



Visa Insights 2019

Australia's *Fast Future*:

The real-time payments opportunity



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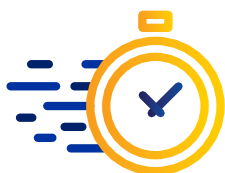
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Executive summary



Real-time, instant, faster — no matter how you describe it, people who are owed money want to be paid now.

In retail environments, payments from consumers to merchants authorised in real-time have been the norm for many years – today you simply tap your card or device and leave with the goods or service – but there are numerous other scenarios where payments aren't yet instant.

This is where real-time payments (RTP) solutions come in, enabling people to not only transfer money to friends and family, but receive it instantly, anywhere in the world. For businesses, real-time payments enable funds to be **disbursed** and **received** at the speed of light, or at least as fast as everything else in the world is moving.

This report outlines the opportunity provided by real-time payments for consumers, businesses and governments. And while there are many use cases for RTP, it puts a spotlight on two that are likely to transform Australian commerce most dramatically; firstly **on-demand services** such as those offered by the **gig economy**, and secondly **P2P**, which are payments Australians will make person-to-person, to their friends and family at home and abroad.



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Executive summary

Consider the gig economy for a moment.

Real-time payments represent a game-changer for freelancers, contractors, and their employers by enabling faster payouts – which will have positive flow-on effects for the entire economy.

Our research has found that the immediacy of gig economy services, such as ride sharing and online food delivery for consumers, also needs to hold true for workers when receiving their earnings. More than half (54%) of gig economy workers say the delay in getting paid is one of the hardest parts of their job and 59% would like to be paid within minutes of completing a task. As gig economy platforms proliferate, RTP provide employers with a point of difference to secure talent.

And then there's P2P. It should come as little surprise that Australians, among the world leaders in smartphone adoption, online shopping and contactless payments, are eager to adopt these services. Our research has found there is strong demand for P2P but there are some concerns that need to be addressed. Security is most important, followed by familiarity and convenience. Interestingly, almost half (48%) of Australians say they would pay, or consider paying, a small fee to use a real-time P2P service.

The market opportunity for RTP is real.

To quantify it, Visa commissioned Telsyte to forecast the opportunity for Australia, tracking the expected growth in RTP through to 2023.

It's clear that while Australia might be a little behind other regions of the world when it comes to adopting real-time payments, we're gaining ground fast.



The multiple potential use cases of real-time payments

There are numerous potential uses for real-time payments solutions.

They include:



On-demand gig economy

Ride sharing, holiday rentals, service provider payouts



Government

Entitlements, emergency services, tax refunds



P2P

Consumer-to-consumer payments between friends and family, and to micro-businesses and contractors



Tertiary refunds

Loans, grants, allowances



Healthcare

Claims reimbursements to consumers and physicians



Alternative lending

Small business lenders, peer-to-peer lending



Property & casualty insurance

Claims payments for auto, home or worker compensation



Contract staffing

Payroll disbursements



Online marketplaces

Seller payouts



Life insurance

Annuity payments



Lotteries & gaming

Player payouts



Multi-level marketing

Seller payments



Merchant settlement

Ecommerce merchants, individual sellers who need faster withdrawals



Telsyte:

