



U.S. Faster Payments Barometer

A survey of industry views on faster payments
advancements

Fall 2019

Citation of these materials should reference the study as "U.S. Faster Payments Barometer, Fall 2019"

SURVEY METHODOLOGY

Annual quantitative survey methodology

- Designed as a longitudinal study -- anchor questions year over year + new questions annually
- Wide distribution -- Glenbrook, FPC and FPC-Member organizations; active social media campaigns including a Payments on Fire® podcast by Glenbrook and the FPC
- 735 total respondents with 533 respondents @100% completion
- Broad coverage across industry stakeholder groups
 - Financial Institutions (FIs)
 - Core Processors
 - Payment Network Operators
 - Business end users (corporates, billers, businesses, merchants/retailers)
 - Facilitators / intermediaries (merchant acquiring processor, fintech, independent software vendor, software solution provider)
 - Industry consortia / associations
 - Consultants and others

Survey topics covered

Year 1 Topics Included

- Demographic data
- Faster Payments Today
- Market Adoption
- Use Cases
- Interoperability
- Risk and Fraud
- Directory Services

Potential Year 2 Topics

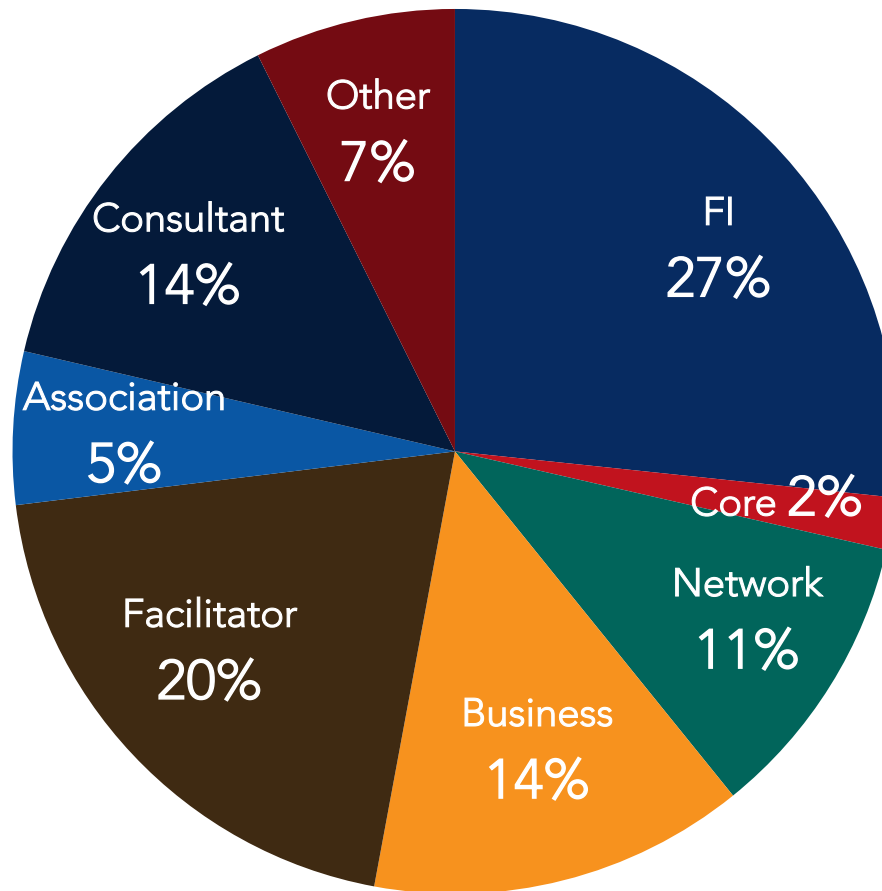
In addition to some of the topics included in Year 1, we will add:

- Economics
- Interbank Settlement
- 3rd Party Overlays
- Cross-Border

All personal respondent data is kept confidential

Survey attracted participation across the value chain

How would you describe the organization that you work for?



Majority of respondents (86%) noted that the U.S. market is part of primary job responsibilities

n = 735

SURVEY RESULTS

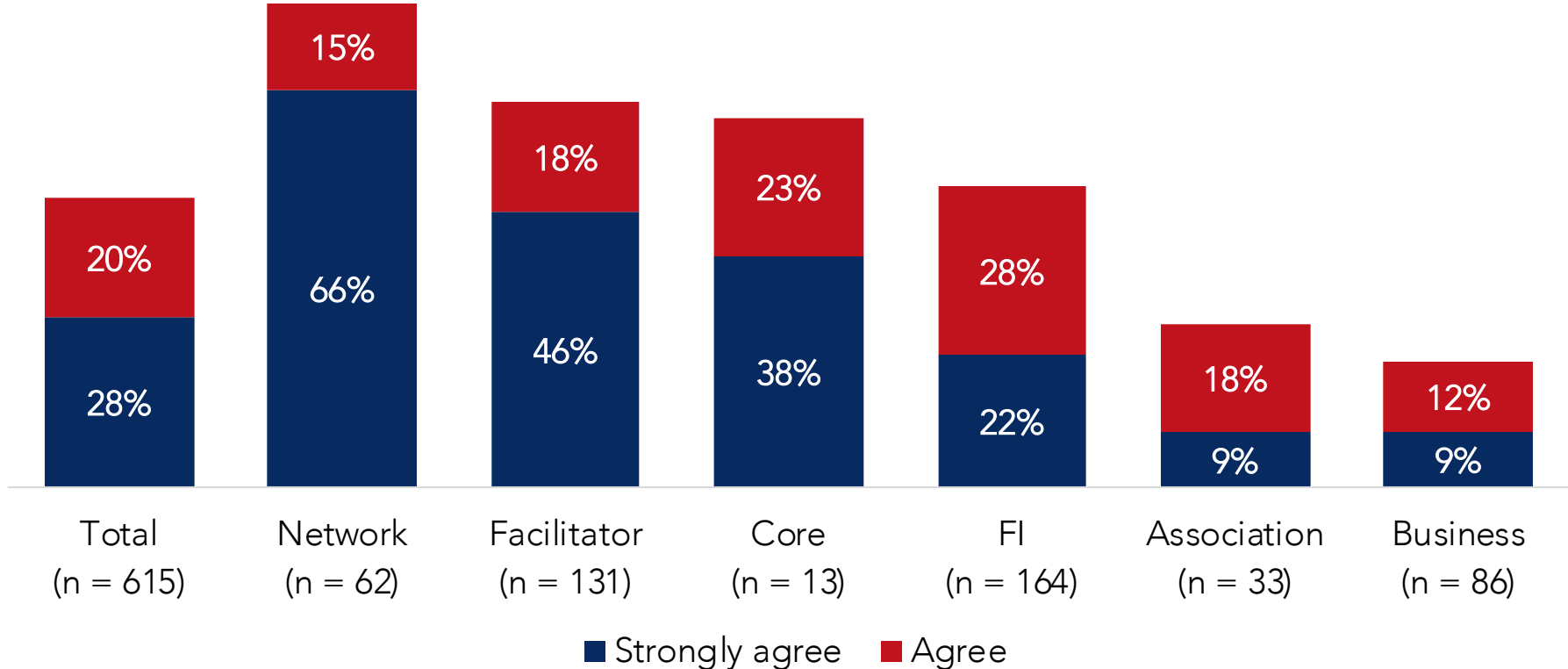
- **Organizational Perspective** - faster payments in today's environment
- **Industry Perspective** - most desired functionality and views on resolving thorny topics

Organizational Perspectives

48% of total respondents claim to be early adopters and of those, the majority are providers of infrastructure

Others preferred more of a "wait and see" / "fast follower" approach

Please rate the extent to which you agree or disagree with the following statement: My organization is an early adopter of faster payments.



