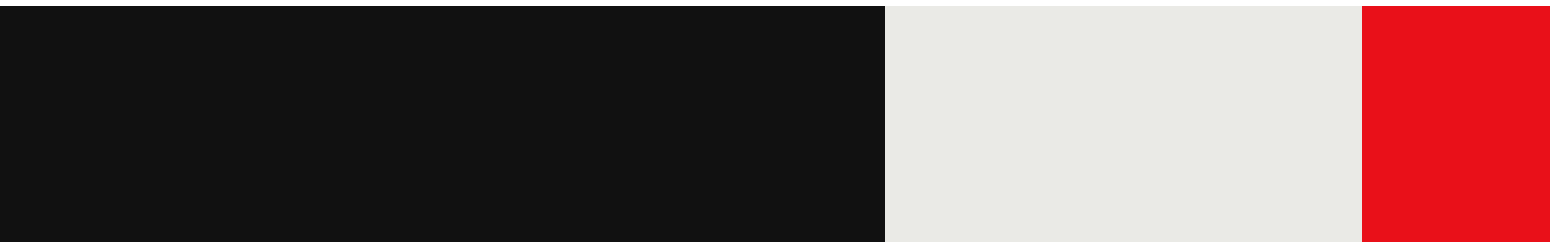



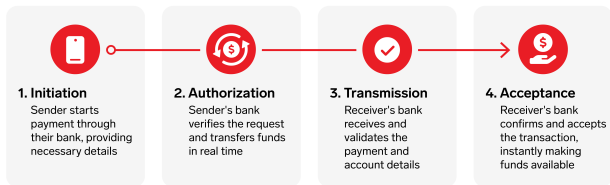
What are real-time payments?

Article



Real-time payments allow individuals and businesses to send and receive payments between bank accounts simultaneously. The process described below occurs instantaneously upon initiation.

Anatomy of a Real-Time Payment



Source: EMARKETER, Oct 2024; Federal Reserve, "Anatomy of an instant payment: A quick and easy guide," July 15, 2020

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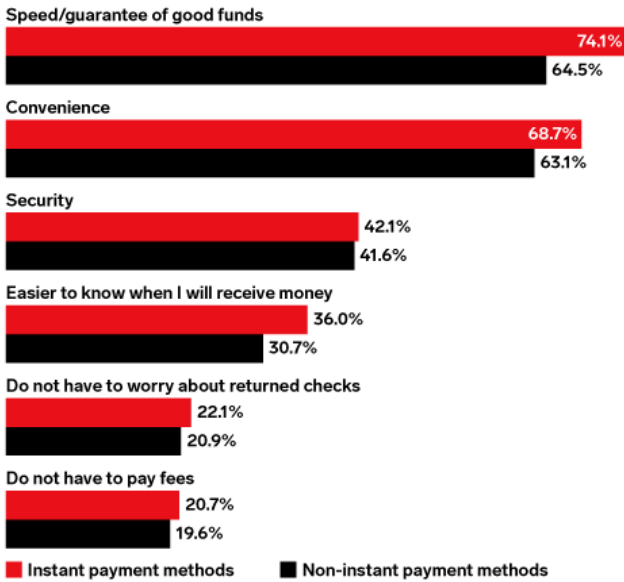


The benefits of real-time payments are centered around speed, convenience, and financial management.

- **Instant access to funds:** Consumers can receive payments (like paychecks or insurance disbursements) instantly rather than waiting for traditional processing times. This can be particularly beneficial for those living paycheck to paycheck, as it reduces the need for expensive short-term loans.
- **Improved cash flow management:** Instant payments let consumers immediately process and settle bills, transfer funds to cover shortfalls, and transfer funds into digital wallets to make purchases. In an October 2023 PYMNTS.com survey, 74.1% of consumers cited speed and the guarantee of good funds as a reason they preferred instant payments.

Reasons US Consumers Prefer Instant vs. Non-Instant Payment Methods for Receiving Disbursements, Oct 2023

% of respondents



Note: n=2,606

Source: PYMNTS.com, "Measuring Consumer Satisfaction With Instant Payouts," Nov 2023

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- **Fee avoidance:** Sufficient funds are verified before transactions are processed. This guarantees their availability, which can prevent overdrafts and late payment penalties.
- **24/7 availability:** Real-time payment systems operate continuously, allowing consumers to send and receive payments at any time, including weekends and holidays. This ensures that financial transactions are not delayed due to nonbusiness hours.

[Read the full report.](#)

Report by David Morris Oct 17, 2024

US Real-Time Payments Explainer

