



Prommt

Pay with Prommt
prommt.com

Market Insights: Open Banking Payments

Client Adoption and Success Q4 2023



Complex payments, untangled.

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The Future of Open Banking

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\$330 BILLION USD

According to Juniper Research, the global value of open banking-powered payments will surpass \$330 billion USD by 2027, up from \$57 billion USD in 2023.

132.2 MILLION ACTIVE USERS

As of 2020, 24.7 million individuals worldwide used open banking services, a number that is forecast to reach 132.2 million active users by 2024.

\$59 BILLION USD IN BILL PAYMENTS

Emerging use cases like bill payments are anticipated to contribute over \$59 billion USD in global transaction value by 2027, expanding open banking's potential.

Prommt reports 100% increase in open banking adoption rates

Prommt's Pay by Bank is revolutionising how our clients collect high-value payments, making them faster, easier and more cost-effective. This payment method is based on pan-European open banking regulations, which require all banks to participate.

Following a successful soft launch in July 2022, Pay by Bank has rapidly gained momentum, with an impressive 60% of our clients processing millions through open banking. To put this growth in perspective, back in April 2023, only 30% of our clients were utilising Pay by Bank, marking a doubling of adoption rates. We are currently in the process of rolling out Pay by Bank to our entire customer base before the end of the year.

Pay by Bank stands as an attractive alternative to high-value card transactions, which often come with increasing processing fees. With this switch, our clients enjoy lightning-fast, hassle-free payments directly from their customers' bank accounts. They are able to cut costs and protect margins, by significantly reducing high processing fees, card fraud and chargebacks, and payment operation costs associated with time-consuming bank transfers, drafts or cheques.

The result? Faster settlement and quicker access to funds.

Clients achieve over 93% Payment Success Rates



KEY FINDINGS



Pay by Bank volume has increased 43% in Q3 2023 through Prommt, with clients processing tens of millions per month across the UK and Ireland, and many implementing it as their default payment method.



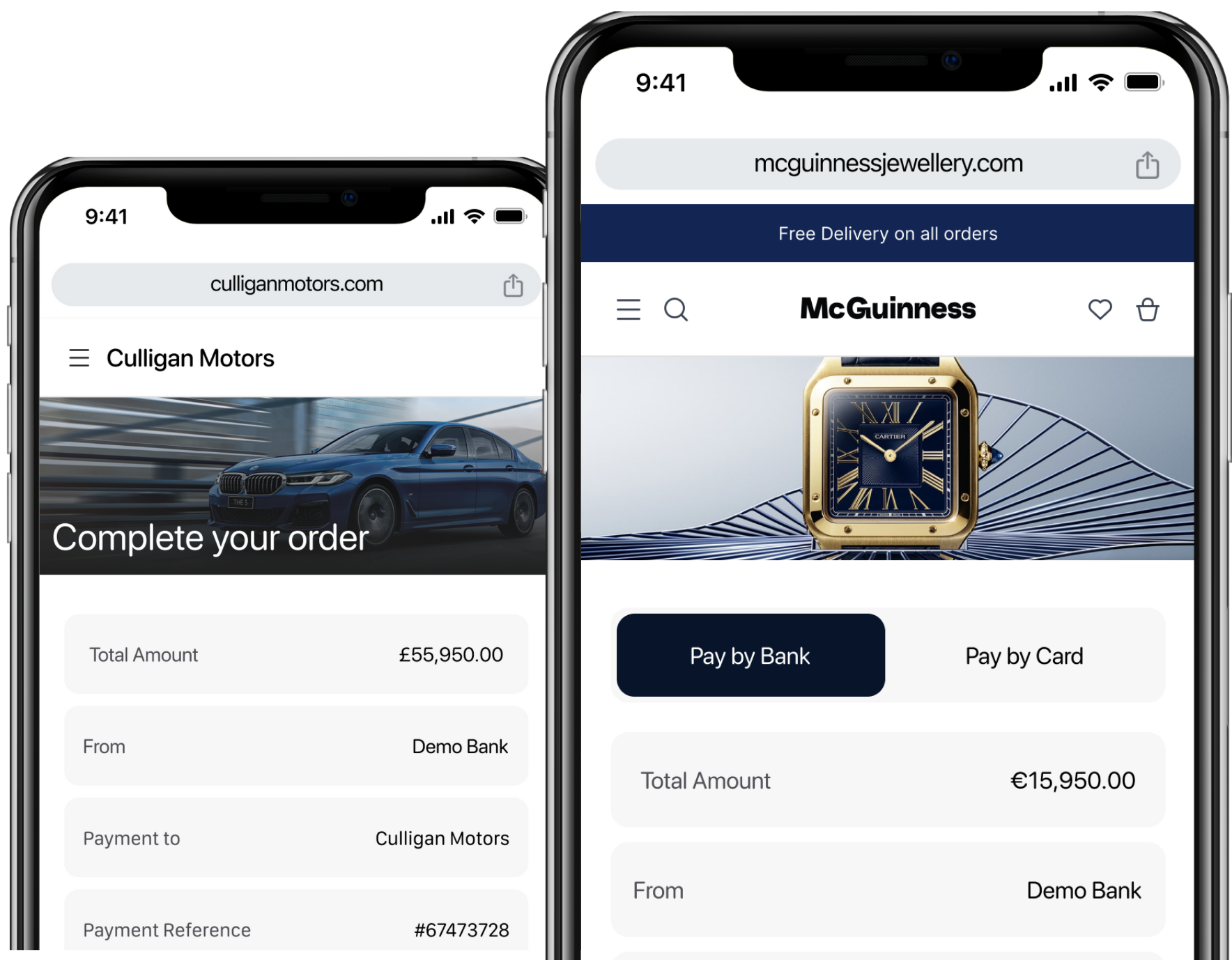
It is particularly relevant for high-value payments. Initially, we observed Pay by Bank's popularity primarily in the context of remote payments. Now it has gained momentum in web payments and in-store transactions, such as in car showrooms.