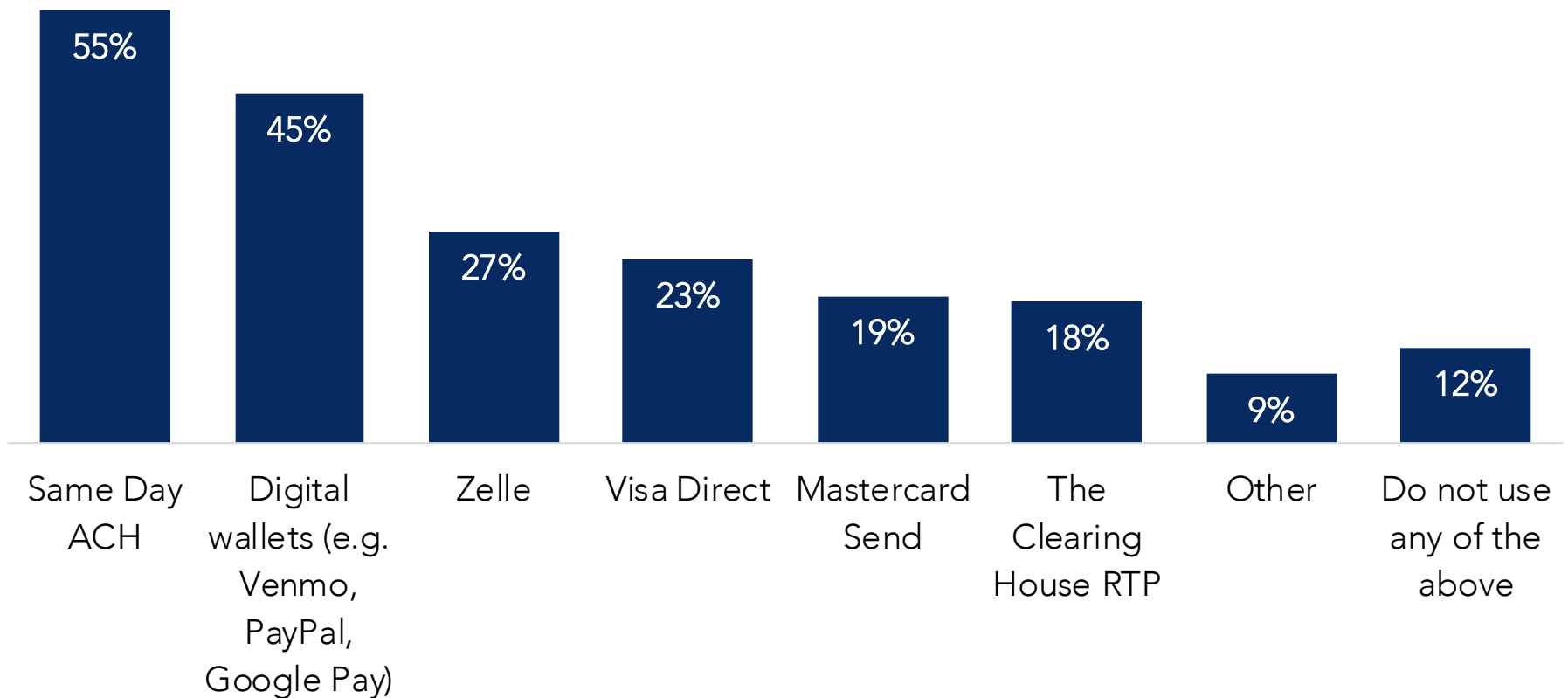
Not shown: Consultant (n = 85), Other (n = 41)

Note: Glenbrook highlighted specific segments where there were significant differences

@Glenbrook Partners 2019

Rails exist, but “the lack of adoption by end-parties means that there isn't ubiquity” ...

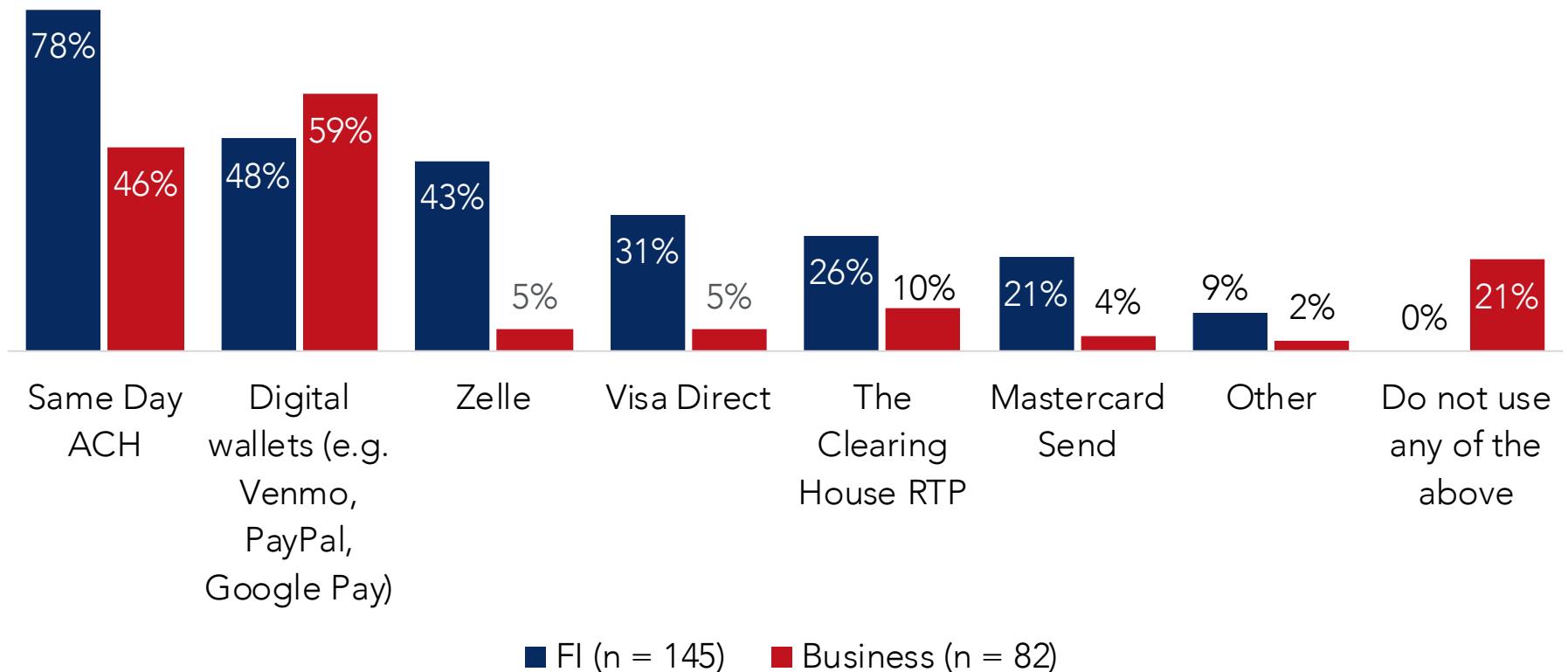
What faster payments system(s) does your organization use/enable today in the U.S. market? Select all that apply.



n = 533

... However, given the number of existing payments systems in the U.S. it is unlikely that one system will meet all needs

What faster payments system(s) does your organization use/enable today in the U.S. market? Select all that apply.

