



Welcome FPC Members!  
We will begin the webinar momentarily

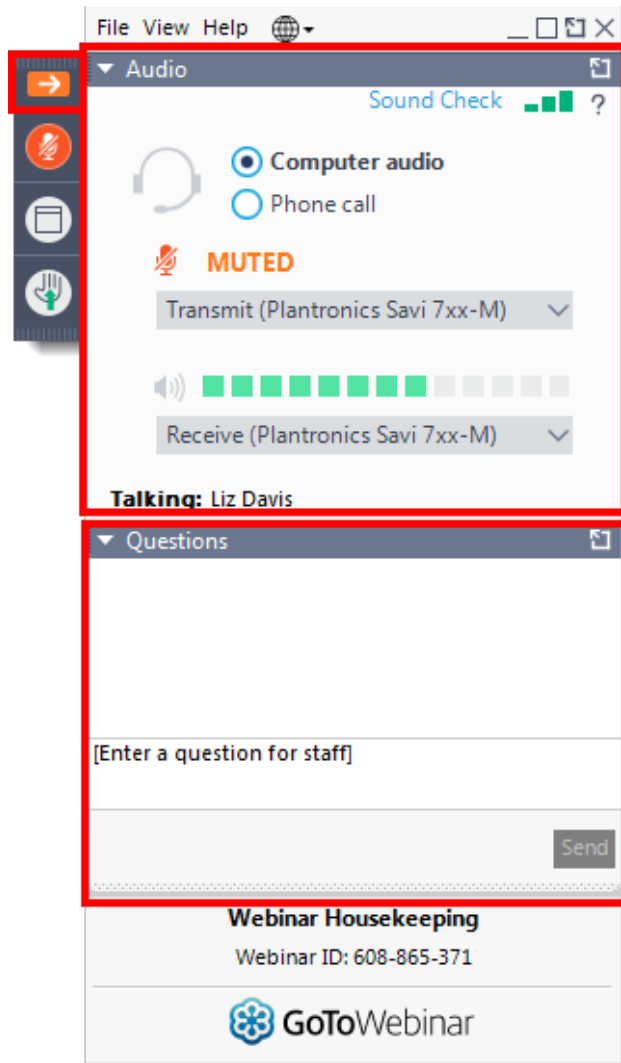


# 3<sup>rd</sup> Annual U.S. Faster Payments Barometer

FPC Members-Only Version

December 14, 2021

# GoToWebinar Housekeeping: Attendee Participation



## Your Participation

Open and close your control panel

Join audio:

- Choose **Mic & Speakers** to use VoIP
- Choose **Telephone** and dial using the information provided

Submit questions and comments via the Questions panel

**Note:** Today's presentation is being recorded and will be provided following the webinar.

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- Allocating or monopolizing geographic markets or customers;
- Encouraging boycotts or seeking to exclude specific participants.

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The antitrust laws are complicated and often unclear. If any member is concerned that he or she may be in a "gray area," that member should consult with FPC or legal counsel. If the conversation among competitors at an FPC meeting turns to antitrust-sensitive issues, participants should discontinue the conversation until legal advice is obtained, or else leave the meeting immediately.



# 3<sup>rd</sup> Annual U.S. Faster Payments Barometer

FPC Members Only Webinar

December 14, 2021

## The Glenbrook Team



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## Survey Methodology & Demographics

## The Faster Payments Barometer is an annual quantitative survey

- 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 by Glenbrook and the FPC
- Survey has received broad coverage across industry stakeholder groups including those deeply involved in “faster” as well as the general payments professional

### Fall 2019

- **Foundational.** Established a baseline “state of the industry” perspective
- **Components.** Criteria and features for a U.S. based faster payments system, barriers to adoption and market adoption progress

### Fall 2020

- **Exploratory.** Measure industry progress and perceptions, and delve into specific use cases and trends
- **Components.** Use case applications, their systems and challenges, as well as industry challenges preventing broader market adoption

### Fall 2021

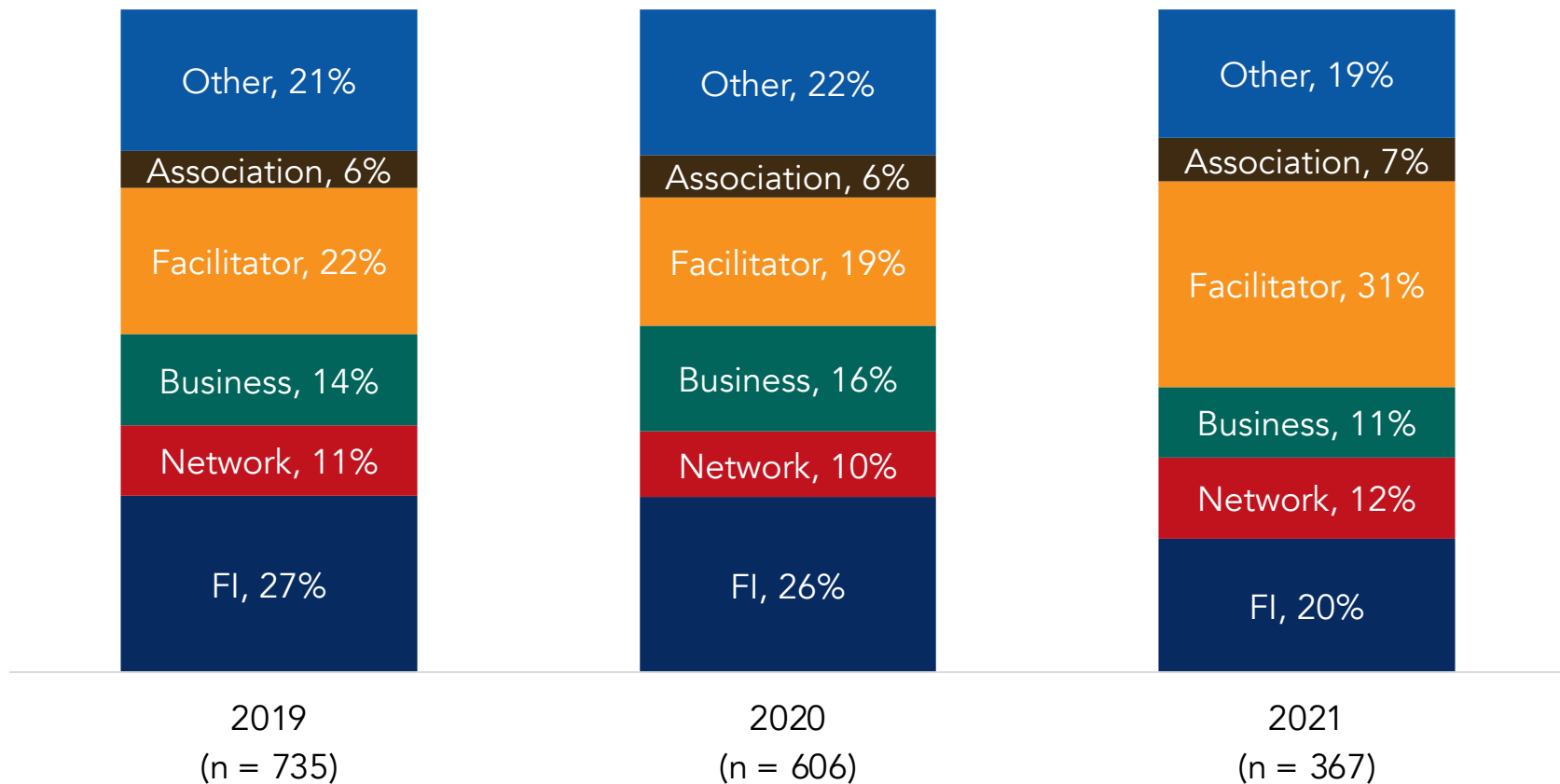
- **Exploratory.** Continue to measure industry progress and perceptions, and delve into value-added services and future enhancements
- **Components.** Value-added services, dispute resolution, fraud management, and interoperability

Deck to be distributed after webinar will include a few, additional detailed slides.



Survey drew similar response rates by segment as prior years, with a larger share of facilitators / intermediaries

How would you describe the organization that you work for?

