



onbe™ + nrg

2024 Payouts Landscape

Understanding consumer preferences and the growing
desire for digital when receiving corporate payouts

The rise of digital preferences is changing the corporate disbursements landscape

The past two decades have seen a dramatic shift in how consumers pay for goods and services, with new payment technologies like digital wallets and payment apps becoming a more central part of everyday lives. This behavioral shift—and the evolving preferences for convenience and choice that come with it—now extends to consumers' expectations when receiving payouts from businesses, creating an additional opportunity for companies to build loyalty and offer an improved end-to-end customer experience.

When issuing corporate payouts and incentives, it's crucial for businesses to understand and meet evolving consumer expectations, treating payments not just as a free-standing set of processes, but as an extension of the core customer experience.

As consumer preferences continue to change, embracing the diversity of digital payments and prioritizing customer choice is what will set businesses apart.

To navigate this new payments landscape, **Onbe**, a leading corporate payouts platform, has partnered with **NRG**, a global insights and strategy agency, to publish the *2024 Payouts Landscape*. This report—the next iteration of Onbe's annual payments survey, formerly known as *The Future of Payments*—sets out to unpack how consumers prefer to receive payouts and incentives from businesses, as well as their day-to-day spending behaviors and habits.

We'll identify how businesses can set themselves up for success and what steps they should take to create payout experiences that drive revenue and customer loyalty.

IN THIS PAPER,
YOU'LL FIND...

01

How today's consumers prefer to receive payouts and make payments in their daily lives

02

What matters most to consumers when receiving a payout or incentive

03

How consumers expect their payment preferences and behaviors to change in the future

METHODOLOGY

Unless otherwise noted, data in this paper comes from a study of 1,594 US consumers, ages 18 and above, who have made a payment or received a payout in the last 12 months, conducted online in January 2024. Respondents were asked to complete an 11-minute survey about their personal spending habits and their preferences when receiving payments and incentives. Participants for this study were weighted to be demographically representative of the US in terms of age, gender, and ethnicity.



For consumer payouts and incentives, there is no one-size-fits-all solution—so offering payment choice is key

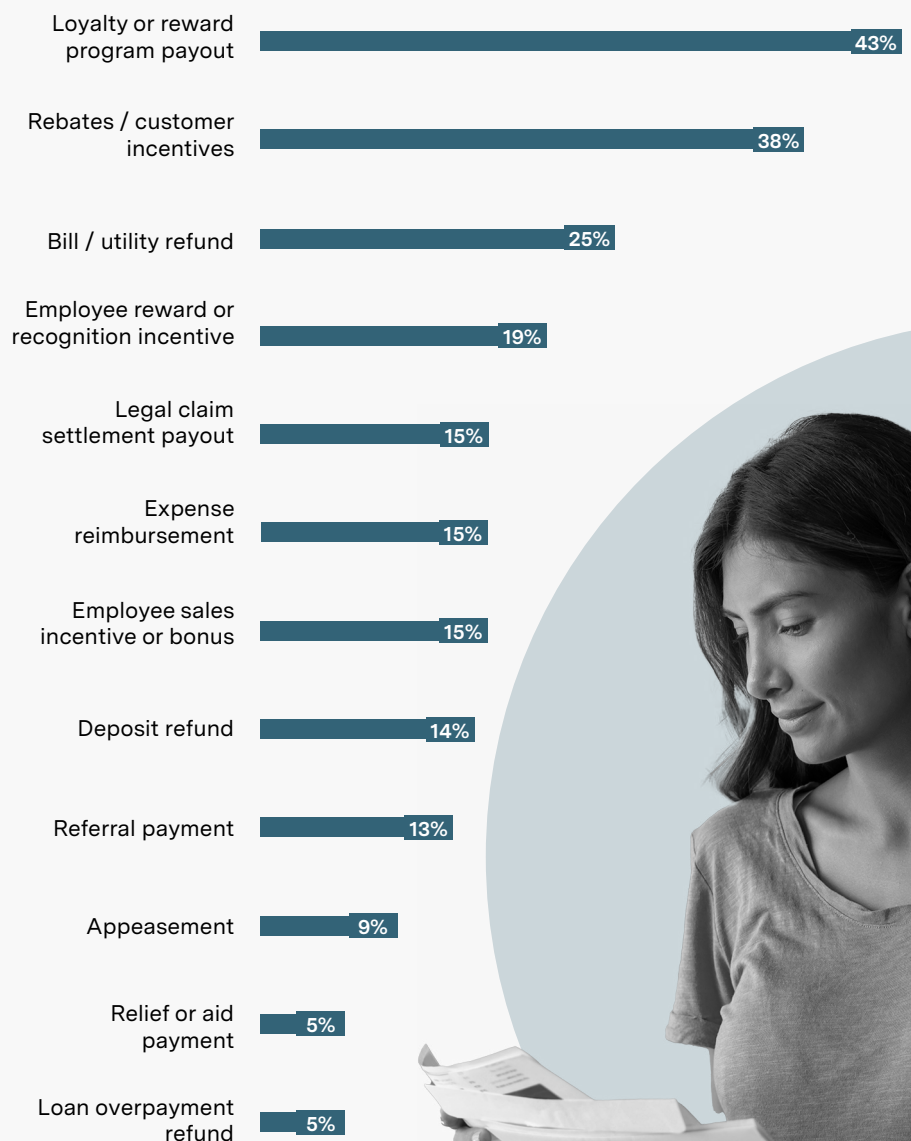
Across the US, a majority of consumers who receive payouts or incentives report getting between one and four such payments each month, with an additional 15% receiving between five and fifteen payouts on a monthly basis.

