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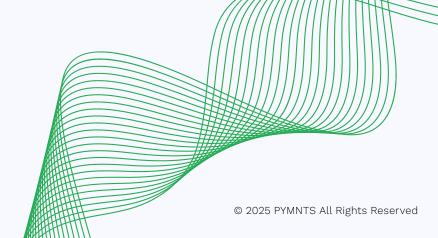
Information on PYMNTS Intelligence and Ingo Payments





#### Acknowledgment

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### Introduction

Nonrecurring or ad hoc payments now comprise a growing share of accounts receivable (AR) for small to mid-sized businesses (SMBs). These payments represent 55% of transactions and 69% of total <u>AR volume</u> in dollars, leading many SMBs to rely on instant payments for faster receipt of this increasingly crucial income source. Although the <u>adoption of instant payments</u> for this purpose has been on the rise among SMBs, expanding from 20% in September 2023 to 32% by August 2024, data suggests that their implementation is not evenly distributed across industries.

As a result, disparities in digital momentum are becoming more apparent. More digitally forward industries such as gaming and the gig economy lead in real-time payment adoption, having prioritized investments in infrastructure that enables seamless instant transactions. In contrast, SMBs in sectors with less digital transformation — often still reliant on paper checks or manual processes — are significantly more likely never to be offered receipt of instant payments. For SMBs across all industries, instant payments — especially for ad hoc payments — represent a significant opportunity to accelerate cash flow, reduce payment delays and enhance overall financial efficiency in an increasingly digital business landscape.

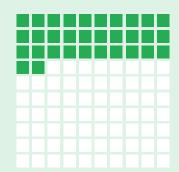


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### **Varied Adoption Rates**

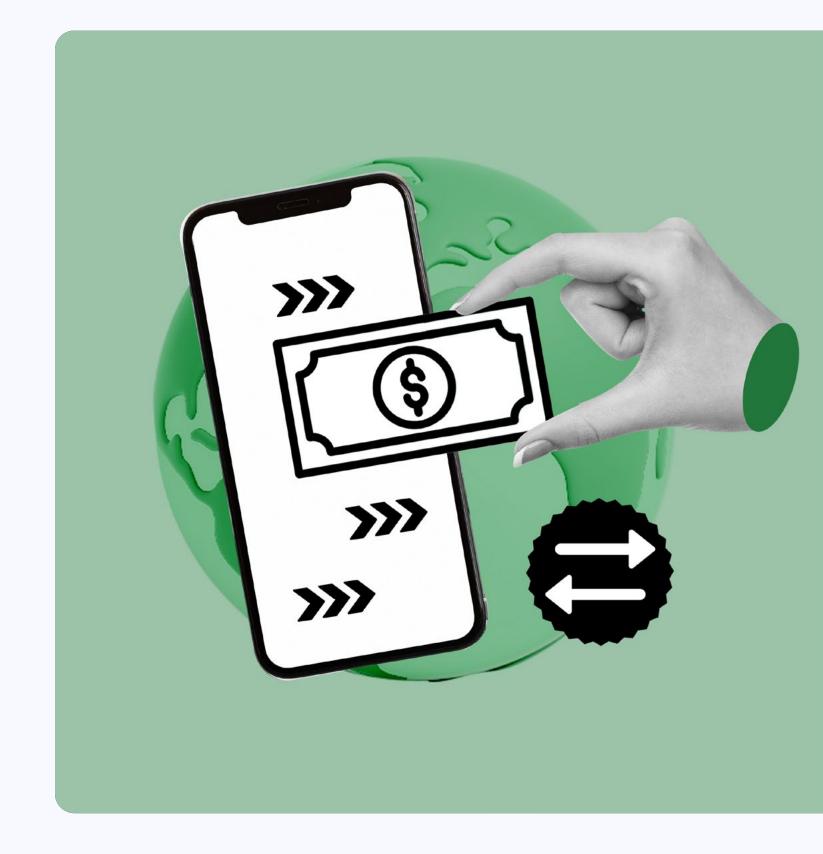
### Instant Payment Adoption Among SMBs Is on the Rise

SMBs increasingly rely on instant payments, particularly for receiving ad hoc payments, yet their adoption varies by industry. While usage has surged, limited availability and digital momentum continue to shape SMB payment behaviors.



32%

of SMBs now receive ad hoc payments via <u>instant methods</u> most often — up from 20% in 2023.



### **Varied Adoption Rates**

### Instant payments gain ground across key industries.

PYMNTS Intelligence data shows that across major industries, most SMBs use instant payments at least some of the time. In fact, about four in 10 SMBs across transportation, hospitality, restaurants and healthcare cite an instant payment option — such as PayPal or instant bank account-to-account (A2A) transfers — as their mostused way to send payments. This signals a decisive shift away from traditional options like checks and automated clearing house (ACH) transfers. The convenience, speed and reliability of instant payments have become essential advantages for SMBs navigating uncertain economic conditions.

