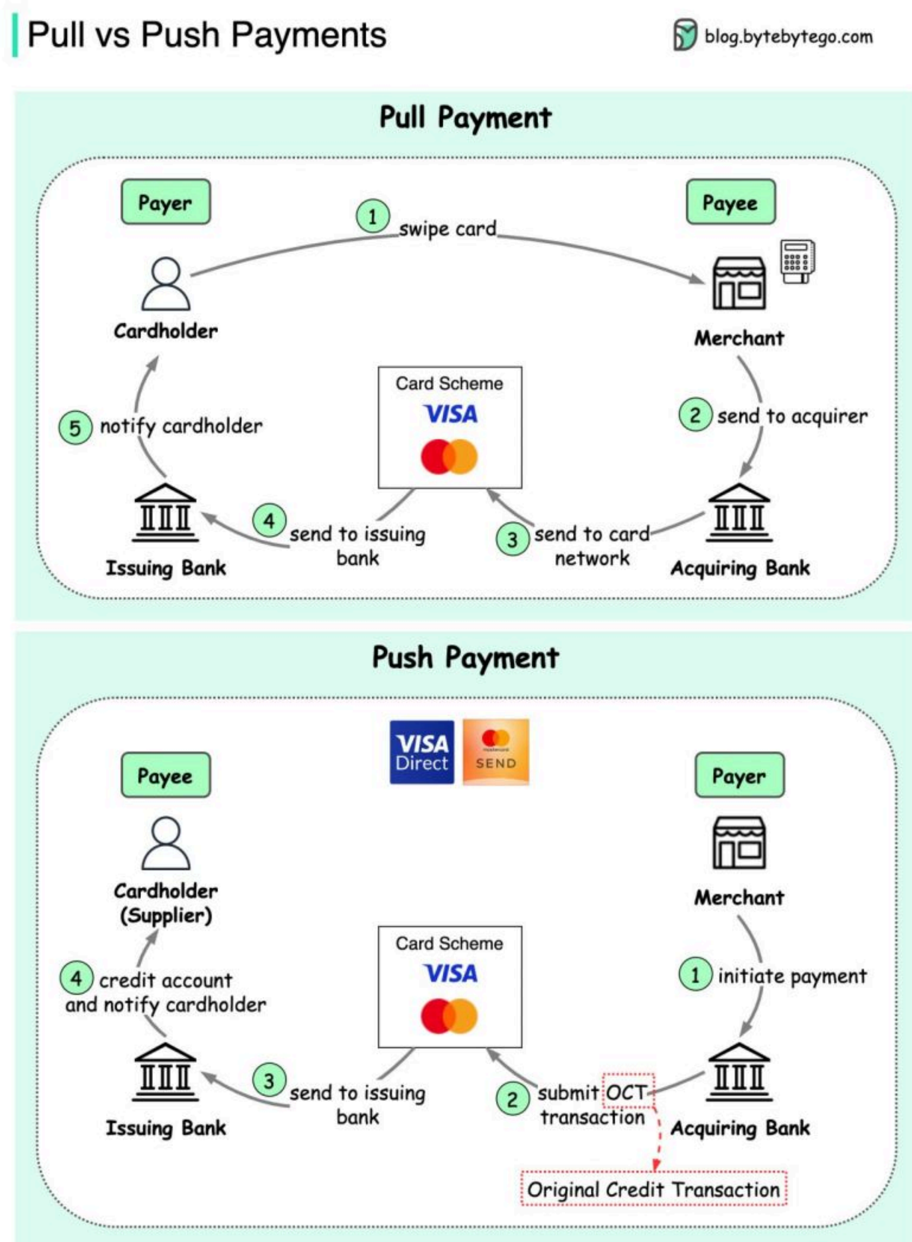
What is the difference between "pull" and "push" payments?

The diagram below shows how the pull and push payments work.



- When we swipe a credit/debit card at a merchant, it is a pull payment, where the money is sent from the cardholder to the merchant. The merchant pulls money from the cardholder's account, and the cardholder approves the transaction.
- With Visa Direct or Mastercard Send, the push payments enable merchant, corporate, and government disbursements.

Step 1: The merchant initiates the push payment through a digital channel. It can be a mobile phone or a bank branch etc.

Step 2: The acquiring bank creates and submits an OCT (Original Credit Transaction) to the card scheme.

Step 3: The transaction is routed to the receiving institution.

Step 4: The issuing bank credits the cardholder’s account and notifies the cardholder. The money is deposited into a Visa account that can be accessed at an ATM or PoS terminal or a digital wallet.

Note that the push payments work for cross-border transactions.

Push payments are indeed an interesting innovation, which complements the digital wallet strategy in Visa and Mastercard. The abstraction of “account” masks the complication of different funding or consuming channels.

Over to you: What is your most frequently used payment method? Is it pull-based or push-based?