

# HOW **OPEN BANKING** CAN PROVIDE FAST AND EASY **CONSUMER** **PAYOUTS**

October 2023 Report

PYMNTS  
INTELLIGENCE



# HOW OPEN BANKING CAN PROVIDE FAST AND EASY CONSUMER PAYOUTS

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How Open Banking Can Provide Fast and Easy Consumer Payouts was produced in collaboration with Trustly, and PYMNTS Intelligence is grateful for the company's support and insight. **PYMNTS Intelligence** retains full editorial control over the following findings, methodology and data analysis.

# WHAT'S AT STAKE

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**T**he rise of open banking is evolving the bank as we know it. Instead of being kept by traditional banks solely within their own closed systems, customer financial data can now be shared between banks and third-party service providers through application programming interfaces (APIs). When it comes to consumer payouts, open banking connectivity is an important development, as it allows consumers to link their bank accounts directly using their existing bank log-ins and receive funds instantly.

Despite the availability of open banking connectivity tools, close to half of consumers most often receive payouts directly to their bank accounts without a connectivity tool. This reliance on direct-to-bank transfers means that payouts are most often received within a week. Just 5% of payouts to bank accounts took 60 seconds, suggesting that consumers opting for bank account transfers do not often have the option for an instant



42%

of consumers say they most often receive payouts directly to their **bank accounts.**

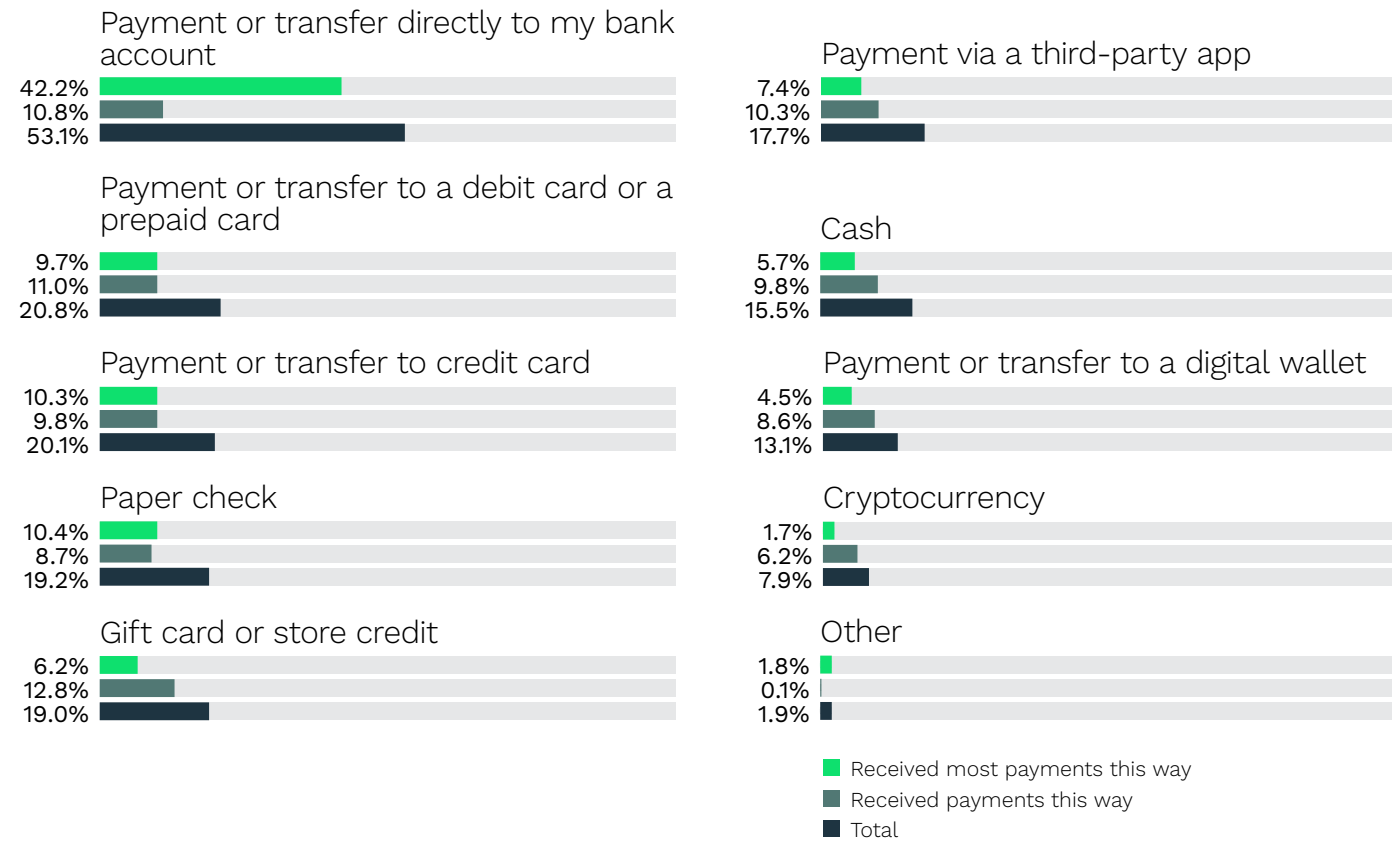
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payout, either for free or for a charge. Younger consumers and frequent receivers are the most comfortable connecting payouts directly to their bank accounts for quick and easy transfers. They are also more likely to choose merchants or providers that support these preferences as well as payment methods that provide real-time payouts.