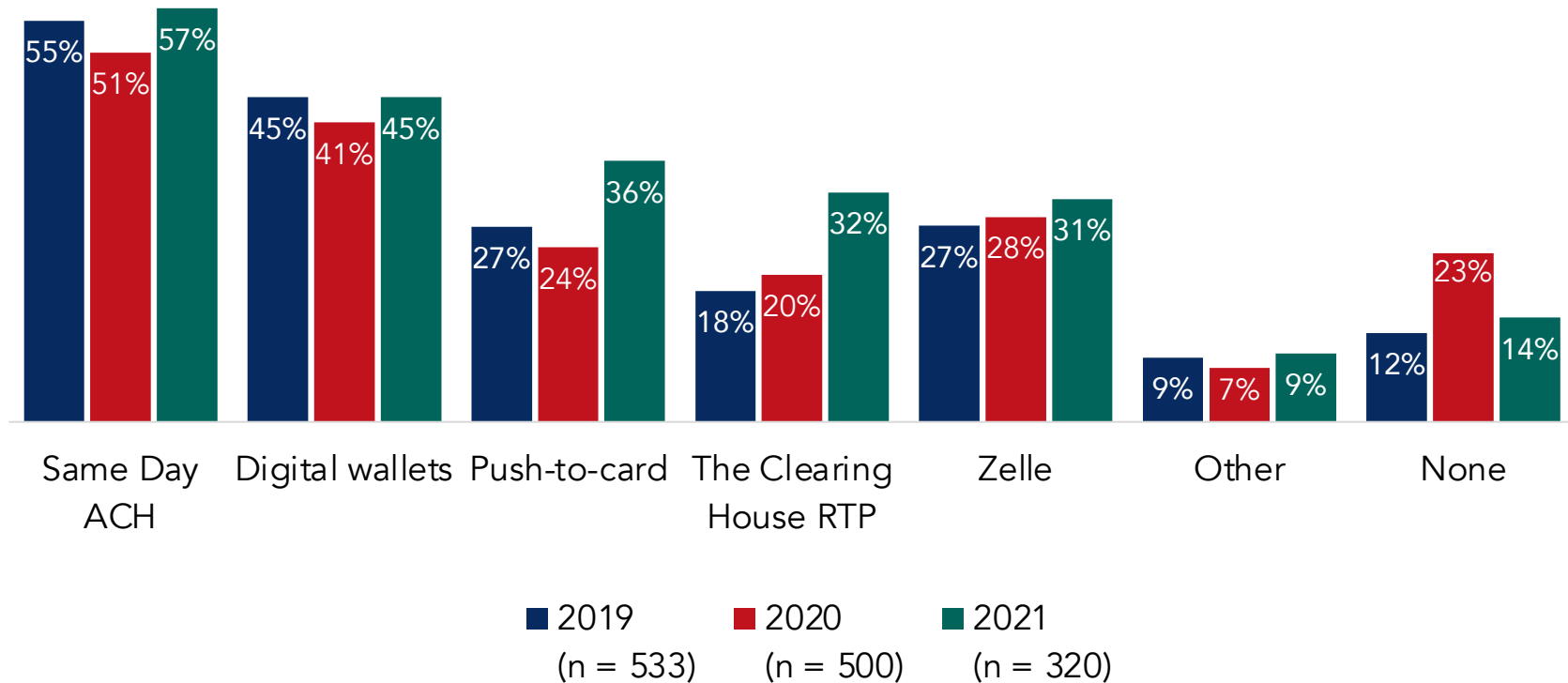




## Survey Results: Current State

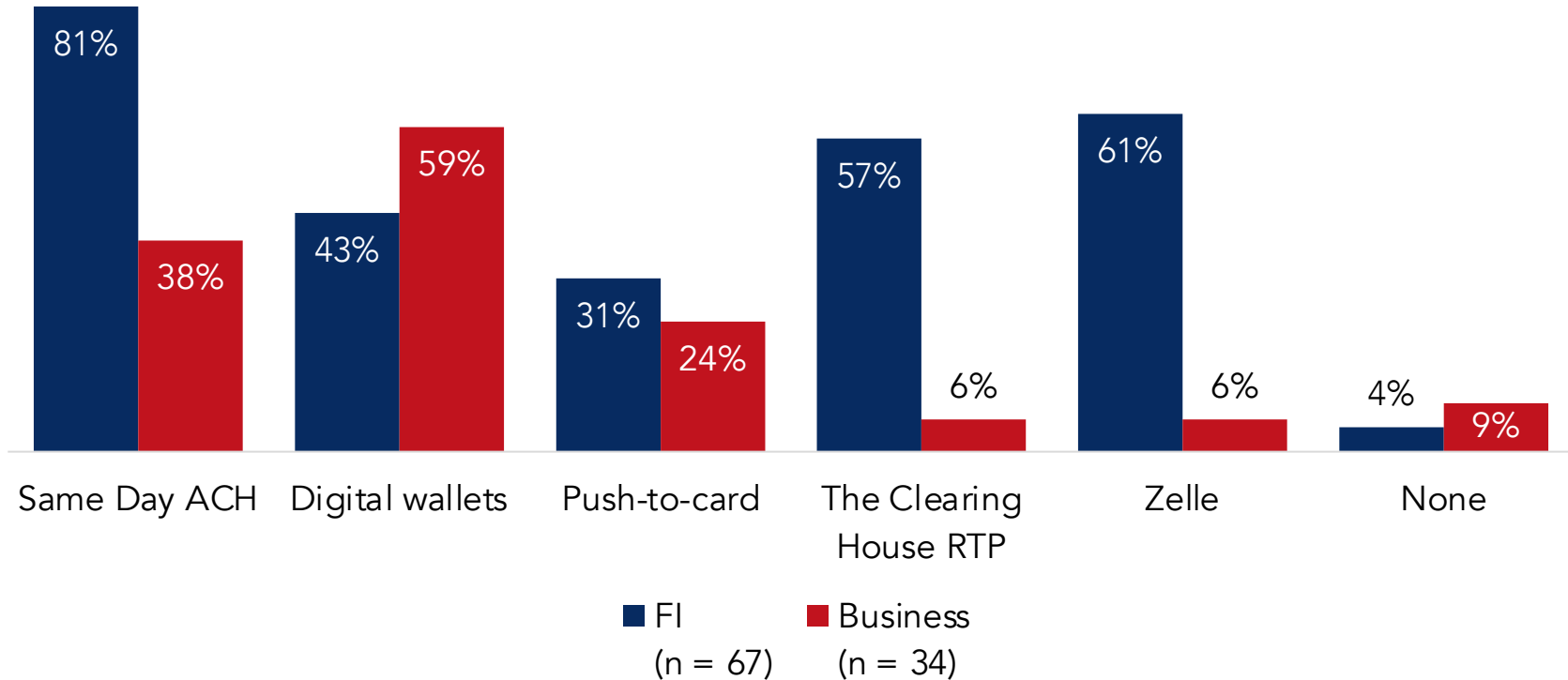
Adoption of faster payments is up for all systems compared to last year, with the most significant increase stemming from push-to-card and RTP

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



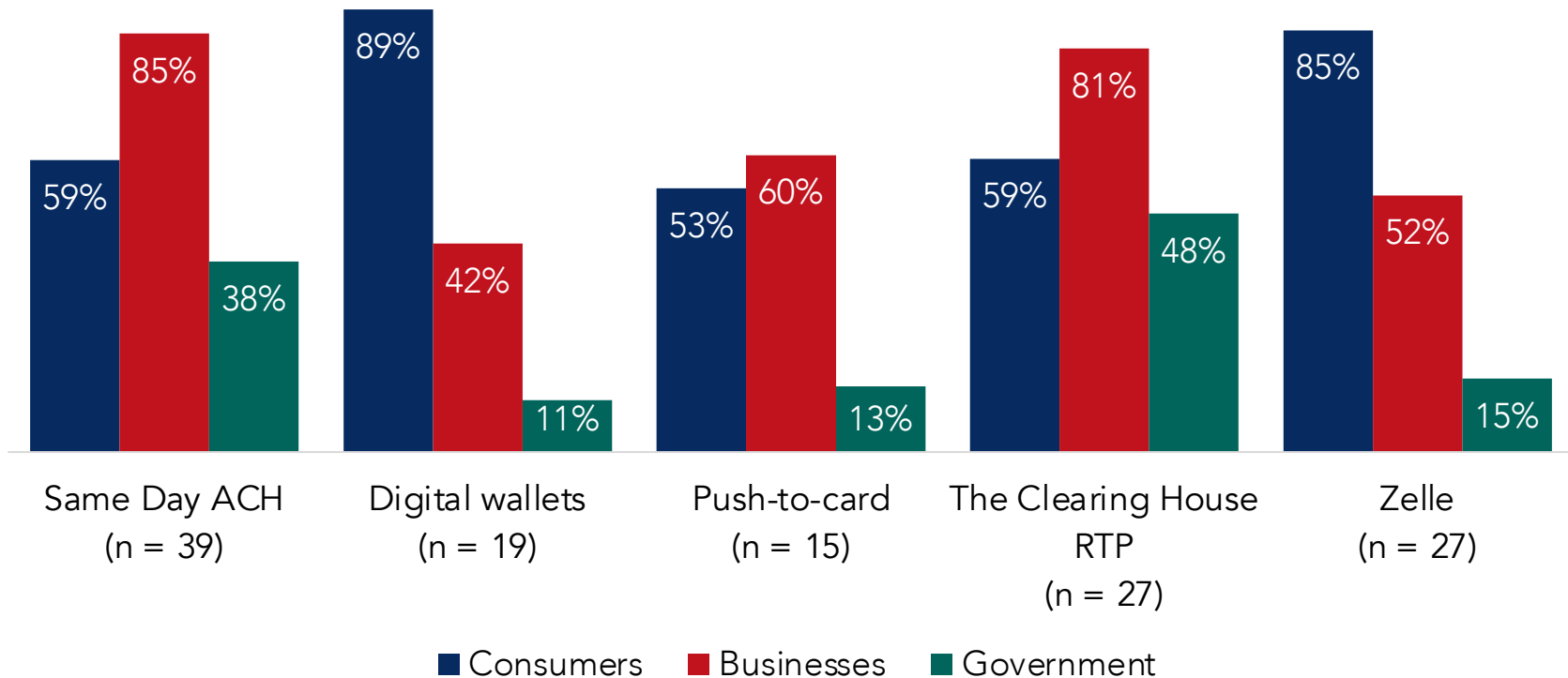
## Financial institutions continue to lead businesses in adoption of most faster payment systems

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



## Faster payments systems are being made available to multiple types of end users

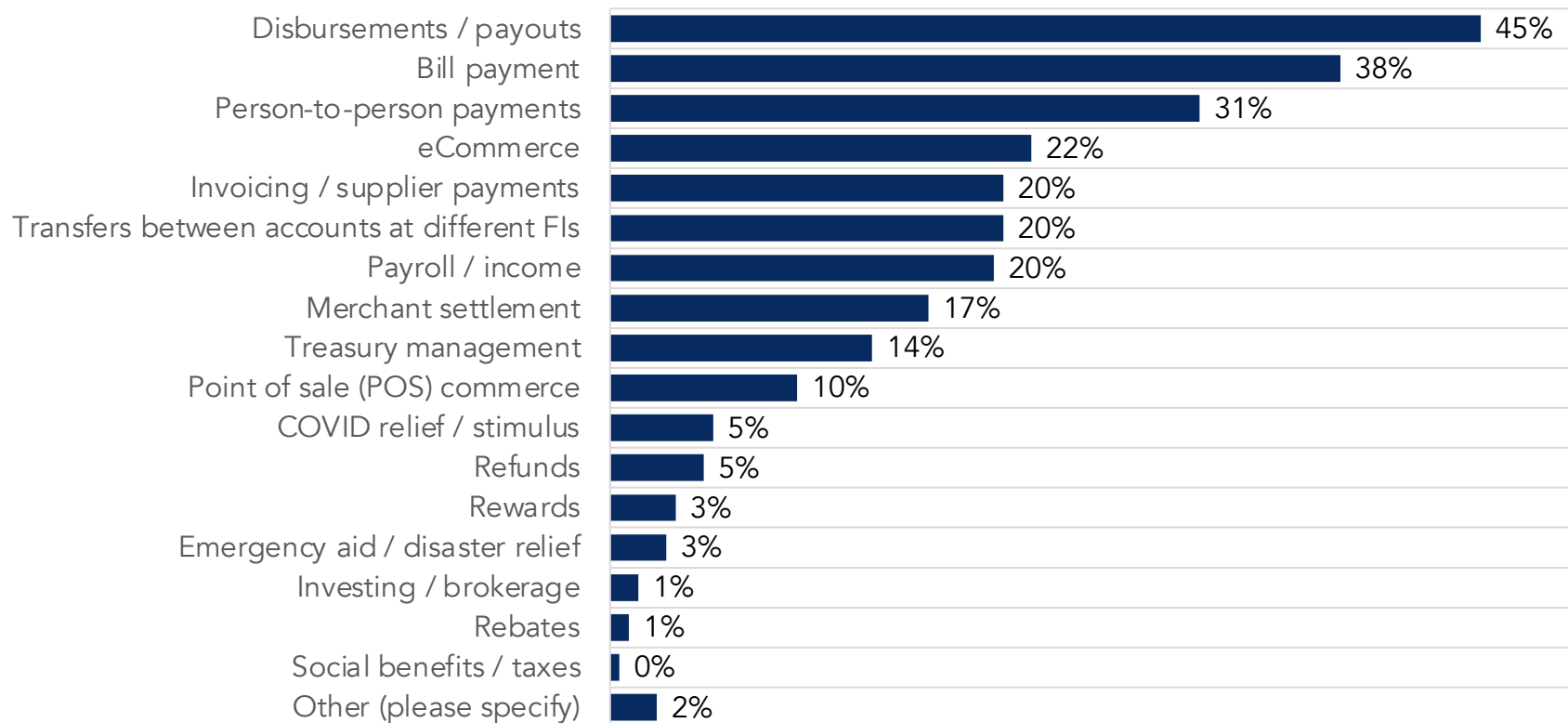
What customers are you making each faster payments system available to today in the U.S. market? Select all that apply. (FIs only)\*



