

SMALL BUSINESS REAL-TIME PAYMENTS BAROMETER

April 2024 Report

Healthcare Edition



SMALL BUSINESS REAL-TIME PAYMENTS BAROMETER

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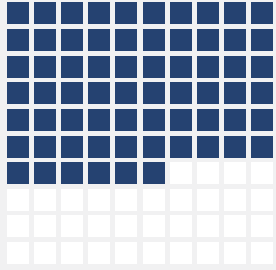
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The Small Business Real-Time Payments Barometer: Healthcare Edition was produced in collaboration with The Clearing House, and PYMNTS is grateful for the company's support and insight. **PYMNTS Intelligence** retains full editorial control over the following findings, methodology and data analysis.

WHAT'S AT STAKE

Real-time payments have become an increasingly common way for healthcare providers to make and receive payments, data reveals. PYMNTS Intelligence's research found that more small to mid-sized businesses (SMBs) in the healthcare provider segment used real-time rails to issue payments in the last year than did so by credit card, checks or other common methods. Moreover, 38% of the businesses surveyed cite a real-time payment method as their most-used payment rail, led by instant bank account-to-account payments, at 15%, and instant PayPal, at 13%.



66%
of healthcare provider
SMBs sent real-time payments
in the last 12 months.

The speed and convenience of real-time payments explain much of their appeal, but their impact goes beyond near-instant settlement and ease of use. Healthcare provider SMBs are much likelier to report very or extremely healthy balance sheets if they use instant bank account-to-account payments or instant PayPal as their primary payment rail. That said, large shares of healthcare businesses surveyed do not currently use real-time payments. They widely cite concerns — including increased risk of fraud and high costs — that appear to be grounded in misperceptions stemming from a lack of familiarity with real-time rails.

19%

of healthcare provider SMBs that did not use real-time payments **cite increased risk of fraud as their biggest related concern.**

These are just some of the findings detailed in the Small Business Real-Time Payments Barometer: Healthcare Edition, a PYMNTS Intelligence and The Clearing House collaboration. This edition examines the state of play for real-time payments among SMBs that are healthcare providers, including the current adoption rates of leading payment methods and key factors behind these preferences. It draws on insights from a survey of 646 healthcare providers generating \$10 million or less in annual revenue conducted from Jan. 31 to March 4.

This is what we learned.

KEY FINDINGS

01

WIDESPREAD ADOPTION

SMB healthcare providers use real-time payments more heavily than any single payment rail.



83%

Share of healthcare provider SMBs that sent or received real-time payments in the last year

02

BALANCE SHEET HEALTH

Real-time payment rails contribute to healthier balance sheets for small healthcare providers.



91%

Share of healthcare provider SMBs that cite instant PayPal as their most used payment rail for receiving payments and report having very or extremely healthy balance sheets

03

TOP CONCERNS

A perceived increased risk of fraud deters some healthcare provider SMBs from using real-time payments.



31%

Share of healthcare providers that sent no real-time payments in the last year that cite increased risk of fraud as an important concern

04

NATIONAL BANKS

Healthcare provider SMBs are more likely to use a real-time rail as their primary payment method if a national bank is their primary FI.



68%

Share of respondents in the \$250,000 to \$1 million revenue bracket that use a national bank as their primary FI and a real-time rail as their top method to receive payments

Real-time payments are processed immediately and continuously
24 hours a day, 7 days a week.

Real-time payments are instant payments that are processed immediately and continuously, 24/7 year-round. These transactions typically occur within seconds of the transaction initiating but can take up to 30 minutes, depending on the banking systems and security protocols involved. At that point, the funds are immediately available to the recipient.

WHAT ARE

REAL-TIME PAYMENTS?

PYMNTS IN DEPTH

Healthcare providers widely use real-time payments, citing speed and improved cash flow management as key benefits.

Two-thirds of healthcare provider SMBs currently send real-time payments.

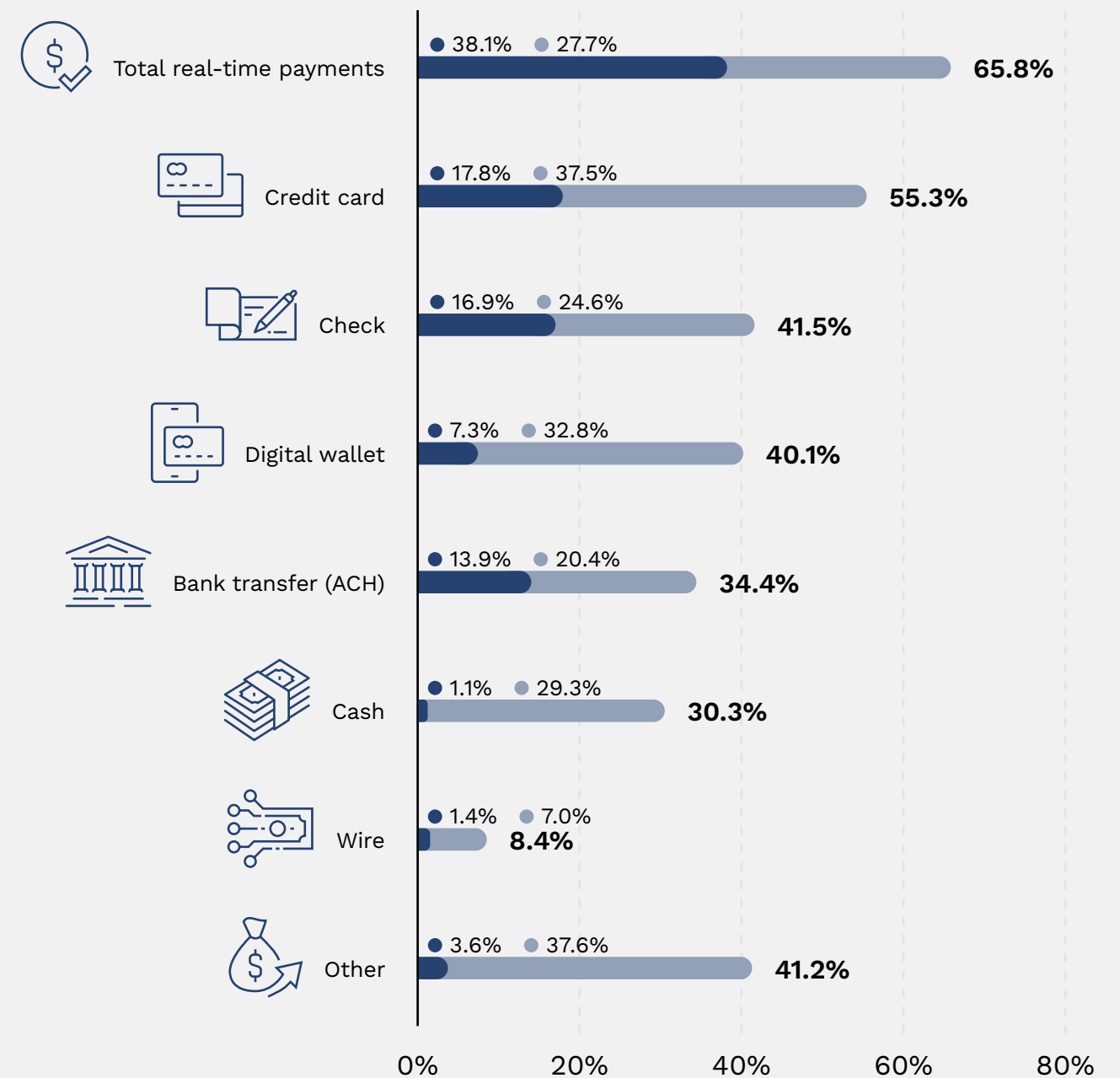
SMBs in the healthcare provider segment now use real-time payments more widely than other payment rails. In the last year, 83% of businesses surveyed either sent or received real-time payments, and 57% used real-time rails in both directions. If considering sending payments only, 66% of healthcare provider SMBs used real-time rails — primarily debit cards, instant PayPal and instant bank account-to-account transfers — making these rails collectively more popular than other leading payment methods. Credit cards rank second, used by 55% to send, followed by checks (42%), and automated clearing house (ACH) transfers (34%).

Moreover, 38% of healthcare provider SMBs identify a real-time payment rail as their most used form of payment — more than twice the shares that said credit cards or checks were their top method, highlighting a definite preference for instant settlement in the healthcare space. Among real-time payment rails, instant bank account-to-account transfers lead, with 15% of healthcare provider SMBs naming them as their most used payment method, followed by instant PayPal, at 13%. We note that just 6.3% of healthcare providers point to debit cards as their most used payment rail, even though 41% used them in the last year. This disparity suggests that debit cards play a secondary role for healthcare provider SMBs, perhaps serving more as a backup payment rail and alternative to credit cards — something that indicates that the cards may deliver fewer benefits to their users.

