

Zelle courts community banks to maintain relationships amid strong growth

Article

By the numbers: Peer-to-peer (P2P) payments provider **Zelle** posted strong performance for 2022, even amid an economic environment that has taken a bite out of consumer spending

overall.

- Zelle facilitated **2.3 billion payments, up 26% annually**. While Zelle’s business spans P2P payments, small and medium-sized (SMB) payments, and disbursements, volume is “overwhelmingly” P2P, Early Warning CEO Al Ko told Insider Intelligence: **Just 150 million of those payments were SMB-related**.
- Zelle users across all segments spent **\$629 billion in 2022**, according to the firm—**up 28% annually but a sharp moderation from 59% growth in 2021**.

What it means: Zelle benefited from declining cash and check use. It’s also outperforming competitors: **Venmo, for example, grew volume just 7% in 2022**.

Zelle also benefited from increased SMB engagement, which will grow more than three times faster than the average overall, Ko said. Zelle is continuing to “enhance” this experience by bolstering partnerships with banks on business checking accounts.

Looking ahead: Zelle is doubling down on relationships with consumer and community banks.

More than 1,800 financial institutions (FIs) are live with Zelle. And 97% of FIs that joined this year have under \$10 billion in assets—though as Zelle saturates, this will reflect the brand’s addressable base.

Zelle can help drive engagement for smaller banks and close a tech discrepancy with larger banks, per Ko: Adopters tend to grow their average debit transactions fourfold in their first year of adoption.

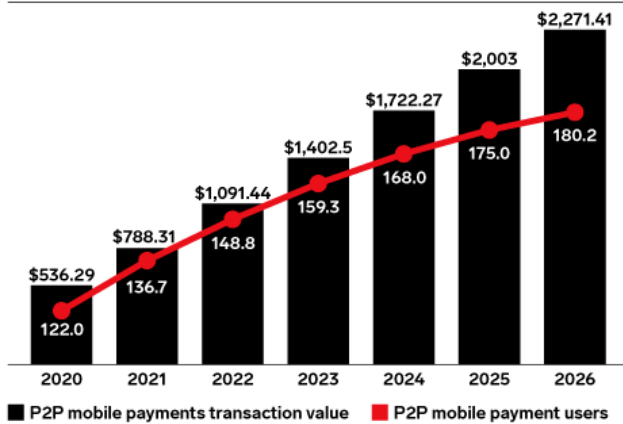
Zelle may be highlighting these benefits to shore up relationships with this segment.

- Fraud and security have been in the **media** and **regulatory** spotlights. Though Zelle reports that 99.9% of transactions are secure, concerns persist, which led banks in the Early Warning consortium to devise a **reimbursement plan**.
- While this plan could benefit Zelle in the long term by boosting transparency and increasing trust, **some smaller banks are unhappy** because of their limited control over customer experience and potential repayment expenses. As alternatives like **Chuck** emerge, Early Warning needs to keep these partners loyal.

Growth drivers: **More than 6 in 10 US smartphone users make P2P payments**, according to our **US P2P payments forecast**, signaling saturation.

Though there's still plenty of untapped volume, market maturity is going to make growth more challenging in the years to come, forcing Zelle and its competitors to seek growth in untapped areas. Bill pay, disbursements, and a [forthcoming ecommerce wallet](#) are three areas to watch, Ko said.

US Mobile Peer-to-Peer (P2P) Payment Transaction Value and Users, 2020-2026
billions and millions of users



Note: ages 14+; mobile phone users who have made at least one P2P transaction via a mobile phone in the past month
Source: Insider Intelligence, March 2022

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