\*Financial institutions were only asked about faster payments systems they have already implemented

Respondents that have implemented faster payments cite disbursements / payouts, bill payment, and P2P as top use cases

**Which of the following use cases is your organization using/enabling faster payments for today? Select the top three.\* (n = 206)**

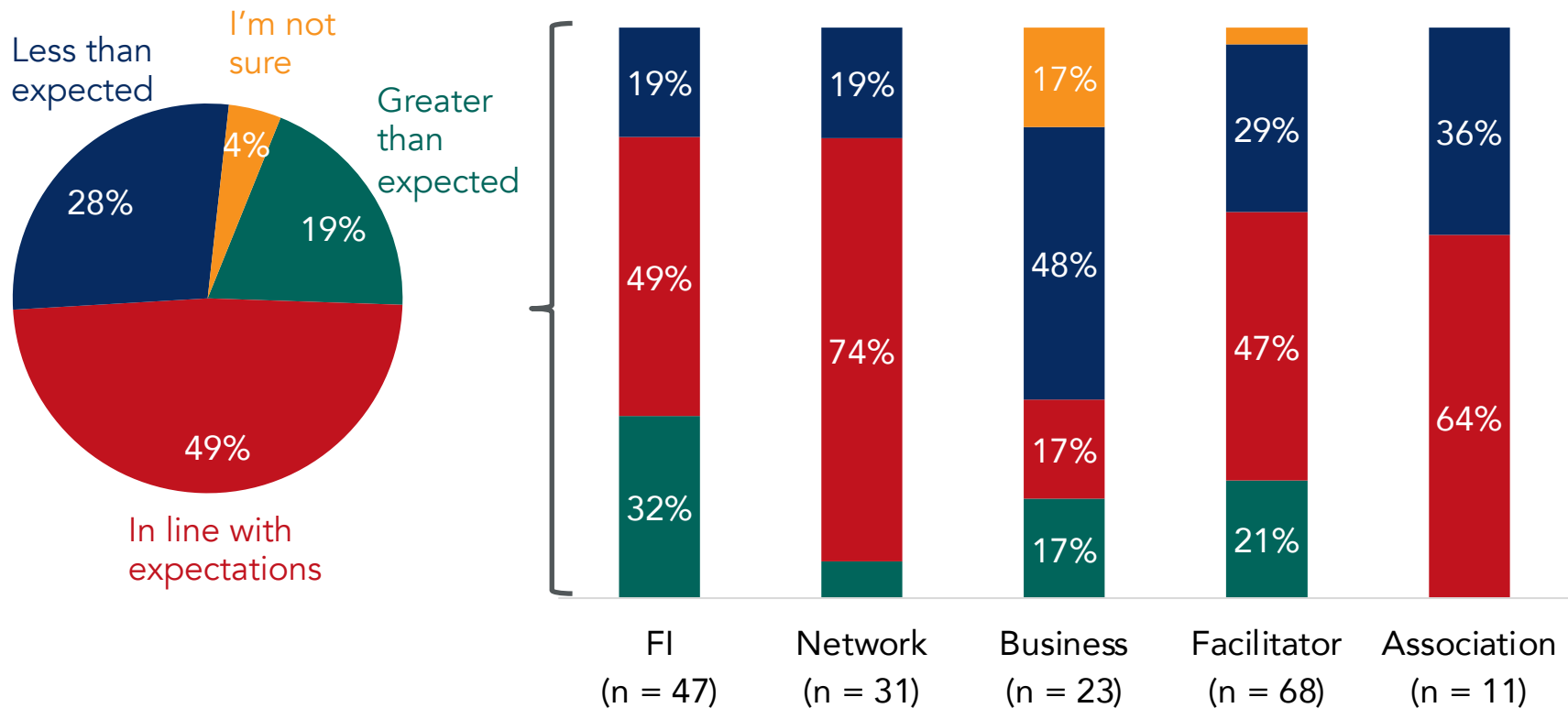


\*Respondents were only asked if they have implemented at least one faster payments system

Note: In last year's survey, respondents were asked which use cases they are using each individual faster payments system for

Of respondents that have enabled a faster payments system, nearly half assert that customer adoption is in line with their expectations

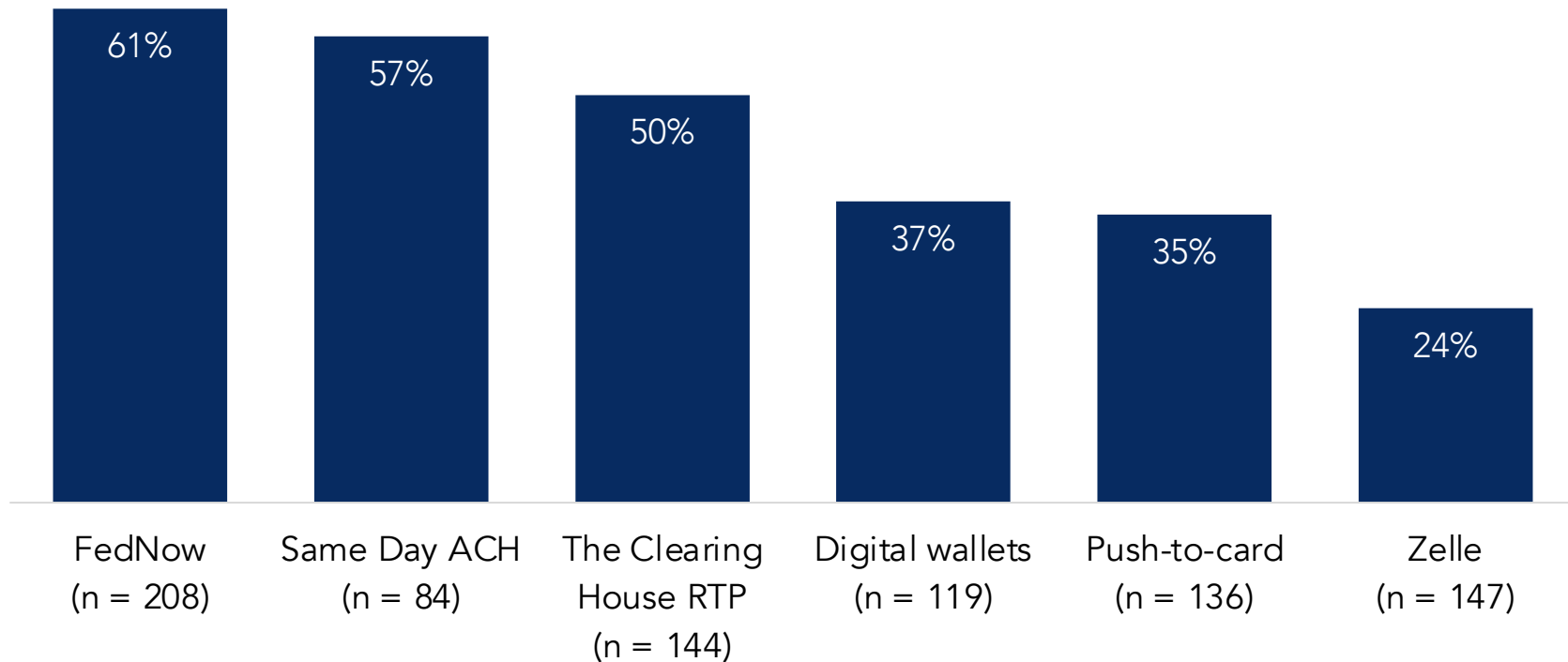
As it relates to adoption of faster payments across your organization, which of the following is true?\* (n = 206)



\*Respondents were only asked if they have implemented at least one faster payments system

## Interest in implementing new or additional faster payments systems continued to be strong

Is your organization currently planning to implement each of the following faster payments systems?\*

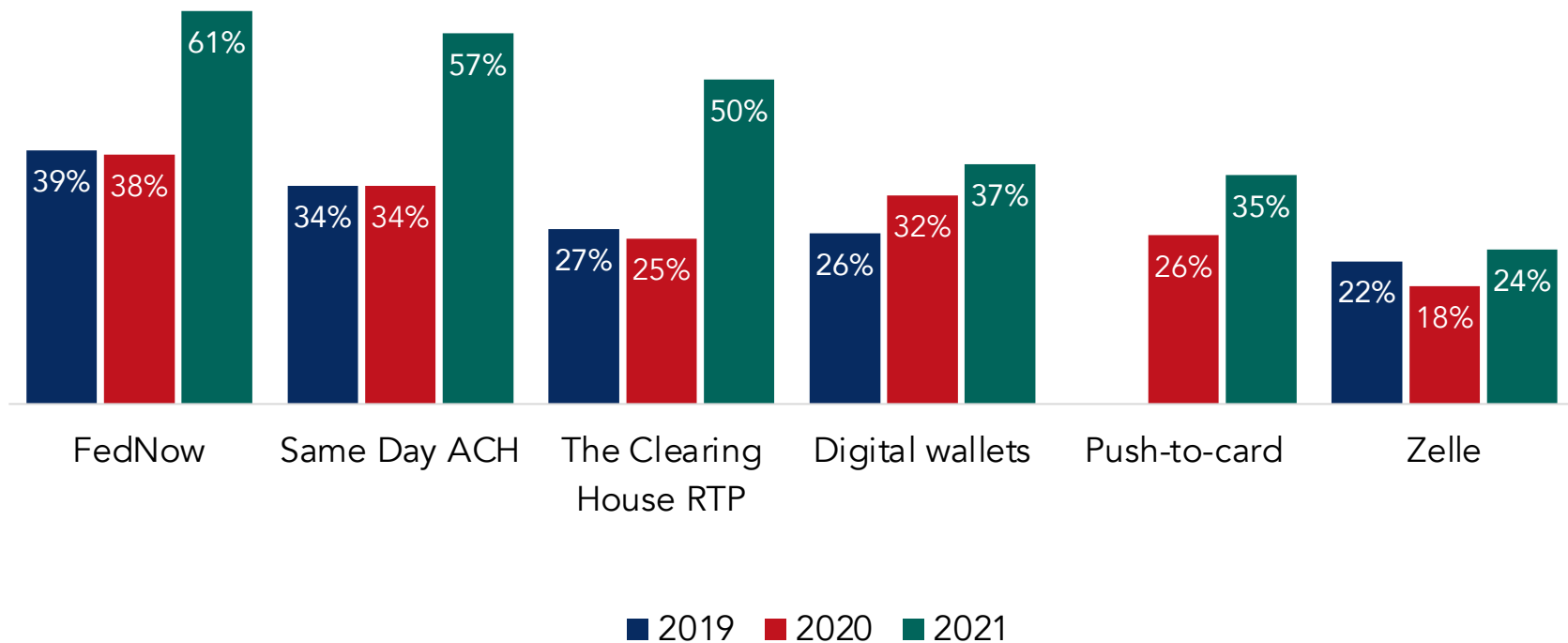


\*Respondents were only asked about faster payments systems they have not yet implemented



