

Zelle records explosive Q2 growth but faces tight competition from peer-to-peer payments rivals

Article

By the numbers: Bank-operated peer-to-peer (P2P) payments network Zelle processed **436 million transactions** worth **\$120 billion** in **Q2**. The number of transactions processed

increased **58%** year over year (YoY), and payment value rose **68%** YoY.

Compared with Q2 2019, Zelle's transaction volume surged **155%**, and its payment values exploded **172%**—reflecting just how rapidly digital payments grew during the pandemic. The company also highlighted small businesses as a key growth area in Q2: The segment's transaction volume grew **157%** YoY.

The P2P payments race: Zelle had a stellar quarter, but competitors like **PayPal's Venmo** [reported](#) equally impressive results. Venmo's total Q2 payment volume grew **58%** YoY, hitting approximately **\$58 billion**—reflecting strong demand for P2P payments across the ecosystem, even as the pandemic starts to subside.

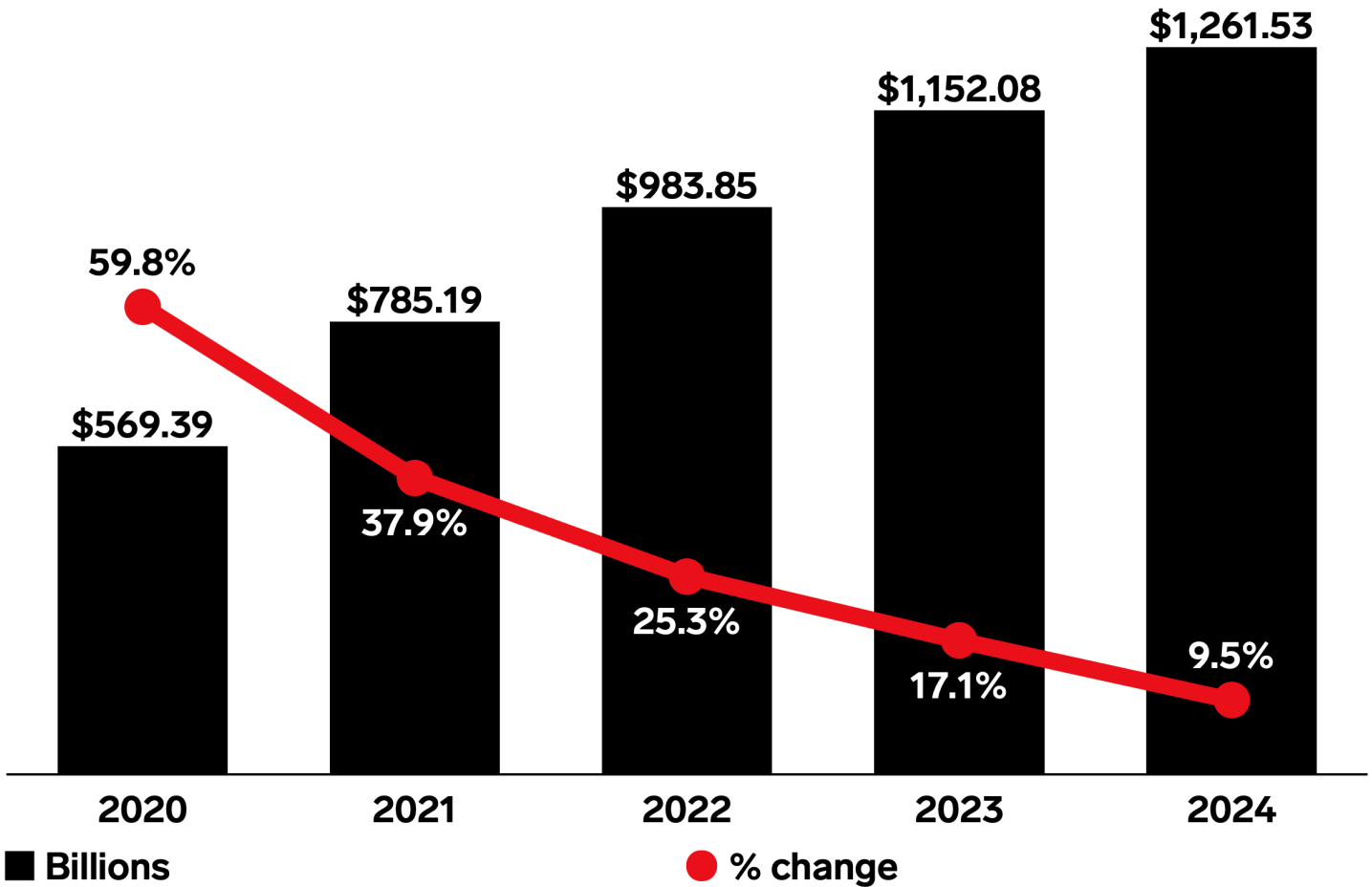
- The US P2P payments sector is projected to expand **379%** and hit **\$785.19 billion** this year, [per](#) Insider Intelligence forecasts. Providers will want to grab a bigger piece of the market: According to [our](#) forecasts, Venmo is expected to dominate the US market this year with a **57.5%** share of P2P payment users, followed by Zelle (**35.6%**), and **Square's Cash App** (**30.8%**).
- Going forward, differentiation may be key to grabbing customers—something [Venmo](#) and [Cash App](#) have been heavily leaning into with their various moves into the cryptocurrency space, for example. Zelle doesn't have many features that make it stand out from competitors, but its direct tie to banks can help offset that: Its position as a bank-based supplement may help customers view the app as more secure, especially for specific types of transactions, like rent.

The opportunity: Zelle can use the small and medium-sized business (SMB) market to capture a bigger piece of the payments market.

Zelle's tie to banks could be useful for attracting SMBs as they look for easy ways to accept digital payments, a segment Venmo is also [moving deeper](#) into. Banks could decide to bundle Zelle with their own SMB tools to give their customers more value and gain their business.

Go deeper: *To read more about how Zelle stacks up against its P2P competitors and tactics that providers could employ to capture additional market share, check out our [US Mobile Payments Forecast 2021 Report](#).*

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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