

DISBURSEMENT

SATISFACTION INDEX™



52.8

(out of 100) was the average
Disbursement Satisfaction Index Score
(across all respondents)

4.4 / 100

Consumers' disbursement satisfaction score for paper checks



36%



of disbursements were paid with direct deposit, the most commonly used payment type



\$750+

average value of disbursements paid via paper checks



84%

of respondents received at least one type of disbursement in the last 12 months



70%

of respondents received two or more disbursements



57%

of respondents received an income tax refund



30%

of people received non-government disbursements through paper checks



75%

of people earning less than \$60K who had used instant payments were mostly or completely satisfied with them

PYMNTS.com

DISBURSEMENT SATISFACTION ★ ★ ★ ★ ★ INDEX™

ACKNOWLEDGMENT

Sponsorship for the PYMNTS.com Disbursement Satisfaction Index™ was provided by Ingo Money. Ingo Money has no editorial or data influence over the report content. In addition, the methodology for the Disbursement Satisfaction Index™ was developed exclusively by the PYMNTS.com research and analytics team. The methodology and categorization are done exclusively by this team and without input or influence from the sponsoring organization.

INTRODUCTION

Who doesn't love getting paid? Paychecks, tax refunds, store credits and business expenses are all cause for joy — never mind that a tax refund actually means you've been overpaying your taxes, or that business expenses are really just reimbursements. To echo the sentiments of Charles Dickens' character, Wilkins Micawber — from the 1850 novel *David Copperfield* — money going in is much better than money going out.

But are recipients happy about how these payments, also known as “disbursements,” are paid out?

Traditionally, consumers were satisfied with receiving a check in the mail — presumably because they had no other options — but that is not the case anymore. Consumers live life at web speed, and they expect their money to do the same. Today, the paper check is seen as a clunky and outdated payment method that often stands in the way of businesses and consumers receiving funds in a timely manner.

To top that off, processing paper checks comes at a big cost — [businesses can pay](#) up to \$10 per transaction. And, despite the development of faster payment rails, some \$22 trillion dollars' worth of paper checks are still used in the U.S. economy — [slowing down not just payments](#), but the lives of consumers and businesses alike.

So, how do paper checks fair against faster disbursement methods in this era of instant money? Probably about as well as dial-up internet versus broadband.

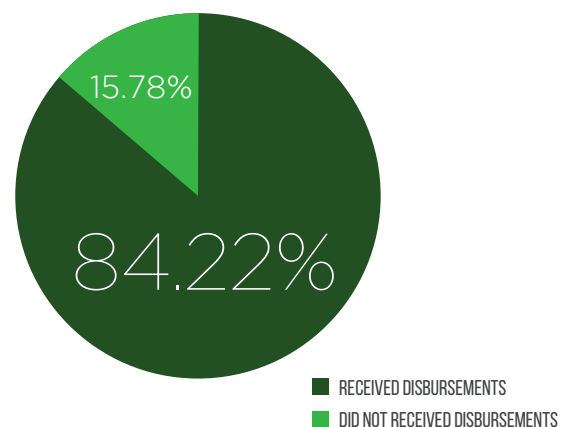
Over time, as payments technologies have evolved, so have disbursement methods. Direct deposit has become the favorite of the U.S. government. Merchants, on the other hand, are using non-instant credit through which consumers receive credit back on their card, but processing may require a few days for actual money to move. More recently, payment companies are developing instant money methods— also known as “push payments” — allowing consumers to receive money on their cards instantaneously.

This progression of speed and experience through paper check, direct deposit, card disbursement to push payments is undeniable. As consumers expect more and more of their life experience to be instant, the writing would seem to be on the wall for paper checks. Like that creep Uriah Heep¹, they've got to go. It's about time we [#KillTheCheck](#) for once and for all.

Ingo Money and PYMNTS.com have partnered to better understand disbursements — how consumers are getting paid, which disbursement methods they prefer and why — and to explore how killing the check could help further trigger and enable the growth of faster disbursement methods. These perspectives are constantly evolving, but companies who keep track of them will be able to earn additional loyalty, revenue and attract new customers. We'll be checking back in and updating this study every quarter with the latest results.

In our analysis, we took a microscopic look at the state of consumers' satisfaction with how they receive disbursements.

FIGURE 1. PEOPLE WITH DISBURSEMENTS VS. PEOPLE WITHOUT DISBURSEMENTS



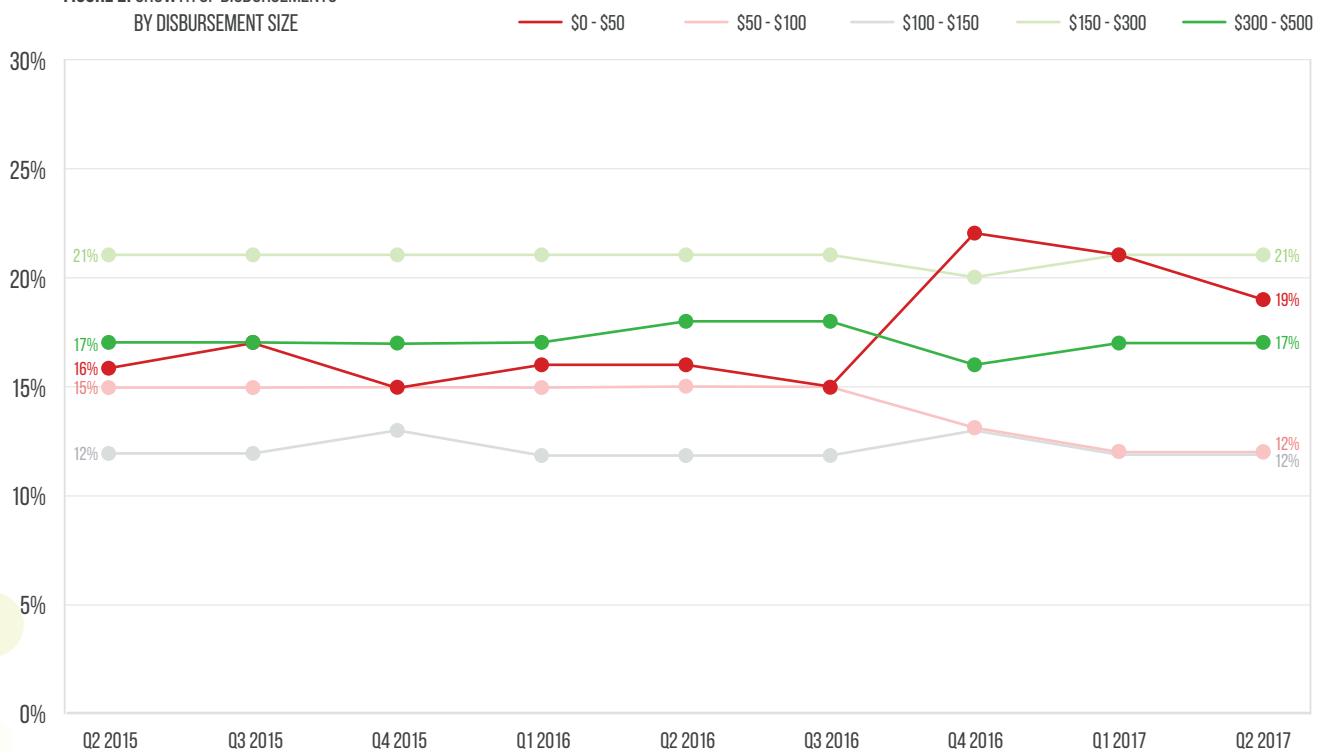
¹ Our second, and last, reference to *David Copperfield* in this report.

After all, **most people today receive disbursements**. In fact, 84 percent of respondents received a disbursement over the last year. Unsurprisingly, the most common was a tax refund (received by 57 percent of our sample), followed by store refunds (51 percent). However, even without these two types of disbursements, 67 percent of households received at least one disbursement over the past year.

And soon, more and more people are likely to receive disbursements — with small-value disbursements leading the way.

According to our analysis, **the largest growth is for disbursements valued under \$50**. Overall, disbursements under \$50 grew by 17 percent between Q2 2015 and Q2 2017. Growth increased from 16 percent to an all-time high of 22 percent in Q4 2016, up since Q2 2015.

FIGURE 2. GROWTH OF DISBURSEMENTS BY DISBURSEMENT SIZE



So, with disbursements value growing and with constant changes to the types of disbursements in use, which are the ones that come out on top and which scrape the bottom of the barrel?

THE WORST AND THE BEST

Checks are consistently found to be the least popular payment method. While making disbursements through checks might be as easy as writing one, for some businesses, it seems the only reason regular folks may accept checks is because they lead to payments. But, given options, people would much rather be paid any other way.²

Despite the collective dislike for paper checks, nearly 27 percent of corporate disbursements are still made through them. However, the worst offenders are insurance companies and law firms, 61.3 percent and 93 percent of which use paper checks for disbursements, respectively.

FIGURE 4. DISBURSEMENTS SATISFACTION SCORE BY PAYMENT TYPE

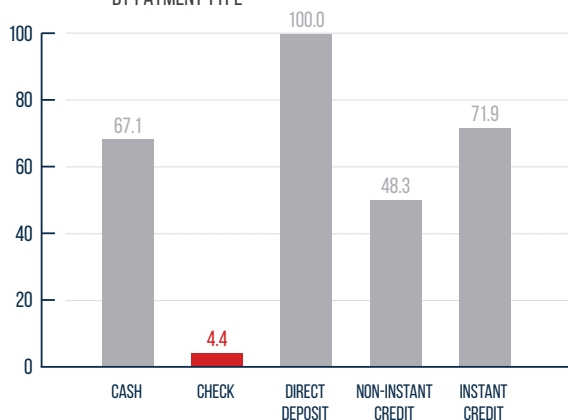
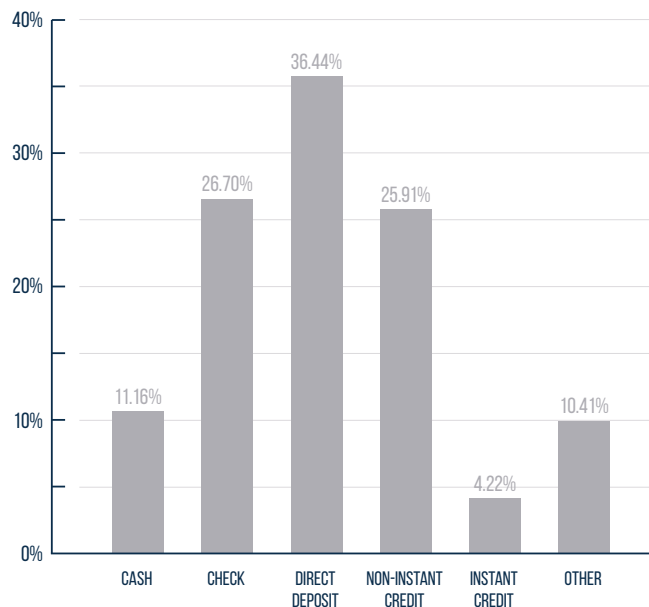


FIGURE 3. PERCENTAGE OF DISBURSEMENTS RECEIVED (AT LEAST ONCE) WITH EACH PAYMENT METHOD



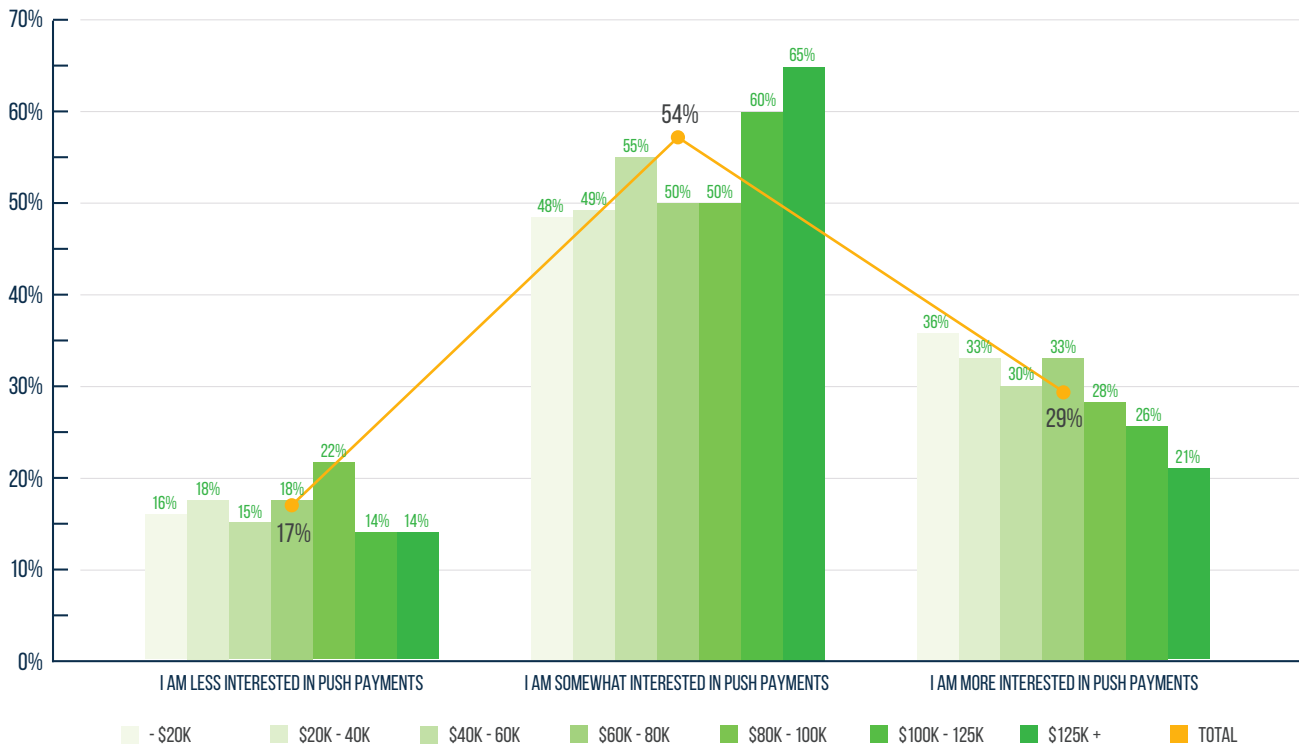
But, **do disburers really care** about consumer satisfaction? The data suggests not really, or at least not yet. **Disbursement payment methods and user satisfaction are uncorrelated**, according to our research. Disburers tend to choose their payment methods based on the size and frequency of the payment they are making rather than on customers' satisfaction with the type of payment method.

Unlike paper checks, direct deposits and instant credit, on the other hand, are the most popular disbursement method. This isn't just because the government is responsible for making so many disbursements, but also on account of their fast funding, which translates to higher consumer satisfaction.

This disconnect between consumer preference for faster payments and disburser reluctance to conform cannot last. As consumers increasingly demand instant and their call to [#KilltheCheck](#) becomes more insistent, it is logical to assume disburers will have to make concessions. This is even more likely when you consider that instant credit options like push payments also deliver cost benefits for disburers.

² Note: Our analysis here excluded government disbursements and individuals who receive only government disbursements.

FIGURE 5. INTEREST IN PUSH PAYMENTS BY INCOME BRACKET



Speaking of instant payments, **people earning below \$40,000 have the most interest in push payments.** Consumers in the two income brackets (less than \$20,000 and between \$20,000 and \$40,000) received Social Security and other government aid more frequently than the rest of the respondents. On average, 11 percent of those respondents who received a disbursement received government aid, compared to 4 percent of the rest of our sample. Unsurprisingly, this was also the same population who expressed the most dissatisfaction with other disbursement methods.

So, what gives? The Disbursement Satisfaction Index takes a deep dive into what makes consumers and business happy when it comes to receiving disbursements, and highlights what could alleviate potential disbursement ache for businesses and consumers across the spectrum.

Our data comes from two sources. First, we surveyed 2,528 consumers with an average income of \$68,500 and an average age of 43. We also drew from a private disbursement dataset comprised of approximately 1.7 million disbursements paid across nine quarters.

Once we processed our data, we came up with a formula to rate satisfaction for various disbursement systems.

All data, unless otherwise noted, are original and proprietary.

#KillTheCheck.

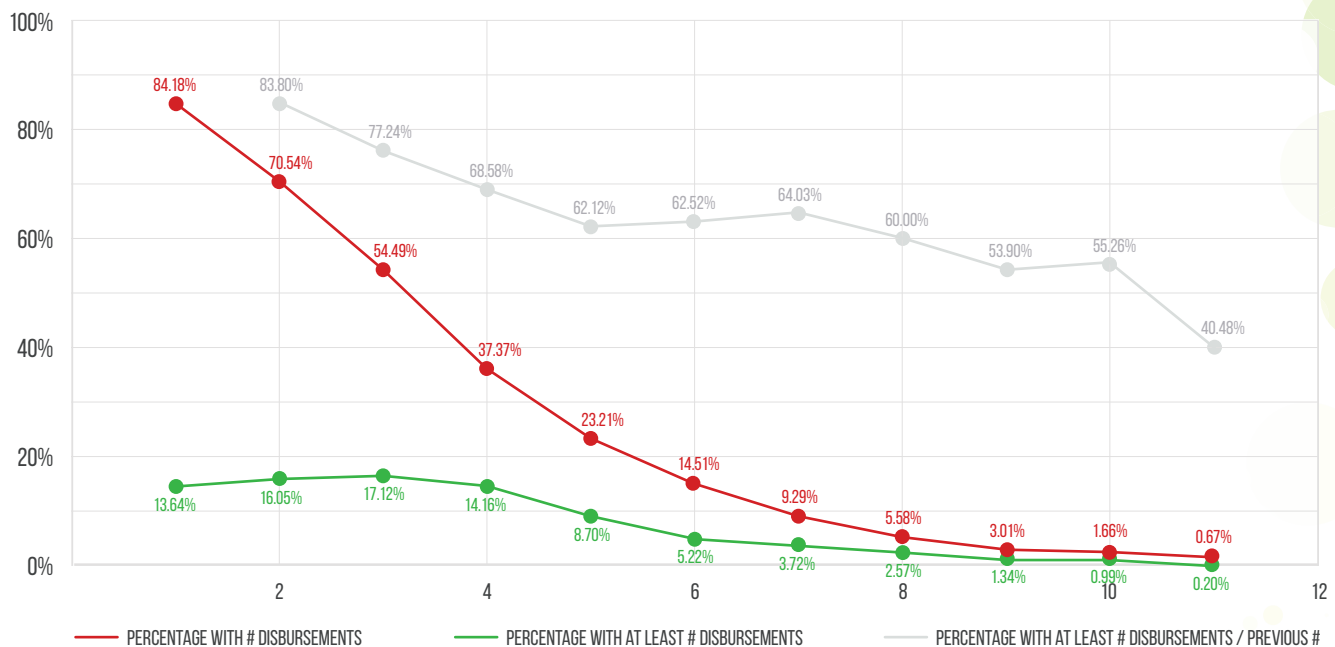
BY THE NUMBERS



BY THE NUMBERS

The good news is almost everyone has received a disbursement of some sort. In broad strokes, 84 percent of respondents received at least one disbursement in the past year, with the most common being tax refunds (57 percent). Overall, 41 percent of disbursements were made by merchants, with direct deposit as the most popular method for making such transactions.