This average volume highlights the magnitude of the corporate payout market—and the size of the opportunity for businesses looking to optimize their disbursement processes.

63% of consumers receive between 1-4 corporate payouts or incentives each month

Of those surveyed, 66% had received a payout and 73% had received an incentive. The most common reasons for receiving a disbursement included loyalty and reward programs (43%), rebates/customer incentives (38%), and bill/utility refunds (25%).

Corporate payouts received by consumers in the past 12 months



Consumers' priorities when receiving payouts and incentives

88%¹ **Security**

I'm confident that my funds and my personal information are being protected.



85% **Convenience**

It's simple and easy to access my funds.



76% **Choice**

I can select my preferred payment method.



Given how often Americans receive corporate payouts and incentives, it's easy to see why consumers expect an error-free payment experience. Ninety-one percent of respondents cited accuracy as an important factor when receiving a payout.

Beyond accuracy, consumers also place a premium on security, convenience, and choice—factors that differ slightly from previous Onbe research, which found that choice, speed, and convenience were the top priorities.² Today's recipients want to access their payments quickly and easily—while trusting that they won't be exposing themselves or their personal data to potential fraud.

Among consumers who have received a payout or incentive in the past 12 months, 87% have received a digital or electronic payment and 40% have received a physical payment. App-based payments (35%) and prepaid cards (42%) are two of the most common ways consumers prefer to receive payouts or incentives, while just 22% of consumers list check as a preferred method for these types of payments. Delivering on consumers' top priorities, digital and electronic payment methods are quickly becoming the preferred choice for corporations and their customers alike.



¹Percentage of consumers who say this factor is important to them when receiving payments
²2023 Future of Payments Report, Onbe, March 7th, 2023

The added convenience of digital payments is easy to appreciate. For consumers, it means not having to wait for their payout to arrive in the mail or for the bank to process a check. Also, according to the Association for Financial Professionals (AFP), checks are the payment method that is most vulnerable to fraud, so the security that digital payments offer may also add to the appeal.³

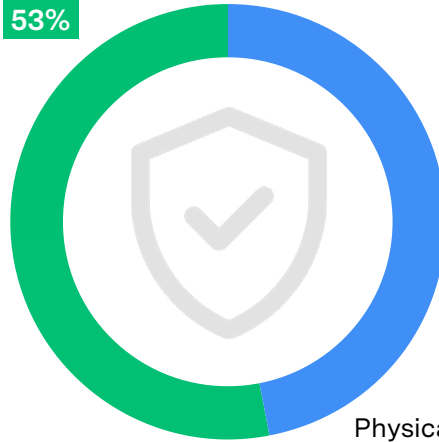
In the past, NRG research has suggested that Americans' concerns about security are one of the key factors inhibiting the growth of the digital payment markets—and one of the primary reasons that the US has been considerably slower to embrace the technology than China, India, or many European markets.⁴

However, consumers' perception of digital payments has evolved over time, with a majority of Americans now feeling that digital payments are more secure compared to physical payments, such as cash and checks.