Despite the popularity of instant methods for sending payments, their adoption is even stronger among SMBs receiving funds, particularly for ad hoc payments. The share of SMBs who receive ad hoc payments through instant methods surged significantly in 2024, to roughly one in three, up from 20% in 2023. As adoption accelerates, check-based payments are steadily declining, underscoring businesses' growing preference for improved liquidity and lower payment uncertainty — a shift that significantly enhances their financial agility and resilience.

### Demand for instant ad hoc payments outpaces availability.

SMBs increasingly prefer instant payments, but access remains inconsistent across industries. One-quarter of SMB receivers always opt for instant payments when available, while nearly half choose instant more than 75% of the time. Yet, barriers persist: SMBs in less digitally forward industries are more than three times as likely to never be offered instant payment options.

SMBs' growing reliance on ad hoc payments makes instant adoption even more pressing. Currently, 55% of SMB AR transactions are ad hoc, accounting for 69% of total AR volume in dollars. As of August 2024, a record 34% of SMBs reported that their ad hoc payments are typically larger than their recurring payments. This shift makes speed of receiving these payments ever more critical.

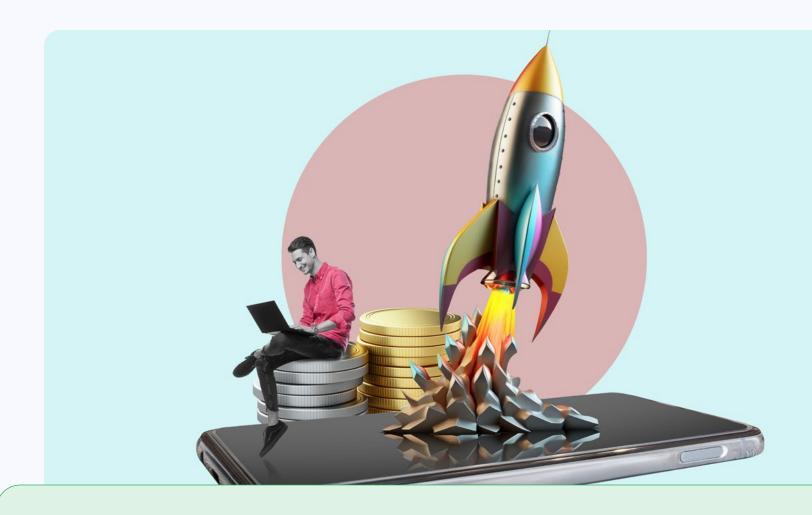
Despite increasing adoption of instant methods, availability remains a limiting factor. Industries with greater digital momentum are implementing instant payments at a significantly higher rate than those reliant on legacy systems. As more SMBs integrate digital payment solutions, instant transactions will likely continue gaining ground, making widespread access a growing priority.

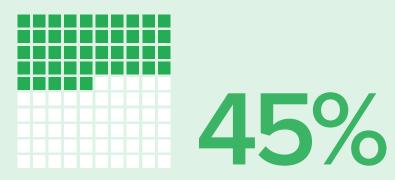
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#### A Matter of Momentum

### Digital Momentum Drives Adoption of Instant Ad Hoc Payments

Digitally forward SMBs in gaming and the gig economy lead in instant ad hoc payment adoption. In contrast, industries that are less digitally forward often rely on manual systems and paper checks.



