

Who stands to gain from real-time payment adoption?

Article

Faster payments are garnering greater interest from US financial institutions, businesses, and consumers. Over the past decade, several offerings in particular have risen to the forefront in the US, with some settling transactions in a matter of seconds. But those that don't deliver instant settlement are still viable, given the significant reach and ability of faster payment systems to handle both credit and debit transactions.

B2B, consumer-to-consumer (C2C), and business-to-consumer (B2C) payments all stand to gain from shorter settlement times, which offer greater financial flexibility and control. Faster payments' speed also provides valuable transparency for firms, which benefit from the certainty of immediate payment.

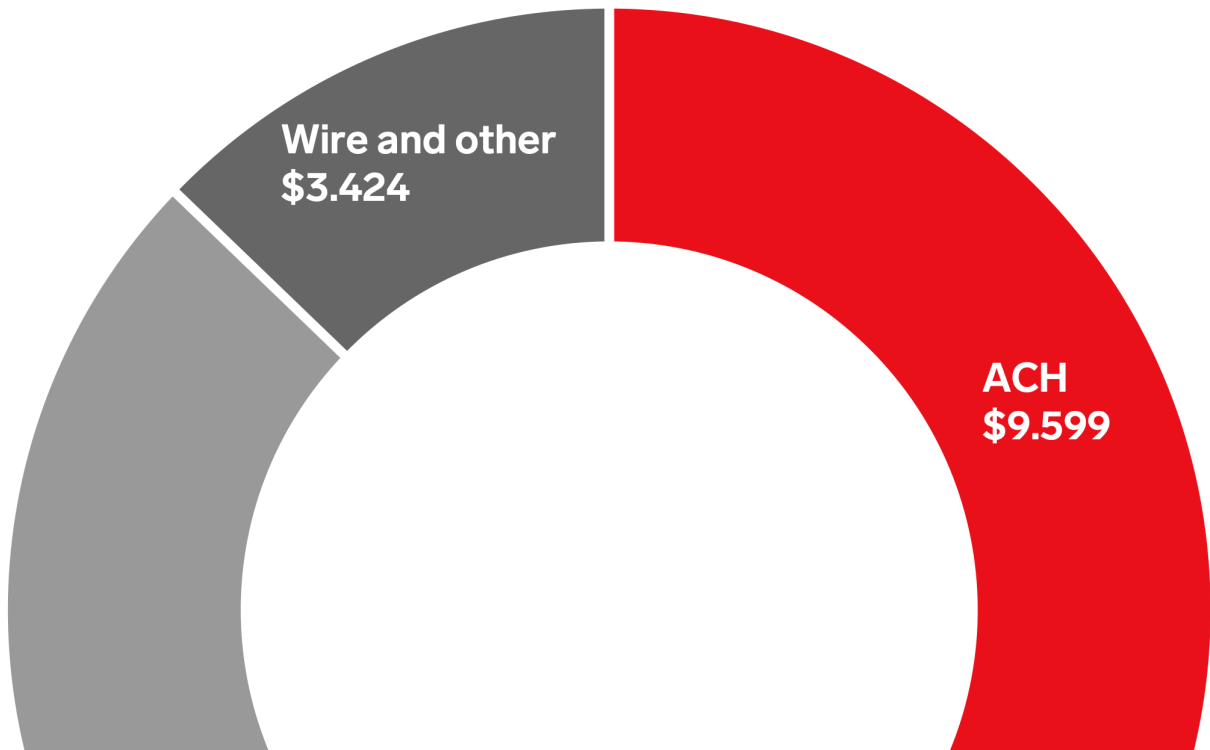
B2B payments

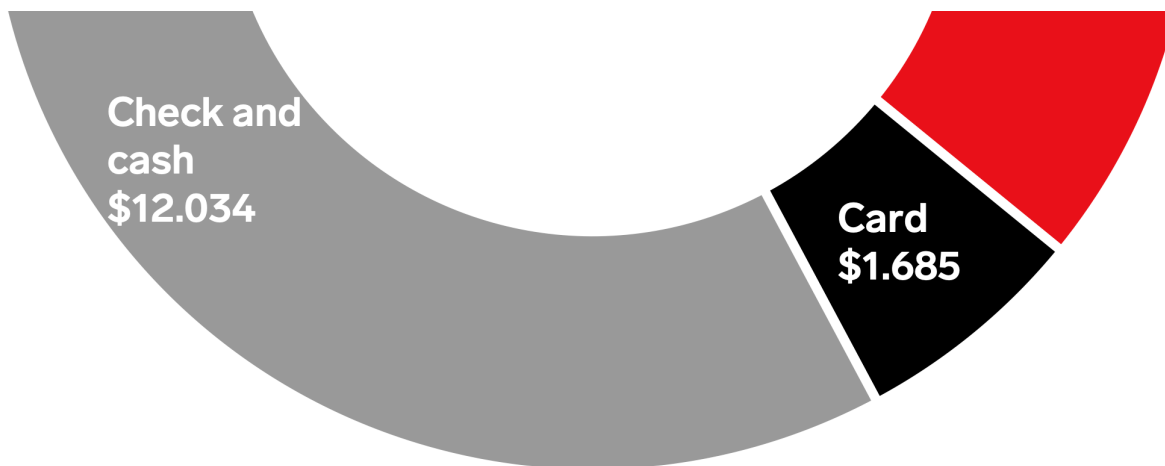
B2B payments have been slow to digitize relative to other types of payments. But with the US B2B payment market set to reach \$26.742 trillion in 2021, per our forecast, real-time payment (RTP) systems stand to reap gigantic rewards if they can gain even a sliver of the market.

This year, \$12.034 trillion in US B2B payments will be made via check or cash, making up about 45% of the market. That means a huge number of transactions would see noticeable improvements from faster settlement speeds.

US B2B Payment Transaction Value, by Transaction Method

trillions, 2021





Note: Payment transaction value for products or services from one business to another; includes payments for goods and services made via cash, check, ACH, card, wire, and other methods; net of cash advances, chargebacks, and balance transfers.

Source: Insider Intelligence, November 2020

Methodology: Estimates are based on the analysis of survey and traffic data from other research firms, historical consumer adoption trends, company data, internet and mobile adoption trends, and demographic adoption trends.

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Furthermore, \$9.599 trillion will transact via Automated Clearing House (ACH) payments this year, and businesses that have already chosen to use ACH will be keen to upgrade to a faster digital payment option.

