



Federal Reserve Payments Insights Brief

2024 Business Payments Study

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Context

The developing instant payment market

The U.S. financial services industry is en route to developing a robust instant payment network to better serve all institutions, consumers, businesses and their partners. Once broadly adopted, instant payments, like past payment innovations, will have a material impact on other payment systems including checks, cash, wire and ACH.

About the Federal Reserve's Business Payments Study

This survey assesses businesses' payment practices, pain points, payments behavior, challenges and benefits across payment types and use cases.

- The study surveyed 2,000 U.S. businesses across firm sizes, industries and payment experiences.
- See Appendix 1 for more information on the study.

Reflections over time

2022

LATE-PANDEMIC DIGITAL ENGAGEMENT

The COVID-19 pandemic accelerated use of mobile and embedded technology among businesses and supply chains. This set the stage for change in payments: One-third of surveyed businesses cited bill payment and payroll as top priorities for instant payments in 2022.

2023

MOBILE WALLETS OFFER INSTANT PAYMENT USE CASES

Despite expectations that invoice payments would be first to benefit from instant payments, mobile wallet use cases drove most of the early instant volume. Same Day ACH saw increases in the percentage of businesses using it. Check and cash continued to be used, albeit at a lower frequency and often as a secondary option.

2024

ON-DEMAND PAYROLL & INDIVIDUALIZED DISBURSEMENTS

Businesses are finding innovative new use cases to leverage the benefits of instant payments, including payroll and disbursements. Employers are paying teams earlier and seeing benefits of being able to fund payrolls later. Meanwhile, use of instant payments for urgent disbursements (e.g., loan proceeds, insurance, legal settlements, etc.) is growing.

Executive Summary

An evolution toward speed, digital experience and choice

In 2024, businesses reported focusing on improved cash flow (92%), better meeting digital customer experience expectations for mobile and embedded commerce (43%) and further realizing the benefit of greater payment choice (34%) over the longer term. This is in part driven by businesses focusing on areas with higher benefit and lower effort, like instant payroll for employees (3% of businesses reported using) and individualized disbursements for critical payments (26%).



Cash flow

92%

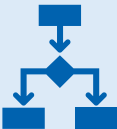
of businesses are using faster payments today to improve cash flow: *Accelerating receipt of funds, more time to send, more time to realize discounts*



Customer

43%

prioritize a focus on digital payments to enhance customer experience: *Accepting payment options customers prefer, end-to-end electronically*



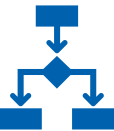
Choice

34%

cite greater payment choice as key to business success: *More choice to fit the best payment to the specific need*



Payment Trends: Overall



Businesses add payment methods to improve customer choice

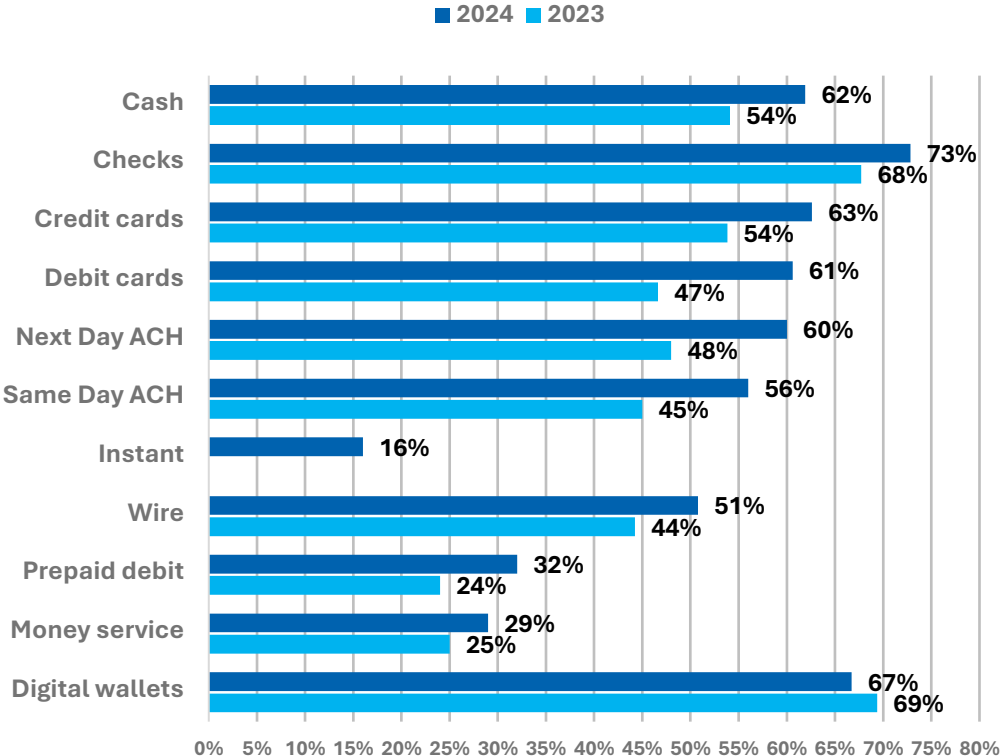
Businesses don't want to lose sales because customers' preferred payment options are unavailable, leading to two trend observations:

- First, ACH, physical card, mobile wallet and instant payment usage continues to grow.
- Second, businesses continue using long-term payment options like cash and check, although at lower volumes.

This opens the door to new payment options and highlights a potential challenge to reducing dependence on paper checks.

“We need the ability to quickly process transactions, whether it’s through cards, ACH or integrated payments. A smooth and user-friendly system will reduce friction and speed up order fulfillment.” — Large service business

Payments Used by Businesses in Past 12 Months



Which of the following ways has your business made payments to and received payments from other businesses, employees, consumers or government agencies in the past 12 months?