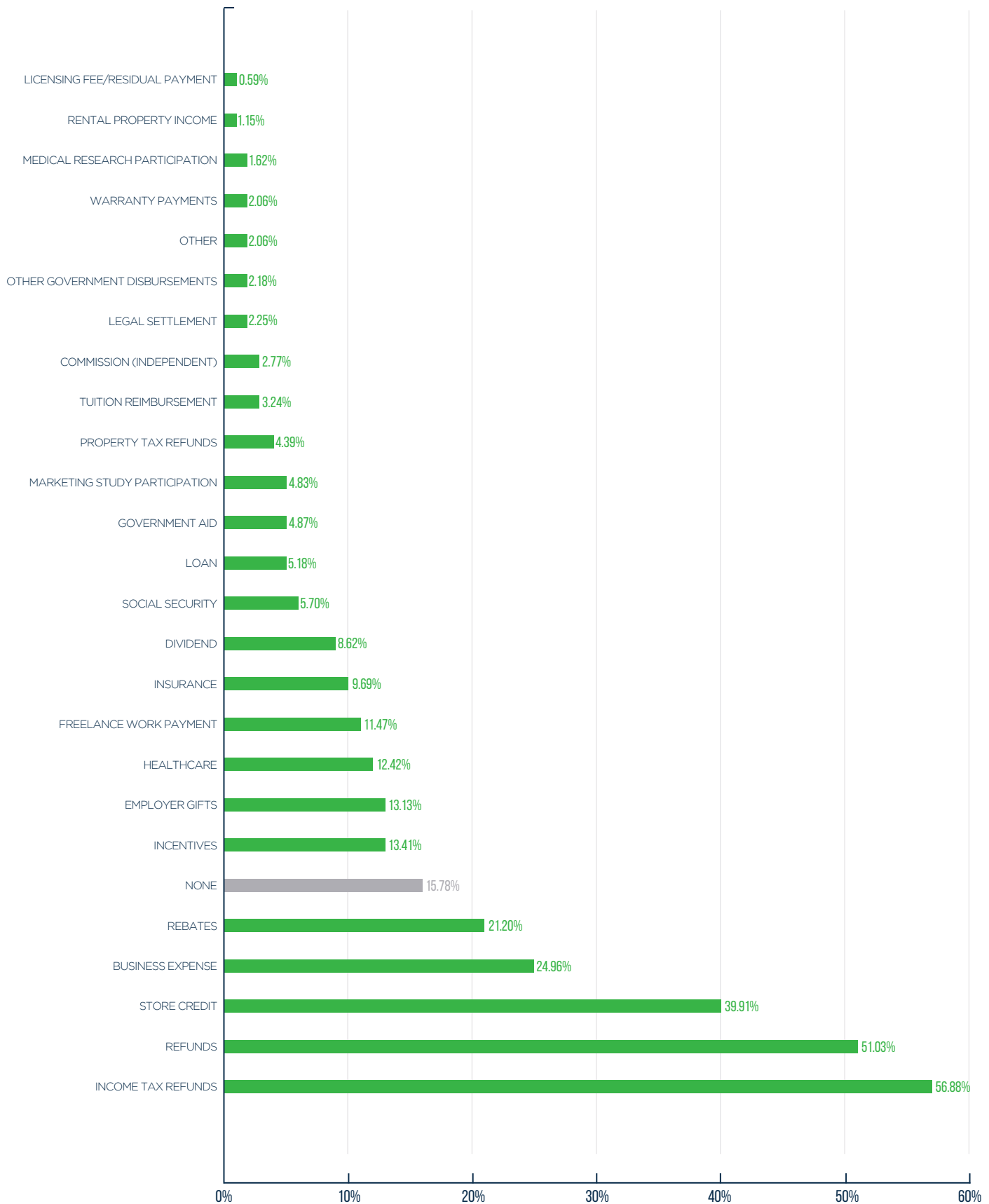
FIGURE 6. NUMBER OF DISBURSEMENTS PER PERSON



According to the data, 84.2 percent of respondents received at least one type of disbursement in the past year, 70.6 percent received at least two and 54.5 percent received at least three. The maximum number of types received by one person was 17, but only 0.7 percent received 11 or more types of disbursements.

Income tax refunds were the most common type with 57 percent of respondents receiving them. The second most popular type of refunds was store refunds, followed by store credit, business expenses and rebates. Even if we eliminated income tax refunds, the number of people who received disbursements was still large: Approximately 78.4 percent of respondents received some type of disbursement other than an income tax refund.

FIGURE 7. INCIDENCE OF EACH DISBURSEMENT TYPE



Forty-one percent were merchant disbursements (store refunds, store credit and warranty payments, among others), 23 percent were government payments (income tax refunds, property tax refunds, government aid and similar payments) and 18 percent were corporate disbursements (business expenses, freelance work payments and other corporate charges).

The most frequent type of disbursement payment was direct deposit, which was used at least once for 36.4 percent of disbursement types in our survey. The second most popular type of payment were checks with 26.7 percent of disbursements having been paid at least once through checks. Non-instant credits were mostly used by merchants for refunds and store credits.

While cash was occasionally used for disbursements, it was never a first-choice method for survey respondents.

Finally, instant credits were the least-used option. While they were never the first or second most frequently chosen payment type, instant credits were occasionally used for refunds and store credits, rebates, incentives, government aid, marketing study participation and medical research participation.

FIGURE 8. PERCENT OF DISBURSEMENTS BY PAYER

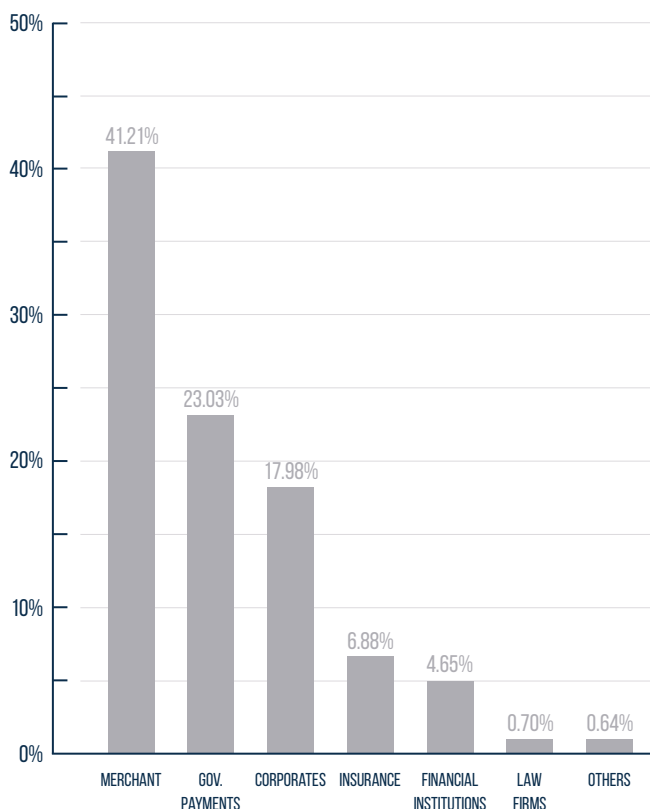
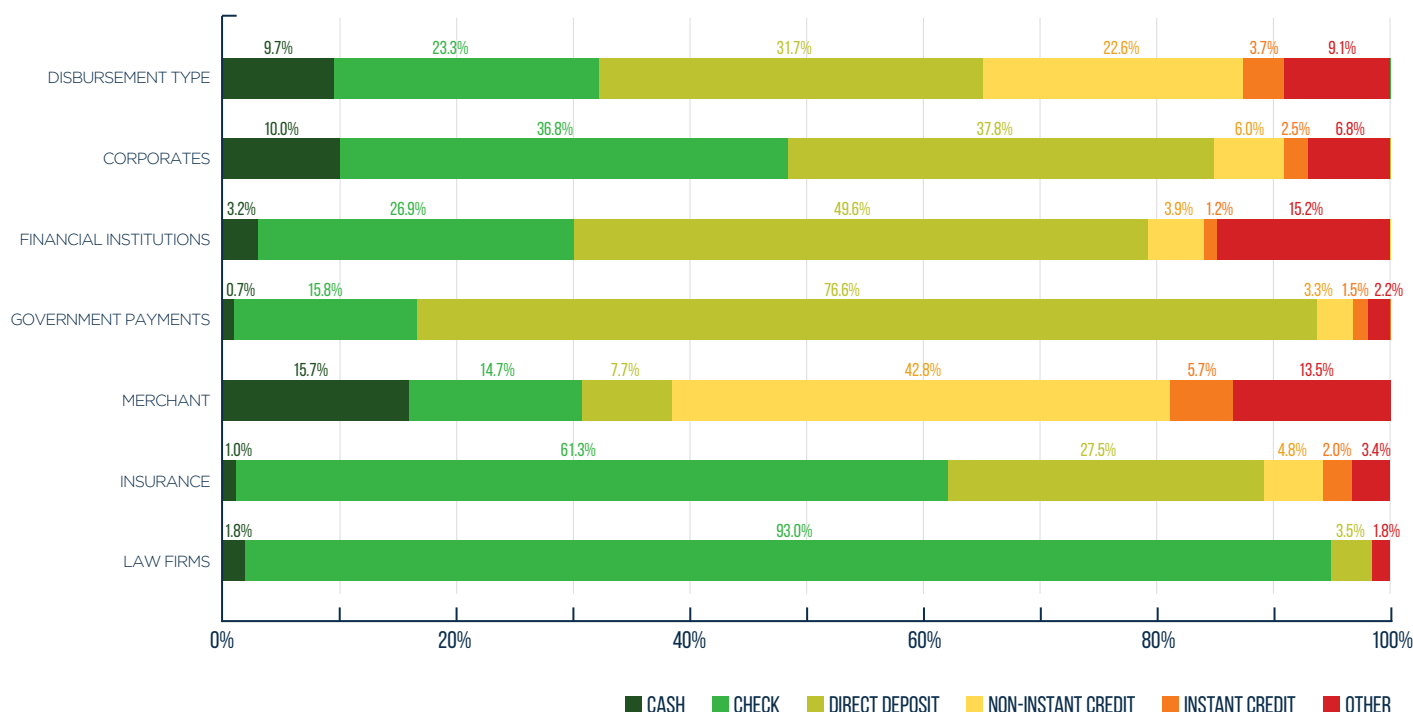


FIGURE 9. POPULARITY OF EACH DISBURSEMENT METHOD BY TYPE OF PAYER



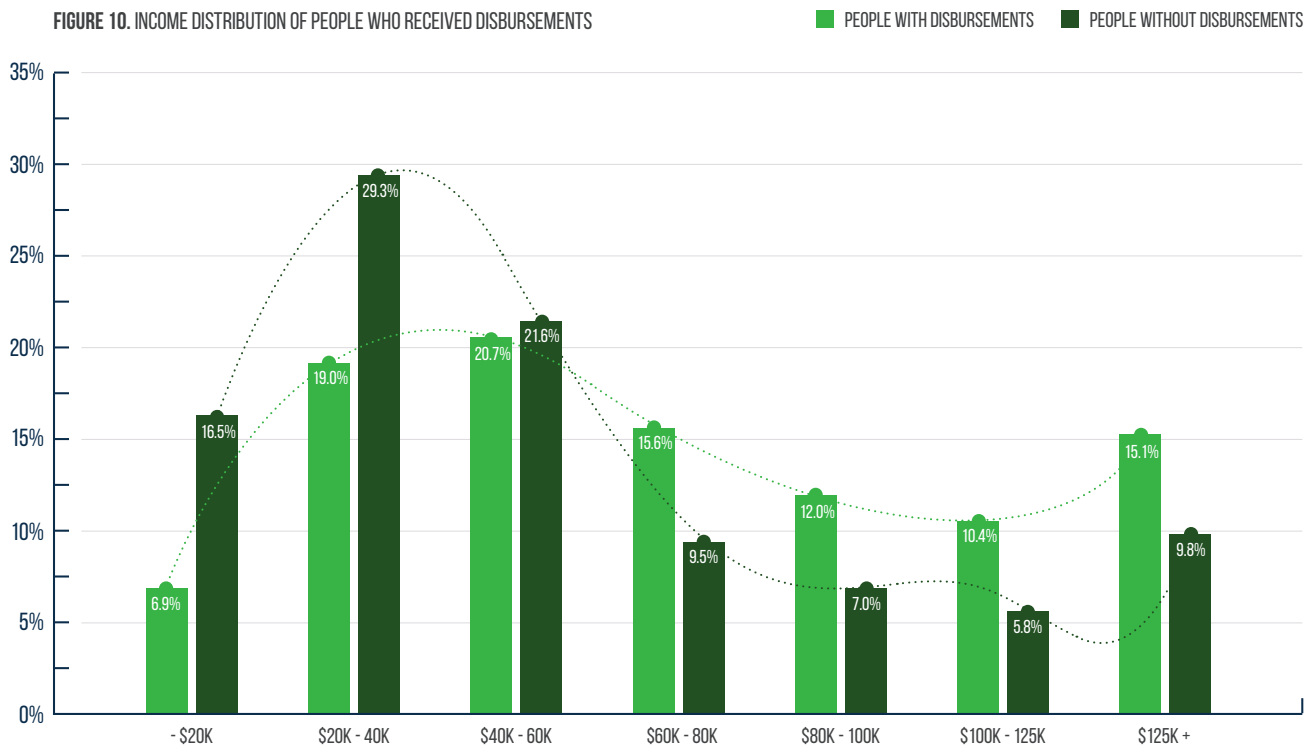
In general, government disbursement payments were mostly made via direct deposit (76.6 percent) and check (15.8 percent). Merchant payments were most commonly achieved through non-instant credit, followed by cash or checks. Merchants were the largest users of instant credit, but only 5.7 percent of their disbursements were made through the method. Law firms almost always paid by check. (Also of note, as a consumer might receive more than one disbursement each year, the sum of the payment methods in the graph above might total to larger than 100 percent.)

But before getting too creative, disbursers who considering which method to choose for making payments should keep this in mind: From 2012 to 2014, the state of Virginia issued tax refunds through debit cards. Nearly 107,000 tax payers didn't bother activating their refund cards to withdraw the funds. Meanwhile, the taxpayers who did activate the refund cards were hit with unexpected fees and a baffling automated voice system when they called the helpline.³ As a result, Virginia ended up defaulting to what the rest of the government is using: direct deposit.

BY THE NUMBERS: CONSUMER DEMOGRAPHICS

Income and education were the most important variables when it came to determining the type, number and size of disbursements received by survey participants. Age and gender had somewhat of an impact, but whether a consumer had children and where he or she lived had almost no impact.

FIGURE 10. INCOME DISTRIBUTION OF PEOPLE WHO RECEIVED DISBURSEMENTS



People who received disbursements had a higher average income than people who did not receive disbursements. While only 26 percent of consumers with disbursements had incomes under \$40,000, almost 46 percent of people without disbursements had incomes under \$40,000.

³ Hazard, Carol. More than \$14 million in Virginia tax refunds issued through debit cards goes unclaimed. Richmond Times-Dispatch. March 11, 2017. http://www.richmond.com/business/local/more-than-million-in-virginia-tax-refunds-issued-through-debit/article_ca8e6919-b2f5-5f5a-9f13-3710811269a9.html. Accessed July 2017.

TYPE OF DISBURSEMENT BY INCOME BRACKET

Some types of disbursements were strongly associated with higher incomes. For example, income tax refunds were much more common among respondents with higher incomes. This also applied to store refunds, likely because higher-income consumers spend more and are thus more likely to receive refunds. In addition, higher-income consumers also tended to receive dividends. Meanwhile, lower-income consumers tended to receive more government aid and Social Security disbursements.

TABLE 1. TYPE OF DISBURSEMENT BY INCOME BRACKET

■ LOW ■ MEDIUM ■ HIGH

DISBURSEMENT TYPE	AVERAGE NUMBER OF TIMES PER YEAR	<\$20K	\$20K-40K	\$40K-60K	\$60K-80K	\$80K-100K	\$100K-125K	\$125K+
INCOME TAX REFUNDS	56.9%	47.2%	49.6%	57.1%	61.2%	61.5%	62.9%	61.2%
REFUNDS	51.0%	35.4%	40.0%	49.5%	57.7%	58.3%	56.3%	62.0%
STORE CREDIT	39.9%	29.7%	32.8%	37.2%	41.0%	43.5%	47.3%	51.0%
BUSINESS EXPENSE	25.0%	11.3%	14.2%	23.0%	26.4%	25.4%	34.3%	43.2%
REBATES	21.2%	15.6%	14.9%	19.2%	24.8%	22.3%	24.1%	29.9%
INCENTIVES	13.4%	9.9%	9.2%	12.0%	13.2%	16.3%	16.3%	19.9%
EMPLOYER GIFTS	13.1%	6.6%	12.8%	14.0%	13.7%	15.2%	12.7%	14.1%
HEALTH CARE	12.4%	4.7%	7.1%	10.4%	17.0%	12.4%	15.5%	20.8%
CONTRACT WORK PAYMENT	11.5%	11.8%	8.2%	11.4%	12.9%	9.2%	13.1%	15.2%
INSURANCE	9.7%	4.7%	7.3%	8.9%	12.9%	7.1%	13.9%	13.0%
DIVIDEND	8.6%	5.2%	4.0%	5.5%	10.2%	9.5%	12.2%	16.6%
SOCIAL SECURITY	5.7%	6.6%	6.1%	8.2%	6.2%	5.3%	2.4%	3.0%
LOAN	5.2%	3.8%	3.4%	6.1%	6.2%	3.9%	7.8%	5.3%
GOVERNMENT AID	4.9%	8.0%	7.7%	4.9%	5.4%	2.8%	1.6%	2.2%
MARKETING STUDY PARTICIPATION	4.8%	1.9%	2.3%	5.9%	5.7%	3.2%	8.2%	6.9%
PROPERTY TAX REFUNDS	4.4%	0.9%	4.0%	3.6%	4.6%	7.1%	4.9%	5.5%
TUITION REIMBURSEMENT	3.2%	2.8%	4.4%	3.0%	1.6%	3.2%	3.7%	3.6%
COMMISSION (INDEPENDENT SALES AGENT)	2.8%	1.4%	2.3%	2.3%	3.8%	3.9%	2.9%	3.0%
LEGAL SETTLEMENT	2.3%	1.9%	1.7%	2.8%	3.0%	2.1%	2.0%	1.7%
OTHER GOVERNMENT DISBURSEMENTS	2.2%	0.9%	1.1%	2.1%	2.2%	3.5%	2.9%	2.8%
WARRANTY PAYMENTS	2.1%	3.8%	1.7%	1.7%	3.0%	2.5%	1.2%	1.4%
OTHER	2.1%	1.9%	2.1%	1.9%	2.4%	1.1%	2.9%	2.2%
MEDICAL RESEARCH PARTICIPATION	1.6%	1.4%	1.7%	2.3%	1.3%	0.7%	1.6%	1.7%
RENTAL PROPERTY INCOME	1.1%	0.9%	0.6%	0.0%	1.3%	0.4%	0.8%	4.4%
LICENSING FEE/RESIDUAL PAYMENT	0.6%	0.9%	0.4%	0.6%	0.5%	0.7%	0.8%	0.6%

DISBURSEMENT SIZE BY INCOME BRACKET

Individual disbursement size was also correlated with total income. Interestingly enough, this also held true for Social Security and government aid disbursements. Those with more freelance income and a higher number of warranty payments also influenced disbursement size.

TABLE 2. DISBURSEMENT SIZE BY INCOME BRACKET

■ LOW ■ MEDIUM ■ HIGH

DISBURSEMENT TYPE	AVERAGE NUMBER OF TIMES PER YEAR		<\$20K	\$20K-40K	\$40K-60K	\$60K-80K	\$80K-100K	\$100K-125K	\$125K+
	84%	\$823	\$750	\$806	\$780	\$760	\$844	\$870	\$921
INCOME TAX REFUNDS	57%	\$2,309	\$1,892	\$2,118	\$2,144	\$2,235	\$2,350	\$2,400	\$2,909
REFUNDS	51%	\$115	\$229	\$166	\$77	\$161	\$94	\$59	\$83
STORE CREDIT	40%	\$104	\$110	\$116	\$52	\$85	\$115	\$238	\$69
BUSINESS EXPENSE	25%	\$349	\$222	\$240	\$242	\$374	\$340	\$497	\$396
REBATES	21%	\$60	\$46	\$59	\$74	\$54	\$39	\$79	\$60
INCENTIVES	13%	\$39	\$23	\$26	\$46	\$30	\$27	\$67	\$44
EMPLOYER GIFTS	13%	\$690	\$313	\$472	\$398	\$675	\$690	\$665	\$1,542
HEALTH CARE	12%	\$326	\$399	\$150	\$385	\$215	\$549	\$242	\$393
FREELANCE WORK PAYMENT	11%	\$756	\$929	\$623	\$383	\$834	\$1,036	\$1,117	\$784
INSURANCE	10%	\$1,724	\$1,616	\$1,612	\$1,656	\$1,218	\$2,089	\$2,473	\$1,696
DIVIDEND	9%	\$345	\$379	\$104	\$422	\$97	\$460	\$182	\$583
SOCIAL SECURITY	6%	\$1,931	\$1,200	\$2,072	\$1,787	\$1,973	\$1,822	\$3,000	\$2,489
LOAN	5%	\$3,471	\$1,785	\$3,398	\$3,342	\$3,003	\$4,162	\$3,782	\$4,113
GOVERNMENT AID	5%	\$628	\$522	\$339	\$1,058	\$482	\$413	\$413	\$1,594
MARKETING STUDY PARTICIPATION	5%	\$100	\$98	\$123	\$105	\$108	\$87	\$90	\$89
PROPERTY TAX REFUNDS	4%	\$1,147	\$1,650	\$1,991	\$902	\$1,025	\$770	\$581	\$1,263
TUITION REIMBURSEMENT	3%	\$1,821	\$1,980	\$1,855	\$1,509	\$2,175	\$2,617	\$1,350	\$1,685
COMMISSION (INDEPENDENT SALES AGENT)	3%	\$956	\$127	\$608	\$708	\$176	\$1,053	\$1,001	\$2,699
LEGAL SETTLEMENT	2%	\$1,709	\$159	\$722	\$2,199	\$1,752	\$2,580	\$178	\$3,563
OTHER GOVERNMENT DISBURSEMENTS	2%	\$1,383	\$413	\$450	\$1,323	\$1,332	\$1,954	\$1,650	\$1,619
WARRANTY PAYMENTS	2%	\$552	\$1,101	\$122	\$545	\$476	\$506	\$375	\$795
MEDICAL RESEARCH PARTICIPATION	2%	\$272	\$1,035	\$55	\$189	\$61	\$53	\$165	\$705
RENTAL PROPERTY INCOME	1%	\$1,694	\$1,875	\$352	\$0	\$750	\$750	\$525	\$2,423
LICENSING FEE/RESIDUAL PAYMENT	1%	\$139	\$165	\$30	\$262	\$30	\$188	\$165	\$75

NUMBER OF DISBURSEMENT BY INCOME BRACKET

The numbers show a definite correlation between income and frequency; people making less money than others tended to have more disbursements. Also, many specific types of disbursements tended to follow a pattern. For example, Social Security, government aid and rental property income were each paid once per month.