FIGURE 1:

Payment method use

Share of healthcare provider SMBs that sent payments using select methods in the past 12 months



- Most used
- Used, but not most used

Source: PYMNTS Intelligence
Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024
 N = 646: Whole sample, fielded Jan. 31, 2024 — March 4, 2024

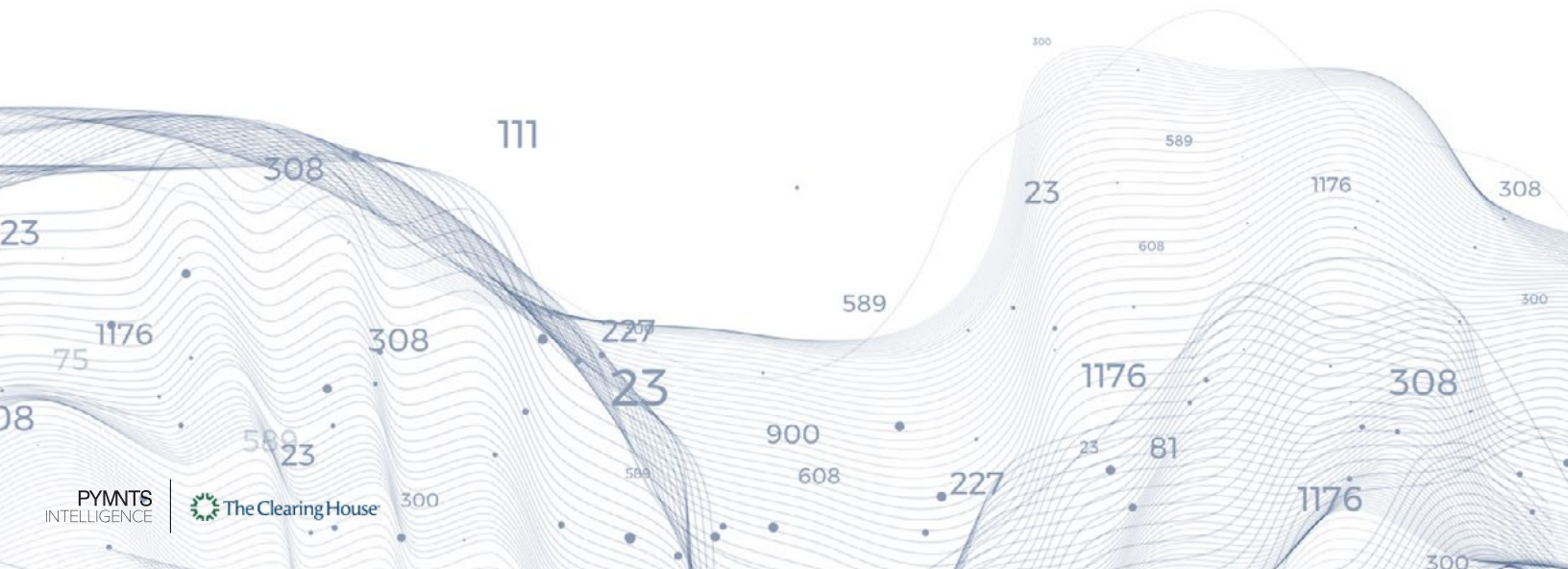
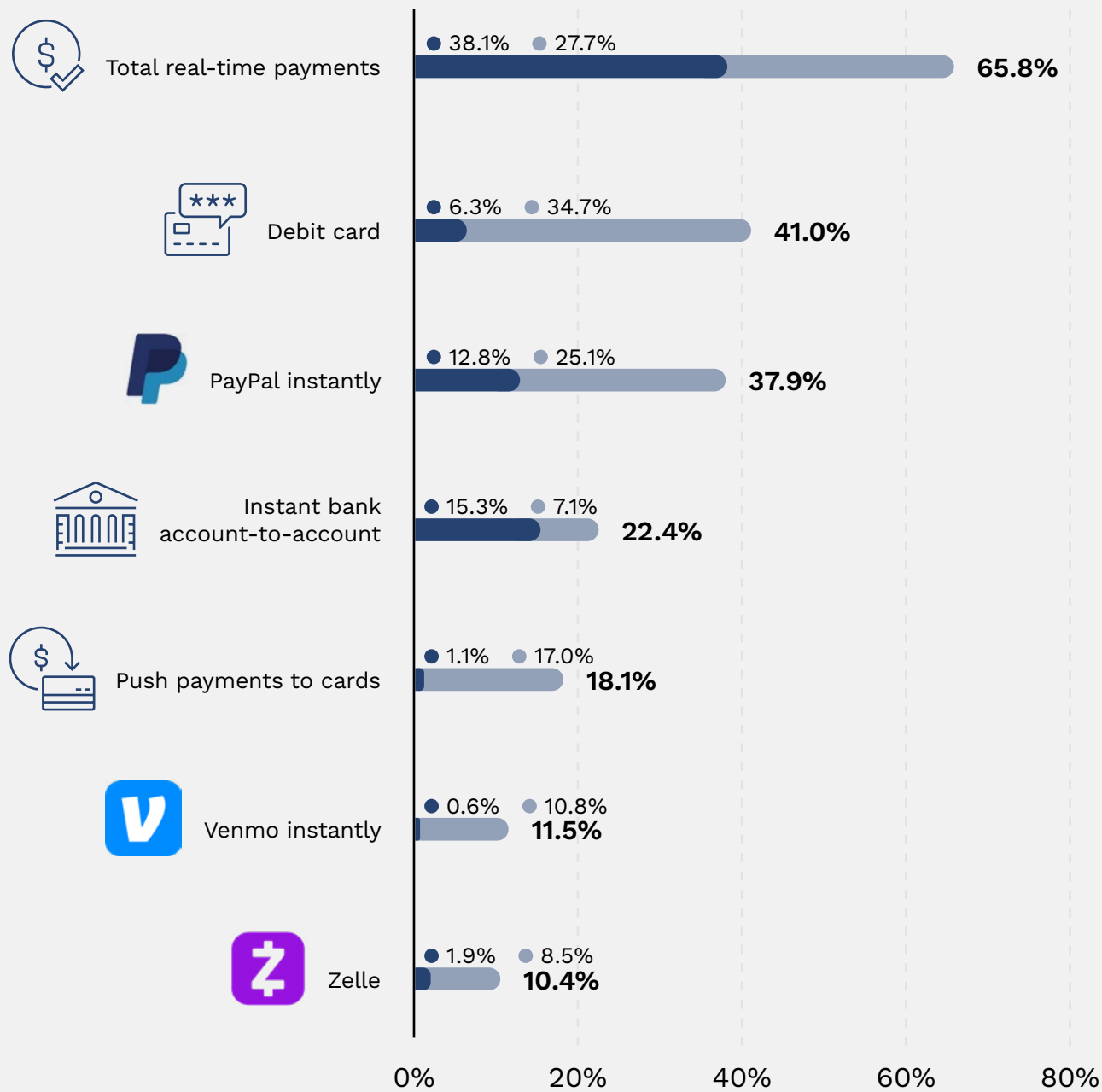


FIGURE 2:

Healthcare provider SMBs' use of real-time payments

Share of healthcare provider SMBs that used real-time payments to send payments over the last 12 months



● Most used
● Used, but not most used

Source: PYMNTS Intelligence
Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024
 N = 646: Whole sample, fielded Jan. 31, 2024 — March 4, 2024

Going forward, we expect real-time payments to remain a favorite payment rail for healthcare provider SMBs. Eighty-three percent of businesses surveyed have at least moderate interest in receiving real-time payments in the next year, with 68% very or extremely interested. For sending, 82% have moderate interest and 64% are very or extremely interested. This varies little across revenue brackets.

However, the data shows past use of real-time payments greatly increases the likelihood that a healthcare SMB will be interested in using real-time rails in the future. Eighty-six percent of respondents that received real-time payments in the last year are interested in doing so next year, versus 68% for those that did not receive real-time payments; the trend is similar for sending real-time payments.

