

October 2024 Report

HOW INSTANT PAY IS BECOMING THE **STANDARD** FOR AD HOC PAYMENTS



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■ October 2024

**Meeting Consumers’ Urgent Need
for Funds with Instant Payments**

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INGO Payments

How Instant Pay is Becoming the Standard for Ad Hoc Payments was produced in collaboration with Ingo Payments, and PYMNTS Intelligence is grateful for the company’s support and insight. [PYMNTS Intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

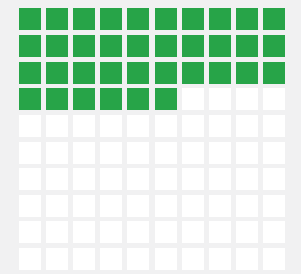
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WHAT'S AT STAKE

Enterprises regularly make ad hoc payments to consumers and small to mid-sized businesses (SMBs) in such industries as transportation, hospitality, property management, gaming and the gig economy. In the last year, the share of accounts payable (AP) comprised of ad hoc payments has grown substantially, demonstrating companies are shifting to business models where they do not onboard recurring payees. Signaling ad hoc payments are on the rise, these transactions currently represent, on average, 36% of an enterprise's AP volume in dollars, up from 29% in Q1 2024. Moreover, enterprise senders are nearly split on the type of ad hoc payment recipients, with the average sender slightly more likely to send ad hoc payments to consumers than SMBs.

36%

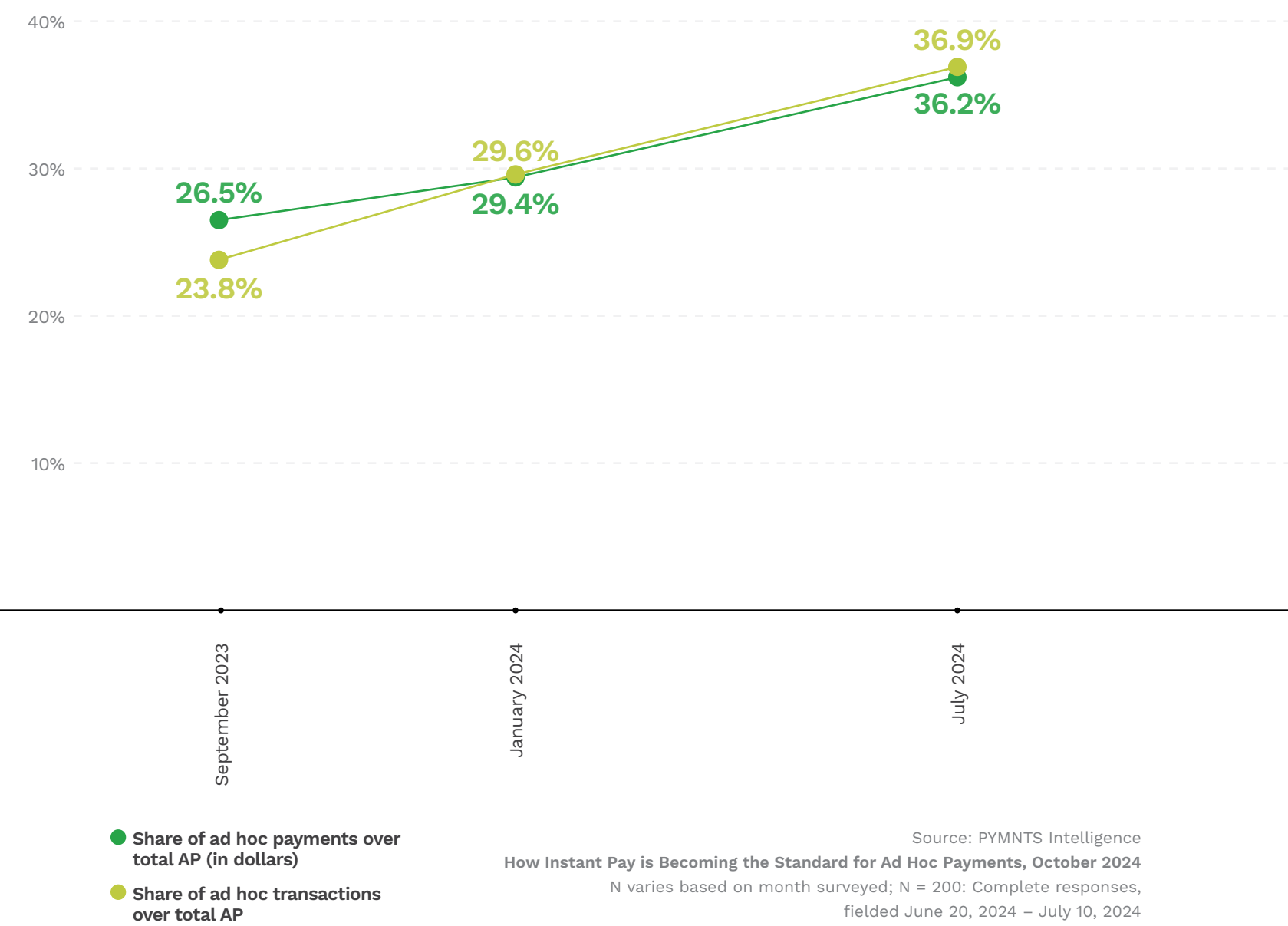


Average share of enterprises' **AP volume in dollars represented by ad hoc payments** as of July 2024, up from only 29% in January 2024

As of July 2024, 54% of ad hoc payments were sent to individuals while 46% were sent to SMBs. This is primarily due to the high share of gaming and gig economy payments sent to consumers, while senders in property management, hospitality and transportation are more likely to send to SMBs. Hand in hand, the use of instant payment methods to send ad hoc payments is growing as well. Currently, 45% of ad hoc payments were sent via instant methods, up from only 36% in January, making instant payments the most common way ad hoc payments are sent. Again, the gig

FIGURE 1

Ad hoc payments on the rise
Share of senders' monthly AP made up of ad hoc payments, over time



economy and gaming industry drove the increase, with instant usage rising to 64% and 49% of transactions in those industries, respectively. This data suggests that instant is on its way to becoming the go-to method when sending ad hoc payments.

These are some of the findings explored in How Instant Pay is Becoming the Standard for Ad Hoc Payments, a PYMNTS Intelligence and Ingo Payments collaboration. This report is based on a survey of 200 enterprise senders generating at least \$50 million in annual revenue across the United States conducted between June 20 and July 10. It examines these issuers' use of instant payments to make disbursements to SMBs and consumers. The report focuses on the following industry segments: hospitality, gaming, trucking/transportation, gig economy (e.g., freelance workers) and property management.

This is what we learned.