**FIGURE 1:**

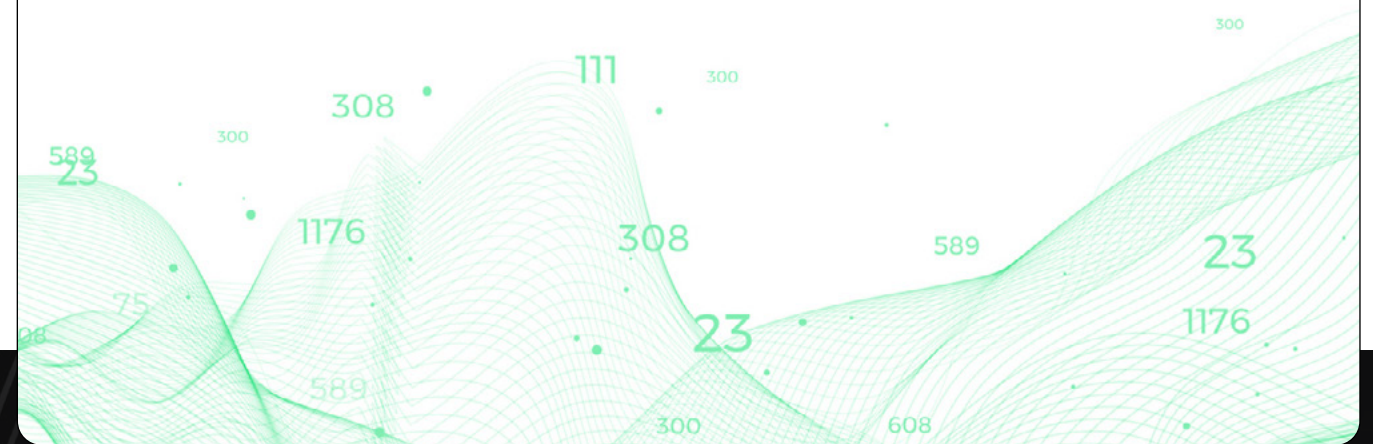
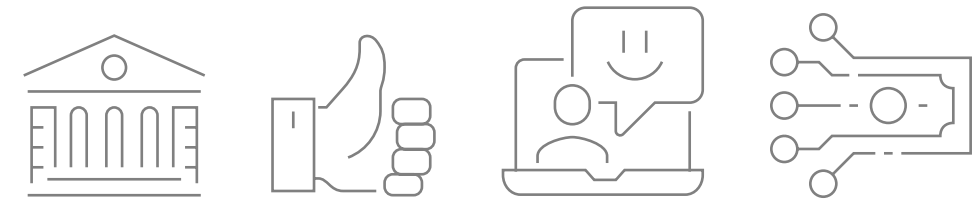
**How consumers receive payouts**

Share of consumers who received payments in select ways



**Source: PYMNTS Intelligence**  
 How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
 N = 2,559: Whole sample, fielded May 12, 2023 – May 19, 2023

These are just some of the findings detailed in *How Open Banking Can Provide Fast and Easy Consumer Payouts*, a PYMNTS Intelligence and Trustly collaboration. This edition examines how consumers currently receive payouts, whether from merchants, service providers or government agencies. We surveyed 2,559 U.S. consumers from May 12 to May 19 to explore the benefits of various payout options and consumer preferences when receiving payouts.



# KEY FINDINGS

## 01

### DIRECT TRANSFER

**Direct-to-bank transfer is the most common way consumers receive payouts from public institutions.**



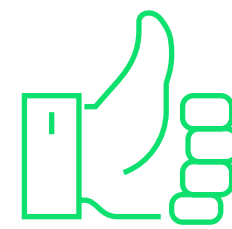
# 71%

Share of consumers who received payouts from public institutions and had them sent directly to their bank accounts

## 02

### NOT REAL TIME ... YET

**Only 5% of the payouts made directly to bank accounts are received in or near real time, even though consumers who receive payouts within 60 seconds report high levels of satisfaction.**



# 92%

Share of consumers who received funds in or near real time reporting they are very or extremely satisfied

03

## BETTER FEATURES

**Open banking connectivity features compete with digital wallets as a way consumers receive payouts directly to their accounts, with millennials the most highly interested in these features.**



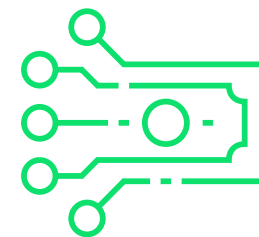
# 50%

Share of millennials who report that their choice of merchant or provider is very or extremely influenced by the availability of open banking connectivity features

04

## THIRD-PARTY TOOLS

**Younger consumers and frequent receivers are more comfortable using third-party tools to connect payouts directly to their bank accounts for quick and easy transfers.**



# 48%

Share of consumers who received a larger number of payouts who said connectivity features are their most preferred way to receive funds

# PYMNTS IN DEPTH

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**While direct-to-bank transfer is the most common way consumers receive payouts, younger consumers prefer open banking connectivity features that enable them to receive fast and easy payments.**

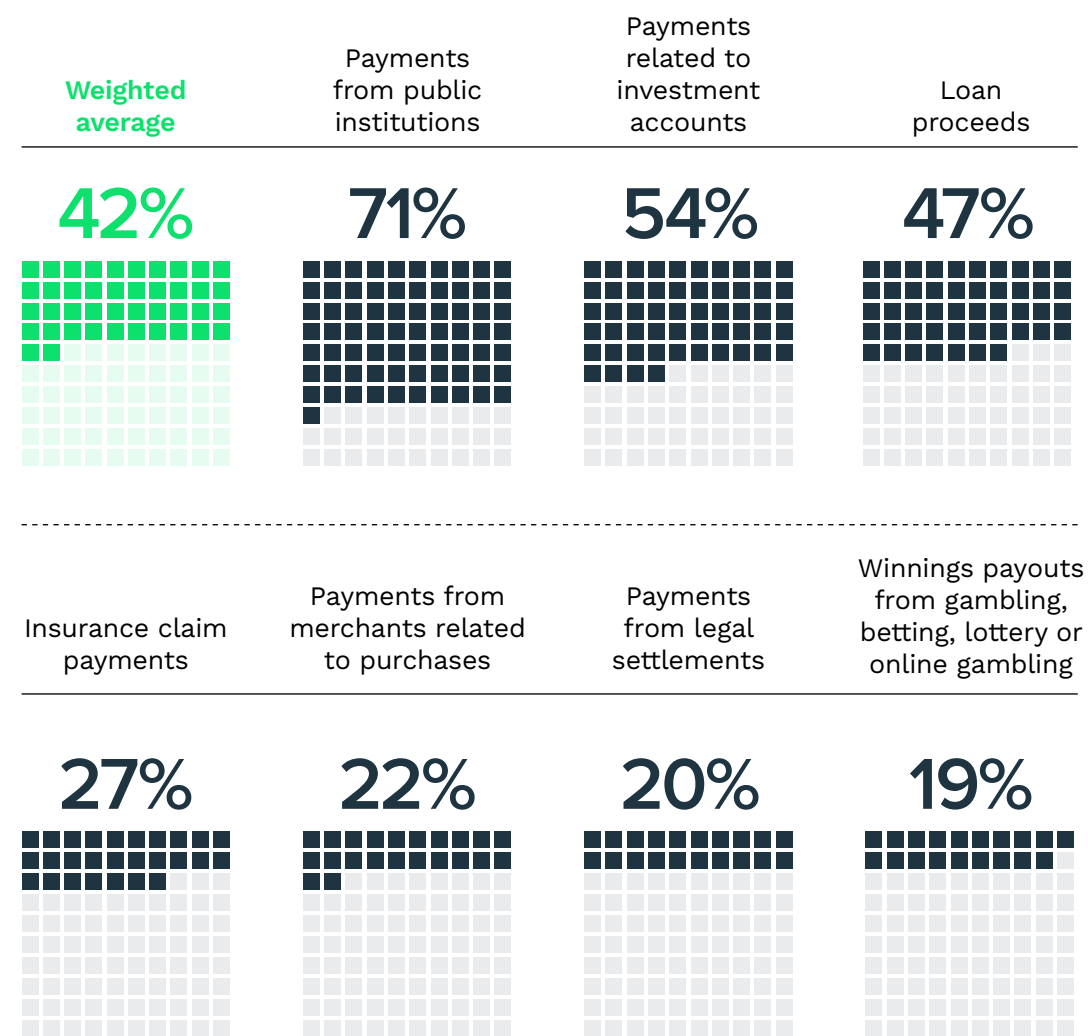
**Direct-to-bank transfer is the most common way consumers receive payouts from public institutions. Checks are most often used for insurance claims payouts, while cash and third-party apps are popular for receiving gaming winnings.**