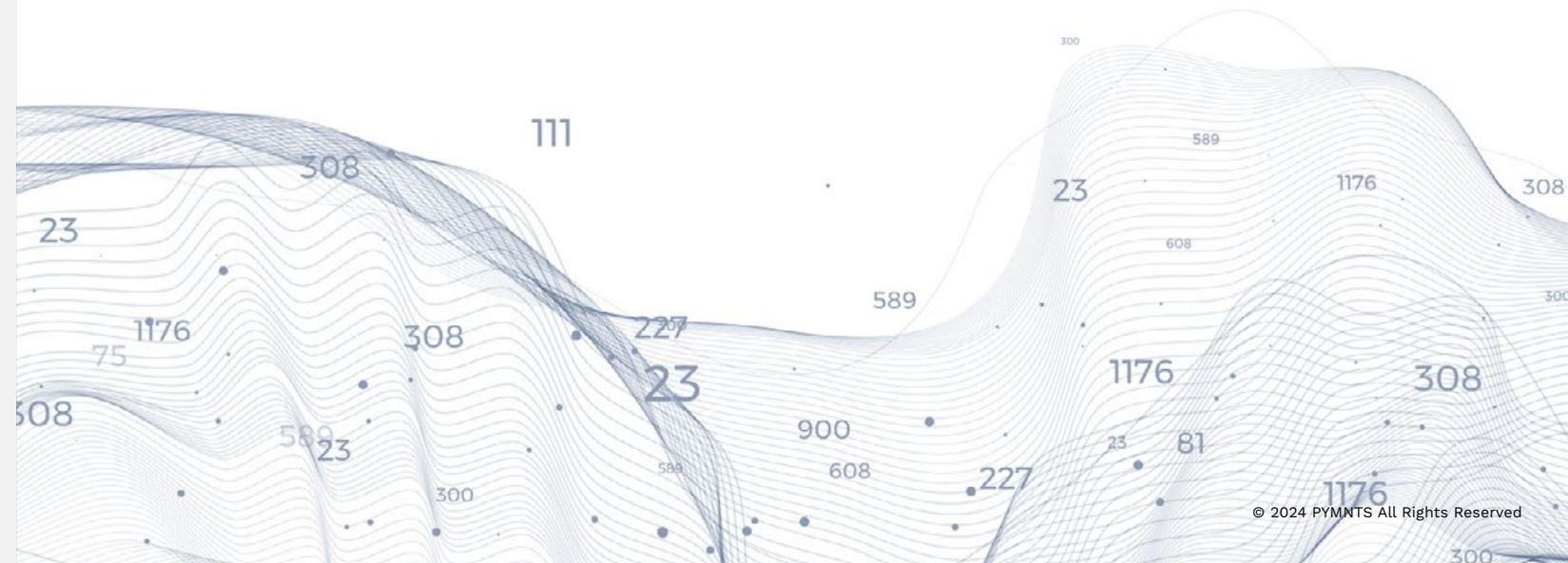
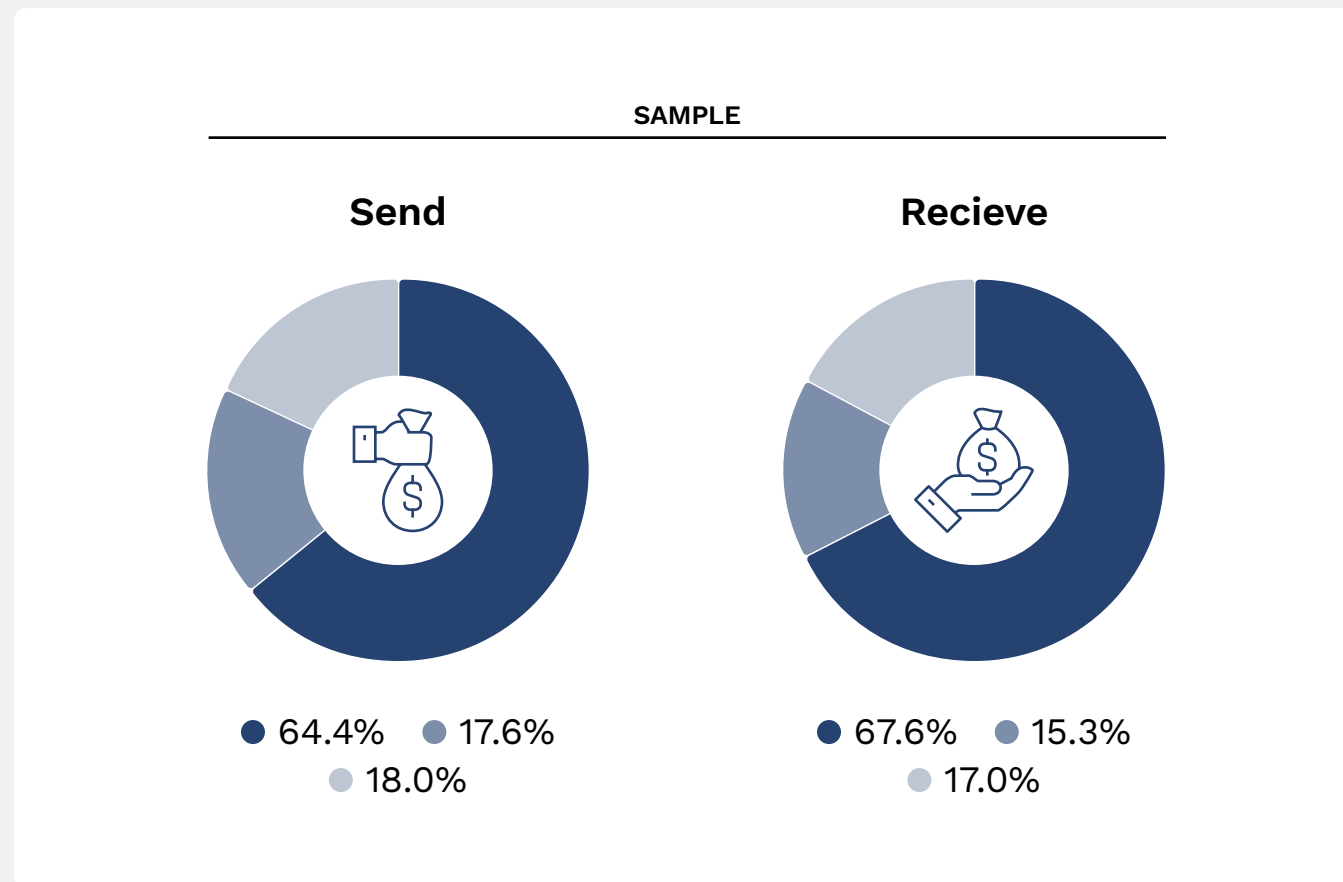


FIGURE 3:

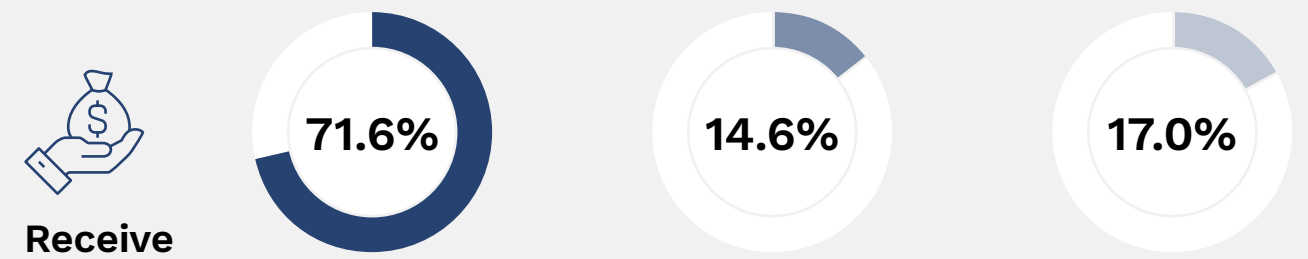
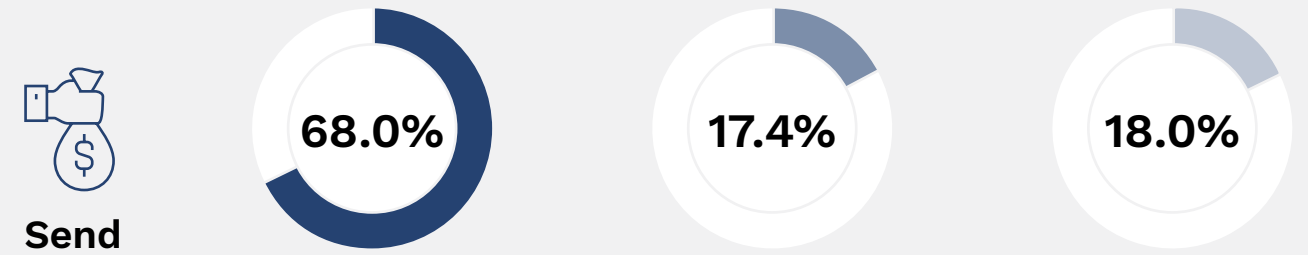
Interest in using real-time payments

Share of healthcare provider SMBs citing their level of interest in using real-time payments to send or receive payments in the next year, by use of real-time payments

