



**VISA**

## Open banking, open possibilities

Unlocking the power of  
financial data for payments  
and financial services



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## Open banking puts consumers in control.

Consumers have been moving toward open banking for a variety of reasons – from enjoying smoother financial journeys to gaining a clearer understanding of their financial data and enhancing the payment experience.

As consumer adoption reaches critical mass in the U.S., attention is shifting beyond the foundational components of open banking networks toward experiences that put consumers firmly in control of their financial data.

**This report unpacks a Visa commissioned survey detailing the experiences, features and outcomes consumers expect when using open banking powered services.** We provide insights to help financial institutions, merchants and fintechs better understand their customers in order to drive new solutions that deliver best-in-class consumer experiences.

Visa has more than 60 years of experience partnering on solutions to power the customer journey in payments and financial services. Visa Open Banking Solutions offers products that are designed to empower consumers through management of their financial data – supporting use cases that make consumer payments and financial lives more simple, reliable and secure.

– **Ben Glock**

Senior Director, Open Banking

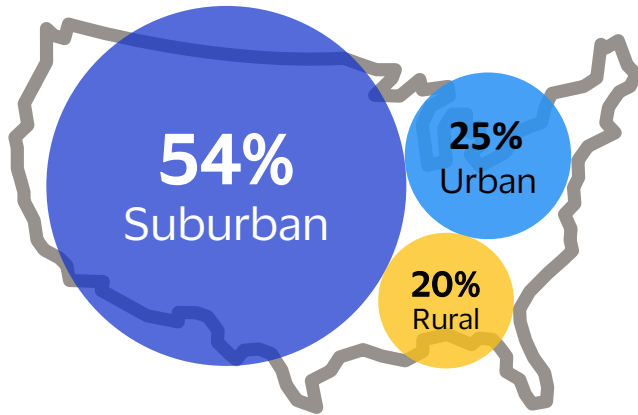




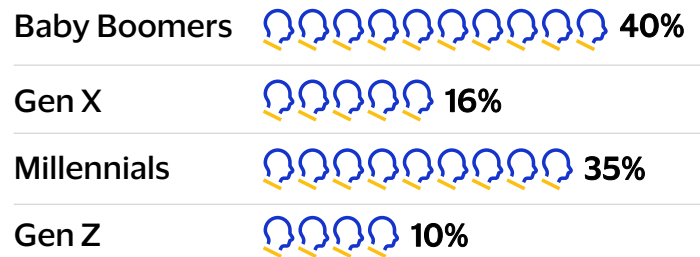
# About this survey

In September 2023, Visa conducted a consumer survey to determine perceptions, preferences, and trends around how U.S. consumers interact with and use open banking. This survey was administered digitally, and captured 1,516 respondents reflecting the below criteria<sup>1,2</sup>:

