

PAY BY BANK DEEP DIVE:

**Digital Bank Users
Are Ready to Switch**



PAY BY BANK DEEP DIVE: DIGITAL BANK USERS ARE READY TO SWITCH

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October 2025

Pay by Bank:

Consumer Adoption Hinges on Security Concerns



Pay by Bank Deep Dive: Digital Bank Users Are Ready to Switch 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

Most people still cling to their physical credit cards, keeping them stuffed inside their wallets. But many consumers are seeking simpler, more streamlined payment experiences and are ditching plastic in favor of using card numbers stored in digital wallets or with merchants. What's known as Pay by Bank sits at the forefront of this nascent shift, offering direct-from-bank payments that rely on familiar, intuitive authorization flows rather than traditional card rails. As everyday financial activity moves deeper into digital channels, consumer interest in payment methods that reduce friction and strengthen security continues to rise.

PYMNTS Intelligence's latest research shows that digital bank customers are especially well-positioned to lead this transition. They are younger, more mobile-centric and far more accustomed to using digital wallets, preferences that carry over directly into Pay by Bank's login-and-authorize flows. These patterns reveal a consumer base ready for secure, direct-from-bank payments—if they see the right incentives in place.

Digital bank users are 40% more likely to shift a little more than one-third of their transactions to Pay by Bank if offered discounts and buyer protection. Moreover, regardless of where consumers bank, most would start to see Pay by Bank as a viable substitute for debit under these conditions. For merchants and financial institutions that want to drive the switch to Pay by Bank, this makes the strategy simple: Give consumers tangible rewards that compete with what they can receive from other payment methods. Ensure that they feel their purchases and accounts are secure. And make the experience as easy as using a credit or debit card.

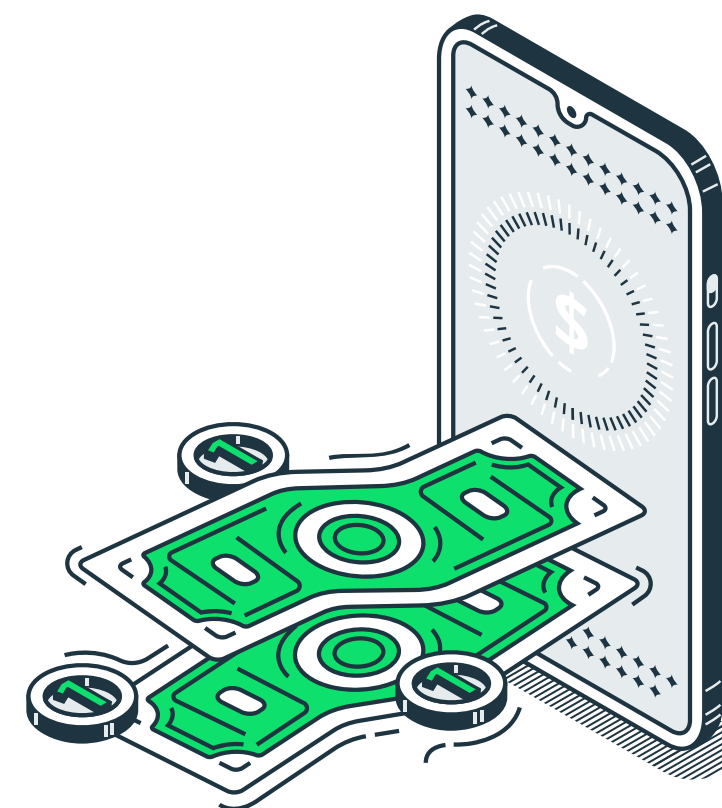
Discounts and buyer protection
make digital bank users

40%

**more likely to shift a large portion
of their transactions to Pay by Bank.**

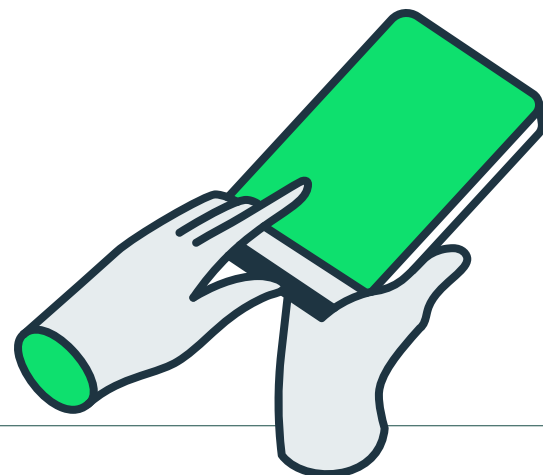
These are just some of the findings detailed in *Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch*, a PYMNTS and Trustly collaboration. This edition examines consumer interest in and willingness to use Pay by Bank. It draws on insights from a survey of 2,071 bank customers conducted from June 20, 2025, to June 30, 2025.

This is what we learned.