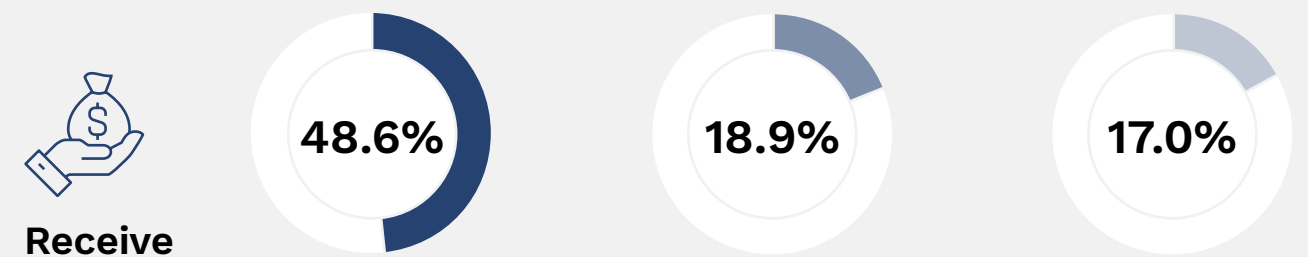
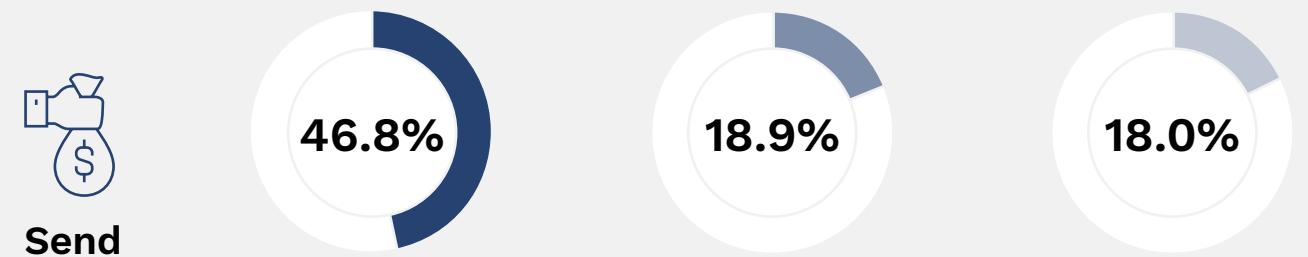
- Very or extremely interested
- Somewhat interested
- Not at all or slightly interested



USED REAL-TIME PAYMENTS



DID NOT USE



Source: PYMNTS Intelligence

Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024

N = 646; Whole sample, fielded Jan. 31, 2024 — March 4, 2024

Small businesses that use real-time payments have healthier balance sheets than those that do not.

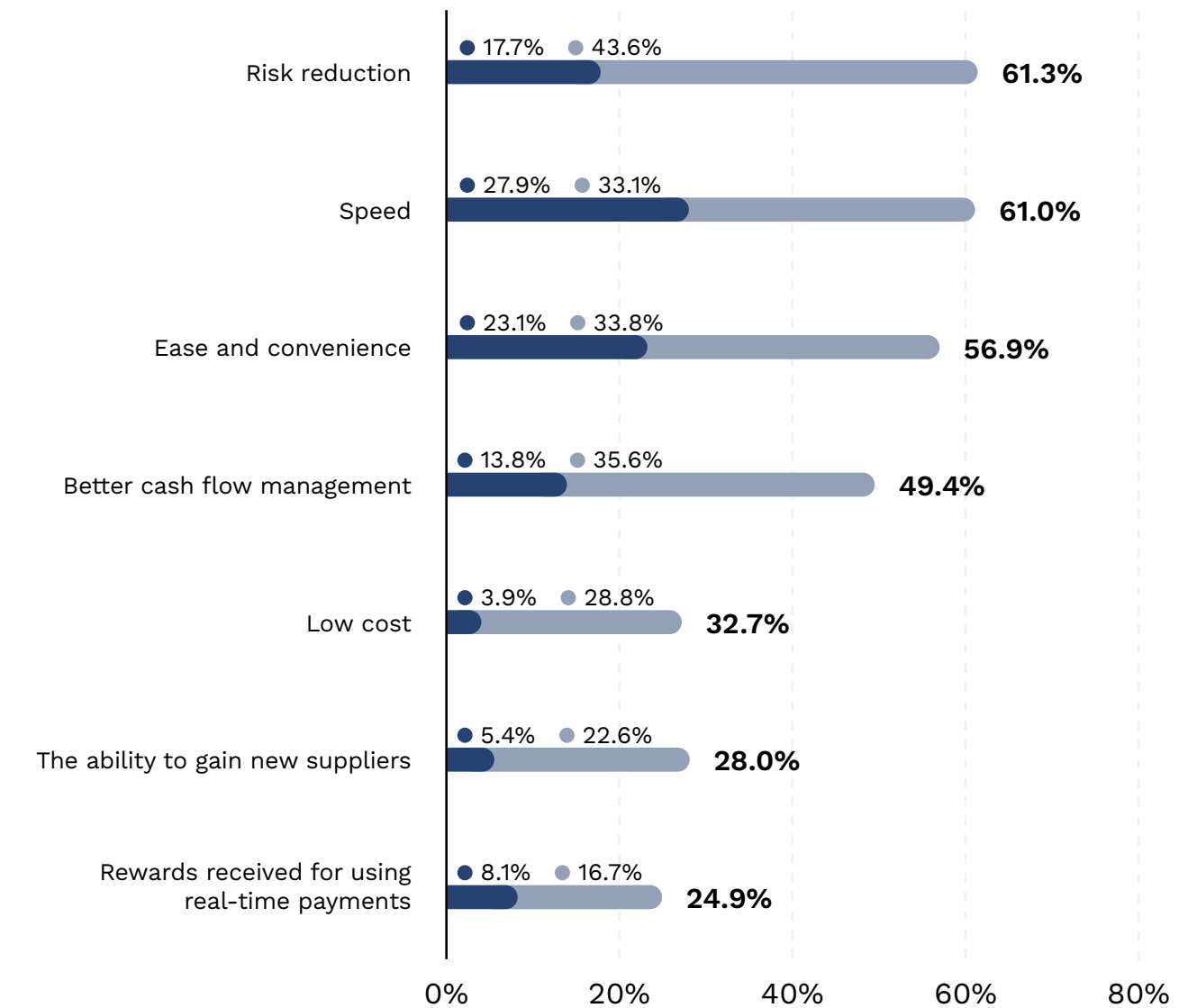
Real-time rails offer a range of advantages for both parties in a transaction. Speed tops the list for healthcare provider SMBs: 28% of those that sent real-time payments name this as their most important benefit, as do 28% of those that received payments in real time. For payers, ease and convenience was the second-most cited advantage, while for payees, the runner-up was risk management. Both groups also frequently cited better cash flow management and low cost as primary benefits, with slightly larger shares of recipients doing so.

These benefits drive high levels of satisfaction among users. Eighty-one percent of healthcare provider SMBs that sent payments via real-time rails said they were very or extremely satisfied with their experiences, and this share climbs to 91% among larger SMBs in the \$1 million to \$10 million annual revenue range. On the receiving side, 78% of respondents said the same, with little difference across income brackets.

FIGURE 4:

Benefits of sending real-time payments

Share of healthcare provider SMBs that sent real-time payments in the last year citing select benefits as important