Offering both Card and Pay by Bank options is paramount in encouraging the adoption of open banking payments. Prommt's award winning orchestration controls are creating significant business transformation, and seamlessly integrate Pay by Bank to checkouts that follow payers wherever they are - text, email, chat, web or in-app.



Orchestration tools enable merchants to set limits for card payments and collect bank payments beyond that threshold, removing card processing fees for high-value payments. This has helped to drive rapid merchant adoption. Explainer documents have been required in some sectors such as Builders Merchants, but not in others.

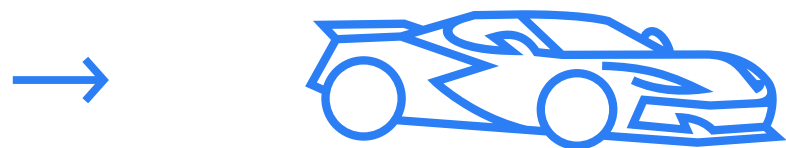


KEY FINDINGS



PAYMENT SUCCESS RATES

On average, our clients achieve over 93% payment success rates following the implementation of Pay by Bank and Card. These rates are significantly greater than the industry average for an Ecommerce transaction.



TOP PERFORMING INDUSTRY

Automotive is our top performing industry for Pay by Bank. The highest value Pay by Bank transaction in Automotive was €72,714.25.



HIGHEST VALUE PAY BY BANK TRANSACTION BY SECTOR

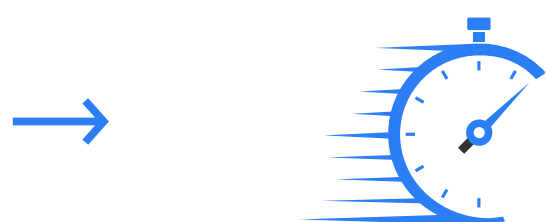
The highest value Pay by Bank transaction within Hardware was £47,077 and within Luxury Retail was £66,400. The highest value within Hospitality was just under £20,000.



PAY BY CARD VS BANK

Open Banking Average Transaction Value (ATV) continues to increase each month. The ATV for a Pay by Bank transaction (£4,040) is four times higher than the ATV for a card transaction (£990). Six months ago, the ATV for a Bank transaction was (£2,390) and for Card was (£675).

This implies two things - Card transactions are not endangered, and Pay by Bank will continue to bring high-value transactions onto our platform.



FAST, EASY AND SECURE

Pay by Bank is transforming how we interact with financial data. For example, there's no longer a need to share complex IBANs and account numbers which reduces the risk of human error. It also provides payers with greater visibility on their transactions and account balance.



PAY BY LINK & WEB PAYMENTS

The Prommt checkout is now available as a Web Payment, not dependent on Pay by Link. We've seamlessly integrated Card and Open Banking payments, creating a powerful synergy that not only drives profitability for our clients, but also elevates the overall payment experience for payers.

