



How Instant Payments Are Reshaping Global Finance



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There's no question about it: 2023 was a massive year for real-time payment transactions, with transactions surging to \$266.2 billion, a staggering 42.2% increase from 2022. This marks a fundamental transformation for consumers and businesses and underscores a significant shift in the global payments landscape.

As detailed in the latest report by **ACI Worldwide**, a global payments leader, in collaboration with **GlobalData**, this growth is not merely a numerical increase but a reflection of a broader acceptance and integration of real-time payment solutions across various sectors and regions worldwide.

About The Report

The "2024 Prime Time For Real-Time" report elaborates on these changes and dynamics, offering insights into both the technological advancements and regulatory changes that have fueled this explosive growth. Several key markets have driven this robust real-time payment growth, including India, Brazil, Indonesia, Malaysia, and The Netherlands.

India dominates the real-payment ecosystem, accounting for nearly half of global real-time payments. Incredibly, 84% of all electronic payments in India were conducted in real time in 2023. A close second is **Brazil**, which reached \$37.4 billion in real-time transactions and enjoyed 77.9% year-over-year growth.

Examining Global Instant Payment Growth

India's growth highlights the fact that the Asia Pacific region remains the largest market, handling \$185.8 billion in real-time transactions in 2023. This represents 24% of all regional transactions, and projections suggest that the number will reach over \$350 billion by 2028.

However, that is not the only region adapting to the changes in the global payments landscape. The Middle East is emerging as the fastest-growing market, largely because countries Oman, Kuwait, and Qatar launched their real-time payment systems last year.

Europe will also likely experience significant growth over the next several years, largely thanks to the recent **EU Instant Payments Regulation**. The regulation ensures that instant payments (with respect to the Euro currency) will be available 24/7 and is considered a strategic move to compete with U.S. companies like Visa and Mastercard.

North America is also poised for rapid growth, supported by the launch of **FedNow**. FedNow is an instant payment infrastructure developed by The Federal Reserve itself, allowing financial institutions of all sizes to offer safe and effective instant payments. Nigeria continues to dominate Africa, accounting for an astounding 82.1% of all electronic payments in general.

What Has Contributed To Real-Time Payment Growth?

Let's examine some of the trends that have contributed to real-time payment growth. They include:

Collaboration: Obviously, real-time payments have grown largely thanks to the collaboration and cooperation between banks, payment service providers, central banks, government institutions, merchants, and third-party stakeholders.

Merchant Incentives: Thanks to legislation and regulation, more governments and industry leaders are creating fintech environments that promote and encourage adoption. One obvious example is the fact that India **abolished merchant discount rates** for UPI payments in 2020.

New & Innovative Use Cases: Growth has been inevitable as more people worldwide integrate real-time payments into their daily lives. Whether it involves grocery shopping, utility bills, or subscription payments, more individuals are examining use cases for real-time payments as the ecosystem expands.

Cross-Border Payments: Asian nations are leading the expansion of cross-border real-time payments. India's UPI and Malaysia's DuitNow systems now facilitate transactions across several countries, including Malaysia, Indonesia, UAE, France, Singapore, Thailand, and China.

Advancements In Fighting Fraud: The financial industry is also addressing the rise in sophisticated fraud associated with real-time payments. Enhanced AI

technologies, consumer education, and regulatory initiatives **significantly improve** fraud detection and prevention.

Final Thoughts

The shift to real-time payments sets the stage for future developments in the fintech world, where real-time payments are evolving rapidly. As these systems continue to advance, they promise to reshape entire economies and enhance how businesses and consumers interact financially worldwide.

“Real-time payments—and especially cross-border payments—are the future. They remove payments friction, provide greater liquidity in the financial system, and ultimately drive economic growth and financial inclusion,” said Debbie Guerra, chief product officer at ACI Worldwide. “Banks should consider whether they are truly maximizing the real-time rails in their market, and whether limiting their commitment to the minimum also means limiting their potential share of the future of payments.”

Craig Ramsey, the global head of real-time payments at ACI Worldwide, encapsulates this transformative era: “Modern real-time payments require collaboration, and they encourage a new generation of market entrants for banks to either compete or cooperate with – often both. The world’s most successful real-time payments schemes, notably those in India and Brazil, also feature use cases that have proved popular beyond imagination.”

As real-time payment systems gain momentum, they promise to dismantle existing barriers in financial processes, offering more seamless, instant, and accessible financial transactions. This will empower established financial players and new entrants alike, fostering a more competitive and cooperative financial landscape.



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