Compared to prior years, a much larger share of survey respondents are planning to implement additional faster payments systems

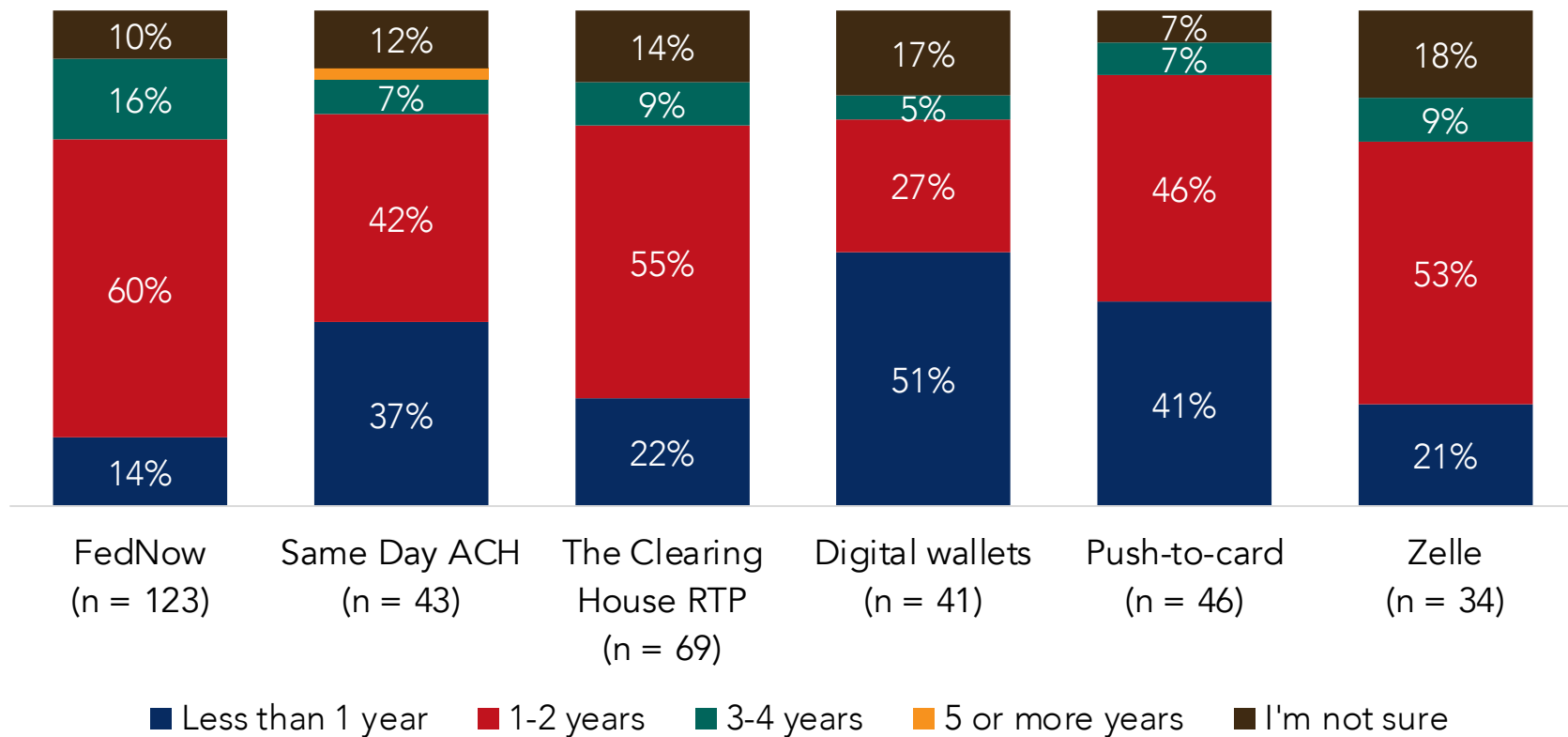
Is your organization currently planning to implement each of the following faster payments systems?\*



\*Respondents were only asked about faster payments systems they have not yet implemented

## Implementation timeframes are relatively short across the board

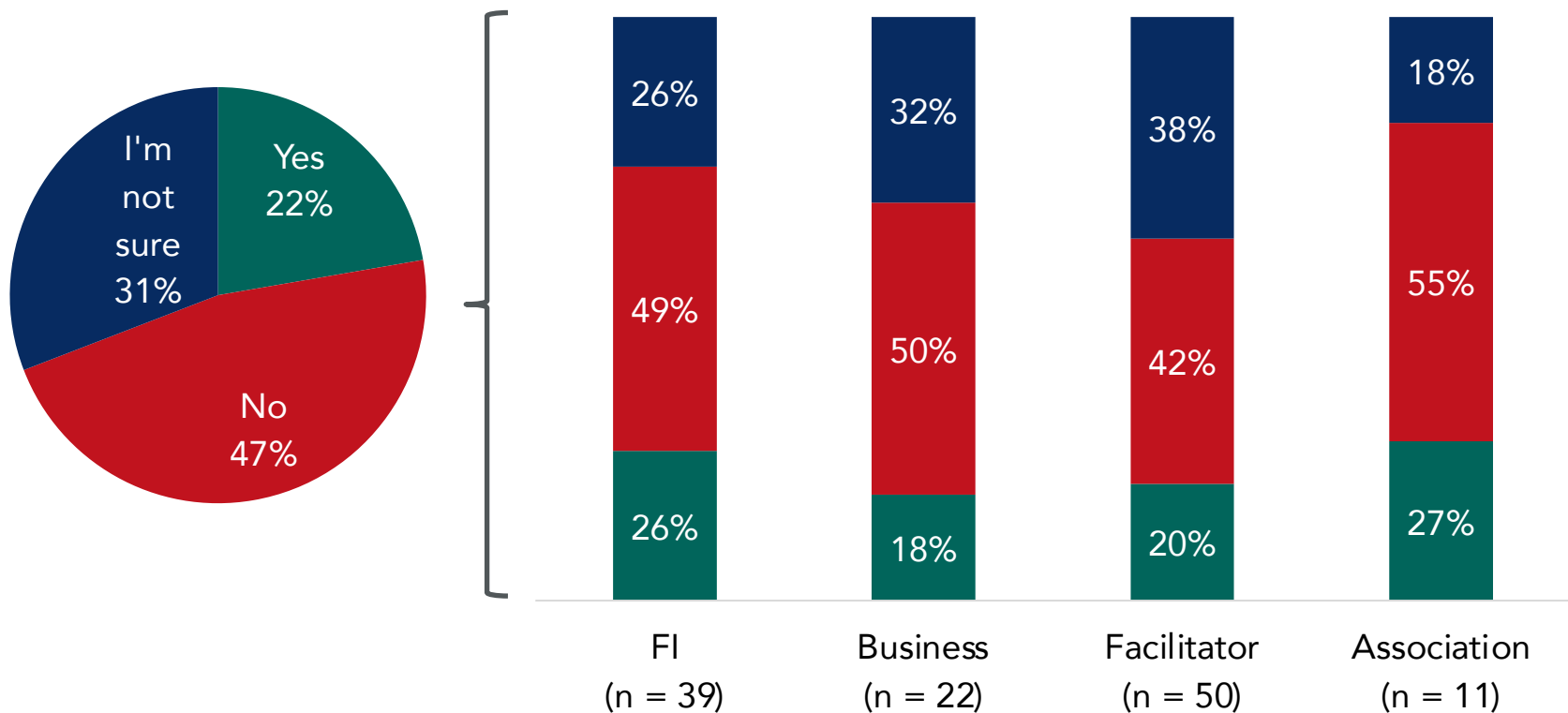
What is your organization's expected timeline to implement the following faster payments system(s)?\*



\*Respondents were only asked about faster payments systems they are planning to implement

Respondents that have implemented faster payments are not seeing an overwhelming spike in fraud, though nearly a third are not sure

