



Making Payments Faster: The \$20 Trillion Opportunity

11 May 2017 By: Michael Moeser

In 2017 and 2018 there will be advances in the speed with which consumers and businesses can make payments, making this a watershed period for the payment industry in particular and the greater banking system as a whole. Notable examples include Zelle Pay, the real-time bank-offered person-to-person (P2P) payment service, The Clearing House efforts to pilot real-time payments, and the rollout of NACHA's Same Day ACH Debit service. (The credit service was implemented in 2016). In addition to these examples, numerous real-time payment and faster-payment services are being offered by payment vendors and their FI clients as well as by the card networks.

To help readers fully grasp the sea change that is occurring within the payment industry, this report first describes the differences between fast, faster, and real-time payments being proposed or currently available. It then examines the successful deployment of real-time payments in the UK for perspective of what the U.S. could reasonably expect in its deployment of faster payment initiatives. This is followed by an exploration of the U.S. consumer's readiness for faster payments. Finally, the report explores selected types of U.S. payments that are most likely to be converted to a form of faster payments and provides an estimate of the near-term five-year opportunity for conversion to faster payments in the U.S.

Key questions discussed in this report:

- How are faster payments and real-time payments different?
- What can be learned from the UK's launch of the Faster Payments Service?
- What is the potential size of the U.S. target market opportunity for faster payments and real-time payments?
- How much of the target market opportunity could be converted in the next five years?
- Can P2P services be successful if they don't offer emojis and social sharing of transactions?
- Is the consumer P2P market destined to be a winner-take-all scenario or is there room for multiple P2P services?

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 is +1.74 at the 95% confidence level. The margin of error is larger for subsets.

Industry card data and reward programs were derived from industry interviews, with supplementary data from secondary sources such as NACHA, The Federal Reserve, British Faster Payments Service, The Nilson Report and public websites.

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