

**New Payment Options: Building Stronger Customer Ties With Pay By Bank Transfer, a PYMNTS and Nuvei collaboration, examines consumers' willingness to use online bank transfers for recurring bill payments and online purchases. The findings are based on a census-balanced survey of 2,056 U.S. consumers conducted from Jan. 10 to Jan. 13 regarding their concerns with making recurring bill payments and online transactions and the features that would encourage them to use online bank transfers.**

# New Payment Options:

**BUILDING STRONGER CUSTOMER TIES WITH PAY BY BANK TRANSFER**





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PYMNTS | nuvei

# New Payment Options:

BUILDING STRONGER  
CUSTOMER TIES WITH  
PAY BY BANK TRANSFER

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### ACKNOWLEDGMENT

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# Introduction



Trying new products or services is something consumers frequently do: sometimes to cash in on a promotion, other times for a novel experience or to see if an innovation is all it claims to be. Despite years of payment product innovation, however, credit and debit cards remain the dominant means of payment for consumers.

One explanation for this is that payment products and services are not easy for many consumers to test out. These products and services must demonstrate that they are secure and trustworthy as well as easy, convenient and innovative. As a result, it may be more likely that these innovations first earn consumers' trust before disrupting the online purchasing status quo.

Online bank transfers, for example, have become a popular means for paying bills. This method's consistency and ease of use have endeared it to consumers and allowed it to begin making inroads among shoppers making online purchases. Our data finds a positive feedback loop among those who use this payment method, also called pay by bank transfer: Consumers who try it are far more likely to want to use it again. In total, 44% of consumers who previously paid using an online bank transfer are highly interested in using it again. For banks promoting online bank transfers, this means that the initial push toward adoption is key.

These are some of the key findings in New Payment Options: Building Stronger Customer Ties With Pay By Bank Transfer, a PYMNTS and Nuvei collaboration. The report examines consumers' willingness to use online bank transfers for recurring bill payments and online purchases. The findings are based upon a census-balanced survey of 2,056 United States consumers conducted from Jan. 10 to Jan. 13.

**This is what we learned.**



## **Eighteen percent of consumers used online bank transfers most frequently to pay recurring bills last month.**

After debit cards and credit cards, consumers chose online bank transfers, making this method the third-most popular means of paying bills, data shows.

Consumers use this method because they find it easy and convenient. Thirty-three percent of consumers who paid recurring bills via online bank transfers say ease and convenience are the most important reasons for using this method. Although consumers are using online bank transfers for online payments far less than for bill payments at this time, 42% of consumers who have paid for an online purchase via an online bank transfer say ease and convenience are the most important reasons they used the method.

Consumers also cite security, speed and lower cost as important reasons they use online bank transfers. Eleven percent of consumers who used online bank transfers when making an online purchase say security was the most important reason for their decision to use this method, as did 22% of consumers who used this method to pay a recurring bill.

The relative popularity of online bank transfers is yet another indicator of consumers' continuing reliance on digital commerce and their need for payment options. Seventy-one percent of consumers paid a recurring bill online in the last month, and 66% made an online purchase.

