Instant Payments To Significantly Boost Finances of Young Adults in Europe

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- *A quarter of 15 to 29-year-olds in the EU are at risk of poverty or social exclusion*[i]
- *Growth of instant payments could mean many more young adults will have savings by 2028*

OMAHA, Neb. & LONDON--(BUSINESS WIRE)--Mar. 17, 2024-- ACI Worldwide (NASDAQ: ACIW), a global leader in mission-critical, instant payments technology, today revealed striking new data proving instant payments[ii] will boost the financial prospects of young adults in the EU.

New research from the Centre for Economics and Business Research (Cebr) commissioned by ACI Worldwide shows that for every 5% increase in the volume of instant payments, the number of 15 to 24-year-olds globally who saved money in the last year increased by 15.6% on average.

According to the latest data, the volume of instant payments in the EU is expected to rise from 7.6 billion transactions in 2023 to 21.2 billion transactions in 2028. This represents a compound annual growth rate of 17.5%. As a result, instant payments as a share of all electronic payments in the EU will increase by 6.1% (from 5% in 2023 to 11.1% in 2028)[iii].

This news comes at a time when young Europeans face serious financial challenges. Eurostat data shows 24.5% of people aged 15 to 29 are at risk of poverty or social exclusion, which is 2.9 percentage points higher than the rate for the total population (21.6%)[iv].

In January 2024, the EU youth unemployment rate was 14.9%[v]. Many young Europeans have been unable to move out of the family home due to a lack of affordable options[vi]. Meanwhile, some young people in the region now earn less than their parents did[vii].

Importantly, on February 7, 2024, the European Parliament endorsed the Regulation on instant payments, which the Council then adopted on February 26. The Regulation requires payment service providers to offer their customers the possibility of making payments from one account to another within 10 seconds, regardless of the time of day and the member state they are in. Should charges apply, these must not exceed those applicable for standard credit transfers.

This will accelerate the volume of instant payments made in a region that has lagged. ACI Worldwide's 2023 Prime Time for Real-Time report shows the share of instant payments among electronic payments in the EU is significantly behind Africa, Asia, the Middle East, and Latin America.

"Our research proves that moving money around faster drives economic growth and boosts financial inclusion, which in turn allows those facing the greatest financial pressures to save. Now that instant payments are mandated and expected to grow significantly, young people in the EU will benefit – as will others," said Craig Ramsey, global head, real-time payments, ACI Worldwide. "ACI is at the forefront of making instant payments a reality for businesses and consumers around the world. We are proud to play our part in improving prosperity and financial inclusion."

Craig Ramsey will be discussing these findings at an event titled, "Can instant payments get everyone on-board?" on March 19, the same week the Regulation on instant payments final text is expected to be published. The event will explore the implications for consumers and businesses, as well as the broader impact on financial inclusion.

Notes to Editors

Methodology: Cebr research was conducted using GlobalData volume data on instant and electronic payments along with financial inclusion indicators published by the World Bank for 48 countries from 2011-2021. Analysis was conducted using a fixed effects model with time dummies and a control for the volume of electronic payments. The statistically significant relationship that a 1% increase in the volume of instant payments is, on average, associated with a 3.1 percentage point increase in the share of 15- to 24-year-olds that have saved any money, all else remaining equal, was identified.

About ACI Worldwide

ACI Worldwide is a global leader in mission-critical, real-time payments software. Our proven, secure and scalable software solutions enable leading corporations, fintechs and financial disruptors to process and manage digital payments, power omni-commerce payments, present and process bill payments, and manage fraud and risk. We combine our global footprint with a local presence to drive the real-time digital transformation of payments and commerce.

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[i] Eurostat, Severe material and social deprivation rate of youth: 6%.

[ii] Instant or real-time payments are credit transfers that make funds available in a payee's account within 10 seconds of a payment order being made. While the term "instant payments" is used in Europe, the term "real-time payments" is more widely used in other parts of the world.

[iii] Data provided by GlobalData, the data analytics and consulting company.

[iv] Eurostat, Severe material and social deprivation rate of youth: 6%.

[v] Eurostat, Unemployment Statistics, January 2024

[vi] Eurofound, Home ownership declines across EU as young adults find themselves locked out of market

[vii] Erasmus University Rotterdam, More and more Dutch people earn less than their parents

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