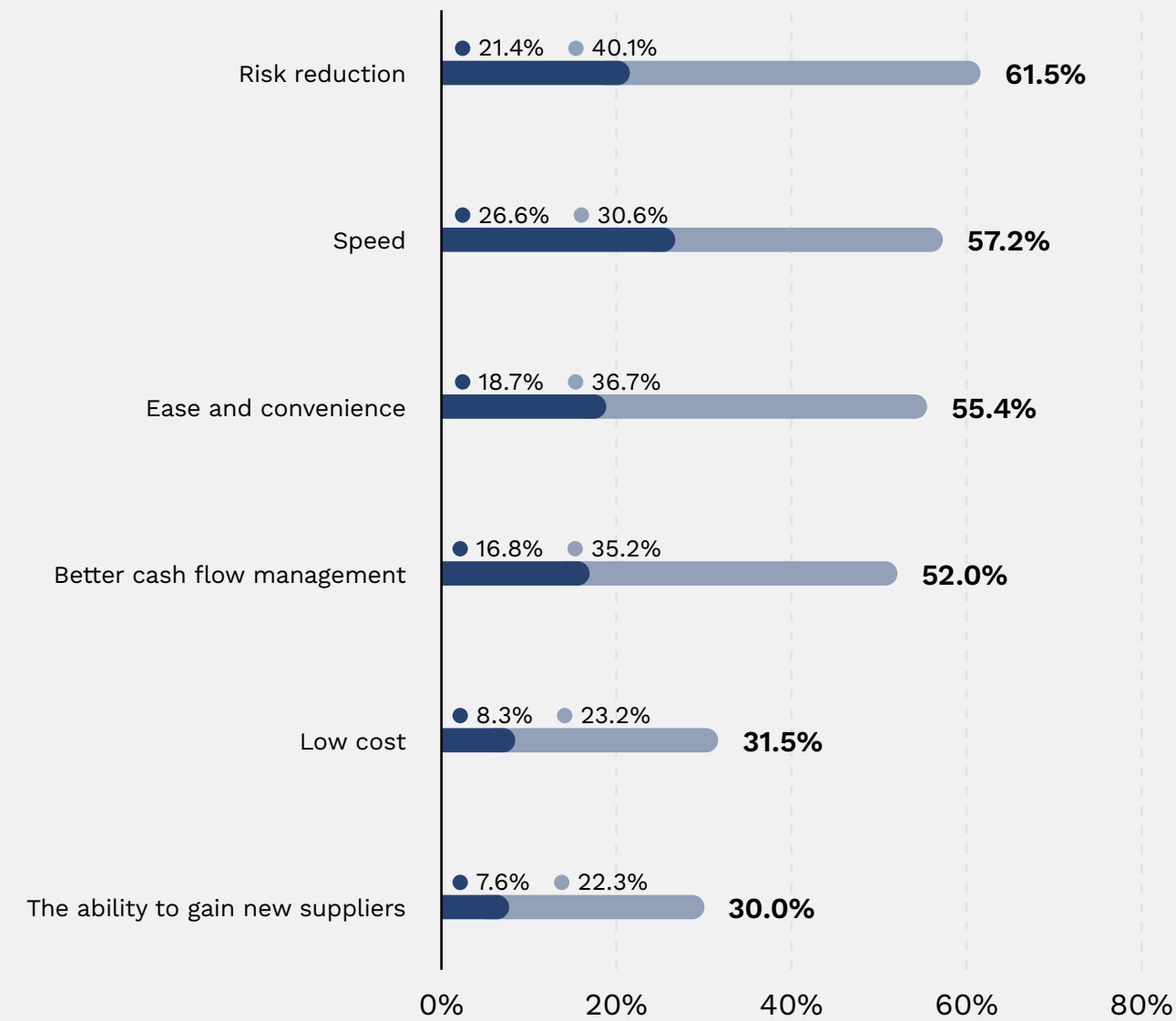
- Most important
- Important, but not most important

Source: PYMNTS Intelligence
Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024
 N = 346: Respondents that sent real-time payments over the last 12 months, fielded Jan. 31, 2024 — March 4, 2024

FIGURE 5:

Benefits of receiving real-time payments

Share of healthcare provider SMBs that received real-time payments in the last year citing select benefits as important



Source: PYMNTS Intelligence

Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024

N = 327: Respondents that received real-time payments over the last 12 months, fielded Jan. 31, 2024 — March 4, 2024

- Most important
- Important, but not most important

The positive impacts of real-time payments also appear to result in healthier balance sheets. Ninety-one percent of healthcare provider SMBs that cite instant PayPal as their most used payment rail for receiving payments report having very or extremely healthy balance sheets, as do 82% of those primarily receiving instant bank account-to-account payments. For comparison, only about two-thirds of other healthcare provider SMBs say the same.

This general pattern holds across income brackets, although balance sheet health understandably tends to improve as revenue increases. We note that the poor performance of debit cards in this metric echoes the finding that this rail appears to play a secondary role and delivers fewer benefits than other real-time options.



91%

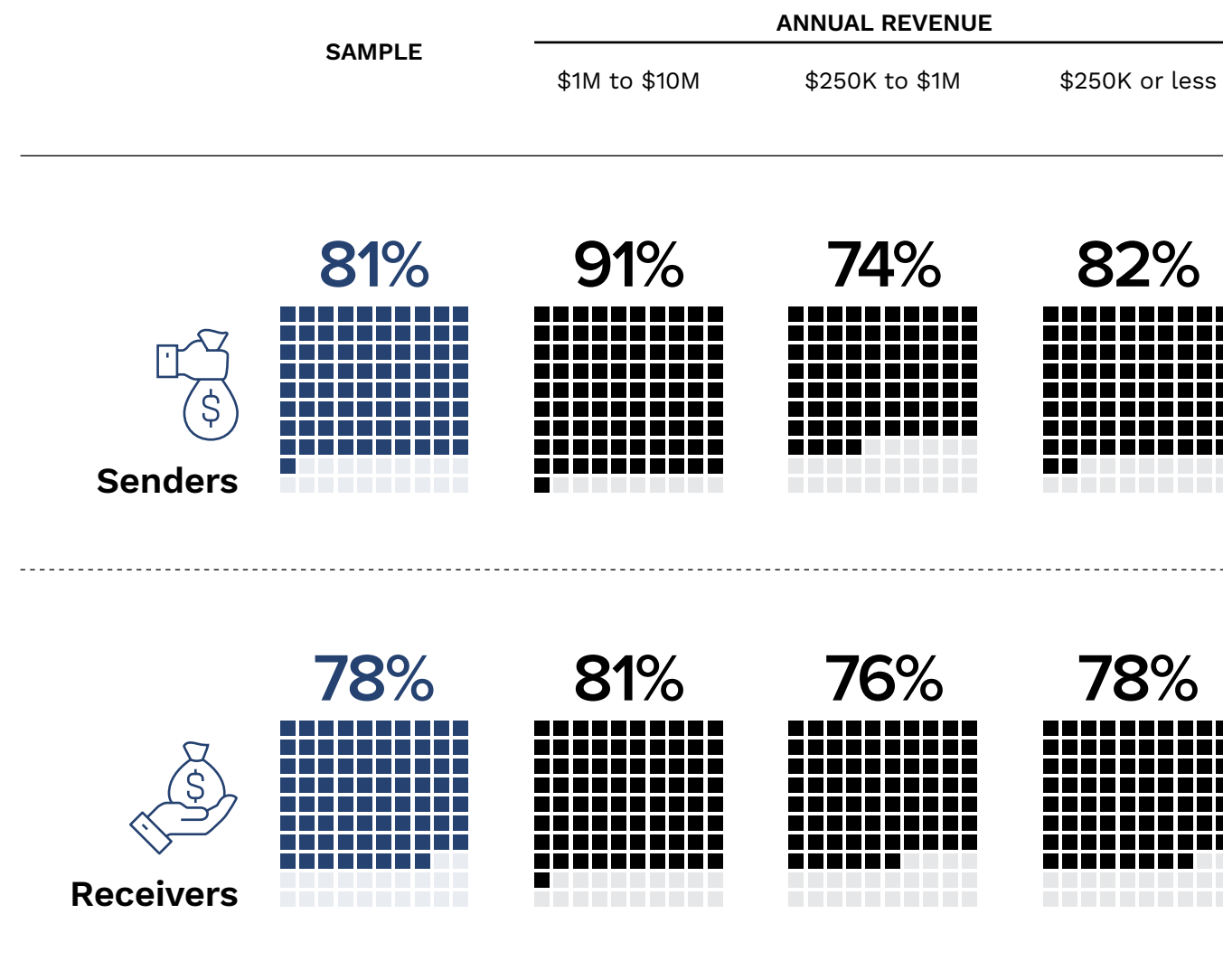
of healthcare provider SMB senders generating between \$1 million and \$10 million in revenue are highly satisfied using real-time payments.



FIGURE 6:

Real-time payments satisfaction levels

Share of healthcare provider SMBs very or extremely satisfied when using real-time payments, by role and annual revenue



