

JPMorgan connects corporate clients and retail customers with new real-time payment service

Article

The news: JPMorgan launched request for pay, a service that lets corporate clients avoid card network payment processing and other third-party services by sending payment requests directly to the roughly **57 million** retail customers who use the bank's app or website, per Reuters.

Why it's worth watching: Demand for faster payments became more pronounced during the pandemic—businesses and consumers needed to **access** their funds faster, and paper checks, cash, and other traditional payments weren't cutting it.

That put a greater emphasis on faster payments and real-time payment (RTP) systems, leading to innovations that improved the end-to-end transaction process: In March 2021, **Automated Clearing House (ACH)** **expanded** same-day settlement so financial institutions (FIs) could send payments later in the business day. And the following month, five banks and three credit unions began **testing** the **Federal Reserve's FedNow RTP** system, which will launch in the next few years.

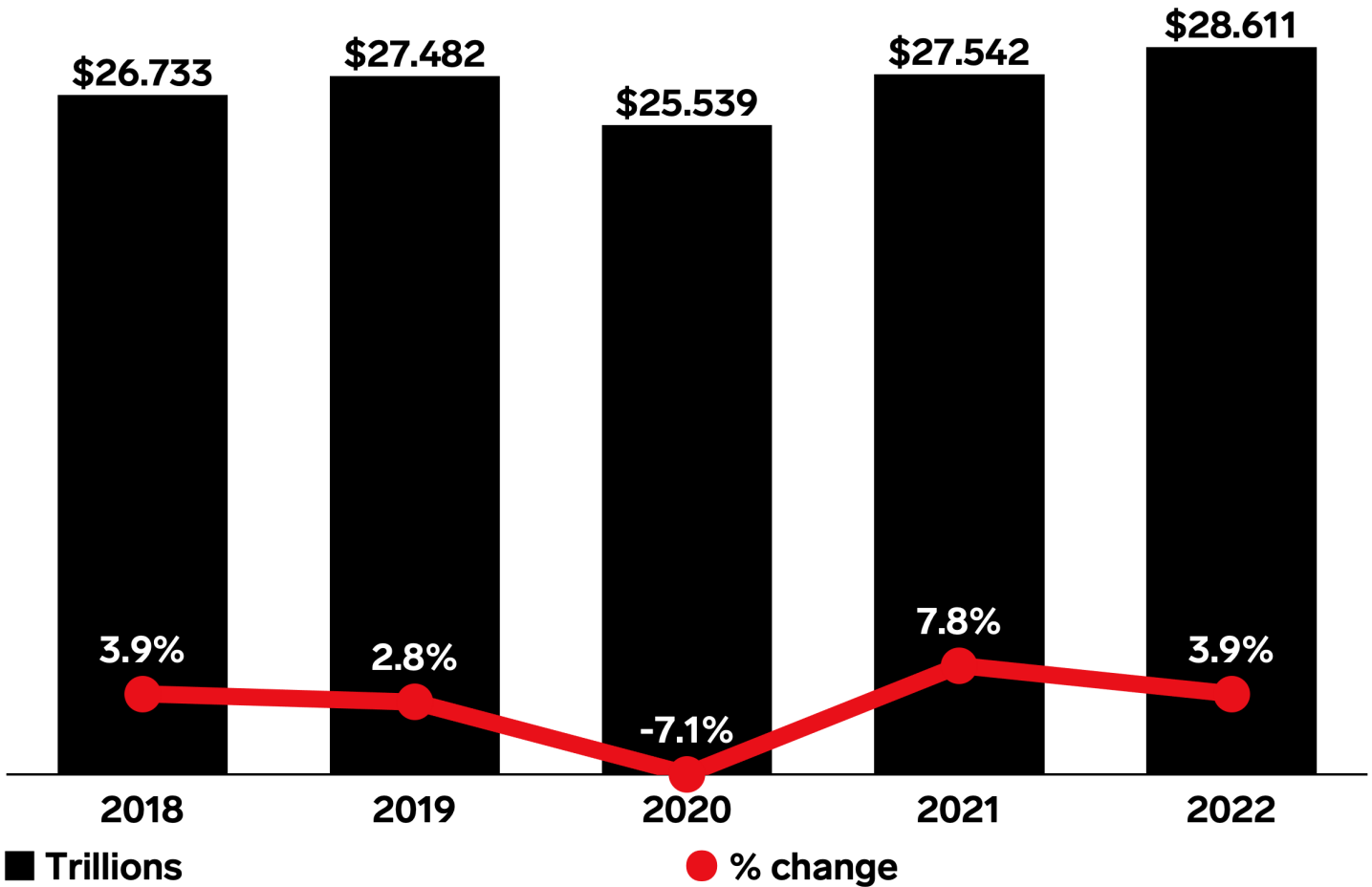
JPMorgan was quick to get involved in faster payments: It was one of the first major US banks to **connect** to **The Clearing House's (TCH)** RTP network in 2017. The new service reflects the bank's desire to build a stronger presence in the space.

The opportunities: Request for pay is JPMorgan's first proprietary RTP solution—here's how the service can benefit the bank.

- **The service can strengthen JPMorgan's relationship with corporate clients.** JPMorgan's request for pay service helps corporate clients—especially those operating internationally—get paid faster and gives them a clearer picture of their businesses' finances. It can also help keep their transaction costs low by letting FIs avoid some fees affiliated with other transaction types. The real-time business-to-consumer sector (which request for pay falls under) remains largely untapped—putting JPMorgan at the forefront of the emerging space.
- **It may also be extended to support other payment use cases.** Since the service operates within JPMorgan's client base, the bank could extend real-time options to other transactions—like B2B payments, which are expected to hit **\$27.542 trillion** this year in the US alone, **per** Insider Intelligence forecasts. Expansion can help build out the bank's wholesale payments division—the segment that includes RTP services—which currently contributes **10%** of its total revenues, according to Reuters.

Go deeper: *We've barely begun to explore faster payments and RTP—to get a thorough breakdown of use cases, opportunities, and the future of the segment, check out our report,*

B2B Payment Transaction Value US, 2018–2022



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: eMarketer, July 2021

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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