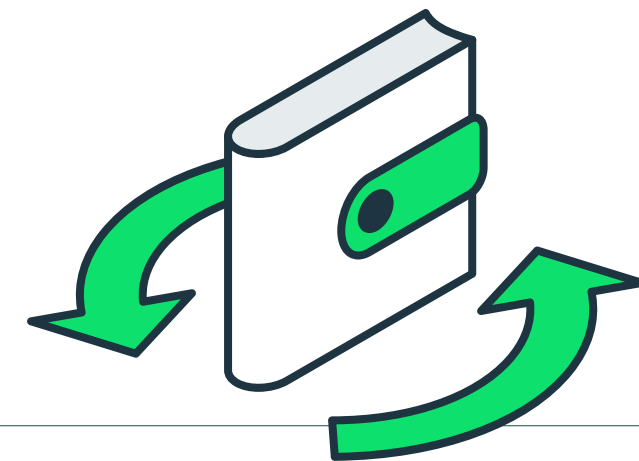
KEY FINDINGS

01



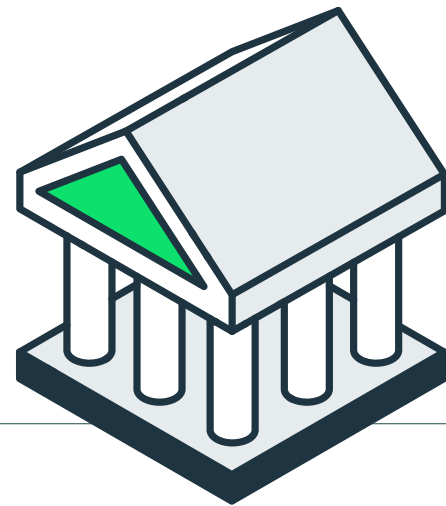
Digital bank users are younger, have lower incomes and are more reliant on mobile devices. Millennials are especially likely to choose a digital bank as their primary financial institution. Even more notably, consumers earning less than \$50,000 per year and those without college degrees are 69% and 29% more likely than average to prefer digital banks.

02



Digital bank customers heavily rely on digital wallets. Digital bank users are 2 to 2.5 times more likely than the average consumer to prefer digital wallets across all purchase categories, and 3 times more likely to prefer them for bill payments. This shows a consumer segment already accustomed to login-based and tokenized payment methods, making them a prime match for Pay by Bank.

03



Digital bank users have the same incentive requirements as traditional bank customers.

Regardless of the type of bank a consumer uses, the same two drivers matter most: immediate cash benefits and strong buyer protection. For merchants, this simplifies strategy because the same incentives will work across the board.

04



Digital bank users are willing to switch up to 35% of transactions to Pay by Bank if they receive discounts and buyer protection.

This switching potential peaks for account-to-account (A2A) transfers and bill pay. Across all major transaction categories, digital bank users are much more likely than the average consumer to switch, making them the highest-value early-adopter segment for Pay by Bank expansion.

PYMNTS IN DEPTH

Most consumers—especially digital bank customers—are interested in switching to Pay by Bank if the right incentives are on the table.

Digital bank users are younger, have lower incomes and are more reliant on mobile devices.

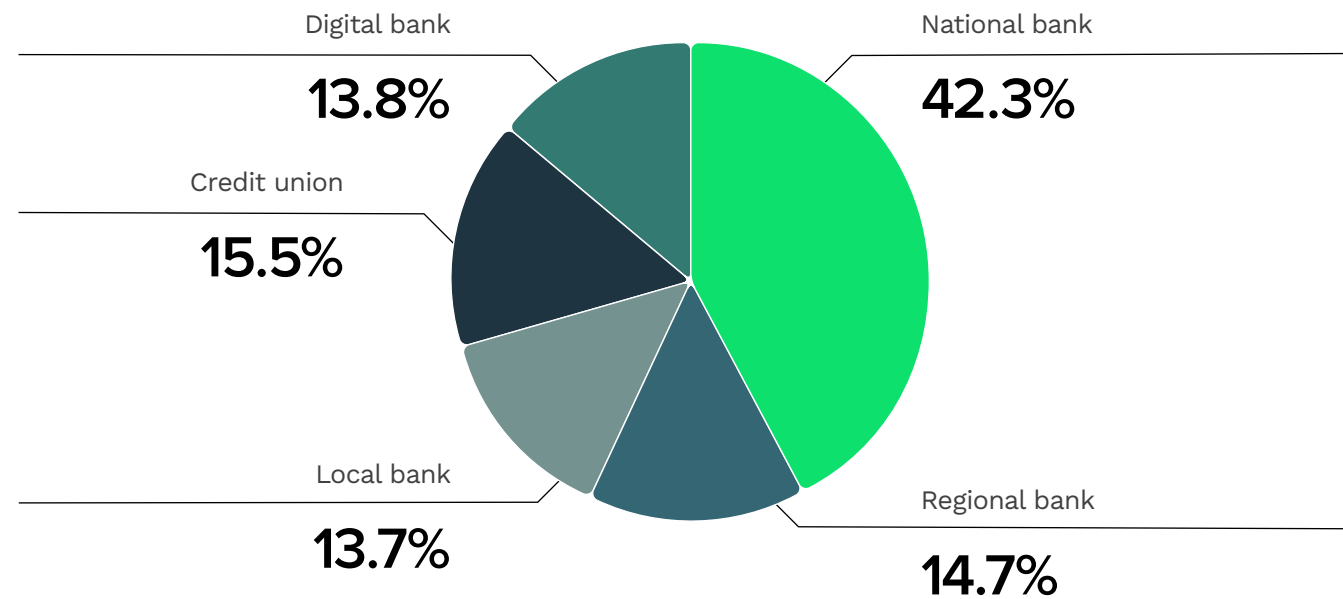
From Chime to Ally Bank to SoFi, digital banks increasingly rival traditional financial institutions as go-to options for the average consumer. In fact, 13.8% of bank customers now name a digital bank as their primary financial institution, edging out local banks (13.7%) and only slightly behind regional banks (14.7%) and credit unions (15.5%). While national banks dominate at 42%, it is notable that less than half of consumers use one as their primary financial institution.



