



Market Insight Paper: Open Banking Payments

**Adoption and Payments Insights based on
client adoption of Prommt's Pay by Bank**



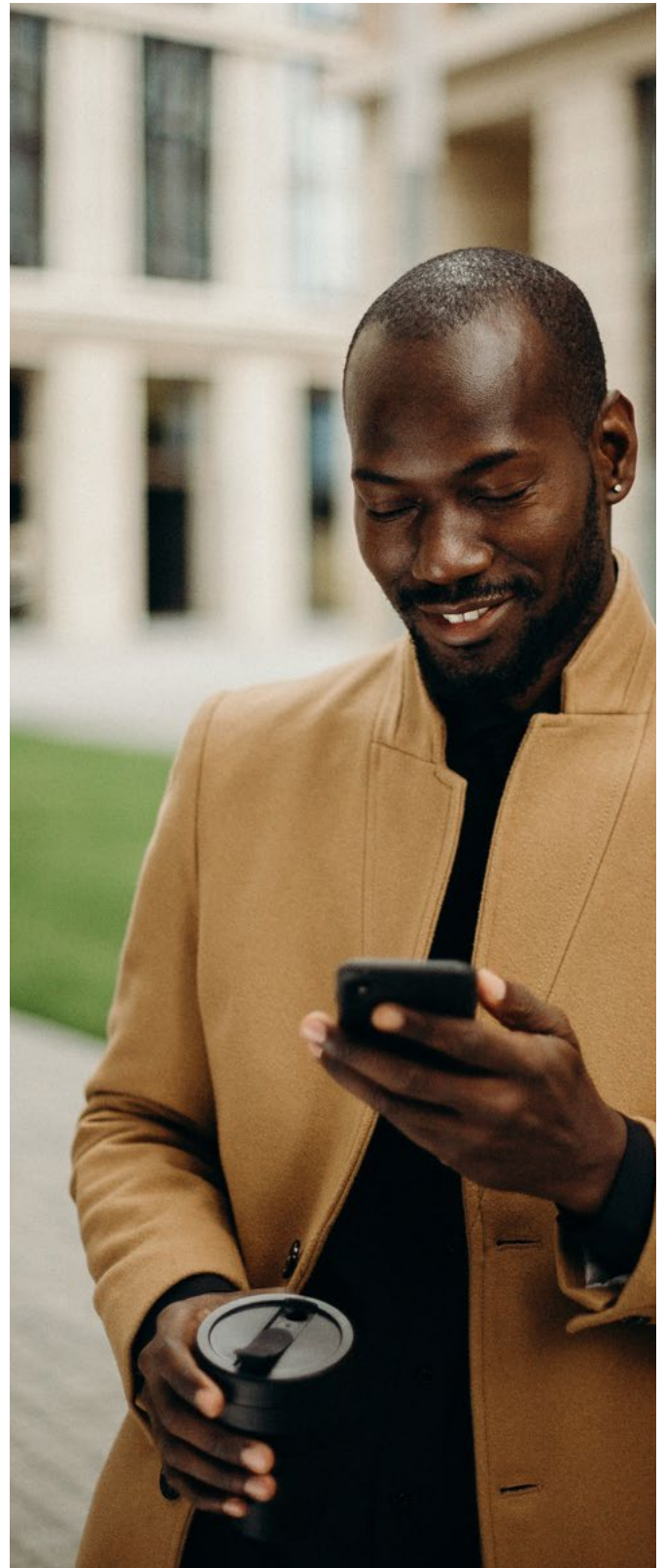
Open Banking is quickly becoming a popular alternative payment choice for merchants across Europe, empowering them to offer their customers a fast, secure, and seamless way to pay directly from their bank accounts.

According to a report by Juniper Research (2023), the value of global Open Banking payment transactions will exceed \$330 billion by 2027, up from \$57 billion in 2023. By 2024 it is also predicted that West Europe will account for 56% of API calls globally, where the regulator-led approach has created a standardised market with low barriers to entry.