INDUSTRY SPOTLIGHT: AUTOMOTIVE

“Pay by Bank allows us to leverage the latest in remote payments innovation, and protect our margins by eliminating card processing fees and reducing fraud, chargebacks & payment administration. We are pleased to offer Pay by Bank as the default payment option in most payment transactions today and our customers are embracing it wholeheartedly.”

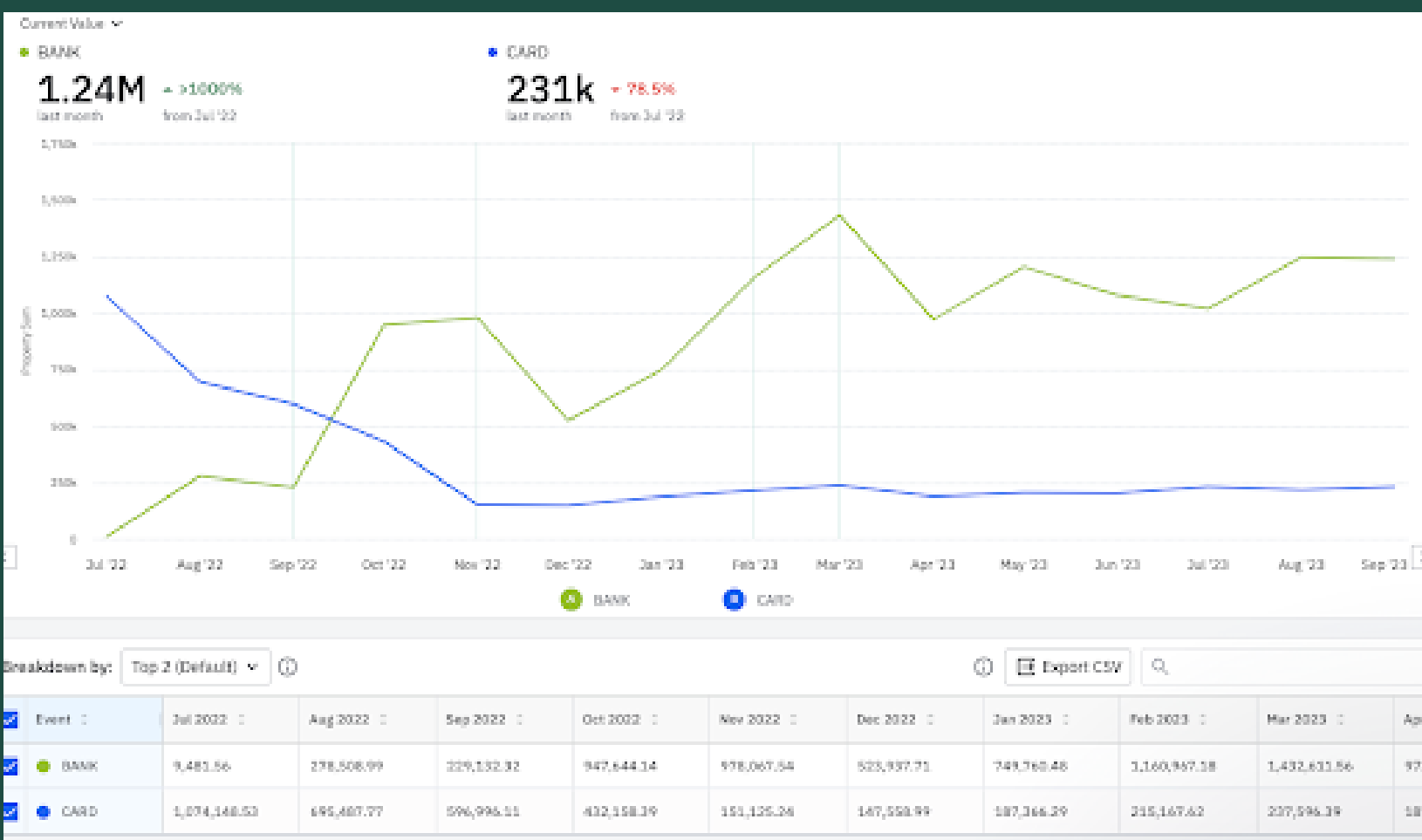
Finance Director at the largest independent auction company in the UK & Ireland

CLIENT SPOTLIGHT: MOTOR GROUP



- 93.6% conversion rate
- Bank surpasses card without card being impacted.
- Cards continue to be used for deposits, servicing and parts sales.
- The introduction of Pay by Bank replaces manual bank transfers, and speeds up reconciliation and move to fulfilment.