Source: PYMNTS Intelligence

Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024

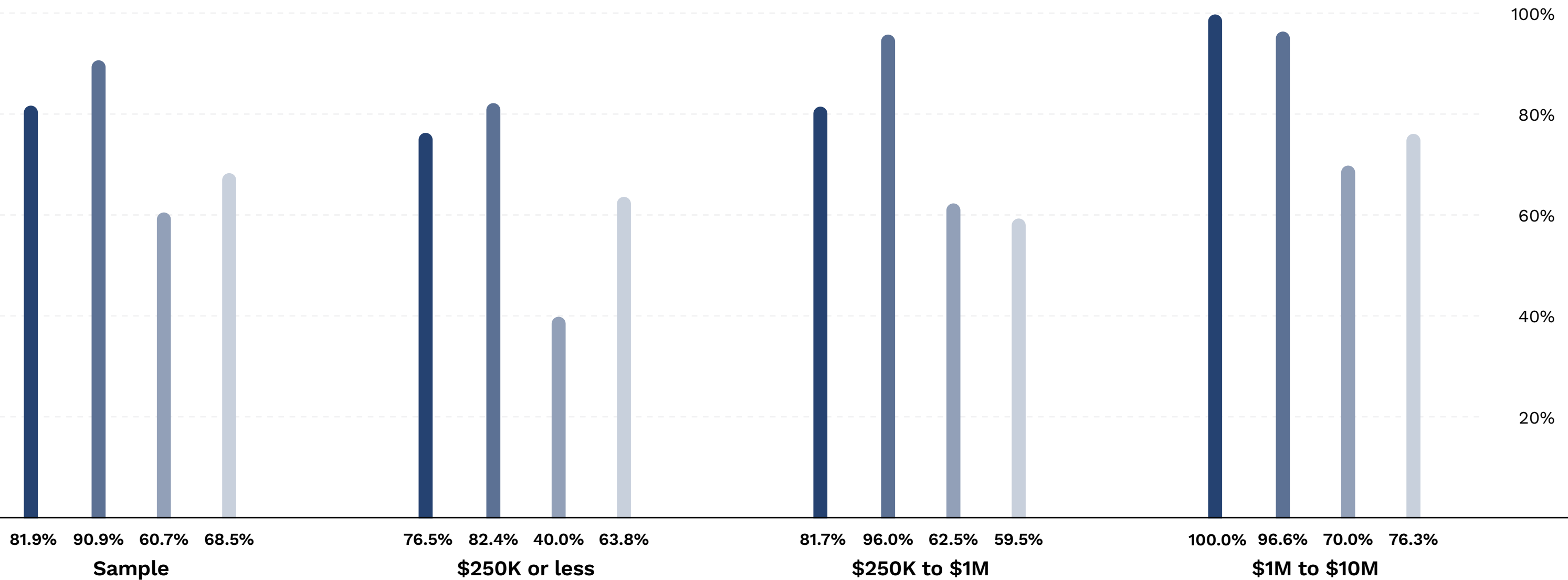
N = 346: Respondents that sent real-time payments over the last 12 months; N = 327, Respondents that received real-time payments over the last 12 months, fielded Jan. 31, 2024 — March 4, 2024

FIGURE 7:

Balance sheet health

Share of healthcare provider SMBs with a very or extremely healthy balance sheet, by rail most used to receive payments

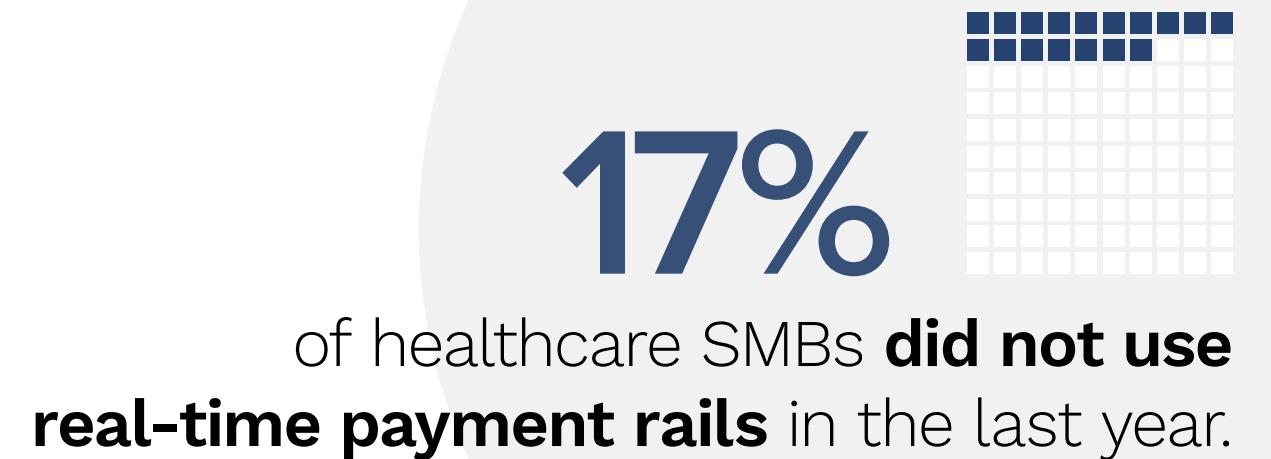
- Instant bank account-to-account
- PayPal instantly
- Debit card
- Did not use real-time payments



Source: PYMNTS Intelligence
Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024
 N = 646: Whole sample, fielded Jan. 31, 2024 — March 4, 2024

Healthcare provider SMBs that do not use real-time payments worry most about the risk of fraud and limited customer adoption.

Despite the prevalence of real-time payments among healthcare provider SMBs, 17% of the businesses surveyed used no real-time rails in the last year, and an additional 25% either sent but did not receive or vice versa. Among the healthcare providers that sent no real-time payments, 19% cited a perceived increased risk of fraud as their most important reason for not utilizing real-time payment rails, and 31% consider fraud risk among their main concerns. These respondents likely have in mind the instant and irreversible nature of real-time payments, which lack the sort of robust dispute and chargeback mechanisms seen on credit cards. That said, this also stands as a core feature of real-time payments, as it ensures users can trust that transactions settle immediately with no surprises.



Healthcare provider SMBs that did not receive real-time payments perceived limited adoption among their customers as the top reason to not send the payments. Twenty-six percent name this as their biggest reason, and another 39% considered it among the main factors. Other key factors for businesses on both sides of transactions to pass on real-time payments include cost, lack of real-time payment functionality from their banks and difficulty of use, which notably ranks second among those that did not send real-time payments. We note that perception, rather than reality, drives these responses — for example, the businesses citing difficulty of use or cost as key concerns likely lack familiarity with the advantages of real-time payments in these areas.

However, the data shows that healthcare provider SMBs tend to weigh these concerns differently depending on their financial scale. The businesses in the highest revenue bracket surveyed (\$1 million to \$10 million per year) are much more likely than others to name the risk of fraud as their top reason to avoid these payments, with 24% of those not sending real-time payments and 29% of those not receiving them agreeing. Conversely, much lower shares of healthcare providers in the lowest income tier (less than \$250,000) said the same, at 10% and 21%, respectively. Worries that real-time payments will be difficult to use, meanwhile, has the most pronounced impact among businesses in this bottom revenue bracket.

“

29%

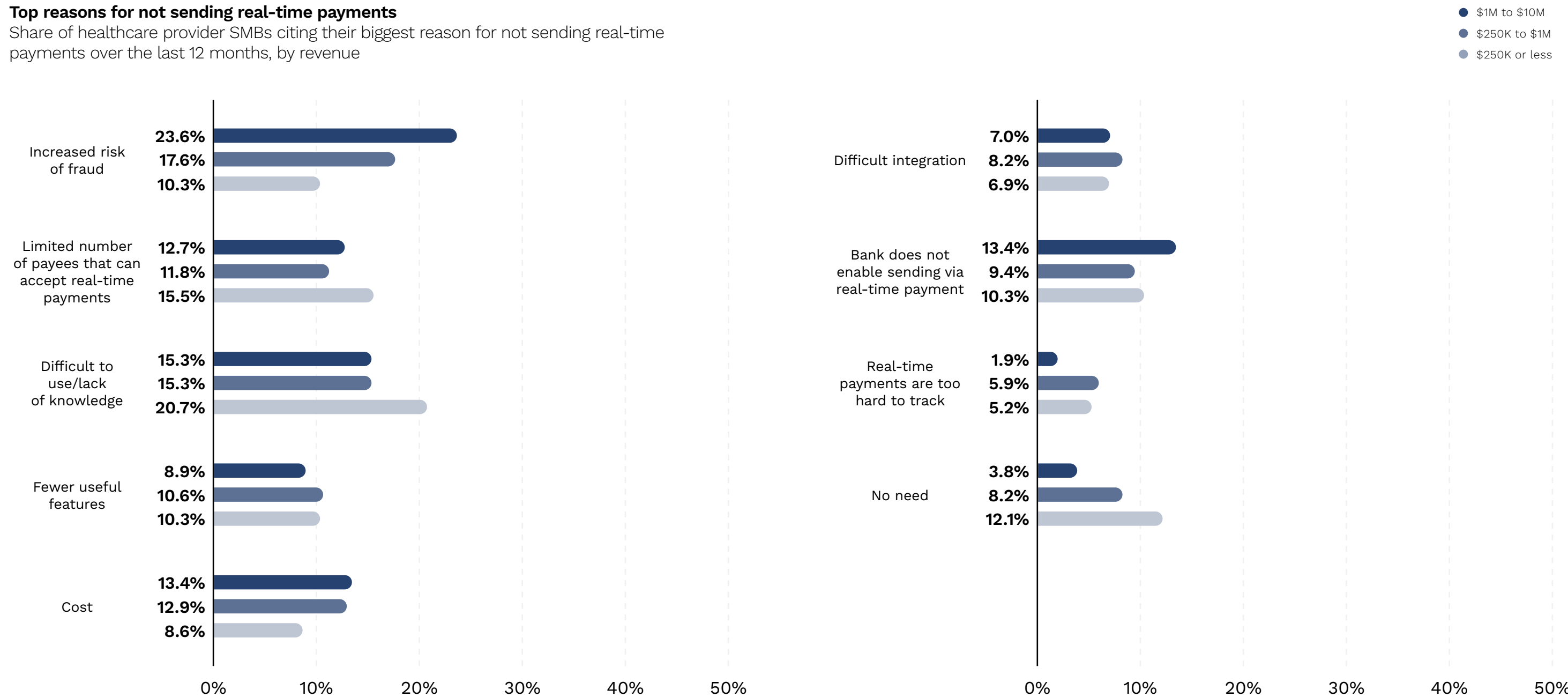
of healthcare provider SMBs generating annual revenues of \$1 million to \$10 million that do not receive real-time payments cite the risk of fraud as their top concern about the payment rail.