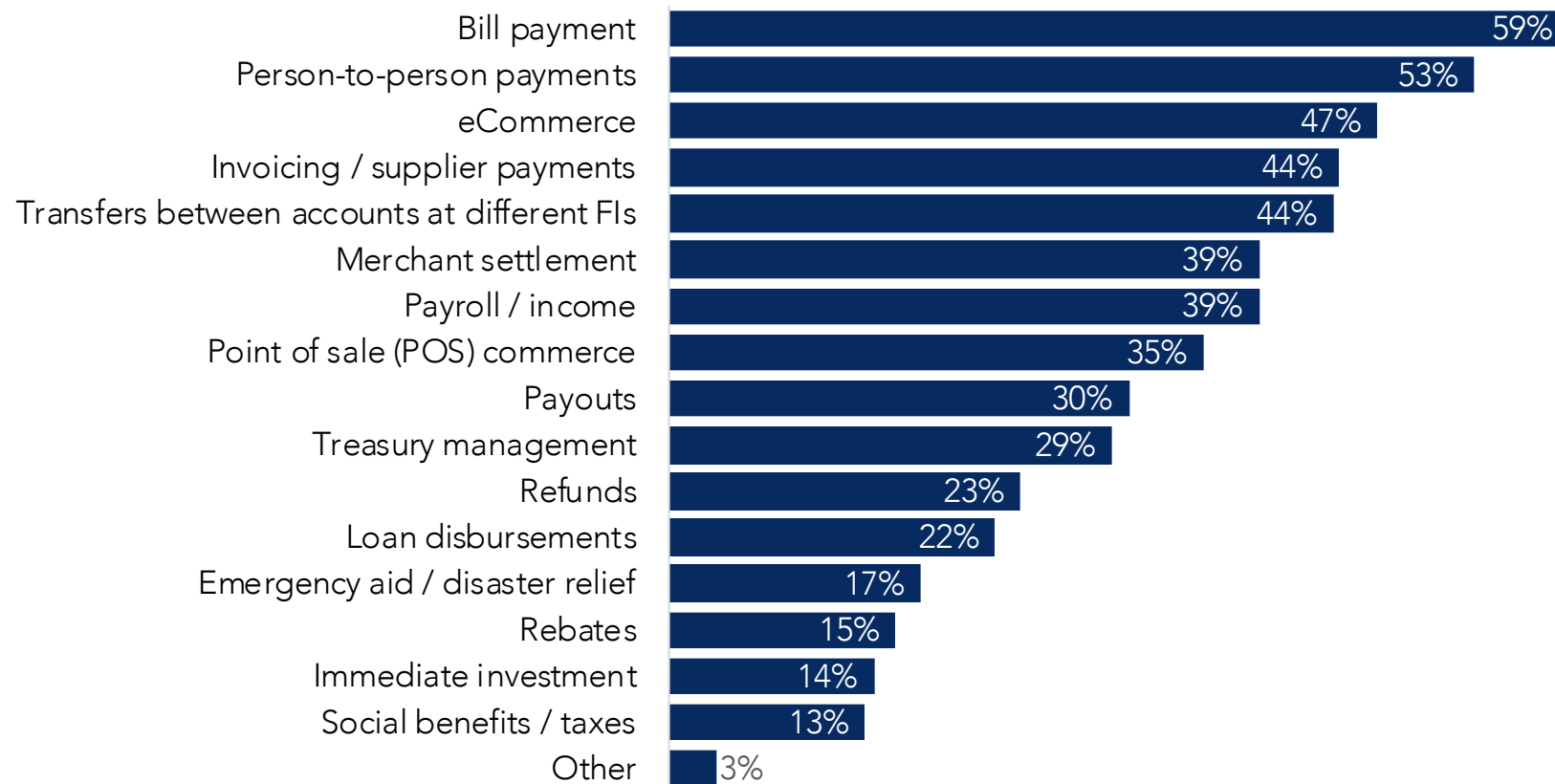


Note: Glenbrook highlighted specific segments where there were significant differences

Strong interest in diverse use cases solving “every day” pain points

Results show that faster payments seen as way to improve payment system usability

For which use cases is your organization currently most interested in leveraging faster payments? Select all that apply.

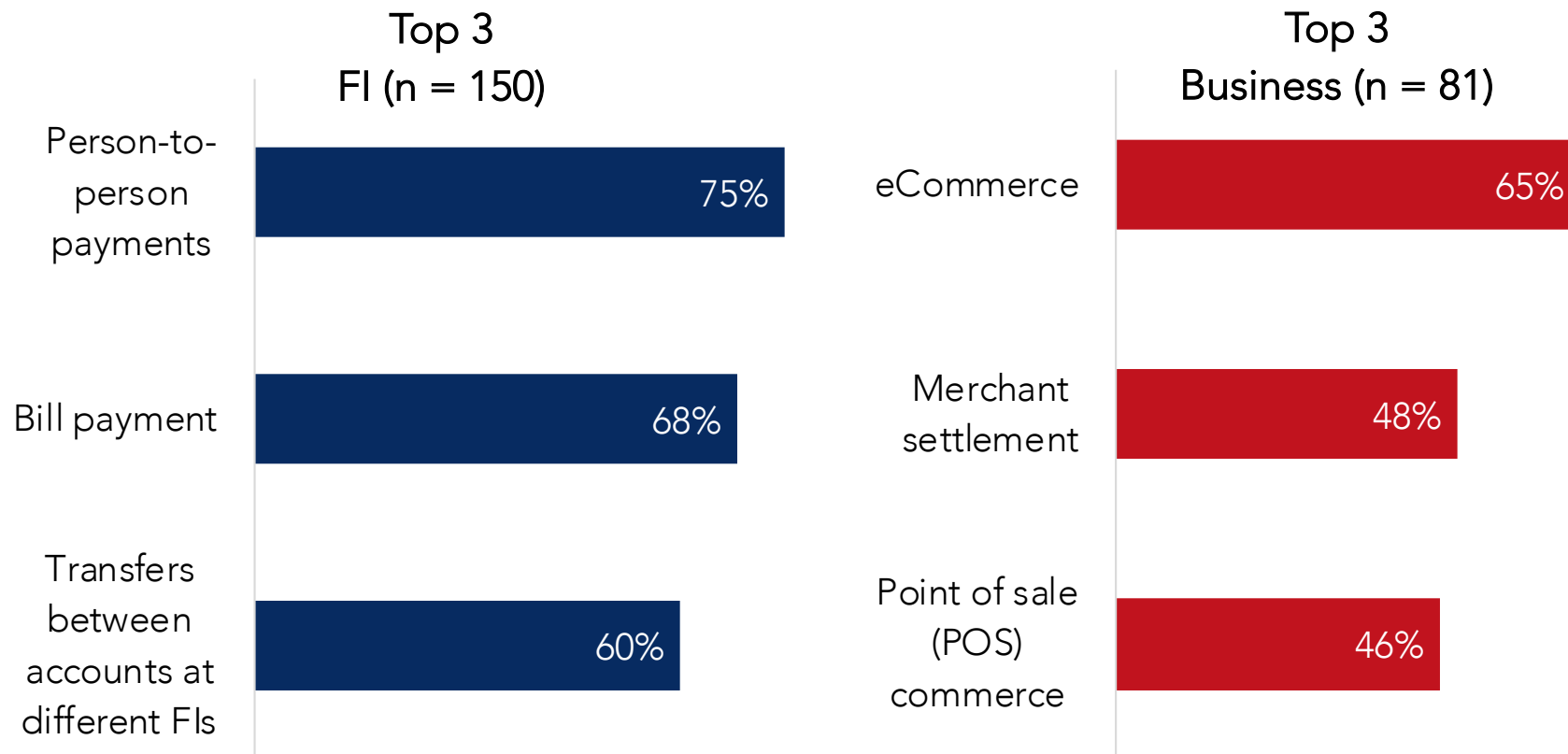


n = 548

Yet FIs and businesses **intend** to solve different end-user needs

Faster payments help solve multiple problems

For which use cases is your organization currently most interested in leveraging faster payments? Select all that apply.