Q: Which types of payments do you believe are most secure?

Digital and electronic payments

53%



Physical payments

47%

This may reflect a growing sense of digital literacy, as consumers' comfort with using digital payments increases and they become more aware of how to protect themselves and their money online.

While most consumers now believe digital and electronic payments are more secure, they don't all necessarily agree on the best way to receive a payout. Diverse consumers have varying attitudes and affinities towards different payment methods. These may change depending on the reason for and context surrounding a payout, making payment choice key to a successful experience.

For some, the immediacy of digital transactions has become familiar and preferred, while for others, the tangibility of a physical card affords a sense of autonomy and control over their finances. Even *within* the category of digital payments, different payment methods will better suit the lifestyles of different customers.

76% of consumers say that **choice is important** to them when receiving payments from businesses

Customers demand *optionality*: the ability to engage with corporations on their terms and receive payouts and incentives in ways that meet their unique needs and priorities. For example, the preferred payment method for a utility bill refund will likely differ from that of a sales incentive payment. To be set up for success, businesses must offer a range of payment methods that meet their customers' expectations, with a focus on digital-led options.



Digital is the new default—and more diverse than ever

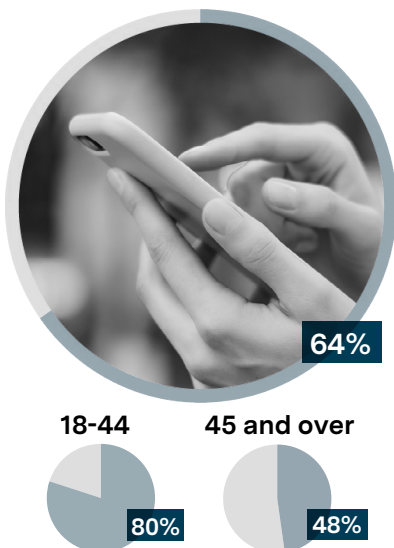
For the average American, digital payments are an indispensable part of daily life—a fact that is reflected across consumer payment preferences when both receiving and making payments.

When receiving payouts from businesses, **92% of consumers prefer at least one digital or electronic payment method, while 52% would not select any physical payment method, like paper checks or cash.** This desire for digital options also extends to consumers’ day-to-day spending preferences, with 97% of US consumers using at least one form of digital or electronic payment every month.

When it comes to consumers’ daily spending habits, credit and debit cards remain the most popular forms

Q: Are you confident in your ability to make payments using your mobile phone?

All consumers



of digital payments, with 82% of consumers making regular usage of at least one of these payment methods. This reinforces previous NRG research which has found that, more so than many other nations, the US has a deep cultural affinity for card payments.⁵

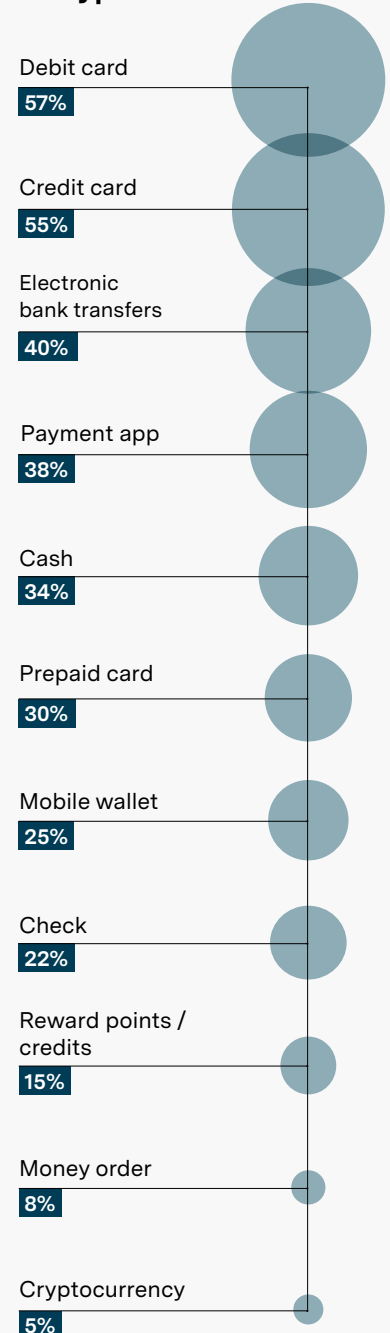
However, newer digital payments methods are fast catching up. Almost 4 in 10 consumers report using payment apps on at least a monthly basis, with 59% of these consumers using them at least once a week—making such apps a more popular form of payment than both physical cash and paper checks. Additionally, a quarter of consumers make regular use of mobile wallets such as Apple Wallet or Google Wallet.