Telsyte

Number of real-time payments to hit 3.1 billion by 2023

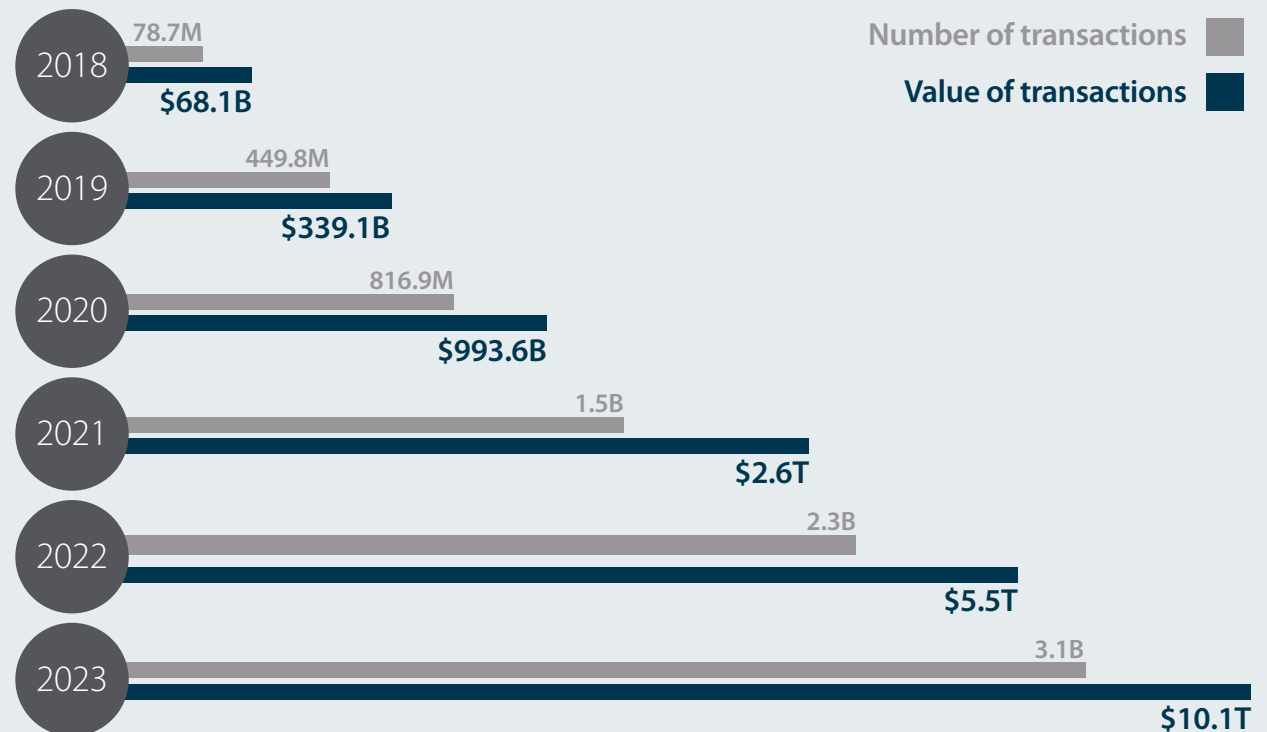
Uptake of real-time payments solutions in Australia is on the rise.

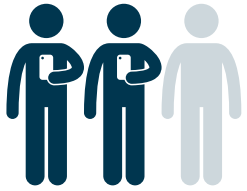
Forecasting by Telsyte predicts that the number of transactions processed through the multiple potential use cases of real-time payments in Australia will hit 3.1 billion¹ by 2023, representing a total of \$10.1 trillion.

Real-time payments solutions are set to transform the payments experience, providing a secure, simple and convenient means for people to pay and be paid. This will power burgeoning sectors such as the gig economy and make everyday life easier for millions of consumers.

¹ See end of report for methodology

Growth of real-time payments in Australia



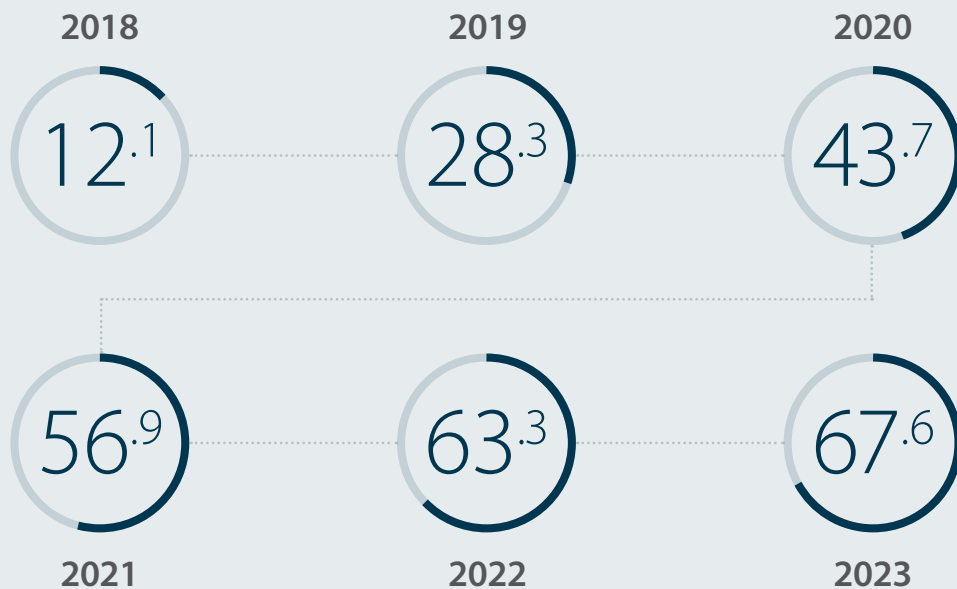


2 in 3 Australians are expected to use real-time payments solutions by 2023

Telsyte



Percentage of Australian population using new real-time payments solutions



Telsyte methodology

When forecasting the number of real-time payments expected by 2023 and their accompanying value, Telsyte first drew on an extensive bank of proprietary research, identifying a number of probable assumptions. Next, these assumptions were compared against external data sources to establish the probability that each of them would happen. Upon this foundation, Telsyte then built its own forecasts for the growth of real-time payments over the next five years, and the value that would represent. Full methodology on page 13.