KEY FINDINGS

01

INSTANTLY FORWARD

Due to the swift rise in instant usage this year, 92% of senders see instant as the future of ad hoc payments.



45%

Share of ad hoc payments sent via instant methods in July, up from only 36% in January

02

PUSH TO SECURITY

Push-to-debit payments remains the top way senders send instant payments to businesses due to its perceived security and familiarity.



50%

Share of instant ad hoc payments to businesses that are made via push to debit card

03

SELECTIVE OFFERINGS

Eighty-four percent of senders used instant to send at least one type of ad hoc payment, yet availability is conditional.



63%

Share of transactions where instant methods were available

04

COMPETITIVE ADVANTAGE

Retaining vendors and customers, receiving cost incentives and reducing late payments are the top reasons senders offer instant payment options.



42%

Share of senders that consider vendor and customer relationships and retention to be the most important reason to offer instant payments

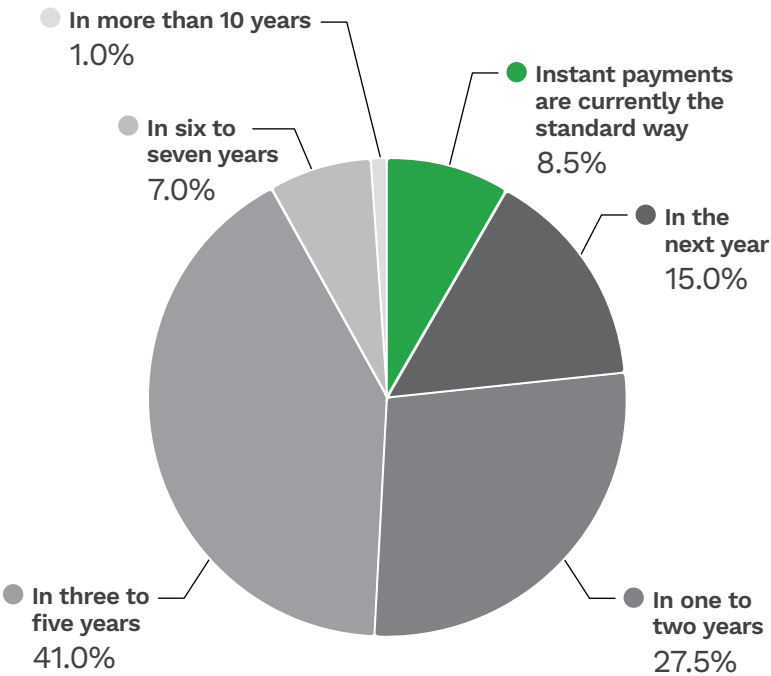
THE FULL STORY

Sending ad hoc payments via instant methods is becoming the de facto standard among enterprises looking to retain highly valued vendors and customers.

With a swift rise in instant usage this year, 92% of senders see instant as the future of ad hoc payments.

Almost all enterprise senders expect that instant payment methods will eventually become standard procedure when sending ad hoc payments. In fact, 28% of senders think it will take one to two years for instant payments to become the standard, with another 41% of senders thinking it will happen in three to five years. Moreover, many think that switch is coming sooner: 15% say instant payments will become the standard for ad hoc payments in the next year and 8.5% say it already is their standard way to pay. Gaming and gig economy companies think instant payments will be the standard way of making ad hoc payments in the next two years, on average. This optimism is not surprising. As the top senders of ad hoc payments, they already use instant payment methods more than other market sectors.

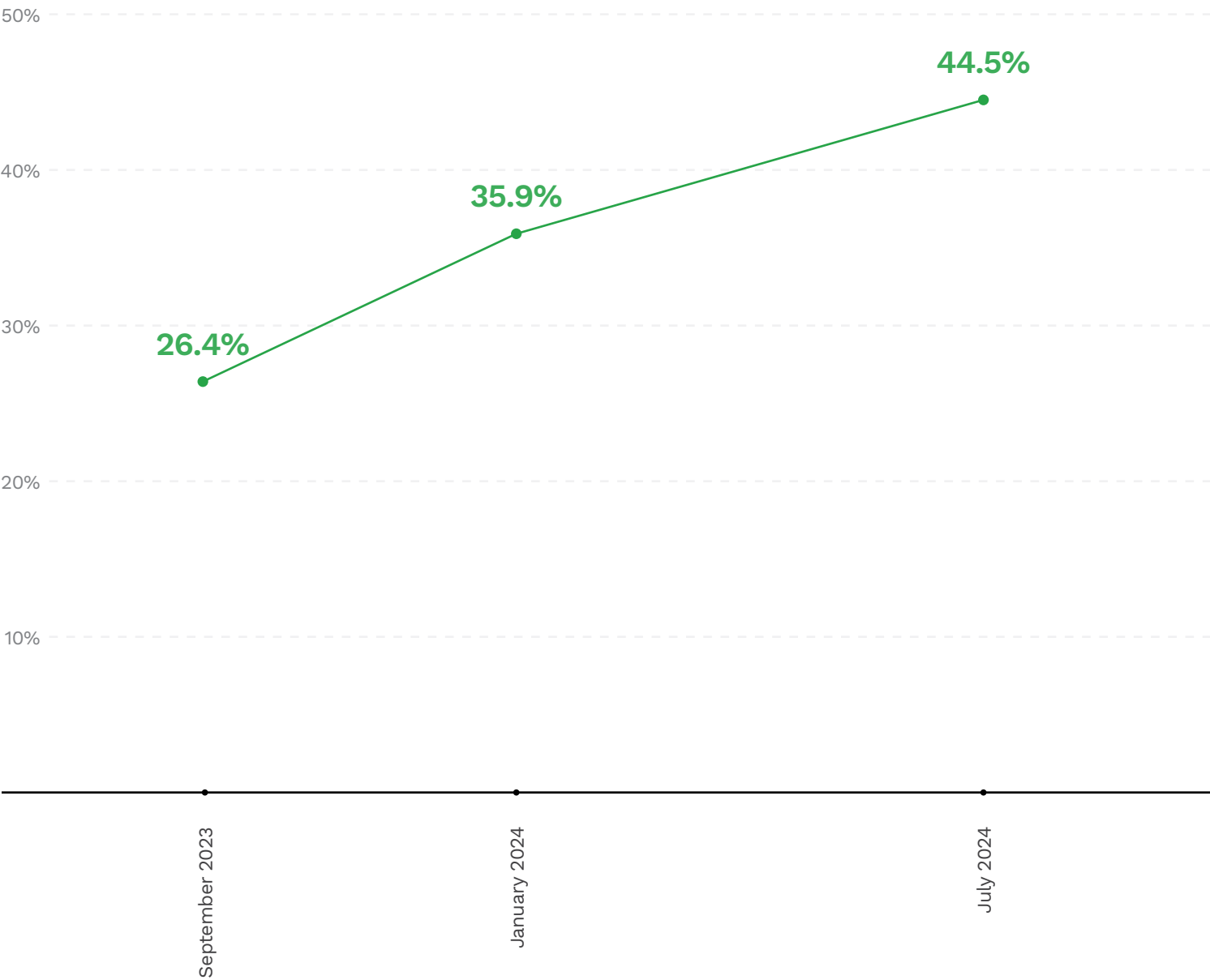
FIGURE 2
When instant payments will become the standard for sending ad hoc payments
Share of senders citing when they believe instant payments will become the standard for sending ad hoc payments



Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N = 200: Complete responses, fielded June 20, 2024 – July 10, 2024

Overall, 45% of ad hoc payments are most often sent using instant methods, up from 36% in January — a signal that instant has been steadily seizing market share. The gig economy and gaming industries saw the biggest increases in instant usage. In the gig economy industry, 64% of payments were sent instantly, more than doubling since September 2023. Use of instant for ad hoc gambling payments rose from 26% in September 2023 to 49% in July 2024. Likewise, the larger the company, the more their instant use increased in the last year. The largest companies — those generating more than \$1 billion in annual revenue — use instant methods to send ad hoc payments half of the time, while those generating revenues between \$50 million and \$100 million turn to instant 34% of the time. These findings highlight the correlation between instant usage and company revenue, suggesting larger firms are also more apt to expect instant will be the standard way to send ad hoc payments before smaller firms.

FIGURE 3
Instant ad hoc payments on the rise
Share of ad hoc transactions most often sent via instant payment methods



Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N varies based on date surveyed; N = 200: Complete responses, fielded June 20, 2024 – July 10, 2024

Push-to-debit card remains the top way senders send instant payments to businesses due to its perceived security and familiarity.

Enterprise senders have a variety of instant options when processing ad hoc payments. Data shows push-to-debit card remains the most used method for SMBs, while push to digital wallet is the most used method for consumers. In fact, half of all instant ad hoc payments firms send to SMBs are made via push to debit card. Only senders in the transportation industry favored the RTP network over push to debit card when sending payments to drivers. Meanwhile, more than half of instant ad hoc payments sent by hospitality, property management and gaming companies were push-to-card transactions.

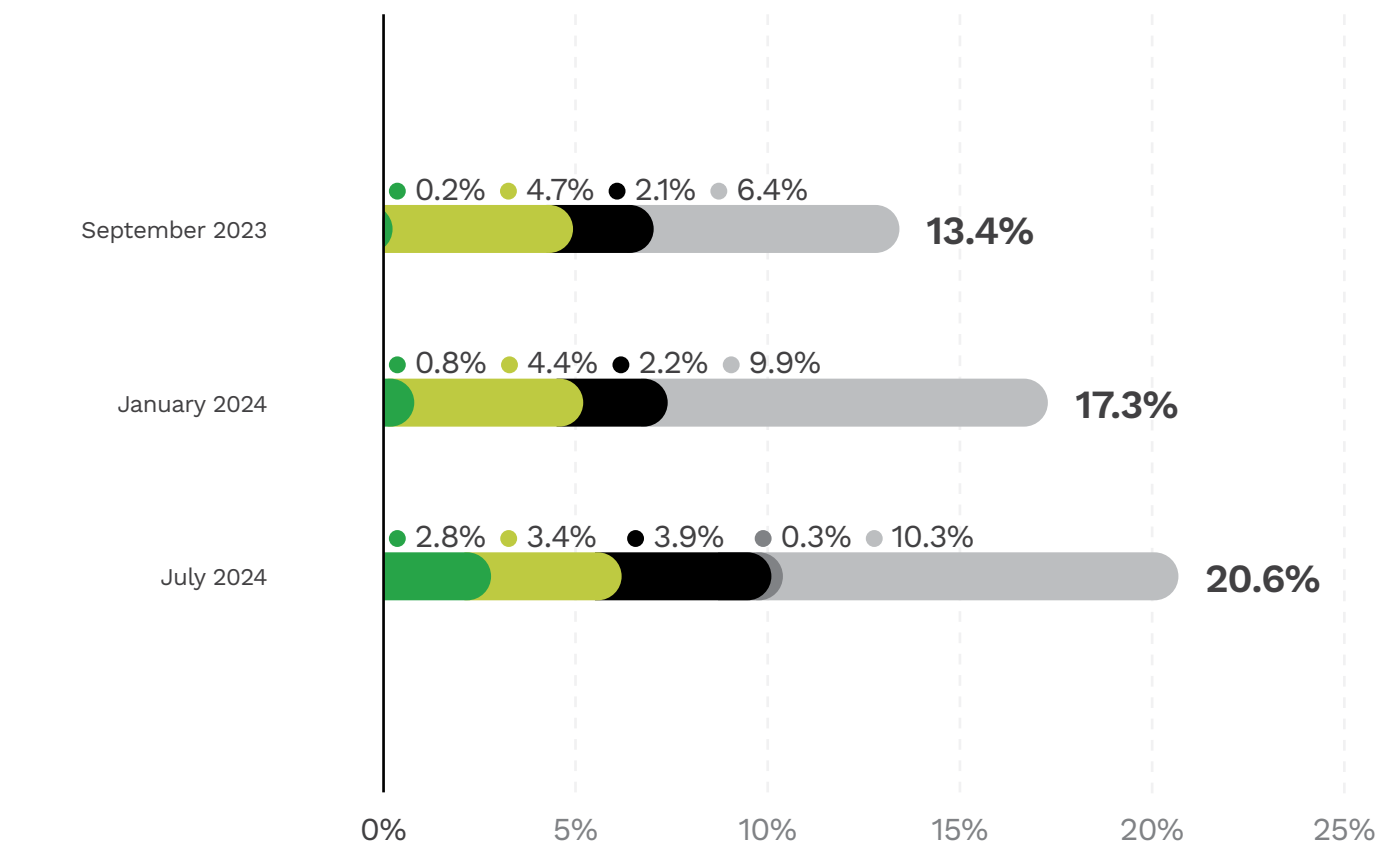


34%

Share of instant ad hoc **payments to individuals that are made via digital wallet**

After growing notably since September 2023, digital wallets were the most common way enterprise senders paid consumers. Zelle and real-time payments followed closely behind. With more than half of gig economy and gaming companies now using instant methods, these industries were the most likely to send payments to digital wallets such as PayPal and Venmo. In fact, more than half of all instant ad hoc payments from gig economy firms were sent via PayPal and Venmo, suggesting digital wallets may be seen as the most convenient by both senders and receivers.