FIGURE 1

Where consumers bank

Consumers who use selected types of financial institutions for their primary bank accounts



Source: PYMNTS Intelligence
 Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch, January 2026
 N = 2,071: Complete responses

Crucially, digital banks outperform with younger consumers, positioning them to capture further market share. Nearly six in 10 (56%) respondents who use a digital bank as their primary financial institution are millennials or Gen Z, compared to 45% for overall banking customers. Millennials alone represent 38% of digital bank users, a 31% higher concentration than seen

across financial institutions. Bridge millennials—the crossover of older millennials and younger Gen X—also account for an outsized share of digital bank users, at 27% more than the sample average.¹

Gen Z is, meanwhile, 17% overrepresented among digital bank users. The comparatively modest (though still strong) enthusiasm shown by the cohort compared to millennials stands out as something digital banks should carefully consider in their marketing efforts. At the other end of the spectrum, baby boomers and seniors are a potentially overlooked segment, accounting for just 17% of digital bank users, compared to 30% of total financial institution customers.

Two other important demographic trends stand out: income and education. More than half (52%) of digital bank users earn less than \$50,000 per year, compared to only 31% across all financial institution customers. Consumers without college degrees, meanwhile, represent 86% of digital bank users, far more than the 67% seen for the overall sample. It’s worth noting that the younger average age of digital bank users does not explain this education gap, which persists even when we take Gen Z out of the mix.

¹ PYMNTS Intelligence uses the following birth dates and approximate age ranges in 2026 for generational cohorts: baby boomers: born in 1964 or earlier and now aged 61 or older; Generation X: born between 1965 and 1980 and now aged 46–61; millennials: born between 1981 and 1996 and now aged 29–45; bridge millennials: born between 1978 and 1988 and now aged 38–48; zillennials: born between 1991 and 1999 and now aged 26–35; and Generation Z: born in 1997 or later and now aged 29 or younger.

FIGURE 2

Primary bank preferences

Consumers who use selected types of financial institutions for their primary bank accounts, by demographic

	SAMPLE	National bank	Regional bank	Local bank	Credit union	Digital bank
Female	50.6%	47.3%	54.9%	50.4%	56.9%	49.3%
Have college degree	33.1%	45.2%	35.2%	21.1%	25.9%	13.7%
Employed	61.6%	71.2%	58.6%	45.6%	58.3%	55.5%
Have children	38.1%	42.1%	29.5%	37.1%	35.3%	39.2%
GENERATION						
Generation Z	15.5%	16.0%	11.2%	23.9%	8.6%	18.1%
Millennials	29.1%	34.1%	22.0%	16.9%	23.6%	38.0%
Bridge millennials	18.7%	20.3%	14.9%	13.1%	18.5%	23.7%
Generation X	25.6%	24.4%	26.5%	21.9%	31.0%	26.9%
Baby boomers and seniors	29.8%	25.5%	40.3%	37.2%	36.8%	17.1%
INCOME						
Less than \$50K	30.8%	23.5%	26.2%	33.8%	32.4%	52.2%
\$50K–\$100K	29.2%	29.5%	33.1%	30.3%	27.1%	26.2%
\$100K–\$150K	24.5%	24.2%	27.8%	27.3%	28.7%	15.0%
\$150K or more	15.5%	22.7%	13.0%	8.5%	11.8%	6.7%

Source: PYMNTS Intelligence
 Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch, January 2026
 N = 2,071: Complete responses

Digital bank users heavily depend on digital wallets.

When it comes to choosing between payment methods, digital bank users break the mold. In fact, nearly half (45%) of them prefer to pay with digital wallets, more than twice the share seen among national bank customers and about 2.5 times that of other consumers. This matters because PYMNTS Intelligence’s prior Pay by Bank research has found that openness to switching to new payment methods depends on how consumers pay today and their broader day-to-day payment behaviors.

For digital bank users, wallets lead across nearly all spending categories. For example, 41% prefer wallets for retail purchases, with debit cards the closest competitor at 30%. Even for subscriptions and ride-sharing—categories anchored in mobile apps—digital bank users are most likely to prefer paying by wallet.