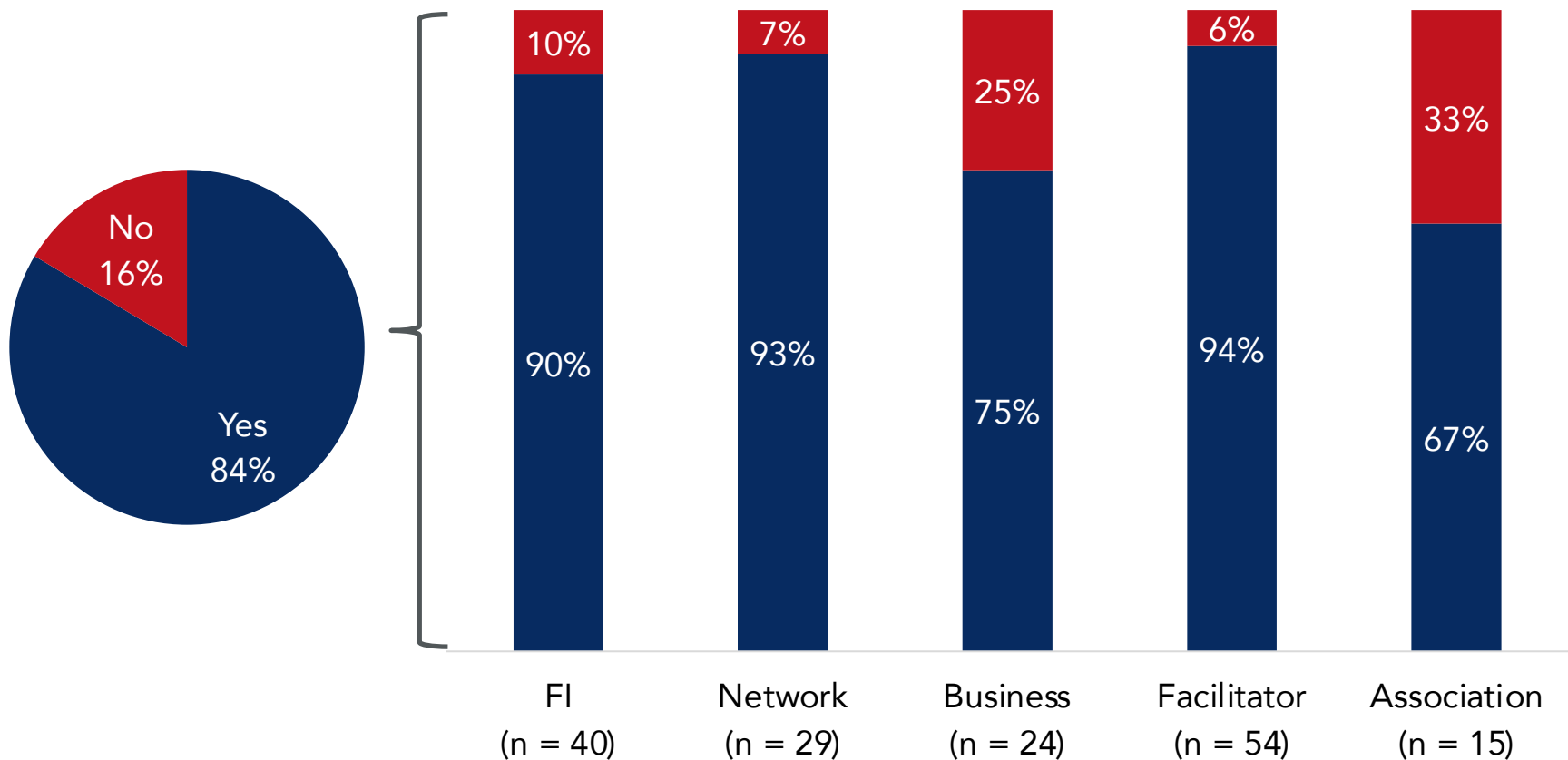
Are you seeing an increase in fraud as a result of implementing faster payments?\* (n = 175)



\*Respondents were only asked if they have implemented at least one faster payments system

The criticality of faster payments to the industry remains strong, and increased from 75% last year

Do you consider faster payments to be a "must have" for your organization? (n = 195)



# Customer demand is a driving factor behind why both financial institutions and businesses consider faster payments to be important

Do you consider faster payments to be a “must have” for your organization?



- “Faster Payments are critical to our long-term payment strategy”
- “Customers are very much interested in faster payments”
- “Faster payment platforms are critical to improve competitiveness.”
- “It's the direction of the industry so it will be table stakes soon”
- “Faster payments are now a standard requirement to be competitive in the financial marketplace”
- “We view ability to make faster payments to be foundational for a bank”



- “As consumers are migrating to electronic payments, faster payments could be the rails that will generate superior customer experiences”
- “Good funds is essential”
- “We need a competitive low cost payment alternative.”
- “Faster payments would be great from a cash flow perspective, but more than that users expect instantaneous services today and are incredibly frustrated when payments are pending for a period of time”



## Survey Results: Adoption Barriers

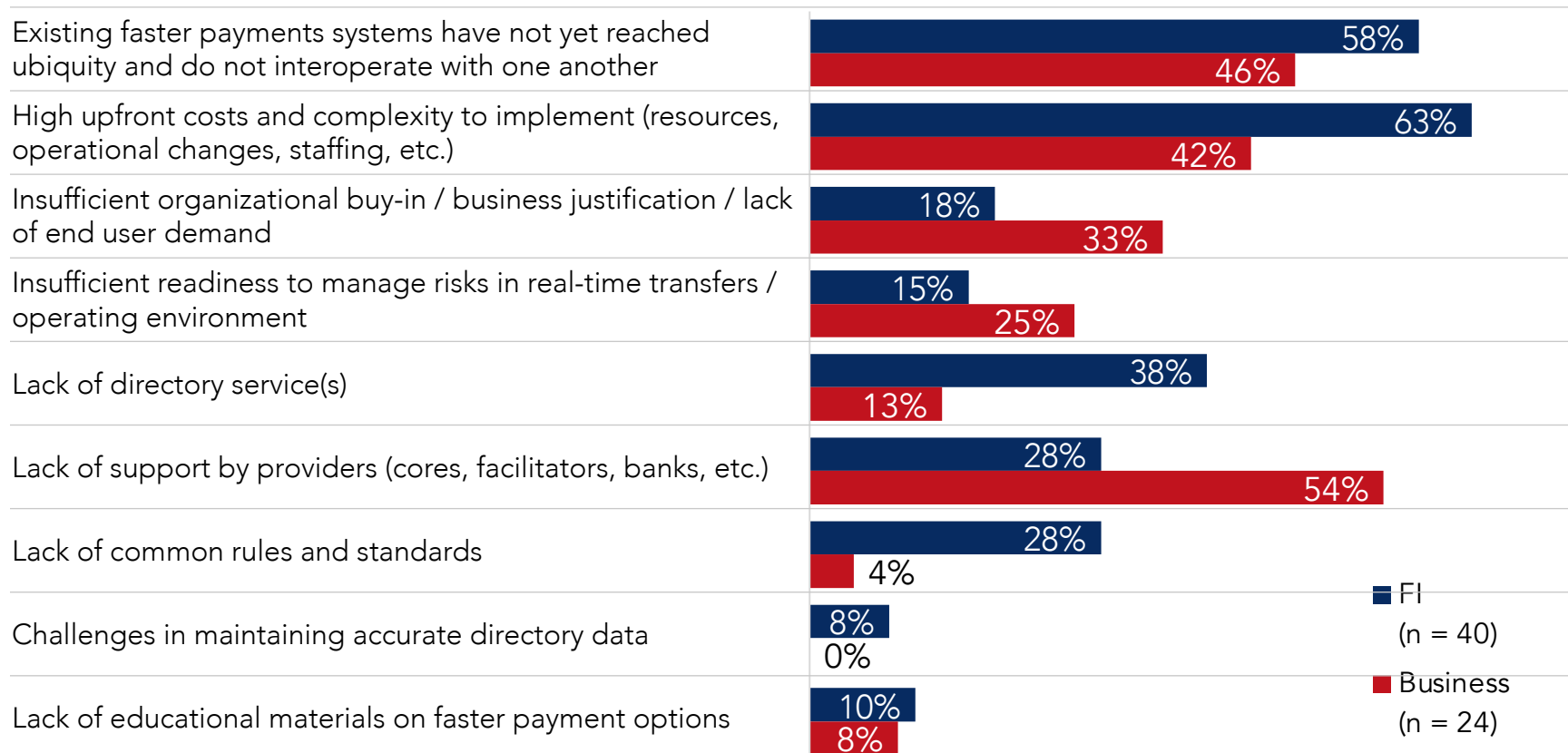
## The top two challenges to faster payments adoption remain unchanged

**Which of the following challenges to faster payments adoption are most relevant for your organization? Select up to three. (n = 195)**



## There is general alignment on the challenges to faster payments adoption but businesses cite lack of support by providers

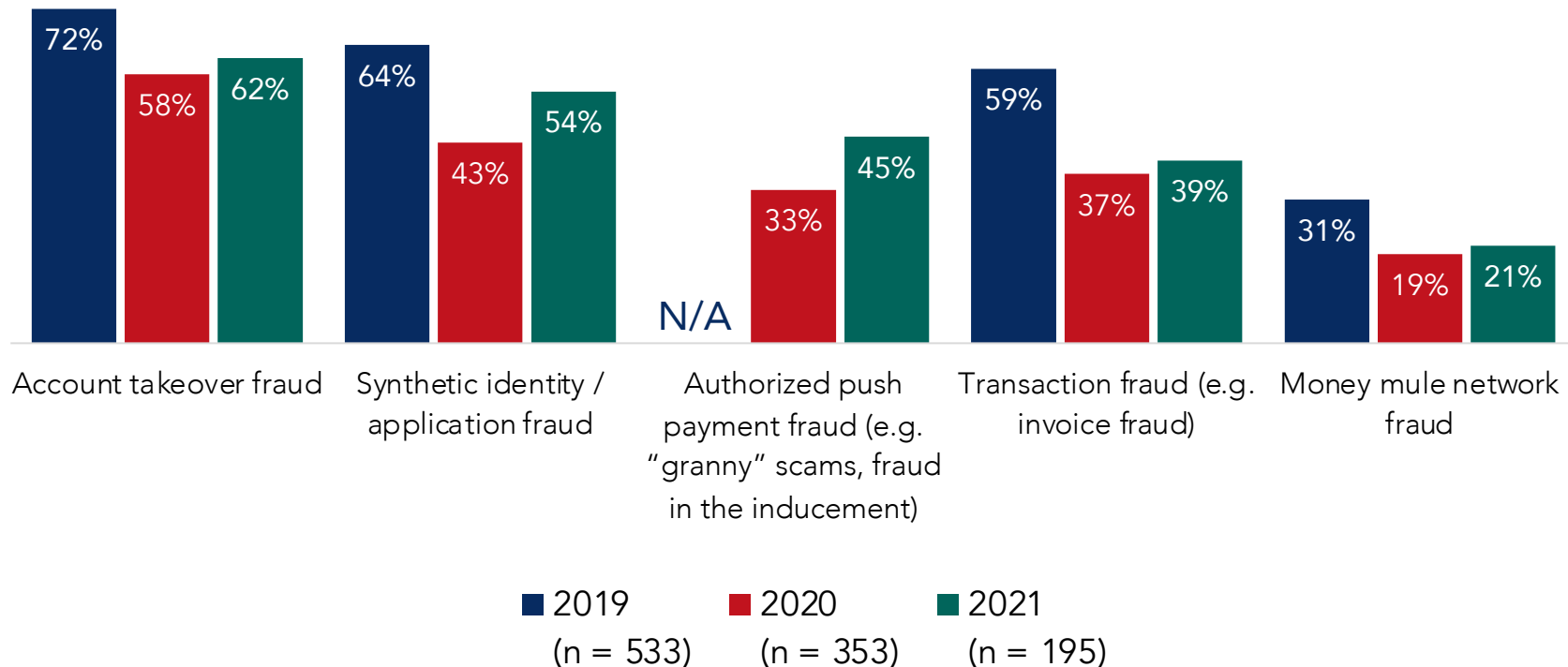
**Which of the following challenges to faster payments adoption are most relevant for your organization? Select up to three.**