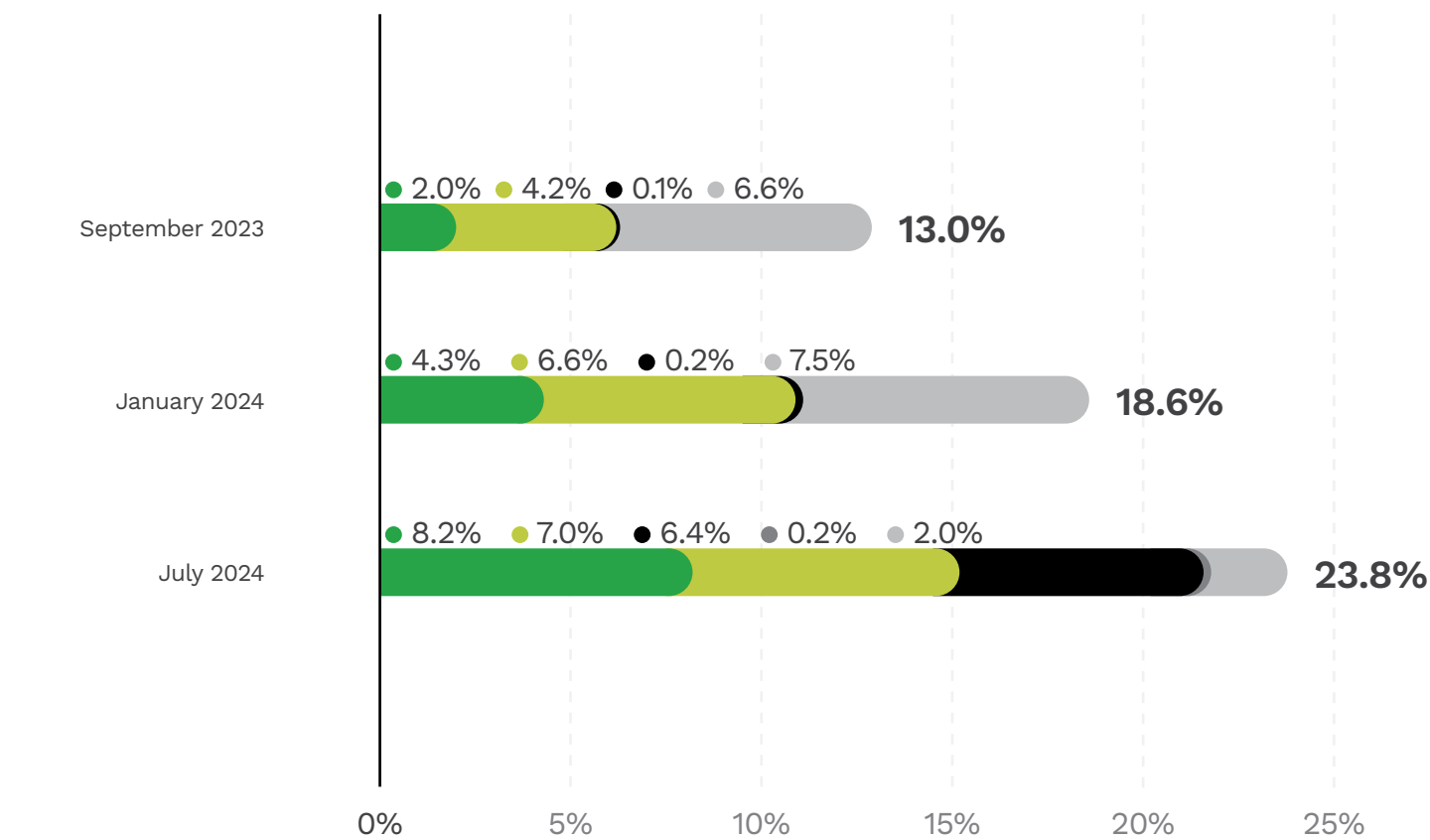
FIGURE 4A
Instant payment methods senders used
Share of ad hoc transactions with instant methods senders used when paying businesses, by type of instant payment



- Digital wallets
- Zelle
- RTP network
- FedNow
- Push to debit card

Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N varies based on date surveyed; N = 200: Complete responses, fielded June 20, 2024 – July 10, 2024

FIGURE 4B
Instant payment methods senders used
Share of ad hoc transactions with instant methods senders used when paying individuals, by type of instant payment



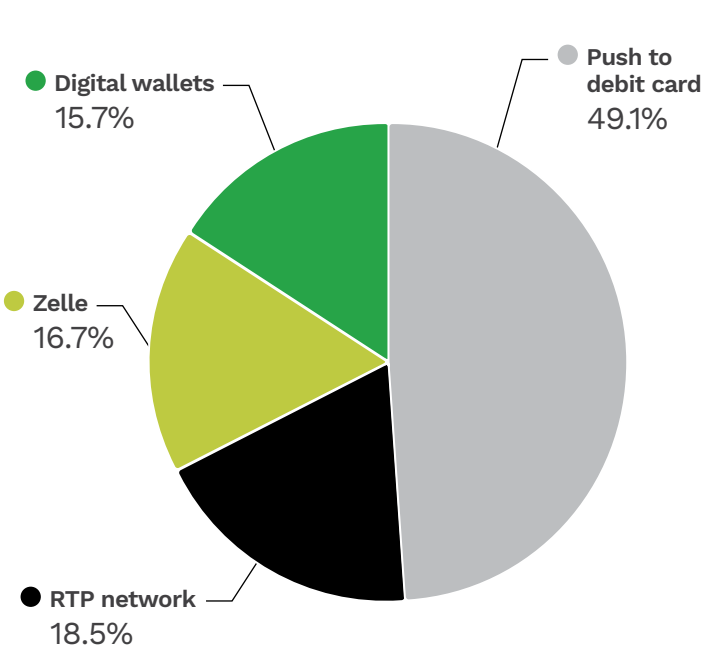
- Digital wallets
- Zelle
- RTP network
- FedNow
- Push to debit card

Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N varies based on date surveyed; N = 200: Complete responses, fielded June 20, 2024 – July 10, 2024

With such high usage when paying businesses, it is little surprise that push to debit card is the preferred instant payment method for 49% of senders. Enterprise senders mostly prefer push to debit card because of its perceived security and familiarity. We find 64% of senders cited security and fraud protection as the reason they prefer this payment method, while 60% cited their familiarity with it. In addition, approximately half of senders cited ease of use and flexibility as reasons for their preferences.