FIGURE 3

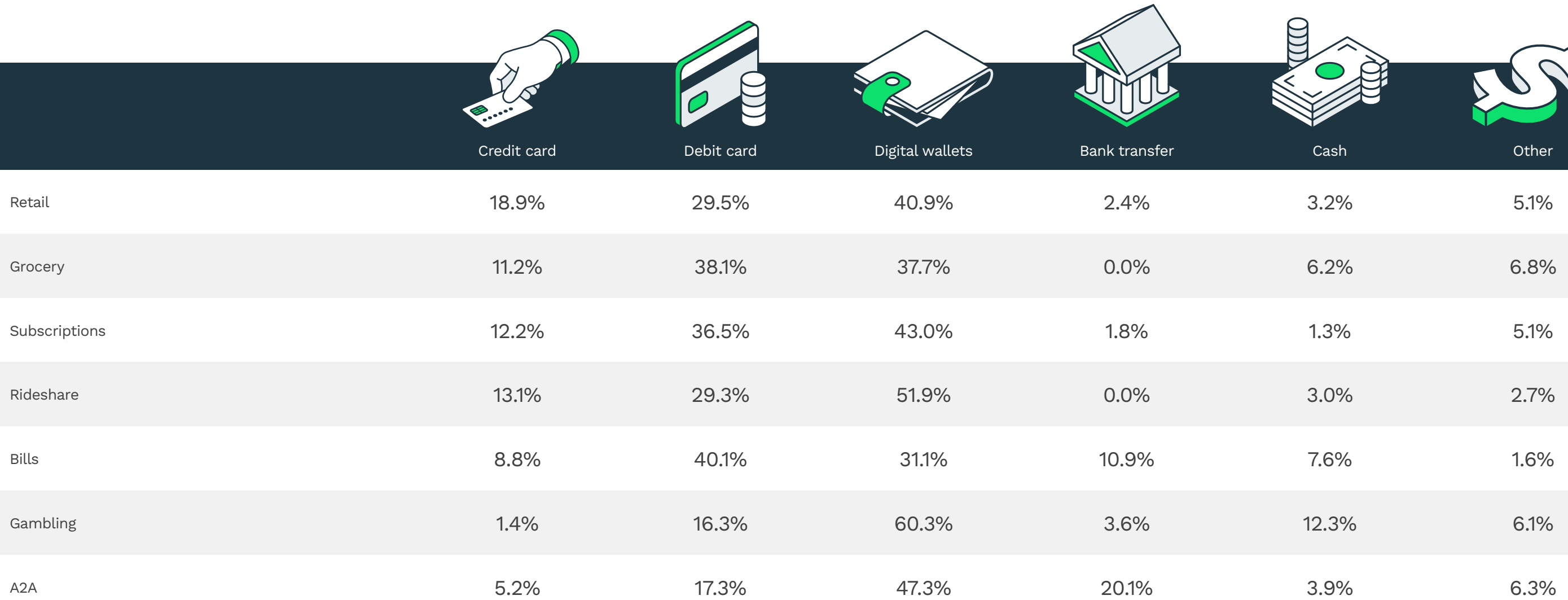
Payment preferences

Consumers who prefer selected payment methods, by primary bank used

	SAMPLE	National bank	Community bank	Digital bank
Credit card	25.2%	28.9%	25.4%	10.1%
Debit card	30.5%	27.8%	34.0%	29.6%
Digital wallets	22.7%	21.8%	17.1%	44.6%
Bank transfer	12.5%	13.7%	13.0%	5.5%
Cash	6.1%	5.2%	7.5%	5.4%
Other	3.0%	2.7%	2.9%	4.8%