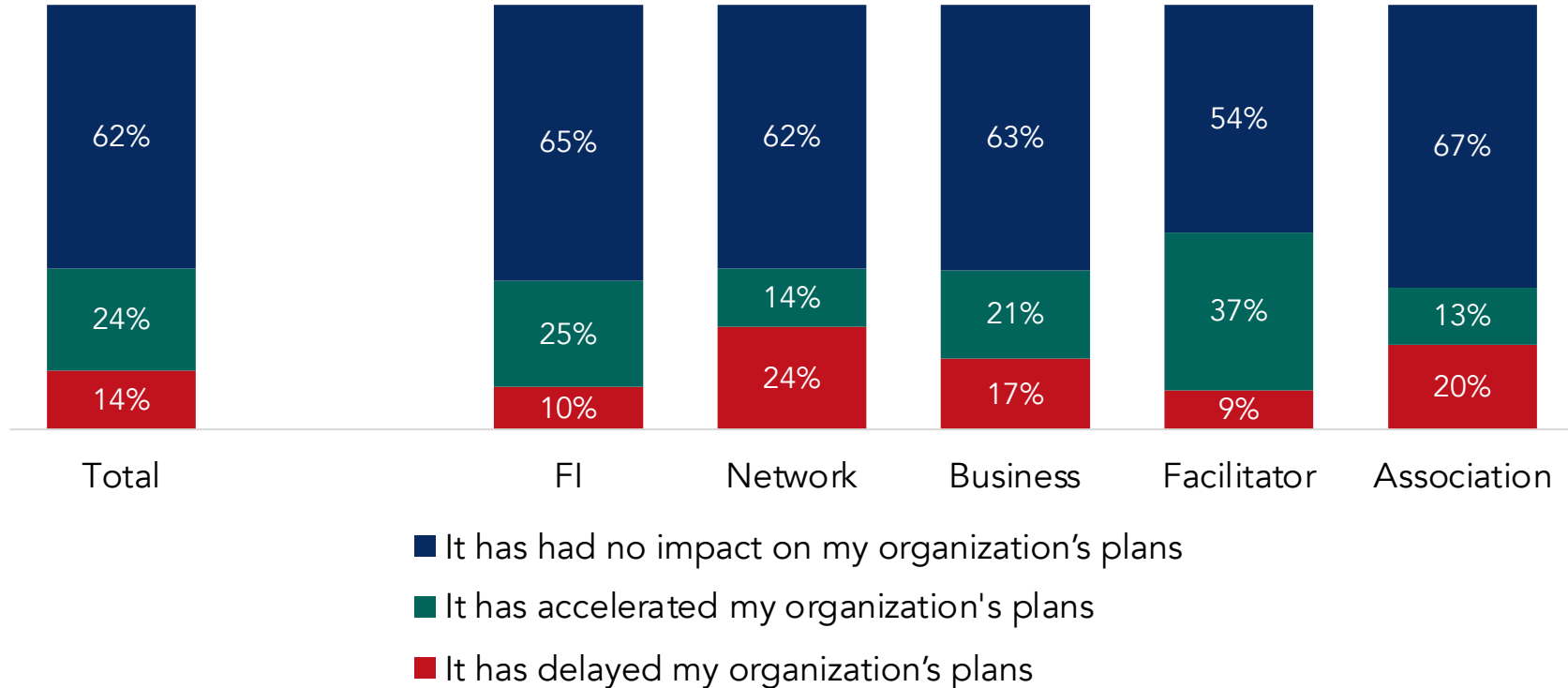
The types of fraud in faster payments that concern respondents remains largely unchanged from prior years

What types of fraud concern you the most in faster payments? Select up to three.



Despite the challenges of the pandemic, most respondents claim that it has had no impact on their plans to pursue faster payments

How has COVID-19 and/or any associated resource constraints impacted your organization's decision to pursue implementation of faster payments? (n = 195)

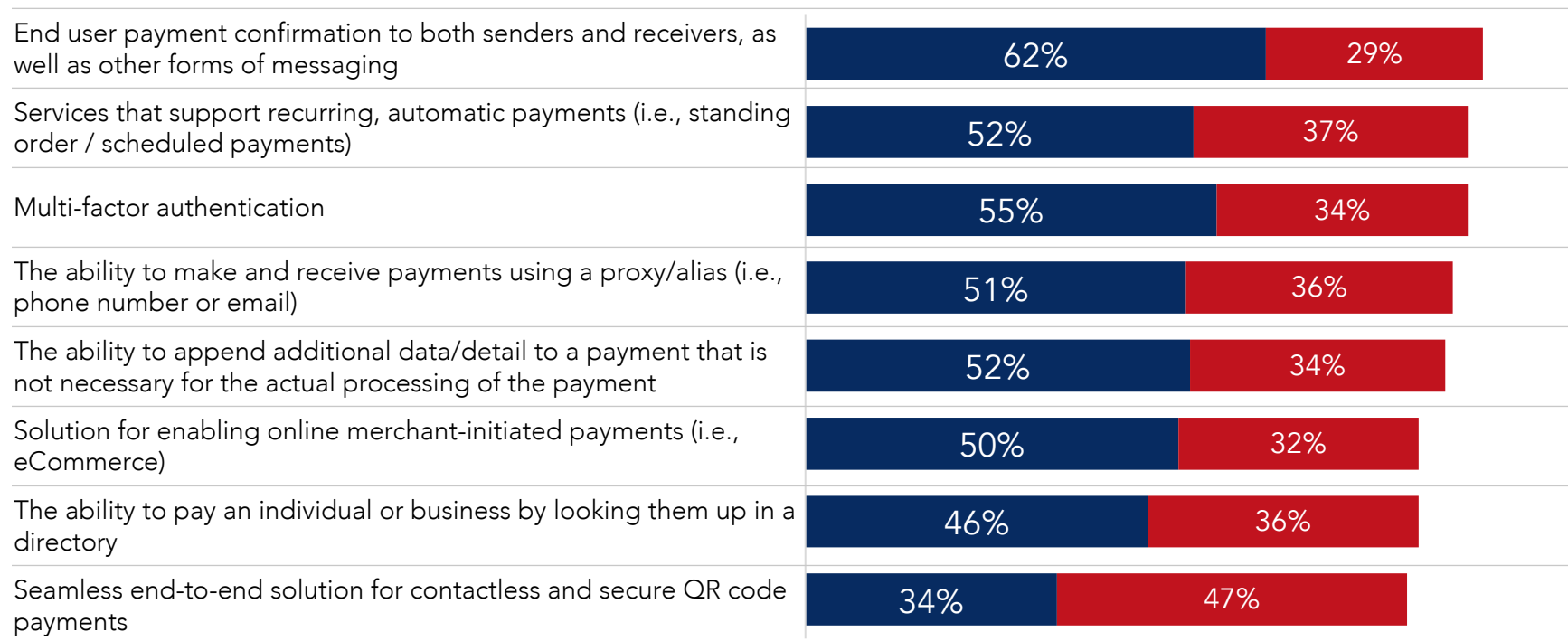




## Survey Results: Looking Ahead

## Respondents are very interested in value-added services / overlays

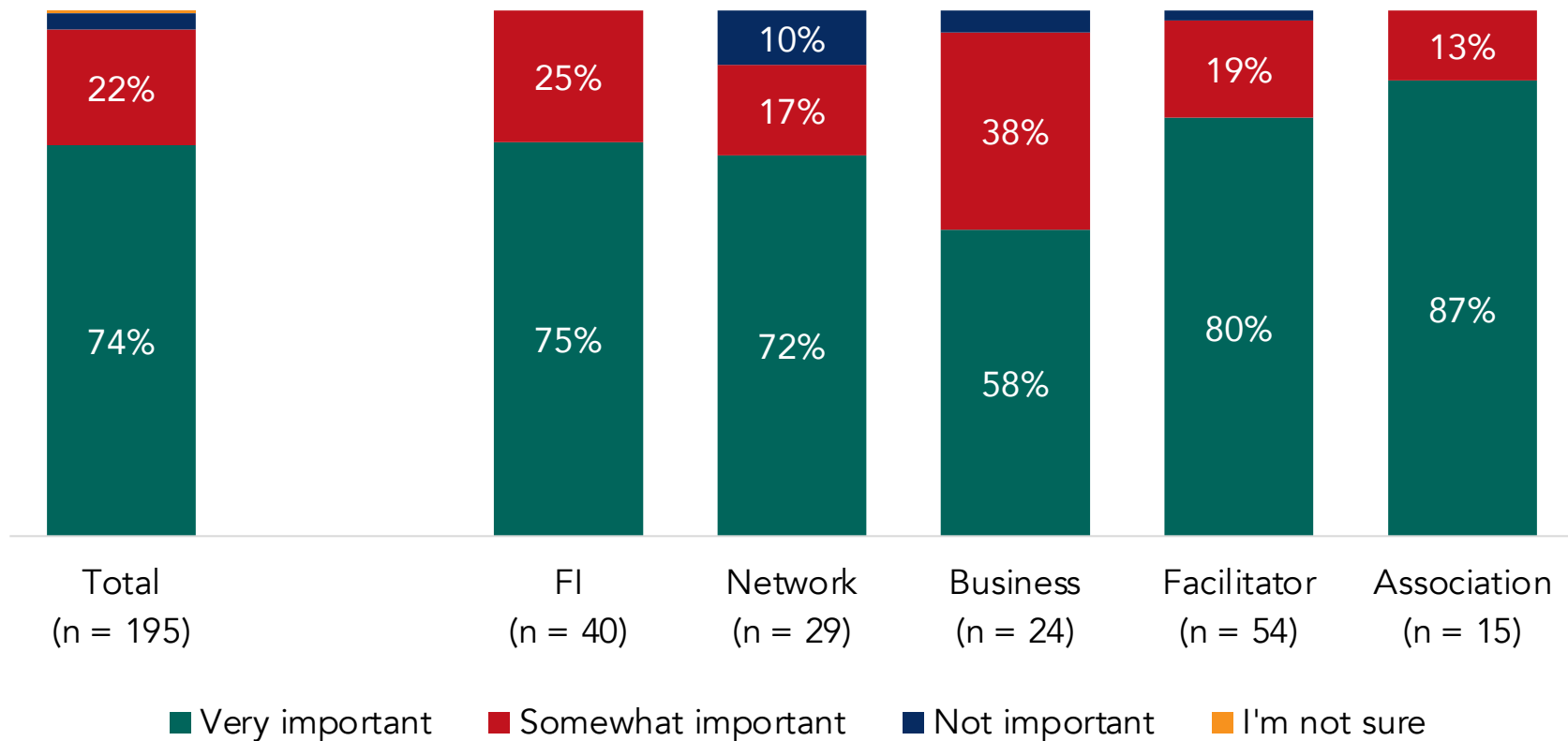
**Please describe your interest in the following faster payments value added services / overlays, particularly in their potential to accelerate market adoption. (n = 195)**



