



# 4<sup>th</sup> Annual U.S. Faster Payments Barometer

FPC Members-Only Version

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## Today's Speakers



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# Survey Methodology & Demographics

# About the Faster Payments Barometer

- Designed as a longitudinal study – anchor questions year over year + new questions annually
- Broad distribution across industry stakeholder groups

## 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+2021

- **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 including fraud and interoperability



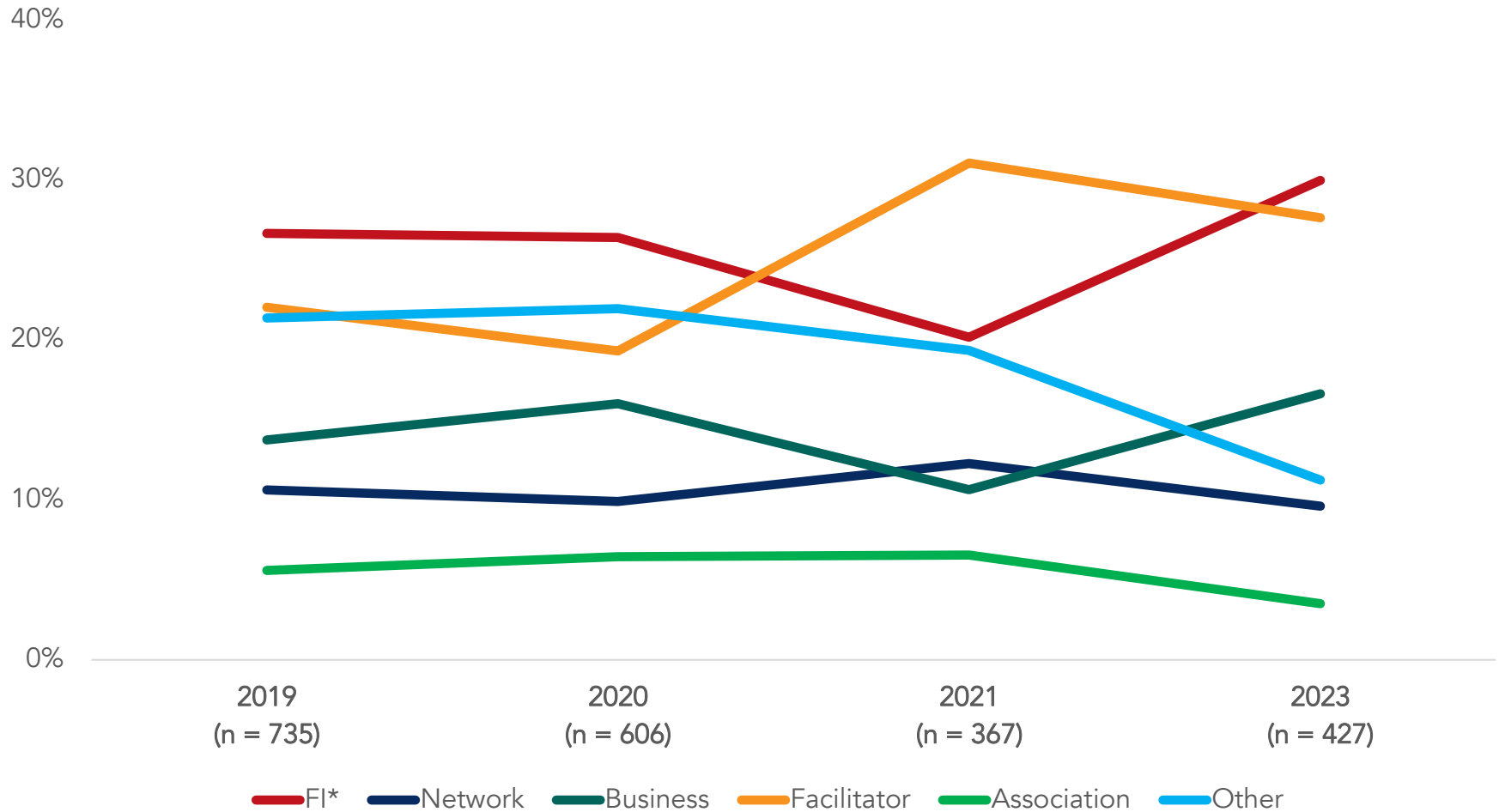
## 2023

- **Exploratory:** Measure industry progress and perceptions; emphasized questions to capture 2023 environment including RTP adoption + FedNow’s anticipated launch
- **Components.** Value-added services, cross border, fraud management, and interoperability

Survey response data has been normalized across four years

# Financial Institutions and Facilitators represent nearly 60% of survey responses in 2023

## Organizational Type



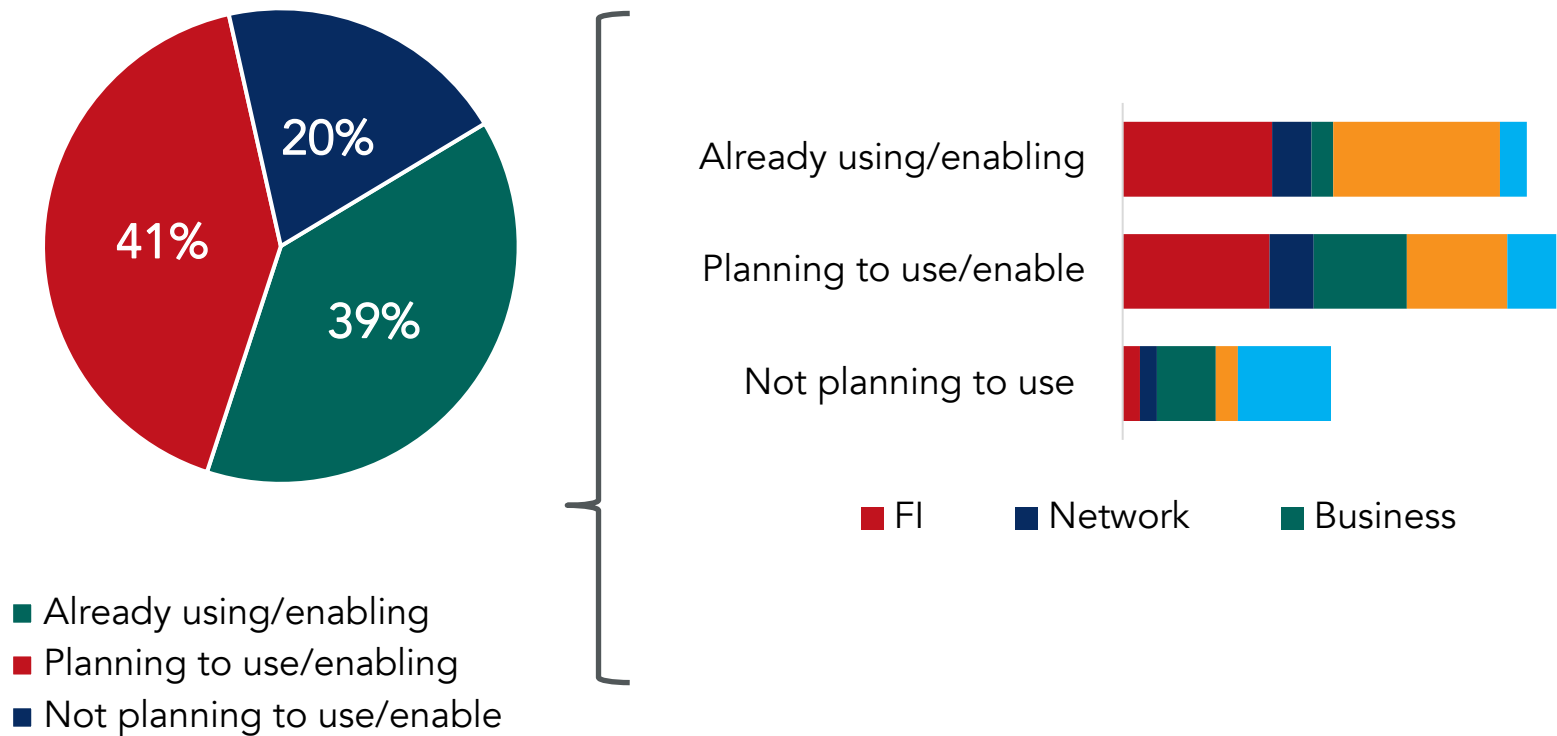
FI respondents were \*83% banks and 17% credit unions



# Survey Results: Current State

# Most Respondents are using or plan to use RTP, strongly skewed to FIs and Facilitators

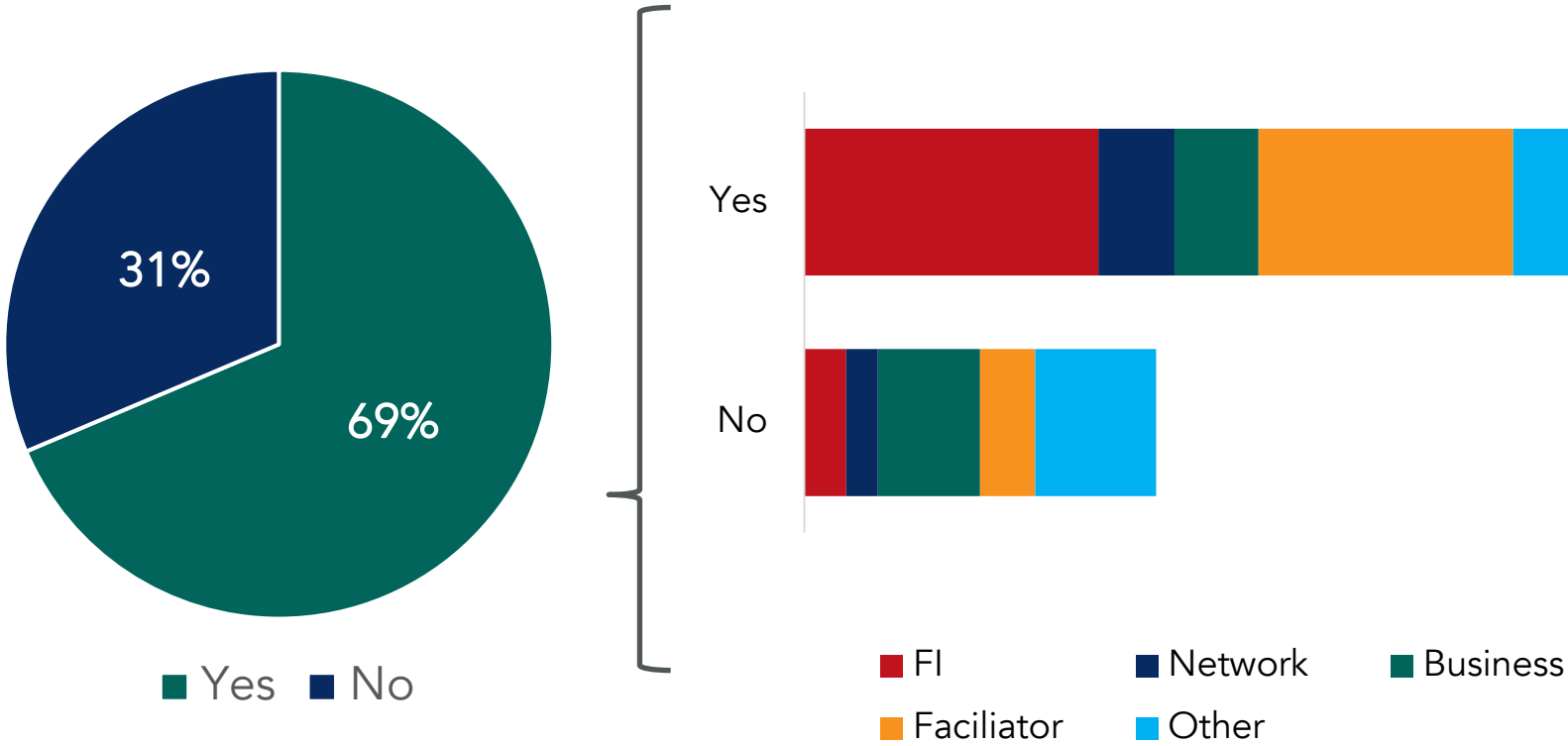
## What is your organization's plan for RTP?