”

FIGURE 8:

Top reasons for not sending real-time payments

Share of healthcare provider SMBs citing their biggest reason for not sending real-time payments over the last 12 months, by revenue



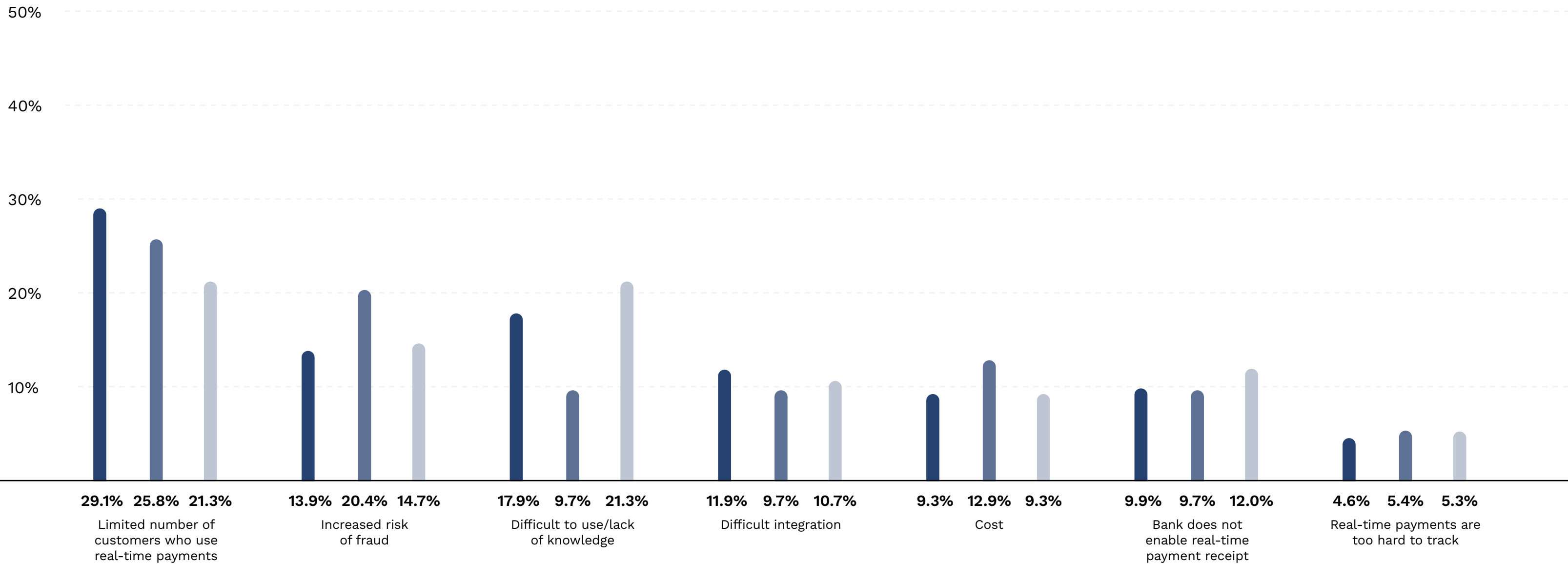
Source: PYMNTS Intelligence
Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024
 N = 300: Respondents that did not send payments via real-time payments over the last 12 months, fielded Jan. 31, 2024 — March 4, 2024

FIGURE 9:

Top reasons for not receiving real-time payments

Share of healthcare provider SMBs citing their biggest reason for not receiving real-time payments over the last 12 months, by revenue

- \$1M to \$10M
- \$250K to \$1M
- \$250K or less



Source: PYMNTS Intelligence

Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024

N = 319: Respondents that did not receive payments via real-time payments over the last 12 months, fielded Jan. 31, 2024 — March 4, 2024

Smaller healthcare provider SMBs generating less than \$1 million in annual revenue are much more likely than others to heavily use instant bank account-to-account payments.

The study reveals that two factors heavily influence whether healthcare provider SMBs use real-time rails to receive payments, and which methods they employ most heavily: their primary financial institution (FI) and revenue level.

SMBs are much more likely to cite a real-time payment rail as their most used rail to receive payments if their primary FI is a national or regional bank rather than a local bank or credit union (CU). This trend is strongest for national banks, with 55% of healthcare provider SMBs citing a real-time rail, followed by 38% for regional banks and just 24% for local banks and CUs.



25%

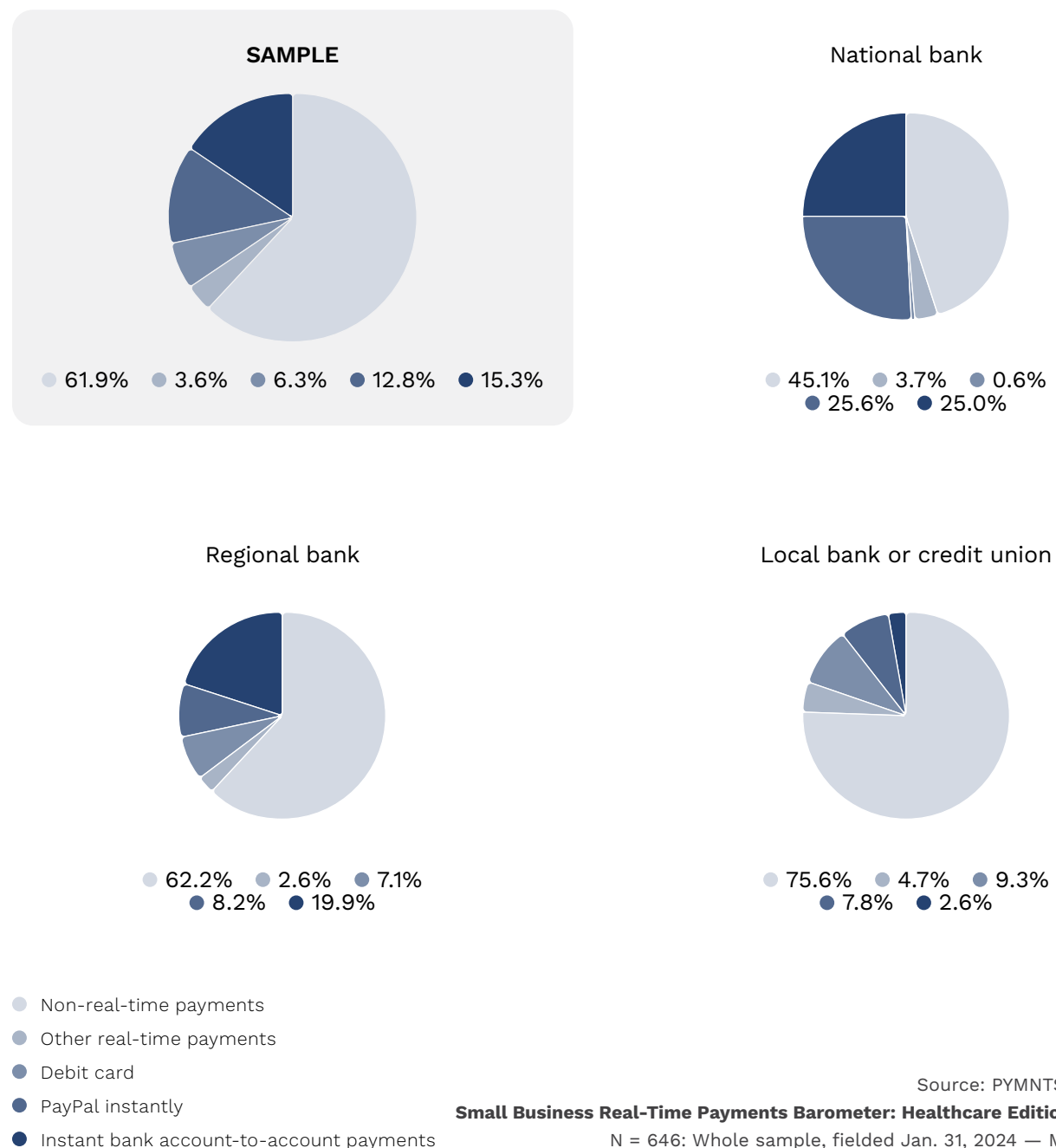
of healthcare SMBs that use national banks as their primary FI use instant bank account-to-account payments.