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Consumers can receive payouts from merchants, service providers and government agencies in a variety of ways. Yet 42% of consumers say they most often receive payouts directly to their bank accounts, with an additional 11% saying they have done so at least once. Consumers are most likely to use direct-to-bank transfers for payouts from public and investment institutions: 71% of consumers who received payments from public institutions had them

**FIGURE 2:**  
**Sources of direct-to-bank payouts**

Share of consumers who most often received select types of payments or transfers directly to a bank account in the last 12 months



Source: PYMNTS Intelligence

How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
N = 2,559: Complete responses, fielded May 12, 2023 – May 19, 2023

sent directly to their bank accounts, and 54% of consumers who received payments from investment institutions did the same. Consumers who receive payouts this way are likely to have their bank account information on file at these institutions from investments previously made or funds previously deposited, thus ensuring an easy — but not necessarily fast — payout experience.

**54%**

Share of consumers who **most often** received payments or transfers directly to a bank account from **investment institutions** the last 12 months



**FIGURE 3:**  
**Ways consumers receive payouts**

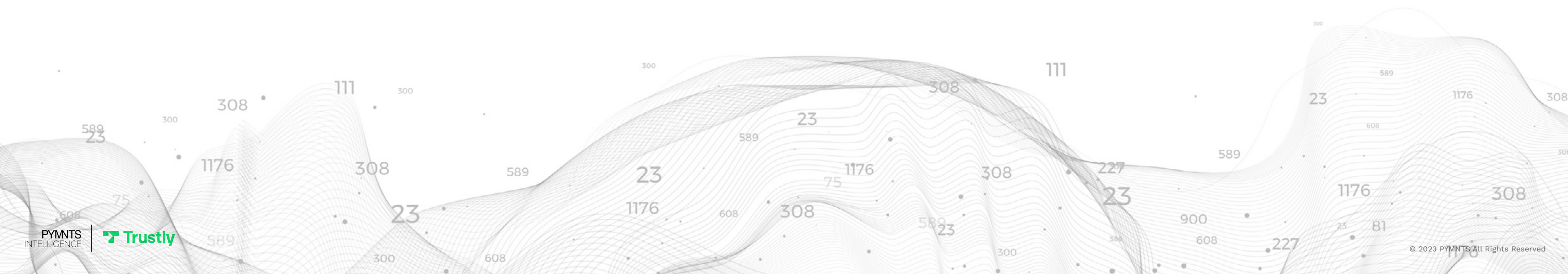
Share of consumers who received at least one payment in the following ways, by type of payout

	Payments from merchants related to purchases	Payments from public institutions	Payments related to investment accounts	Winnings payouts from gambling, betting, lottery or online gaming	Insurance claim payments	Loan proceeds	Payments for legal settlements
• Payment or transfer directly to a bank account	40.0%	76.5%	61.7%	31.8%	39.7%	55.0%	29.4%
• Payment or transfer to a debit card or a prepaid card	31.9%	12.9%	13.0%	24.0%	14.6%	24.1%	25.2%
• Payment or transfer to credit card	39.7%	7.5%	12.8%	16.3%	18.5%	15.0%	17.1%
• Paper check	14.1%	15.1%	18.4%	17.4%	42.9%	17.1%	37.7%
• Gift card or store credit	43.3%	6.2%	9.9%	14.3%	10.6%	9.4%	14.8%
• Payment via a third-party app	25.2%	7.8%	16.1%	30.8%	11.5%	15.5%	24.6%
• Cash	19.3%	6.6%	11.0%	29.9%	15.1%	19.0%	26.9%
• Payment or transfer to a digital wallet	14.4%	7.9%	11.9%	21.2%	14.6%	15.8%	18.5%
• Cryptocurrency	6.2%	4.1%	9.8%	14.0%	6.8%	11.6%	19.1%
• Other	0.5%	0.9%	6.5%	0.2%	2.4%	3.4%	0.0%

Consumers receive payouts in a variety of ways other than direct-to-bank transfer, depending on service provider or merchant. This suggests that direct-to bank transfer is not always the preferred option for either receiver or sender. Other options cited include payouts to debit and credit cards, with 40% having received at least one payout from merchants via credit card and 32% via debit card. Merchants, at 43%, are most likely to pay out via gift card. Additionally, 43% of consumers received insurance claims payouts via check, making this the most common disbursement method for insurance, followed by legal settlements, at 38%. Currently, third-party apps (31%) and cash (30%) are more likely to be used when receiving gaming payouts than any other kind of payout. Meanwhile, one-quarter of consumers received payouts from merchants and legal settlements via third-party apps. These findings suggest that instant access to funds is important for a significant share of consumers, especially if using a third-party app to receive payouts from merchants.