TABLE 3. NUMBER OF DISBURSEMENTS PER INCOME BRACKET

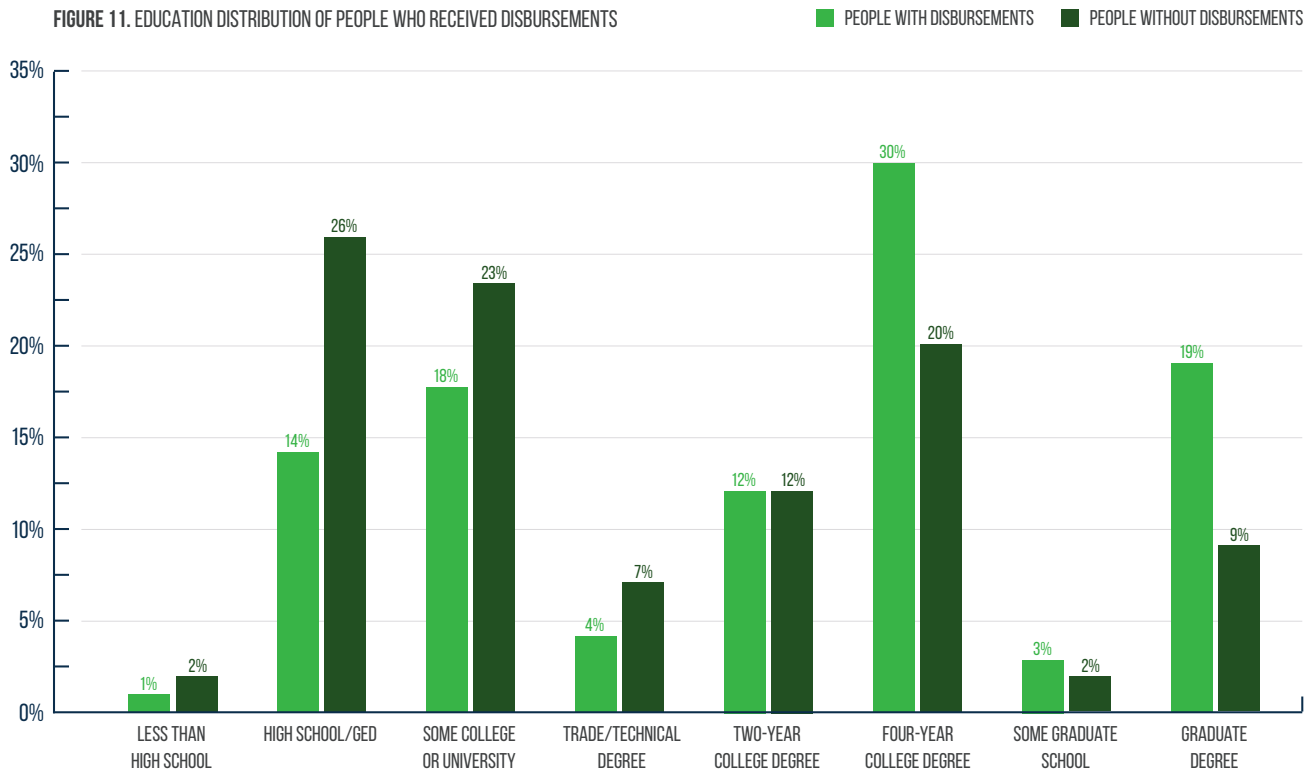
■ LOW ■ MEDIUM ■ HIGH

DISBURSEMENT TYPE	AVERAGE NUMBER OF TIMES PER YEAR		<\$20K	\$20K-40K	\$40K-60K	\$60K-80K	\$80K-100K	\$100K-125K	\$125K+
	84%	7.06	8.26	9.44	7.14	6.53	6.56	5.49	6.24
INCOME TAX REFUNDS	57%	1.95	2.57	1.82	2.65	1.73	1.68	1.70	1.51
REFUNDS	51%	5.37	5.32	4.97	4.74	6.17	6.73	4.36	5.18
STORE CREDIT	40%	6.44	5.82	9.95	5.37	5.01	8.23	5.22	5.09
BUSINESS EXPENSE	25%	12.30	11.06	21.63	15.15	11.28	13.02	8.61	8.27
REBATES	21%	7.15	6.62	8.50	8.59	8.79	6.08	6.18	4.86
INCENTIVES	13%	13.47	7.00	26.42	12.10	10.15	10.54	9.31	14.39
EMPLOYER GIFTS	13%	5.89	27.87	5.99	8.50	3.58	2.87	3.65	2.25
HEALTH CARE	12%	5.25	6.21	4.84	5.22	4.30	5.32	4.39	6.57
FREELANCE WORK PAYMENT	11%	21.94	27.37	33.29	23.56	16.56	13.25	16.51	21.15
INSURANCE	10%	2.85	1.55	3.30	3.08	2.82	2.13	4.03	2.08
DIVIDEND	9%	7.67	38.88	7.37	5.70	6.03	5.35	8.29	4.81
SOCIAL SECURITY	6%	14.02	12.00	11.33	11.64	27.13	12.00	12.00	10.16
LOAN	5%	2.87	2.05	3.05	3.80	3.00	2.29	1.56	3.04
GOVERNMENT AID	5%	23.51	13.13	31.25	21.02	23.61	24.65	16.79	16.93
MARKETING STUDY PARTICIPATION	5%	5.36	4.27	8.56	5.61	3.11	4.53	4.55	6.53
PROPERTY TAX REFUNDS	4%	2.00	1.33	1.89	1.89	4.28	1.33	1.42	1.33
TUITION REIMBURSEMENT	3%	2.95	2.64	2.05	4.09	2.39	2.40	4.06	3.17
COMMISSION (INDEPENDENT SALES AGENT)	3%	20.19	12.00	20.11	11.94	8.42	21.01	22.19	44.44
LEGAL SETTLEMENT	2%	1.76	1.33	1.69	1.93	2.24	1.51	1.55	1.33
OTHER GOVERNMENT DISBURSEMENTS	2%	9.39	9.00	13.24	8.41	9.33	9.76	9.10	7.84
WARRANTY PAYMENTS	2%	8.96	4.27	41.30	1.57	1.95	1.49	1.69	1.76
MEDICAL RESEARCH PARTICIPATION	2%	4.85	4.30	10.38	3.98	3.47	2.92	1.87	2.39
RENTAL PROPERTY INCOME	1%	10.9	12.00	4.89	0.00	9.87	12.00	12.00	12.00
LICENSING FEE/RESIDUAL PAYMENT	1%	3.68	1.33	1.87	4.89	6.67	6.67	1.33	2.40

BY THE NUMBERS: EDUCATION

Overall, people with a higher education tended to receive more disbursements. Thirty percent of consumers with a four-year college degree tended to receive disbursements, while only 20 percent with a college degree did not. Meanwhile, 26 percent of consumers with a high school diploma did not receive disbursements compared to 14 percent of consumers with a high school diploma who did.

FIGURE 11. EDUCATION DISTRIBUTION OF PEOPLE WHO RECEIVED DISBURSEMENTS



The more educated a consumer, the more likely he or she received an income tax return, tuition reimbursement, store refunds, store credit, business expense reimbursement and/or healthcare payment. However, the less educated a consumer, the larger the likelihood they received Social Security or government aid disbursements.

TABLE 4. TYPE OF DISBURSEMENT BY EDUCATION

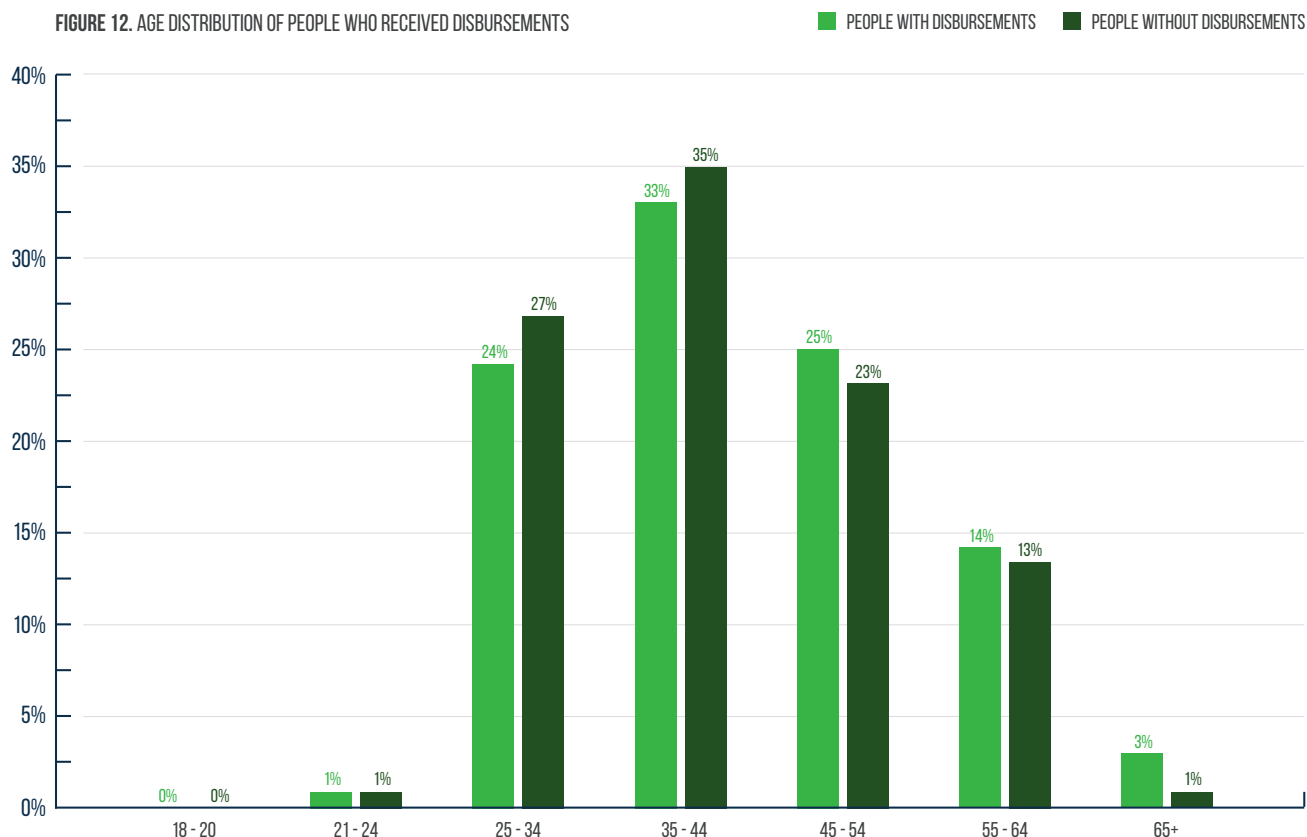


DISBURSEMENT TYPE	AVERAGE NUMBER OF TIMES PER YEAR	LESS THAN HIGH SCHOOL	HIGH SCHOOL /GED	SOME COLLEGE OR UNIVERSITY	TRADE/ TECHNICAL	2 YEAR COLLEGE DEGREE	4 YEAR COLLEGE DEGREE	SOME GRADUATE SCHOOL	GRADUATE DEGREE
	84%	32.0%	26.6%	18.7%	25.2%	15.6%	10.9%	11.0%	8.1%
NONE	56.9%	32.0%	26.6%	18.7%	25.2%	15.6%	10.9%	11.0%	8.1%
INCOME TAX REFUNDS	51.0%	36.0%	47.7%	54.4%	42.6%	49.8%	64.4%	60.3%	65.0%
REFUNDS	39.9%	44.0%	37.3%	46.9%	40.0%	44.7%	59.9%	57.5%	60.1%
STORE CREDIT	25.0%	20.0%	28.2%	39.8%	32.2%	37.6%	45.3%	43.8%	45.9%
BUSINESS EXPENSE	21.2%	4.0%	11.7%	18.7%	13.0%	18.3%	29.7%	35.6%	43.4%
REBATES	13.4%	8.0%	13.7%	19.3%	18.3%	20.7%	25.0%	21.9%	25.8%
INCENTIVES	13.1%	8.0%	8.6%	12.7%	10.4%	16.9%	13.7%	11.0%	17.2%
EMPLOYER GIFTS	12.4%	8.0%	10.7%	13.3%	13.0%	17.6%	13.5%	16.4%	11.4%
HEALTH CARE	11.5%	12.0%	5.8%	11.6%	11.3%	11.5%	14.4%	11.0%	17.2%
FREELANCE WORK PAYMENT	9.7%	12.0%	5.3%	8.5%	9.6%	10.5%	14.2%	16.4%	16.2%
INSURANCE	8.6%	12.0%	7.1%	8.9%	8.7%	8.8%	11.1%	8.2%	11.6%
DIVIDEND	5.7%	0.0%	3.3%	6.6%	6.1%	7.1%	10.9%	11.0%	13.7%
SOCIAL SECURITY	5.2%	4.0%	9.4%	6.4%	7.8%	5.1%	4.9%	2.7%	3.2%
LOAN	4.9%	0.0%	3.0%	5.6%	4.3%	4.4%	5.6%	4.1%	7.2%
GOVERNMENT AID	4.8%	12.0%	4.3%	5.8%	7.0%	7.8%	3.9%	6.8%	2.6%
MARKETING STUDY PARTICIPATION	4.4%	4.0%	2.5%	4.6%	0.9%	3.4%	6.0%	6.8%	7.0%
PROPERTY TAX REFUNDS	3.2%	8.0%	3.8%	2.1%	5.2%	5.1%	4.9%	8.2%	5.1%
TUITION REIMBURSEMENT	2.8%	0.0%	0.8%	3.3%	0.9%	3.4%	3.5%	11.0%	4.4%
COMMISSION (INDEPENDENT SALES AGENT)	2.3%	0.0%	2.5%	2.3%	6.1%	2.0%	3.8%	4.1%	1.4%
LEGAL SETTLEMENT	2.2%	0.0%	1.8%	2.5%	0.9%	2.7%	2.5%	1.4%	2.3%
OTHER GOVERNMENT DISBURSEMENTS	2.1%	0.0%	1.5%	2.3%	2.6%	1.4%	2.1%	1.4%	3.5%
WARRANTY PAYMENTS	2.1%	8.0%	1.3%	1.0%	0.9%	2.7%	2.7%	4.1%	2.1%
OTHER	1.6%	0.0%	1.5%	2.7%	1.7%	2.7%	1.7%	1.4%	2.3%
MEDICAL RESEARCH PARTICIPATION	1.1%	0.0%	1.0%	1.7%	0.9%	1.0%	2.7%	0.0%	1.4%
RENTAL PROPERTY INCOME	0.6%	0.0%	0.8%	1.0%	1.7%	0.3%	1.1%	0.0%	2.3%
LICENSING FEE/RESIDUAL PAYMENT	56.9%	0.0%	0.8%	0.6%	1.7%	0.0%	0.7%	0.0%	0.5%

BY THE NUMBERS: AGE

People who received disbursements were slightly older than people who did not. However, the difference in age was not statistically significant.

FIGURE 12. AGE DISTRIBUTION OF PEOPLE WHO RECEIVED DISBURSEMENTS



Consumers on the younger and older ends of the age distribution were the most likely to receive medical study participation disbursements, perhaps because they had more free time to seek extra income. Consumers age 65 and older were the main beneficiaries of Social Security payments. Consumers age 55 and older received healthcare payments more often than the rest of the population.

TABLE 5. TYPE OF DISBURSEMENT BY AGE BRACKET



DISBURSEMENT TYPE	AVERAGE NUMBER OF TIMES PER YEAR	18 - 20	21 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 +
	84%	10.0%	19.2%	17.3%	16.5%	14.6%	15.5%	3.2%
NONE	16%	10.0%	19.2%	17.3%	16.5%	14.6%	15.5%	3.2%
INCOME TAX REFUNDS	57%	70.0%	46.2%	57.5%	55.5%	56.5%	58.2%	67.7%
REFUNDS	51%	50.0%	46.2%	50.9%	50.0%	51.7%	52.6%	53.2%
STORE CREDIT	40%	40.0%	50.0%	42.1%	39.2%	38.6%	39.2%	40.3%
BUSINESS EXPENSE	25%	20.0%	19.2%	25.0%	25.7%	26.1%	23.4%	14.5%
REBATES	21%	20.0%	34.6%	18.8%	19.4%	21.9%	28.4%	17.7%
INCENTIVES	13%	10.0%	19.2%	11.3%	13.5%	14.2%	15.5%	11.3%
EMPLOYER GIFTS	13%	10.0%	15.4%	15.7%	13.3%	13.2%	8.8%	8.1%
HEALTH CARE	12%	40.0%	11.5%	8.6%	12.2%	11.8%	18.7%	21.0%
FREELANCE WORK PAYMENT	11%	20.0%	19.2%	10.2%	11.6%	12.4%	10.5%	12.9%
INSURANCE	10%	30.0%	7.7%	7.5%	9.0%	10.6%	12.6%	14.5%
DIVIDEND	9%	0.0%	0.0%	6.8%	7.7%	9.3%	12.6%	16.1%
SOCIAL SECURITY	6%	0.0%	3.8%	2.9%	3.2%	4.1%	8.2%	71.0%
LOAN	5%	0.0%	19.2%	5.7%	4.4%	5.4%	5.0%	4.8%
GOVERNMENT AID	5%	10.0%	7.7%	6.2%	4.8%	3.3%	4.7%	8.1%
MARKETING STUDY PARTICIPATION	5%	0.0%	3.8%	5.3%	4.4%	5.0%	5.3%	1.6%
PROPERTY TAX REFUNDS	4%	20.0%	0.0%	4.1%	4.8%	4.1%	4.1%	6.5%
TUITION REIMBURSEMENT	3%	10.0%	15.4%	5.5%	2.3%	2.7%	1.8%	1.6%
COMMISSION (INDEPENDENT SALES AGENT)	3%	0.0%	3.8%	2.9%	2.4%	2.7%	2.9%	6.5%
LEGAL SETTLEMENT	2%	0.0%	0.0%	2.3%	2.6%	2.5%	1.2%	1.6%
OTHER GOVERNMENT DISBURSEMENTS	2%	10.0%	0.0%	1.6%	2.6%	2.0%	1.2%	8.1%
WARRANTY PAYMENTS	2%	10.0%	7.7%	1.8%	2.8%	1.9%	0.6%	1.6%
OTHER	2%	10.0%	0.0%	1.5%	2.0%	2.5%	2.3%	1.6%
MEDICAL RESEARCH PARTICIPATION	2%	10.0%	0.0%	1.3%	1.2%	2.0%	0.9%	9.7%
RENTAL PROPERTY INCOME	1%	0.0%	0.0%	0.5%	1.7%	1.4%	0.6%	1.6%
LICENSING FEE/RESIDUAL PAYMENT	1%	0.0%	0.0%	0.8%	0.4%	0.6%	0.3%	3.2%

BY THE NUMBERS: GENDER

Surprisingly, gender did make a difference. Overall, women were more likely to receive disbursements than men. However, males tended to fall on the extremes: They more frequently received two or fewer disbursements or five or more disbursements.

On the whole, women received refunds, store credit and healthcare disbursements more often than men. However, men received business expense, contract work and dividend payments much more often than women.