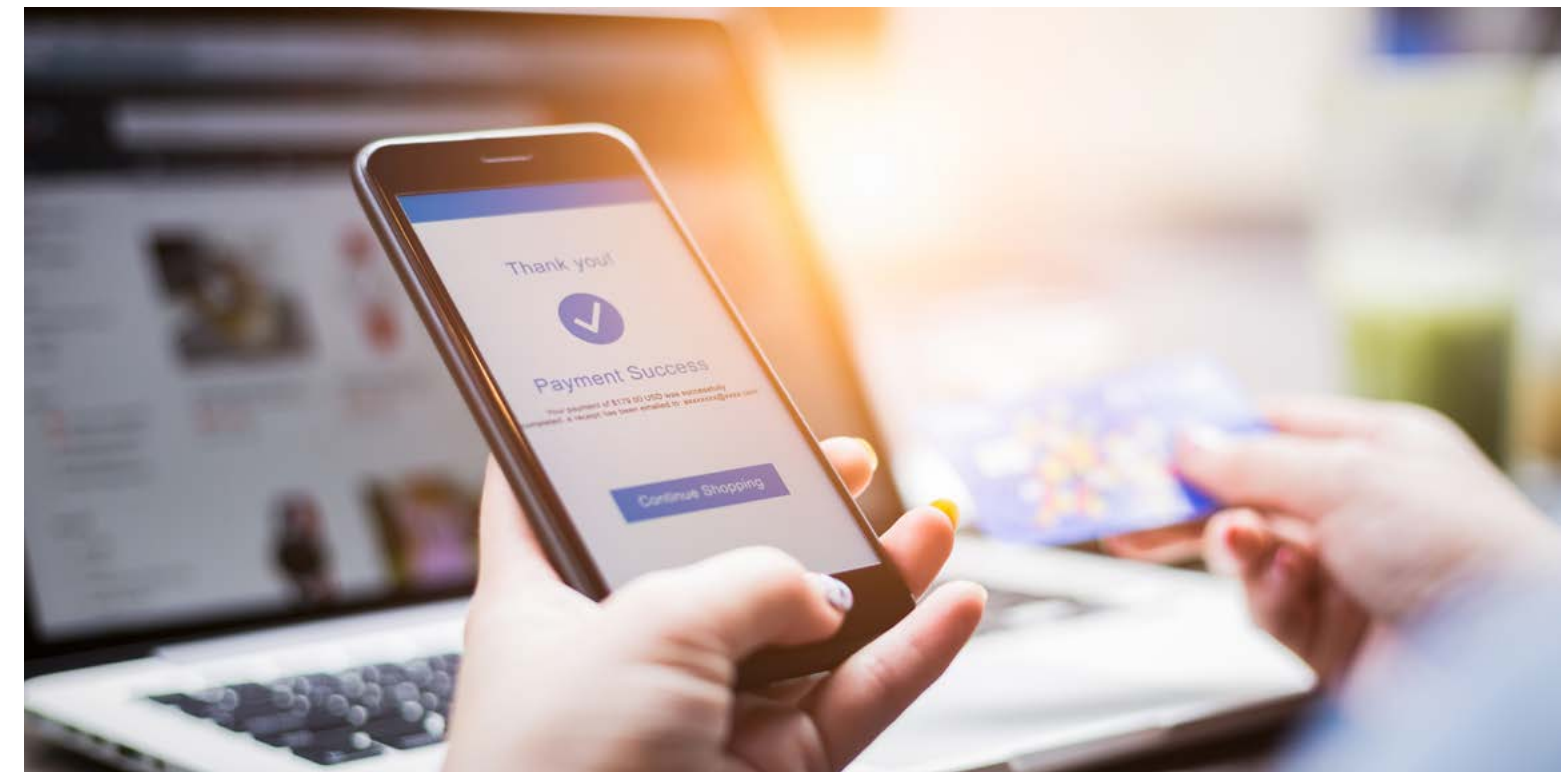


TABLE 1A:  
Why consumers prefer certain payment methods

Share of consumers citing select factors as the most important reason they use their preferred payment method for online purchases, by preferred payment method

	Credit card	Debit card	Digital wallet	Online bank transfer	Stored payment credentials	Cash or check
• Ease and convenience	28.7%	33.3%	32.2%	42.1%	47.6%	12.2%
• Security	20.3%	8.0%	25.9%	11.2%	9.5%	14.9%
• Speed	6.3%	24.9%	21.2%	22.5%	35.4%	42.9%
• Saving money	2.9%	27.4%	7.2%	19.4%	1.0%	20.9%
• Earn points or rewards	35.9%	1.6%	4.5%	2.0%	4.2%	9.1%
• Financing	4.4%	3.0%	8.1%	2.9%	0.0%	0.0%

Source: PYMNTS  
New Payment Options: Building Stronger Customer Ties With Pay By Bank Transfer, April 2023  
N = 2,056: Complete responses, fielded Jan. 10, 2023 – Jan. 13, 2023

TABLE 1B:  
Why consumers prefer certain payment methods

Share of consumers citing select factors as the most important reason they use their preferred payment method for recurring bills, by preferred payment method