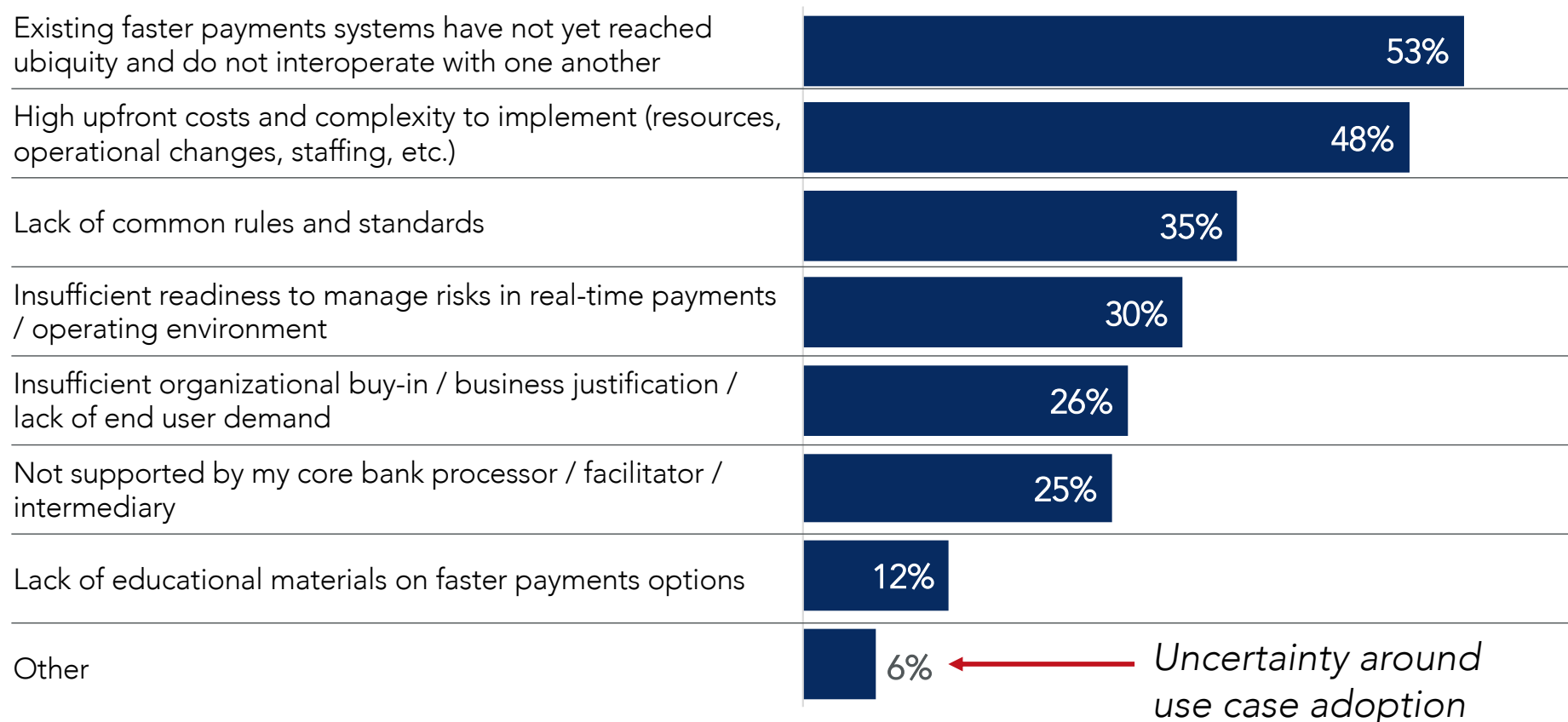


Note: Glenbrook highlighted specific segments where there were significant differences

Lack of ubiquity/interoperability is the leading challenge

High cost to enter a fragmented market identified as a key concern

Which of the following challenges to faster payments adoption are most relevant for your organization? Select up to three.

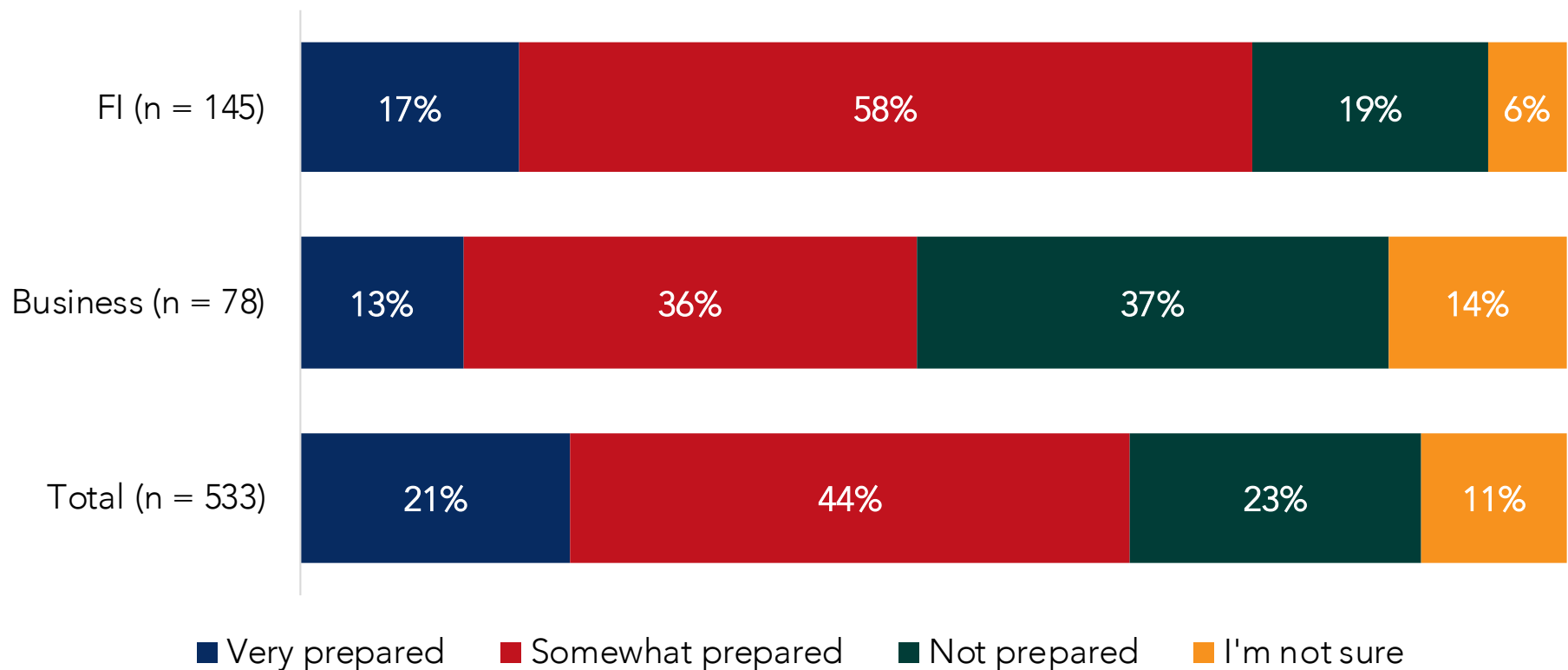


n = 548 *Some results in this chart were incorrectly represented at the FPC Member Meeting Oct 22, 2019 and have since been corrected.

Majority of respondents are not sufficiently prepared for faster payments risks ...

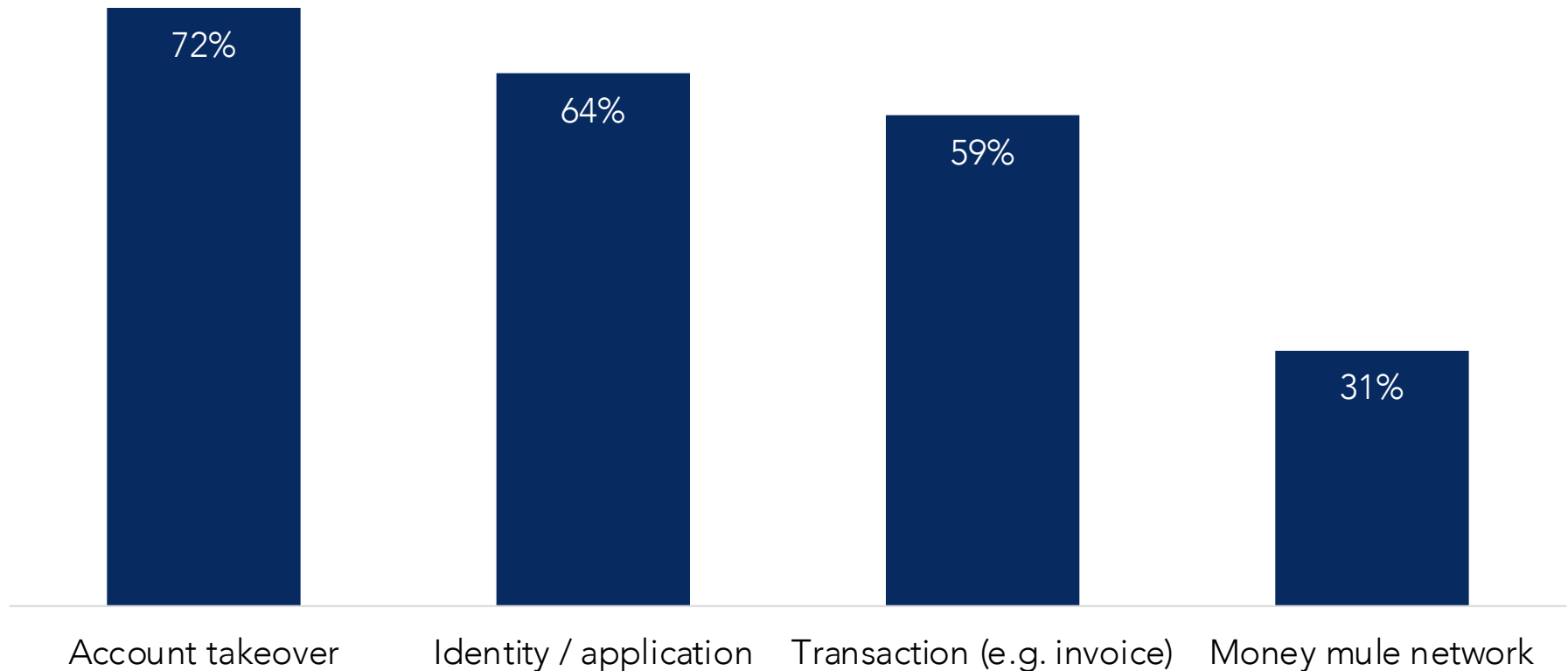
Businesses expressed even more concern about risk than FIs