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On-demand salaries for on-demand services

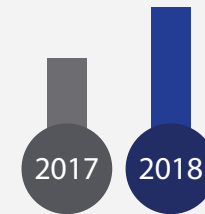
The gig economy is a fast-growing and increasingly important part of the Australian economy. However, to run smoothly, it needs to be supported by an efficient and secure payments ecosystem enabled by RTP.

The most popular gig economy services are ride sharing and online food delivery, with approximately 1.1 million Australians ordering food this way every week and almost four million having used a ride sharing service last year.

The popularity of these on-demand services isn't just changing consumer habits, it's evolving the way we work. Telsyte research identified an estimated 4.9 million gig economy workers in Australia today and up to 6.7 million in 2023, with the growth driven mainly by full-time workers looking for additional income. The research found that almost half (45%) of all Australians would consider doing some casual or 'gig economy' work to supplement their salaries over the next 12 months.

Not only are the numbers of gig economy workers rising, their individual earnings are too.

Gig economy wages



\$6,542 a year

Average supplementary income from for those with gig economy jobs in 2018

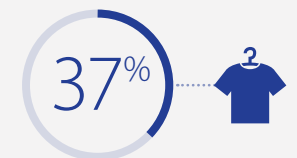
Compared to \$4,034 in 2017

This represents a **62%** year-on-year increase

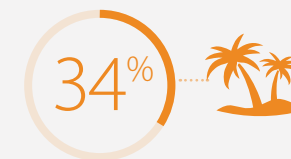
Earnings are being spent on:



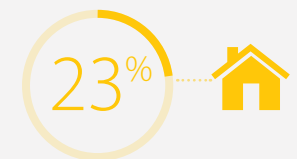
Making ends meet between payments of their main income



Extra spending money



Holidays



Paying off mortgage

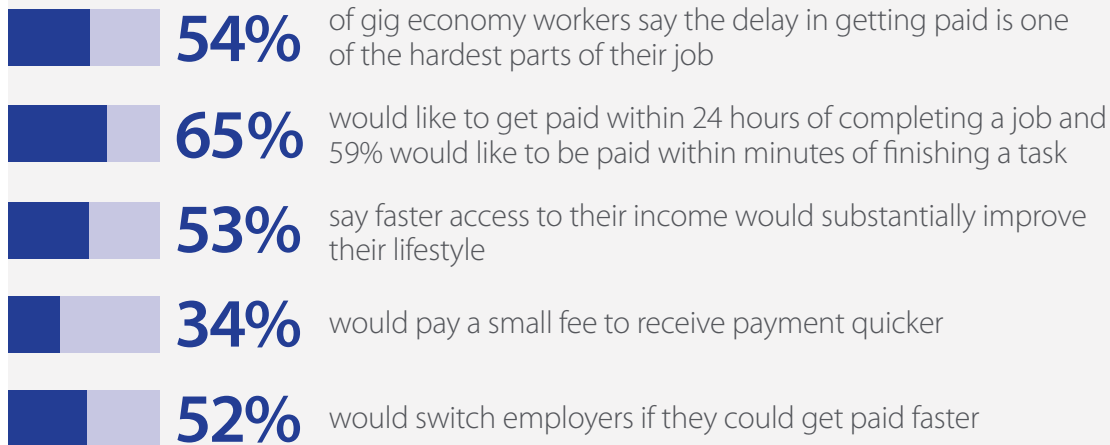
On-demand salaries for on-demand services



While extra income is positive, gig economy workers would like to receive it faster.

The immediacy of gig economy services for consumers also needs to hold true for workers when receiving their earnings, providing them with cash flow and the ability to instantly see and track their available funds.

⚡ Pain points for gig economy workers



What is the gig economy?

A way of working that is based on people performing discrete or temporary tasks, each paid individually.