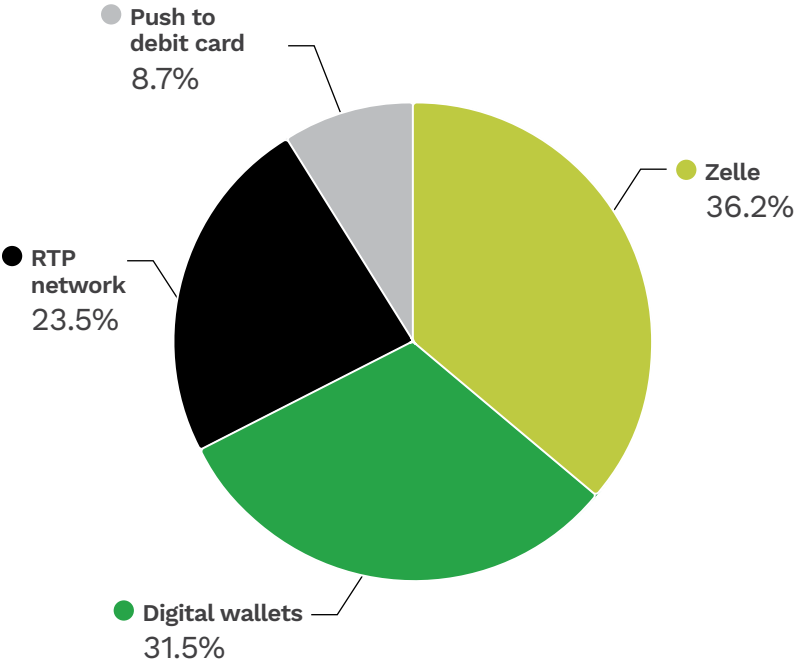
Senders report different preferences for how they pay individuals, with Zelle most preferred, followed by digital wallets and the RTP network. In fact, for 72% of senders, flexibility was the top reason they prefer their selected payment method to individuals. This was followed by ease of use, at 66%, and familiarity, at 60%. Such findings suggest senders perceive convenience and simplicity as more important when paying individuals who may have less experience with instant than SMB receivers.

FIGURE 5A
Senders' preferred instant payment methods
Share of senders that preferred select instant methods when paying businesses, by type of instant payment



Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N = 168: Senders that used instant payments when paying either businesses or individuals, fielded June 20, 2024 – July 10, 2024

FIGURE 5B
Senders' preferred instant payment methods
Share of senders that preferred select instant methods when paying individuals, by type of instant payment



Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N = 168: Senders that used instant payments when paying either businesses or individuals, fielded June 20, 2024 – July 10, 2024

Eighty-four percent of senders used instant payments to send at least one type of ad hoc payment, yet availability is conditional.

The extent to which instant pay is already a standard option for ad hoc transactions is evident, as only 16% of senders report they did not use any instant payment methods at least once in the last year. Currently, 39% of enterprise senders report they always provide instant payment options, while 45% provide instant payments depending on the situation. Yet, the share of senders providing instant payments often varies by the type of payment being made. Payments to gig workers and winnings payouts were the most likely to be always available via instant, with 60% of these senders always offering instant options. Senders in property management were less likely to provide instant payments all the time, indicating instant payment methods are not yet standard across all industries or use cases.

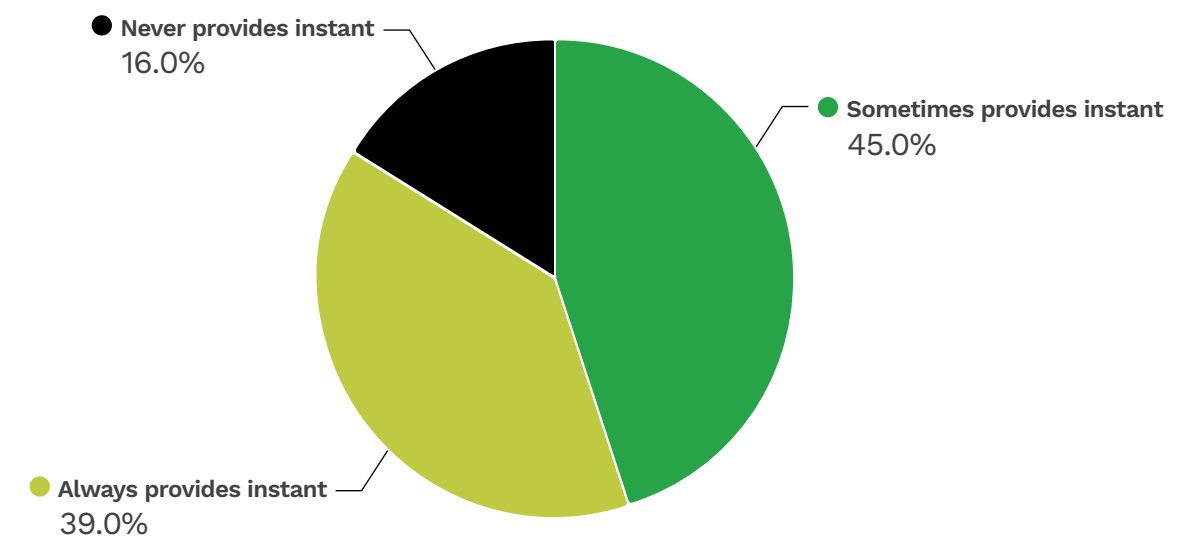
39%

Share of enterprise senders that report they **always provide instant payment options** for ad hoc transactions

FIGURE 6

Senders providing instant ad hoc payments

Share of senders that provide instant payment methods when processing ad hoc payments