Payment Trends: Faster/Instant Payment Growth



Businesses embrace adoption of speedier payment methods

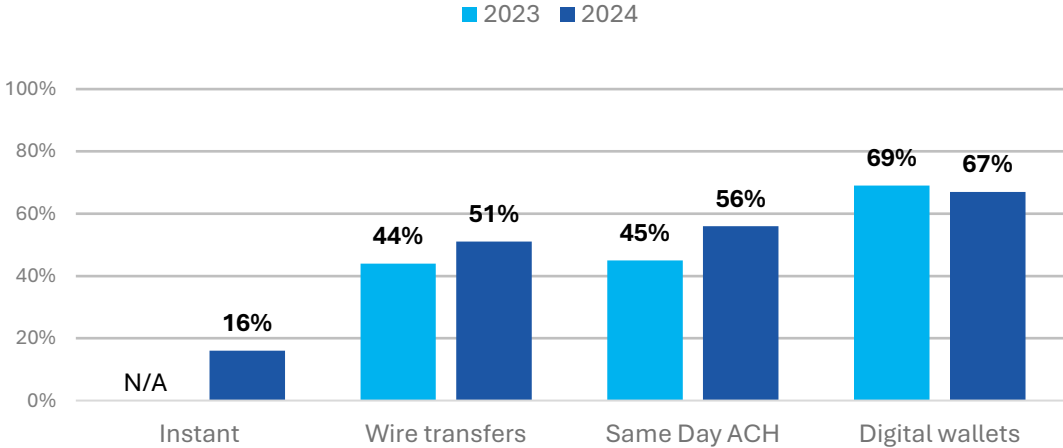
The sustained use of digital wallets is leading to improved experience and payment choice, enabling flexibility to “pay or be paid, their way.” This is happening alongside sustained growth in ACH (10% increase) and instant payments (16%, first year asked in this survey). Examples include:

- Provide contract workers and employees immediate payroll via mobile wallets or their bank accounts.
- Use inventory software to pay invoices when shipments and deliveries are received instead of pre-paying or having an invoice later.
- Consumers pay with digital wallets for services that provide instant merchant settlement to manage cash flow.

These use cases are providing businesses with more options to manage cash flow and improve outcomes for consumers.

“We are using Same Day ACH more – it’s a good value for the price.” — Very large diversified service business

Wallet, Same Day ACH & Instant Adoption Evolution



Which of the following ways has your business made payments to and received payments from other businesses, employees, consumers or government agencies in the past 12 months?

“We need to incorporate faster digital payments that encourage clients to do business with us, directly improving sales.” — Large construction business

Payment Trends: Business Pain Points



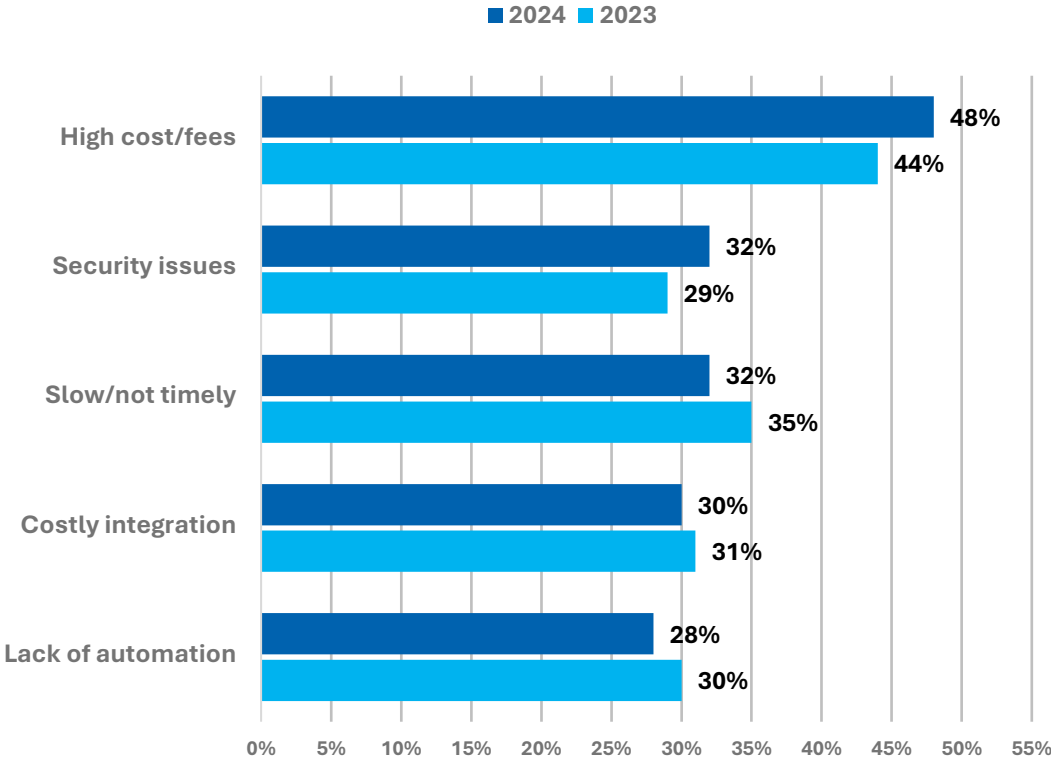
Cost, security, speed are core business challenges

Businesses identify multiple pain points with payments in general:

- Total costs (48%): Costs of payments including service fees, exceptions and manual processes.
- Security issues (32%): Weak security is a clear pain point for businesses, 16% of which report experiencing fraud in the past 12 months.
- Speed/timeliness (32%): Businesses need improved payment options for accelerating receipts and optimizing cash flow.

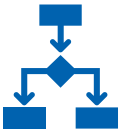
“It’s crucial to streamline digital payment options, allowing for faster processing and reducing transaction fees. Implementing flexible payment enhances satisfaction and improve cash flow stability.” — Very large service business

Top Business Payment Pain Points



Thinking about the different ways your business makes payments or receives payments...What are the top challenges you have with business payments that you would like to see improved?