FIGURE 13. NUMBER OF DISBURSEMENTS BY GENDER

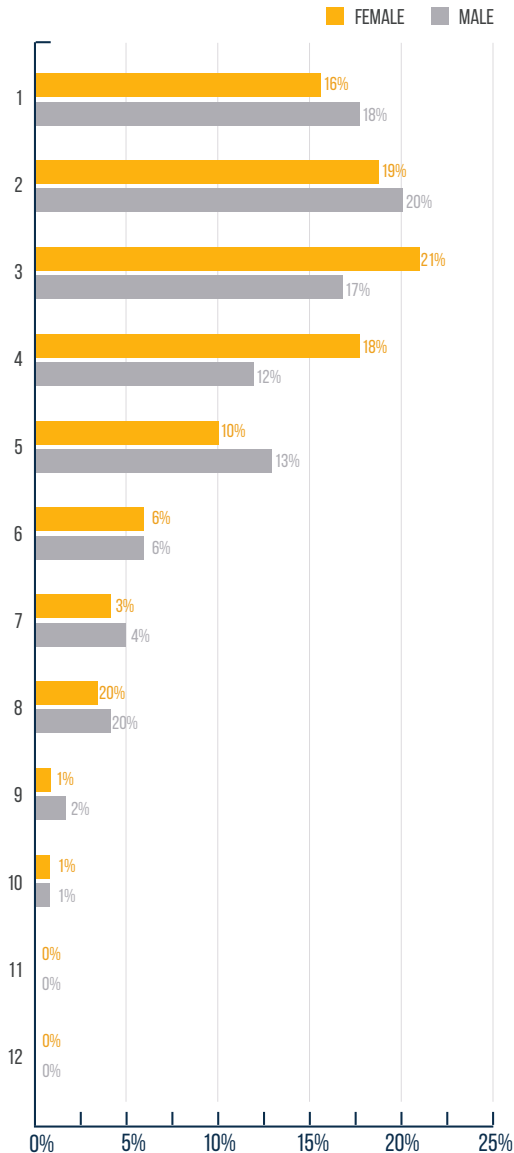


TABLE 6. TYPE OF DISBURSEMENT BY EDUCATION

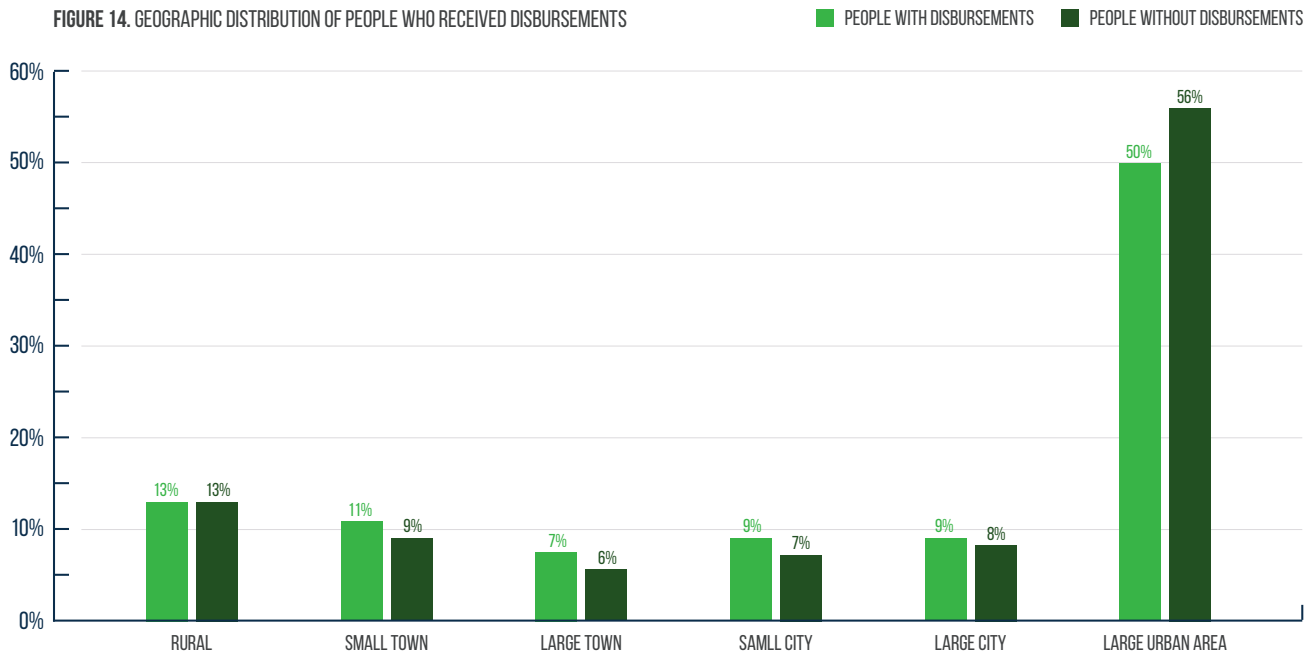
LOW MEDIUM HIGH

DISBURSEMENT TYPE	AVERAGE NUMBER OF TIMES PER YEAR	FEMALE	MALE
	84%	77%	23%
NONE	16%	15.2%	17.6%
INCOME TAX REFUNDS	57%	57.2%	56.2%
REFUNDS	51%	53.8%	41.6%
STORE CREDIT	40%	41.2%	35.7%
BUSINESS EXPENSE	25%	24.2%	27.8%
REBATES	21%	21.9%	18.6%
INCENTIVES	13%	13.2%	14.0%
EMPLOYER GIFTS	13%	12.7%	14.7%
HEALTH CARE	12%	13.5%	8.8%
FREELANCE WORK PAYMENT	11%	9.6%	17.4%
INSURANCE	10%	9.9%	9.0%
DIVIDEND	9%	7.3%	13.3%
SOCIAL SECURITY	6%	5.9%	5.2%
LOAN	5%	5.3%	4.8%
GOVERNMENT AID	5%	4.7%	5.5%
MARKETING STUDY PARTICIPATION	5%	5.0%	4.1%
PROPERTY TAX REFUNDS	4%	4.0%	5.7%
TUITION REIMBURSEMENT	3%	3.0%	4.1%
COMMISSION (INDEPENDENT SALES AGENT)	3%	2.8%	2.6%
LEGAL SETTLEMENT	2%	2.0%	3.3%
OTHER GOVERNMENT DISBURSEMENTS	2%	2.0%	2.8%
WARRANTY PAYMENTS	2%	1.6%	3.6%
OTHER	2%	2.1%	2.1%
MEDICAL RESEARCH PARTICIPATION	2%	1.8%	1.2%
RENTAL PROPERTY INCOME	1%	1.2%	1.0%
LICENSING FEE/RESIDUAL PAYMENT	1%	0.6%	0.5%

BY THE NUMBERS: GEOGRAPHY

Fascinatingly, people who received disbursements were more likely to live in smaller areas than people who did not receive disbursements. The study found that people living in large urban areas were less likely to receive disbursements than those living in more rural locations.

FIGURE 14. GEOGRAPHIC DISTRIBUTION OF PEOPLE WHO RECEIVED DISBURSEMENTS



Consumers who received income tax refunds tended to be equally spread among geographic areas. However, people living in towns tended to receive more rebates, namely 27 percent in small towns and 28 percent in large towns compared to the average of 21 percent. In addition, people in towns seemed to receive more tax refunds, with 60 percent of people in small towns, and 63 percent in large towns receiving refunds compared to the average of 57 percent. Overall, the type of disbursement respondents received did not seem to be highly correlated with specific geographic areas.

TABLE 7. TYPE OF DISBURSEMENT BY AREA SIZE



DISBURSEMENT TYPE	AVERAGE NUMBER OF TIMES PER YEAR	RURAL	SMALL TOWN	LARGE TOWN	SMALL CITY	LARGE CITY	LARGE URBAN AREA
	84%	13%	11%	7%	9%	9%	50%
NONE	16%	14.7%	13.0%	12.8%	12.9%	13.7%	16.7%
INCOME TAX REFUNDS	57%	56.4%	59.8%	62.8%	60.7%	58.8%	55.7%
REFUNDS	51%	49.8%	51.6%	51.3%	55.2%	51.5%	51.1%
STORE CREDIT	40%	37.8%	42.5%	34.6%	34.8%	42.2%	41.1%
BUSINESS EXPENSE	25%	21.2%	29.5%	22.4%	24.9%	24.0%	26.7%
REBATES	21%	18.9%	27.2%	27.6%	23.4%	19.6%	19.9%
INCENTIVES	13%	16.3%	15.7%	13.5%	12.4%	12.7%	13.1%
EMPLOYER GIFTS	13%	11.1%	15.7%	11.5%	14.4%	15.7%	12.2%
HEALTH CARE	12%	12.4%	12.2%	12.8%	15.4%	15.2%	12.3%
FREELANCE WORK PAYMENT	11%	9.8%	13.4%	5.1%	10.4%	12.3%	12.9%
INSURANCE	10%	11.1%	10.6%	7.7%	10.9%	7.8%	10.0%
DIVIDEND	9%	7.8%	10.6%	6.4%	8.5%	10.3%	9.1%
SOCIAL SECURITY	6%	5.5%	5.9%	5.1%	7.0%	7.4%	5.4%
LOAN	5%	4.6%	3.5%	6.4%	8.0%	7.4%	4.9%
GOVERNMENT AID	5%	2.3%	5.9%	4.5%	6.5%	2.0%	5.9%
MARKETING STUDY PARTICIPATION	5%	3.3%	7.1%	4.5%	6.5%	5.9%	4.6%
PROPERTY TAX REFUNDS	4%	3.9%	3.5%	1.3%	6.0%	6.4%	4.9%
TUITION REIMBURSEMENT	3%	0.7%	1.6%	1.9%	3.5%	4.4%	4.5%
COMMISSION (INDEPENDENT SALES AGENT)	3%	2.9%	2.0%	1.3%	2.0%	3.4%	3.1%
LEGAL SETTLEMENT	2%	1.0%	3.1%	2.6%	1.0%	2.9%	2.5%
OTHER GOVERNMENT DISBURSEMENTS	2%	2.0%	2.4%	1.9%	4.5%	3.4%	1.7%
WARRANTY PAYMENTS	2%	2.3%	1.6%	0.0%	2.5%	4.9%	2.1%
OTHER	2%	2.9%	1.2%	1.9%	2.0%	3.9%	1.9%
MEDICAL RESEARCH PARTICIPATION	2%	2.0%	2.4%	3.2%	2.0%	1.5%	1.4%
RENTAL PROPERTY INCOME	1%	0.7%	1.6%	0.6%	2.0%	1.0%	1.1%
LICENSING FEE/RESIDUAL PAYMENT	1%	0.7%	0.4%	0.0%	1.0%	1.0%	0.7%

DISBURSEMENT SATISFACTION INDEX

We wanted to break our findings down into something more easily digestible, so we created the Disbursement Satisfaction Index (DSI). We ranked the payment methods from zero to 100: zero for the least popular payment method and 100 for the most popular – in this case, direct deposit. We examined how frequently a payment method was used for disbursements and how satisfied our survey respondents were with it, then calculated a DSI Score for each.

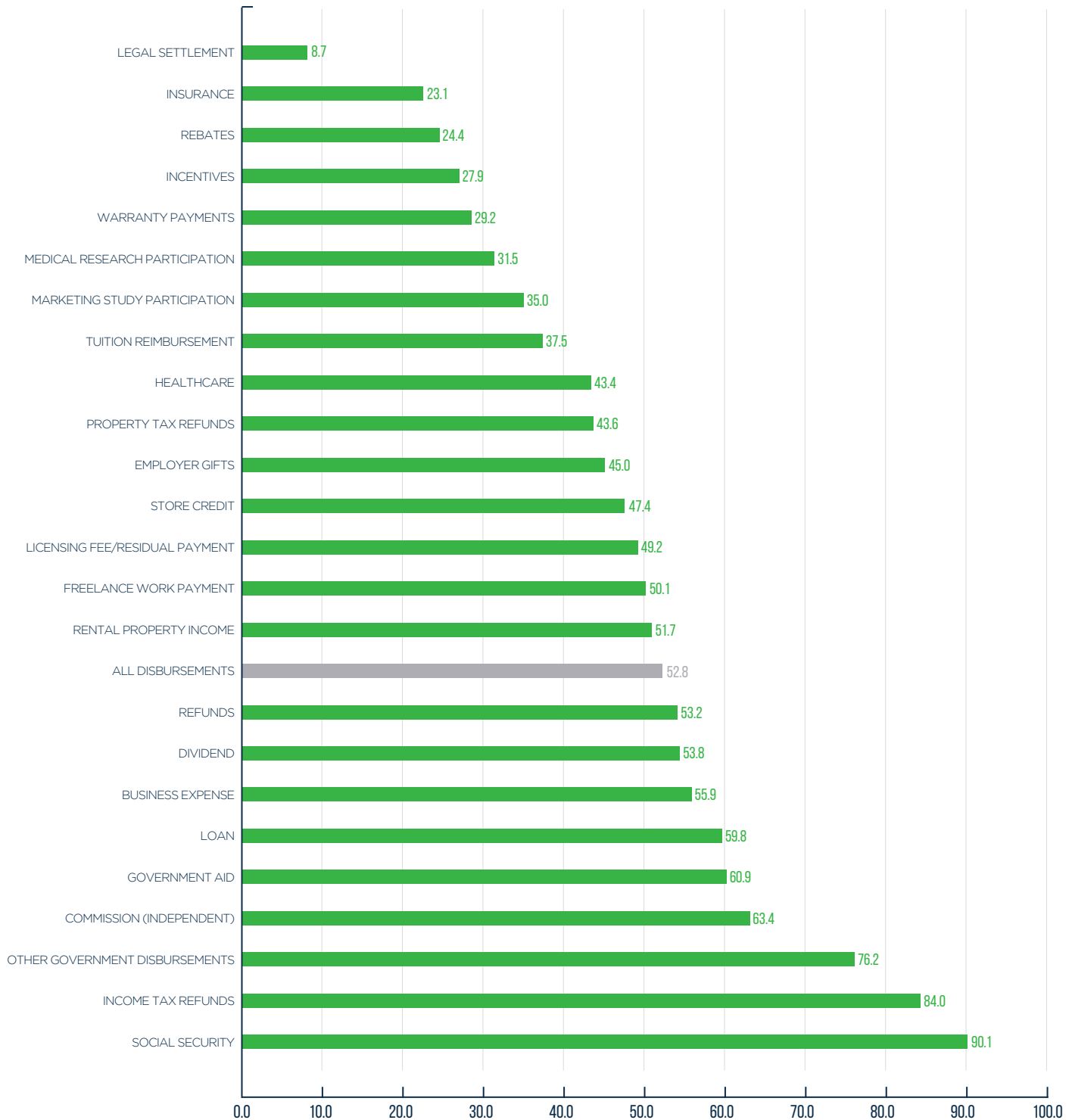
TABLE 8. SATISFACTION SCORE BY PAYMENT TYPE

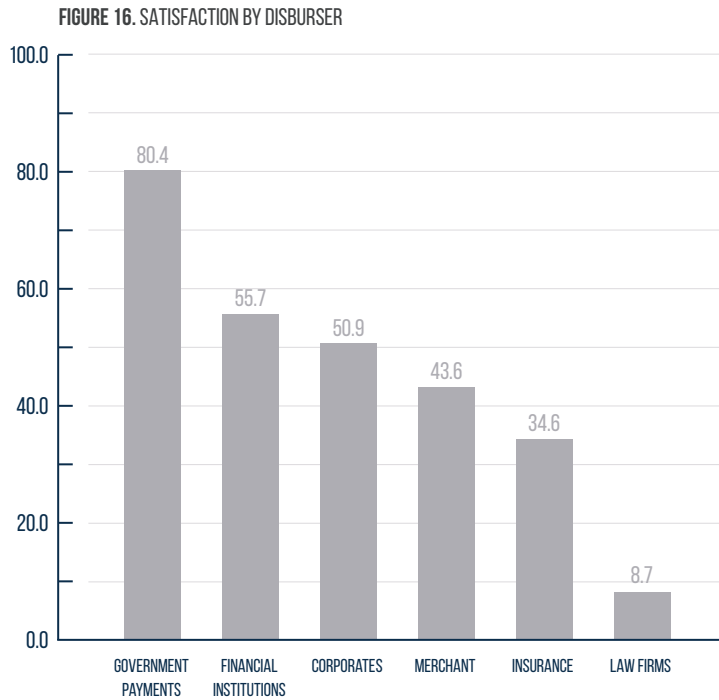
CASH SCORE	CHECK SCORE	DIRECT DEPOSIT SCORE
67.1	4.4	100.0
NON-INSTANT CREDIT SCORE	INSTANT CREDIT SCORE	OTHER SCORE
48.3	71.9	0.0

After our analysis, we determined the average DSI for Q2 2017 was 52.8.

The level of satisfaction for each of the disbursement types was quite large for government payments such as Social Security, income tax refunds and other government disbursements. This was not true for property tax refunds, however, and legal settlements came in dead last.

FIGURE 15. SATISFACTION BY DISBURSEMENT TYPE





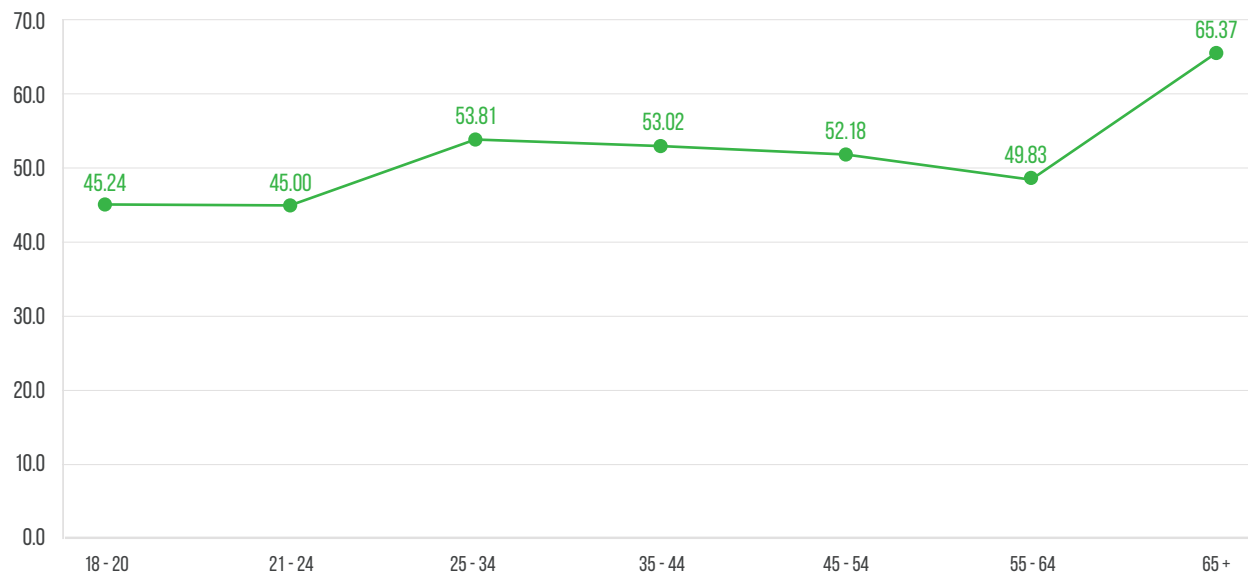
The government may receive a lot of criticism, but when it comes to disbursements, it does extremely well. The government earned the highest satisfaction levels mostly due to their extensive use of direct deposit (79.8 percent), followed by financial institutions (53.7 percent). Law firms saw the lowest satisfaction because of their large use of checks (93 percent of disbursements).

A few demographic tidbits:

- **Older people were more satisfied.**

They received a higher proportion of disbursements through direct deposit (53.8 percent), mostly because their disbursements tended to come from the government.

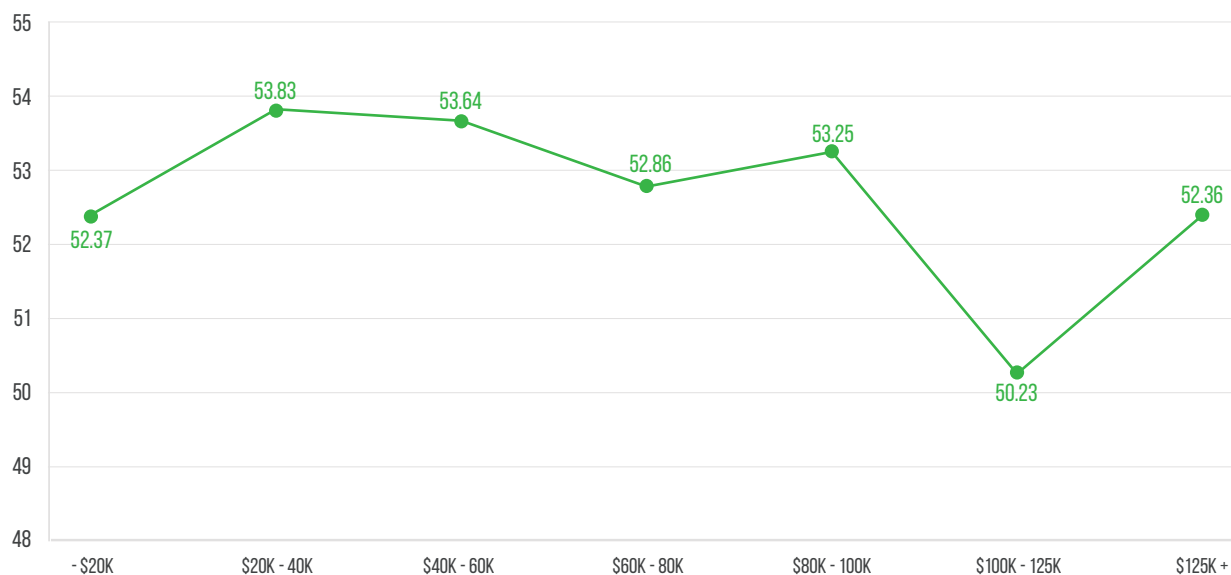
FIGURE 17. SCORE BY AGE



- **Income was not correlated with overall satisfaction.**

There was no tendency for people with higher incomes to receive disbursements through more satisfactory payment methods. People with incomes below \$20,000 had an index score of 52.4, which is the same for people with incomes above \$125,000.