Source: PYMNTS Intelligence

How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
N = 2,559: Complete responses, fielded May 12, 2023 – May 19, 2023



**Only 5% of payouts made directly to bank accounts are received in or near real time. The result is an unsatisfactory experience for 4 out of 10 consumers who cite 60-second payouts as highly influential in their choice of payment method.**

When receiving payouts, consumers expect that they be processed and deposited into their accounts in a timely fashion. Payouts are most often received within one week when transferred to a bank account or credit card. While 21% of these payouts to bank accounts took between two and three days, 24% took longer than three days. Meanwhile, 27% of payouts transferred to a credit card took between two and three days,

**FIGURE 4:**

**How long payouts took**

Share of consumers citing how long it took from when the sender initiated the payment until the funds were available

	Payment via a third-party app (Venmo, PayPal, etc.)	Payment or transfer to a digital wallet	Payment or transfer to a debit card or a prepaid card	Payment or transfer directly to my bank account	Payment or transfer to a credit card
• Within 60 seconds	24.6%	23.6%	18.3%	5.3%	8.2%
• Within the same day	34.9%	34.6%	31.7%	20.3%	24.3%
• By the next day	13.8%	10.5%	10.8%	15.5%	14.8%
• Within two to three days	10.5%	19.9%	21.8%	21.1%	26.9%
• Within one week	11.0%	8.7%	14.3%	24.3%	19.7%
• Not sure	5.2%	2.7%	3.1%	13.5%	6.1%

Source: PYMNTS

How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
 N varies based on type of payment received, fielded May 12, 2023 – May 19, 2023

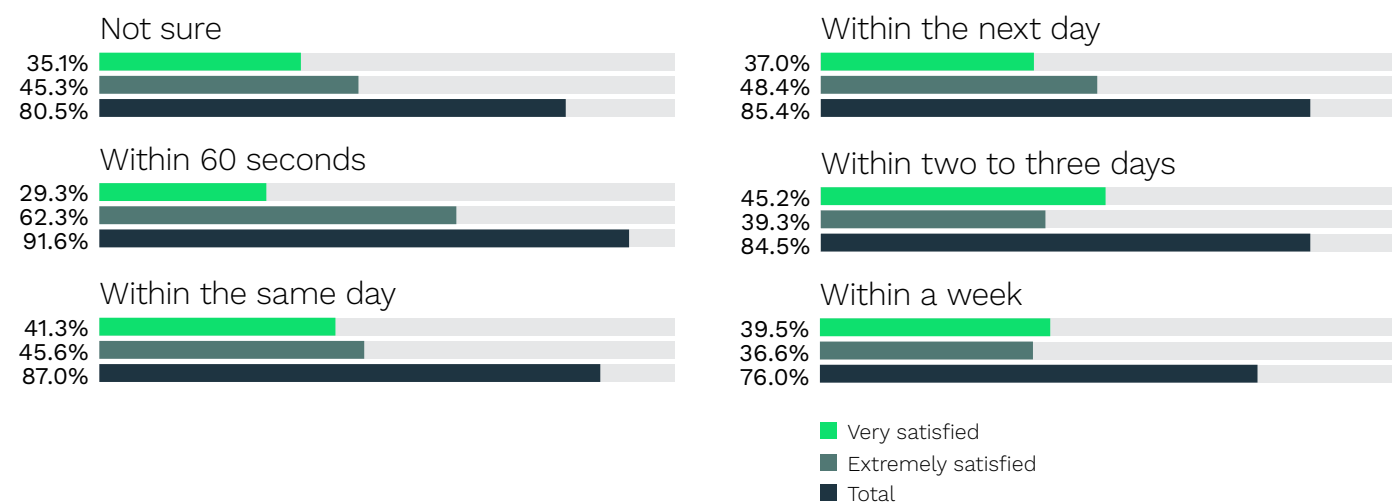
and 20% took longer than three days. Just 5.3% of payouts to a bank account and 8.2% to a credit card were received within 60 seconds. In contrast, consumers report that nearly one-quarter of payouts to a digital wallet or third-party app were received within 60 seconds.

Consumers who received payouts within 60 seconds report higher levels of satisfaction than consumers who received payouts over longer time frames. Just 76% of those whose transfers took longer than three days report they are very or extremely satisfied, while 92% of consumers who received funds in or near real time said the same. The fact that few payouts are made within 60 seconds means that these consumers, along with 43% of respondents who cited the availability of real-time payouts as their reason for using a payment method, would not have a satisfactory experience.

**FIGURE 5:**

**Consumer satisfaction with payout time**

Share of consumers very or extremely satisfied with the time taken to receive a payment



Source: PYMNTS Intelligence

How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
 N varies based on type of payout received, fielded May 12, 2023 – May 19, 2023



Consumers who received payouts within **60 seconds** report **higher levels of satisfaction** than consumers who received payouts over longer time frames.



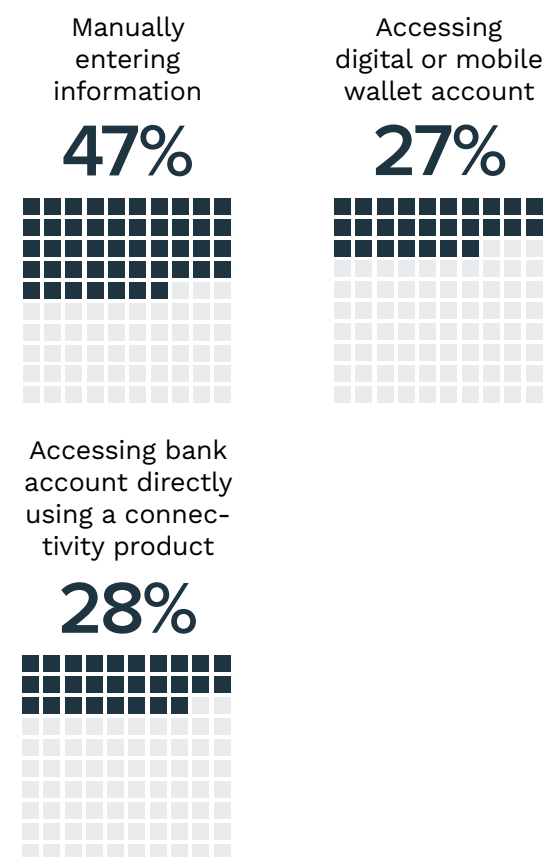
# Open banking connectivity features compete with digital wallets as a way for consumers to receive payouts directly to their accounts. Half of millennials say their choice of merchant is highly influenced by the availability of these connectivity tools.