CLIENT SPOTLIGHT: CAR AUCTION GROUP



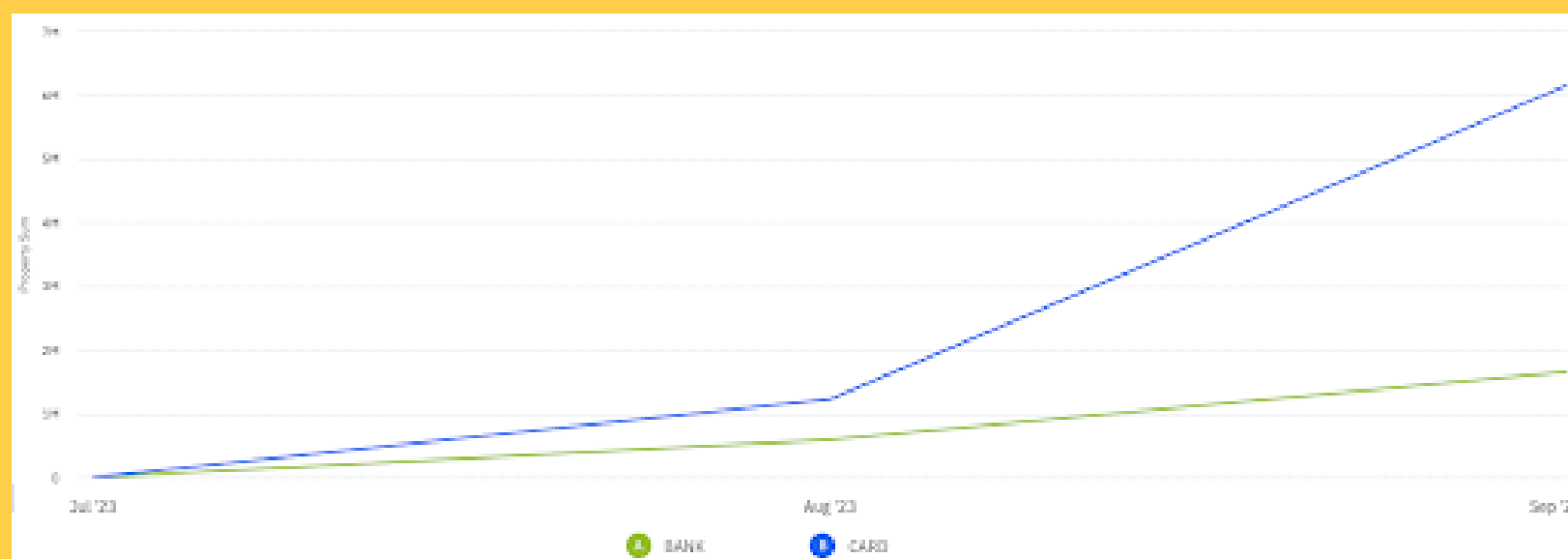
- 88.7% conversion rate
- Aggressive migration to Pay by Bank from Card.
- With a large ATV post auction, this client had bourne significant card processing fees for years.
- With Pay by Bank they’ve seen rapid uptake and are considering removing card payments.

INDUSTRY SPOTLIGHT: AUTOMOTIVE

"We've seamlessly integrated Card and Open Banking payments, creating a powerful synergy that not only drives profitability for our users but also elevates the overall payment experience for payers. Demand has soared for open banking solutions and its ability to empower companies to achieve faster payments with reduced costs."