Examples include freelance, contract or sharing economy work (e.g. temporary office admin support or work provided through ride-sharing, food delivery and home-sharing services).

As gig economy platforms proliferate, real-time payments provide employers with a point of difference to secure talent.

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Australia's IOU problem and the potential for P2P

Just as the gig economy has given rise to payments that happen seamlessly in the background, consumers now expect to have the speed and convenience of P2P payments in their daily lives.

P2P payments make transferring money simpler than traditional payments options by removing the need to know bank account numbers, or even to leave the app you're already using to message your friends.

There is already strong demand for P2P payments with two-thirds of Australians (66%) saying that they would be useful for transferring money between family and friends domestically. Similarly, almost two-thirds (62%) think P2P payments would be useful for sending money to friends travelling or living overseas.

And it's clear that P2P payments have a role to play in helping Australians make good their debts.



A quarter of Australians (25%) admit to forgetting to pay back their friends or family after borrowing money



30% have not paid back someone because they were not carrying cash at the time



16% say they couldn't be bothered to pay someone back as the process was too hard



42% of Australians haven't been paid back by friends or family after lending them money

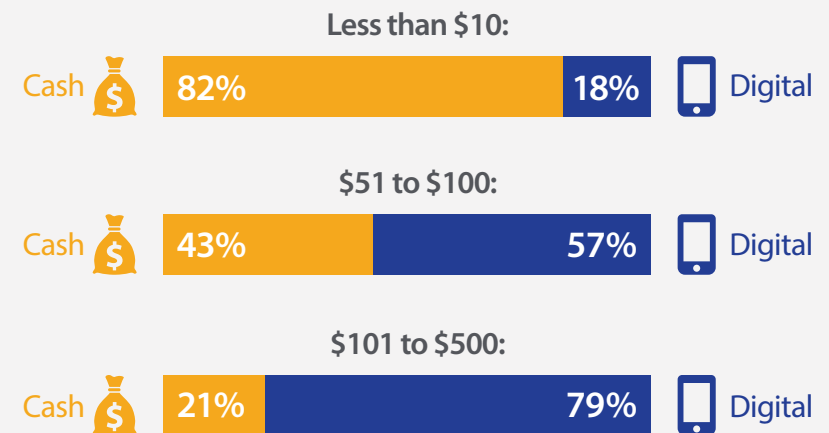


44% say they found it too awkward to follow up with those they lent money to

Yet 48% of Australians say they would pay their friends or family back immediately if they could do so via a messaging platform or app, and they see the most frequent uses for these payments as being splitting bills at restaurants, transferring money to family and friends in Australia and abroad, and paying sole traders.

How Australians pay family and friends

While cash is becoming less common in our day-to-day, Australians still use it for their smallest debts.



The importance of trust and security

Appetite for real-time payments is clearly growing, but there are some concerns that need to be addressed to ensure Australians adopt the solutions as eagerly as they have others.
Security is most important, followed by familiarity and convenience.

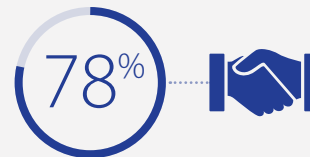
What matters most



say they would want to know that **the service was secure and their data was being protected**, but it shouldn't come at the cost of user experience



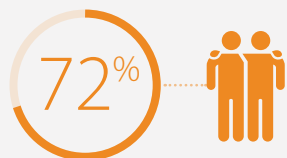
say the service should also be **easy and intuitive** to use



say that it is important to have a **trusted payments brand** providing the service



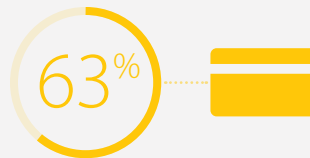
say **speed is important**, with
69% wanting funds to appear in the payee's account within 5 minutes
51% saying international transfers should happen at the same speed as domestic transactions



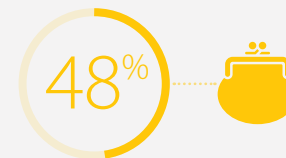
say it is important the **bank they use is providing the service**



say their **bank logo being visible** would make them feel comfortable about using a P2P service



say it's important to be able to make **P2P payments from a debit card**, and 47% say the same for credit cards



Almost half of Australians say they would pay, or consider **paying a small fee** to use a real-time P2P service

Enabling global RTP

There are several – primarily domestic – solutions available for RTP in Australia today.