Manually providing account information continues to be the norm for payouts, perhaps due to lack of familiarity with connectivity features and lack of availability of digital wallets. Even so, among digital methods, connectivity features, which allow consumers to receive payouts from their merchant or service provider accounts directly using their existing bank credentials, and digital wallets are the most preferred for receiving

**FIGURE 6:**

### Top methods consumers use to share account details with payers

Share of consumers citing select preferred ways to provide account information when receiving payouts, average across payout types

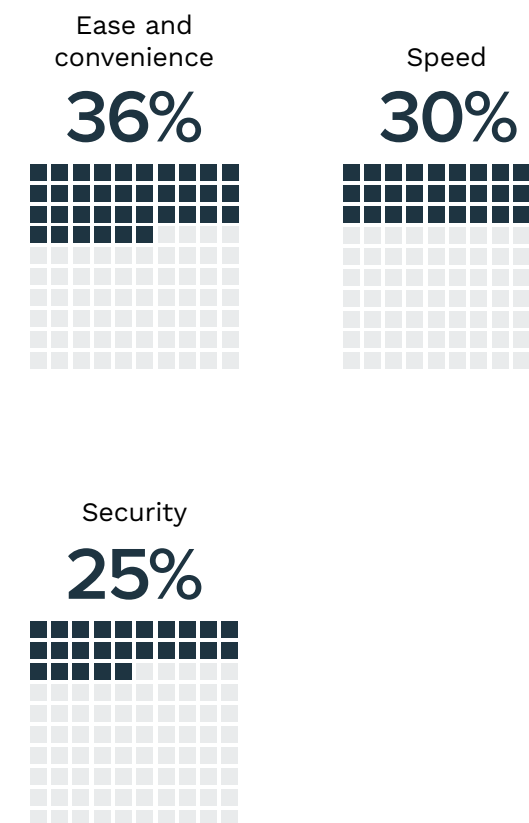


**Source: PYMNTS Intelligence**  
 How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
 N = 1,777: Respondents who received at least one type of payment in the last 12 months, fielded May 12, 2023 – May 19, 2023

**FIGURE 7:**

### Top reasons consumers prefer bank connectivity tools

Share of consumers who most prefer receiving funds via a connectivity product for select reasons, average across payout types



**Source: PYMNTS Intelligence**  
 How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
 N = 498: Respondents who prefer to receive at least one type of payment by directly accessing their bank account on the sender's website or app using a bank connectivity product, fielded May 12, 2023 – May 19, 2023

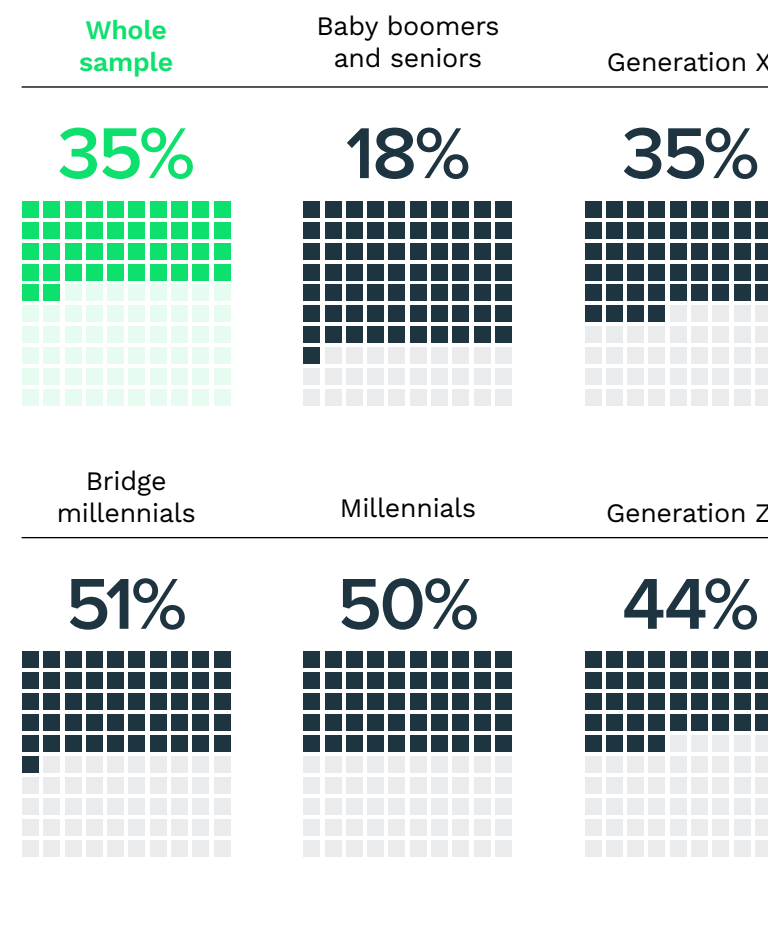
payouts. Connectivity features are slightly more popular than digital wallets for receiving payouts, at 28% and 27%, respectively. Consumers who prefer connectivity features cite ease and convenience as well as speed as the top reasons for their preference, followed by security. For instance, 30% of consumers say that receiving payments quickly with immediate access to funds is the most important reason they prefer a connectivity product.

Moreover, the availability of connectivity tools that allow consumers to link their bank accounts directly with a merchant or service provider using their existing bank logins and receive funds instantly is highly influential in consumers' choice of merchant or service provider. In fact, 35% of all consumers report that the availability of bank connectivity tools is very or extremely influential in younger consumers' choice of merchant or provider, with 50% of millennials and 51% of bridge millennials saying so. In contrast, only 18% of baby boomers and seniors are highly influenced by the availability of a connectivity feature. These features are likely to become increasingly necessary given younger consumers' higher-than-average preference for them.

**FIGURE 8:**

**Bank connectivity tools' influence on consumer choice**

Share of consumers citing the availability of a connectivity feature as very or extremely influential on their choice in merchant or service provider, by generation



**Source: PYMNTS Intelligence**  
 How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
 N = 2,559: Complete responses, fielded May 12, 2023 – May 19, 2023

# Younger consumers and frequent receivers are more comfortable using third-party tools to connect payouts directly to their bank accounts for quick and easy transfers.