Please rate the extent to which you feel your organization is prepared to handle risks associated with faster payments (e.g. credit risks, liquidity risks, operational risks, etc.).



... and concern about specific types of fraud is significant across all segments of responders

What type(s) of fraud concern you the most in faster payments? Select all that apply.



n = 533

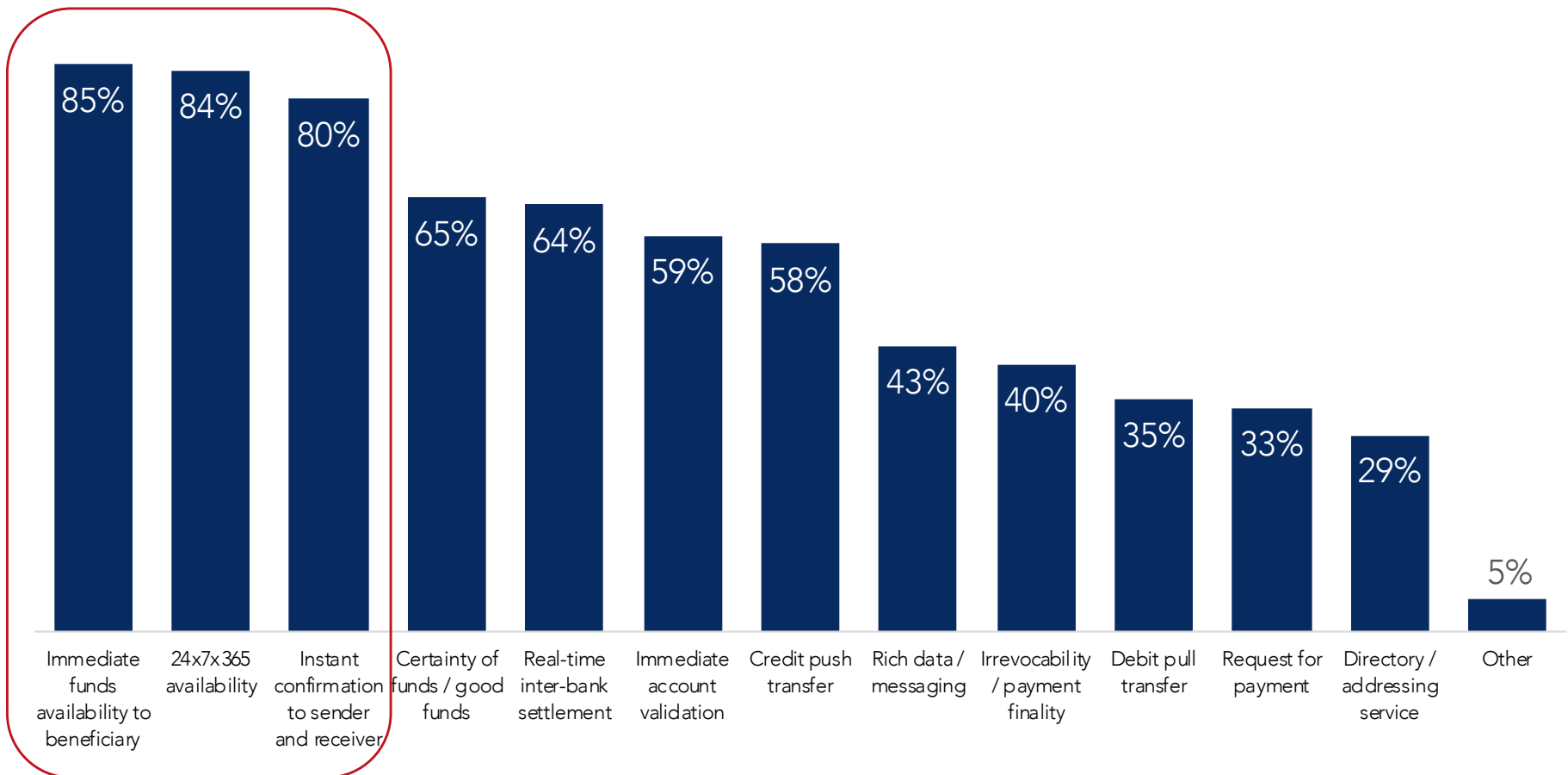


Industry Perspectives

Strong agreement on fundamental attributes with a linear decline in support for other key features

U.S. preferences vary from global standard of faster payment systems

In your opinion, which of the following attributes should define faster payments? Select all that apply.



n = 678

However, top 3 attributes clearly align with existing faster payments systems around the world

In your opinion, which of the following attributes should define faster payments? Select all that apply.



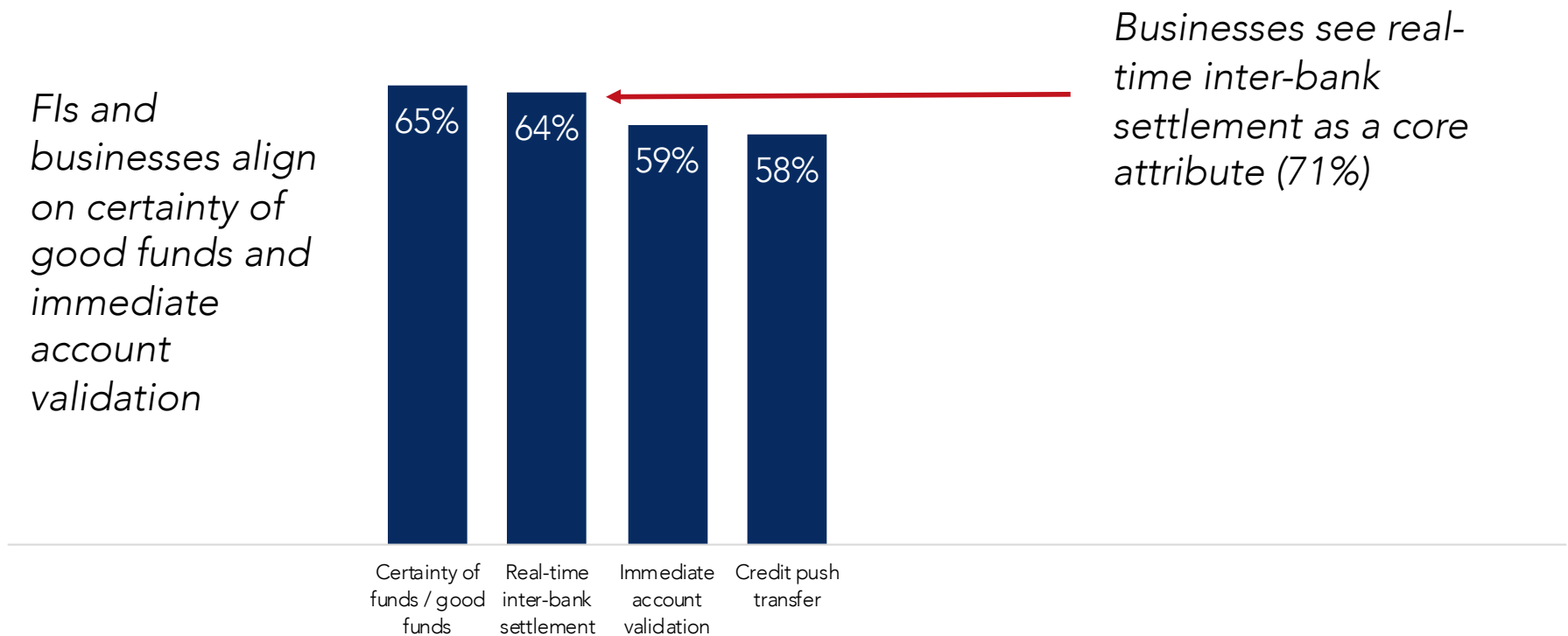
And more importantly, align across all respondent stakeholder groups