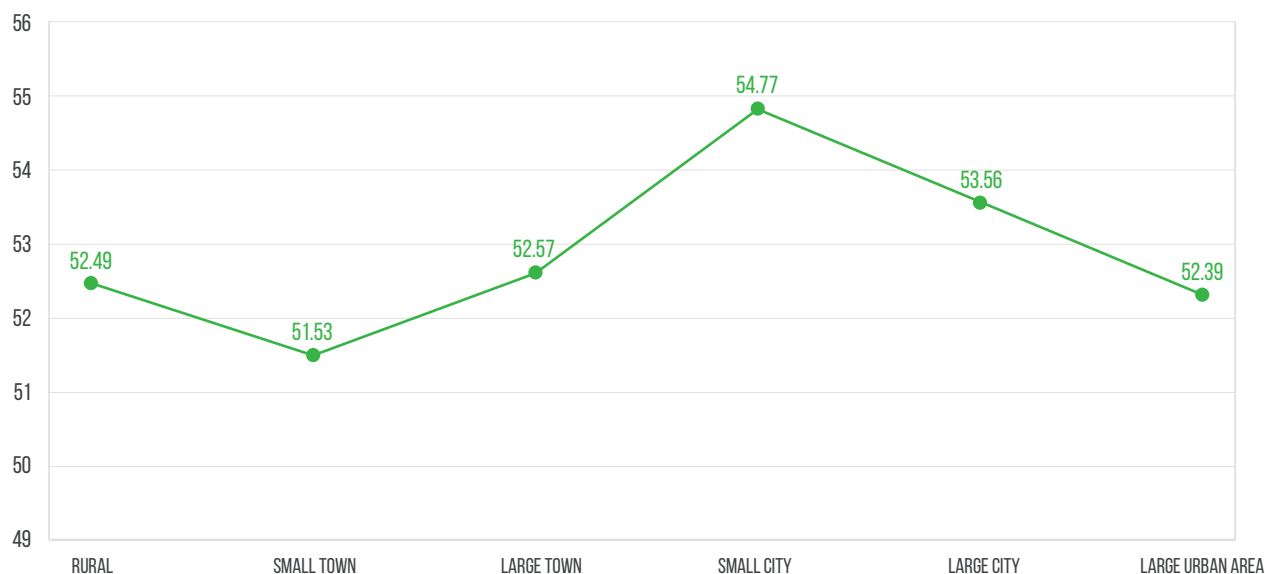
FIGURE 18. SCORE BY INCOME



- **Small Cities had the most satisfaction.**

The highest use of payment methods generating the most satisfaction occurred in small cities (38.8 percent of these disbursements were generated by direct deposit), while small towns had the lowest satisfaction. Additionally, there weren't many clear trends for payment type and geographic area.

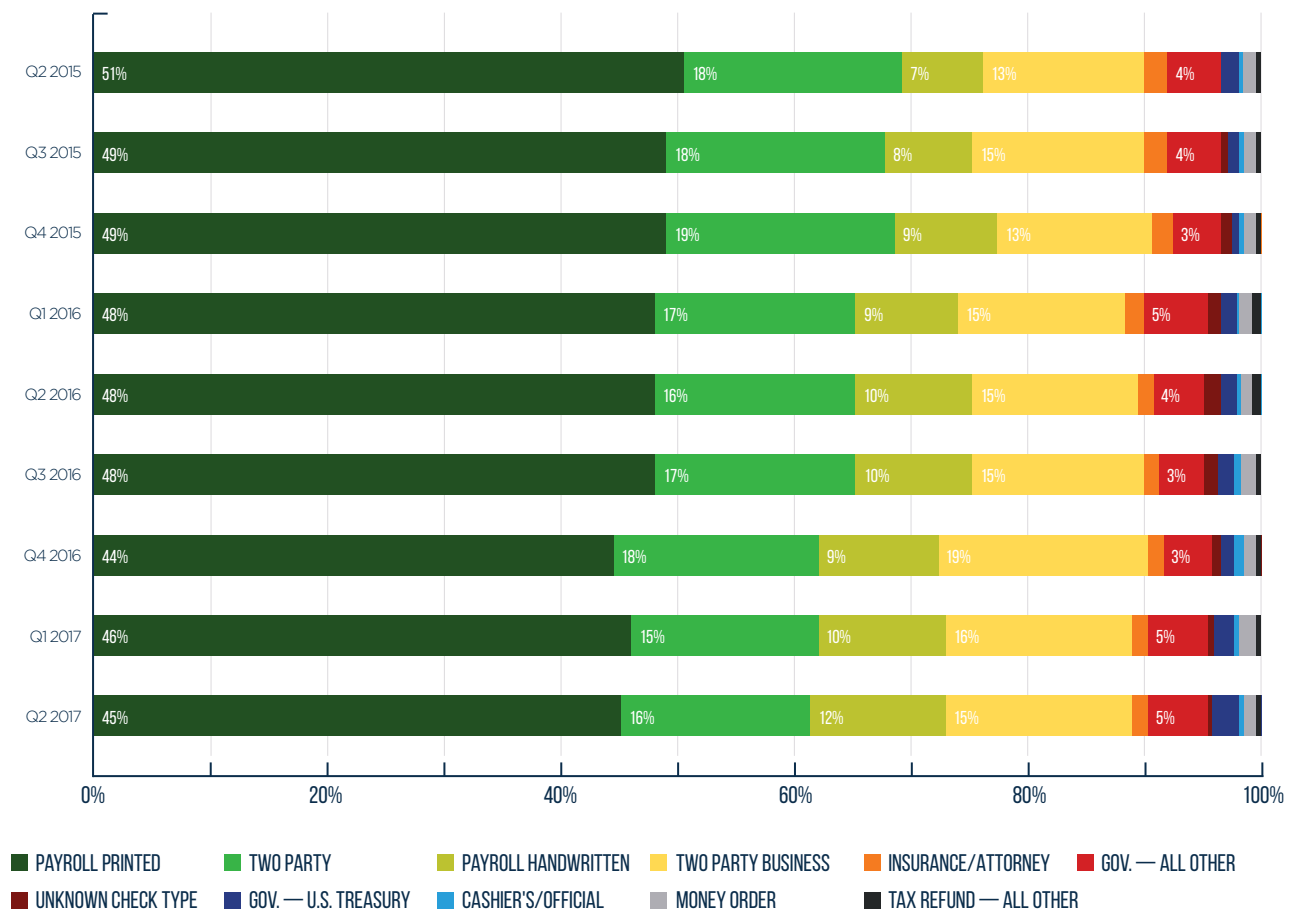
FIGURE 19. SCORE BY GEOGRAPHY



THE EVOLUTION OF DIGITAL DISBURSEMENTS

In the days of yore, people received their disbursements by check. Thankfully, disbursement methods have since evolved. And yet, checks still play a large role in the world of disbursements even though they do not rank highly in terms of satisfaction. Just how big of a role? Twenty-two billion checks are written each year, valued at \$22 trillion.⁴ In a sobering comparison, credit cards move about \$3 trillion a year, and debit cards \$2 trillion. Checks cost an average of \$7.15⁵ to process, but still make up 23 percent of disbursement types including freelance wages, insurance and government payments, among others.

FIGURE 20. CHECK TYPE PROPORTION BY QUARTER

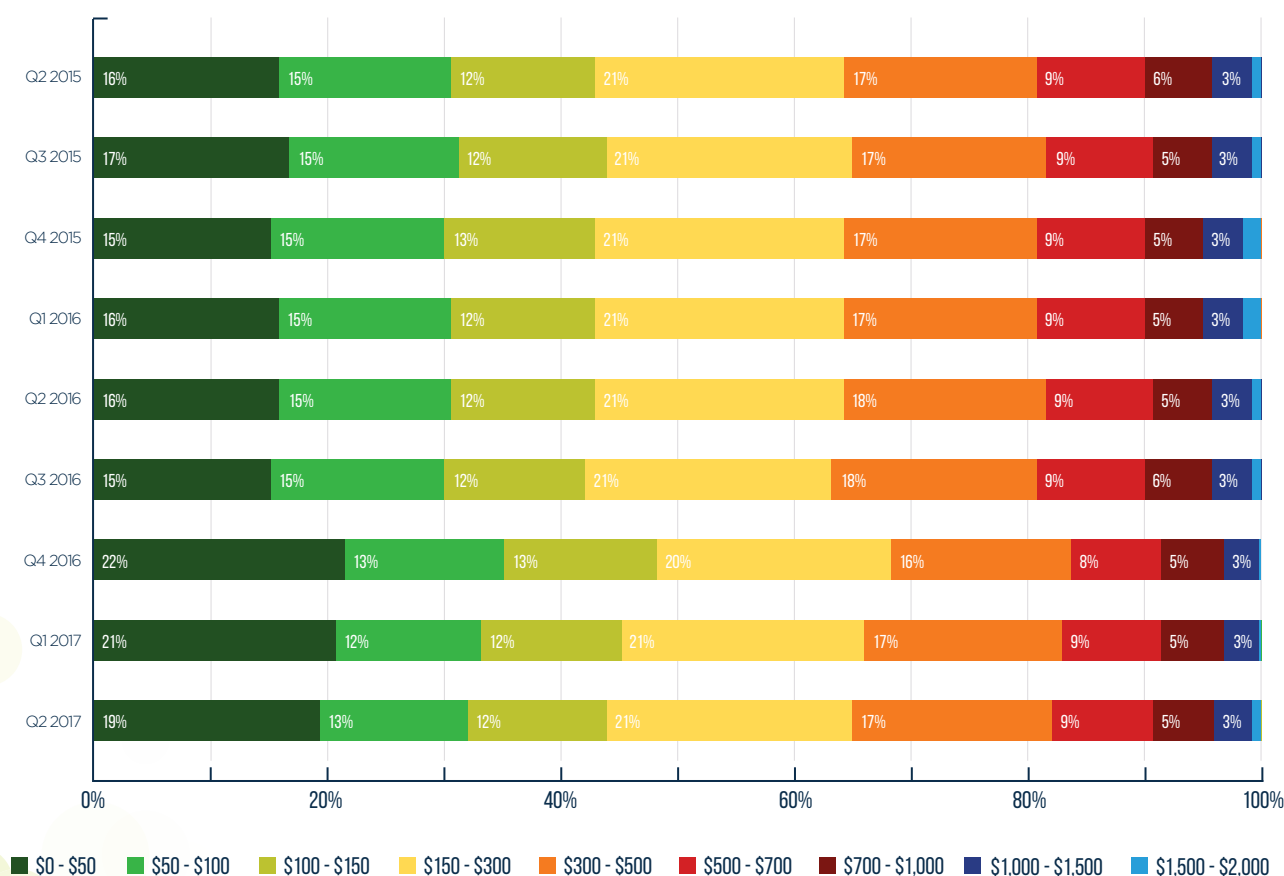


⁵ PYMNTS. The fastest path to faster payments in the US. PYMNTS.com. May 5, 2017. <http://www.pymnts.com/disbursements/2017/push-payments-paper-checks-cecilia-frew-vi-sa-ingo-money-disbursements/>. Accessed July 2017.

⁶ Pezza, Scott; Jan, William; Tyagi, Ankita. The E-Payables Solution Selection Report: A Buyer's Guide to Accounts Payable Optimization. Aberdeen Group. October 2010. <http://docshare01.docshare.tips/files/27554/275540747.pdf>. Accessed July 2017.

Overall, printed checks for payroll are decreasing while handwritten checks for payroll actually increased from 7 percent in Q2 2015 to 12 percent last quarter — a whopping 71 percent increase. This growth can be explained, in part, by the increase in freelance workers, 50 percent of whom receive their payments through physical checks.

FIGURE 21. AMOUNT BY QUARTER



There has been a large increase in low-volume disbursements (less than \$50) beginning in Q4 2016. Also worth noting, free deposits increased and 31 percent of deposits totaled less than \$50.

However, though prevalent checks are not popular, and digital payments are catching on. Direct deposit, which promises a payment in a speedy two or three days, has become a favorite of the U.S. government: 85.3 percent of income tax refunds are paid by direct deposit. Meanwhile, merchants are putting returns on cards: 73.2 percent of refunds and 60.7 percent of store credit is done through non-instant credit — processing the money on a debit or credit card.

And the future holds more possibilities for digital: FinTech and payment companies are offering instant credit allowing consumers to receive funds instantly. The numbers are small — instant credit only makes up 4.2 percent of overall disbursements — but there's a lot of potential for growth.

TABLE 9. PAYMENT METHOD BY DISBURSEMENT TYPE



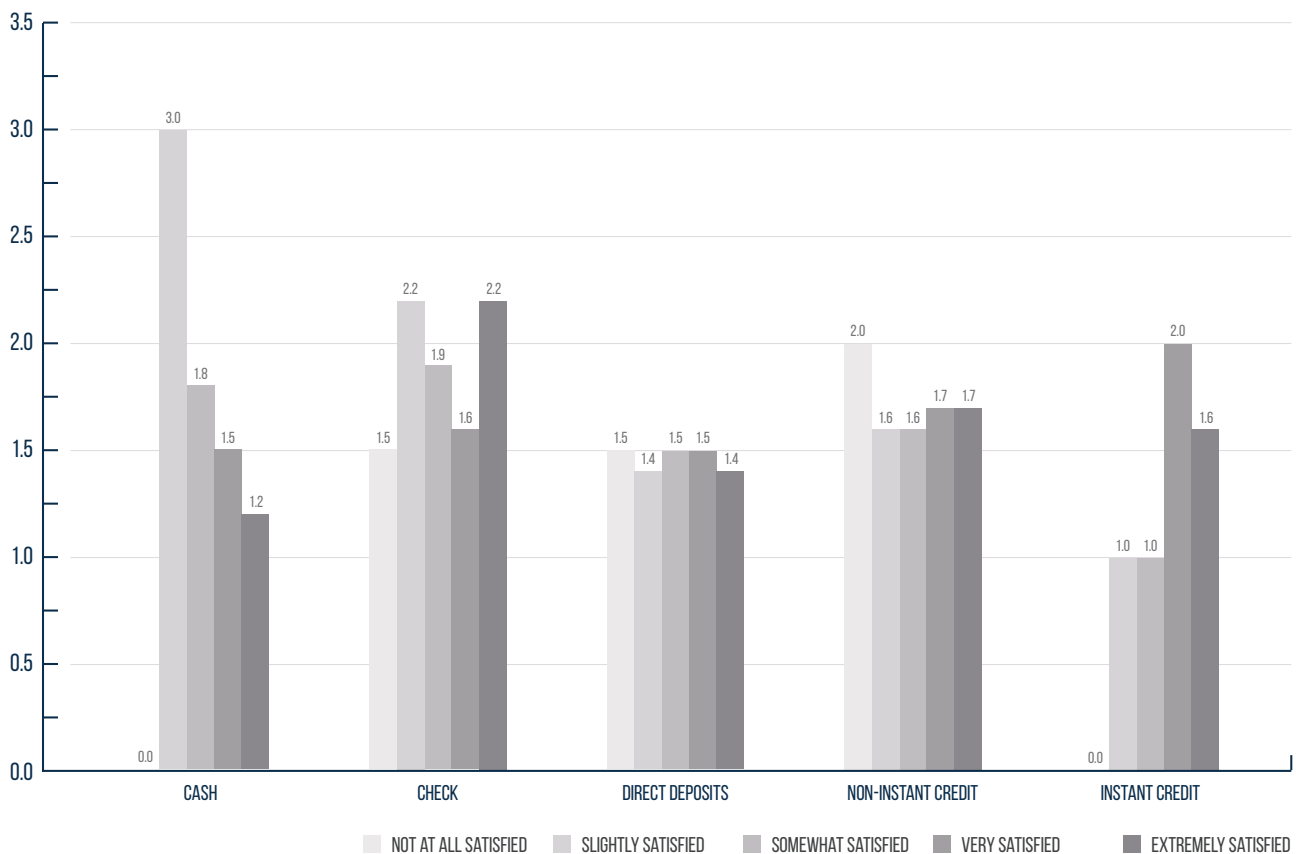
DISBURSEMENT TYPE	CASH 11.2%	CHECK 26.7%	DIRECT DEPOSIT 36.4%	NON-INSTANT CREDIT 25.9%	INSTANT CREDIT 4.2%	OTHER 10.4%
INCOME TAX REFUNDS	0.6%	14.8%	85.3%	2.4%	0.6%	0.9%
REFUNDS	28.1%	4.7%	10.4%	73.2%	5.5%	7.4%
STORE CREDIT	21.4%	10.1%	9.6%	60.7%	8.1%	15.8%
BUSINESS EXPENSE	7.3%	44.1%	52.6%	6.3%	0.8%	1.7%
REBATES	4.5%	53.0%	8.8%	22.6%	5.8%	24.6%
INCENTIVES	8.8%	29.8%	6.8%	23.6%	10.3%	38.3%
EMPLOYER GIFTS	10.2%	30.7%	36.4%	6.9%	2.4%	23.8%
HEALTH CARE	1.0%	53.8%	37.6%	6.1%	3.5%	4.1%
FREELANCE WORK PAYMENT	14.1%	50.3%	44.5%	7.9%	6.2%	5.5%
INSURANCE	1.2%	77.6%	17.6%	3.7%	0.4%	2.9%
DIVIDEND	0.9%	21.1%	52.8%	1.8%	1.8%	26.6%
SOCIAL SECURITY	0.7%	6.3%	87.5%	4.9%	2.8%	0.7%
LOAN	3.8%	37.4%	57.3%	6.9%	0.8%	3.1%
GOVERNMENT AID	4.1%	13.8%	44.7%	13.8%	11.4%	15.4%
MARKETING STUDY PARTICIPATION	18.9%	33.6%	13.1%	17.2%	13.9%	33.6%
PROPERTY TAX REFUNDS	0.0%	52.3%	40.5%	3.6%	0.9%	6.3%
TUITION REIMBURSEMENT	43.9%	52.4%	4.9%	1.2%	3.7%	0.0%
COMMISSION (INDEPENDENT SALES AGENT)	2.9%	27.1%	57.1%	11.4%	4.3%	5.7%
LEGAL SETTLEMENT	1.8%	93.0%	3.5%	0.0%	0.0%	1.8%
OTHER GOVERNMENT DISBURSEMENTS	0.0%	20.0%	74.5%	1.8%	1.8%	3.6%
WARRANTY PAYMENTS	7.7%	50.0%	9.6%	28.8%	3.8%	15.4%
OTHER	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MEDICAL RESEARCH PARTICIPATION	14.6%	53.7%	7.3%	14.6%	12.2%	9.8%
RENTAL PROPERTY INCOME	20.7%	51.7%	44.8%	10.3%	0.0%	0.0%
LICENSING FEE/RESIDUAL PAYMENT	20.0%	53.3%	40.0%	0.0%	0.0%	0.0%

MAKING CONSUMERS HAPPY: THE NEED FOR SPEED

Checks are not bringing much joy except that they have money going in as opposed to money going out. That said, no one is really enjoying checks as a vehicle for transmitting money. Yet disbursers aren't really paying attention to what consumers want, and disbursement methods are chosen based on the size and frequency of the disbursement.