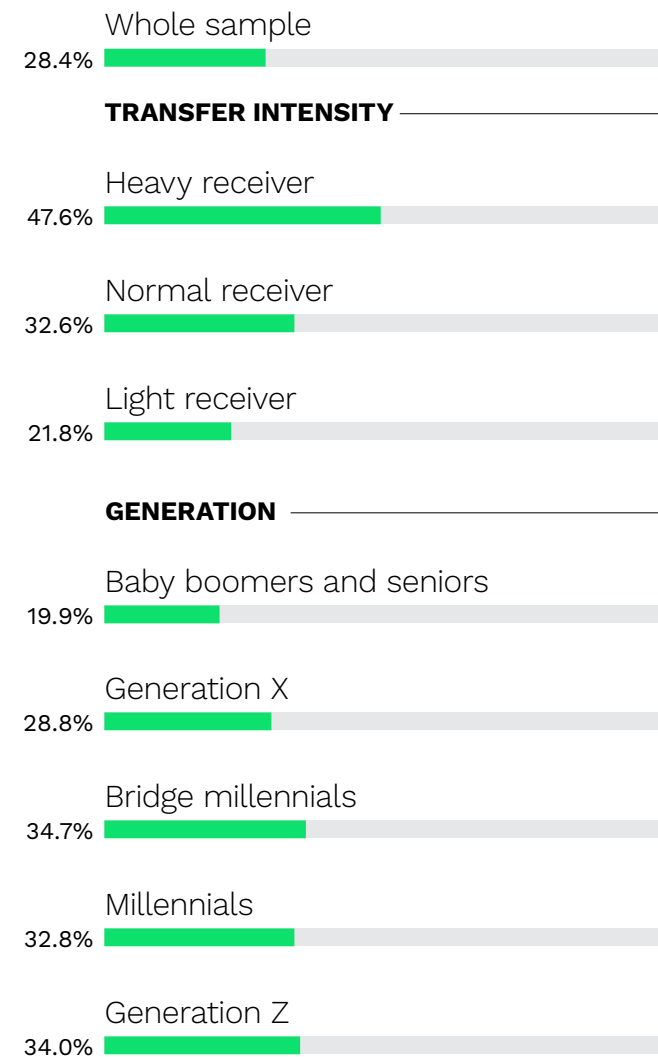
The ability to link to a bank account directly and receive instant transfers influences younger consumers' choice in merchants and payment methods, and using such connectivity tools is how a significant share of younger consumers prefer to receive funds. While 35% of bridge millennials and 34% of Generation Z consumers cite using connectivity tools as their most preferred way to receive payouts, only 20% of baby boomers and seniors say the same. Meanwhile, 48% of frequent or heavy receivers — consumers who have received more than 50 payouts in the

last year — report that connectivity tools are their preferred way to receive payouts. In contrast, just 22% of light receivers — those who have received 12 or fewer payouts in the last year — say the same. Such contrasts in shares indicate that digital savvy consumers — whether members of a younger generation or frequent receivers — are more comfortable than other consumers linking their merchant or service provider to their bank accounts directly using their existing bank logins to receive funds instantly.

**FIGURE 9:**

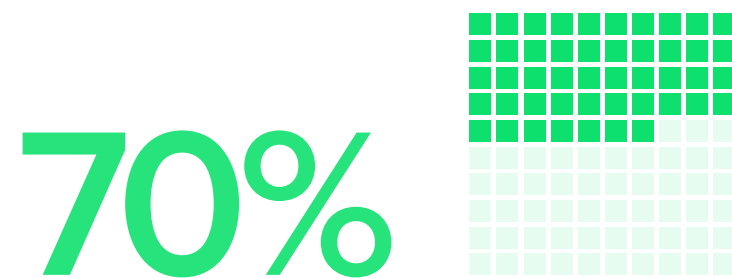
### Consumer preference for bank connectivity tools

Share of consumers who prefer to use a bank connectivity product for at least one type of payout, by demographic



Source: PYMNTS Intelligence  
 How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
 N = 1,777: Respondents who received at least one type of payment in last 12 months, fielded May 12, 2023 – May 19, 2023

Along with their preference for third-party connectivity tools, frequent receivers are also the most likely to choose a service provider or merchant based on the availability of such a feature. In fact, 70% of frequent receivers say that they are very or extremely likely to choose a provider or merchant based on the availability of a connectivity feature, compared to 32% of light receivers and 35% of normal receivers. (Normal receivers received 12 to 50 payouts in the last year.) This suggests that frequent receivers are not only comfortable using third-party connectivity tools that allow them to link merchants or service provider payouts with their bank accounts directly but that they also appreciate, if not expect, the quick and easy transfers that these tools provide.

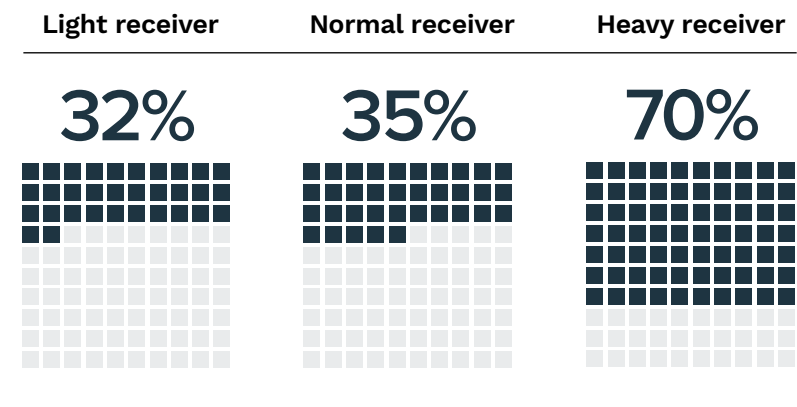


Share of frequent receivers who say that they are very or extremely likely to choose a provider or merchant based on the **availability of a connectivity feature**

**FIGURE 10:**

**How connectivity feature availability influences frequent receiver choice**

Share of consumers citing the availability of a connectivity feature as very or extremely influential on their choice of merchant or service provider, by frequency of receiving payouts