n = 678

The big surprise is that credit push transfer (58%) is viewed as less important than other features

And the response is fairly consistent across all stakeholder groups

In your opinion, which of the following attributes should define faster payments? Select all that apply.



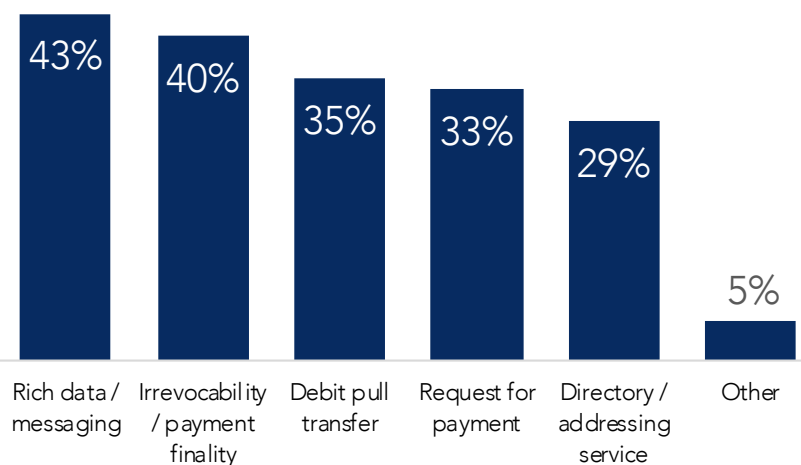
n = 678

Unlike faster payments systems around the world, irrevocability is not one of the most defining attributes, across all stakeholder groups

In fact, that all these attributes are in the lower half is somewhat surprising

In your opinion, which of the following attributes should define faster payments? Select all that apply.

Interoperability and dispute resolution were the most cited in "other" category

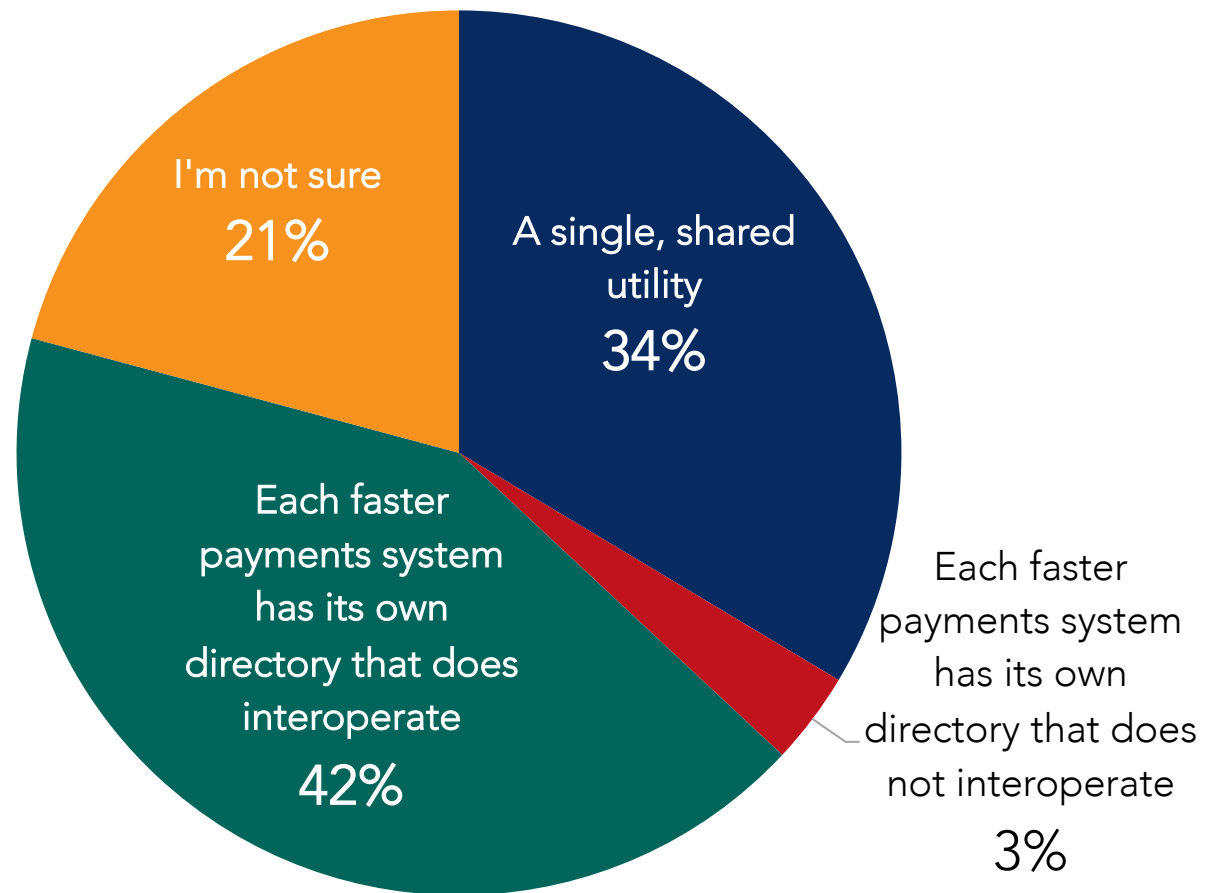


n = 678

Respondents favor multiple directories interoperating with each other to achieve payment addressing needs

Global experience is varied and therefore no one model prevails

Which model is preferable for a directory / addressing service?