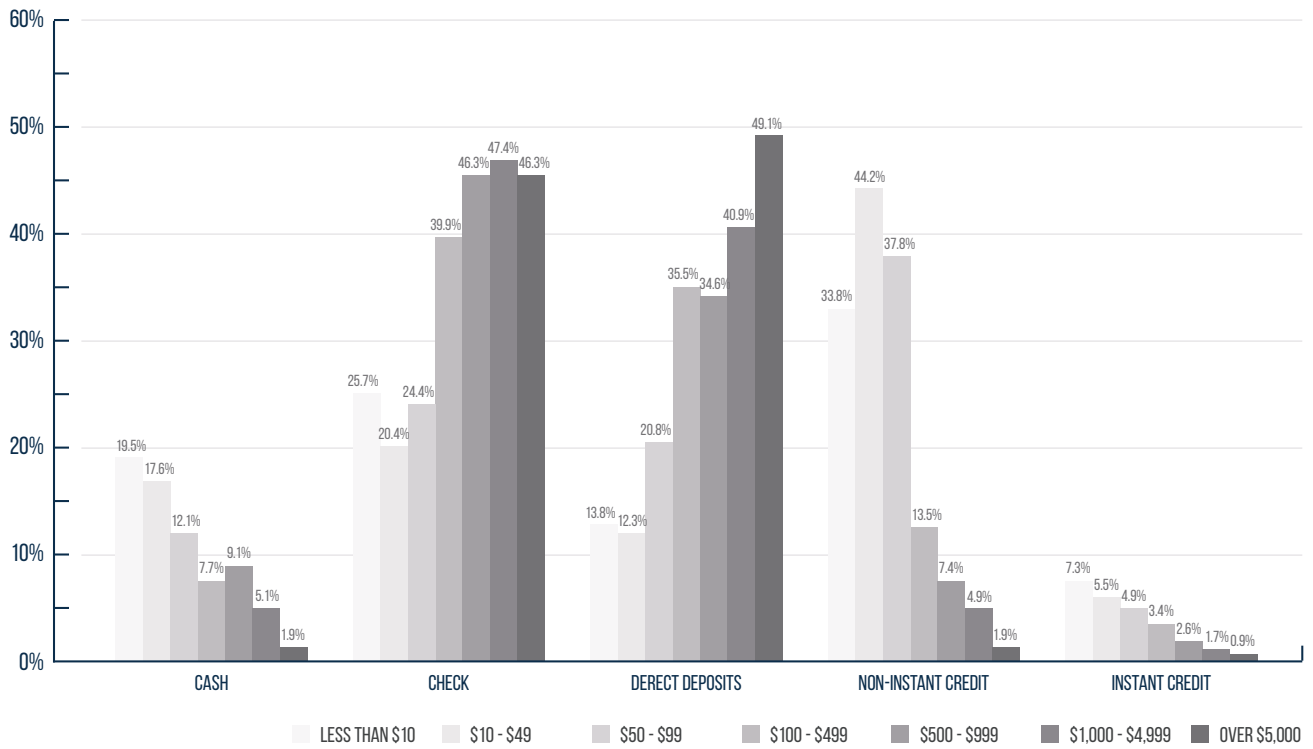
Consumer satisfaction is not correlated with disbursers' choice of method. Disbursers are happy to use payment methods with which clients are slightly or even not at all satisfied to make payments.

FIGURE 22. NUMBER OF DISBURSER TYPES THAT USED A PAYMENT METHOD BECAUSE OF CLIENT SATISFACTION



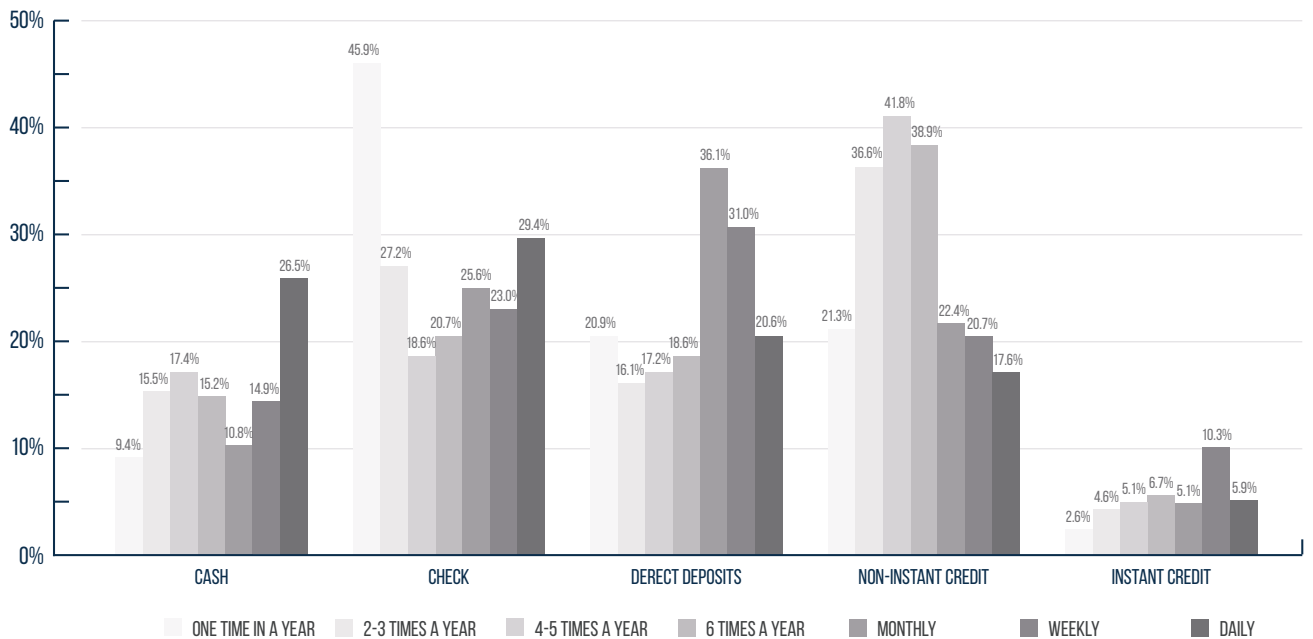
What did matter for disbursers choosing a disbursement method was the size of the payment. Cash payments, non-instant credits and instant credits diminished as a disbursement's size increased. Meanwhile, the larger the disbursement, the more likely it was made through check or direct deposit. Payment satisfaction, however, didn't change significantly with payment size.

FIGURE 23. PAYMENT METHOD BY DISBURSEMENT SIZE



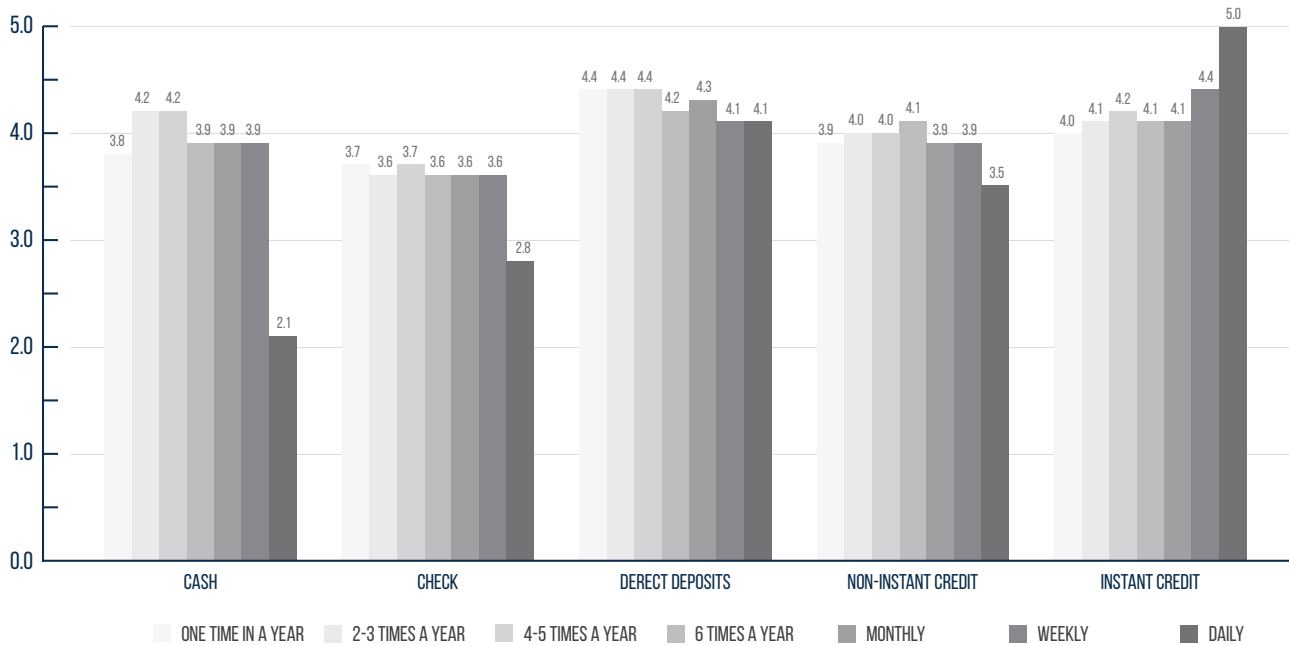
In addition, disbursement frequency also affected the method chosen. Checks were used mostly for one-time payments. Instant credit and cash tended to be associated with payments made more than once.

FIGURE 24. PAYMENT METHOD BY DISBURSEMENT FREQUENCY



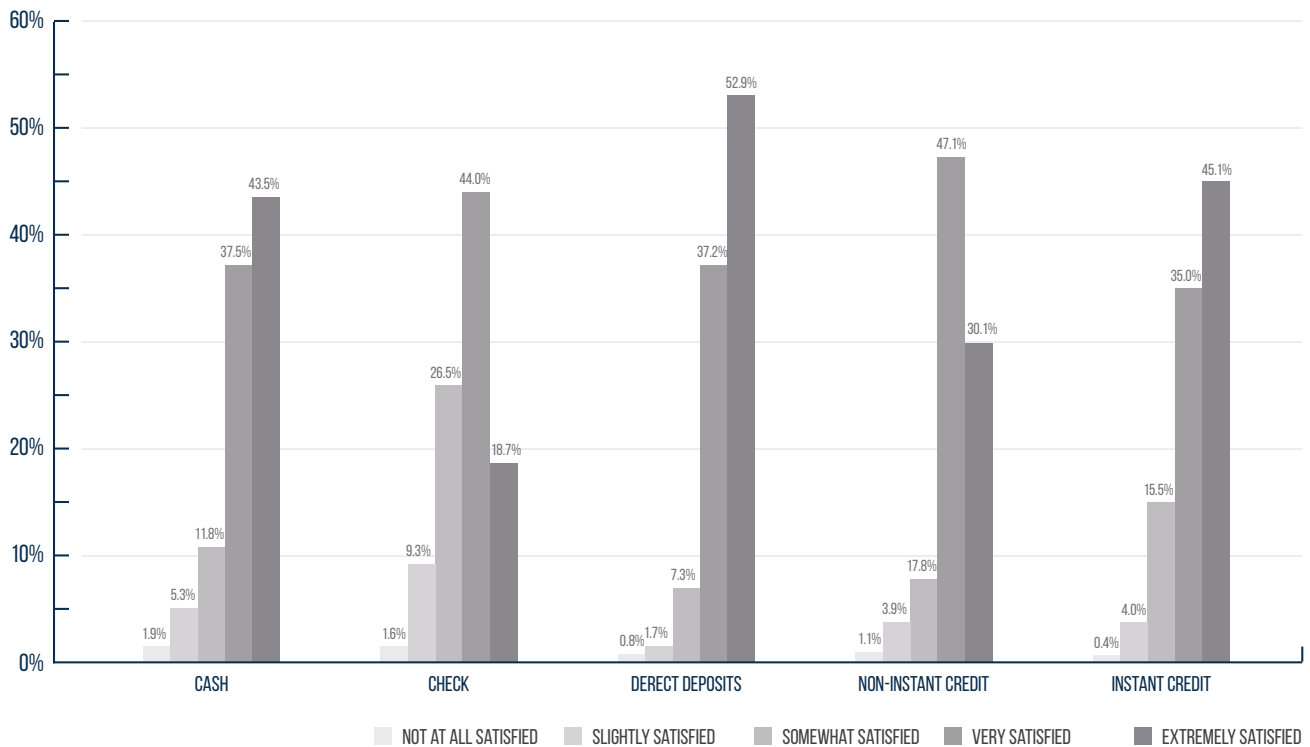
However, a disbursement's frequency was somewhat tied to a consumer's satisfaction with the type of disbursement method. People who received instant credits were more satisfied when the instant credits were made daily, whereas people who received cash were less satisfied when the cash payment was made daily.

FIGURE 25. PAYMENT SATISFACTION BY DISBURSEMENT FREQUENCY



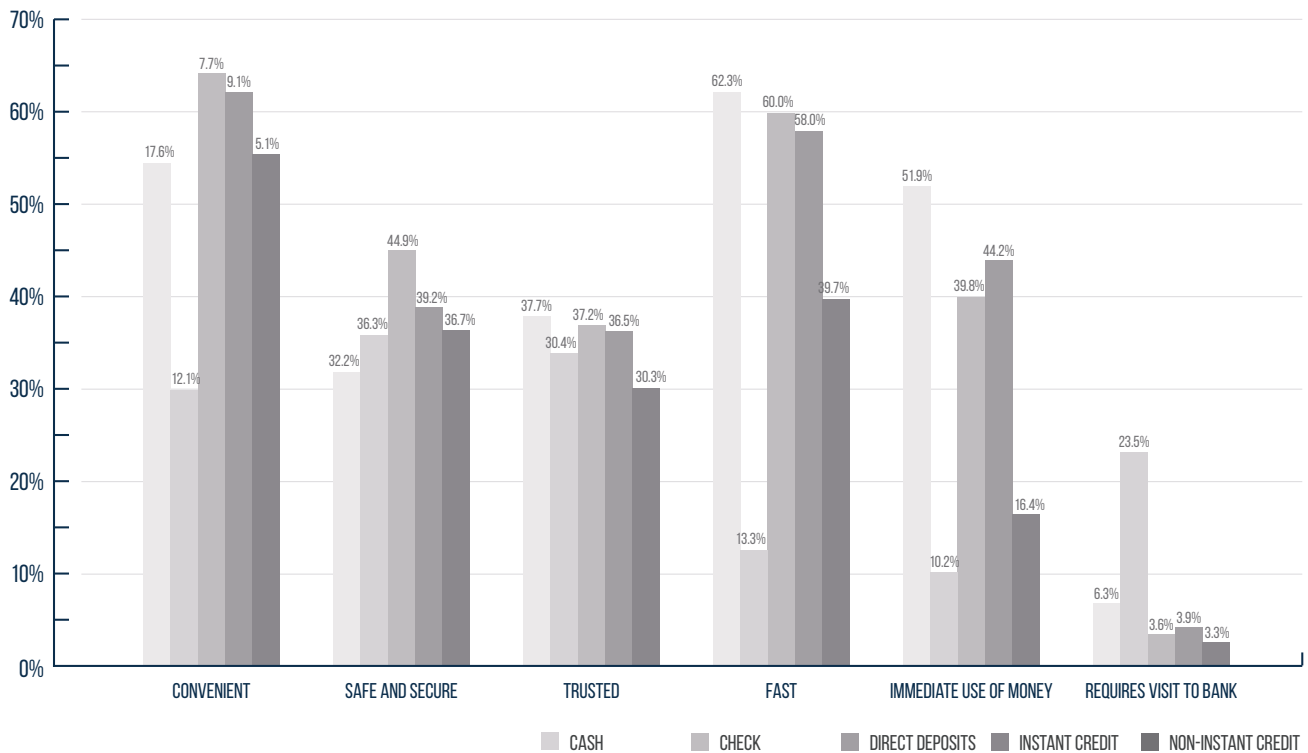
Overall, recipients were happiest with direct deposits (52.9 percent were extremely satisfied) and instant credit (45.1 percent were extremely satisfied) and least satisfied with checks (18.7 percent were extremely satisfied).

FIGURE 26. DISBURSEMENT SATISFACTION BY PAYMENT TYPE



We dug deeper to understand how people who are very satisfied or extremely satisfied characterized each payment type. Checks lagged far behind other payment types in terms of convenience, safety and security, trust, speed and immediate use of currency. However, checks vastly outperformed all other payment types in terms of requiring a trip to the bank — a “bug,” not a feature, in our book.

FIGURE 27. DISBURSEMENT CHARACTERIZATION IN SATISFIED PEOPLE (VERY OR EXTREMELY SATISFIED)



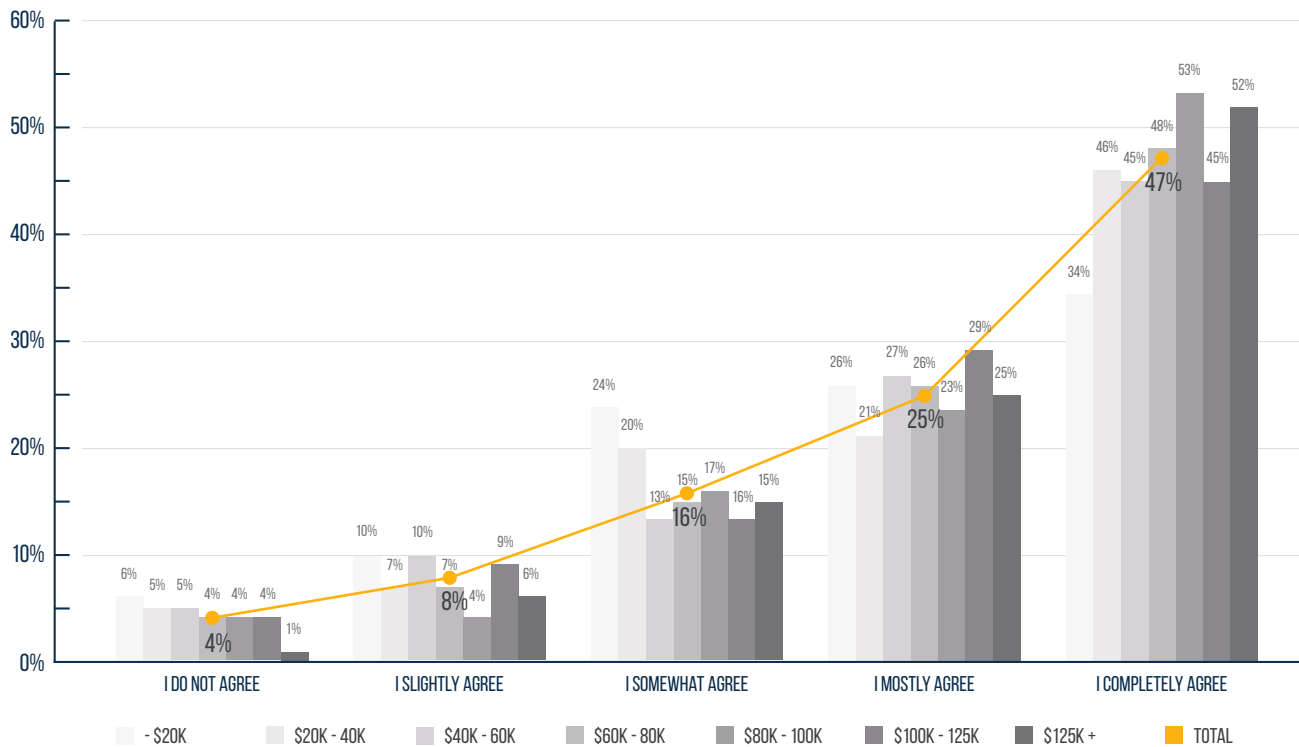
We're not just saying a visit to the bank is a "bug" and not a feature: The data backs us up. To be fair, we also dug deeper into how dissatisfied people characterized payment types. Checks were a runaway first place for a visit to the bank.

FIGURE 28. DISBURSEMENT CHARACTERIZATION IN DISSATISFIED PEOPLE (NOT AT ALL OR SLIGHTLY SATISFIED)



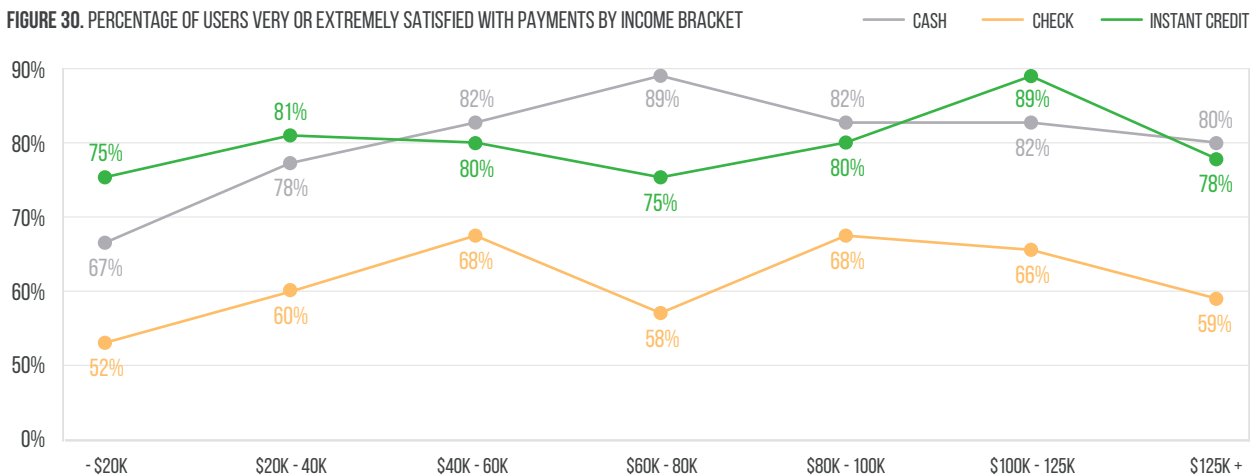
Surprisingly, though, the most important variable for determining satisfaction had nothing to do with the payment systems — it was about consumers themselves. Respondents making less than \$60,000 tended to be less satisfied with their payment methods, while people with higher incomes tended to be more satisfied.