	Credit card	Debit card	Digital wallet	Online bank transfer	Stored payment credentials	Cash or check
• Ease and convenience	27.8%	31.3%	34.0%	32.9%	35.3%	17.2%
• Security	19.7%	13.2%	21.5%	22.4%	17.8%	27.5%
• Speed	8.5%	22.7%	19.1%	13.6%	13.2%	15.3%
• Saving money	2.5%	20.3%	5.9%	15.5%	10.0%	19.1%
• Earn points or rewards	37.3%	4.7%	6.5%	11.8%	15.7%	16.5%
• Financing	2.4%	6.5%	12.9%	2.1%	6.4%	3.0%

Source: PYMNTS  
New Payment Options: Building Stronger Customer Ties With Pay By Bank Transfer, April 2023  
N = 2,056: Complete responses, fielded Jan. 10, 2023 – Jan. 13, 2023

33%

Share of consumers who paid recurring bills via online bank transfers who say ease and convenience are the most important reasons for using this method

**Although most consumers do not have issues making online purchases via online bank transfers, those who do seem to find multiple aspects difficult, including initiating disputes with merchants, using the method with multiple devices and making or tracking payments.**

In their most recent bill payment or online purchase, 60% of consumers experienced at least one payment problem, such as a limited number of financing options, the lack of a rewards program or a perceived inadequacy with security.

Although consumers tend to report more friction with using online bank transfers for online purchases than with recurring bill payments, the data suggests that those engaging in eCommerce often report multiple at once.

Nineteen percent of consumers who paid for their most recent online purchase using an online bank transfer report that they encountered some difficulty when initiating a dispute with a merchant. Nineteen percent also say that online bank transfers are difficult to use across multiple devices. Eighteen percent say it is difficult to make or track payments when using an online bank transfer, and 17% say the lack of good financing options is an issue. In addition, 16% of consumers cite discomfort with the security of this payment method.

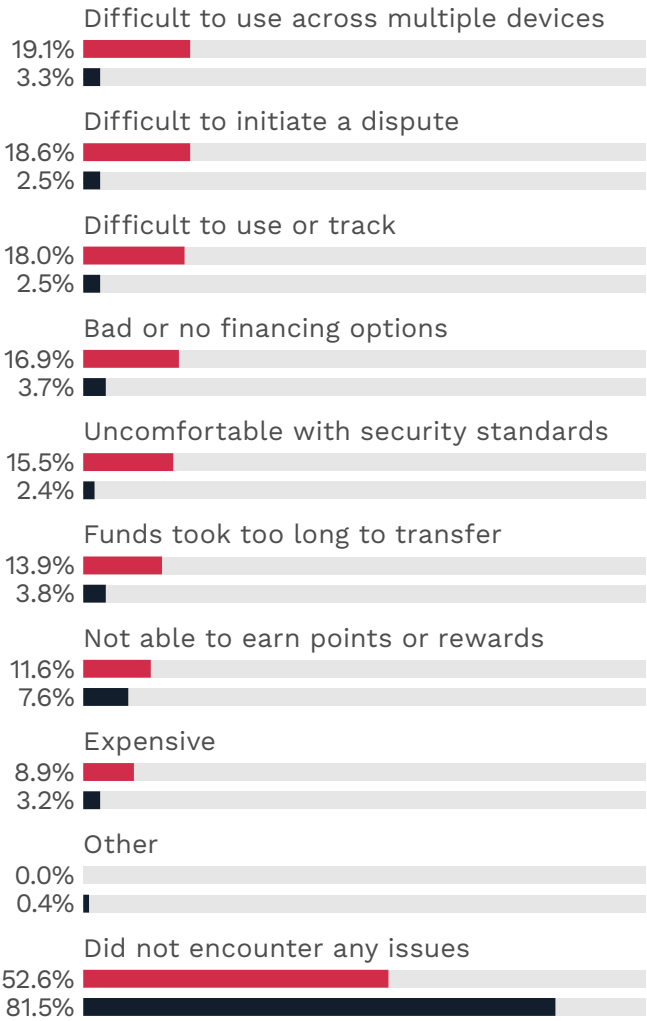
Despite the apparent prevalence of friction for these consumers, 53% of those who most recently paid for an online purchase with an online bank transfer did not have any issues.