Payment Trends: Top Instant Use Cases

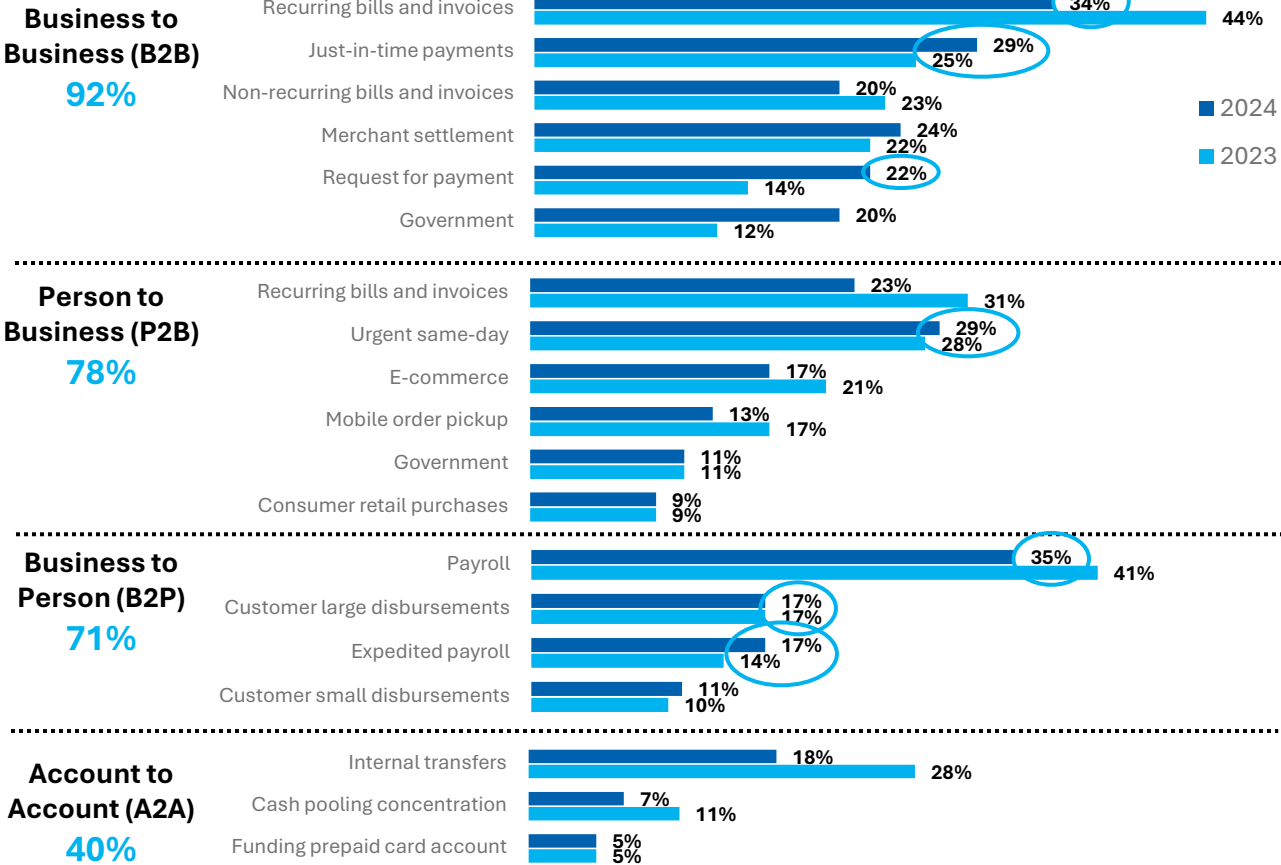


Payroll, bill pay, supply chain become priority use cases

Dollar amounts may vary, but businesses of all sizes have employees (payroll 35%) and invoices (bill payments 34%) to pay.

- Businesses prioritizing just-in-time (29%) and urgent same day (29%) for improved supply chain management.
- Interest in request for payment increased significantly in 2024 (from 14% to 22%), highlighting the growing role of embedded finance for payments processing.
- In addition to standard payroll, expedited payroll (17%) has been receiving greater attention from businesses seeking to leverage benefits of instant payments.

Top Use Cases to Benefit from Faster/Instant Payments



Please select the five most important business payment uses that you think would benefit from instant payments.

Payment Trends: Obstacles & Enablers for Instant Adoption



Instant non-adopters share perceived challenges

Among businesses who report being unlikely to adopt instant payments, most cited concerns about cost and security:

- They indicate a belief that instant payments may be burdensome from a cost perspective (53%) and that current payment solutions are sufficient (42%).
- With above context, some businesses have reservations about sharing account information, potential for fraud and an inability to convince customers to use instant payments.

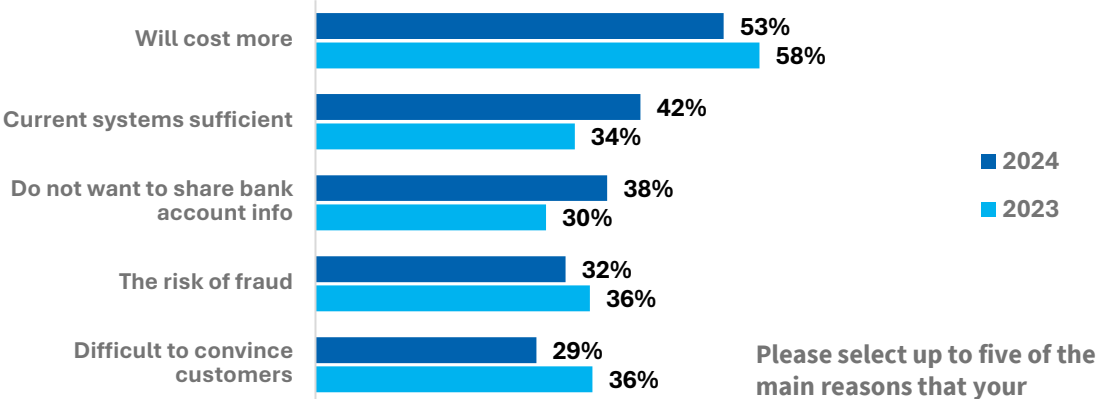


Customer demand main concern for instant payment non-adopters

When asked what might compel these businesses to adopt instant payments, 76% indicate that they would need to hear more explicit demand from their customers and/or trading partners before considering adoption, as well as:

- The service being offered as standard by their payment provider (75%).
- Greater reach (73%) with more businesses using the service and the offering becoming a competitive requirement for them (72%).

Top Barriers to Using Instant Payments



Please select up to five of the main reasons that your business is not likely to use instant payments or not use them more broadly.

Top Enablers to Using Instant Payments



Please rate each of the following in terms of their likelihood of increasing your business's interest in adopting an instant payment service.?