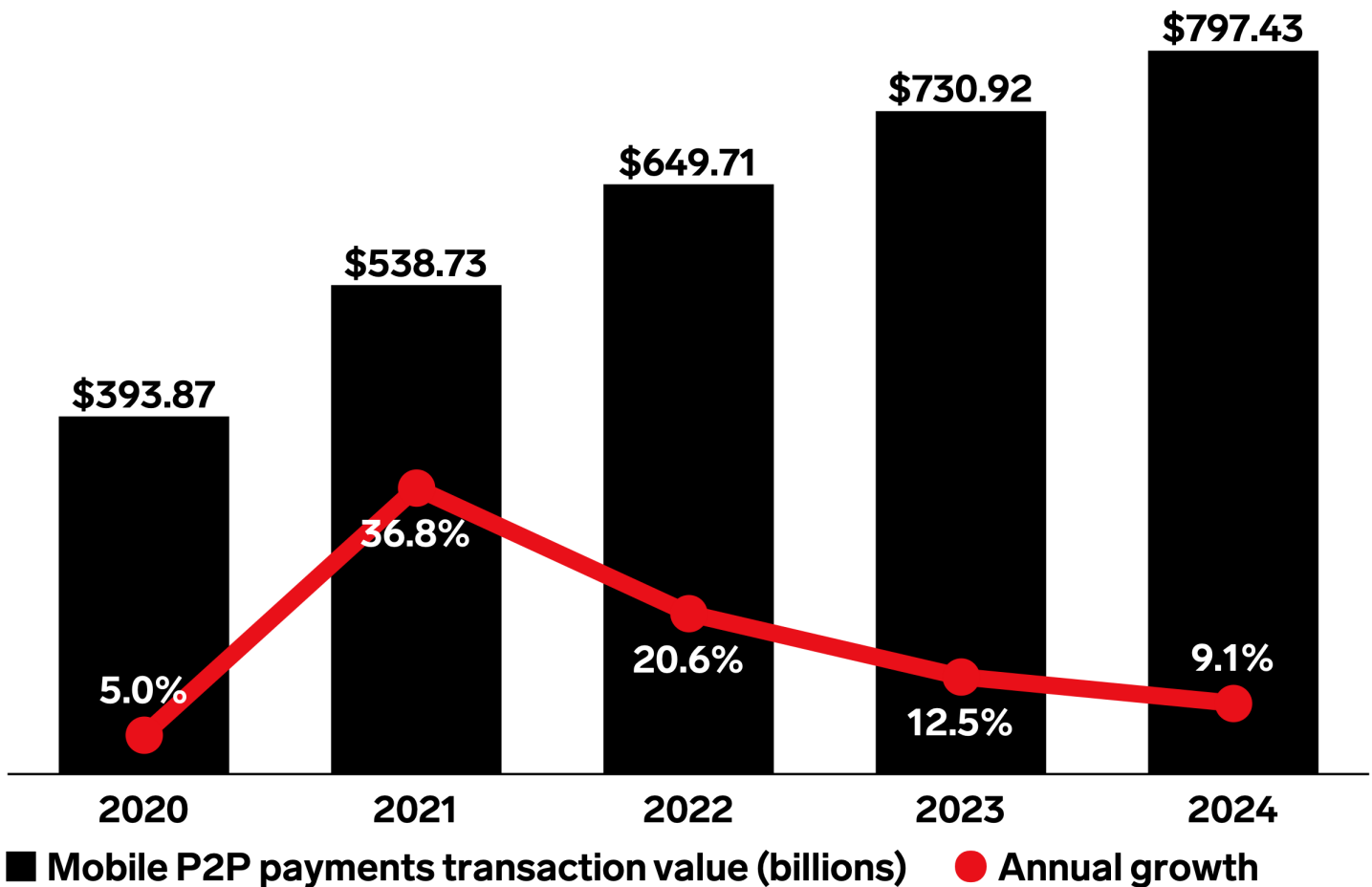
C2C payments

C2C payments have quickly digitized, thanks to the rise of platforms like PayPal's Venmo and remittance firms including Remitly. Those platforms, as well as actual remittance services, are improving by incorporating faster payments.

The US mobile peer-to-peer (P2P) payments market will reach \$538.73 billion in 2021, according to our estimates.

Mobile P2P Payments Transaction Value

US



Note: ages 18+; a peer-to-peer 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 and apps developed by nonbank providers (Facebook Messenger, Cash App, Venmo, etc.) and transactions made via mobile banking websites and apps developed by banks; excludes cross-border transactions.