\*Other also includes associations and advocacy groups

# Support for FedNow is strong, strongly skewed to FIs and Facilitators

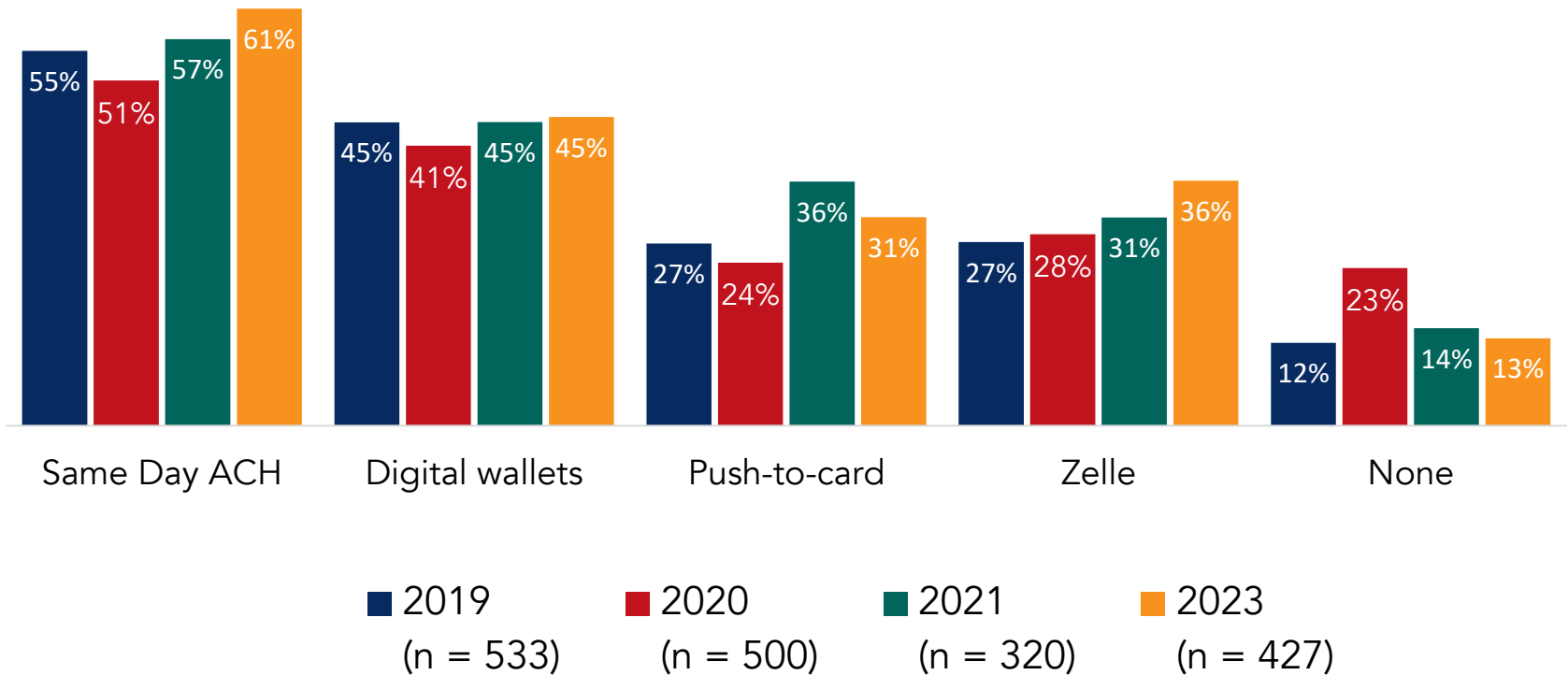
Is your organization planning to use FedNow?





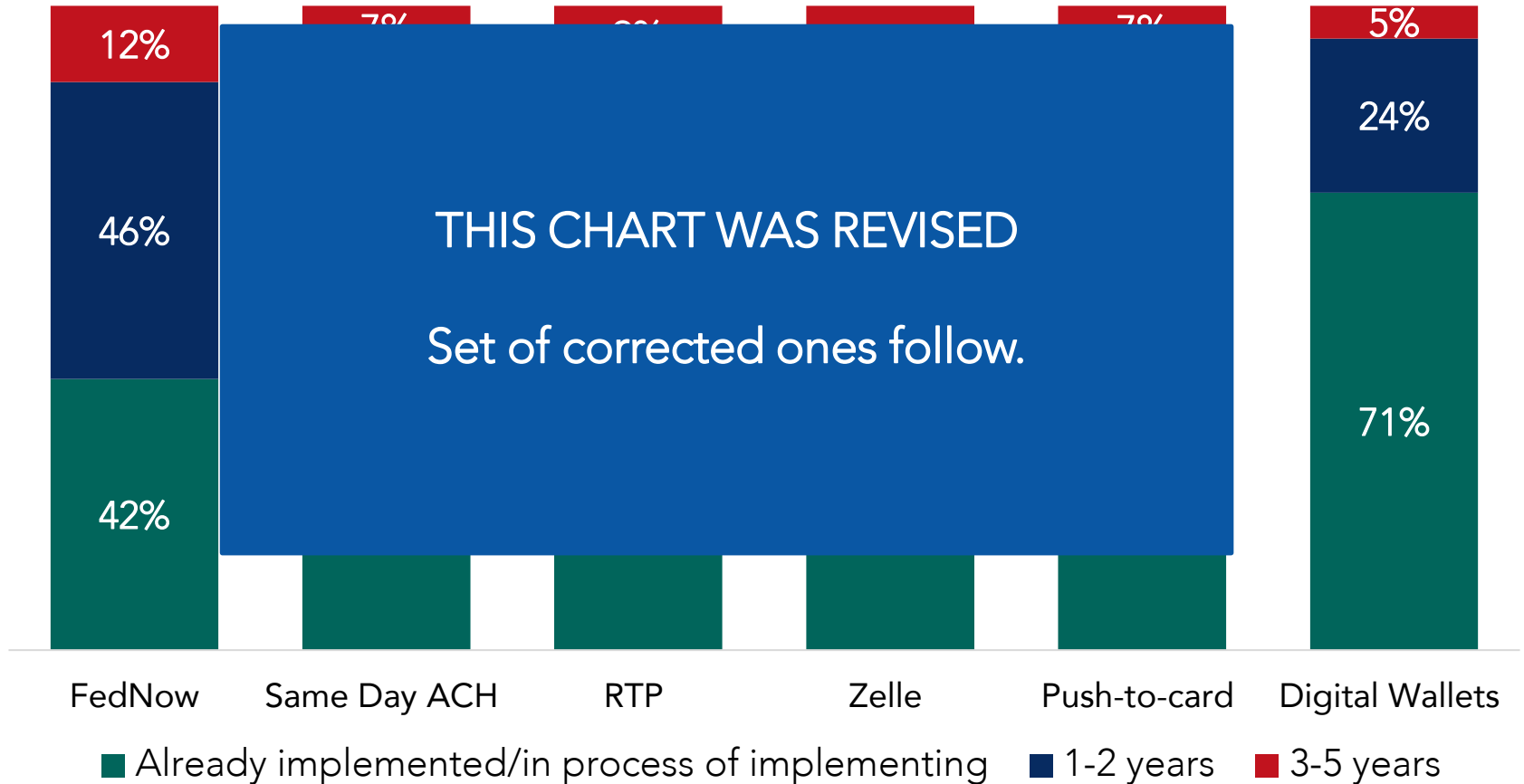
# Respondents continue to adopt additional faster payment options with Same Day ACH remaining the market leader