Payment Trends: Instant Payment Benefits

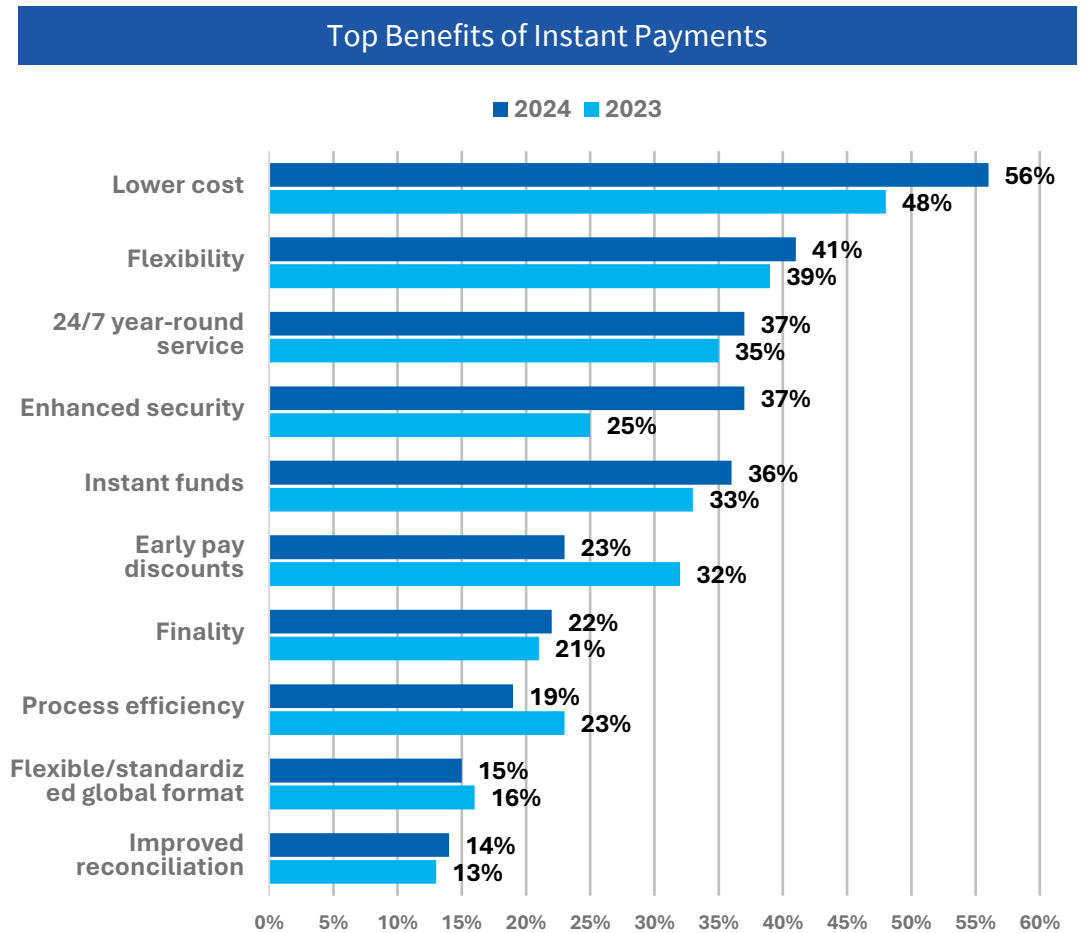


Businesses cite flexibility, funds availability, security as perks

Businesses shared that instant payments lower cost (56%), provide greater flexibility (41%) and enhance 24/7 service (37%), enhance security (37%), and provide immediate access to funds (23%):

- Lower payment costs by offsetting other payment service fees, reducing the need for manual interventions/exceptions and more efficient processing (i.e., straight-through).

“We’d like better ways to detect and mitigate fraud and exceptions. Of course, payment processing fees could always be lower...” — Very large retailer



Please select up to five of the top benefits that would motivate your business to consider using (or using more) instant payments for outgoing payments from your business bank account.

Payment Trends: Nudges Toward Digital Payments

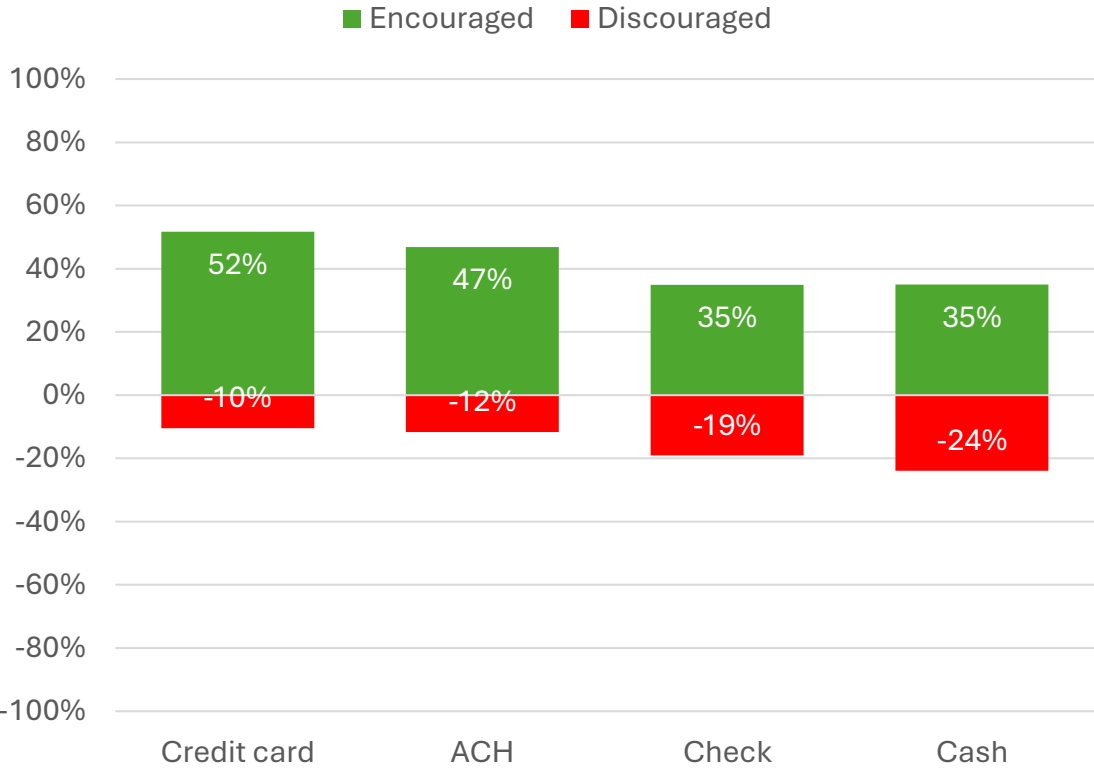


Businesses encourage digital payments, discourage analog methods

- On balance, businesses indicate that they encourage use of all payment types, especially credit cards (52%) and ACH (47%).
- Some businesses report discouraging use of paper-based payments, with checks and cash being discouraged more often than electronic payment methods.
- There are many reasons as to why various payment methods could be encouraged or discouraged. One key takeaway is that checks are unlikely to be disappear completely in the near future — a trend to monitor.

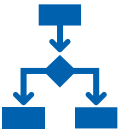
“Transaction fees are lower than cards and other online payment systems, improving margins and reducing operational costs.” — *Medium-sized service business*

% Encouraged or Discouraged to Use a Payment Method



Does your business ever encourage or discourage use of the following payment methods?

