



2016 Trend: #2 Mobile P2P is the Killer App for Real-Time Payments

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Overview

The logjam preventing widespread adoption of real-time payments is going to be smashed in 2016 with growing adoption of mobile P2P. While banks and NACHA have been talking about delivering real-time payment functionality for the past several years, the demand for real-time funds availability from mobile P2P transactions is going to be the killer app that finally delivers. More than 82 million adult consumers will make a mobile P2P transaction in 2016, increasing to 126 million by 2020 — representing almost half of all adults. The demand to use funds immediately will drive the financial services industry to deliver. Payments networks such as FIS People Pay, Fiserv Popmoney, and clearXchange are all in position to deliver on that reality now or starting in 2016.

What to Look For

More nonindustry players will enter the mobile P2P market, including the major “pays” such as Samsung Pay, Apple Pay, and Android Pay, further driving additional pressure on existing players. Existing networks such as FIS People Pay6 and Fiserv Popmoney that currently or are planning in 2016 to offer real-time payments for a price, will go to a low price or free model as a way to further gain share or defend against nonindustry players such as Apple, Facebook, and Snapchat. Same-day ACH becomes a reality in September 2016 and will be used by banks and nonbanks alike to drive near real-time payments.



Key Business Considerations: What Does It Mean?

- **Customer expectations:** Current P2P service providers will need to deliver on real-time funds availability both within and outside their networks or fear dwindling customer usage.
- **FI infrastructure:** FIs that have P2P integrated into their bill pay services will be forced to extend real-time funds transfer to bill pay or else give the appearance of a poorly built two-tier system.
- **Revenue opportunity:** Many existing P2P services are free or low cost today, but do not offer real-time funds availability, so they may be a short-term profit opportunity for FIs in the early days of real-time funds transfer.
- **Industry differentiation:** Since real-time payments require the leveraging of an FI network, there may be an opportunity for FIs to differentiate themselves in mobile P2P from the social networks offering P2P (e.g., Facebook and Snapcash).

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