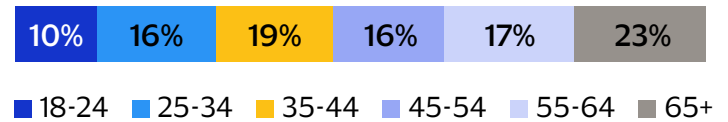
## Residence Location<sup>3</sup>



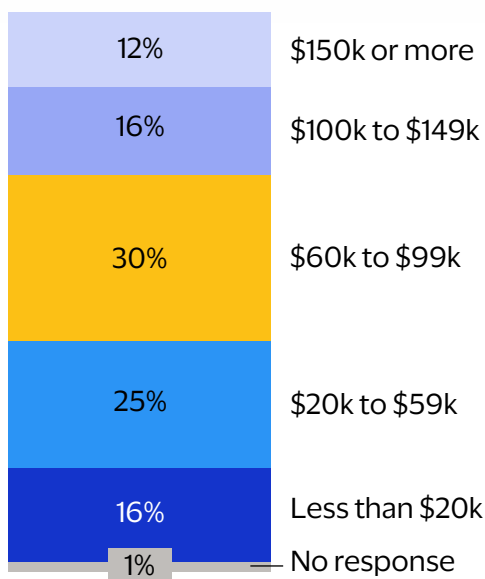
## Generational Distribution



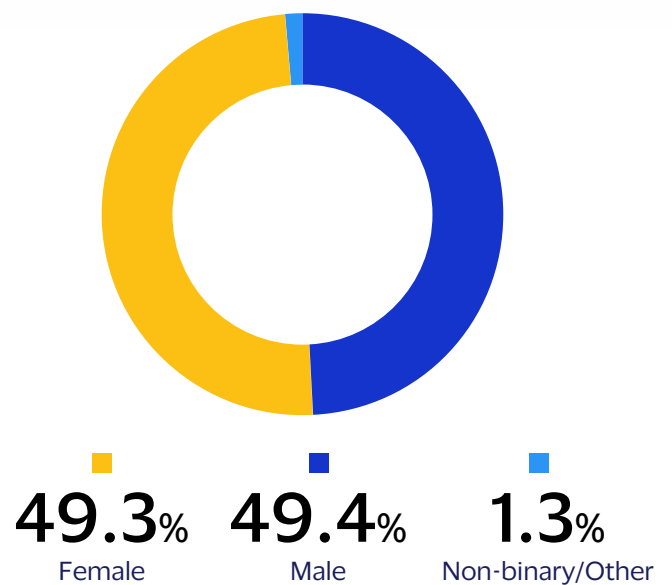
## Age Distribution



## Household Income



## Gender Distribution



Note: Unless otherwise indicated, all figures and statistics used throughout this report are from the Visa consumer survey described above.

1) Sample details: n=1,500; Household income, gender and age distributions are US census representation;

Reporting notes: Statistical testing conducted at 95% CI for data cuts and has been omitted for bases under n=30; Baby Boomers represents 55+.

2) Total summation of charts may not equal 100% due to rounding

3) Other residential location excluded due to minimal representation

# Open banking is nearing full penetration in the U.S.

91%

of consumers link their financial accounts to third parties

Open banking is defined as a system in which a user gives a third-party permission to connect their financial account to receive a service. This sharing of data can enable new, more convenient experiences for consumers, and it has taken off.

As digitally-savvy consumers seek out these experiences, adoption and usage of connected financial services continues to increase. In fact, consumer adoption of experiences powered by open banking is nearing ubiquity, with 91% of U.S. consumers already benefiting from them. This represents a 4% increase over a 2022 Visa commissioned survey.

When it comes to younger consumers, the numbers are even higher, with 96% of Gen Z indicating they have linked their financial accounts to apps and websites.

Consumers increasingly expect the ability to benefit from control of their data – and are focused on the improved experience that permissioned data sharing and account-based payments can provide.

## Consumer usage of open banking powered services in 2023



69%

P2P payments



66%

Bill pay



34%

Account funding



33%

Taxes



31%

Financial management



28%

Loan application



# How open banking is enabling the future of payments

# Improving the account-based payment experience

There's no denying that consumers are participating in account-based payments, also known as pay-by-bank. Consumer bill pay generates more than \$10 trillion of ACH payments volume per year<sup>1</sup>, and use cases like account funding and peer-to-peer payments continue to grow.

However, the experience of actually making an account-based payment can still fall short of that offered by card payments. Paying with a bank account often involves manually entering account and routing numbers, which can be challenging to look up, time consuming to enter, and introduce room for error. Developing a better pay-by-bank experience must begin with innovations around benefits that consumers value.

## What influences consumers to select a payment type?

Security & trust



Fraud protection



Convenience



Points & rewards



Merchant steering



<sup>1</sup>) Nacha Network Statistics <https://www.nacha.org/content/ach-network-volume-and-value-statistics>



# Pay-by-bank occurs across several digital segments

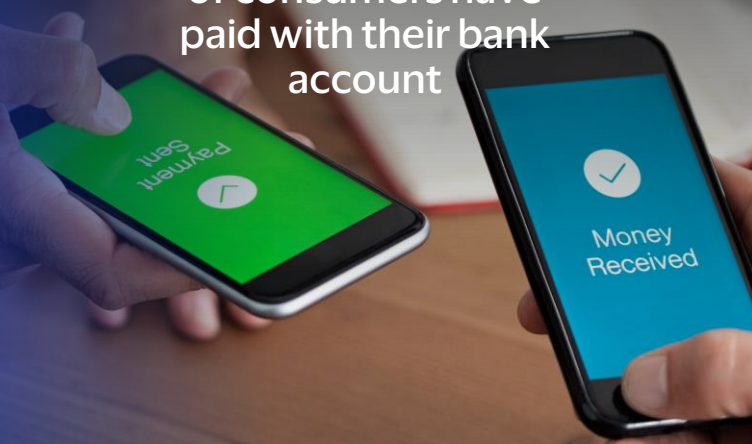
Almost everyone has paid with their bank account at some point. However, even as pay-by-bank continues to grow, U.S. consumers continue to rely on debit and credit cards.

Nearly 60% of consumers reach first for a debit or credit card to make a bill payment, even when paying with a bank account is an option – and only 15% are influenced by merchant preference, such as a payment method being the default suggestion at checkout.

Consumers typically choose payment type based on their perception of security, trust and convenience. Almost 70% of cardholders prefer to use cards to benefit from purchase protections, and over half cite convenience when reaching for a card. Incentives also matter, with 46% of cardholders citing points, rewards and discounts as driving preference towards credit cards.