Business Segments: Payment Usage



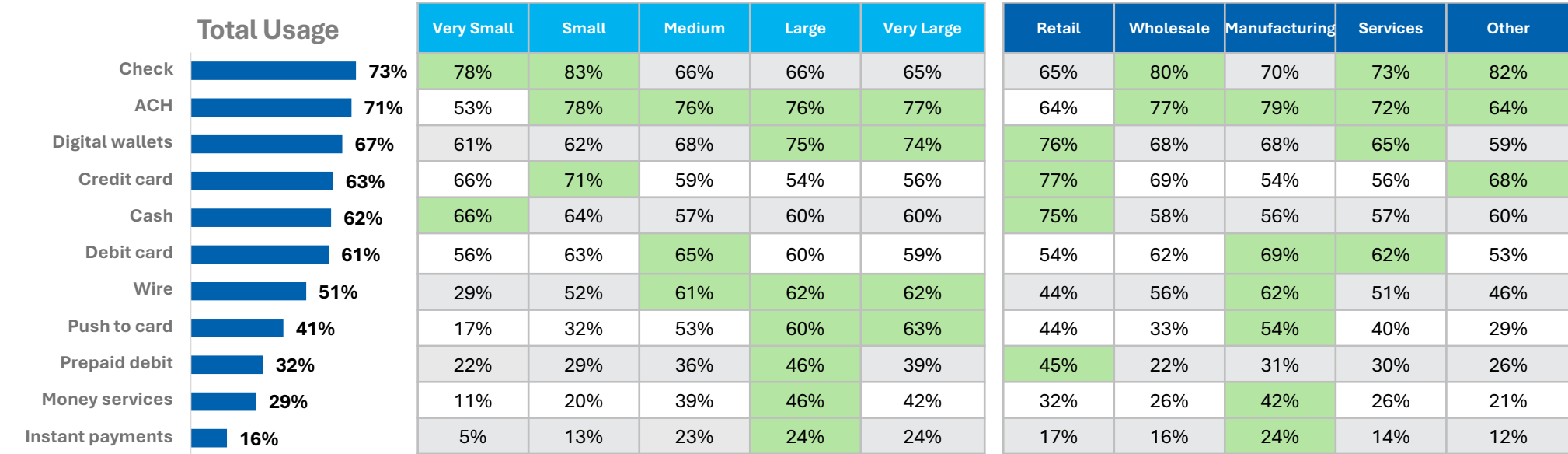
Payment choice varies by size and industry segments

Small businesses reported relying more heavily on check (73%), cash (66%) and cards (63%).

Retailers and manufacturers showed the highest use of all payment methods. Retailers are driven by the competitive customer environment and manufacturers with demanding and dynamic supply chains and employee bases.

Meanwhile, large and very large firms rely more heavily on digital payments like ACH (77%), digital wallets (75%), cards (60%), wires (62%), push to card (63%) and instant payments (40%).

Past 12 Month Payment Method Usage



Which of the following ways has your business made payments to and received payments from other businesses, employees, consumers or government agencies in the past 12 months?

Business Segments: Pain Points

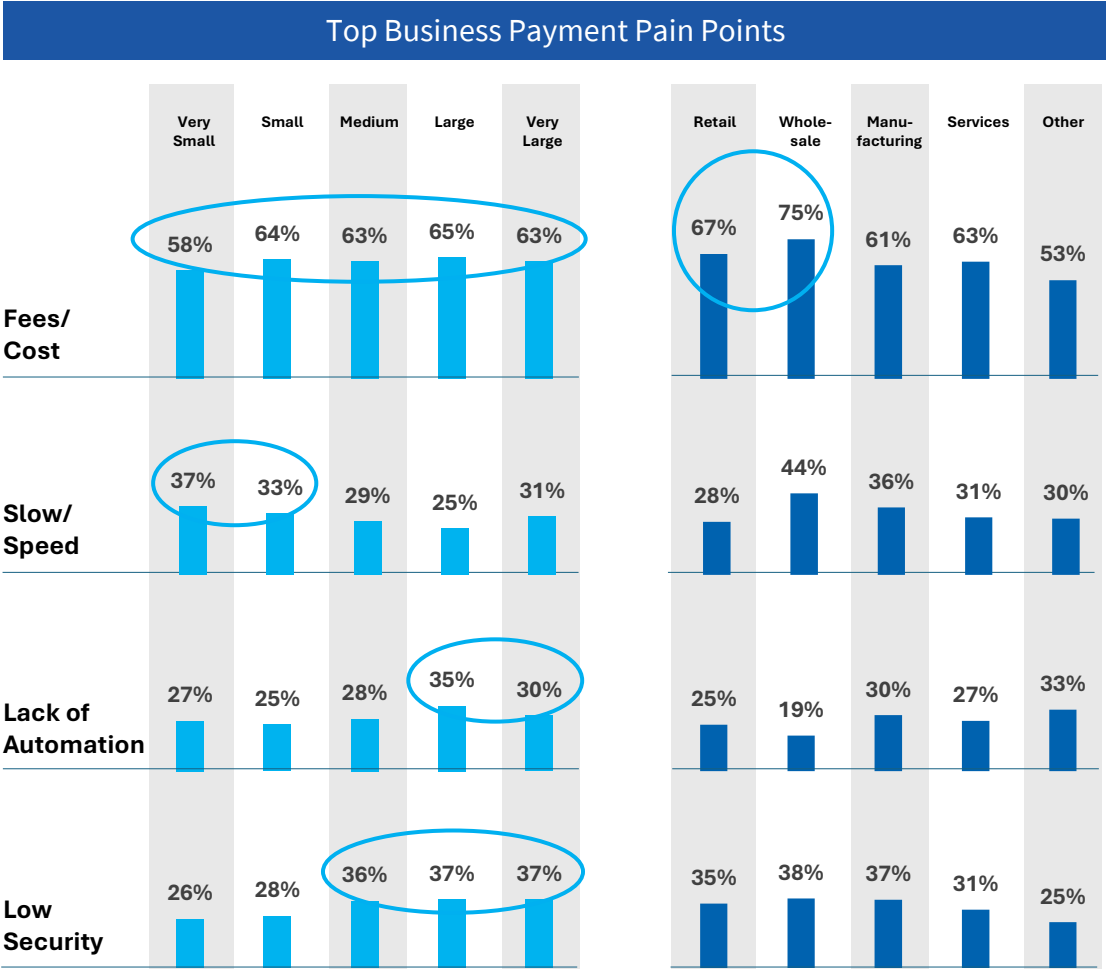


‘Slow’ business payments aren’t always easier

Businesses note that “slow” payments (payments that process slowly for any reason) take a toll on both operational efficiency and cash flow management.

- Firms of all sizes highlight fees and end-to-end costs of payments as a challenge (60%).
- Small businesses looking for better cash flow (37%).
- Larger businesses want more automation, flexibility and security and are more sensitive to manual interventions and security feature availability (35%).

“We need to transition from receiving payment by mailed checks to electronic payments with apps, invoicing systems, software, technologies, and banking accounts to handle mobile payment and electronic payments.” — Small service business



Thinking about the different ways your business makes payments or receives payments...What are the top challenges you have with business payments that you would like to see improved?