Source: PYMNTS Intelligence

How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023

N = 2,559: Complete responses, fielded May 12, 2023 – May 19, 2023

# DATA FOCUS

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**Digital-savvy consumers are interested in open banking connectivity and the promise of real-time payouts.**

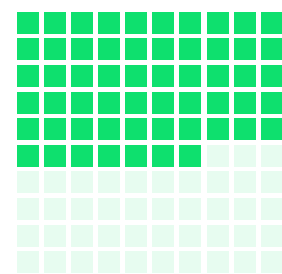
**Two-thirds of frequent receivers cite the availability of real-time payouts as highly influential on their preference for using one payment method over of another.**

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The availability of real-time payouts is central to open banking connectivity: Close to half of all consumers cited the availability of real-time payouts as a key reason they use one payment method over another. In fact, 43% of respondents are very or extremely influenced by the ability to receive a payment in real time when choosing a payment method, while 39% are very or extremely influenced by the ability to receive a payment in real time when choosing a merchant or service provider. At 57% and 48%, respectively, millennials and Generation Z are more likely than baby boomers and seniors to be influenced by the availability of real-time payments when choosing a payment method, merchant or service provider — similar shares to those saying the same about bank connectivity.



Frequent receivers also cite the ability to receive a payment in real time as the factor most likely to be very or extremely influential when choosing a payment method, merchant or service provider, which follows since 70% of these consumers say the same about the availability of open banking. In fact, similar shares are very or extremely influenced by the ability to receive a payment in real time when choosing a payment method or a merchant or service provider, at 67% and 71%, respectively. Meanwhile, less than half of light and normal receivers report being influenced by the availability of real-time payouts. These findings suggest that preferences for open banking and real-time payouts go hand-in-hand — especially among such digital-savvy consumers as frequent receivers and millennials.



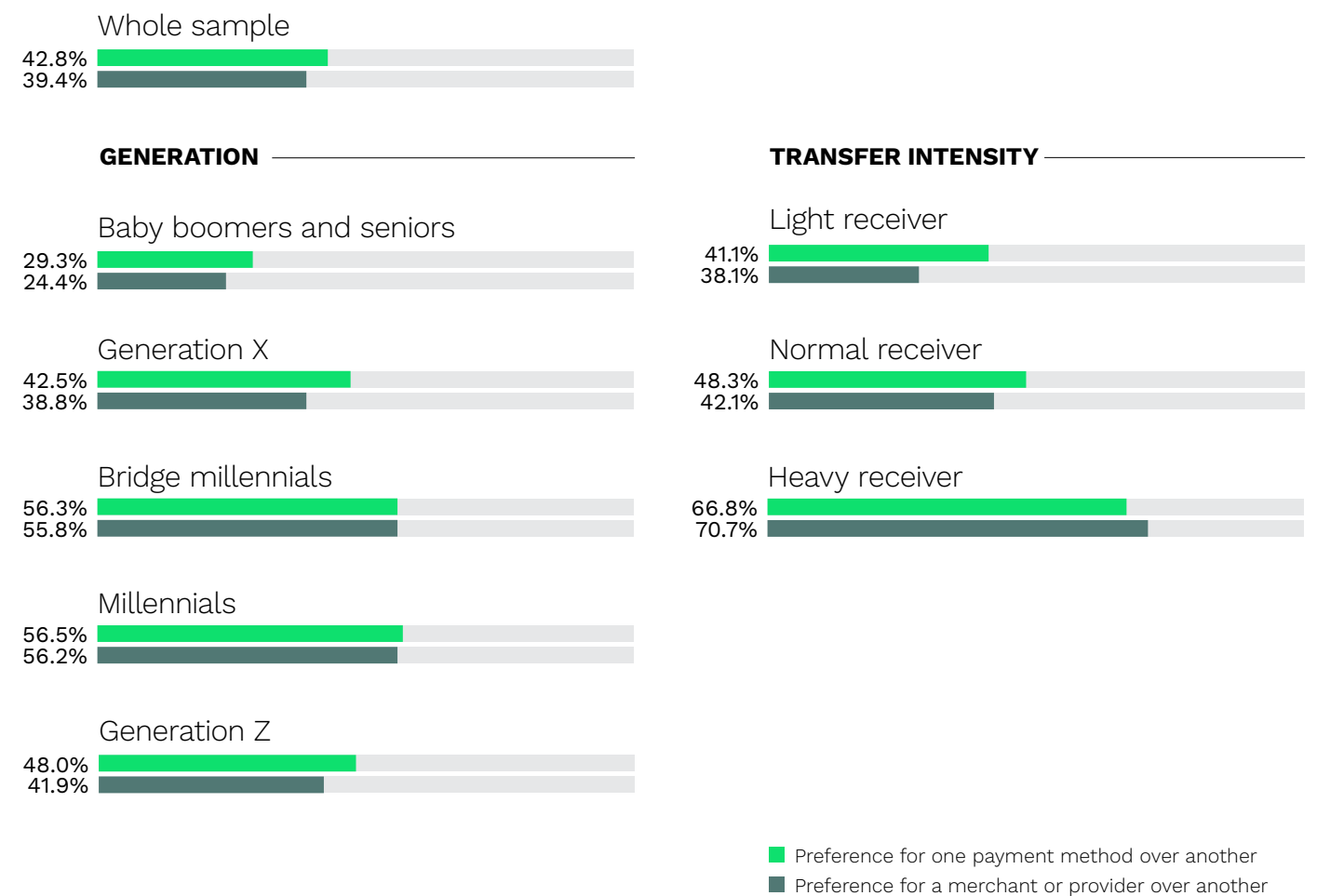
57%

Share of millennials who are very or **extremely influenced** by the availability of real-time payments when choosing a payment method, merchant or service provider

FIGURE 11:

**Consumer interest in receiving real-time payments**

Share of consumers who are very or extremely influenced by the ability to receive a payment in real time when choosing a payment method, merchant or service provider, by demographic



■ Preference for one payment method over another  
 ■ Preference for a merchant or provider over another

Source: PYMNTS Intelligence  
 How Open Banking Can Provide Fast and Easy Consumer Payouts, October 2023  
 N = 2,559: Complete responses, fielded May 12, 2023 – May 19, 2023

# ACTIONABLE INSIGHTS



01

Consumers are most likely to receive payouts from merchants, service providers or government agencies directly to their bank accounts. Consumers are coming to expect a streamlined payout experience, with those who received payouts within 60 seconds reporting higher levels of satisfaction than consumers who received payouts over longer time frames. This presents an opportunity for open banking connectivity providers as consumers increasingly turn to digital methods to receive real-time payouts.