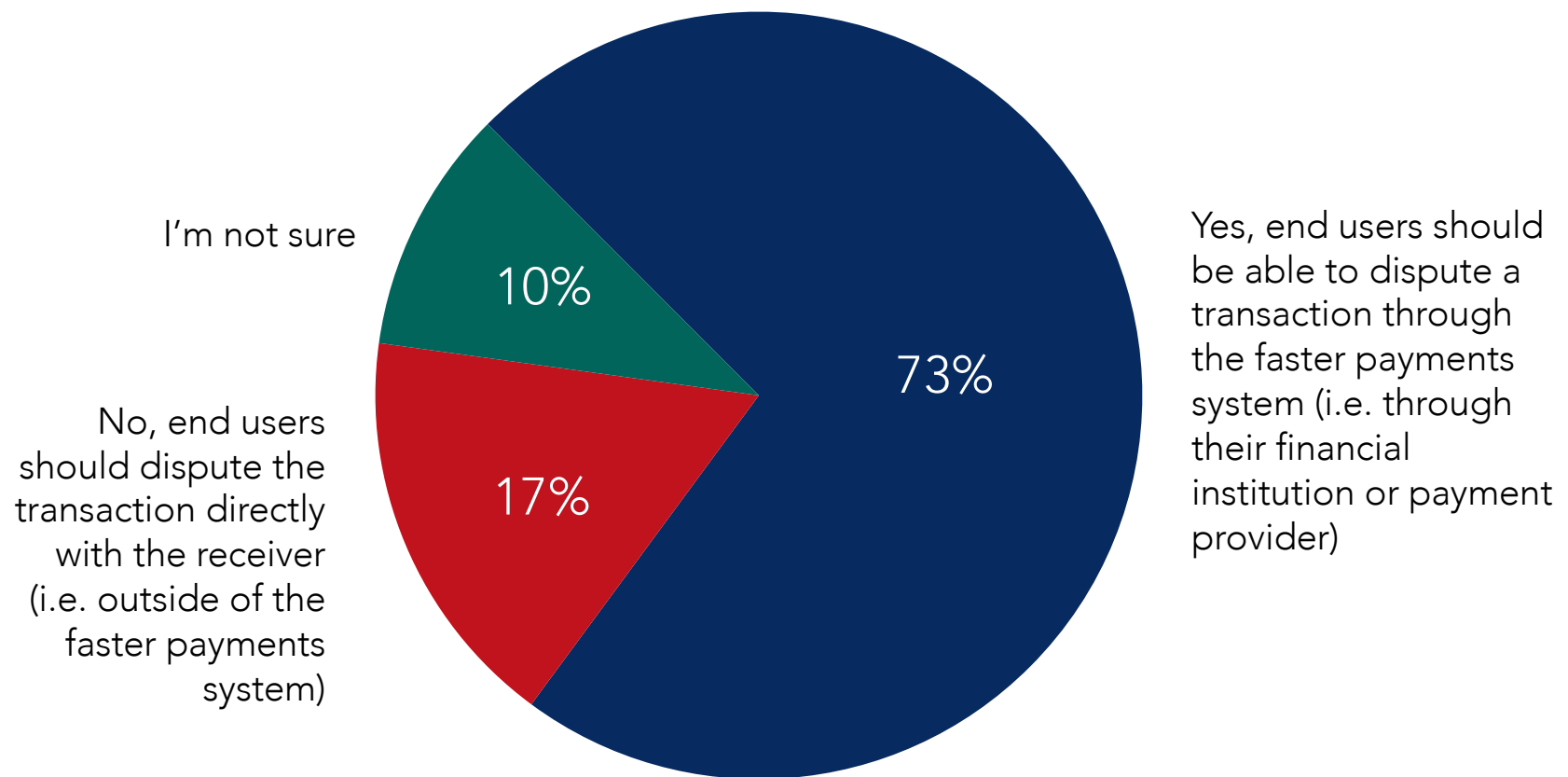


n = 533

Overwhelming support for a dispute resolution capability within the payment system

Another way that U.S. preferences vary from global standard of faster payment systems

Should dispute resolution be an inherent feature of a faster payments system?

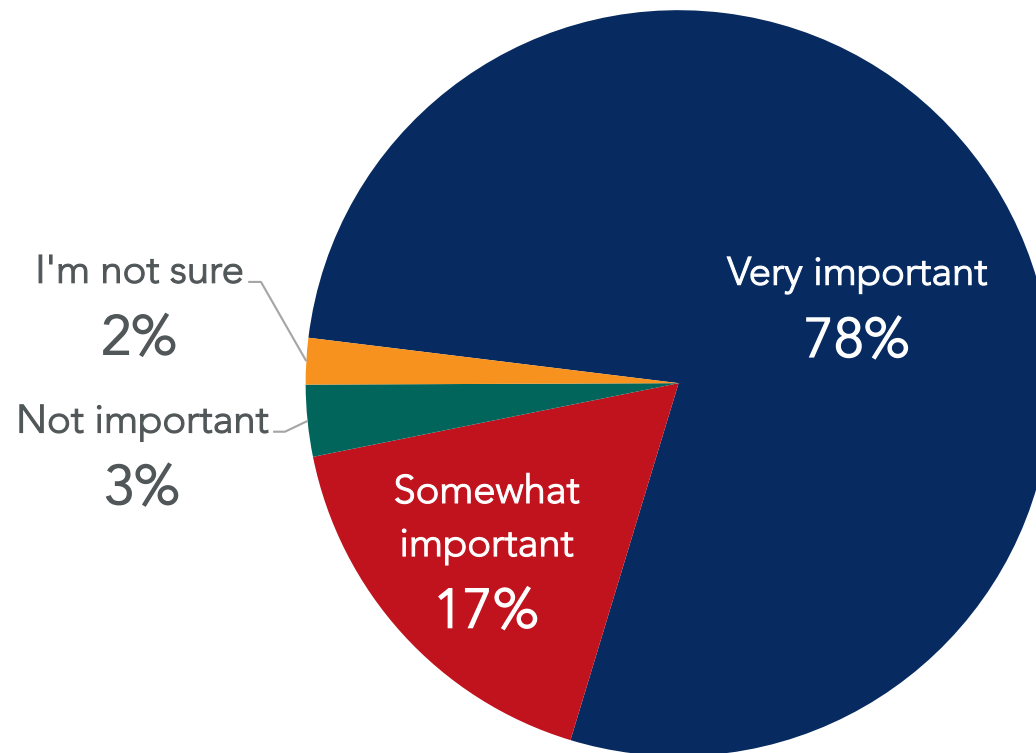


n = 533

“Interoperability must be a priority”

Finding is a resounding wake-up call to industry

How important is it to achieve interoperability across compatible faster payments systems in the U.S. market?

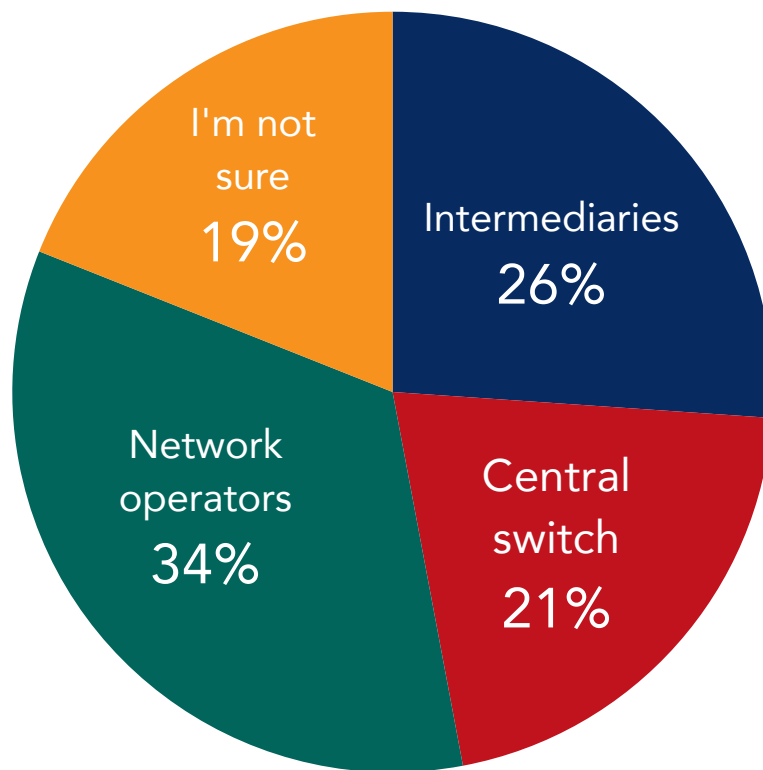


n = 548

No consensus on the *how* of interoperability but a strong preference for making it happen quickly

U.S. market likely to continue as a distributed clearing model

What is the best way to achieve interoperability among faster payments systems?

