

Zelle's small-business transaction volume surged 180% in Q1, aiding overall business growth

Article

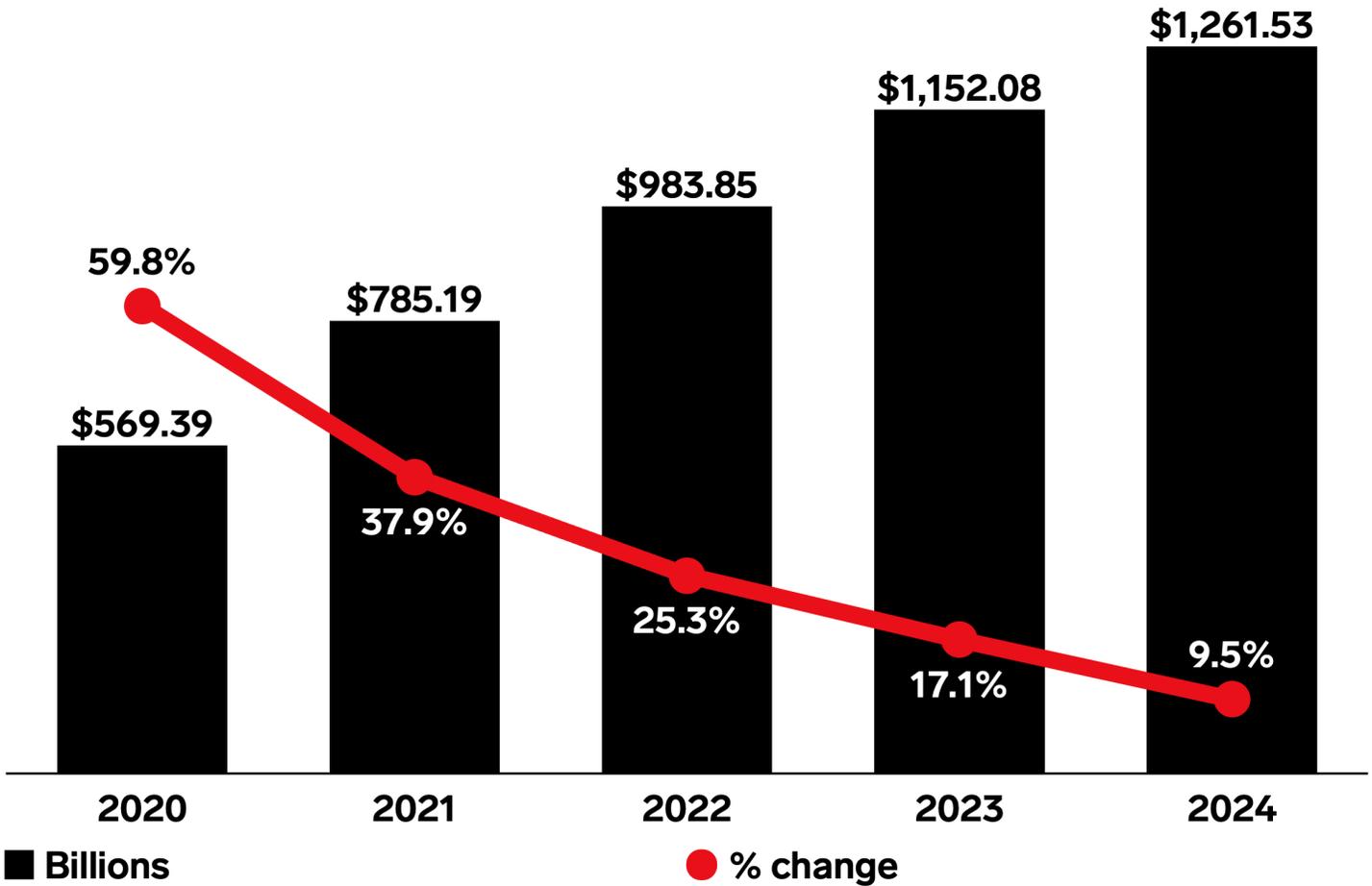
The bank-operated peer-to-peer (P2P) payments firm [recorded](#) 392 million transactions totaling \$106 billion in Q1. Zelle, which is owned by Early Warning Services, saw payment

volume climb 61% year-over-year (YoY) and transaction value rise 74% YoY. Meanwhile, small-business volume surged 180% YoY. Zelle's recent quarter is on par with pre-pandemic levels: In [Q1 2019](#), the firm's payment volume and value grew 72% and 54% YoY, respectively. The company's Q1 2021 reflected broader industry growth in the last year: US mobile P2P payment transaction value rose 59.8% YoY in 2020, [according to](#) Insider Intelligence forecasts.

Zelle benefited from its integrations with banks—as well as a surge in P2P payments. These integrations likely elevated Zelle's volume considering banks have been placing [greater emphasis](#) on digital tools during the pandemic. And consumers have been using similar offerings more frequently: 54% of consumers said they used digital banking tools more in 2020 than they did the year before, [per](#) JPMorgan. Zelle also benefited from the growth in P2P payment adoption in the last year, which likely translated to more volume for the firm in Q1: The number of US mobile P2P payment users rose 35.6% to reach 121.1 million in 2020, [according to](#) our forecasts.

Small-business engagement might be key to helping maintain Zelle's growth going forward. P2P payments are expected to continue their ascent in 2021—transaction value is expected to grow [37.9%](#) this year—and targeting a specific segment within the industry could help Zelle tap into that growth. Since small businesses were a [key growth](#) area for the firm in Q1, it might make sense for Zelle to target that group more directly. Some of Zelle's partner banks already [bundle](#) Zelle's services with their small-business solutions, but introducing offerings like transaction management and insights tools within its own platform can help Zelle build a more robust repertoire of small-business solutions, like PayPal's [Venmo for Business](#). This could help drive more volume growth for Zelle since small businesses' [appetite](#) for digital payment tools will likely [stick around](#) for a while. It's also worth noting that small businesses make up more than [95%](#) of all businesses in the US—giving Zelle a large addressable market to work with.

Peer-to-Peer Mobile Payments Transaction Value US, 2020–2024



Note: a mobile P2P payment is a transfer of funds from one individual to another individual using a mobile device. Includes transfers on tablets; includes transactions made via mobile browser or applications developed by non-bank providers like Venmo, Cash App, Google Pay and Facebook Messenger and transactions made via mobile banking websites and applications developed by banks like Zelle; excludes both peer-to-peer cross-border transactions and peer-to-merchant transactions.

Source: eMarketer, March 2021

Methodology: Estimates are based on the analysis of the market presence of major mobile payment players; estimates from other research firms; and consumer smartphone, mobile payment adoption, and retail spending trends.

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