**FIGURE 1:**  
The search for a simpler  
online payments process

Share of consumers citing select issues  
experienced when using online bank transfers  
for their most recent online purchase or  
recurring bill payment

■ Online purchases  
■ Recurring bill payments



Source: PYMNTS  
New Payment Options: Building Stronger Customer Ties  
With Pay By Bank Transfer, April 2023  
N = 63: Respondents who encountered at least one issue  
with online purchases; N = 320: Respondents who  
encountered at least one issue with recurring bill  
payments, fielded Jan. 10, 2023 – Jan. 13, 2023

**19%**

Share of consumers  
who paid for their  
most recent online  
purchase using  
an online bank  
transfer who report  
that online bank  
transfers are difficult  
to use across  
multiple devices



## Thirty-five percent of consumers would be very or extremely likely to use pay by bank transfers for retail purchases if a rewards program was available.

The appeal of a rewards program for online bank transfers is a clear example where millennials and bridge millennials, consumers aged 27 to 45 who are highly valued by financial institutions, express a greater interest than other age groups. Fifty-two percent of bridge millennials and 50% of millennials would be very or extremely likely to use online bank transfers to earn points in a rewards program.

Just 23% of baby boomers and seniors are interested in a rewards program for using online bank transfers. Generation X, at 36%, and Generation Z, at 38%, are in the middle.

In addition, interest in a rewards program is far greater among consumers who have already used online bank transfers, at 57%. Just 25% of consumers who have not tried this payment method would be interested in using it if a rewards program were available. Although rewards programs may not convert most consumers who have not yet tried the method, they could be a real lever for loyalty.

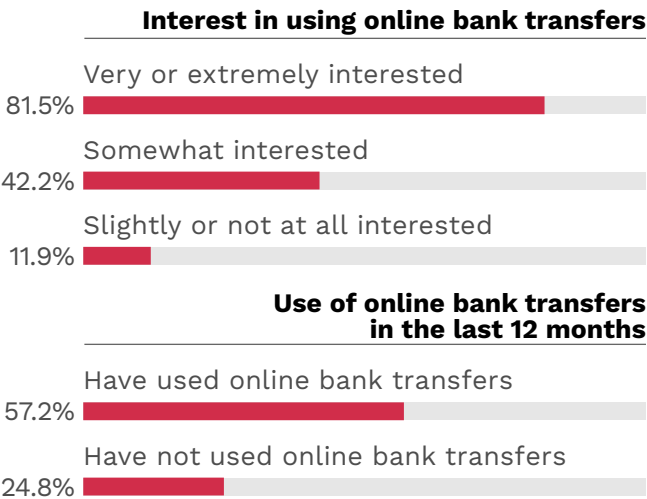
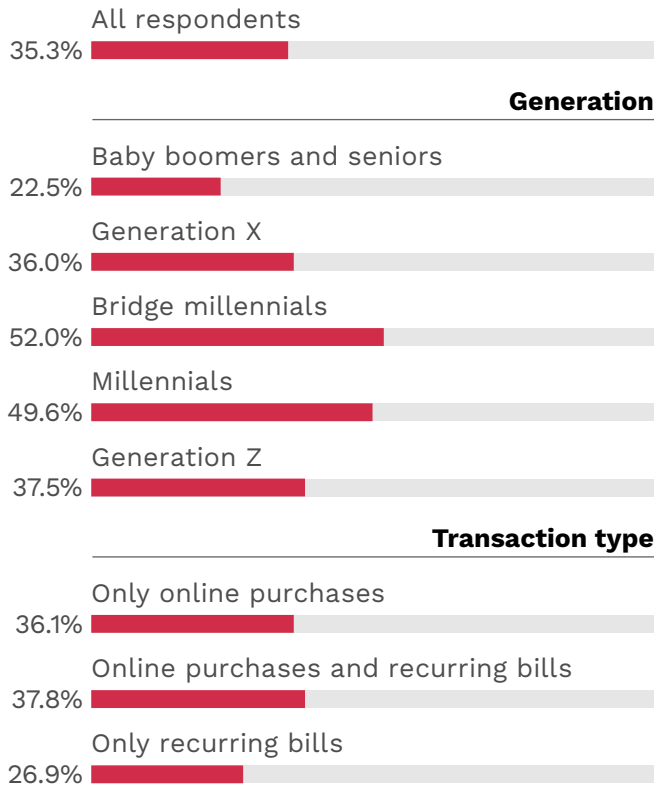
What is the reward consumers want most of all? Cash. Forty-five percent of consumers want a program that gives them cash for paying via online bank transfers. No other potential reward category breaks the 10% threshold. Just 9.6% of consumers say gift cards are their preferred reward, while 8.2% would like discounts.