FIGURE 29. PAYMENT METHOD SATISFACTION BY INCOME BRACKET (Q: ARE YOU SATISFIED?)



Instant credit was popular among varying income brackets. Individuals reporting less than \$40,000 in income reported higher satisfaction with instant credit, whereas, those in the \$100,000-125,000 bracket were slightly less satisfied with this payment method.

FIGURE 30. PERCENTAGE OF USERS VERY OR EXTREMELY SATISFIED WITH PAYMENTS BY INCOME BRACKET



Cash payments, which were more commonly used in lower income brackets, had a somewhat lower satisfaction rating. Sixty-seven percent in the lowest income group and 78 percent in the second lowest income group reported cash was not their first disbursement choice.

Surprisingly, checks fared reasonably well. They were disliked by approximately 10 percent of people who received them, but were liked by approximately 62 percent of respondents.

INSTANT PUSH PAYMENT POTENTIAL

Instant payments, or “push payments,” refers to a new technology that allows customers to almost instantly receive credits in their bank account for any transaction that could typically be done by cash, check or ACH with the push of a button. But, what’s so bad about checks? After all, twenty two billion are written each year.⁶

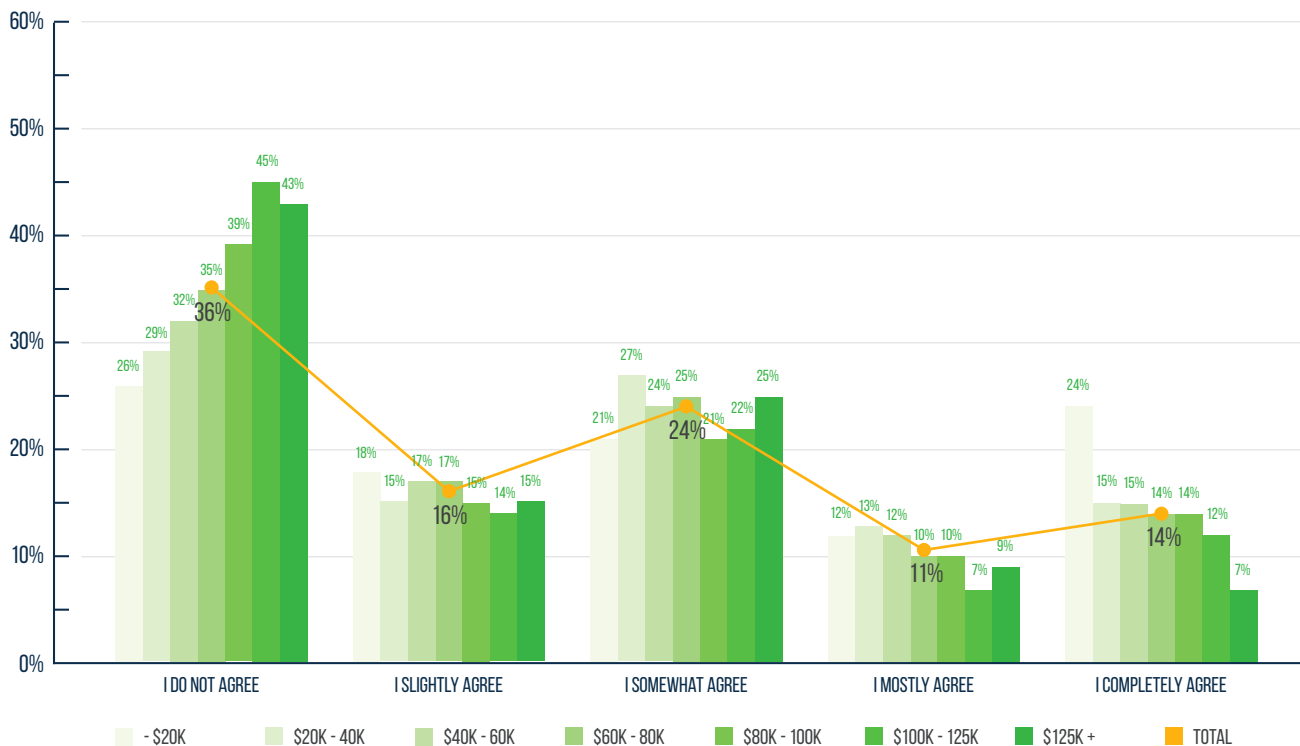
Here’s where checks get interesting — and complicated: When an individual deposits a check, the paying bank instantly loses the use of the funds. But the bank that’s received the deposited check doesn’t get paid anything beyond the value of the check, so they have no incentive to distribute credit quickly. Sitting on the money for a

while means the bank gets to use it. Furthermore, each check costs, on average, a whopping \$7.15 to process.⁷ Insanity. The question isn’t really instant credit or check — it’s why hasn’t instant credit happened yet?

We asked people what they thought about receiving instant credit.

Unsurprisingly, the most important variable for determining interest in instant credit was income. Thirty-six percent of people in the lowest income bracket preferred instant credit for frequent disbursements compared to 16 percent of people in the highest income bracket.

FIGURE 31. Q: DO YOU PREFER INSTANT PAYMENTS FOR FREQUENT PAYMENTS?

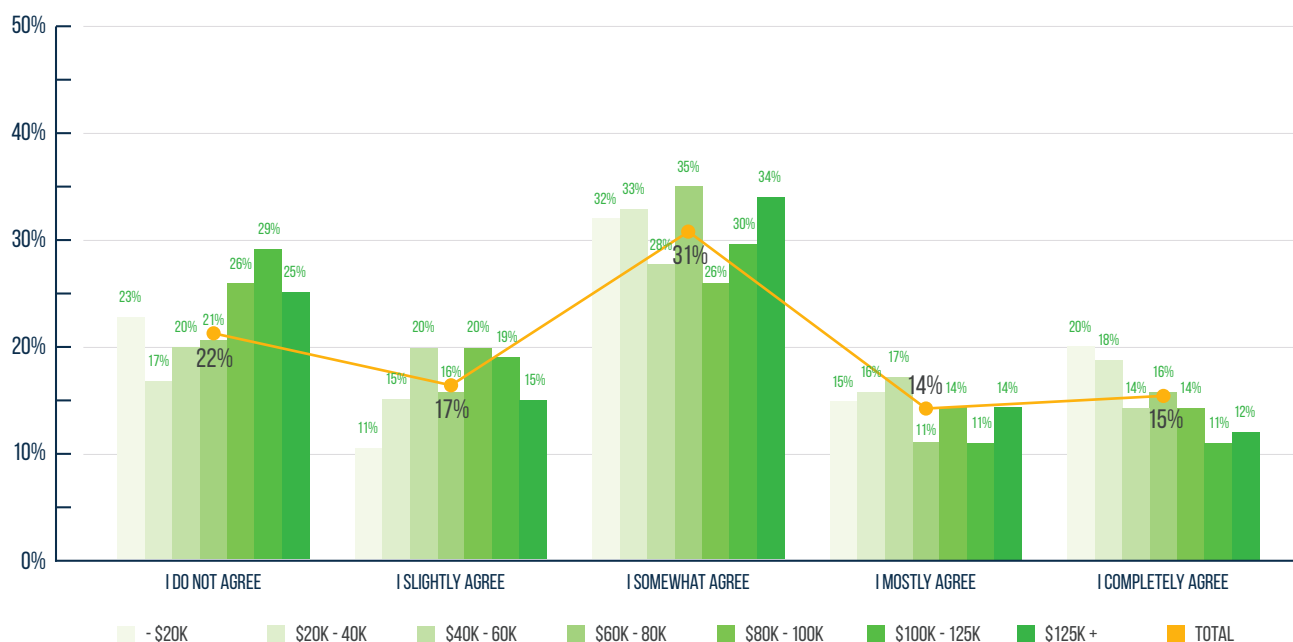


⁶ Webster, Karen. The fastest path to faster payments in the US. PYMNTS.com. March 28, 2016. <http://www.pymnts.com/news/faster-payments/2016/the-fastest-path-to-faster-payments-in-the-us/>; http://www.richmond.com/business/local/more-than-million-in-virginia-tax-refunds-issued-through-debit/article_ca8e6919-b2f5-5f5a-9f13-3710811269a9.html. Accessed July 2017.

⁷ Webster, Karen. The fastest path to faster payments in the US. PYMNTS.com. March 28, 2016. <http://www.pymnts.com/news/faster-payments/2016/the-fastest-path-to-faster-payments-in-the-us/>; http://www.richmond.com/business/local/more-than-million-in-virginia-tax-refunds-issued-through-debit/article_ca8e6919-b2f5-5f5a-9f13-3710811269a9.html. Accessed July 2017.

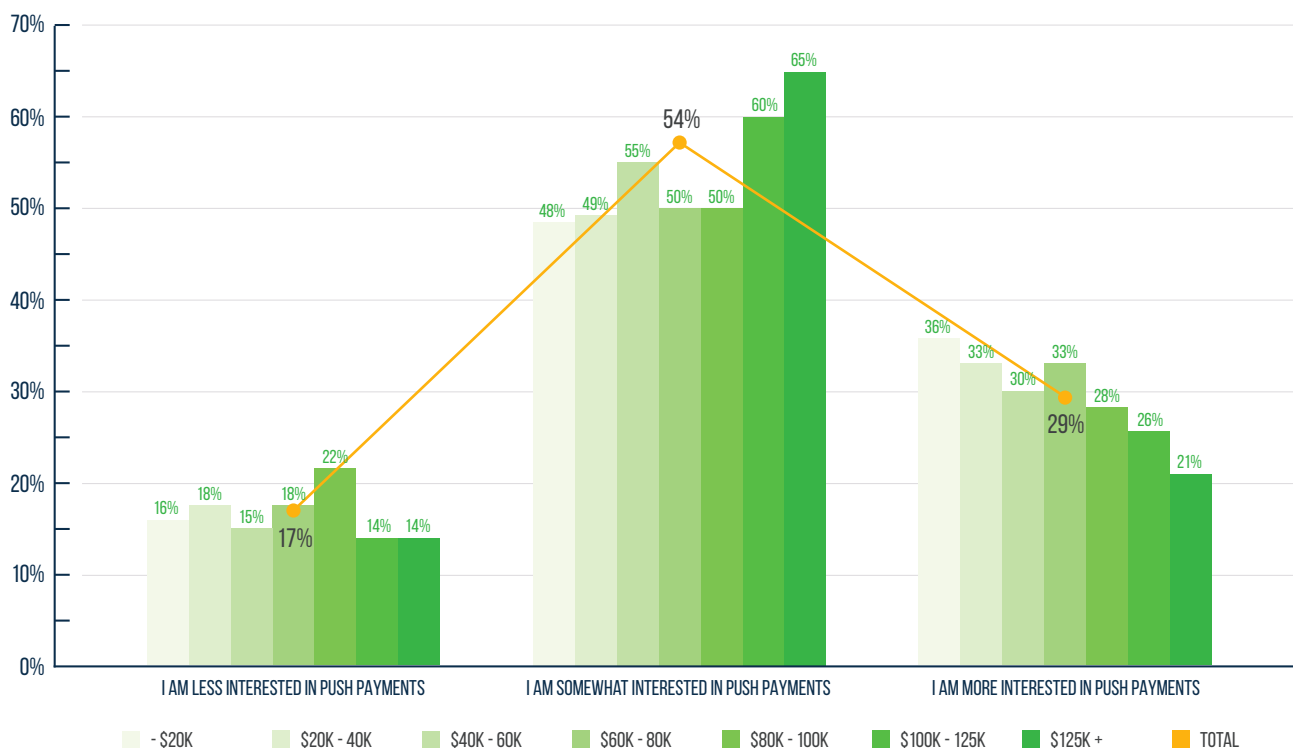
Most respondents expressed a similar level of preference for choosing payment dates, with those earning less than \$20,000 having the most interest.

FIGURE 32. Q: DO YOU PREFER TO CHOOSE PAYMENT DATES?



Finally, a third of respondents making less than \$80,000 showed a high interest in push payments, meanwhile, only 21 percent of those making more than \$125,000 expressed high interest.

FIGURE 33. INTEREST IN PUSH PAYMENTS BY INCOME BRACKET



DEEP DIVE: INSTANT CREDIT FOR LOW INCOME



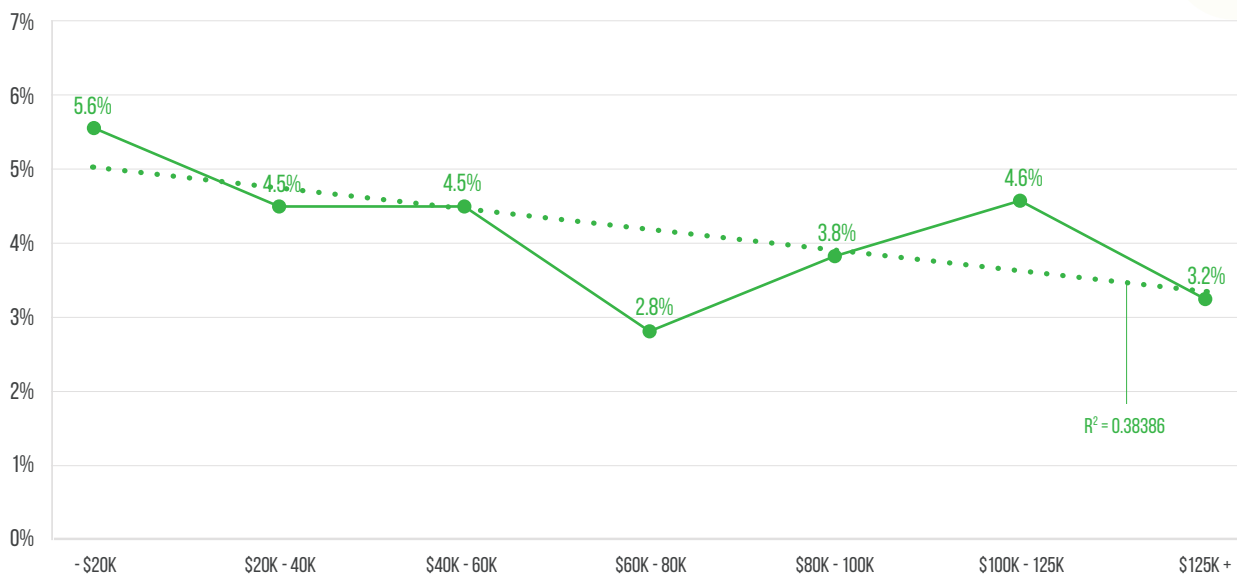
DEEP DIVE: INSTANT CREDIT FOR LOW INCOME

Given instant credit's popularity among respondents earning close to the American average of \$46,409 per year, we thought the payment method was worth a deeper look. Who are the people who are most interested in instant credit? What kinds of disbursements are they receiving, and what are their hopes for the disbursement method?

We counted disbursement types in our analysis of this data. As such, someone who received five types of disbursements was counted five times, while someone who received only one was counted once.

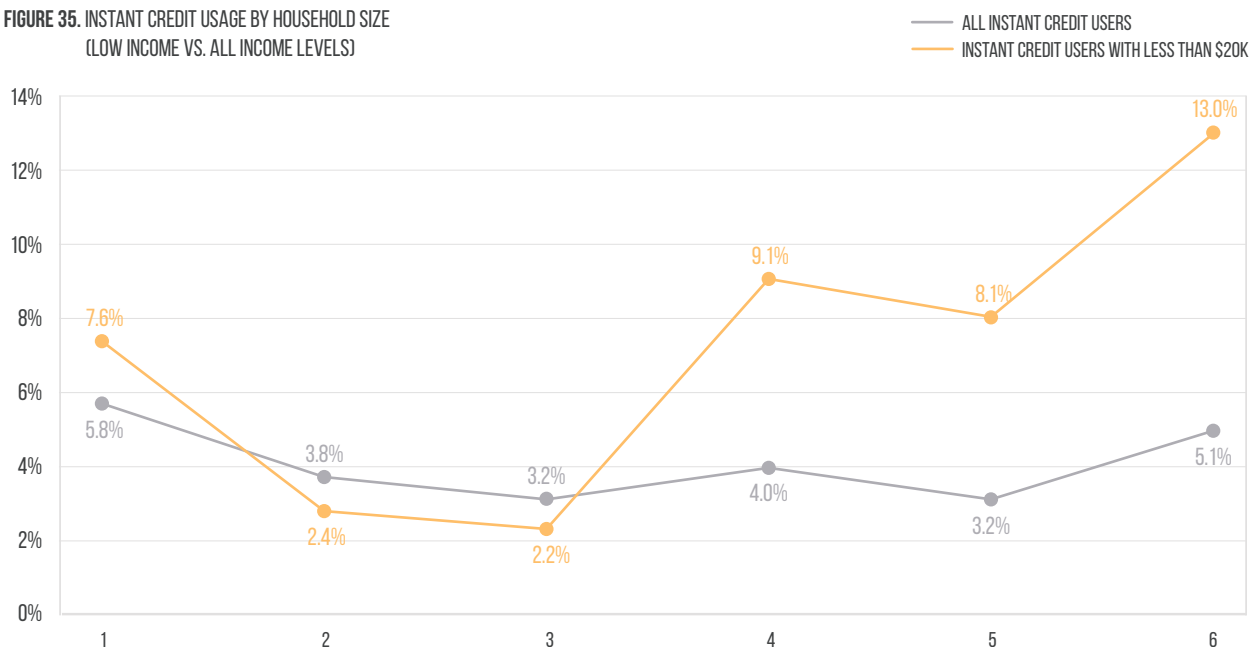
On the bright side, payers are getting something right with a higher percentage of average income Americans receiving instant credits. On the not-so-bright side, though, it's still an awfully small percentage: Only 5.6 percent of people with an income below \$20,000 are receiving instant credit income. That is, however, the highest percentage out of any income bracket. Conversely, there is a bump in usage to 4.6 percent for those earning between \$100,000 and \$125,000.

FIGURE 34. INSTANT CREDIT USAGE BY INCOME



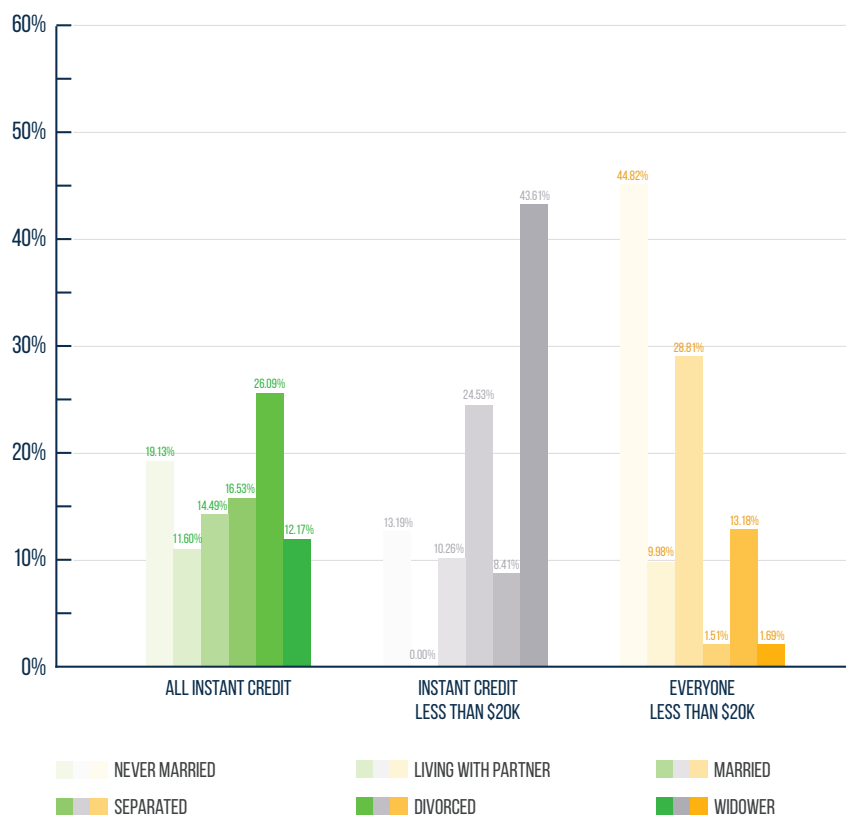
Interestingly, household size seems to have an impact. People in larger households tended to have a higher chance of receiving at least one payment via instant credit. Once a household was larger than three members, the percentage of instant credit users tended to double.