Visa's solution for real-time P2P and disbursement payments, Visa Direct, brings the best of Visa's global network to provide

cross-border real-time payments sent and received from **eligible Visa cards around the world.**



Connecting Australian businesses to this global network is one way we're helping to ensure that Australia is well-positioned to make the most of the real-time payments opportunity. And for multinational businesses that operate locally, Visa Direct enables a consistent and seamless experience – wherever your customer is.

At Visa, we aim to provide secure and convenient payments solutions for Australia's ecosystem of financial institutions, merchants, technology companies and consumers. Visa Direct helps us to achieve this, by enabling Australians, through their financial institutions, to send and receive P2P payments, funds disbursements and business-to-business settlements directly to an eligible Visa card account in a fast, secure way – anywhere in the world.

Some examples of Visa Direct enabling real-time payments include:

- **Secure, real-time, cross-border remittances via MoneyGram:**
This partnership means people can choose their preferred method of sending and receiving funds globally, including to a Visa card, and the funds will be transferred in real-time by Visa Direct.
- **Postmates 'Instant Deposits':**
On-demand delivery company Postmates is able to provide real-time funds disbursements to its 200,000 employees. This is facilitated by Stripe's Instant Payouts feature, running on Visa Direct.

Visa Direct is just one of the thousands of ways that Visa is continuing to innovate in the technology and payments space. And as this concept of real-time payments continues to evolve, we will keep investing in technologies that make Visa the best way to pay and be paid.

Methodology



The figures in this report are drawn from research conducted by Telsyte on behalf of Visa, except where stated otherwise.

This report was produced by Telsyte using primary and secondary research. Telsyte analysts also drew upon years of experience monitoring emerging technology markets and forecasting consumer and business technology trends.

In preparing this report, Telsyte used the following primary research:

- **Financial reports released by retailers and service providers**
- **Interviews conducted with executives from service providers**
- **Telsyte's Digital Payments survey conducted in July 2018 with a representative sample of 1,008 respondents, 16 years and older**
 - The sample was stratified to the Australian population and survey results were weighted to ABS (Census) statistics for age, gender and location
 - The population (16 years of age and older) is measured at 20.04 million according to ABS and Telsyte estimates
 - An additional 126 Australian respondents, 16 years of age and older were surveyed to specifically determine gig economy share
 - The survey had a confidence interval of +/- 2.87 with a confidence level of 95%
 - The survey was conducted with a paid consumer research only panel (not used for marketing) that adheres to industry best practice
 - The survey took 10 to 15 minutes to complete
 - In addition, Telsyte analysts conduct ongoing desk and media secondary research to monitor developments across vendors and geographies

- **Telsyte's annual Digital Consumer survey conducted in November 2017 with a representative sample of 1,162 respondents, 16 years and older**

- The sample was stratified to the Australian population and survey results were weighted to ABS (Census) statistics for age, gender and location.
- The population (16 years of age and older) is measured at 20.04 million according to ABS and Telsyte estimates.
- The survey had a confidence interval of +/- 2.87 with a confidence level of 95%.
- The survey was conducted with a paid consumer research only panel (not used for marketing) that adheres to industry best practice.
- The survey took 120 to 150 minutes to complete.
- In addition, Telsyte analysts conduct ongoing desk and media secondary research to monitor developments across vendors and geographies

The 2023 real-time payments forecast is based on the potential volume of existing use cases migrating to real-time payments and new use cases. To reach the 2023 forecast of real-time payments the following sources were used:

- Telsyte's Digital Payments survey to help determining Australians' intention, drivers and adoption of P2P & real-time payment.
- Telsyte's research on digital devices adoption, usage and population growth.
- Telsyte's consumer banking and commerce research, including digital commerce, mobile payment and consumer attitudes etc.
- Secondary media research of P2P & real-time payment development and adoption in Australia and other leading countries, including the latest Australian payments data released by RBA.
- Publicly released estimates and ratios from other providers.

In the estimation and forecast of the gig economy workers size, Telsyte use the following sources:

- Telsyte's Digital Payments survey to help determining Australians' current and intention for engaging in gig economy works.
- Company roadmaps and publicly released information from gig economy companies.
- Secondary research of gig economy workforce in Australia.
- Secondary research of gig economy workforces in other leading countries.

About Telsyte

Telsyte is Australia's leading emerging technology analyst firm. Telsyte analysts deliver market research, insights and advisory into enterprise and consumer technologies. Telsyte is an independent business unit of DXC Technology. Visit www.telsyte.com.au for more information.





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