Working Papers on Economics - Person-to-business Instant payments: could they work in Colombia?

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Publication Date: Monday, 14 of February 2022 AbstractMore than 60 countries in the world have already implemented instant payment systems (IPS). However, in many cases they have been operational mainly for person-to-person transactions. This study looks at the challenges IPS may face in developing economies like Colombia as they advance further into the P2B transactions space. Using a survey on Colombian merchants (IV-2020), the study explores the factors associated with merchants´ propensity to adopt instant payments and those associated with the adoption of current electronic payment alternatives. It shows that IPS will need to have a broad strategy to penetrate the P2B space, as they will have to compete with the low marginal costs and immediacy that cash already offers and the high levels of informality in the commerce sector, especially for micro businesses. Furthermore, IPS will have to meet the high expectations merchants have about instant payments enabling access to other financial services, enhancing their competitiveness, and increasing their bottom line. Key words: instant payments, faster payments, mobile payments, cash and electronic payments, merchants, retail payments, cards, bank transfers.

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