While the range of digital payment options on the market is more diverse than ever, so is the demographic makeup of the consumers who use them.

For the past decade, those driving the mobile revolution in financial services have largely been Gen Z and Millennial consumers.⁶ Now, it’s no longer just the younger, digitally-native demographics who have adopted modern payment methods—almost half of consumers over the age of 45 say that they would feel comfortable making a payment using only their mobile phone.

With more consumers in this demographic adopting digital payment methods, businesses should consider providing these modern and convenient payout options to their customers.

Payment methods used by consumers when spending in a typical month



⁵“Cash to Code,” NRG, January 29th, 2023

⁶Victoria Petrock, “How Gen Z Is Embracing Digital Payments,” Insider Intelligence, November 16th, 2021

The growing popularity of digital payments has caused paper checks to fall out of favor

As digital payment options have grown in popularity, many have speculated that we may finally be on the verge of a truly “cashless society”—one in which paper money becomes obsolete and transactions using physical currency are no longer supported by most retailers.

While cash may not be disappearing from use in the United States in the near future,⁷ we may be far closer to a “checkless society.” Only 16% of Americans under the age of 45 still use paper checks on a regular basis—and just 22% of consumers count checks as one of their preferred disbursement methods when receiving payments from a company.

Checks lack the immediacy and convenience that consumers have become accustomed to. Among those who had received a payout or incentive in the form of a check, less than a third said they found the process “very convenient.”

31% of consumers have accidentally **thrown away or lost** a check before cashing it

Consumers reported that they disliked having to wait for the check to arrive in the mail and for the funds to arrive in their account, as well as the inconvenience of having to go to a bank or ATM in order to deposit it. For many consumer transactions, it appears that checks are rapidly being replaced by newer and more flexible payment methods.

Consumers' most common frustrations with checks

01

It took too long to arrive
47%

02

It was inconvenient to go to a bank or an ATM to deposit it
45%

03

It took too long for the funds to arrive in my account after depositing it
34%

04

I didn't know how to deposit it
16%

05

I didn't know how to safely dispose of it after depositing
12%

The digital transformation of personal finance shows no signs of slowing down in 2024

Looking to the future of payouts, it's clear that consumers expect digital payments to become even more relevant in their day-to-day lives. Mobile wallets and peer-to-peer payment apps, in particular, are set to continue growing in popularity: 67% and 73% of consumers expect to use these services as much or more in 2024 as they did in 2023.

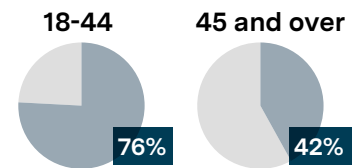
At the same time, consumers expect to continue drifting away from paper cash and checks in 2024. Twenty-one percent expect to use cash less often this year, and even more (56%) expect that they will use paper checks less frequently or not at all.

In 2024, we also expect to see a strong push from digital payment providers to make payout experiences more seamless and convenient, similar to the popular payment apps and services consumers use daily.

Integrating payment services into other apps and services will become more common, creating more streamlined digital experiences for users. Ninety-two percent of consumers feel that embedded digital payments—such as paying for a car service within a rideshare app—are a convenient way to pay for goods and services. And almost 6 in 10 say that they'd like for more of their daily transactions to be embedded payments.

Q: Would you prefer if more of your day-to-day payments were embedded within digital services?

All consumers



Younger consumers are particularly excited about the prospect of greater integration across the digital ecosystems they rely on: 76% of under-45s would like to make greater use of embedded payments.

Companies that regularly process customer disbursements should work towards making those disbursements part of an integrated and holistic digital ecosystem. To meet customers' needs for accuracy, security, and convenience, and choice, it's vital to think of payouts and incentives not as a free-standing set of payment processes, but as an extension of the core customer experience.

Q: How do you expect your usage of payment methods to change over the next 12 months?