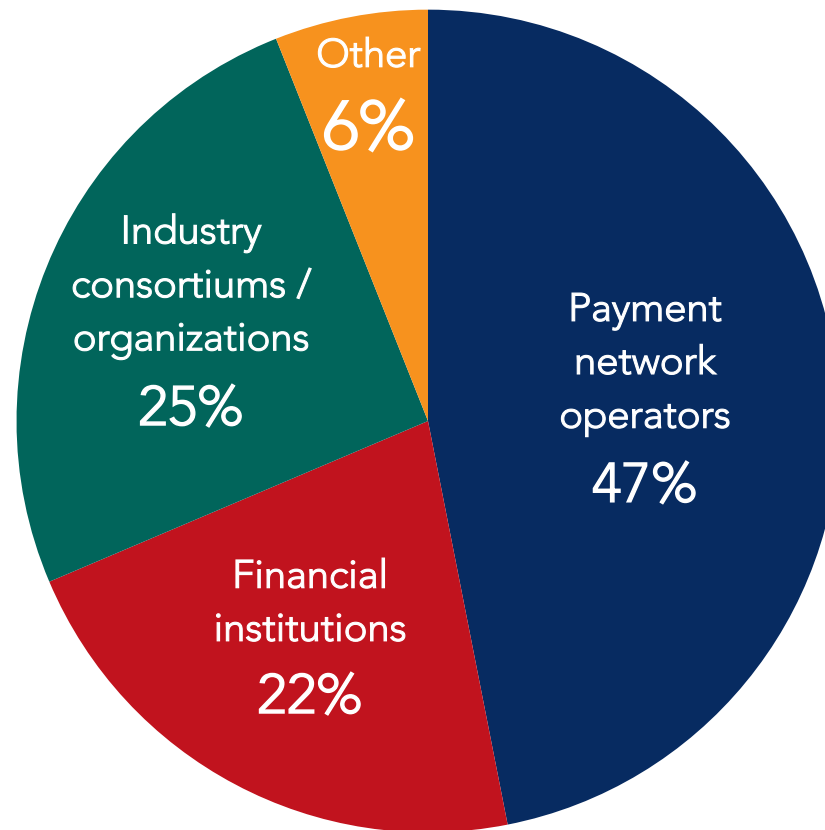


Half of respondents (49%) thought interoperability should be attained in 1-4 years with 22% opting for "as soon as FedNow is implemented"

n = 506 (asked only to respondents who selected "Very important" or "Somewhat important" for Q17)

“It will take a village for adoption - all parties need to come to the table, and not rely on just one entity.”

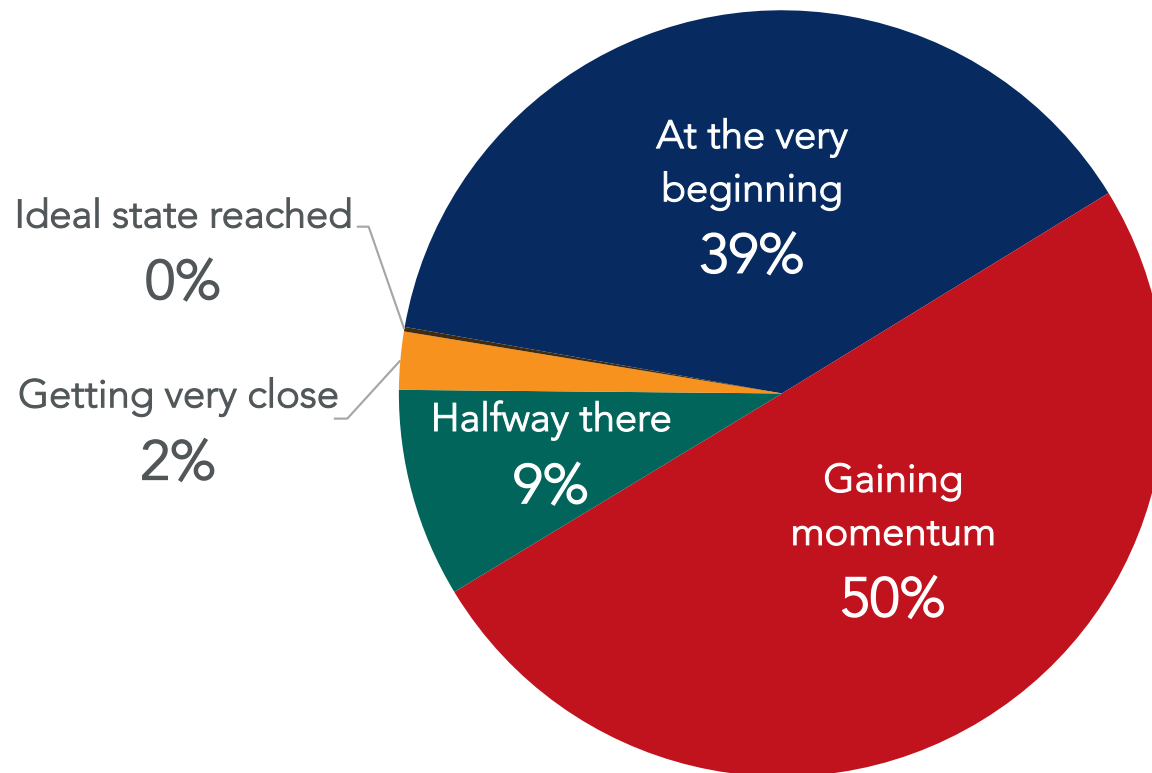
Which type of entity do you think should be the lead catalyst in fostering market adoption of faster payments?



n = 548

General agreement that U.S. is gaining momentum...

Thinking about the process of implementing faster payments on a national scale in the U.S., at what point do you think we are currently in this journey?

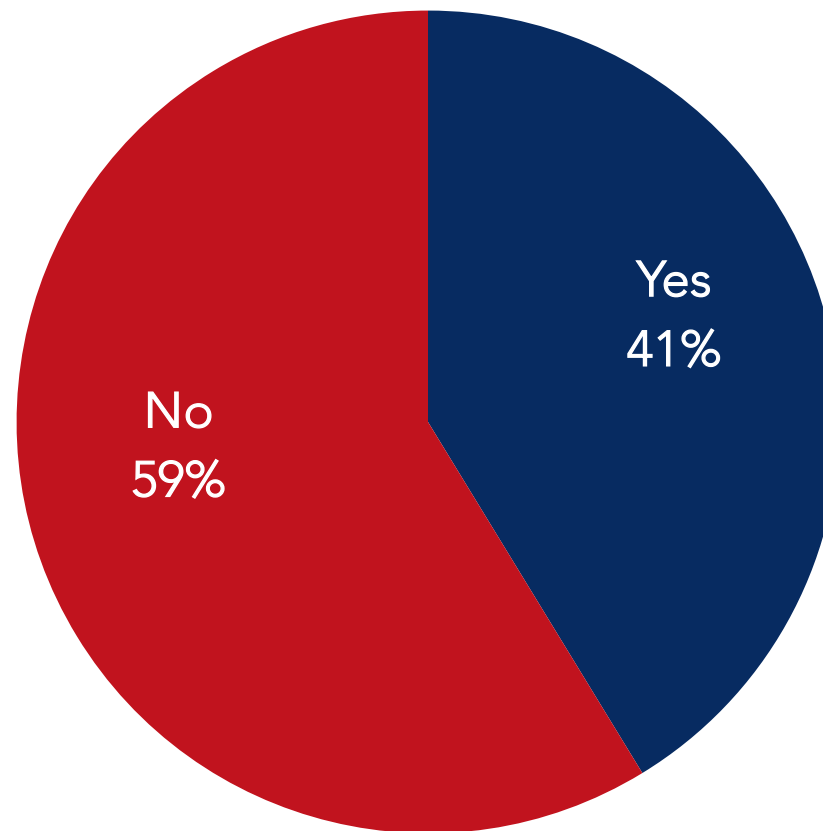


n = 533

... and strong agreement that U.S. should be doing more to achieve faster payments adoption

"lack of standards" ... "fragmentation" ... "no guarantee of interoperability"

In your opinion, is the U.S. making satisfactory progress toward faster payments adoption?



n = 533

SO, what are the big takeaways?

A fragmented option-rich market creates end user confusion and a barrier to ubiquity

- “One size fits all” solution not likely to satisfy varied use cases for end-users
- Strong consensus on the need for dispute resolution
- A few key issues lack alignment and requires industry attention
 - Optimal directory / addressing model
 - Key features such as rich data and request for payment
- Major call-to-action for the industry “write large” to enable interoperability, sooner rather than later



Please note that the word cloud was generated from respondent write-ins across all survey questions.



Thank You

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