Business Segments: Use Case Priorities



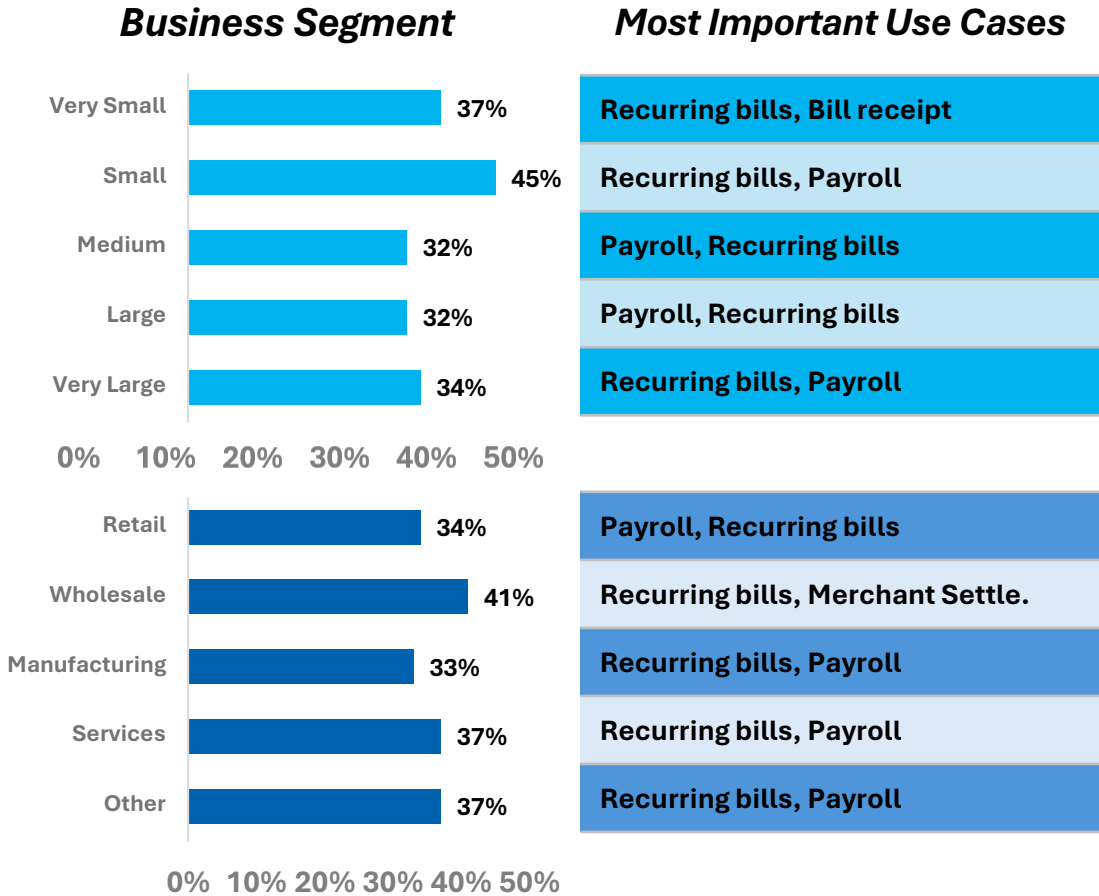
Payroll and bill pay are early instant payment priorities

Businesses shared several priorities noted on this page. These use case priorities are cross-referenced to the US Faster Payments Council’s first-of-its-kind Instant Payments Quantitative Outlook study surveying enablers working with 90% of U.S. financial institutions.

- Small- to mid-size businesses and retailers identify payroll and bill pay (33% and 40%, respectively) as top instant use cases.
- Larger businesses and manufacturers are more likely to prioritize instant payments for just-in-time payments and urgent customer receipts (33% and 40%, respectively).

“It is hard to get customers to pay invoicing on time without a digital payment platform. We need to find a platform we can pay bills and receive payments online.” — Very small manufacturer

Most Important Instant Payments Use Cases



Please select the five most important business payment uses that you think would benefit from faster or instant payments.

Business Segments: Faster/Instant Payment Adoption



Digital options simplify payment choice

Multiple options to receive payments improves user experience by allowing them to “pay or be paid their way.”

- Provide contract workers and employees immediate payroll via mobile wallets or their bank accounts.
- Use inventory software to pay invoices when shipments and deliveries are received instead of pre-paying or having an invoice later.
- Consumers pay with digital wallets for services that provide instant merchant settlement to manage cash flow.

These use cases are providing businesses with more options to manage cash flow. They are also enabling improved financial outcomes for consumers.

Faster/Instant Payments Usage			
Business Segment	Digital Wallets	Same Day ACH	Instant
Total/Overall	67%	56%	16%
Very Small	61%	38%	5%
Small	62%	62%	13%
Medium	68%	61%	23%
Large	75%	64%	24%
Very Large	74%	67%	24%
Retail	76%	51%	17%
Wholesale	68%	54%	16%
Manufacturing	68%	67%	24%
Services	65%	57%	14%
Other	59%	48%	12%

“We need to incorporate faster digital payments that encourage clients to do business with us, directly improving sales.” — Large construction business