■ Very interested    ■ Somewhat interested

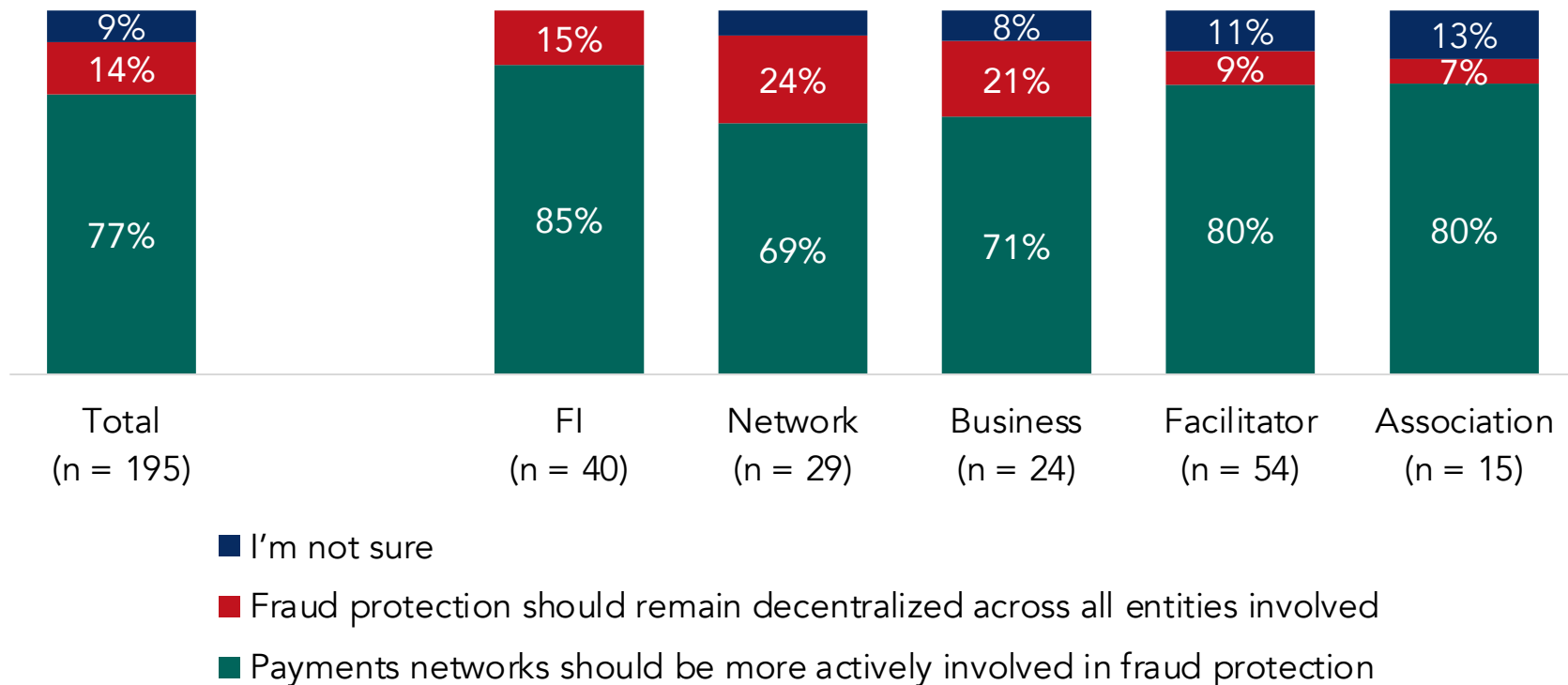
## Survey respondents strongly believe that interoperability is key enabler

In your view, how important is it to achieve interoperability across compatible faster payments systems?



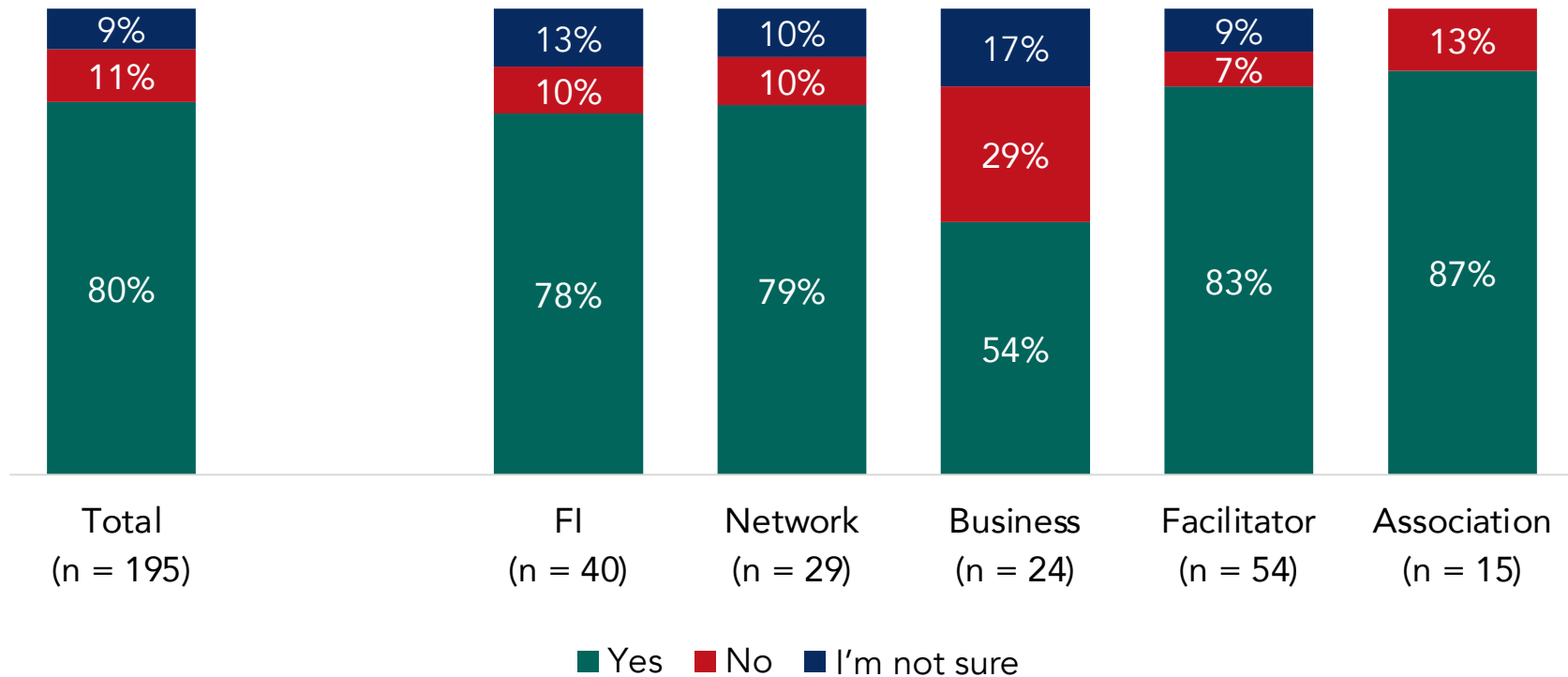
## Respondents overwhelmingly believe that faster payments systems should be more actively involved in fraud detection and deterrence

Should payments networks themselves be more actively involved in fraud detection and deterrence, or should this responsibility remain decentralized across the entities involved in the payments value chain?



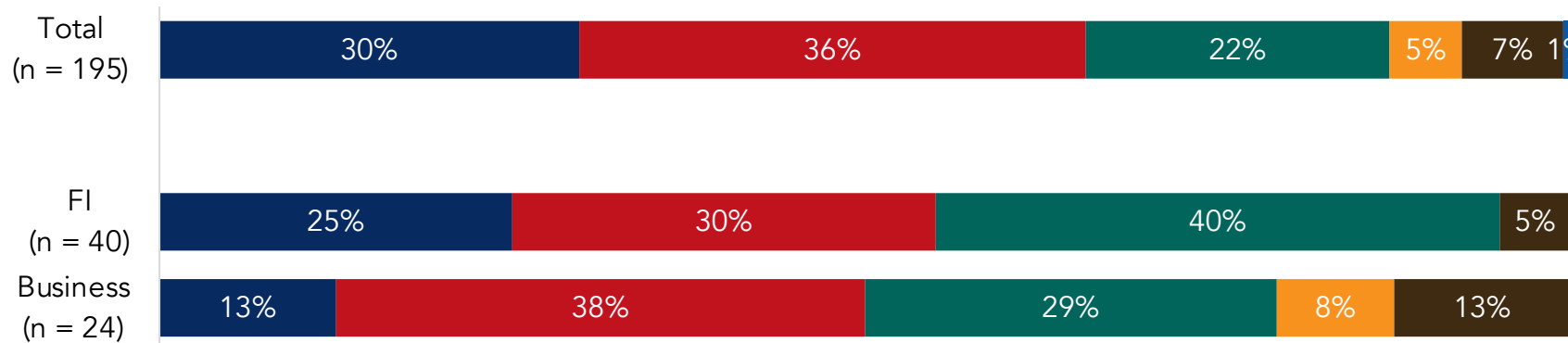
Respondents believe that dispute resolution should be an inherent feature in faster payments systems, as was the case in prior years

Should dispute resolution be an inherent feature of a faster payments system  
(as it is in the card networks)?



## Support for cross-border faster payments continues to increase

When should the U.S. implement cross-border faster payments beyond the existing cross-border models?