## What other faster payments systems does your organization use/enable today in the U.S. market?



# Implementation timelines are overwhelmingly focused on the near term

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

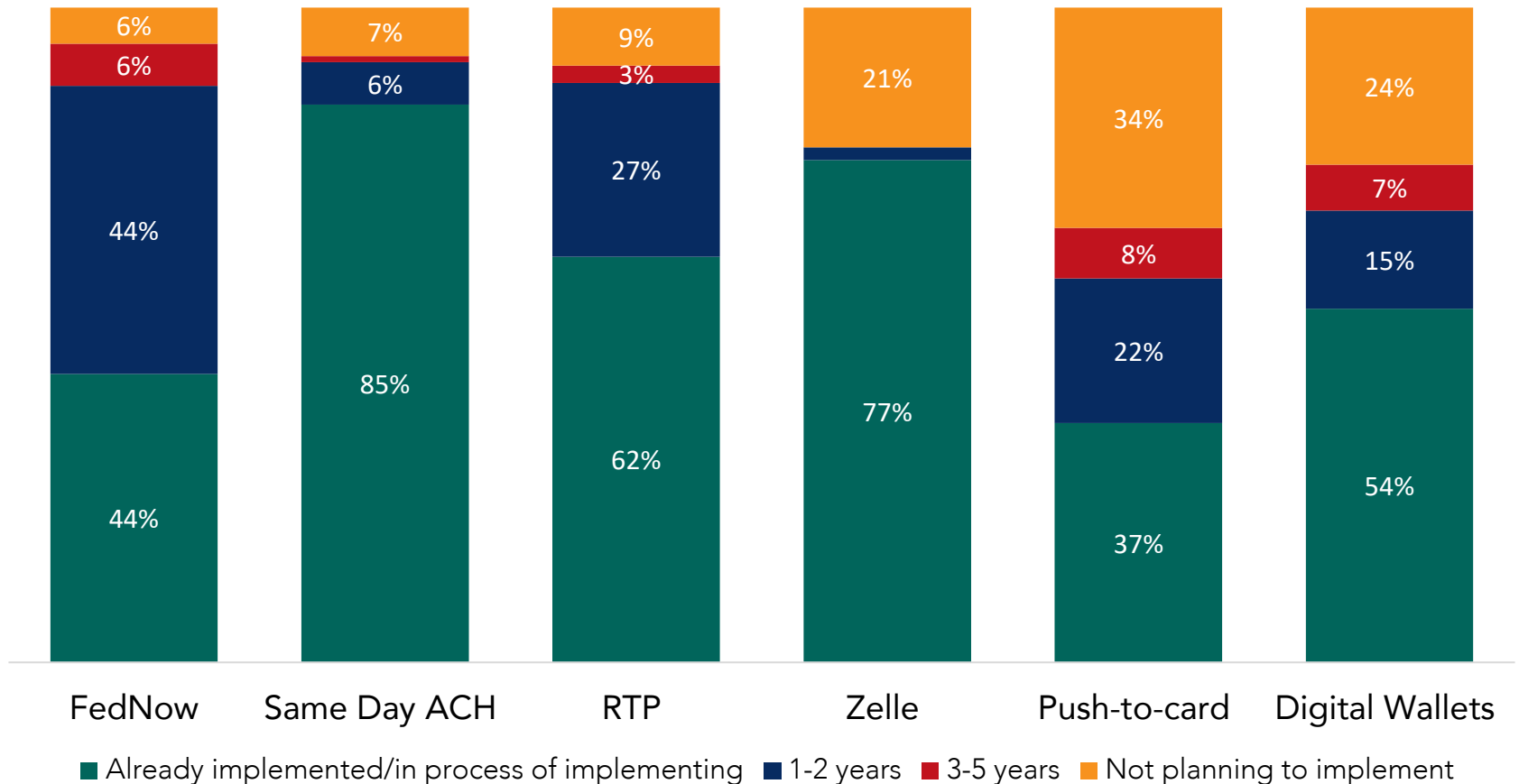


\*Respondents were only asked about faster payments systems they are planning to implement

# Most Financial Institutions are in the process, have already, or are about to start implementing faster payments systems

Financial Institutions only

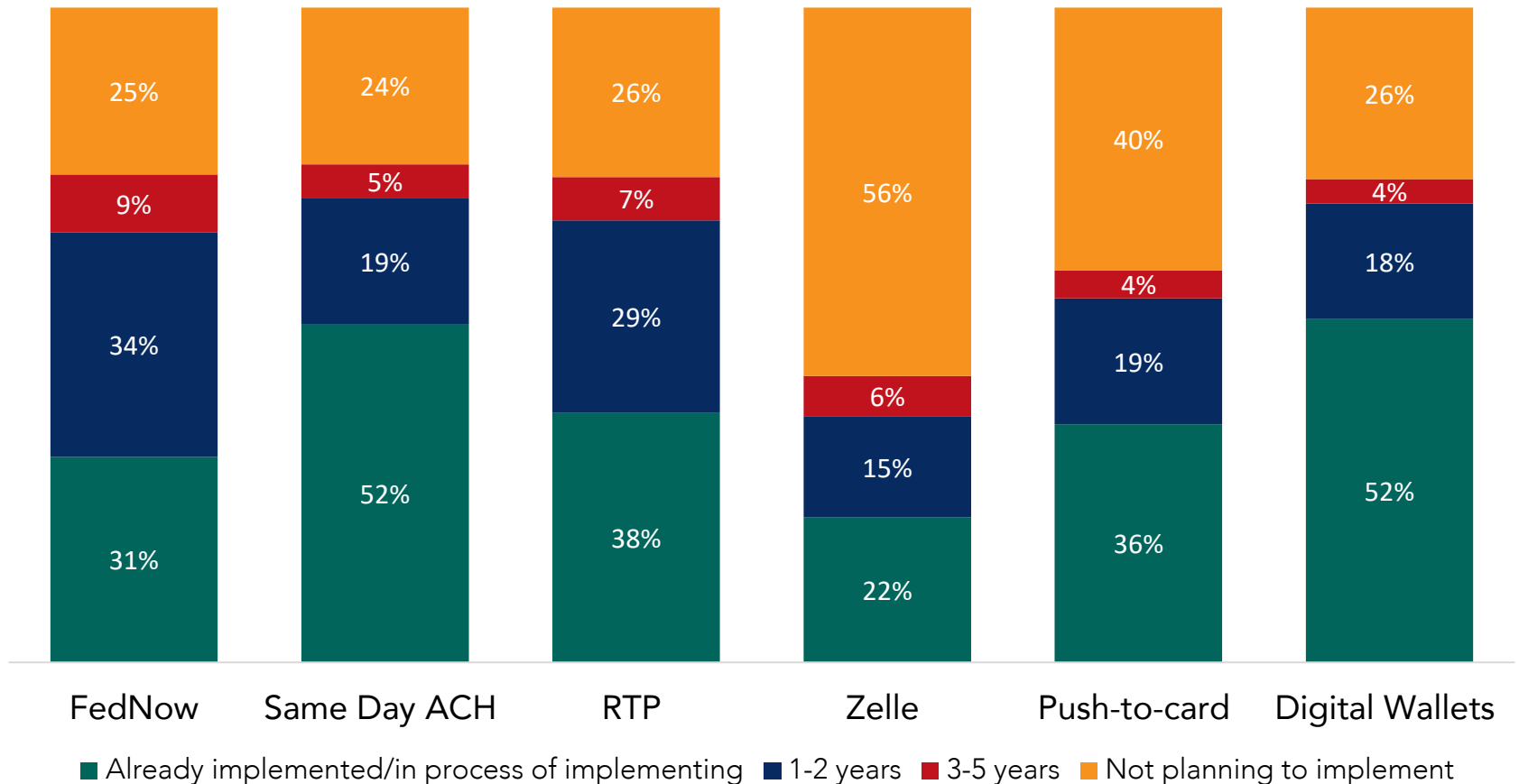
### What is your organization's expected timeline to implement the following faster payments system(s)?



# Other industry participants are on a slightly more delayed timeline or are not planning to implement faster payments systems

Industry (not including Financial Institutions)

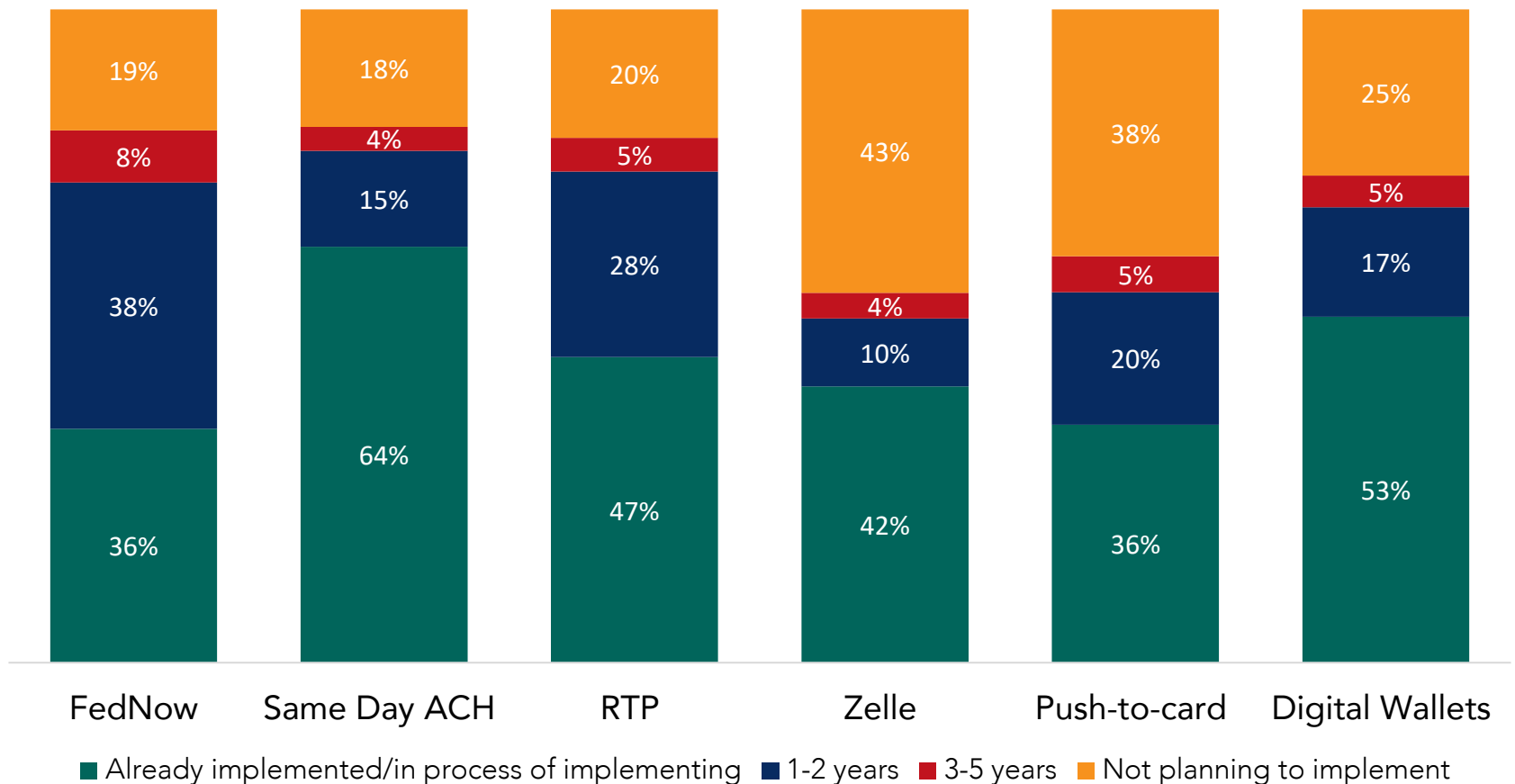
### What is your organization's expected timeline to implement the following faster payments system(s)?