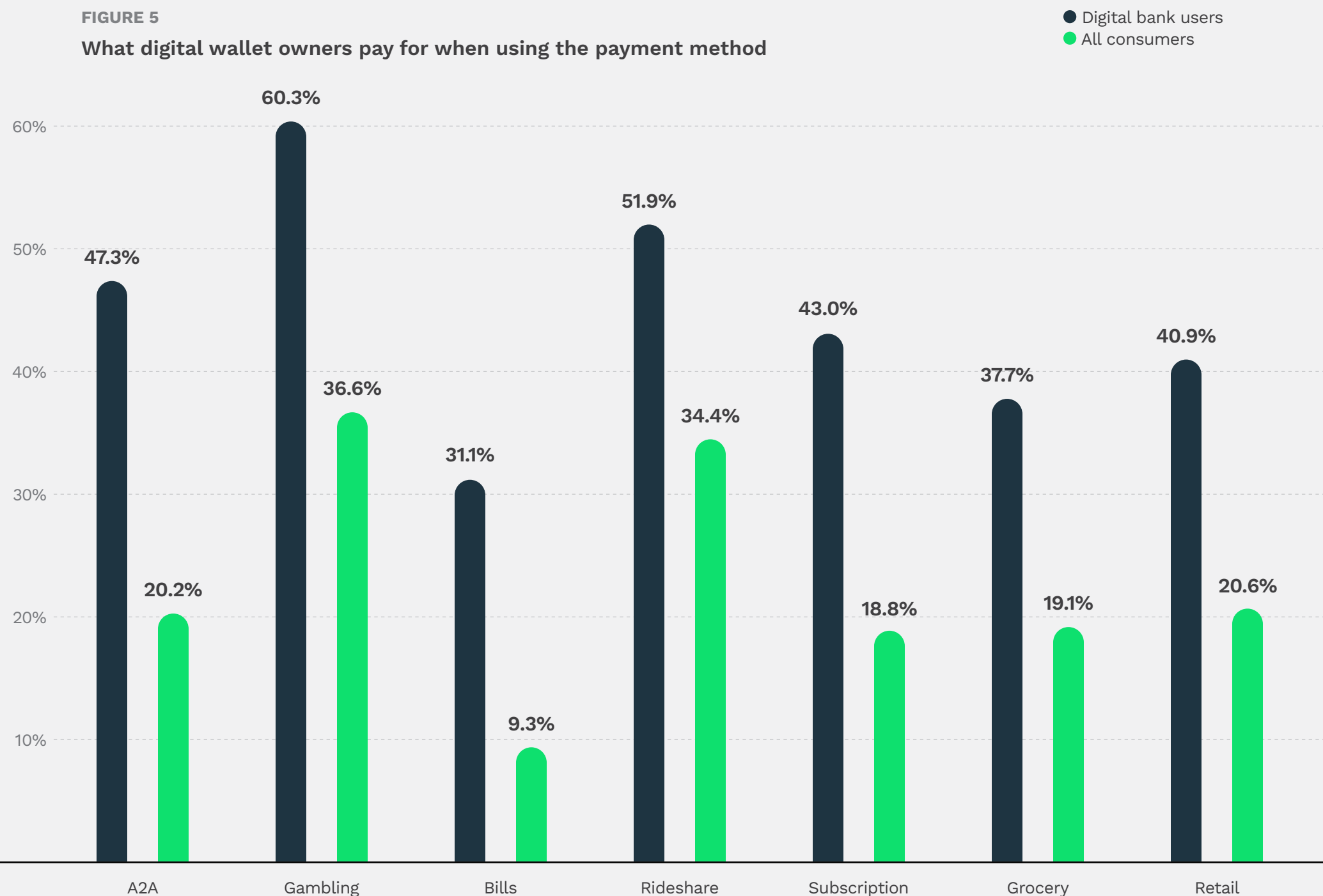
Source: PYMNTS Intelligence
 Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch, January 2026
 N = 2,071: Complete responses

FIGURE 4
What digital bank customers pay for when using their accounts



Source: PYMNTS Intelligence
Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch, January 2026
 N = 666: Consumers who use a digital bank for their primary bank account

FIGURE 5
What digital wallet owners pay for when using the payment method



The preference gap becomes clearer when we compare digital bank users to all financial institution customers. Digital bank users are roughly 2 times more likely to prefer wallets for retail, groceries and subscriptions, and more than 3 times more likely to prefer them for bill pay. Zooming out, these findings make it clear that digital bank users largely see wallets as the go-to way to pay. This means that they are comfortable with non-card-based transactions and logging in to make tokenized payments—flows that map directly into Pay by Bank’s login-and-authorize experience.

