



P2P Market Sizing and Introduction of Real-Time Payments

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The ongoing development of the person-to-person (P2P) payment market has continued its dramatic growth as the market players continue to evolve. The past year has brought seismic changes, including new value propositions, such as in-app payments for products and services, and new real-time payment capabilities finally being offered or announced for 2017 launch, notably with ZelleSM. In addition to the dramatic changes in the market landscape, we continue to see a broadening of the user base beyond its traditional passionate advocates, the Millennials (ages 18–34). The adoption by Gen X and even Baby Boomers is beginning to have significant ramifications in how P2P services are offered, because of changes in how new users want to access and use P2P payments. As new consumers embrace P2P payments, bringing the product into the mainstream, traditional FIs will play a larger role. That is, Gen X and Baby Boomers have shown an interest in using services from their primary FIs in addition to the P2P services offered by fintech startups and social media, typically favored by Millennials. As the base of consumers using P2P services broadens, so does the range of providers.

This report examines the domestic U.S. P2P market and, briefly, the A2A (account to account, or “me to me”) market. It focuses on how the market is evolving, user channel preferences, key uses of P2P, desired new features, and differences in use between men and women.

Key questions discussed in this report:

- How large are the domestic A2A and P2P markets? How have they grown?
- How much of the growth in the P2P market is being driven by mobile adoption?
- What P2P features are important to users overall? How do these differ between Gen Y and older consumers and between men and women?
- What are the most common use cases for P2P transactions?
- What is the impact of faster or real-time P2P payments?
- How price-sensitive are consumers of P2P services?
- Which bank customers are the most price-sensitive?
- Which consumers are more likely to send international P2P remittances? What is the preferred channel for these?

Companies Mentioned: Amazon, Apple, Bank of America, Citibank, clearXchange, Early Warning, Facebook, FIS, Fiserv, Gametime, Google, Jack Henry & Associates, Mastercard, Microsoft, MoneyGram, Munchery, Parking Panda, PayPal, Snapchat, Square, TransferWise, USAA, Vantiv, Venmo, Visa, Western Union, Xoom, Zelle

The consumer data in this report was primarily collected from the following:

- A random-sample survey of 3,200 respondents conducted online in October 2016. The overall margin of error +1.74 at the 95% confidence level. The margin of error is larger for subsets.
- 10,639 consumers in a May 2016 survey. The margin of sampling error is ± 0.95 percentage points for questions answered by all respondents.
- 3,182 consumers in a July/August 2016 survey. The margin of sampling error is ± 1.74 percentage points for questions answered by all respondents.

Industry card data and reward programs were derived from industry interviews, with supplementary data from secondary sources such as The Nilson Report and public websites.

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