# Collectively, for entities that intend to implement faster payments systems, implementation timelines are focused on the near term

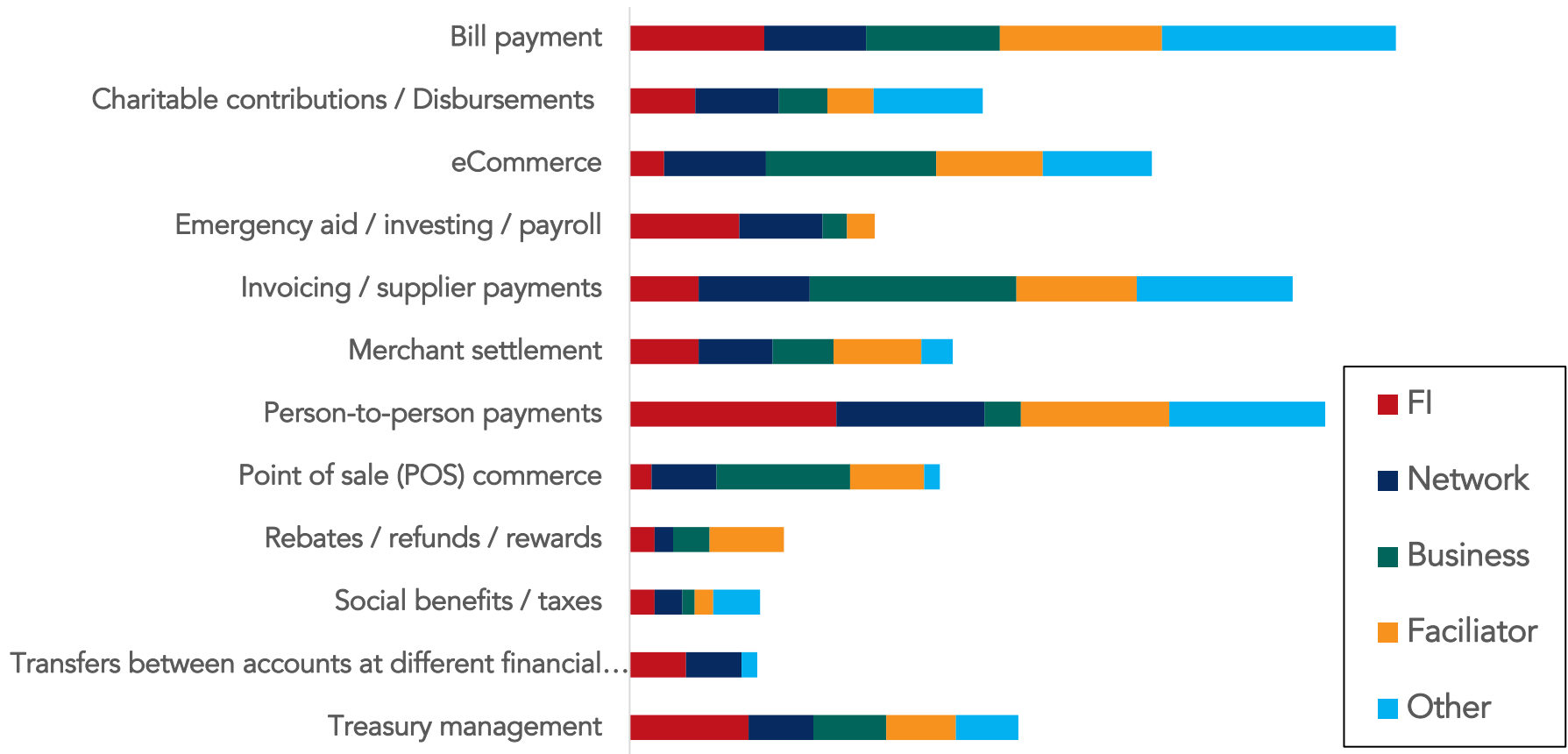
Entire Ecosystem

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



# Current use case focus is largely bill payment, P2P and invoicing / supplier payments

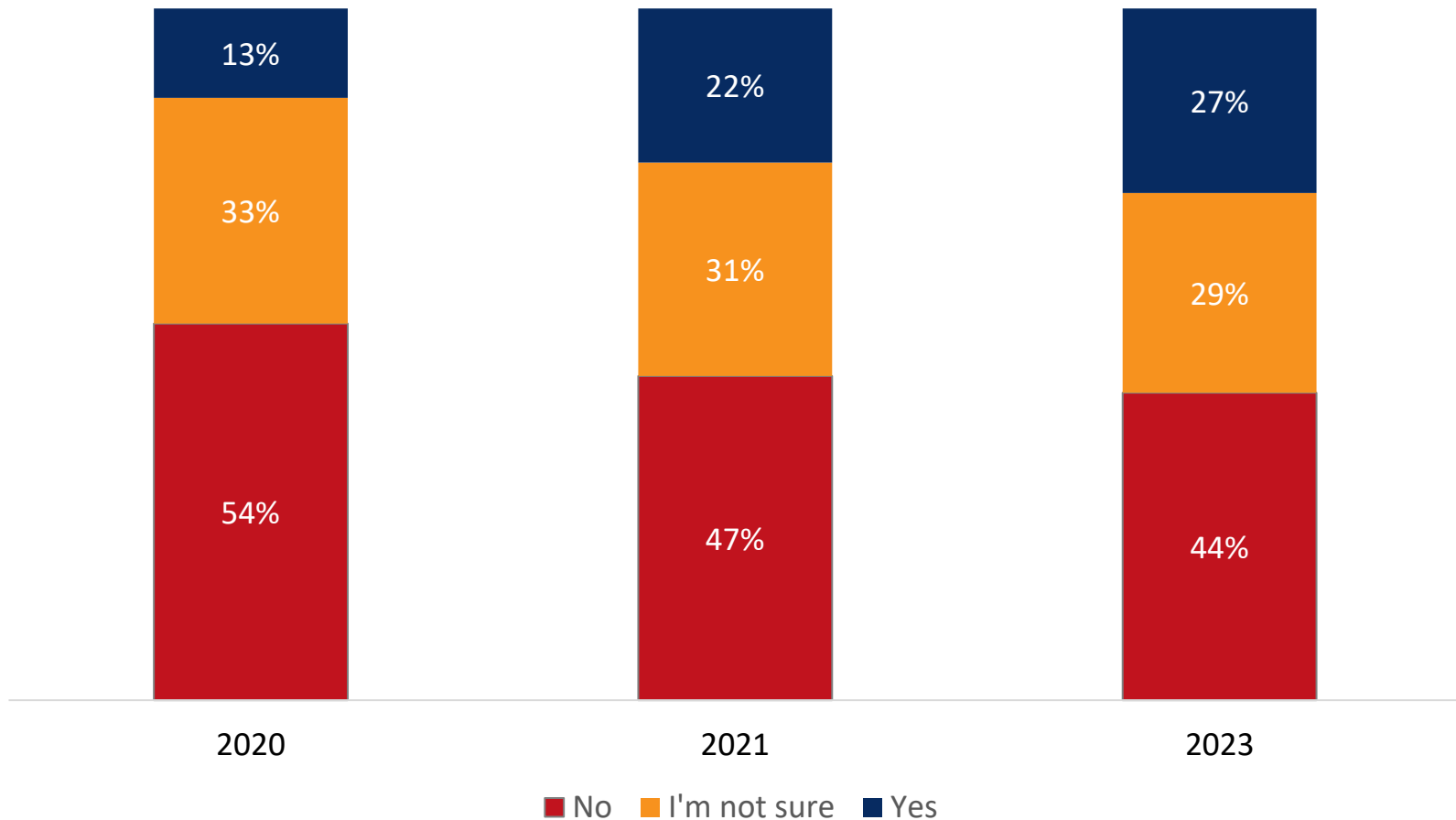
Which of the following use cases is your organization using/enabling faster payments for today? Select the top three.



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

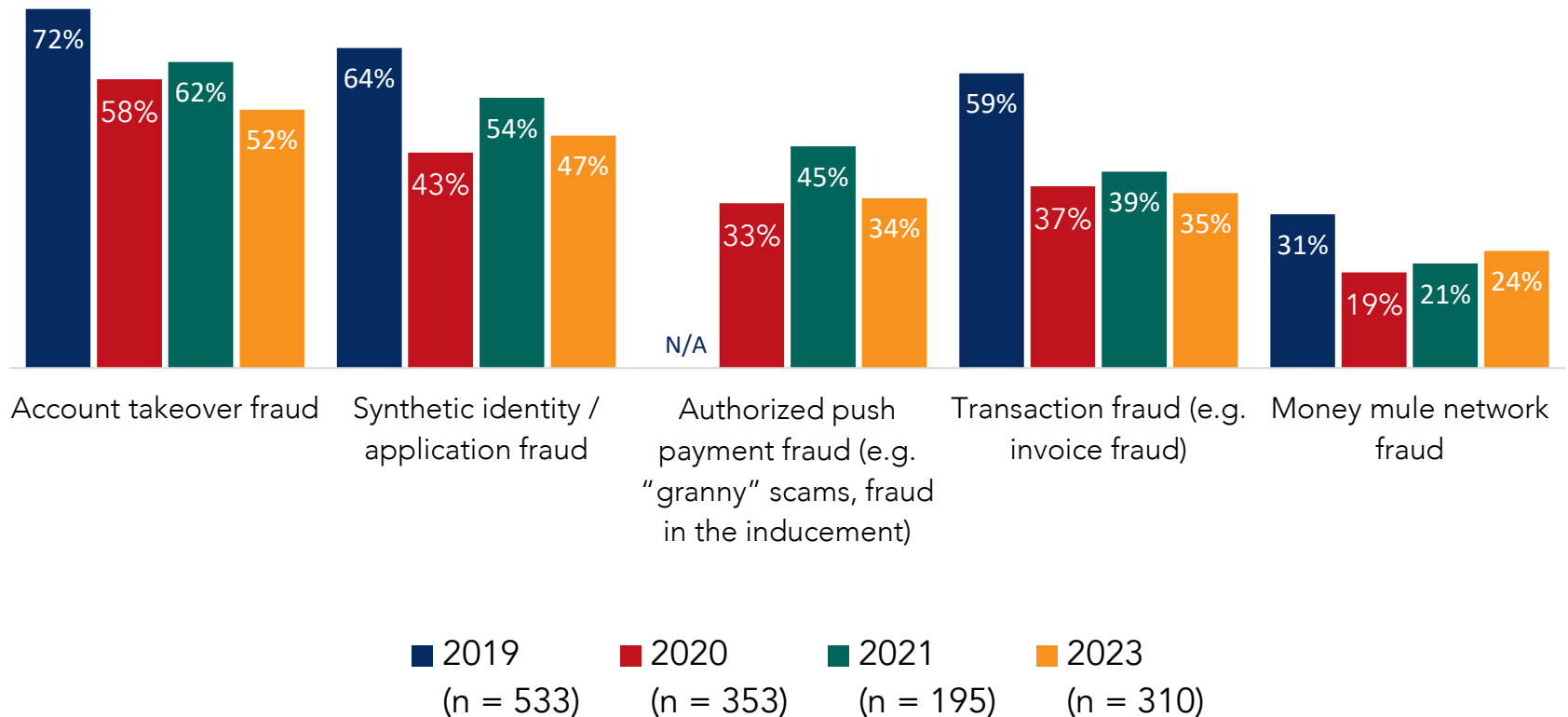
# Respondents that have implemented faster payments are steadily seeing an increase in fraud

Are you seeing an increase in fraud as a result of implementing faster payments?