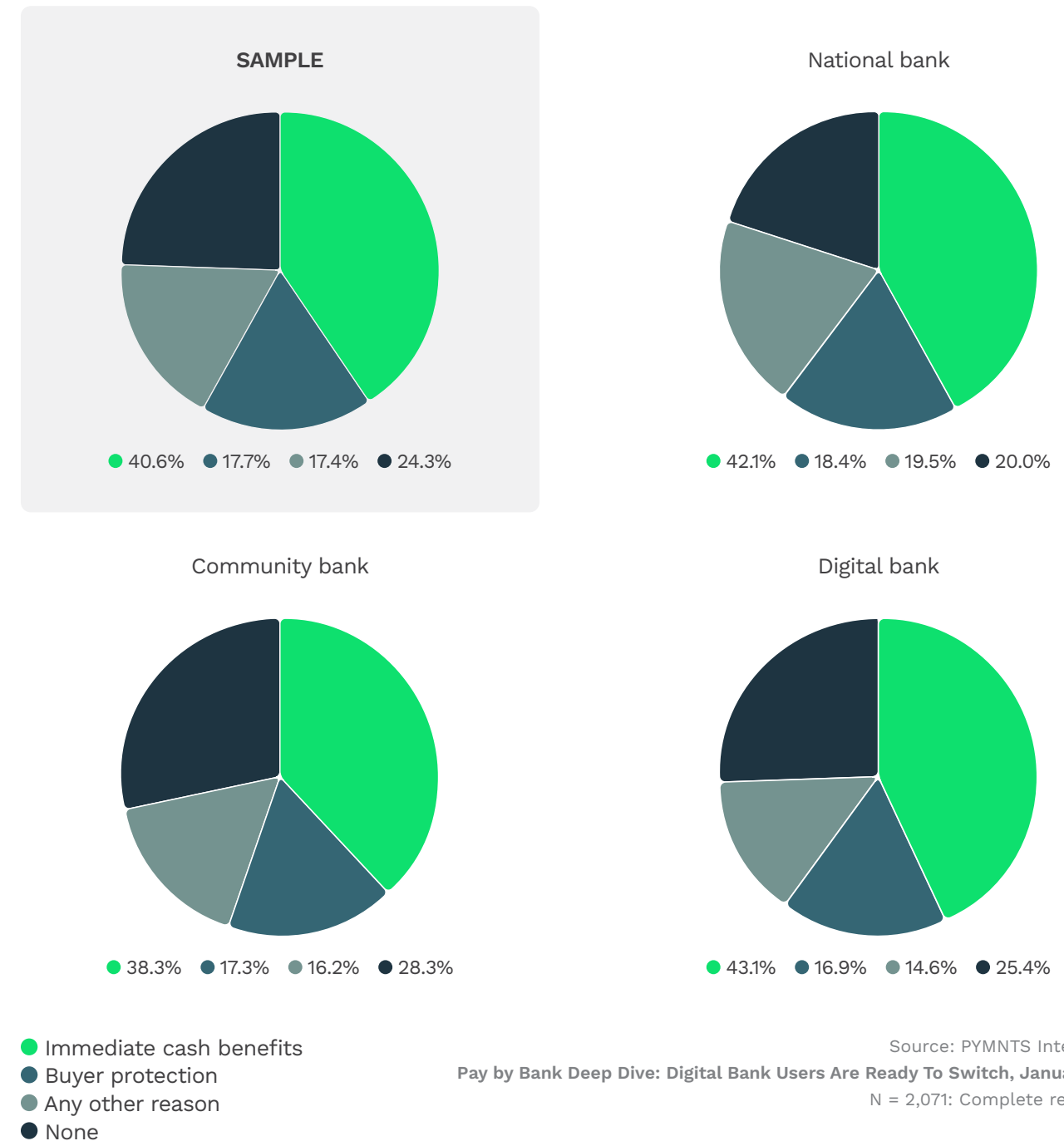
Source: PYMNTS Intelligence
 Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch, January 2026
 N = 2,071: Complete responses

Digital bank users have the same incentive requirements as traditional bank customers.

Fortunately for merchants and financial institutions, consumers respond to the same basic incentives when choosing a payment method, regardless of where they bank. This means that the strategies for converting digital bank users—the segment with the highest potential—to Pay by Bank will also attract those who use large national banks and other types of financial institutions.

Roughly six in 10 bank customers say the most important driver for switching is either cash benefits or buyer protection, with little variation regardless of their preferred financial institution. Among digital bank users, 43% rate immediate cash benefits as the top factor, followed by security at 17%. That said, 24% of respondents across financial institution types indicate that nothing would make them more interested, with digital bank users slightly higher (25%). This underscores the importance of getting the incentive structure right, along with the right messaging to convey the benefits of Pay by Bank.

FIGURE 6
Most important reasons to use Pay by Bank
Consumers citing selected reasons



Source: PYMNTS Intelligence
 Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch, January 2026
 N = 2,071: Complete responses

For digital bank users, switching potential climbs as high as 35% of transactions to Pay by Bank if they receive discounts and buyer protection.

Consumers show a strong willingness to shift large portions of their spending to Pay by Bank when discounts and buyer protections are on the table. For retail, grocery and subscriptions, the share of transactions that could move ranges from 15% to 19%, and it climbs to 22% for bills and 25% for A2A transfers.

Digital bank users push these figures even higher in every category, signaling an especially high-impact opportunity for Pay by Bank adoption. Their switching potential reaches 22% of retail transactions and 25% of grocery purchases, peaking at 35% for A2A transfers. Overall, the switching potential among

22%
of **bill payments could shift**
to Pay by Bank.

digital bank users is 30% and 50% higher than the population average when immediate cash benefits and full buyer protection are provided.