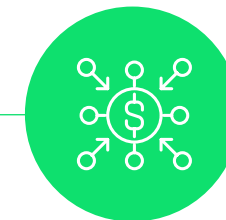
02

Payouts are most often received within one week when transferred to a credit card or bank account, with only a handful of payouts received within 60 seconds. Yet, consumers report that one-quarter of payouts to a digital wallet or third-party app were received within 60 seconds — an indication that these payment methods are promising alternatives for consumers who want to know when the funds actually settle and are available.



03

Slightly more popular than digital wallets, directly accessing one's bank account using a third-party connectivity app to receive payouts is preferred by frequent receivers and younger consumers. These consumers cite speed, security and convenience as the top reasons for this preference. This indicates that these digital-savvy consumers are comfortable connecting payouts directly to their bank accounts to receive quick and easy transfers.



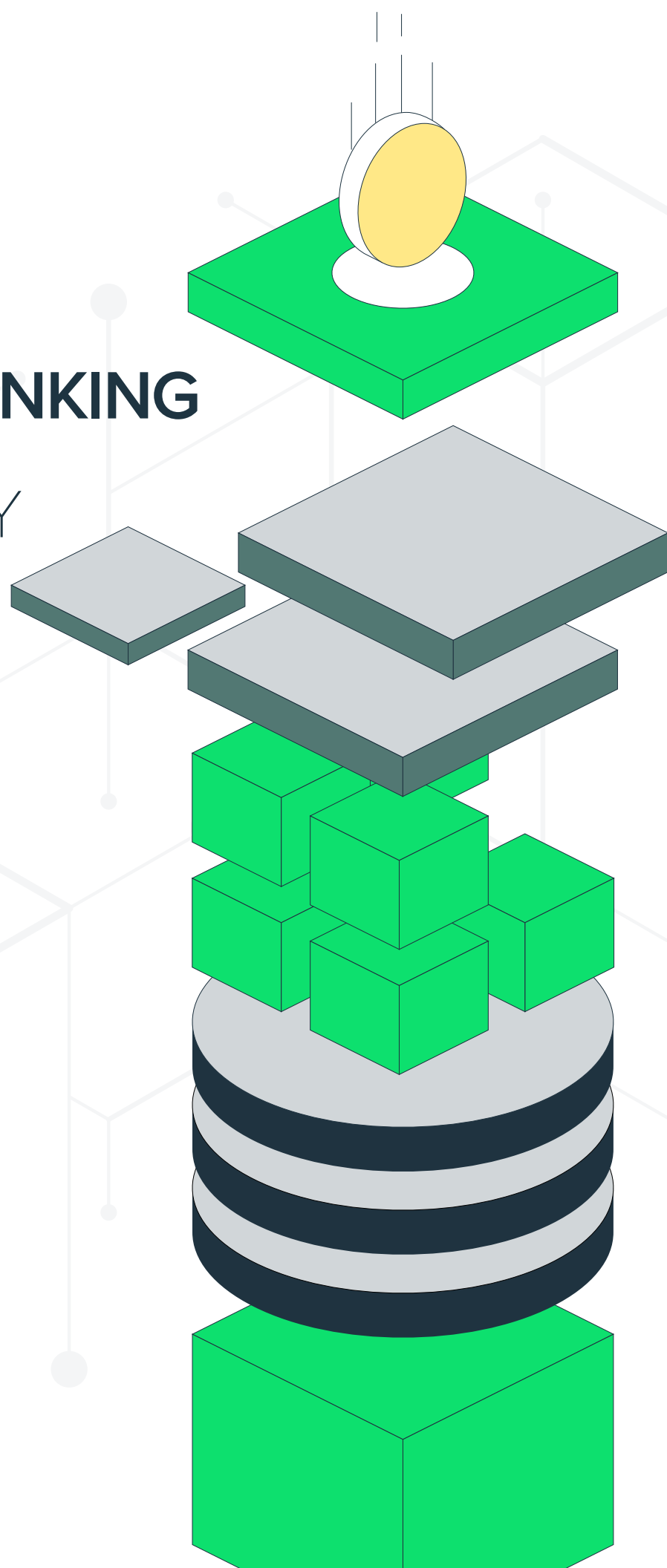
04

Frequent receivers and younger consumers prefer open banking connectivity and real-time payouts to the point that they are the most likely to choose service providers and merchants — not to mention payment methods — that accommodate these preferences. Entities that do not meet the needs of these digital savvy consumers will most likely lose out on winning their business.

# HOW OPEN BANKING CAN PROVIDE FAST AND EASY CONSUMER PAYOUTS

October 2023 Report

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INTELLIGENCE | **Trustly**



## METHODOLOGY

**H**ow Open Banking Can Provide Fast and Easy Consumer Payouts, a PYMNTS Intelligence and Trustly collaboration, examines how consumers currently receive payouts, whether from merchants, service providers or government agencies. We surveyed 2,559 U.S. consumers from May 12 to May 19 to explore the benefits of various payout options and consumer preferences for particular alternatives when receiving payouts. Our sample was balanced to match the U.S. adult population in a set of key demographic variables: 51% of respondents identified as female, the average age of respondents was 48, 33% were college-educated and 38% declared incomes of more than \$100,000 per year.

### THE PYMNTS INTELLIGENCE TEAM THAT PRODUCED THIS REPORT

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# ABOUT

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## **Trustly**

Founded in 2008, Trustly is a global leader in open banking payments. Our digital account-to-account platform redefines the speed, simplicity and security of payments, linking some of the world's most prominent merchants with consumers directly from their online banking accounts. Trustly can handle the entire payment journey, setting us apart from the competition and enabling us to offer an attractive alternative to traditional card networks at a lower cost. Today we serve 8,300 merchants, connecting them with 650 million consumers and 12,000 banks in over 30 countries. In 2022, we processed over \$42 billion in transaction volume on our global network. Trustly is a multi-national payments and data solutions company, offering products across North America and Europe. In the United States, services are provided by Trustly, Inc., its local affiliates and partners. Read more at [www.trustly.com](http://www.trustly.com)

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