# Respondents continue to say that account takeover and synthetic ID are the most concerning type of fraud in faster payments\*

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

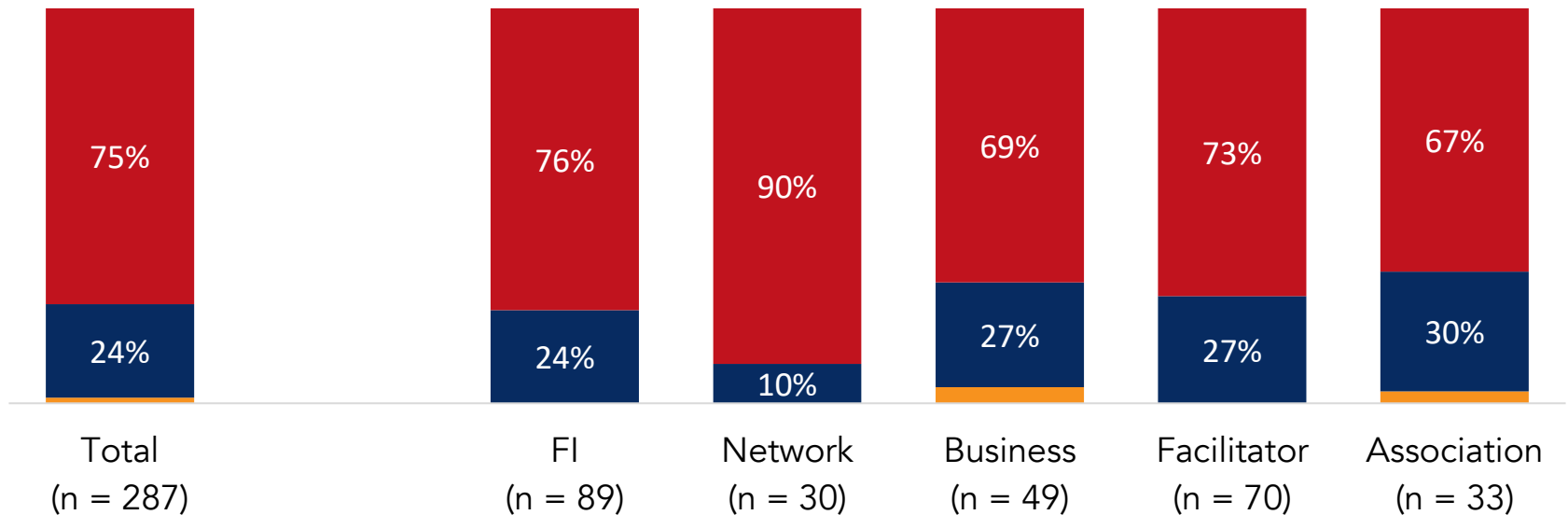


\*Note that the different response rates by year will influence the weight of each type of fraud relative to the other choices.



# Respondents recognize the need for all parties to detect and deter fraud

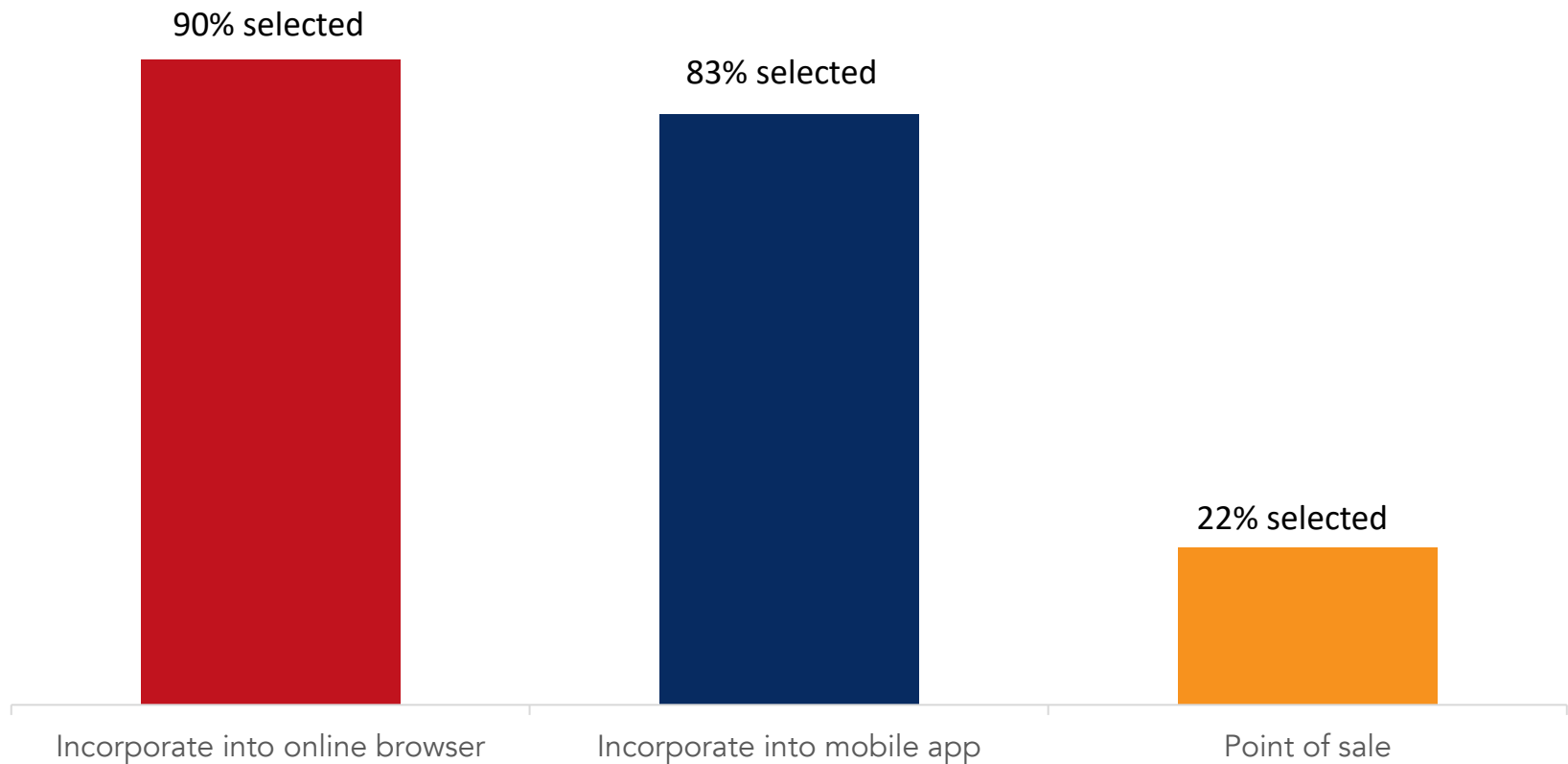
**Should fraud detection and deterrence be the responsibility of the payments networks themselves, or should this responsibility be decentralized across the entities involved in the payments value chain?**



- Each entity involved the in payments value chain should be responsible for fraud protection
- Payments networks should be responsible for fraud protection
- I'm not sure

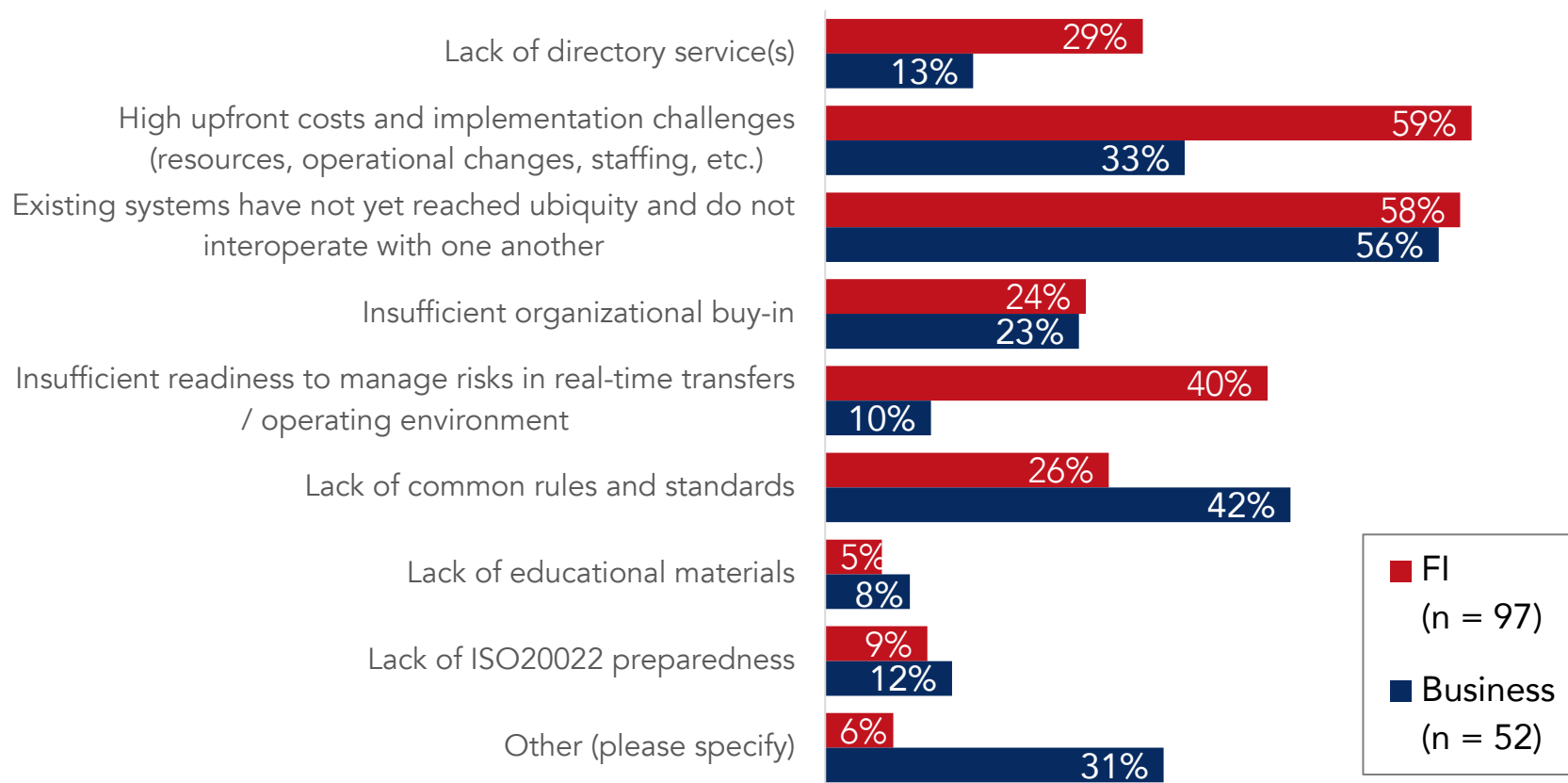
# Online and mobile app are key channels for respondents