The team at Prommt are continuing to expand our Open Banking payments footprint. Following a soft launch within a targeted customer base in July 2022, a wide range of clients have now adopted Pay by Bank (PBB) as an optional and in some cases, the default payment method. It is a game-changer for many of our clients when requesting and instantly collecting high-value payments with zero card processing fees. A mix of verticals are embracing PBB, including automotive, hospitality, builders merchants and luxury retail, who, combined, are now processing millions through Open Banking.

Prommt's top vertical for Pay by Bank is Automotive, followed by Builders Merchants. These clients had an established set of insecure use cases which involves sharing their account details with customers and asking the customer to manually set up a bank transfer. Pay by Bank is a perfect alternative - by simply sending a Prommt merchant-branded payment link, the customer is brought to a pre-populated payment flow enabling them to pay from the comfort of their mobile device and the familiarity of their online banking app for authentication. High Value Retail is also seeing significant uptake, high end jewellery, watches, in particular those for which a standard web checkout is disallowed by brands such as Rolex.

This market insight paper provides a summary of our findings to date.



Key Findings

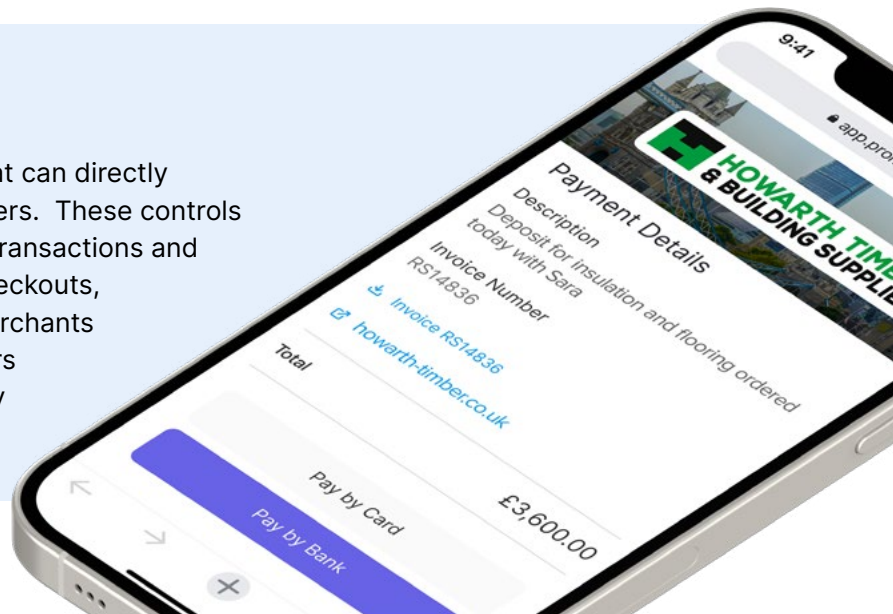


Why are our clients so enthusiastic about Pay by Bank?

Cost reduction and fraud prevention are key drivers for the accelerating adoption of open banking payments. According to Juniper Research (2023) Open Banking APIs could reduce fraud by up to 61% by 2024. The values outlined above within Prommt's client base, demonstrate that pay by bank can generate significant savings for merchants. The elimination of card processing fees for high value transactions reduces payment operations costs and offsets the threat of any further increases in card fees. Overall, PBB is enabling merchants to protect margins, which is particularly relevant in the face of a challenging economic climate. In addition, PBB offers an easier, more streamlined process of accepting bank payments in comparison to manual bank transfers, resulting in further reduction of operational overhead.

Encouraging Adoption

Prommt has a set of orchestration controls that can directly affect the adoption of pay by bank for end-users. These controls enable merchants to set value thresholds for transactions and present a combination of card and/or bank checkouts, depending on the value of the transaction. Merchants have been able to seamlessly nudge customers toward PBB for larger transactions without any impact on conversion.



Payment Success Rates

While the payments industry measures cart abandonment rates, at Prommt, we measure payment success rates and see a typical card payment transaction success rate of 90% and if both card and bank are presented, success rates are sustained at an average of 85%. These rates are significantly greater than the industry average for an ecommerce transaction given the contextual nature of the payment request, it is part of a payment conversation between the merchant and the customer.

Pay by Bank v Card Payments

We are seeing that the average transaction value of an open banking payment continues to increase month on month as they replace manual bank transfers and some larger card transactions.



Curious to learn more? Get in touch:

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