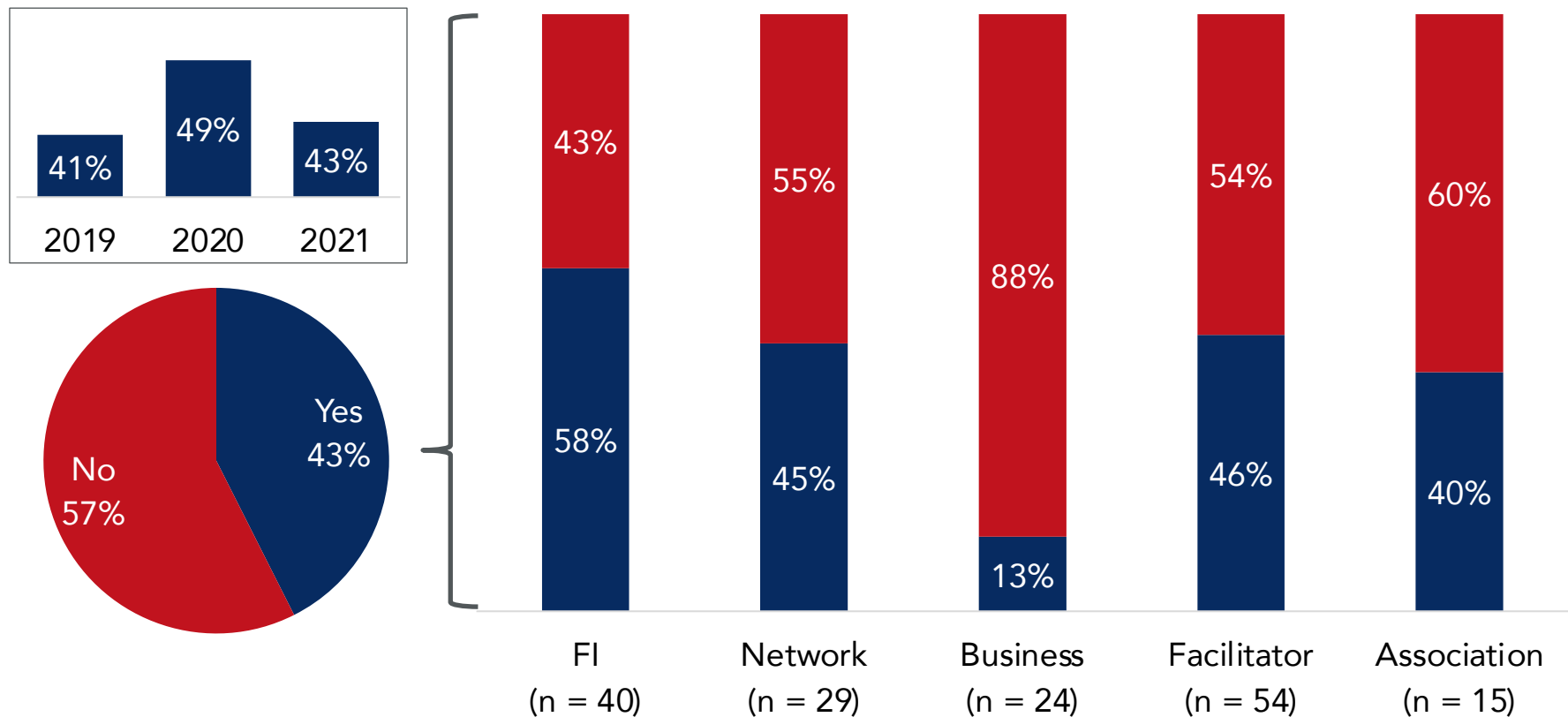


- Immediately, it's important to my organization
- In 2 years from now given growth opportunity
- In 5 years, there are more pressing priorities
- Within 10 years, not that important to my organization
- No need, my business is domestic only
- No need, my existing cross-border capability works in real time



There was notable decrease in industry satisfaction with the progress being made in faster payment adoption

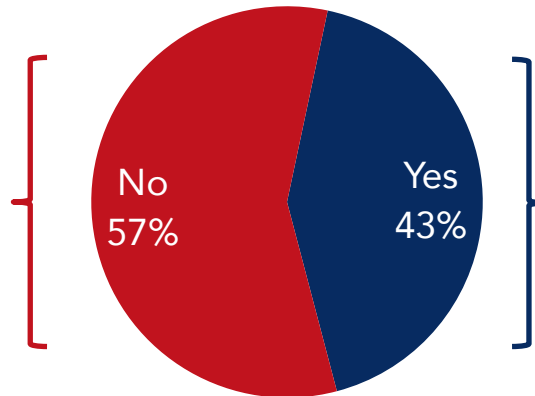
In your opinion, is the U.S. making satisfactory progress toward faster payments adoption? (n = 195)



Many respondents believe that the U.S. is moving too slow and that many other countries have moved much faster in comparison

In your opinion, is the U.S. making satisfactory progress toward faster payments adoption? (n = 195)

- "Way behind the rest of the world"
- "I do not believe there are enough strong use cases for RTP payment solutions:"
- "There are a lot of important initiatives, but I believe there must be more interoperability"
- "Paper based instruments are embedded into the financial DNA of the USA. There needs to be effort in changing that. Across the whole payment ecosystem"



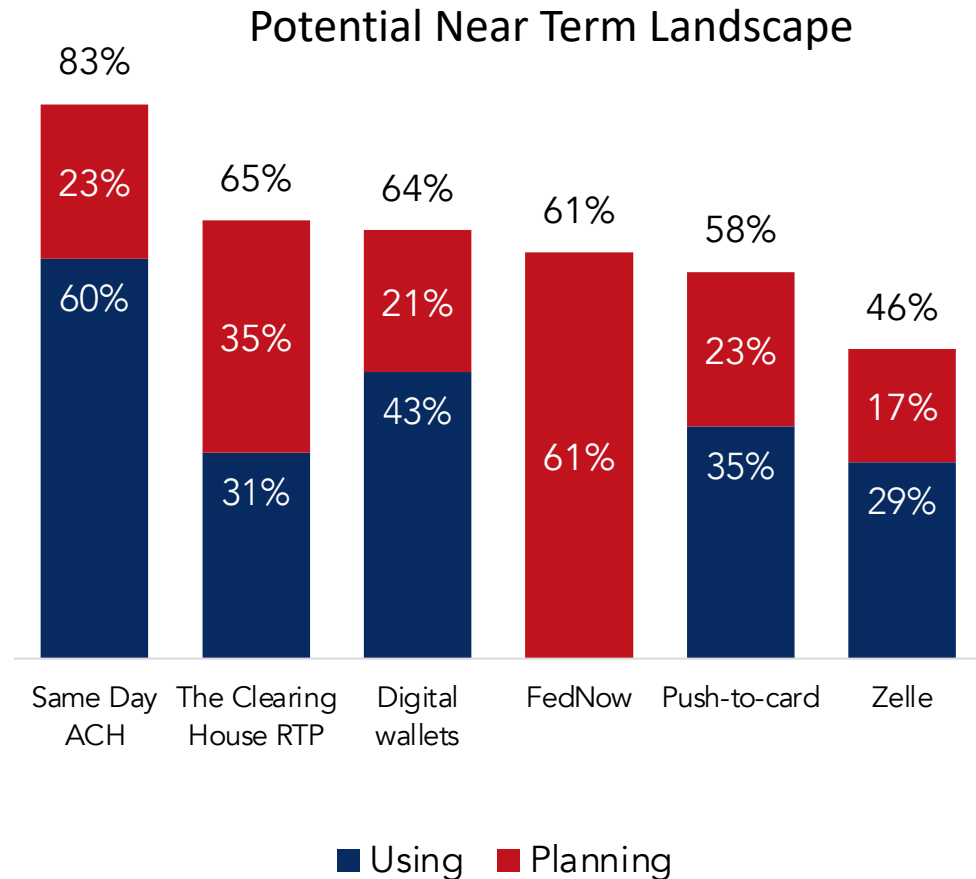
- "There are several alternatives to send near real-time payments"
- "The Faster Payment Council is doing excellent work to educate the industry"
- "Innovation in the space appears to move at a reasonable rate"
- "Consumers and businesses have many choices for faster payments capability to pay in real time and receive funds immediately and more and more FIs are adopting"



## Survey Results: Concluding Thoughts

## Faster Payments Barometer — Three Years On

- Positive signposts abound
  - Indicators of adoption of faster payments systems as well as intentions to implement additional systems both increased
  - All faster payments systems gained traction among respondents
  - Interest continues in a variety of use cases
  - More respondents consider faster payments a “must have” than in previous surveys

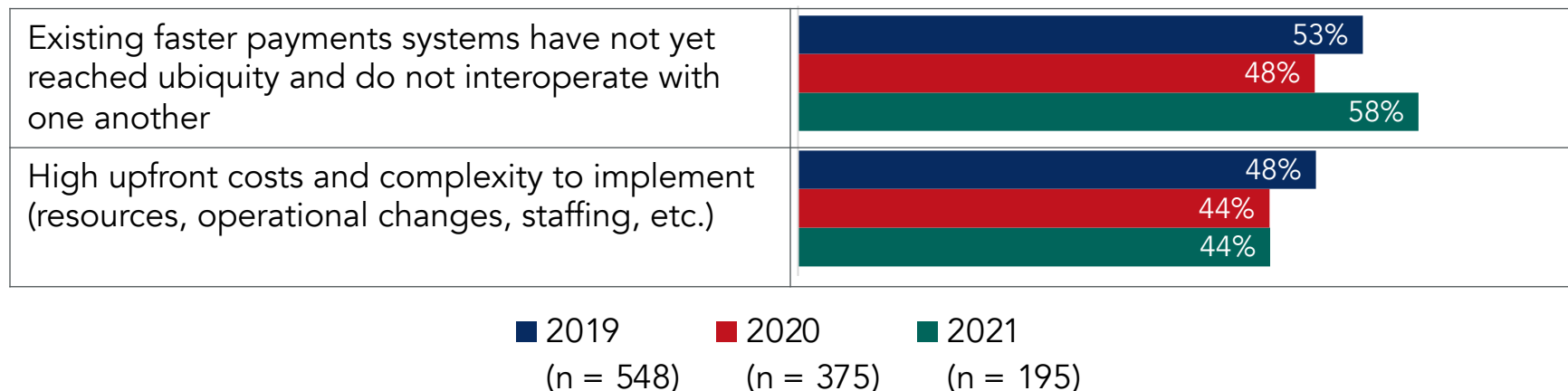


Source: Barometer 2021 (Respondent implementation today + intention to implement)

## Faster Payments Barometer — Three Years On

- Yet lingering concerns have not been addressed
  - Perceived challenges remarkably similar across the three years
  - Businesses remain less satisfied with status quo than financial institutions
  - Lack of ubiquity and interoperability among faster payments systems remains the top concern, followed by cost and complexity of implementation
  - More respondents believe we are not making satisfactory progress

### Top two challenges to adoption remain unchanged



## Q&A

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Thank You!

A recording of today's webinar will be available in our FPC Member Portal and a survey about today's event will be distributed this week.

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