What channel does your organization use or plan to leverage for faster payments? Select all that apply










# Financial Institutions and Businesses agree that lack of interoperability and high costs are the primary challenges

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



## The top challenges to faster payments remain relatively unchanged

Challenges	2019	2020	2021	2023	General Trend
Lack of directory services	N/A	21%	27%	28%	
High upfront costs	48%	44%	44%	47%	
Lack of ubiquity/interoperability	53%	48%	58%	57%	
Insufficient organizational buy in	26%	34%	29%	20%	
Insufficient readiness to manage risk in real time	30%	25%	28%	23%	
Lack of common rules	35%	22%	24%	30%	
Lack of educational materials	12%	10%	9%	7%	
Lack of ISO20022 preparedness	NA	NA	NA	11%	New Question

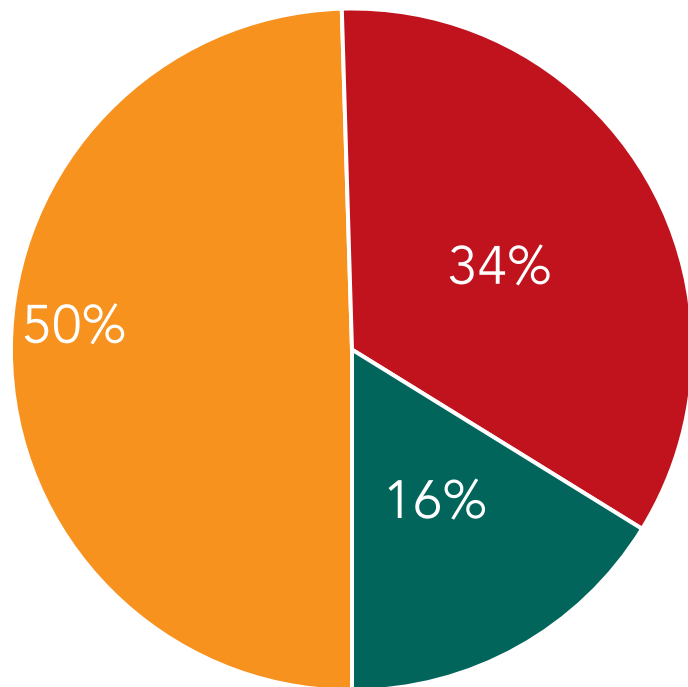
\*ISO20022 question is new for 2023



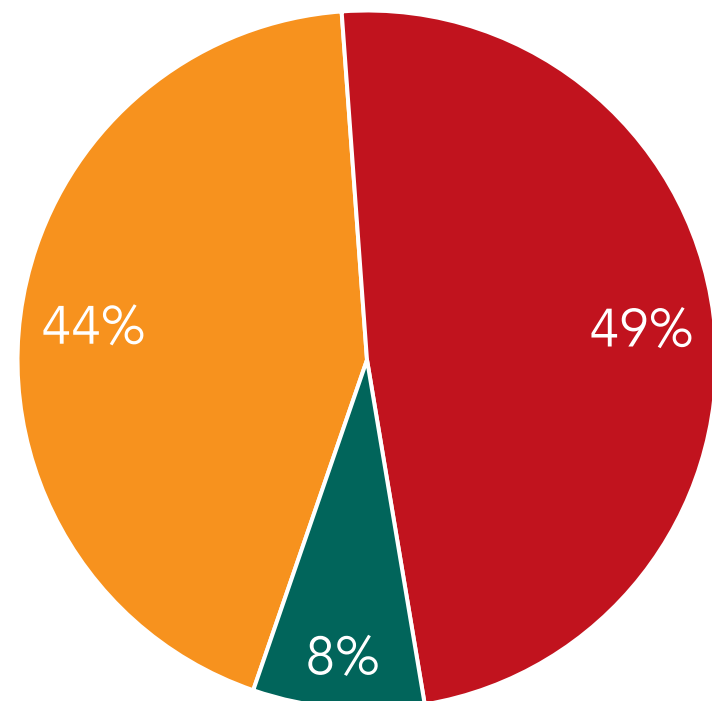
# Survey Results: Looking Ahead

FI intentions to both support send and receive are strongest in RTP but with FedNow participants intend to follow suit quickly\*

For RTP, what type of participant will your organization be?



For FedNow, what type of participant will your organization be?

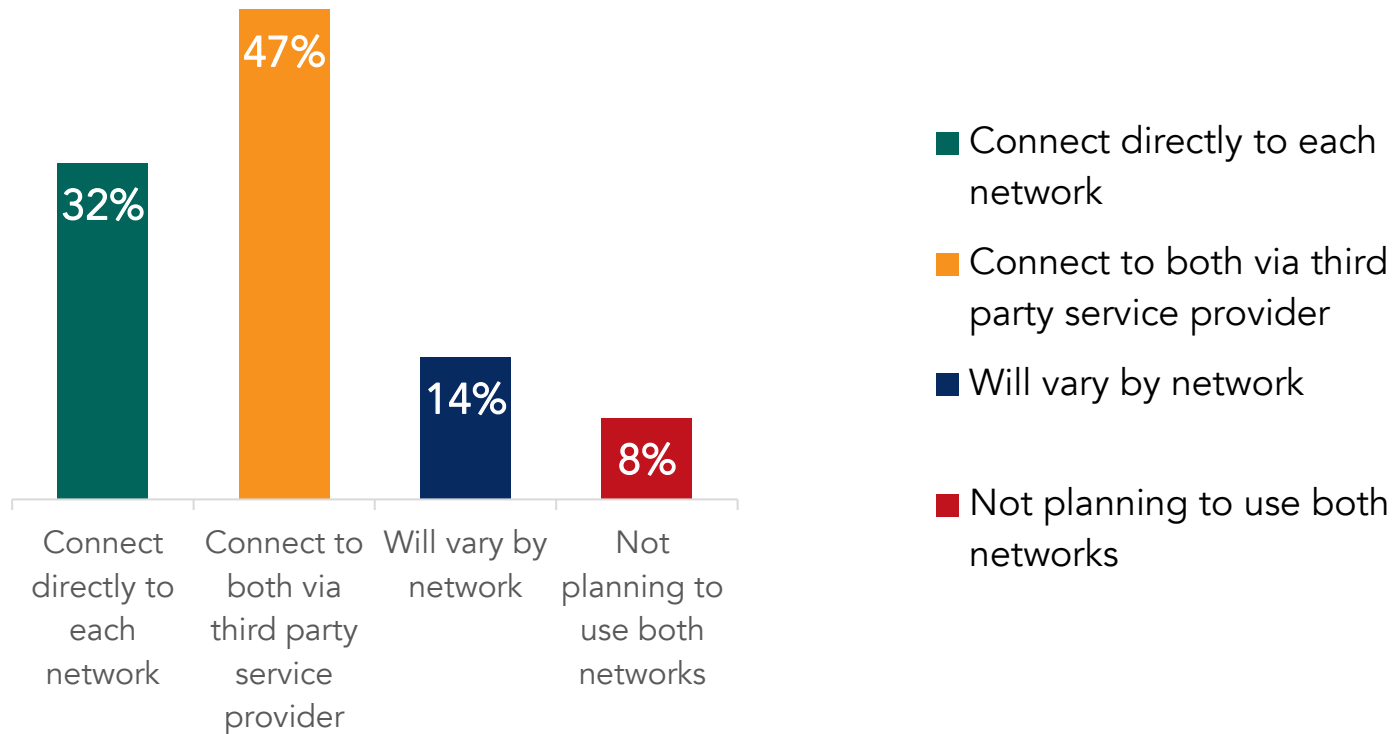


■ Send and receive   ■ Receive only at first, later adding send   ■ Receive only

\*This question was only to FIs that plan to use each network

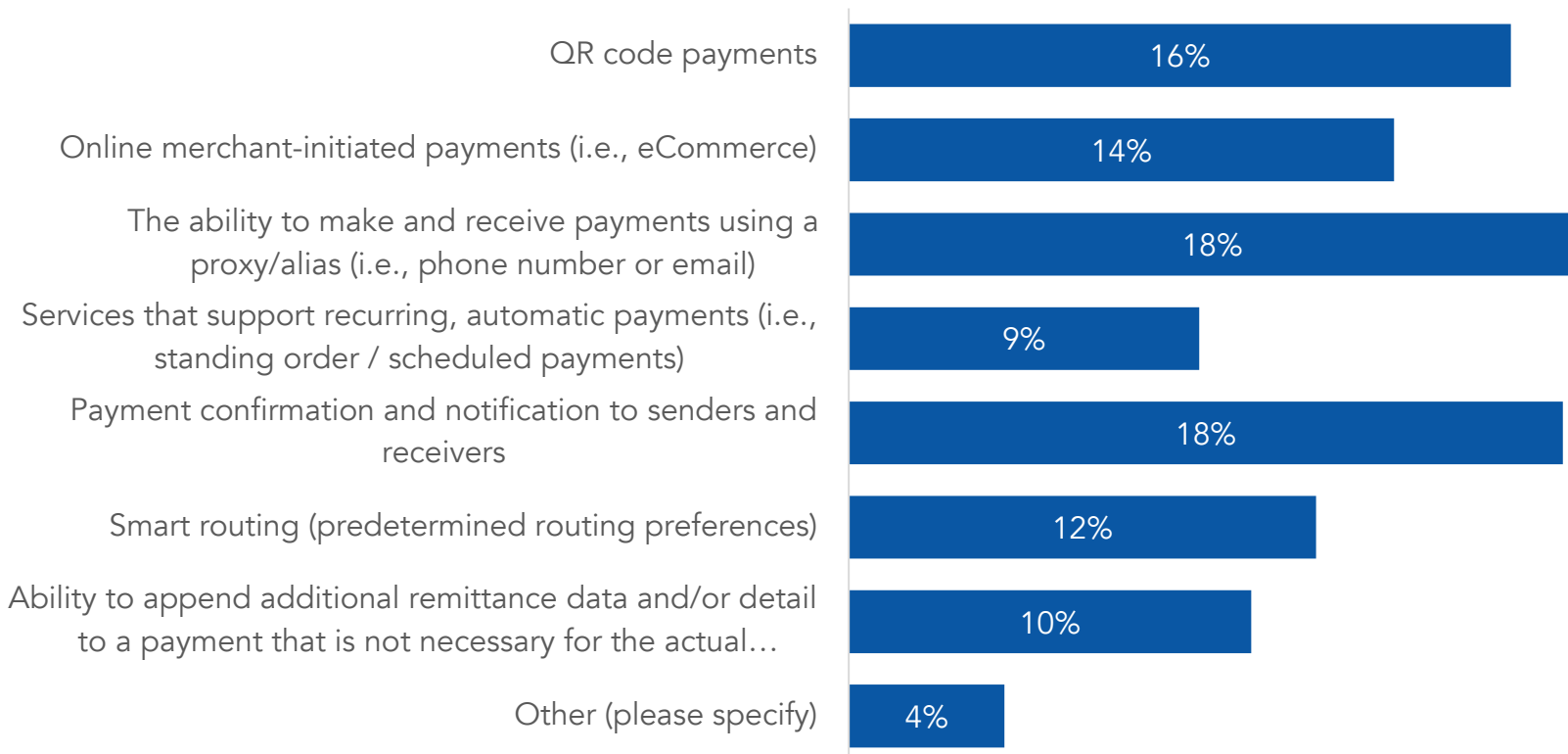
# Third party service providers will be an important enabler for nearly half of respondents

If your organization is planning to use both RTP and FedNow, how are you planning to connect?