Donal McGuinness, CEO at Prommt

CLIENT SPOTLIGHT: NATIONWIDE USED CAR GROUP

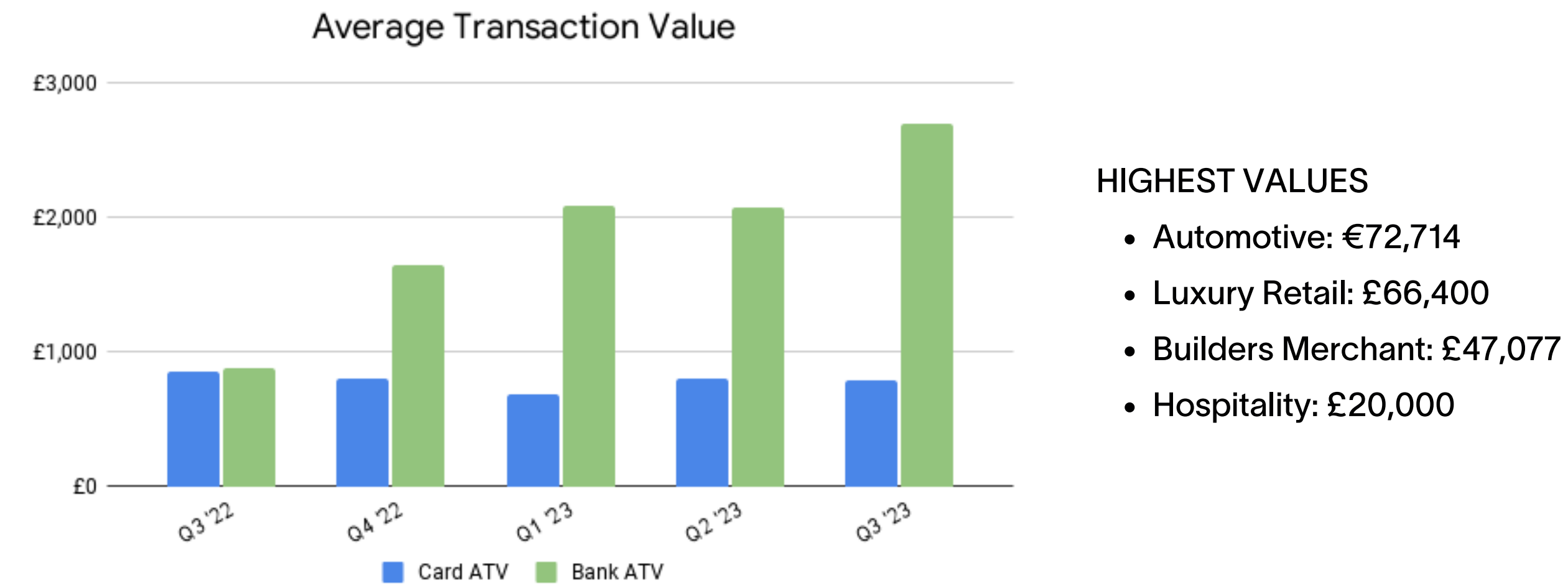


- 84.8% conversion rate
- Immediate adoption of Pay by Bank on launch
- Pay by Bank set to increase further as they begin to introduce orchestration controls.