Source: Insider Intelligence, June 2020

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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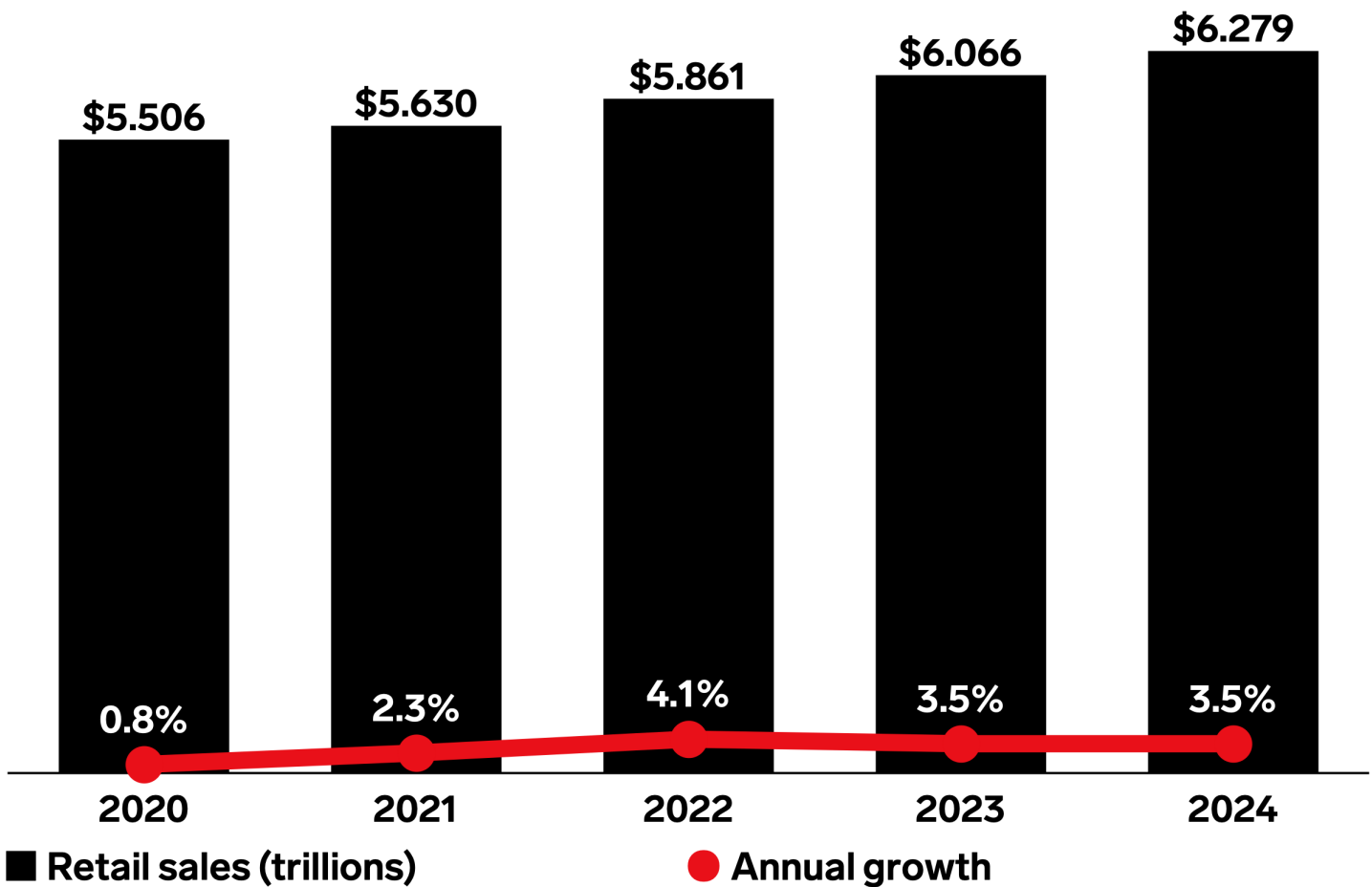
These transactions already occur digitally, as do many remittances, so shifting to a faster platform should boost consumer appetite, since faster payments give consumers access to

their funds sooner.

B2C payments

The quicker settlement speeds and additional transparency of faster payments are attractive to firms and consumers involved in B2C payments, which include bill payments, payroll, and retail. We forecast that retail sales will hit \$5.630 trillion in the US in 2021.

US Retail Sales



Note: Excludes travel and event tickets, payments (such as bill pay, taxes, or money transfers), food services and drinking place sales, gambling and other vice good sales. eMarketer benchmarks its retail sales figures against US Department of Commerce data, for which the last full year measured was 2019.

Source: eMarketer, September 2020

Methodology: Estimates are based on the analysis of data from benchmark source US Department of Commerce, estimates from other research firms, historical trends, consumer buying trends, and macro-level economic conditions.

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Also in this segment are bill payments, which hold an estimated value of \$2.75 trillion annually, per doxo Insights.

To learn more about how US payment processes face disruption amid faster payments' growing popularity, Insider Intelligence subscribers can read our recent report:

Report by Daniel Keyes Apr 14, 2021

The Rise of Real-Time Payments