## Respondents are very interested in value-added services / overlays to help accelerate adoption

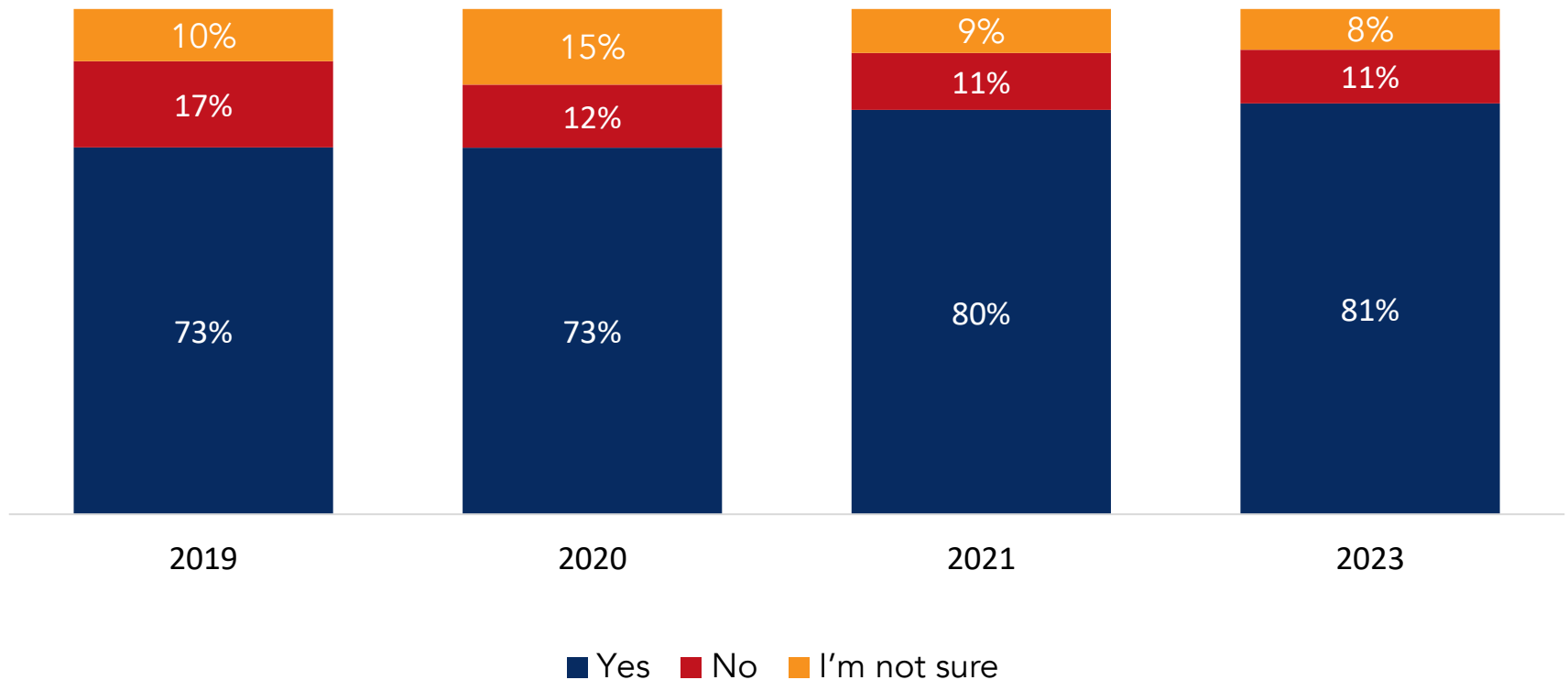
Please describe interest in the following faster payments value added services / overlays, particularly in their potential to accelerate market adoption.





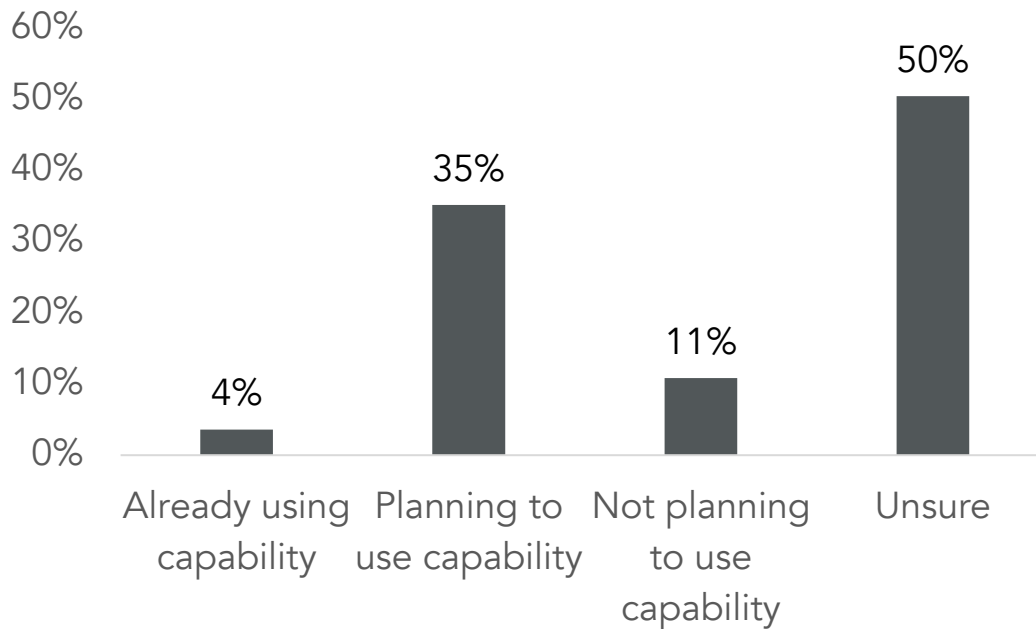
# Respondents increasingly believe that dispute resolution should be an inherent feature in faster payments systems

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

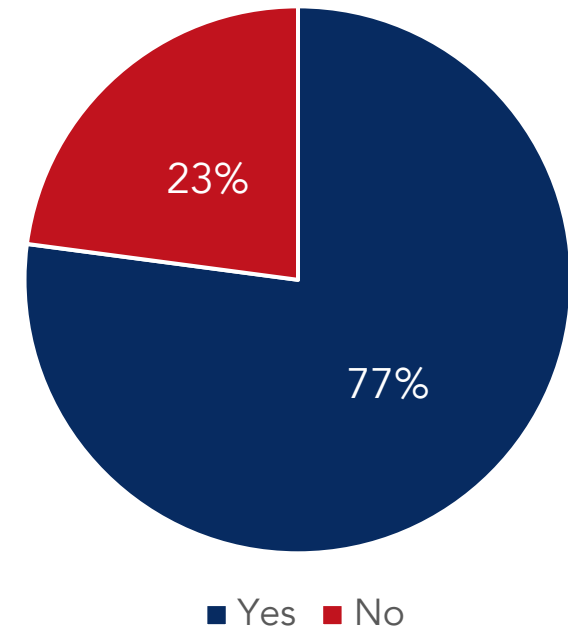


# Cross border remains a critical feature, but the market is spilt on whether RTP or FedNow can serve the need

If you use RTP today or will in the future, do you use or plan on using RTP's cross-border faster payment capability?



Do you think FedNow should offer cross-border faster payments?