FIGURE 35. INSTANT CREDIT USAGE BY HOUSEHOLD SIZE
(LOW INCOME VS. ALL INCOME LEVELS)



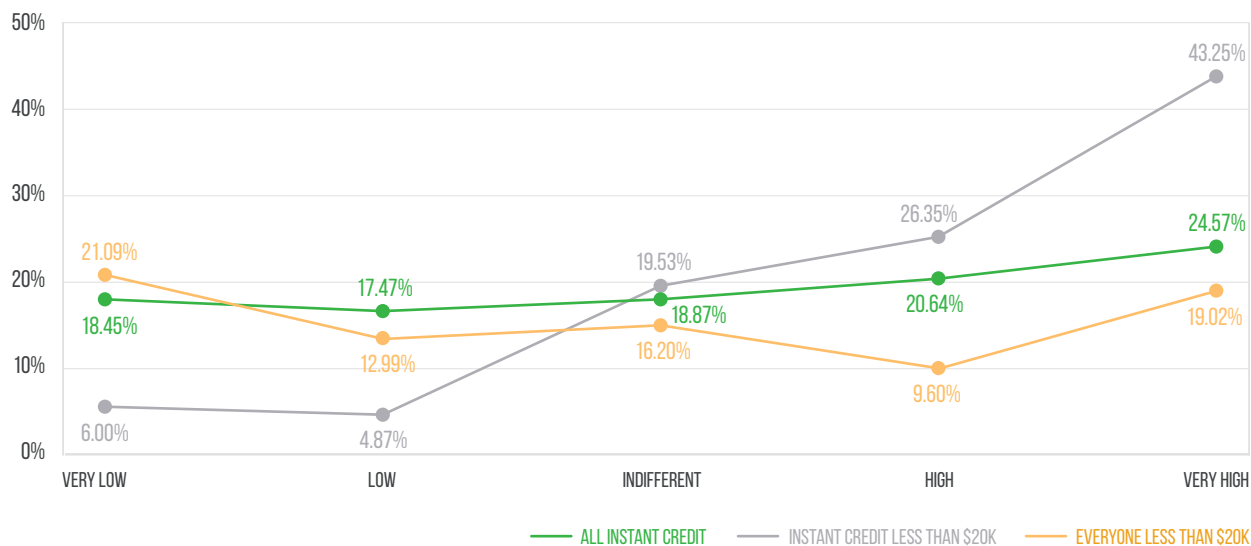
Conversely, however, low-income instant credit users tend to have been married in the past, as many were widows, widowers or people who have divorced. This is a marked difference from the profile of the general low-income person which tends toward a high percentage of unmarried people and a low percentage of people with deceased spouses.

FIGURE 36. INSTANT CREDIT USAGE BY MARITAL STATUS



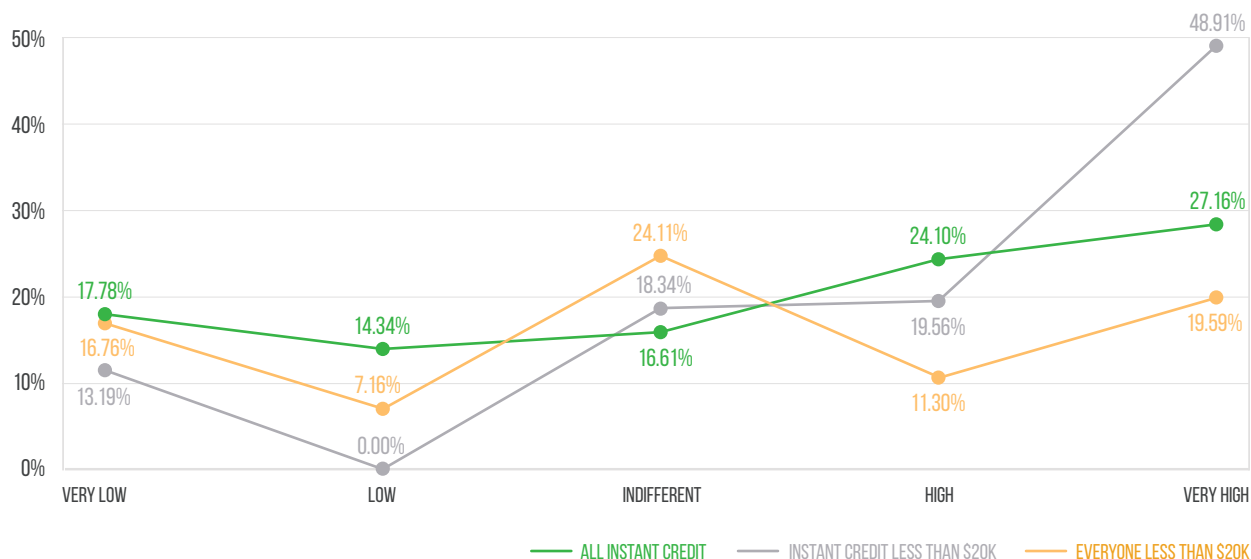
Unsurprisingly, those who receive instant credit would prefer to be paid frequently. While most people probably would like to be paid more frequently, this group expresses a much higher preference for frequent payments. Forty-five percent said they'd prefer more frequent payments compared to 25 percent of all instant credit users and 20 percent of people with incomes below \$20,000.

FIGURE 37. PREFERENCE FOR MORE FREQUENT PAYMENTS



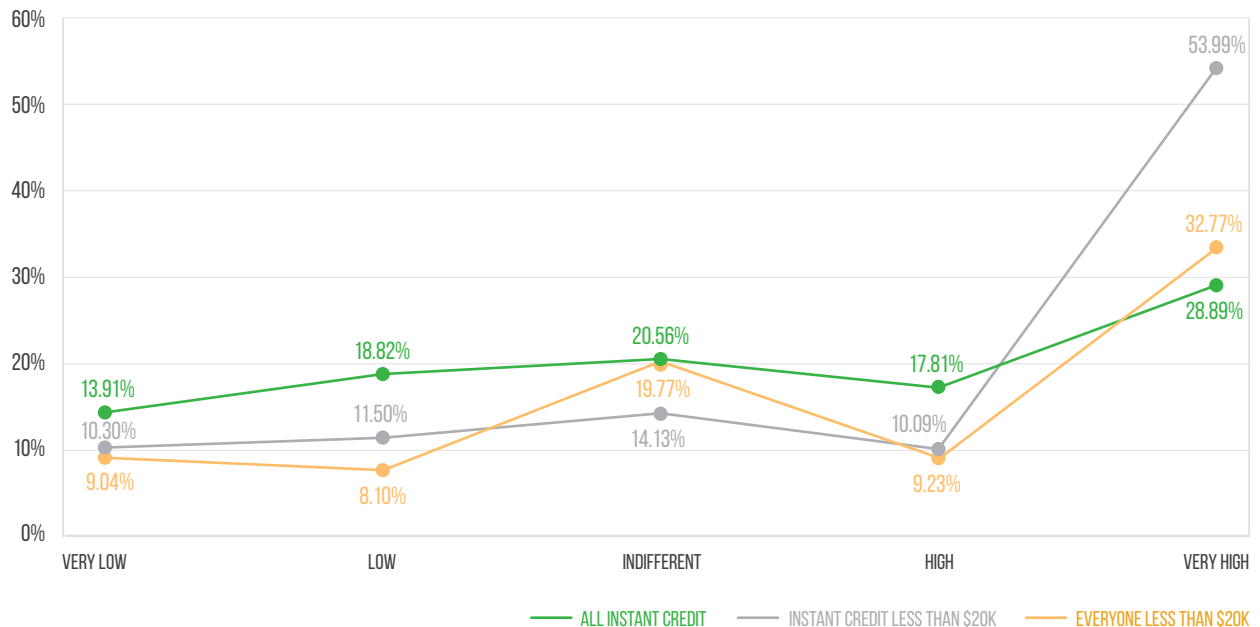
Choice seems to be the name of the game, because more of the same group said they would prefer to choose their payment dates than any other group. Nearly 49 percent of those instant credit users making less than \$20,000 said they had a very high preference for choosing their payment date, compared to 27 percent of all instant credit users and approximately 20 percent of people with incomes below \$20,000.

FIGURE 38. PREFERENCE TO CHOOSE PAYMENT DATE



Echoing that, a much higher number of instant credit users earning under \$20,000 said they would prefer to choose their payment methods. Approximately 54 percent said they had a very high preference for choosing their payment methods compared to 29 percent of instant credit users and 33 percent of everyone making less than \$20,000.

FIGURE 39. PREFERENCE TO CHOOSE PAYMENT METHOD



Overall, people with incomes under \$20,000 using instant credit expressed more satisfaction with it than any other group. Thirty-two percent of these instant credit users said they were very highly satisfied with instant credit compared to 19.4 percent of other instant credit users.

FIGURE 40. SATISFIED WITH INSTANT CREDIT



We'll be keeping an eye on the developing trends as instant credit evolves. Overall, it seems people in the lowest income bracket who use instant credit need more payment flexibility and are highly appreciative of it: They want to choose when and how they are paid.

LOOKING FORWARD: THE GOVERNMENT LEADS THE WAY

For once, the government is a trend setter. It's earned the highest satisfaction score of any disburser at 80.4 percent. This is, in large part, because the government is one of the largest disbursers and has embraced direct deposit for making disbursements. Banks, on the other hand, are lagging far behind at 55.7 percent in terms of satisfaction.

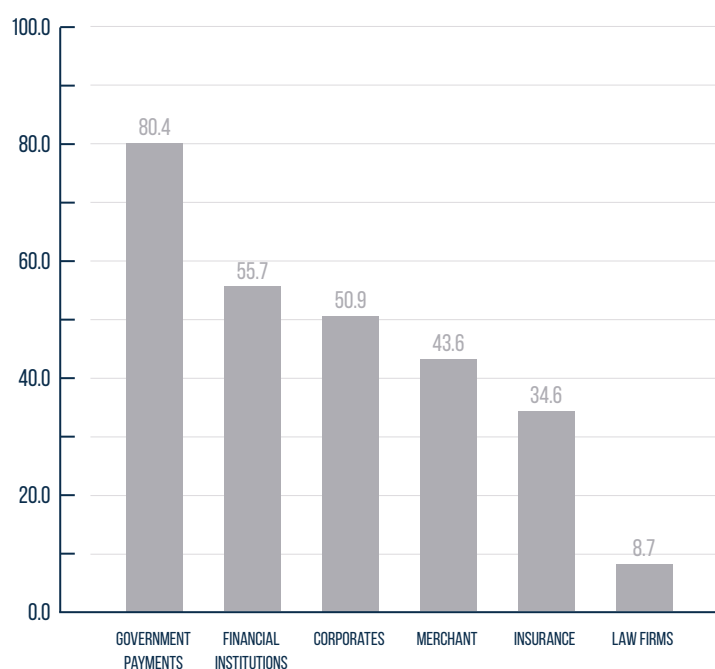
However, even the government could be doing better. Direct deposit is faster than a check by far, but it still takes time. Yet, instant credit is being under-used.

While consumers are happy because money is going in instead of going out, checks lag far behind other payment types in terms of security, convenience and, of course, speed and consumer satisfaction. Meanwhile, most Americans don't have \$400 to cover an emergency.⁸ It's now more important than ever that disbursements are made as quickly as possible.

Meanwhile, smaller disbursements are growing the fastest. Disbursements under \$50 grew by 17 percent over the last two years.

All of this adds up to a clarion call for banks and businesses to step up their game, get with the government and start using digital disbursement channels. Going forward, we expect to see more businesses embracing digital disbursements such as direct deposit and instant credit, in particular, to see a lot of growth. Money coming in is great, but money coming in fast is even better.

FIGURE 41. SATISFACTION BY DISBURSER



⁸ Gabler, Neal. "The secret shame of middle-class Americans." May 2016. <https://www.theatlantic.com/magazine/archive/2016/05/my-secret-shame/476415/>. Accessed July 2017.

A close-up, over-the-shoulder view of a person driving a car. The driver's hands are on the steering wheel, and their profile is visible on the left. The background is a bright, hazy landscape with a strong golden light, suggesting a sunrise or sunset. The text is overlaid on the right side of the image.

FEATURE STORY: HOW RIDE-HAILING APPS DISBURSE PAYMENTS

FEATURE STORY:

HOW RIDE-HAILING APPS DISBURSE PAYMENTS

Ride-hailing apps Uber and Lyft may have bolstered their relationships with consumers, but when it comes to drivers, their dealings have been testy.

From protests over wage benefits to unfair compensation, a slew of issues have long been a source of contention between the ridesharing companies and their driver communities. In response, over the last few years, both have tweaked how and when their drivers get paid.

To gauge drivers' satisfaction with the payment platforms of the two companies, PYMNTS conducted a series of interviews with Lyft and Uber drivers based in Portland, Oregon, one of the [fastest growing](#) rideshare markets in the U.S. The drivers' names have been changed to help protect their identities.

What day is payday?

Be it through Uber or Lyft, ridesharing drivers today command how often they would like to be paid.

The two ride-hailing giants maintain a standard pay schedule which allows drivers to log hours over a week-long period, then choose how many of those hours they would like paid out when the period ends. On Uber's platform, the pay cycle restarts every Monday at 4 a.m., 5 a.m. on Lyft's.

There is, however, interest in receiving payments instantly. Nearly 36 percent of freelance workers earning less than \$20,000 annually said they want to be paid instantly and 33 percent in the \$20,000 to \$40,000 income bracket expressed the same, according to the findings of the latest Disbursement Satisfaction Index.

Those statistics are also reflected in how ride-hailing companies have refined their payments processes to attract larger pools of drivers.

In late 2015, Lyft rolled out "[Express Pay](#)," an instant disbursement option for its drivers. Uber quickly followed suit, debuting a similar feature known as "[Instant Pay](#)." Typically, drivers who choose the instant pay option on either platform can see funds directly deposited into their bank accounts within minutes.

However, if drivers elect to use the instant pay option

on either platform, they incur a fee. Each instant disbursement costs 50 cents. And, while it may be a small fee, if drivers are making several instant-pay withdrawals per week, those charges can quickly add up. Nonetheless, the time saved is worth accruing slightly less money, at least for some drivers.

"I'd like to see us not get charged," said Eric, a rideshare driver. "But it's better than waiting until the middle of the week to get paid."

Most drivers, however, seem to prefer the less costly, albeit slower, option. Jordan, a 36-year old full-time driver who, along with his fiancée, uses income from Uber to support himself and two children, is one of them.

"Traditionally, I have always preferred to stick with the default process," he said. "But, more recently, I have [used the instant-payment option] to make the payment on a new car I bought in May."

Mostly content...

Of the four rideshare drivers with whom PYMNTS spoke, all said they were satisfied with the process of getting paid by Uber or Lyft.

That was especially true for 38-year-old Denise, who only drives for rideshare services part-time and doesn't fully rely on the income to support herself. Denise, who drives

one or two days per week, uses the instant payment option to get paid at the end of each day she's on the road — and the fee hasn't slowed her down yet, she said.

Josh, 35, who drives part-time, said his experience on ridesharing platforms has been “pretty good in terms of payment.” Eric agreed, noting while he wouldn't mind seeing the service fee on instant-pay transactions go away, the platforms' disbursement methods “works pretty nicely” for him.

...with some complaints

But while drivers like Denise said they would like “no changes” to the payment process of Lyft and Uber, others weren't quite as content.

Most complaints centered around the speed of payment and the fees associated with receiving payments more quickly. For Josh, getting paid via Uber or Lyft's standard weekly payment option is good enough, but he would like to see payments disbursed into his account within 24 hours rather than the current standard 48 hours.

Drivers also had issues with the schedule surrounding weekly payments. Eric, who drives several times per week and typically uses the weekly payout option — with occasional instant-pay withdrawals — said sometimes bugs in the software can cause payments to fail, forcing drivers to wait for the next weekly payday to come around to see funds. And those paydays are crucial for Eric, as uses his income from rideshare driving to help support his family after losing his full-time job as a driver for a big-name delivery company.

“The income from Uber and Lyft has been a godsend for me,” he said. “I'm only 31, but I'm disabled with [a] degenerative disc disease, issues with my left leg and a metal plate in my right ankle, which meant no one would hire me.”

And sometimes those bugs can mean drivers have to wait even longer for big paydays, said Jordan. Unlike Lyft, he explained, which allows drivers to choose to cash out last week's earnings up until the moment the next payment is transferred, Uber requires drivers to select which hours will be paid out by its weekly Monday-at-4 a.m. deadline. This can pose issues for drivers working during that time.

“

I think the system right now works because each driver can make that choice and adapt their payday to their own needs.

”

“Often, I am actively working during the transaction [time], trying to add every little bit I can to my weekly earnings,” Jordan explained. “Last week, I was about to transfer about \$700 at 3:15 AM, but another ride came in, which locked me out of the payment screen. Before I dropped them off, another ride stacked onto that, and then another onto that. By the time I was ride-free, it was after 4 AM. I lost my cash out ability and had to wait until the next pay period.”

All in all, however, drivers seem content with the dual-option payment model currently being offered by the two companies. It gives them the flexibility to get paid in a way that best suits their long-term needs and current financial situations.

“Personally, I only [use the instant-pay option] once or twice a month, as I'm content with the standard deposits, but I know plenty of drivers who cash out on a daily basis,” Jordan said. “I think the system right now works because each driver can make that choice and adapt their payday to their own needs.”

While the current payment workflows seem to be satisfying for most, it remains to be seen how Uber and Lyft will further modify their payments platforms to stay competitive and continue to nip at each other's heels.



DISBURSEMENT SATISFACTION INDEX™

To build this index, we asked consumers who used at least one disbursement payment type how satisfied they were with the experience. Their answers ranged from 1 to 5, with “1” corresponding to Not at All Satisfied, and “5” corresponding to Extremely Satisfied.

We assigned a minimum value of “-2” to respondents with the lowest degree of satisfaction and “+2” to those with the highest degree of satisfaction. Table 11 shows the proportion of people with each degree of satisfaction by payment type.

TABLE 10. DISBURSEMENT SATISFACTION IN SURVEY (WEIGHTED)

DISBURSEMENT SATISFACTION INDEX™	SCORE	CASH	CHECK	DIRECT DEPOSIT	NON-INSTANT CREDIT	INSTANT CREDIT	OTHER
NOT AT ALL SATISFIED	-2	1.9%	1.7%	0.8%	1.1%	0.9%	2.1%
SLIGHTLY SATISFIED	-1	5.4%	9.5%	1.6%	3.9%	4.3%	9.3%
SOMEWHAT SATISFIED	0	11.8%	26.4%	7.2%	17.8%	15.0%	30.5%
VERY SATISFIED	1	37.5%	43.4%	37.9%	47.2%	35.0%	37.5%
EXTREMELY SATISFIED	2	43.4%	19.0%	52.5%	30.0%	44.9%	20.6%

Using those numbers, we created two scores. The first, which we called “Simple Score,” multiplies the satisfaction score by the proportion of respondents who experienced that degree of satisfaction. To measure how the Simple Score compared to the worst score (Other Payments) and the best score (Direct Deposit) we popped the “Simple Score” into the following formula:

$$100 * (\text{Simple Score} - \text{Other Payments Score}) / (\text{Direct Deposit Score} - \text{Other Payments Score}).$$

A score closer to 100 indicates higher satisfaction, while a score closer to 0 indicates less satisfaction.

TABLE 11. DISBURSEMENT SATISFACTION IN SURVEY (WEIGHTED)

DISBURSEMENT SATISFACTION INDEX™	SCORE	CASH	CHECK	DIRECT DEPOSIT	NON-INSTANT CREDIT	INSTANT CREDIT	OTHER
NOT AT ALL SATISFIED	-2	-3.7	-3.4	-1.6	-2.2	-1.7	-4.2
SLIGHTLY SATISFIED	-1	-5.4	-9.5	-1.6	-3.9	-4.3	-9.3
SOMEWHAT SATISFIED	0	0.0	0.0	0.0	0.0	0.0	0.0
VERY SATISFIED	1	37.5	43.4	37.9	47.2	35.0	37.5
EXTREMELY SATISFIED	2	86.9	37.9	105.0	60.1	89.7	41.1
SIMPLE SCORE		115.2	68.4	139.7	101.2	118.8	65.1
NORMALIZED SCORE		67.1	4.4	100.0	48.3	71.9	0.0

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PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



Ingo Money is the instant money company. Founded in 2001 with a mission to digitize the paper check, our push payments technology enables businesses and banks to disburse instant, safe-to-spend electronic funds from any source to consumers anywhere through more than four billion debit, prepaid, credit, private label credit and mobile wallet accounts. This transformation of traditional payments helps businesses reduce cost and delays while dramatically improving the consumer experience.

The Ingo Instant Payments gateway enables companies and banks to deliver instant, safe-to-spend funds directly into customer accounts. This “push payments in a box” solution offers industry leading benefits, including network ubiquity to reach more than four billion consumer accounts as well as all required compliance and security checks, through one simple API integration. Ingo Money has funded over \$10 billion in transactions since launch, and completed the first push payment transaction in the U.S.

Headquartered in Atlanta, you can learn more at www.ingomoney.com.

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