**FIGURE 2:**  
**What rewards programs need**

Share of consumers very or extremely likely to use online bank transfers when making retail purchases if offered rewards



Source: PYMNTS  
New Payment Options: Building Stronger Customer Ties  
With Pay By Bank Transfer, April 2023  
N = 2,056: Complete responses,  
fielded Jan. 10, 2023 – Jan. 13, 2023



**Roughly one-third of consumers are concerned with online bank transfer security. Trying the method is not a silver bullet, as these concerns are still prevalent among consumers who have used it.**



Consumers are concerned about the security of online bank transfers as a payment method, but it is unclear if experience using this method heightens or eases these concerns.

Thirty-six percent of consumers who have not used online bank transfers in the past year are concerned about the method's security. Among consumers who used this payment method in the past year, the share of those concerned dips — but just to 34%.

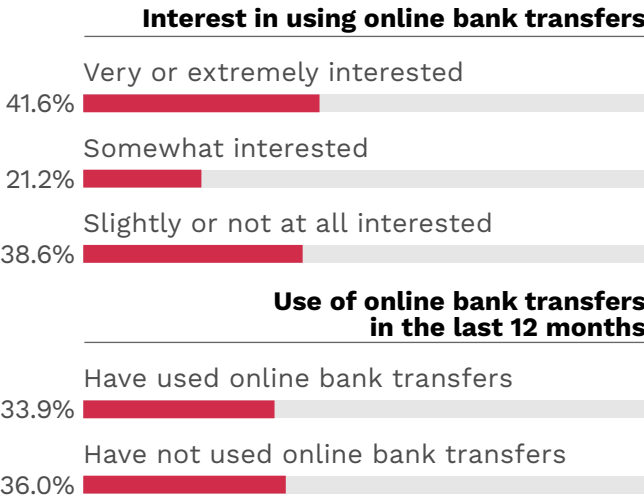
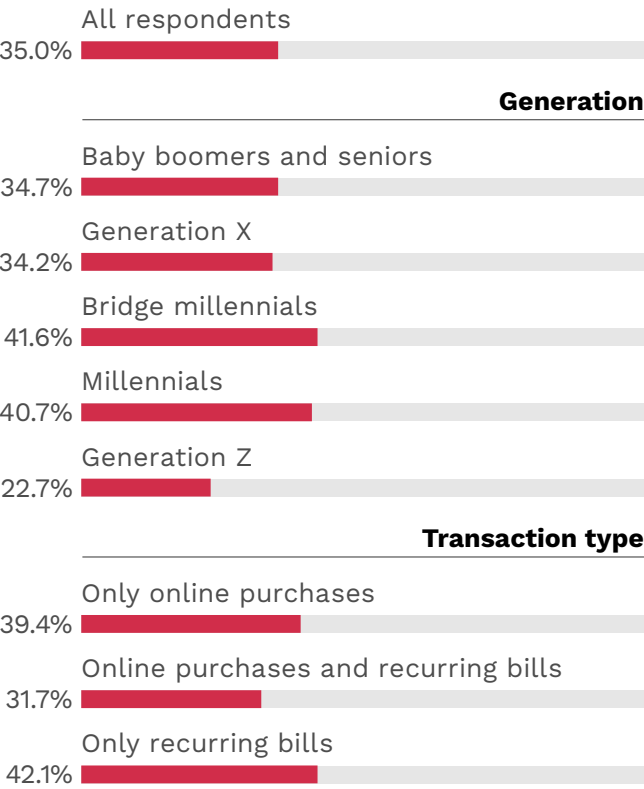
Our data also finds that consumers who used online bank transfers for their most recent transactions are somewhat more sensitive to issues such as the risk of fraud and their ability to trust the merchant. Moreover, consumers who have paid via online bank transfer in the past are just as concerned as other consumers about the difficulty of resolving security problems that might arise.