Business Segments: Instant Payment Benefits



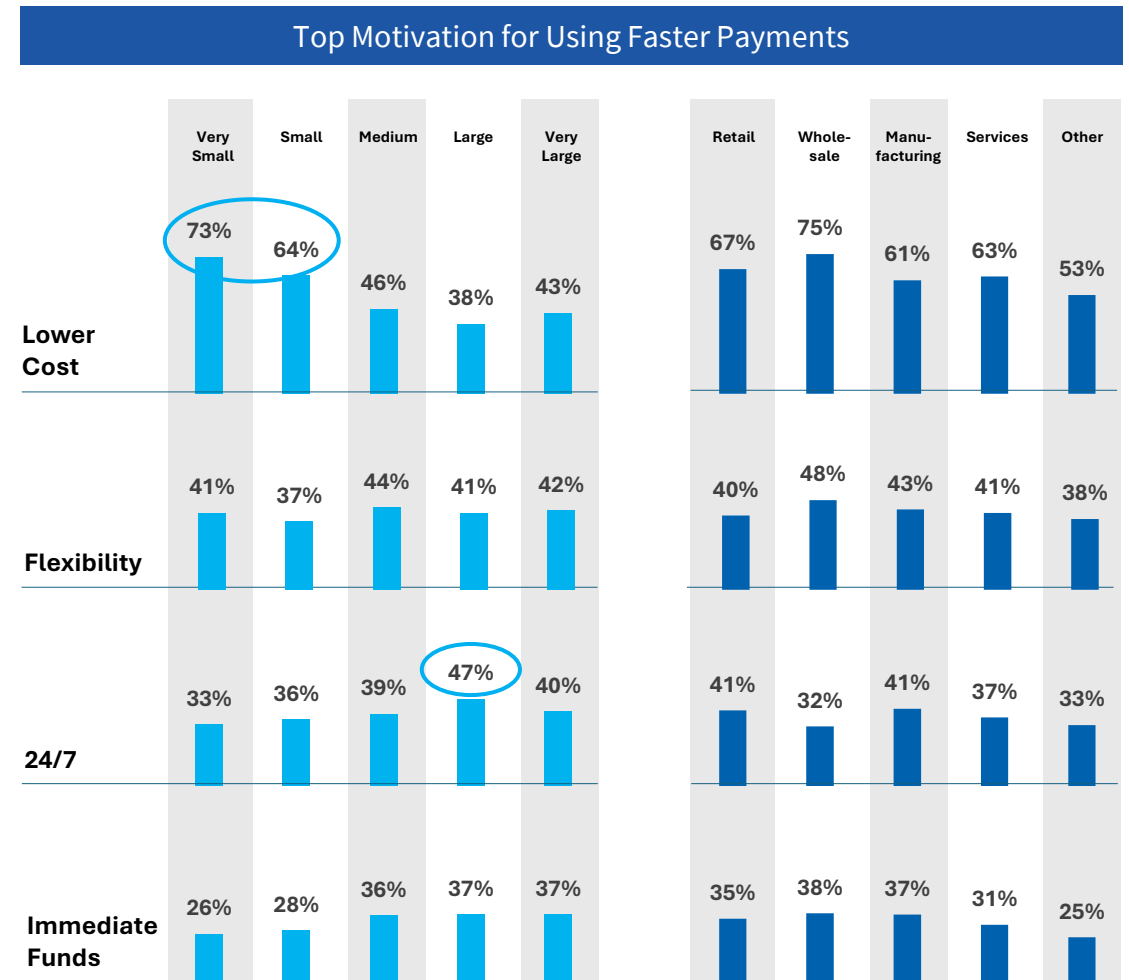
Instant payments reduce costs and add flexibility

Businesses believe they can lower their costs with instant payments, noting that fees are relatively low compared to other payment methods.

- Smaller businesses particularly value options perceived to reduce total cost including fees, exceptions, fraud, etc. (73%)
- Large businesses are especially interested in the 24/7 access availability offered by instant payments (47%)

“Faster payments enhance liquidity, especially managing working capital. Implementing automated invoicing and payment tracking systems to streamline financial ops, reduce error and improve cash flow management.”

— Medium service business



Please select up to five benefits that would motivate your business to consider using (or using more) instant payments for outgoing payments from your business bank account.

Wrap-Up: Looking Forward

Faster and instant payments are prime growth opportunities

In 2023, businesses shared that they valued additional choice in payments, helping better match payment solution with need including automation, expediting funds and reducing risk.

The 2024 survey highlights that businesses are realizing more benefits from mobile technology, same day ACH, faster and instant payments. While the volume of check nationally continue to decline, their roles as niche and contingency purposes continue and suggest the elimination of check will take sustained effort.

Businesses shared Institutions are valued as providers and businesses report looking for more opportunity to engage on payment improvement. Businesses using instant payments rated their satisfaction with their institution 10% higher. Meanwhile many businesses, beyond the largest, highlighted the important role that their technology and financial institution providers play in them realizing the benefits of 24/7, data rich instant payments.

Future questions

- How quickly will enabling technology be deployed to support business customers' needs, such as request for pay, QR codes, financial institution platform and mobile wallet capabilities?
- How can the industry better quantify the benefits of flexibility, 24/7 operations and improvements in exceptions and security and the relative cost/benefits of different payment options?
- How will businesses adjust their mix of payment options across different use cases, and what are the factors that are driving change the most?
- Most businesses report looking to use fewer checks after multi-year declines in check use; while also sharing valuing the perceived convenience, ubiquity and low out of pocket costs of checks. How will various providers and users further incent digital alternatives?
- With mobile wallets growing and payments being embedded, visibility of the funding mechanism may be unclear. How to best help business users be able to distinguish specific payment options being used?

Works cited: Federal Reserve Board (2025). National Payment Volumes, Detailed Data, DFIPS (2021). Federal Reserve Financial Services (2024). Business Payments Study. Federal Reserve Financial Services (2024). Consumer Payments Study. Federal Reserve Financial Services (2025). Institution Payment Risk Officer Study. US Faster Payments Council (2024). Instant Payments Quantitative Outlook Study.

Appendix 1. About the Survey

Objectives and Methodology

The objective of the survey was to assess businesses' payment practices, pain points, benefits and changing behaviors across payment types.

- The survey was fielded in 3rd quarter 2024 through an online questionnaire engaging senior decision-makers at 2,005 businesses stratified by revenue size and industry.
- Respondents were involved in their organization's financial operations (e.g., chief financial officers, treasurers, accounts receivable/accounts payable administrators, etc.).

Organizations

This survey was conducted by Federal Reserve Financial Services (FRFS). FRFS provides payment services and seeks to foster the stability, integrity and efficiency of the nation's monetary, financial and payment systems. It offers a comprehensive suite of payment and information services offered to financial institutions. FRFS provides an instant payment service to financial institutions known as the FedNow® Service, and thus the survey, and the statements and findings contained in this summary, are not independent academic research. The survey was fielded by Escalent (Ann Arbor, MI) leveraging panel providers Dynata and Schlesinger.

Definitions

Faster payments encompass electronic payment services that provide funds to the payee within seconds or up to a few hours of initiation by the payer, including, **instant payment services, same day ACH, push to card,** and **digital wallets.**

Instant payment services credit the payee's deposit account within a matter of seconds of initiation; some instant payment services are designed to enable transmission of rich data, such as extended remittance details, with the payment.

Digital wallet apps fund the payee's digital wallet within minutes of payment initiation, where funds are used within the app or transferred to a bank account.

Embedded payments refer to the payment tools on e-commerce websites, where consumers choose their payment method and pay directly through an embedded link, providing single, one-click payment experience on apps and websites.

Same-day ACH credits the payee's deposit account by end of day if payment is initiated by the midday cutoff.

Push to card credits the payee's debit card account within minutes of payment initiation.

