



# Keeping Pace with Digital Transformation and Consumer Demand for Faster Payments

Over the last decade, modern consumers have moved inexorably towards a smartphone lifestyle in which nearly everything of consequence is available to them in a digital-first format, customizable to their needs with self-service capabilities. Yet a January 2019, Ingo Money-commissioned Forrester Consulting study titled “Legacy Disbursement Methods Fail to Satisfy Today’s Modern Customers” finds that companies continue to pay out nearly \$9 trillion in disbursements using slow, outdated methods that ignore customer preferences.

In its survey of over one hundred financial service executives and over a thousand U.S.-based consumers, Forrester found that contrary to growing consumer demand, all but the most innovative companies continue to rely on outdated payment instruments to distribute funds to customers. The result being that when consumers are owed funds for insurance payouts, loan proceeds, or even for wages, they are often forced to wait multiple days with no choice in how, when, or where they are paid. As a result, **49% of consumers who were not given a choice of where they would like their funds paid feel negative about the experience.**

As part of this study, Forrester found that this gap between payment expectations and reality is significant. It is all the more notable because of the digital transformation that has taken place in other industries like travel, retail and banking. But the findings point to a market primed for instant payments, and Forrester shared key recommendations for how companies can close this gap and best deliver on the promise of the Instant Money Economy.

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## Key Statistics

- B2C disbursements make up an enormous market with up to \$9 trillion being paid out annually
- Paper checks or ACH deposits are still used by 93% of companies when paying customers
- Not being given a choice in where to take receipt of their funds made 49% of consumers feel negatively about the experience
- Immediate and safe to spend funds are a disbursement priority for 62% of consumers

## LEGACY METHODS FAIL TO MEET THE NEEDS OF MODERN CONSUMERS

The Forrester research found that 93% of companies still use paper checks or ACH to send funds to customers. These methods are neither fast, convenient, nor guaranteed. They are the opposite of customer-centric.

In the study, businesses admitted that checks take too long internally to organize and distribute while their manual nature makes them expensive and slow. In fact, **68% of businesses reported taking three days or more to disburse monies they owe consumers, and 38% had experienced fraud or security challenges when delivering money via check.**

Much of this is simply a resistance to change. Sixty-two percent of businesses said they still offer check payments because it's the way they've always done business. But increasingly, these companies know that consumers are demanding change.

## PUSH PAYMENTS MEET CUSTOMER DEMANDS FOR CHOICE IN RECEIVING MONIES OWED

As the saying goes, the customer is always right. Increasingly, that means that speed in disbursements is table stakes. Twenty-two percent of consumers have heard of instant payments and have used them to receive funds, but nearly all consumers instinctively want faster payment options.

More discerning customers have moved beyond speed to now demand choice and certainty as key attributes of a payment. **Receiving funds that are immediately available and safe to spend was named a priority by 62% of respondents, while 53% of customers demanded choice in accounts for where they received funds.**

This ability to send funds to nearly any consumer account instantly, with complete certainty as safe-to-spend funds is unique to push payments. Even Fast Funds and Same Day ACH don't meet these demands. Because they are issued in batch, both can take a full day to arrive - and then only on business days - plus, they only work with bank accounts.

**Push payments provide a modern, secure and flexible payments experience by leveraging existing payment networks in reverse. When taking receipt of a push payment, customers can select a preferred account and have safe-to-spend funds arrive within minutes. It's instant money anywhere, anytime...even on weekends and holidays.**

## The Market is Primed for Instant Payments

The Forrester study found a clear demand for instant payments. Over 70% of consumers in the survey said they would try an instant payment if it was offered. At the same time, 72% of businesses said that digitizing and automating the payout process is a significant or critical priority.

The bottom-line benefits of instant payments are clear: happier customers, lowered costs, and new revenue opportunities. Now that the market has embraced this opportunity, businesses must move fast or risk being left behind.

*“Being able to meet customer needs in the moment or delighting them with a new and better method, like instant payments, is an easy win toward improving your organization’s overall CX strategy”*

“Legacy Disbursement Methods Fail to Satisfy Today’s Modern Customers,” January 2019, a commissioned study conducted by Forrester Consulting on behalf of Ingo Money

## INSTANT PAYMENTS CAN BOOST THE COMPANY BOTTOM LINE

Businesses that embrace instant payments stand to boost their own bottom line through significant gains in engagement, modernization and efficiency. Existing customers will exhibit higher levels of satisfaction while new customers will be eager to benefit.

These benefits were documented in a June 2018 commissioned study conducted by Forrester Consulting on behalf of Ingo Money, “The Total Economic Impact™ Of Ingo Money Instant Money Services”, which estimated that 20% of customers opening an account at an organization did so primarily because of instant payments. That same organization saw 20% greater account reuse than before instant payments were offered. When customers can fund any account at any time – even late on a Friday or holiday weekend – those that might have given up on a transaction previously can now quickly do whatever they need with instant money.

According to the Association for Financial Professionals, businesses can also save as much as \$4 per check by digitizing labor-intensive payments processes. This combination of new customers using products more frequently with the proven cost savings of digital payments can also significantly improve financial performance.

## ABOUT INGO MONEY

Ingo Money is the instant money company. Founded in 2001 with a mission to digitize the paper check, Ingo Money’s push payment technologies enable businesses, banks, and government agencies to instantly disburse safe-to-spend funds to more than 4.5 billion consumer accounts.

For further information, download the complete [Forrester TEI Study](#) at [biz.ingomoney.com](http://biz.ingomoney.com)

## Forrester’s Four Key Recommendations for Businesses:

- 1. Adopt real-time digital disbursements.** Instant payments are now expected. Modernize your disbursements before competitors.
- 2. Give payees a choice of how and/or where they received funds owed to them.** 69% of customers want choice. Meeting that demand shows customers you value their needs, boosting long-term loyalty.
- 3. Educate your payees on the benefits of not using checks.** Education about security and process are key to rolling out any new disbursement method.
- 4. Automate internal account payable processes to further speed payments for your customers.** To build repeat business, trust and long-term value, companies must optimize internal operations that integrate with payments.

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