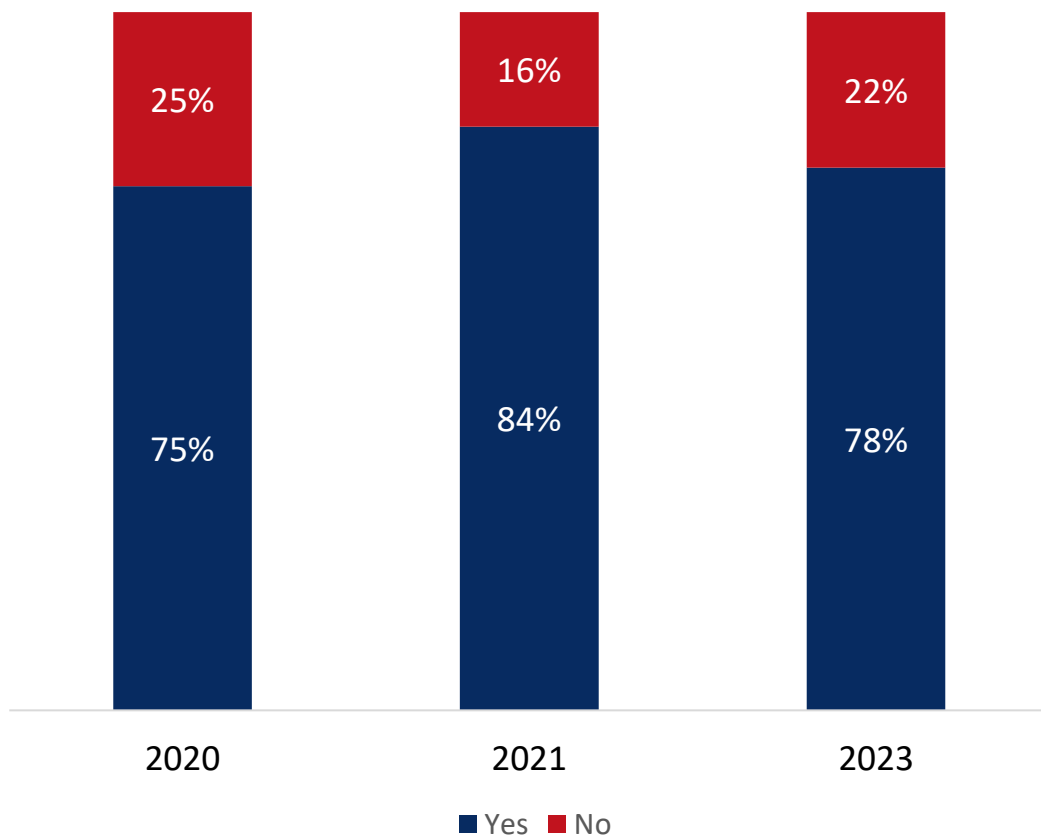




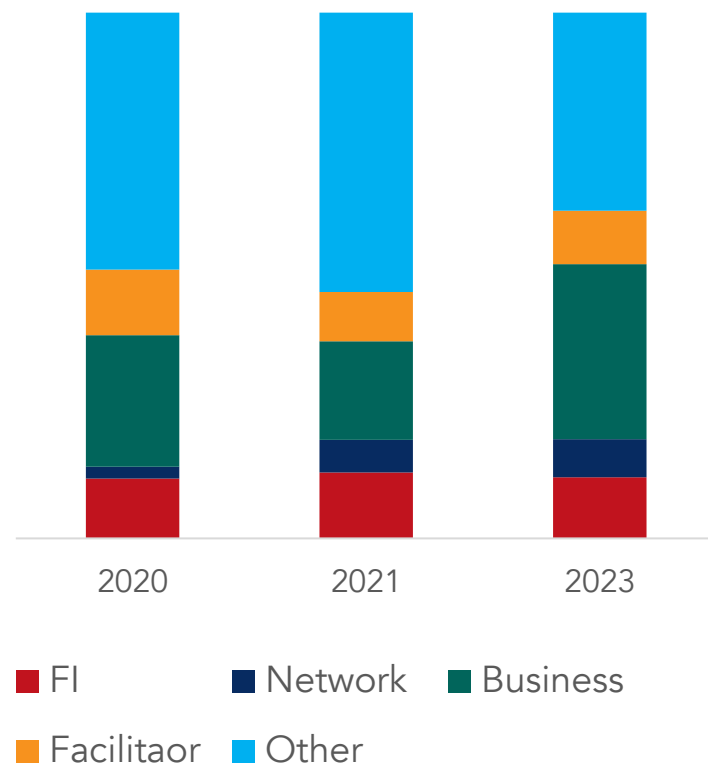
## Survey Results: Concluding Thoughts

# Faster payments remains crucial to the industry, though eagerness has dropped since 2021

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



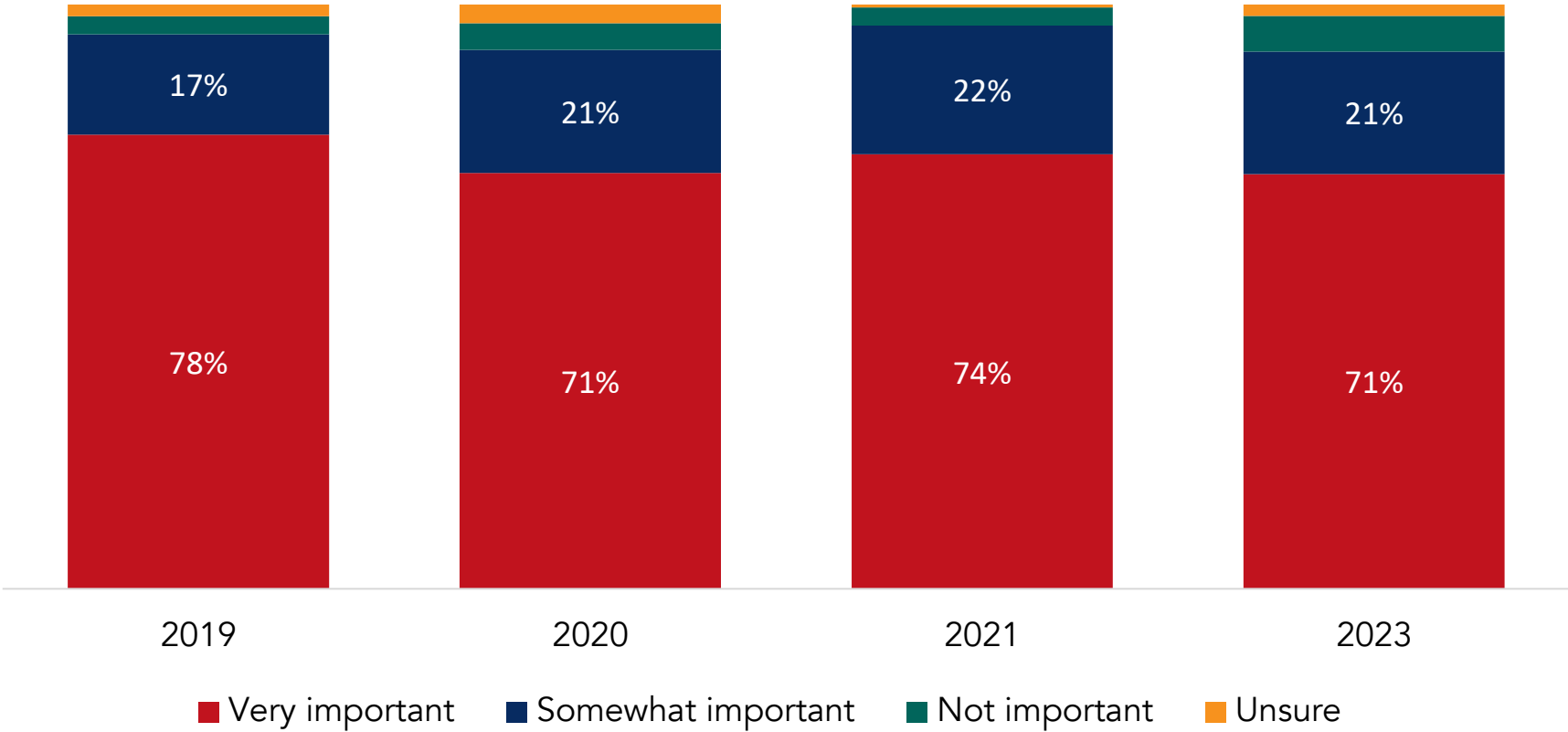
Breakdown of who said 'no'



\*Other respondents include industry consortiums, trade association,, consumer group

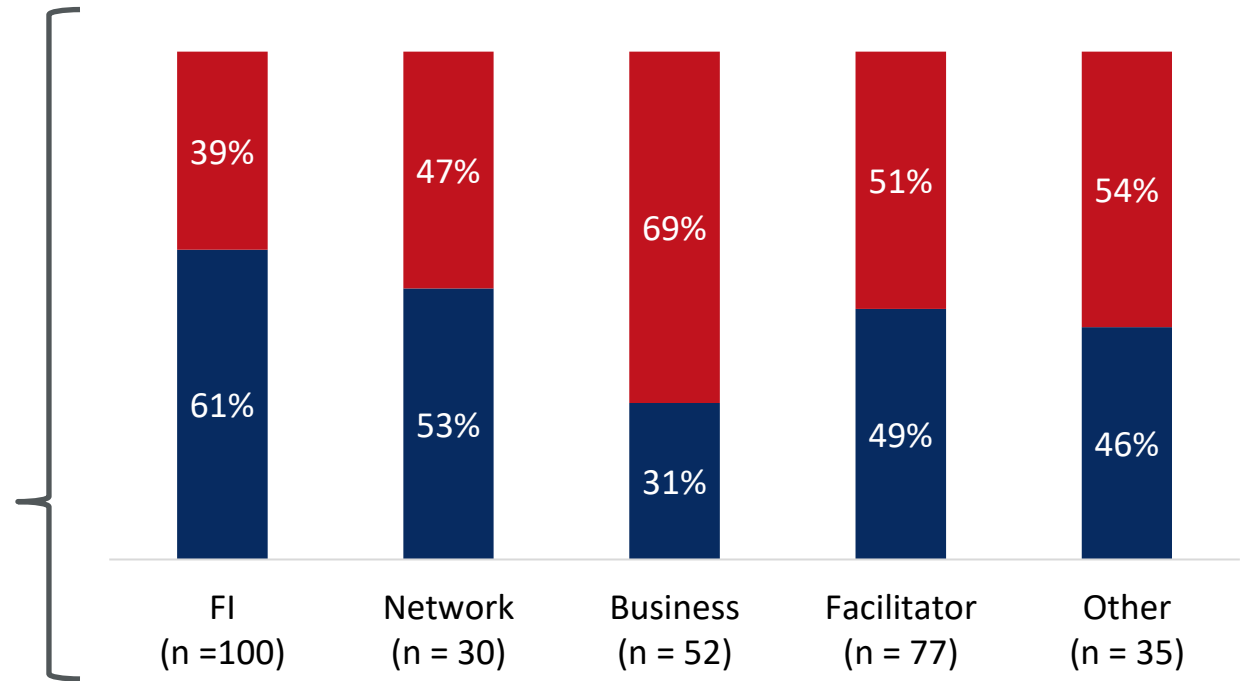
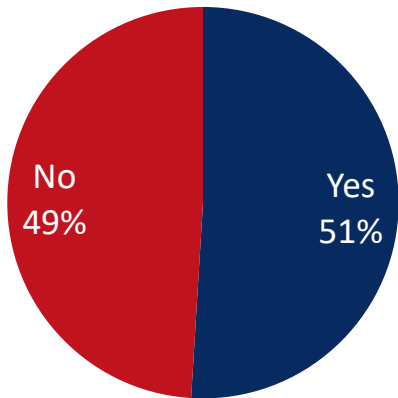
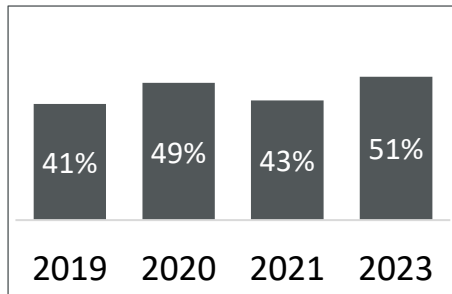
# The market continues to agree that interoperability is key even as its salience dropped slightly

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



# First year that over half of respondents viewed industry progress as satisfactory although it's clear more needs to be done to

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



## Key Takeaways from the 2023 Barometer

- U.S. market is dynamic and will continue to feature multiple faster payments systems offering different flavors of fast
- General enthusiasm abounds even as the key barriers to adoption identified remain unchanged and formidable
- Still early days in some regards as market still laying the foundation for end-user adoption
- The market continues to find interoperability important
- Fraud is slowly trending upward

## Q&A

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Thank You!

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