Response Summary

Table 1: Summary of Industry Sector	
Segment	Sample Size
Manufacturing	347
Retail	371
Wholesale	93
Services	865
Other (e.g., Education, Government, Arts, etc.)	329
Total	2,005

Table 2: Summary of Business Sizes (Revenues)	
Segment	Sample Size
Very large (>\$250 million)	395
Large (\$100 million - \$250 million)	210
Medium (\$10 million - \$100 million)	453
Small (\$1 million - \$10 million)	452
Very Small (<\$1 million)	495
Total	2,005

Table 3: Summary of Responder Roles	
Role	Sample Proportion
All Financial Duties / General Manager	35%
Accounts Receivable Leader	19%
Accounts Payable Leader	19%
Payment Vendor Management	17%
Treasury Leader	10%

Appendix 2. Select Data by Business Size

		Total	Very Small	Small	Medium	Large	Very Large
Payment Usage*	Cash	62%	66%	64%	57%	60%	60%
	Check	73%	78%	83%	66%	66%	65%
	Digital Wallets	67%	61%	62%	68%	75%	74%
	Credit card	63%	66%	71%	59%	54%	56%
	Next day ACH	60%	43%	67%	67%	67%	66%
	Debit card	61%	56%	63%	65%	60%	59%
	Same day ACH	56%	38%	62%	61%	64%	67%
	Wire	51%	29%	52%	61%	62%	62%
	Instant payments	16%	5%	13%	23%	24%	24%
	Digital currency	17%	6%	13%	22%	30%	26%
Financial Institution Role	% fraud incidence past year	16%	8%	18%	19%	18%	23%
	% making international payment	46%	17%	34%	60%	79%	70%
	Use 1 financial institution primarily	33%	39%	39%	29%	21%	28%
	Use 2+ financial institutions	65%	56%	59%	70%	79%	71%
	T3B % satisfaction with primary FI	83%	82%	81%	83%	88%	84%
	Changed bank with past year	14%	9%	9%	13%	29%	19%
Faster/Instant Payment Readiness	Importance of faster/instant	79%	65%	74%	84%	90%	90%
	Ready within three years	85%	81%	81%	93%	100%	82%
	Prefer primary institution for instant service	66%	70%	71%	59%	65%	64%
	Open to using non-primary FI for instant services	34%	30%	29%	41%	35%	36%

Appendix 3. Key Payments: Usage by Size

	Overall			Very Small			Small			Medium			Large			Very Large		
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
	n=2,003	2,005	2,038	491	495	537	455	452	469	452	453	457	212	210	184	393	395	391
Cash	57% B	54%	62% AB	65% GJMP	64% HKNQ	66% L	57% M	56% Q	64% GHL	58% KM	51%	57%	47%	50%	60% MN	53% Q	46%	60% Q
Checks	65%	68%	73% AB	78% GJMP	79% HKNQ	78% LOR	70% JMP	73% KNQ	83% GHFLOR	61% M	61%	66%	50%	55%	66% MN	54%	62% P	65% P
Wire	36%	44% A	51% AB	20%	28% D	29% D	37% D	46% GE	52% GF	46% DGM	50% E	61% JKFI	35% D	43% E	62% MNFI	43% D	57% PEHKN	62% PFI
Debit Card	43%	47% A	61% AB	42%	49% DN	56% DE	43%	46%	63% GHF	43%	46%	65% JKF	45%	40%	60% MN	44%	48%	59% PQ
Credit Cards	50%	54% A	63% AB	64% GJMP	65% KNQ	66% LOR	50% MP	60% GKNQ	71% GHFLOR	47% M	45%	59% JK	35%	46% M	54% M	41%	47%	56% PQ
Next day ACH	41%	48% A	60% AB	32%	38%	43% D	44% D	50% E	67% GHF	46% D	53% JEN	67% JKF	38%	44%	67% MNF	44% D	54% PEN	66% PQF
Same day ACH	40%	45% A	56% AB	31%	37% D	38% D	42% D	44% E	62% GHF	45% D	50% EHN	61% JKF	38% D	40%	64% MNF	44% D	51% PEHN	67% PQF
NET ACH	51%	58% A	71% AB	43%	51% D	53% D	54% DM	59% E	78% GHF	57% DM	62% EN	76% JKF	45%	51%	76% MNF	52% D	62% PEN	77% PQF
Instant Payments	NA	NA	16%	NA	NA	5%	NA	NA	13%	NA	NA	23%	NA	NA	24%	NA	NA	24%
Push to card	36%	40% A	41% A	18%	20%	17%	35% D	36% E	32% F	47% DG	48% EH	53% FI	41% D	48% EH	60% MNFI	46% DG	54% PEH	63% PQFIL

B8 - Which of the following ways has your business made payments to and received payments from other businesses, employees, consumers or government agencies in the past 12 months?

Appendix 3. Key Payments: Usage by Size

	Overall			Very Small			Small			Medium			Large			Very Large		
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
	<i>n=2,003</i>	<i>2,005</i>	<i>2,038</i>	<i>491</i>	<i>495</i>	<i>537</i>	<i>455</i>	<i>452</i>	<i>469</i>	<i>452</i>	<i>453</i>	<i>457</i>	<i>212</i>	<i>210</i>	<i>184</i>	<i>393</i>	<i>395</i>	<i>391</i>
Fintech Digital Wallets	-	49% AC	44% A	-	53% DFHQ	44% DI	-	47% GI	36% G	-	49% JL	43% JI	-	49% M	53% MFIL	-	45% P	49% PI
Mobile Digital Wallets	47% C	45%	43%	44% EF	31%	26%	47% HI	39% E	39% F	51% D	54% EH	49% FI	43%	51% EH	59% MFIL	50%	53% EH	56% FI
Merchant Digital Wallets	-	-	7%	-	-	4% DE	-	-	7% GHF	-	-	8% JFK	-	-	9% MNF	-	-	9% PQF
NET Digital Wallet	60%	69% A	67% A	54%	67% D	61% D	58%	64% G	62%	65% DG	73% JH	68% F	60%	76% MEH	75% MFI	62% D	71% P	74% PFIL
Prepaid Debit	24%	24%	32% AB	16%	18%	22% D	21% D	22%	29% GHF	29% DG	29% EH	36% JKFI	27% D	24%	46% MNFIL	33% DG	31% EH	39% PQFI
Digital Currency	14%	14%	17% AB	5%	6%	6%	12% D	13% E	13% F	19% DG	17% E	22% KFI	17% D	13% E	30% MNFIL	19% DG	21% EHN	26% PFI
Money Service	22%	25% A	29% AB	8%	11%	11%	20% D	22% E	20% F	27% DG	32% EH	39% JKFI	26% D	29% E	46% MNFI	33% DG	37% EHN	42% PFI
Commercial Payment Network	28%	31% A	33% A	8%	10%	11%	28% D	27% E	25% F	33% D	44% JEHN	41% JFI	35% D	33% E	57% MNFIL	42% DGJ	45% EHN	54% PQFIL
Virtual Card	9%	10%	15% AB	6%	7%	7%	8%	7%	12% HF	11% D	11% EH	20% JKFI	9%	12% EH	20% MNFI	10% D	15% PEH	23% PQFI

B8 - Which of the following ways has your business made payments to and received payments from other businesses, employees, consumers or government agencies in the past \ 12 months?