	Will use more frequently	Will use less frequently	Don't plan to use
Mobile wallets	26%	7%	26%
Peer-to-peer payment apps	24%	7%	20%
Debit or credit cards	24%	7%	2%
Paper cash	13%	21%	8%
Paper checks	7%	24%	29%

Customers who don't plan to change their frequency of use aren't shown.

Modern payment technologies have simplified global commerce

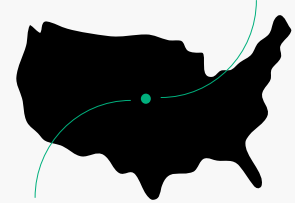
The widespread adoption of digital payments has not only made it easier for consumers to pay for everyday goods and services but has also simplified cross-border payments, offering consumers faster, more cost-effective ways to make international transfers.

This is one area where the shift to modern modalities is particularly apparent. Among consumers who have recently sent

money overseas, 43% used either a payment app or a mobile wallet—more than double the number who used a bank wire or transfer.

The international capabilities provided by payment apps can be a significant boon, not only for Americans who do business overseas or travel regularly, but also to the nearly 6 million immigrant households in the US who send regular remittances to relatives overseas.⁸

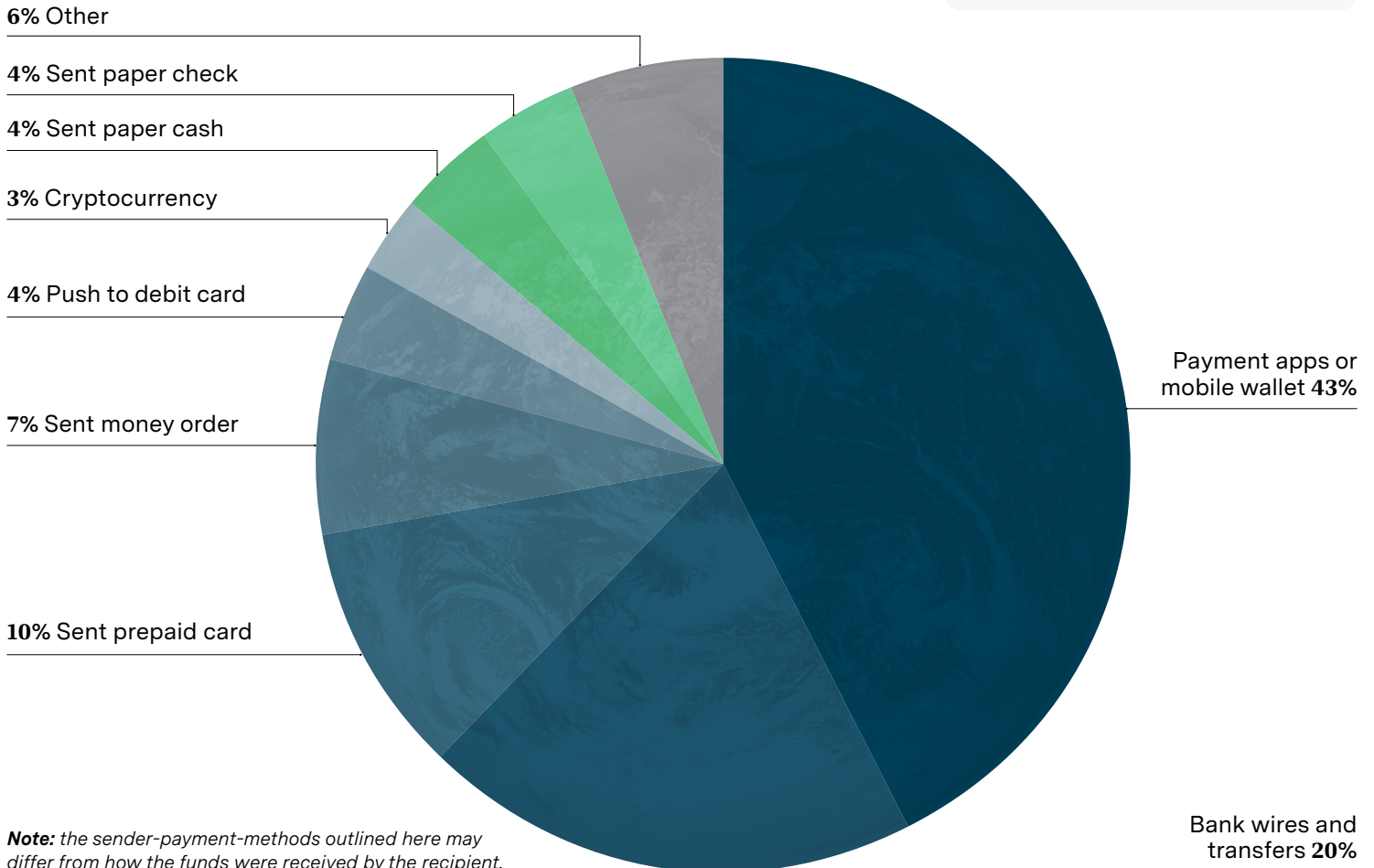
45% of consumers say it's important to them to be able to **transfer money outside the United States**



