Growing Interest in Instant Payouts, March 2024
N = 2,237: Consumers who received at least one disbursement in the last 12 months, fielded Dec. 28, 2023 – Jan. 22, 2024

Data also shows that consumers who use a non-bank financial service provider are more likely to select instant payments when given the option. Seventy-five percent of consumers who do not use non-bank financial service providers select instant payouts when given the option, compared to 84% of those who use non-banks as their

primary FI and 83% of those who use them as a secondary FI. In line with consumers using a non-bank financial service provider valuing ease and convenience, they are also likely to prefer — if not expect — a streamlined disbursement experience.

ACTIONABLE INSIGHTS



The number of disbursements consumers receive is stable or increasing. The number of income and earnings payouts consumers received in the past year had the sharpest increase and achieved a historic high in January 2024. Consumers are moving away from receiving income and earnings payouts via physical channels and instead prefer — if not expect — the convenience of digital payouts.



Satisfaction among consumers who primarily use instant to receive disbursements is rising. Satisfaction with instant payouts among Gen Z has grown significantly in the last four years — an indication that Gen Z consumers value instant access to good funds and rely on them to meet immediate financial needs. Issuers looking to engage Gen Z consumers could benefit from making instant payouts available.



Twice as many consumers would choose instant payments if they were offered them than those who currently receive instant disbursements. The demand is there, but not the supply. Increasing efforts to match the growing demand for instant disbursements could be key to retaining existing customers and attracting consumers interested in receiving instant payouts.



Cost and data security concerns remain top deterrents to those not interested in receiving instant disbursements. Fewer consumers are citing these issues as holding them back from using instant payments, signaling these concerns are fading, especially among younger and affluent consumers who value quick access to good funds. Nonetheless, addressing these issues remains necessary to grow instant usage.

MEASURING CONSUMERS' GROWING INTEREST IN INSTANT PAYOUTS

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METHODOLOGY

Measuring Consumers' Growing Interest in Instant Payouts, a PYMNTS Intelligence and Ingo Payments collaboration, is based on a census-balanced survey of 3,898 U.S. consumers conducted between Dec. 28, 2023, and Jan. 22, 2024, and examines consumers' increasing interest in using instant pay for the disbursements they receive from government and nongovernment entities. Our sample was balanced to match the U.S. adult population in a set of key demographic variables: 48% of respondents identified as female, 41% had a college degree, 46% earned more than \$100,000 annually and 31% were millennials.

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