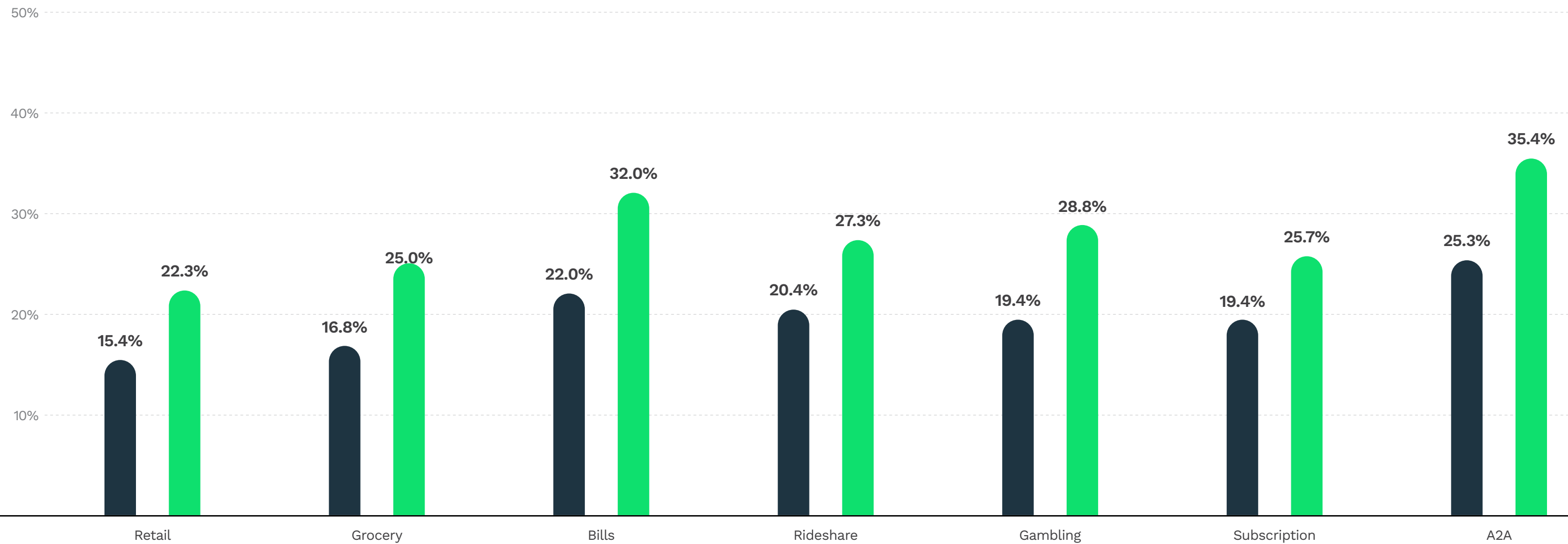
Ultimately, Pay by Bank and debit cards both allow users to make an immediate payment directly from funds in their bank accounts, and both offer merchants lower transaction costs than credit cards. This makes it important for Pay by Bank to be positioned as a substitute for debit. More than seven in 10 (72%) bank customers say they either already view Pay by Bank this way, or they would if it offered rewards, buyer protection or both.

FIGURE 7

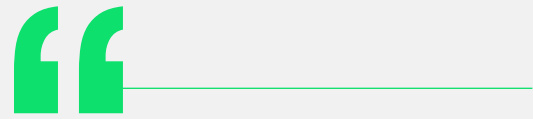
Potential shift to Pay by Bank

Estimated share of transactions that would shift to Pay by Bank if doing so provided discounts and buyer protection

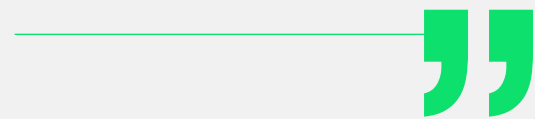
● Sample
● Digital bank users



Source: PYMNTS Intelligence
Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch, January 2026
N = 2,071: Complete responses



Most bank customers would **see Pay by Bank as a debit alternative** if the right incentives were offered.