The FI category also has an outsized impact on which real-time rails businesses leverage. For example, among the respondents that use national banks as their primary FIs, 26% most heavily use instant PayPal and 25% use instant bank account-to-account payments, while among those that primarily bank with regional FIs, instant bank account-to-account payments lead significantly.

FIGURE 10:

The primary FI factor

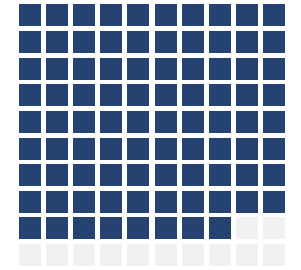
Share of healthcare provider SMBs citing the method they use most to receive payments, by type of primary FI



Source: PYMNTS Intelligence
Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024
 N = 646: Whole sample, fielded Jan. 31, 2024 — March 4, 2024

Moreover, the type of primary FI significantly influences which payment rails become the most used. One of the most notable trends in this regard can be seen among the healthcare provider SMBs that use local banks or CUs as their primary FIs. Very few respondents in this subset cite either instant PayPal or instant bank account-to-account payments as their most-used method to receive payments, pointing to a gap in the market that real-time payments providers should seek to address.

88%



of healthcare SMBs generating annual revenues of \$1 million to \$10 million that use regional banks say they **receive most of their payments through non-real-time payment rails.**

FIGURE 11:

Most used methods to receive payments

Share of healthcare provider SMBs citing select payment methods as the method they used most to receive payments, by primary FI and income level

	NATIONAL BANK			REGIONAL BANK			LOCAL BANK OR CREDIT UNION		
	\$250K or less	\$250K to \$1M	\$1M to \$10M	\$250K or less	\$250K to \$1M	\$1M to \$10M	\$250K or less	\$250K to \$1M	\$1M to \$10M
• Instant bank account-to-account payments	25.5%	45.8%	1.9%	12.7%	43.6%	2.9%	0.0%	3.4%	3.7%
• PayPal instantly	21.6%	20.3%	35.2%	22.5%	1.1%	4.9%	7.5%	8.5%	7.4%
• Debit card	0.0%	0.0%	1.9%	16.9%	3.2%	3.9%	17.0%	8.5%	4.9%
• Other real-time payments	9.8%	1.7%	0.0%	5.6%	3.2%	0.0%	3.8%	5.1%	4.9%
• Non-real-time payments	43.1%	61.1%	61.1%	42.3%	48.9%	88.2%	71.7%	74.6%	79.0%

Source: PYMNTS Intelligence

Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024

N = 646: Whole sample, fielded Jan. 31, 2024 — March 4, 2024

DATA FOCUS

Real-time payments could be a winning strategy for healthcare SMBs, reducing pressure caused by a major problem: late payments.

SMB healthcare providers receive one-quarter of their payments late — a problem that real-time payments can mitigate.

Late payments add significant pressure to balance sheets, complicate cash flow management, and demand attention from accounts receivable teams. These challenges can prove especially troublesome for smaller businesses with stretched resources. PYMNTS Intelligence's data finds that SMB healthcare providers receive 25% of their payments late, on average, with little variation across revenue brackets. Real-time payments can reduce the impact of late payments by eliminating long processing times, even if the payers remain just as delinquent in issuing payments. More broadly, 75% of respondents say that not receiving payments instantly caused various other problems in the last year, such as friction related to tracking payments and optimizing cash flow, including 35% that experienced issues every three months or less.

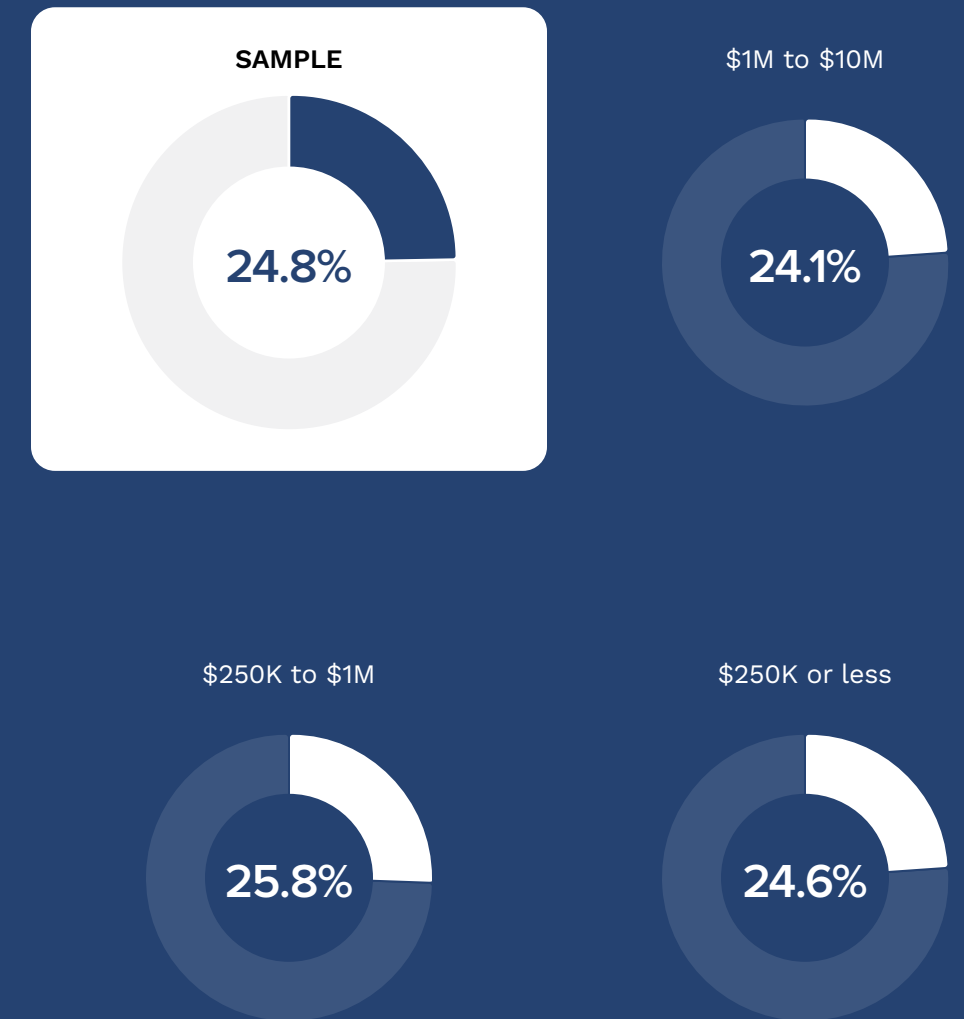
Share of healthcare provider SMBs citing how often they experience problems due to not receiving instant payments



FIGURE 12:

Late payments

Average share of payments healthcare provider SMBs received after due date, by annual revenue



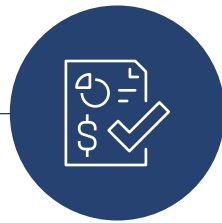
Source: PYMNTS Intelligence
 Small Business Real-Time Payments Barometer: Healthcare Edition, April 2024
 N = 646: Whole sample, fielded Jan. 31, 2024 — March 4, 2024

ACTIONABLE INSIGHTS



01

Real-time payments have become a standard way for healthcare provider SMBs to make and receive payments. Businesses that adopt real-time rails will be well-positioned to reach new customers and strengthen counterparty relationships with other businesses that prefer this method of settlement.



02

Real-time payments deliver a range of benefits that lead to improved balance sheet health. Much larger shares of healthcare provider SMBs that cite instant PayPal or instant bank account-to-account transfers as their most used payment rails than their counterparts that primarily use other payment rails report having very or extremely healthy balance sheets. This trend applies across income brackets, confirming that



03

Healthcare provider SMBs that do not currently use real-time payments cite a range of factors that cause them to choose other payment rails. However, many of these reasons, such as worries about high costs and increased risk of fraud, reflect misperceptions rather than reality. Real-time payments providers should seek to address these concerns in their outreach to SMBs in the healthcare provider segment and beyond.



04

The size of a healthcare SMB's primary FI plays a central role in its use of real-time payments. Large shares of businesses that use a national bank choose either instant PayPal or instant bank account-to-account payments as their primary payment methods. Conversely, few healthcare providers that use local banks or CUs use real-time rails — this points to a significant opportunity for real-time payments providers to partner with smaller FIs to deliver solutions that can reach this market segment.

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PYMNTS
INTELLIGENCE

The Clearing House

METHODOLOGY

The Small Business Real-Time Payments Barometer: Healthcare Edition is based on a survey of 646 health-care providers generating \$10 million or less in annual revenue, conducted from Jan. 31 to March 4. The report examines the use of real-time payments among SMBs in the healthcare provider segment and the preferences and factors surrounding their behavior.

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ABOUT

PYMNTS INTELLIGENCE

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.



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.

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