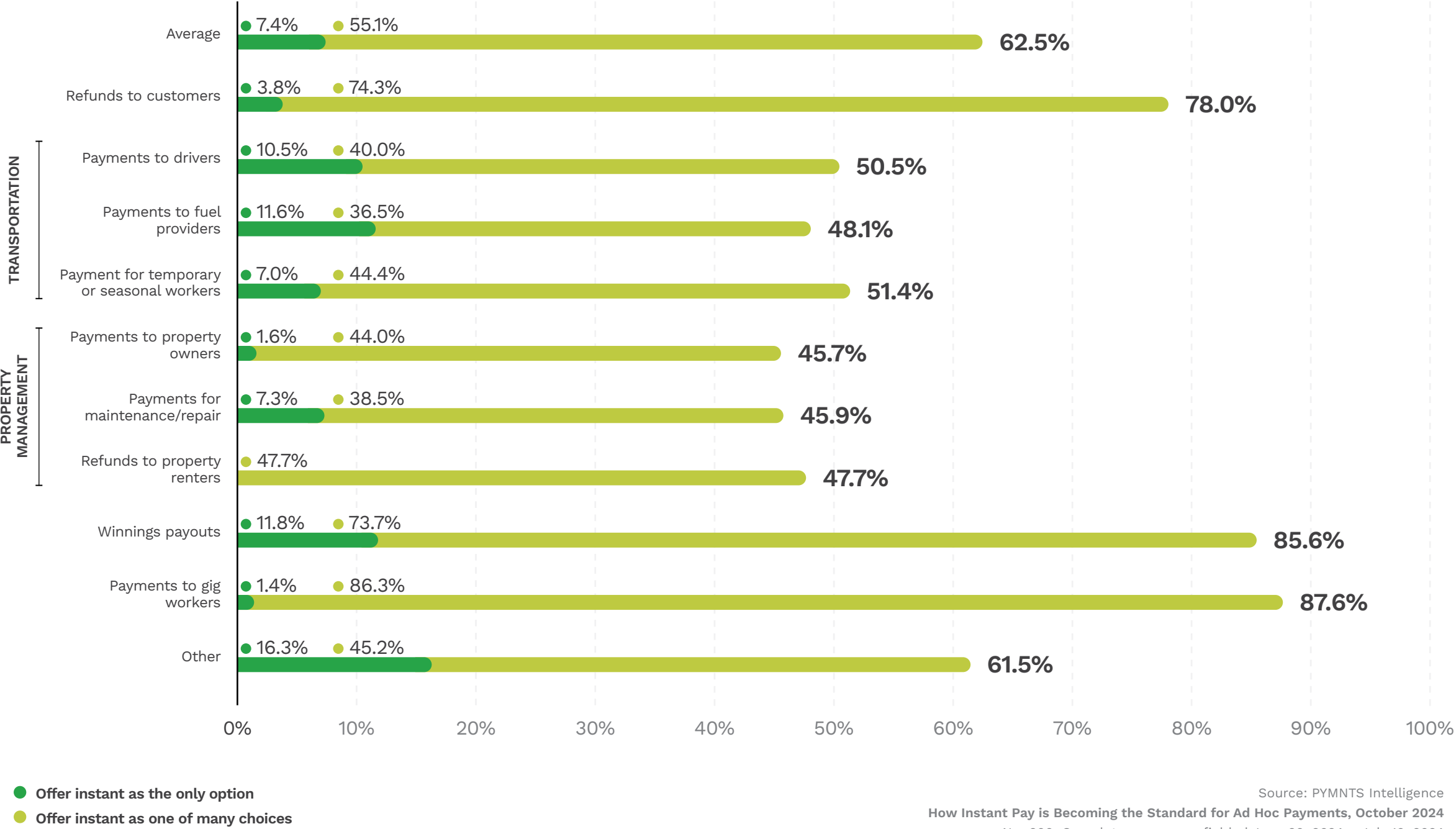
Source: PYMNTS Intelligence

How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024

N = 200: Complete responses, fielded June 20, 2024 – July 10, 2024

Despite wide adoption, instant payments are not always available, as 37% of all ad hoc payments lack the option to be received instantly. Instant payments are most often available for payments to gig workers and gaming payouts, with these senders reporting instant payment methods were available for almost 9 in 10 ad hoc transactions. Gaming and transportation senders are also most likely to say they offer instant pay as the only option. Among all senders, the share that provide only one instant option dropped 5 percentage points, moving from 12% in January to 7% in July. This suggests senders understand the importance of choice in instant payments, and are thus increasing the availability of such options.

FIGURE 7
Instant payment methods senders used
Share of ad hoc transactions with instant methods senders used when paying to individuals, by type of instant payment



Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N = 200: Complete responses, fielded June 20, 2024 – July 10, 2024

Vendor retention, cost incentives and late payments are the top reasons senders offer instant payment options.

Offering instant payment options creates value for senders in the forms of better customer and vendor engagement and savings. While 42% of senders consider vendor and consumer retention the most important reason to offer instant payments, 25% view receiving discounts and paying lower fees as the top reason. At 19%, being able to make late payments is the third-most popular reason to use instant methods for ad hoc payments. Instant payments' ability to facilitate late payments appeals to payers who can benefit from retaining the capital as long as possible while minimizing damage to their relationship with the receiver. The payee's ability to accept an instant payment is the fourth-most popular reason for using instant options, at 13%.

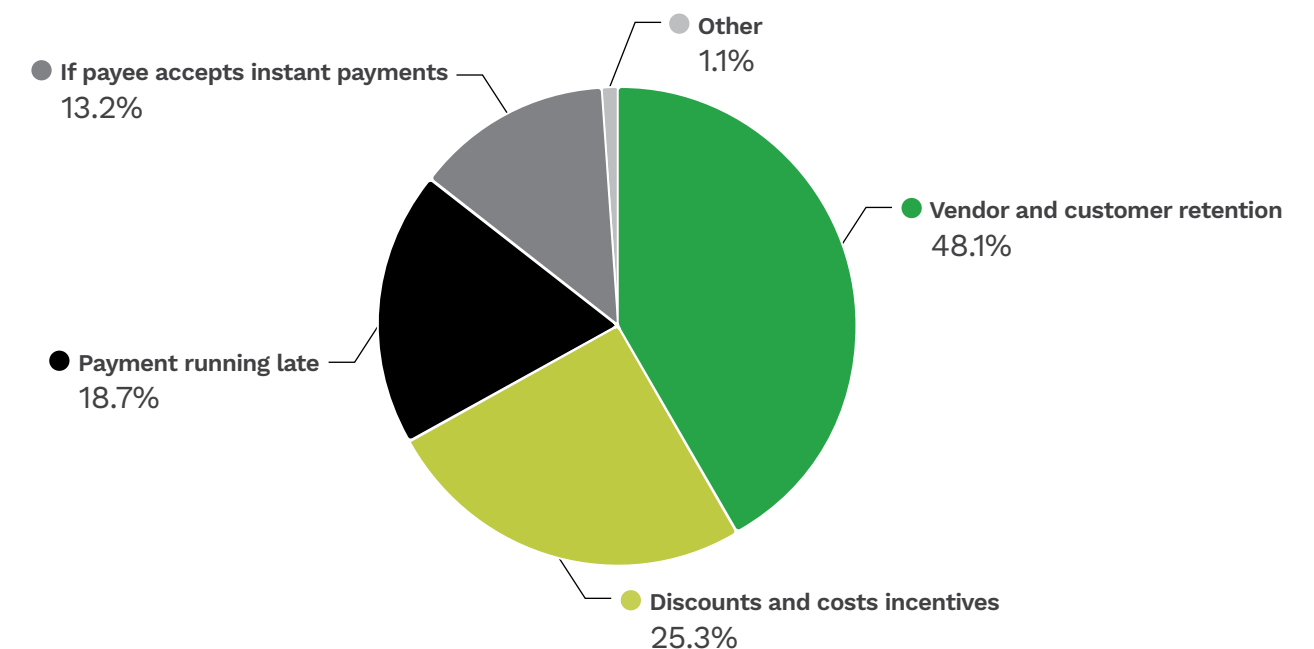
The type of disbursement also influences what senders value most when opting to offer instant payments. For example, vendor and customer retention is the top reason when it comes to payments to consumers, workers and service providers. This

includes payments to drivers and seasonal and maintenance workers as well as for gaming winnings payouts and gig worker wages. Senders also value discounts and cost incentives when delivering gaming winnings and maintenance payments along with payments to property owners. Using instant for late payments is important for property owner payments and refunds to customers. These findings highlight the key drivers of instant payment method adoption to send ad hoc payments across industries and use cases.