For example, 73% of consumers concerned about security issues with online bank transfers in the abstract cite the risk of fraud as an issue that concerns them, but 75% of consumers who used online bank transfers in their most recent in-person payment say the risk of fraud also concerns them.

**FIGURE 3A:**  
Where security concerns are strongest

Share of consumers very or extremely concerned about security when using online bank transfers, by demographic



Source: PYMNTS  
New Payment Options: Building Stronger Customer Ties  
With Pay By Bank Transfer, April 2023  
N = 2,056: Complete responses,  
fielded Jan. 10, 2023 – Jan. 13, 2023

**FIGURE 3B:**  
Where security concerns are strongest

Share of consumers who used an online bank transfer in their most recent payment concerned about select security issues



Source: PYMNTS  
New Payment Options: Building Stronger Customer Ties  
With Pay By Bank Transfer, April 2023  
N (red bar) = 1,843: Respondents at least slightly concerned about security when using online bank transfers;  
N (black bar) = 341: Respondents who used online bank transfer for their most recent payment and are at least slightly concerned about security when using it, fielded Jan. 10, 2023 – Jan. 13, 2023

36%

Share of consumers who have not used online bank transfers in the past year who are concerned about the method's security

## Online bank transfers have staying value: 44% of consumers who previously paid via this method are very or extremely interested in using it again.

Consumers who have previously used online bank transfers are more likely to express an interest in using the method in the future than those who would be using it for the first time. Our data shows that 23% of consumers are interested in using online bank transfers when paying for retail purchases in the next year.

Among consumers who used an online bank transfer, 44% are very or extremely interested in doing so again. The challenge is getting consumers to try the method, as just 12% of consumers who have not previously used online bank transfers are highly interested in using them in the future.

Online bank transfers have had a somewhat limited presence in the payments market, but usage is growing: 35% of consumers used online bank transfers for online retail payments in January 2023 — a rise from 33% in May 2022.





Moreover, consumers may be ready to consider this method a key payment option and one they expect financial institutions and merchants to offer. Our data finds that just 14% of all consumers would switch where they bank to access online bank transfers. But 29% of consumers who used the payment method for online purchases would switch where they bank to have access to online bank transfers.

Moreover, the interest in online bank transfers is strongest among younger demographic groups who are a key part of banks' customer bases. Twenty-six percent of Gen Z consumers, 37% of millennials and 36% of bridge millennials are interested in paying for retail purchases via online bank transfers in the next year.



# Conclusion

Consumers have already established online bank transfers as a common means for paying recurring bills. Now the challenge for the financial institutions and FinTechs that want to promote the broader usage of this method is how to motivate more consumers to try the method for bills and online purchases. Consumers already want to earn rewards points and benefit from other promotions when using this payment method, and those who follow through are far more likely to use the method in the future than consumers who have not yet had the opportunity. How providers of online bank transfers respond to consumers' stated preferences — and move to convert new users — will determine the next stage of development for this still-growing market.

# Methodology

New Payment Options: Building Stronger Customer Ties With Pay By Bank Transfer, a PYMNTS and Nuvei collaboration, examines consumers' willingness to use online bank transfers for recurring bill payments and online purchases. The findings are based on a census-balanced survey of 2,056 U.S. consumers conducted from Jan. 10 to Jan. 13 regarding their concerns with making recurring bill payments and online transactions and the features that would make them more willing to use online bank transfers.



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PYMNTS is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

## nuvei

Nuvei is bringing payments up to speed. Our future-proof technology allows businesses to accept cutting-edge payment options, optimize new revenue streams, and get the most out of their stack. With a single integration and advanced customization tools, Nuvei delivers flexibility that enables businesses to adapt quickly and enter new markets seamlessly. From finding new opportunities to converting more sales, Nuvei is the innovative platform that accelerates your growth.

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