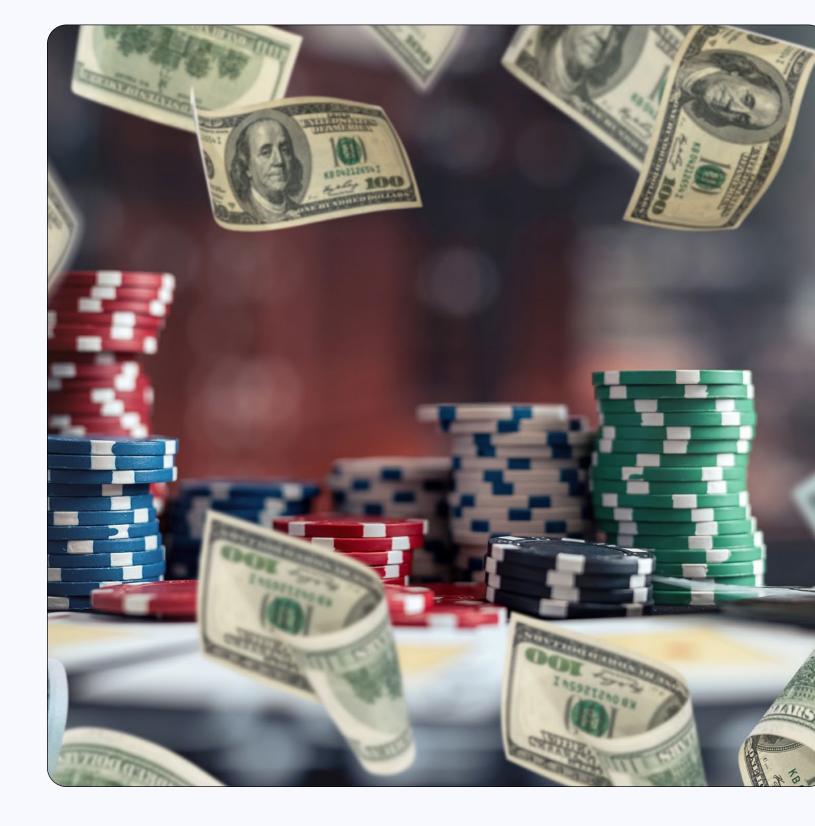


How much more likely SMBs in digitally forward industries are to use instant pay as their most common method for <u>receiving ad hoc</u> <u>payments</u> compared to other industries

#### A Matter of Momentum

## Digital momentum determines instant payment availability.

According to PYMNTS Intelligence, SMBs adopting instant methods specifically to receive ad hoc payments are highly concentrated in more digitally forward industries, such as gaming and the gig economy. Examples of these receivers might be small gaming developers selling their products to larger companies. Firms in these digitally forward industries use instant pay as their most common way to receive ad hoc payments 45% more than other industries. Meanwhile, SMB receivers in industries with less digital momentum still tend to collect ad hoc payments via traditional, non-instant methods, such as by checks in the mail.



#### A Matter of Momentum

### Gaming industry accelerates instant payment adoption.

Digitally advanced sectors, notably gaming, are driving instant payment adoption. Trustly's upgraded <u>Pay N Play</u> system, which combines player verification, deposits and account creation into a seamless bank-to-casino transaction, is contributing to this trend. Launching in 2025, the technology trims login times to under 10 seconds, accelerates transactions and boosts average transaction values by 10%. Such innovations give SMBs in gaming a distinct advantage in rapid payment processing and financial agility.

## AR automation boosts SMB adoption of instant payments.

Automated AR systems correlate strongly with <u>instant payment usage</u>. According to PYMNTS Intelligence research, receivers with AR systems that are more automated are far more likely than their less-automated counterparts to receive ad hoc payments primarily via instant methods. Only 24% of SMBs depending mostly on manual AR processes receive ad hoc payments instantly, compared to 37% using mostly automated systems. Moreover, digitally forward industries are slightly more likely to have automated systems, indicating that SMBs in these industries are better prepared to receive ad hoc payments via instant methods. With 44% of <u>microbusinesses</u> still using manual processing, enhancing automation could significantly expand instant payment adoption, especially among SMBs slower to digitize.

### **Bridging the Divide**

## Overcoming Barriers to Instant Payment Adoption

Cash flow benefits drive SMB interest in instant payments, yet adoption hurdles persist. High fees and limited integration capabilities hinder widespread implementation.



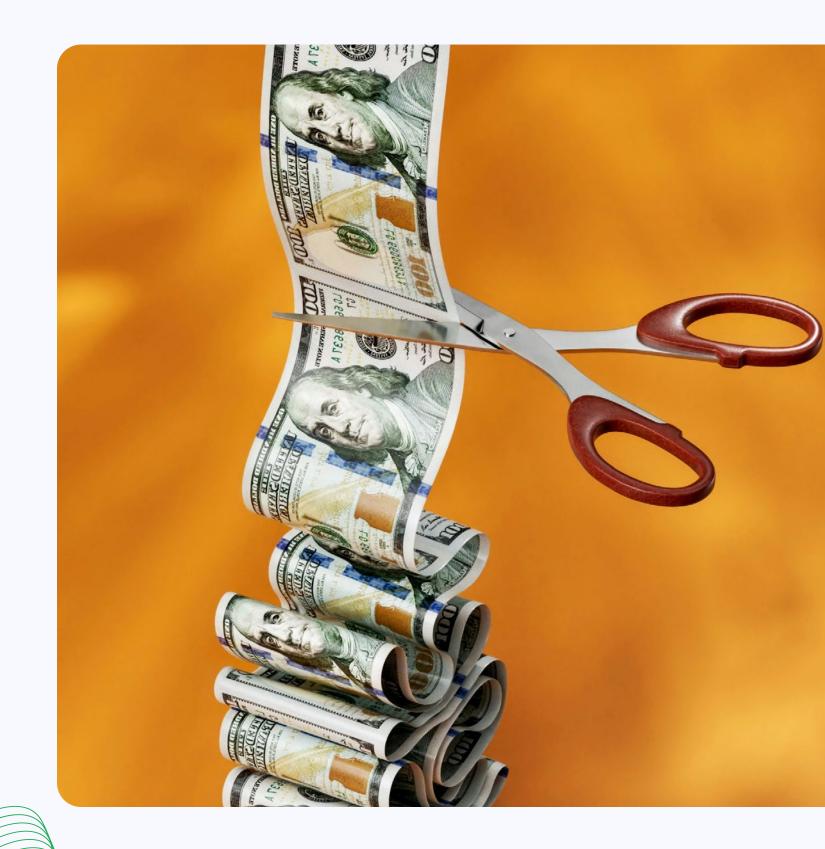
of microbusinesses cite <u>improved cash flow</u> as their top reason for adopting instant payments.