FIGURE 8

Factors that influence if senders offer instant payments

Share of senders citing select factors that influence whether they offer instant payments



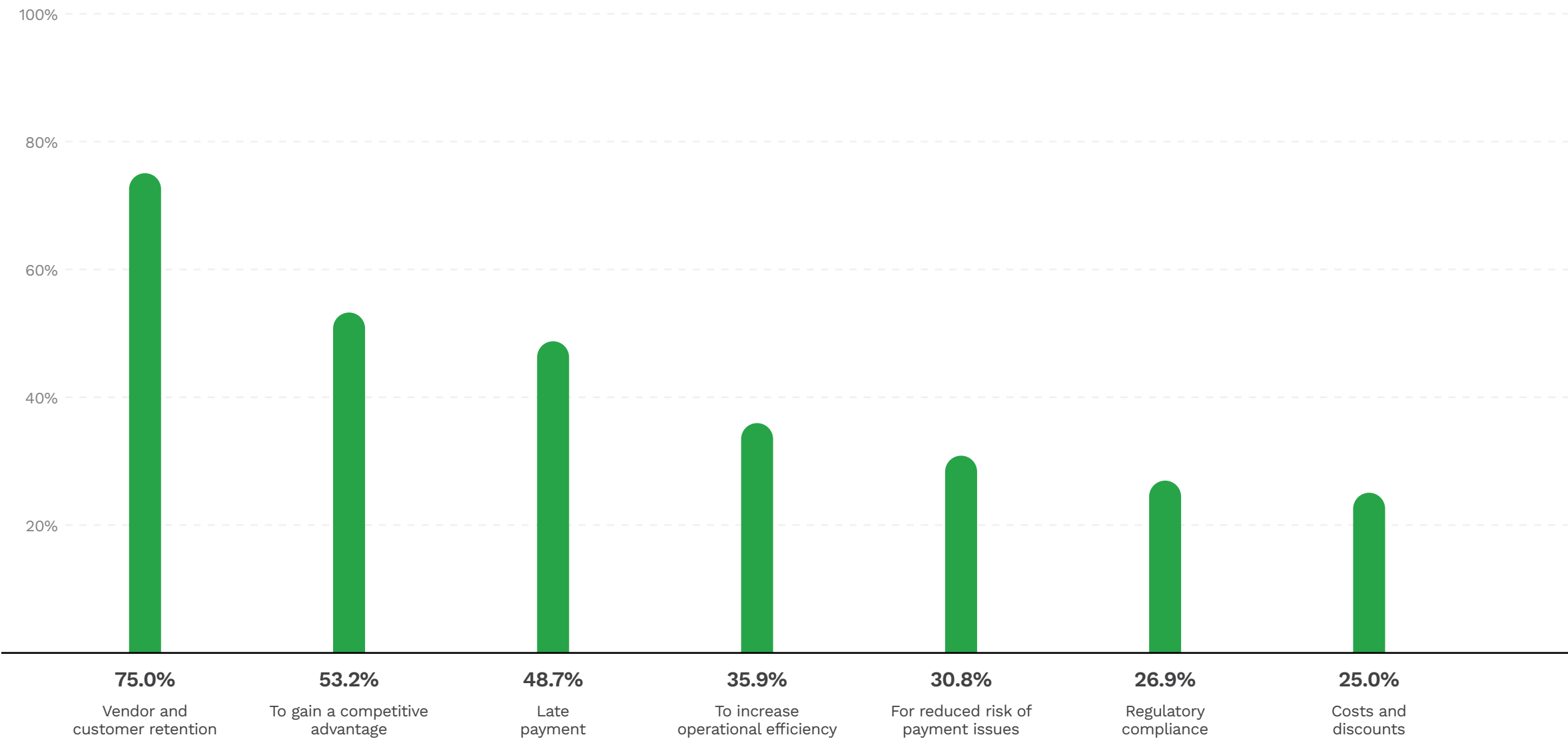
Source: PYMNTS Intelligence

How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024

N = 74: Senders that offer instant payments as a choice only part of the time, fielded June 20, 2024 – July 10, 2024

Vendor and customer retention, along with gaining a competitive advantage, also drive senders to cover the cost of instant ad hoc payments. While 75% of senders cite vendor retention as a reason that would make them cover the full cost of an instant payment, 53% cite gaining a competitive advantage as a reason to do so. On average, senders pay the full cost of payments 32% of the time. It was rare for a sender to report they either always or never pay the fee, highlighting the conditional nature of when senders cover costs. Senders are most likely to cover the cost if the payment is a refund, win-nings payout or payment to a gig worker, while they are the least likely to pay for a payment to a driver. These findings suggest the extent to which covering the cost of an instant ad hoc transaction is highly variable.

FIGURE 9
When senders pay for instant
Share of senders citing select situations in which they pay the full fee for using instant payments



Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N = 156: Senders that at least occasionally pay a fee for instant ad hoc transactions, fielded June 20, 2024 – July 10, 2024

