

Who's Using P2P Payments in the US?

Article

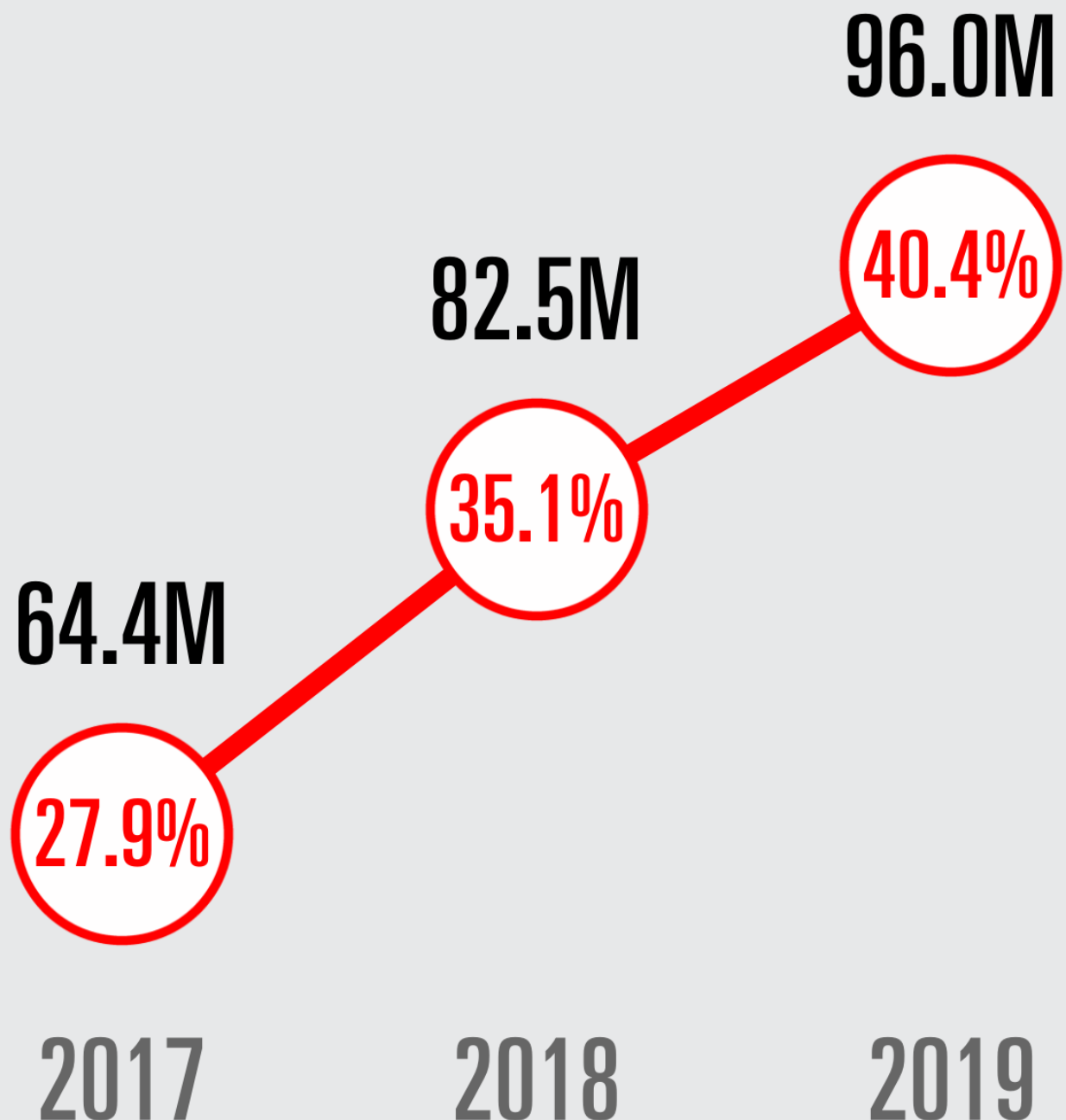
What Does Growth Look Like?

This year, there will be 82.5 million mobile phone peer-to-peer (P2P) payment users in the US, according to our estimates. That's over a third of the mobile phone population.

By the end of the forecasting period in 2022, over half (52.5%) of mobile phone users will have made at least one P2P transaction in the past month.

How Many Mobile Phone P2P Payment Users Are There in the US?

millions and % of mobile phone users



Note: ages 18+; mobile phone users who have made at least one peer-to-peer (P2P) transaction via a mobile phone in the past month; a mobile P2P payment is a transfer of funds from one individual to another individual using a mobile phone; includes transactions made via mobile browser or applications developed by non-bank providers like Venmo, Square Cash, Google Wallet and Facebook Messenger and transactions made via mobile banking websites and applications developed by banks; excludes cross-border transactions
Source: eMarketer, May 2018



This week, we're looking at consumers' mobile habits. Each day, we'll feature a different aspect of mobile browsing, shopping and purchasing. Yesterday, we looked at mobile commerce. Next up: mobile P2P payments.

What's Driving Growth?

Like other burgeoning technologies, the increase in P2P payment usage is mainly being driven by millennials.

“Younger consumers are willing to engage with platforms they feel they can trust, but that also allows them to engage in ways that are consistent with how they normally operate in their lives,” said Juan Benitez, general manager of the PayPal-owned Braintree, in our **"Mobile Proximity and Peer-to-Peer Payments 2018"** report.

What's more, an April 2018 study by Early Warning Services found that nearly half (49%) of millennial smartphone owners in the US—which the study defined as 22- to- 37-year-olds—have sent or received money at least once a week. In contrast, 42% of 38- to-53-year-olds have made payments at least weekly, and nearly a third (32%) of those 54 to 72 have.

Who's Dominating the Space?

Fewer millennials may be saying "I'll Venmo you" in the next few years.

While Venmo was likely the first P2P service to draw in this demographic, and historically it has held the majority of market share, we expect Zelle will overtake Venmo in 2018.

Zelle **will grow more than 73% this year to reach 27.4 million users in the US**, slightly ahead of Venmo (22.9 million users). Square Cash will round out the top three with 9.5 million users.

Zelle's main advantage is its integration with approximately 30 US banks, including Bank of America, JPMorgan Chase and Wells Fargo. The service is accessible via the banks' mobile app platforms and was released as a standalone app in September of 2017.

"The tighter integration with banking infrastructure means that payments made via Zelle can be processed quicker than with Venmo or other competing services, which can sometimes take days," said eMarketer senior analyst Rahul Chadha.

That said, Venmo has expanded its services to allow consumers to pay for goods and services via its platform this year. And in June, **in partnership with Mastercard, it announced the launch of a physical debit card with which users could spend their Venmo account balances.**

"Clearly, Venmo's endgame is to become the mobile wallet of choice among its users, no matter how they want to pay for things," Chadha said.

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