21% of consumers have sent money to a foreign country in the last 12 months

Q: When you sent money overseas in the last year, which method did you use?

● Digital payment forms ● Physical payment forms



Note: the sender-payment-methods outlined here may differ from how the funds were received by the recipient.

⁸Elizabeth M. Grieco, Patricia de la Cruz, Rachel Cortes, and Luke Larsen, "Who in the United States Sends and Receives Remittances?" United States Census Bureau, November, 2010

To get payouts right, businesses must prioritize consumer preferences

It's clear that the future of payments will be digitally-led. However, that shift isn't just a technological one. The transition towards modern payment methods reflects a broader evolution in consumer behavior, driven by a new set of expectations and preferences.

To stand out, businesses should focus on embedding the customer experience into the core of their disbursement function, turning a routine process into an opportunity to drive engagement and brand loyalty.

Three key takeaways to help businesses adapt to today's fast-changing payment landscape:

Digital payments are a baseline expectation for customers

Digital payment methods, such as peer-to-peer payments apps and mobile wallets, are rapidly gaining popularity in consumers' day-to-day lives—including when they receive payouts and incentives from companies.

That's because digital payment methods are better equipped to meet consumers' key needs: accuracy, security, speed, and convenience. Consumers as well as businesses recognize the drawbacks of legacy payment methods such as paper checks, which are less secure and come with higher costs for payers. By modernizing how they make payouts at scale, businesses can reduce the expense, complexity and risk of their disbursements operation while improving recipient satisfaction and engagement.

Seamless payout experiences are key to recipient satisfaction

When expecting a payout, consumers across demographics want the same convenience and embedded payment experiences they enjoy when shopping or using a rideshare service. And it isn't just younger, digitally-native demographics—consumers who may have once shied away from technologies like mobile wallets and peer-to-peer payments are now using these options in their daily lives.

That means there is an opportunity to extend these digital payment options and seamless experiences to recipients receiving a payout or incentive. It's important for corporations to think of disbursements not just as a standalone business process, but as a continuation of their customer engagement strategy.

To accommodate diverse recipients, payment choice is critical

Payment behaviors and preferences are as diverse as consumers themselves, and may change depending on the reason for payment. Some people want immediate access to their funds. Some people want greater security for their finances. Others prioritize convenience. And some need to send funds to loved ones across the world as quickly and affordably as possible.

It's clear that a one-size-fits-all solution won't meet every consumer's needs. Instead, businesses should focus on giving their customers choice and control over how they receive and spend their funds. With a modern payouts gateway, businesses can accommodate diverse payment preferences from a single point of integration, making it easy to offer popular digital and electronic choices—from bank transfers to virtual cards.

In today's digital economy, we've come to expect that products and services fit our needs and lifestyles, not the other way around. Payments are no different. With the technology required to deliver quickly and cost-effectively on consumers' evolving preferences, businesses can adapt to the ever-diversifying payouts landscape.





About NRG

National Research Group is a leading global insights and strategy firm at the intersection of entertainment and technology. The world's biggest marketers turn to us for insights into growth and strategy for any content, anywhere, on any device.

onbe

About Onbe

With more than 25 years of industry experience and offices in Chicago, Philadelphia and London, Onbe is a fintech that manages and modernizes customer and workforce disbursements for corporate clients ranging from mid-market to the Fortune 500. Onbe's team of experts and technology platform offer clients a turnkey solution to offload their entire B2C payment operations, relieving them of the cost, complexity and risk that come with orchestrating these payments in-house. Backed by top-tier investors, Onbe delivers on today's consumer expectations for instant, digital, and seamless payments.

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