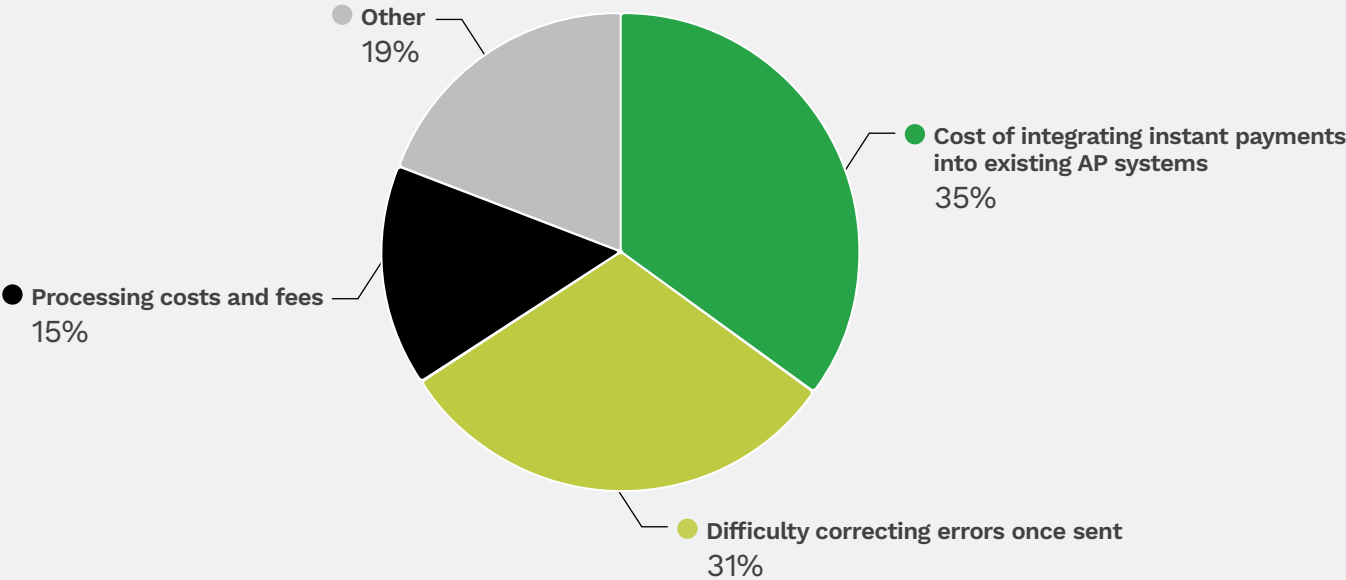
DATA FOCUS

Enterprises face challenges integrating instant options into their ad hoc payment processes, which can be addressed by third-party solutions.

With cost of integration the top barrier to offering instant payments, third parties are seen as the future for offering multiple instant payment options.

With instant payment methods increasingly used to send ad hoc payments, the question remains why some enterprise senders are not doing so. Data shows 35% of senders cite the cost of integrating instant payments into existing systems as the main reason they do not offer instant payments. In fact, integration cost remains the biggest pain point of offering instant — an indication that the use of third-party solutions that streamline the provision of instant methods is key. This is especially true for firms looking to send ad hoc payments via payment methods that individuals widely use.

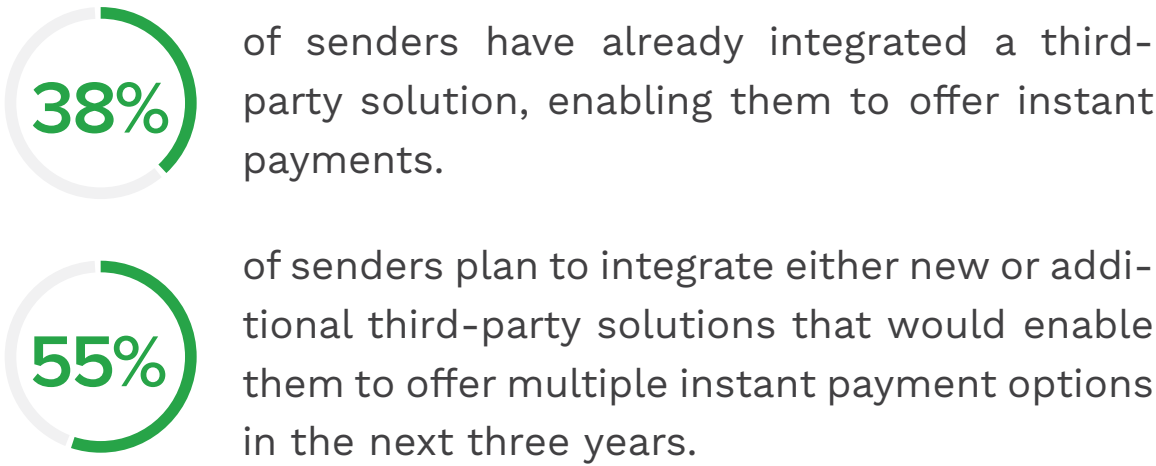
FIGURE 10
Top reasons senders never offer instant payments
Share of senders citing select reasons as their top reason for never offering instant payments



Source: PYMNTS Intelligence
How Instant Pay is Becoming the Standard for Ad Hoc Payments, October 2024
N = 17: Senders that never provide instant payments, fielded June 20, 2024 – July 10, 2024

The cost of integrating instant payments into AP systems was an increasing concern for senders in the last year, with 1 in 5 reporting this barrier. This represents an 11% increase compared to September 2023. Issues with the cost of integration are not dependent on company size, making third-party collaboration important for all enterprise senders when innovating instant payment solutions. In fact, 38% of enterprise senders surveyed have already integrated a third-party solution into their AP systems to offer instant payments. Meanwhile,

Third-party collaboration is key when innovating instant payment solutions.



55% of senders plan to increase their integration with third parties to improve their instant payments innovation, enabling them to offer multiple instant payment options in the next three years. Gaming and gig economy senders, at 66% and 60%, respectively, are most likely to have such plans. Sixty-one percent of senders that currently integrate a third-party solution or expect to do so have plans to offer multiple instant payment options in the next three years.

ACTIONABLE INSIGHTS



01

Instant usage for ad hoc payments has been steadily seizing market share. As a result, almost all enterprise senders believe instant will be the standard way to send ad hoc payments in the future. This is especially true among larger senders, further suggesting a correlation between increasing instant usage and sender expectations that instant will become the go-to method to send ad hoc payments.



02

Enterprise senders prefer different instant payment methods when sending ad hoc payments to SMBs versus individuals. Push to debit card is most common when sending ad hoc payments to SMBs due the security and fraud protection it provides. When transacting with consumers, senders value the flexibility and ease of use digital wallets provide. Enterprise senders need to keep such differences in mind as instant becomes the standard for sending ad hoc payments.



03

Senders increasingly use instant pay to send ad hoc payments. Yet, instant is not always an option. Additionally, the share of senders that offer instant as the only option has decreased, indicating senders have recognized the importance of instant payment choice. Firms that have yet to adapt could lose business relationships to senders that provide multiple instant options.



04

Enterprise senders are increasingly interested in offering instant ad hoc payments to improve vendor and customer retention. Senders that cover the full cost of instant ad hoc payments have the same goal in mind. This suggests that if senders are looking to improve vendor and customer engagement, they should consider covering the cost of instant payments as part of the cost of doing business.

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METHODOLOGY

How Instant Pay is Becoming the Standard for Ad Hoc Payments, a PYMNTS Intelligence and Ingo Payments collaboration, is based on a survey of 200 enterprise senders generating at least \$50 million in annual revenues across the United States conducted between June 20 and July 10. It examines these issuers' use of instant payments to make disbursements to SMBs and consumers. The report focuses on the following industry segments: hospitality, gaming, trucking/transportation, gig economy (e.g., freelance workers) and property management.

THE PYMNTS INTELLIGENCE TEAM THAT PRODUCED THIS REPORT

Scott Murray
SVP and Head of Analytics

Story Edison, PhD
Senior Analyst

Margot Suydam
Senior Writer

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