

# Fast money: Banks making it easier to split the tab

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In this Wednesday, Jan. 14, 2015, file photo, a customer uses an ATM at a branch of Chase Bank, in New York. JPMorgan Chase, Wells Fargo and other big banks are upgrading their online payment services to let customers make instant transfers of money to others who bank elsewhere, often at no cost. The move comes as traditional banks face pressure from payment companies like Venmo and Square Cash that that offer ways to split the bill. (AP Photo/Mark Lennihan, File)

Splitting the bill for those pizzas you shared with your buddies or that

utility bill that is suddenly due is going to get easier and faster even if you don't all use the same bank.

JPMorgan Chase, Wells Fargo and other big banks are upgrading their online payment services to let customers make instant transfers of money to others who bank elsewhere, often at no cost.

The move comes as traditional banks face pressure from payment companies like Venmo and Square Cash that offer ways to split the bill.

Banks developed online services that allow their customers to send money to anyone with a phone number or email address several years ago. But the services were considered overly complicated. Until last year, bank customers could only send money to another customer the same bank. The only option bank customers often had to send money instantly to another person was a wire transfer, which can cost upward of \$30 at a branch, or to use a service like Western Union, which also charges a fee.

When the option to send money to person at a different bank became available, the service would take upward of three days to complete. Silicon Valley startups Venmo and Square Cash, on the other hand, promised person-to-person transfers that were open to anyone with a debit card and would be completed in as little as one business day.

The banks don't want to lose more customers and are trying to top Silicon Valley.

"This is what our customers have been asking for," said Jason Alexander, head of digital platforms for Chase, in an interview.

Chase, the nation's largest bank by assets and the largest bank operator of person-to-person payment services, is rolling out its upgrade to Chase

QuickPay next month. Wells Fargo is launching its service in July. Bank of America customers have had the ability since March, but only between them and U.S. Bank—they were the only two with the necessary software upgrades at the time. Capital One plans to roll out real-time transfers later this year, a spokeswoman said.

The instant payments between these big banks come with a limitation: the instant payments will only occur between banks on the same network, called clearXchange. The network includes Chase, Wells Fargo, BofA and U.S. Bank, as well as Capital One and Colorado-based FirstBank. That network represents 60 percent of all U.S. mobile banking customers, according to a Chase spokesman.

ClearXchange is expected to grow in the coming years, said Gareth Gaston with U.S. Bank.

"It's about connecting all the banks together to make our customers' lives a little simpler," Gaston said.

Acceptance of [mobile payments](#) has accelerated in recent years. About 46 percent of U.S. consumers have made a mobile payment, according to a study by The Pew Charitable Trusts released this week, with most of those users being millennials or members of Generation X.

"It will take some time for customers to adopt this, but we want to be there and be ready when our customers are ready," Gaston said.

Users of Venmo sent \$1 billion in payments in the month of January this year, up from \$100 million in the same month in 2014. In comparison, Chase customers now send \$20 billion a year using QuickPay. Wells Fargo customers send \$10 billion over its service SurePay.

Mobile payments, particularly when people are splitting a bill, reached a

level where Venmo users are using the pizza emoji every 20 seconds when sending money to each other.

"Whether they use Venmo, or use a bank, this growth wraps around the same issue: the awkwardness of cash and how it's going away," said to Anuj Nayar, PayPal's director of global initiatives.

The banks in the clearXchange network are not charging a fee for the instant transfer of funds, with the exception of U.S. Bank, which will charge a fee up to \$6.95 for instant delivery. Venmo and Square Cash are for the most part free as well, although there is sometimes a fee of up to 3 percent on Venmo transfers where the customer uses a credit card.

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