### **Bridging the Divide**

## Enhanced cash flow control drives instant payment interest among SMBs.

Improved cash flow management ranks as the top factor influencing instant payment adoption, especially among the <u>smallest SMBs</u>. As of August 2024, 73% of microbusinesses generating less than \$100,000 in annual revenue chose instant payments primarily to improve cash flow, marking an 18% increase from seven months earlier. For larger SMBs, specifically 29% of businesses with annual revenues between \$5 million and \$25 million, the guarantee of good funds and competitive advantage are equally important drivers, highlighting differing priorities across SMB segments.



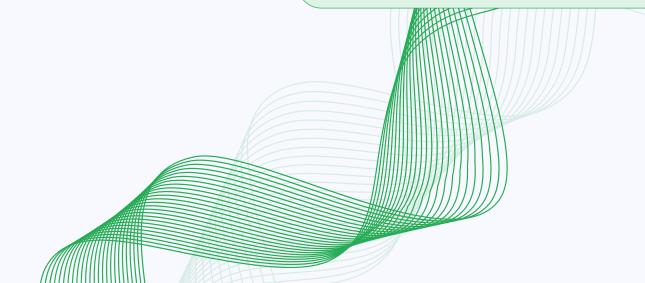
### **Bridging the Divide**

## Cost remains the primary barrier to broader instant adoption.

Despite clear cash flow advantages for receiving funds instantly, cost prevents many SMBs from choosing instant ad hoc payments. PYMNTS Intelligence data shows the share of SMBs declining instant payment options due to the associated fees increased by 53%, with roughly 32% of SMBs citing fees as the main reason for avoiding instant options. Indeed, the reduction or elimination of these fees could significantly increase adoption, particularly among smaller businesses sensitive to transaction costs.

### Integration challenges highlight the need for third-party solutions.

Only 23% of SMB payment receivers currently use <u>third-party</u> <u>integrations</u> to support their ability to receive payments instantly, limiting broader uptake. Providers like QuickBooks, which introduced <u>Tap to Pay on iPhone</u> in March, offer seamless payment solutions to improve cash flow management. Leveraging affordable, integrated solutions can help SMBs overcome technical hurdles and fully embrace instant payments.



#### Call to Action

# Unlocking the Potential of Instant Ad Hoc Payments for SMBs

Small to mid-sized businesses can significantly streamline cash flow and increase liquidity by adopting instant payments — particularly for ad hoc transactions. However, barriers like cost and integration challenges may slow adoption. To address these issues and mitigate operational uncertainty, PYMNTS Intelligence recommends the following strategies:

• Seek out low-cost or fee-free options.

Look for providers offering reduced or eliminated transaction fees, especially if you are a microbusiness. This can make the transition to instant payment methods more financially viable.

Removing complexity is key to unlocking the full impact of instant payments for SMBs.







#### Work with a third-party to integrate instant payment solutions.

• Explore seamless options like QuickBooks' Tap to Pay on iPhone to automate and simplify your AR processes. These tools can significantly ease the adoption of instant payments.

#### Don't let industry norms hold you back.

• Even if your industry is slow to embrace new payment technologies, seek out instant payment solutions. Implementing these technologies now could help you stay competitive and potentially improve your financial operations.

By proactively addressing these adoption challenges, SMBs across all sectors can better manage cash flow, reduce payment delays and strengthen financial health. Embracing instant payments creates a clear competitive advantage, reducing operational uncertainty and enabling SMBs to thrive amid evolving market demands.

### **About**

#### PYMNTS INTELLIGENCE

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multilingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

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