IMPACT

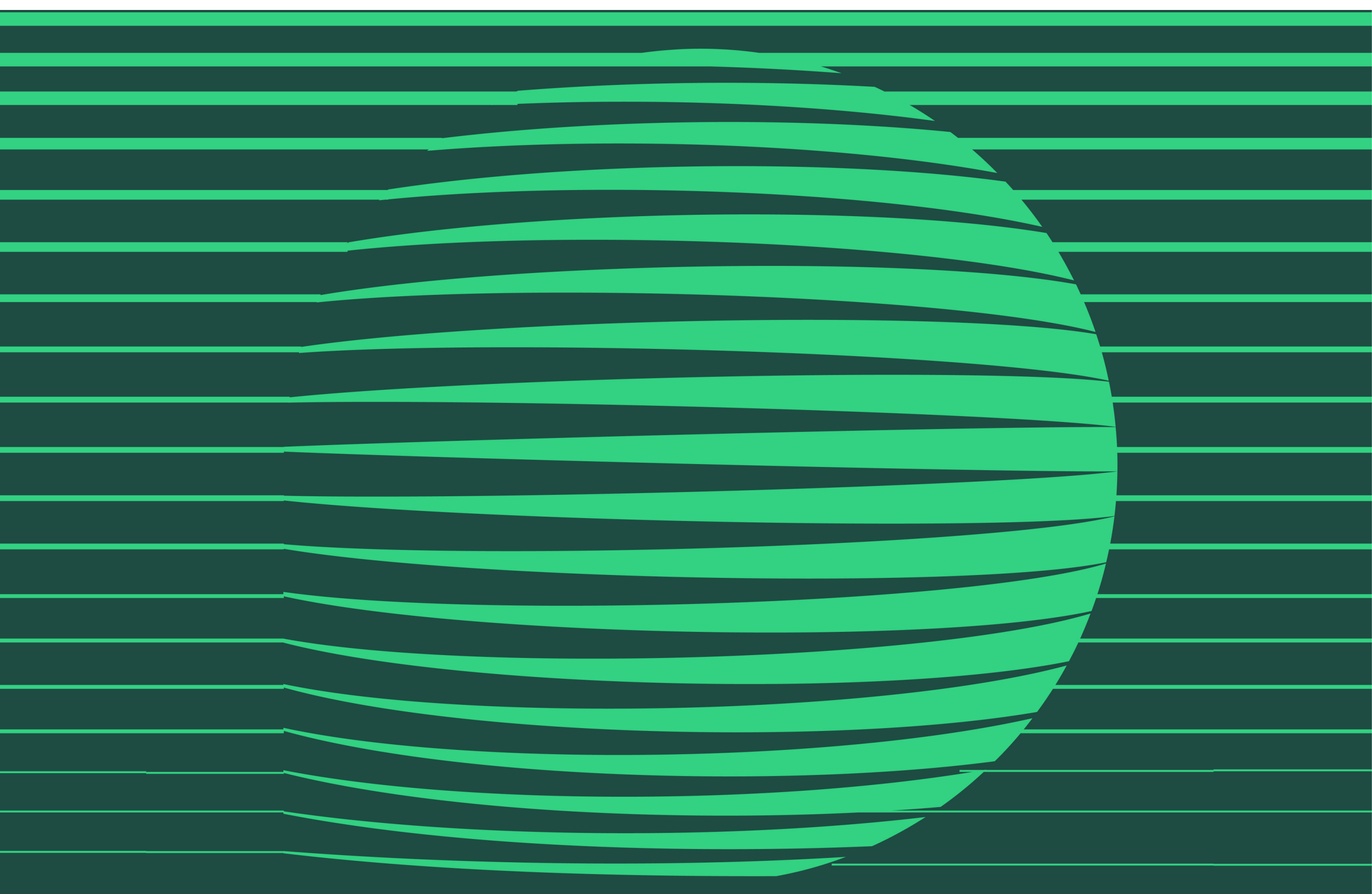
- Within a month, one of our motor group clients doubled their payment volume with Pay by Bank.
- Another client, an independent automotive auctioneer, is processing over 85% of their payments on Prommt via Pay by Bank since within the first two months of its launch. With our Payment Orchestration tools, they encourage customer adoption by presenting the desired payment method to customers (card or bank) based on the transaction size via admin settings. They offer their customers the option to pay by card and bank for any transactions below £1000, and bank only for those above £1000, reducing card fees.
- Prommt web payments are now live at a nationwide car dealership client, whose IT team quickly used our API to integrate to their website and were within a few days collecting payments for new and used car sales. They have rolled out Pay by Bank across their 20 locations and after just a month, they were processing in the millions.
- Pay by Bank deposits direct to the merchant account and provides instant visibility of payment status to sales staff, enabling a 'drive away today' service.
- Pay by Bank brings greater security and speed in all their payment processes, and protects their margins by reducing exposure to card fraud & chargebacks. It enables speedier reconciliation, replacing cumbersome, time-consuming manual bank transfers, and the feedback from both customers and staff has been very positive.

AVERAGE TRANSACTION VALUE: CARD VS BANK



Open banking Average Transaction Value (ATV) continues to increase each month. The ATV for a Pay by Bank transaction (£4,040) is four times higher than the ATV for a card transaction (£990). Six months ago, the ATV for a Bank transaction was (£2,390) and for Card was (£675). This implies two things - Card transactions are not endangered, and Pay by Bank will continue to bring high-value transactions onto our platform.

We see ATV climb as merchants gain an understanding of the solution, see a positive customer response and begin to enjoy significant operational and administration cost savings.



THE FUTURE OF OPEN BANKING PAYMENTS

Open banking is a game-changer for collecting high-value payments, offering a fast, seamless, and secure alternative. It eliminates the complexities of sharing IBANs and manually adding payees, replacing them with a straightforward 'pay by bank' link or an embedded website button.

Pay by Bank is a cost-saving superhero, slashing processing fees, mitigating card fraud and chargebacks, and reducing operational costs associated with lengthy bank transfers, drafts, or checks. This innovation thrives in both high-value B2C and B2B transactions, spanning remote, web, and in-person scenarios. In the near future, expect a seamless convergence of MOTO, Ecommerce, and emailed IBANs.

Card payments are here to stay. As a matter of fact, offering both Card and Pay by Bank options is key to driving open banking adoption. Our clients have achieved remarkable success with this dual strategy, driving consistent growth in volumes of Pay by Bank transactions month on month.



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