



Research on End-User Demand for Select Payment Attributes

Research Results Summary

The Federal Reserve conducted qualitative and quantitative research to seek insights on payment preferences of end users in different “use case” scenarios (i.e. person-to-person, business-to-business), and to learn their views on the importance of various payment features. Specifically, the research explored end-user needs related to the following attributes referenced in the *Consultation Paper’s* desired outcome 2: ubiquity, payment speed, payment notification, ability to send payments without account information and confirmation of good funds at payment initiation. Insight was also sought on awareness of different payment instruments and willingness to pay fees.

KEY TAKEAWAYS

Following are key insights from the Fed’s business and consumer market research.

Faster is Preferred

Overall, **faster payment features** are preferred to slower payment features.

Payment Attributes of Interest

The research indicates that businesses and consumers are interested, to varying degrees, in the payment attributes defined in the *Consultation Paper’s* desired outcome 2:

- Ubiquity
- Payment speed
- Payment notification
- Ability to send payments without account information
- Confirmation of good funds at payment initiation

Important to Consumers

The **consumer survey showed that faster debiting** from a consumer payer’s account is generally a more important feature than faster crediting to a payee.

Important to Businesses

For **businesses, fast availability of funds** was the most important element of payment speed.



Sharing of Information

By a significant margin, consumers and businesses indicated that they **would rather share an email address or a phone number** to make/receive payments instead of sharing their bank account number.



85% of consumers and **81%** of businesses



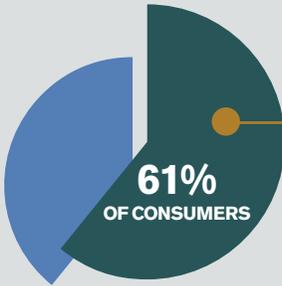
stated that when making a payment, not having to give their bank account information to the payee is important.

33% OF CONSUMERS

75% OF BUSINESSES

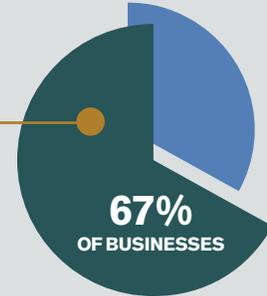
Willingness to Pay

Roughly one-third of consumers and three-quarters of businesses expressed willingness to pay a fee for payments that have faster availability to the payee.



Payment Acceptance

61 percent of consumers and 67 percent of businesses agreed that they "won't use a payment method unless it is used and accepted by most people and businesses."



Payment Notification

Approximately 75 percent of consumers and 84 percent of businesses stated that it is important to receive timely notification that a **payment has been made**.

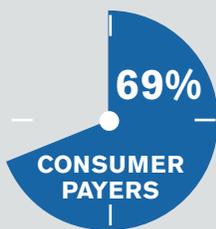
Approximately 70 percent of consumers and 82 percent of businesses stated that it is important to receive notification when the **payment was received** by the payee.

75% OF CONSUMERS

84% OF BUSINESSES

70% OF CONSUMERS

82% OF BUSINESSES



Payment Speed

When presented with a choice between payment speeds of either:

Instant • One hour • 12 hours • 12-24 hours • 2-3 business days

69 percent of consumer payers and 75 percent of business payees indicated preference for **instant or one-hour payment speed**.

Federal Reserve Banks Strategic Direction in Payments

The Federal Reserve Banks updated their strategic direction in payments in 2012. At the heart is a vision to improve the speed, efficiency and safety of the U.S. payment system from end-to-end. To achieve this vision, the Federal Reserve Banks seek to engage with all organizations involved in delivering payment services to end users. We believe industry collaboration will be essential to any enduring strategic improvements.