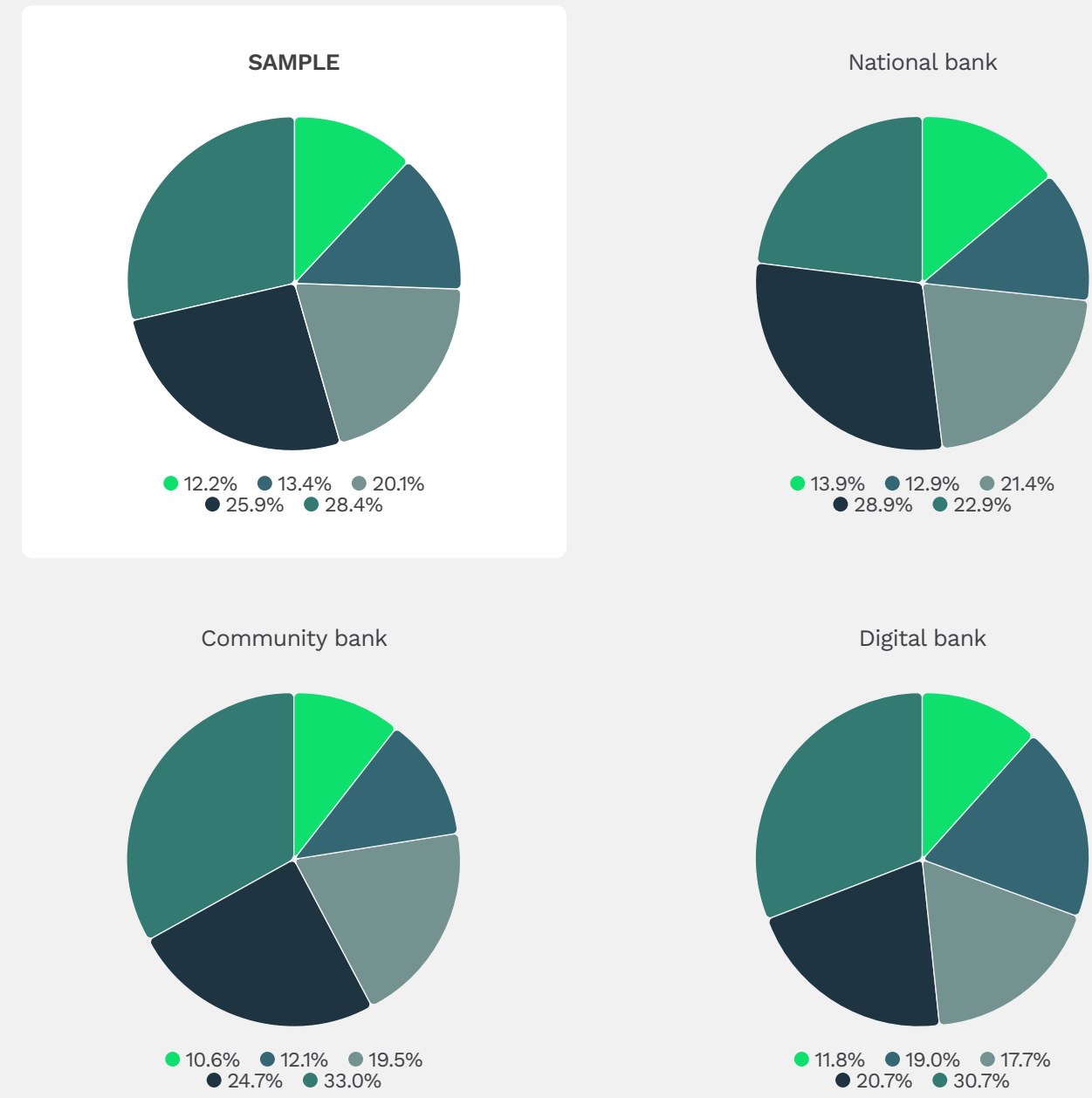


These trends vary relatively little regardless of primary financial institution, though national bank users are more likely to hold this opinion, at 77%, than digital bank users (69%) or others (67%). That said, despite all the interest in switching, only 12% of bank customers today already see Pay by Bank as a substitute for debit. The rest would only change their minds if the right incentives were offered.

FIGURE 8

A substitute for debit cards

Consumers who indicate they view or would view Pay by Bank as a substitute for debit cards under selected conditions



- Currently a substitute
- Rewards
- Buyer protection
- Both rewards and protection
- Never

Source: PYMNTS Intelligence
 Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch, January 2026
 N = 2,071: Complete responses

ACTIONABLE INSIGHTS



01

Digital bank users stand out as a younger, lower-income demographic that is both growing and highly receptive to new payment experiences. Their strong concentration among millennials and bridge millennials positions them as early adopters for more modern payment flows. Banks and providers should tailor Pay by Bank onboarding and messaging to these segments, emphasizing ease, speed and mobile-first usability.



02

Digital bank users' strong preference for digital wallets signals a population already accustomed to login-based, tokenized transactions—behaviors that directly map to Pay by Bank flows. Merchants and financial institutions can use this familiarity to drive adoption across other spending categories, such as retail and grocery, by highlighting frictionless authentication, predictable authorizations and the security advantages of direct-from-bank payments.



03

Despite demographic differences, digital bank users and traditional bank customers respond to the same incentive structures. Immediate cash benefits and strong buyer-security protections dominate interest in Pay by Bank, regardless of financial institution type. This simplifies strategy: A unified incentive and messaging playbook will appeal across the market. Providers should prioritize rewards, clear assurance of consumer protections and a seamless transaction experience to win Pay by Bank conversions.



04

Digital bank users show substantial switching potential when offered discounts and buyer protections. To unlock this demand, financial institutions and merchants should pair discounts or rewards with strong guarantees, positioning Pay by Bank as a low-cost, secure default payment choice.

PAY BY BANK DEEP DIVE:

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METHODOLOGY

Pay by Bank Deep Dive: Digital Bank Users Are Ready To Switch is based on a U.S. Census-balanced survey of 2,071 adult customers of U.S. banks conducted from June 20, 2025, to June 30, 2025. The report examines consumer interest in and willingness to use Pay by Bank.

THE PYMNTS INTELLIGENCE TEAM THAT PRODUCED THIS REPORT:

Lynnley Browning
Managing Editor

Daniel Gallucci
Senior Writer

Scott Murray
SVP, Head of Analytics

ABOUT

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PYMNTS INTELLIGENCE

[PYMNTS Intelligence](#) is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

Trustly

Trustly was launched in 2008 and has grown rapidly over the past 16 years to become a global leader in open banking payment solutions. With a mission to make online payments as seamless as possible, Trustly offers an innovative payment platform, bridging the gap between consumers and merchants. Its technology ensures that transactions are processed in real-time, providing both speed and security for all parties involved.

Trustly's dedication to revolutionizing the payments industry is reflected in its partnerships with major brands such as PayPal, eBay and Hargreaves Lansdown in Europe and FanDuel, T-Mobile and Coinbase in North America. To date, Trustly has transformed the performance and experience of payments for over 9,000 merchants in 30+ markets, connecting them to 650+ million consumers through 12,000 banks. Read more at us.trustly.com.

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