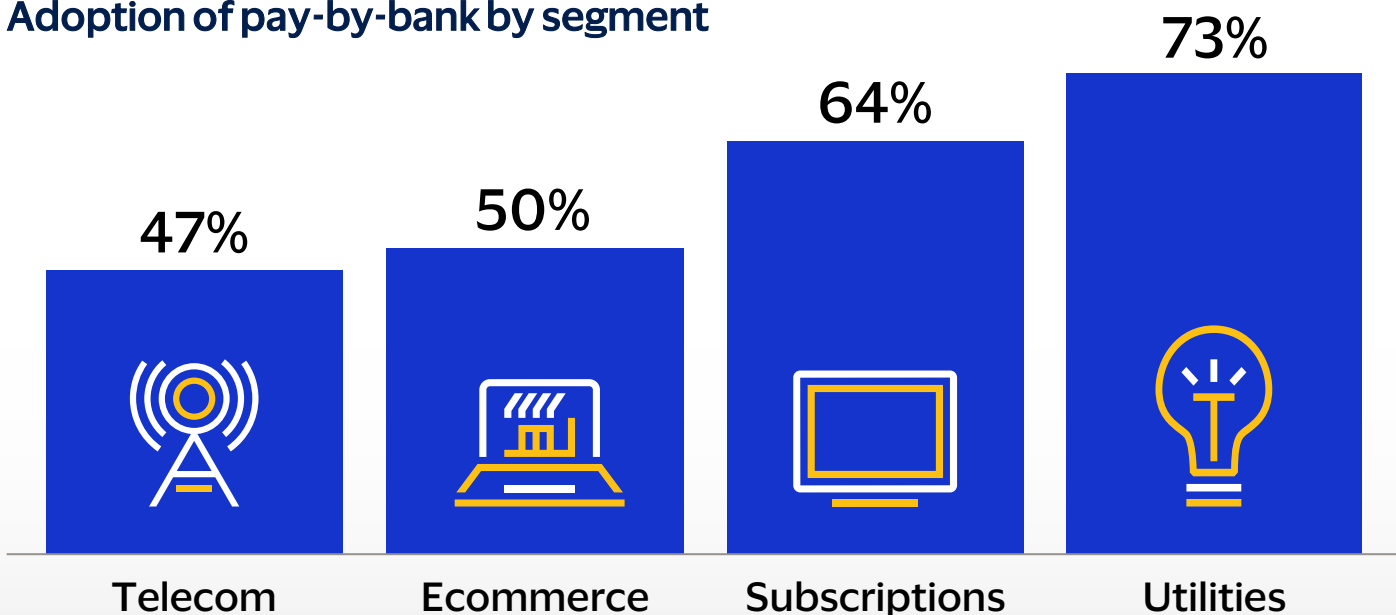
# 93%

of consumers have paid with their bank account



Card primacy persists, but many consumers still make payments with their bank account, and about a quarter of consumers always prefer to pay with their bank account for an online transaction. Penetration of pay-by-bank is particularly high in bill pay, where the option to pay with a card isn't always available, and nearly half of consumers prefer to pay bills with their bank account.

## Adoption of pay-by-bank by segment

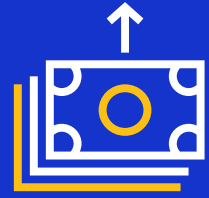




# Open banking drives better account funding experiences

Acquiring new customers is expensive and time consuming. Enabling those customers to fund newly opened accounts during onboarding is vital. However, the process of funding a newly opened financial account can be filled with friction. New customers will walk away if the process is too hard. Nearly 1/4 of consumers reported choosing not to fund a new account because it was too difficult to deposit funds. Open banking helps solve this challenge.

44% of consumers prefer to fund newly opened accounts with an existing bank account and consumers are doing so in droves, with 72% having funded a new account from their primary bank. Yet there's also room for alternative funding methods. Funding an account by debit card, a method enabled by technologies including Visa Direct, is preferred by 38% of consumers. Ultimately, offering payment choice is important to customer retention and satisfaction.



# 72%

of consumers have funded a new financial account from their primary bank account

## What type of accounts are consumers funding from their bank?

**45%** Payment app or wallet

**33%** Saving account

**28%** Checking account

**18%** Brokerage

**9%** Crypto



# How does open banking support financial planning and lending?

# Improving consumer financial health

Allowing consumers to manage the sharing of their financial data across various accounts — from checking and savings to cards, investments, and loans — has made it possible for financial service providers to develop more innovative, personalized experiences for their customers.

Today, the average consumer has over 5 financial accounts<sup>1</sup>, and many have more. Amidst this complexity, 54% of consumers benefit from open banking to help manage their financial planning, apply for loans, and file taxes.

**When it comes to data use cases, two categories stand out – personal financial management and lending.**

Finances may be complicated, but consumers are in the driver's seat – 71% actively manage their financial lives by working with advisors or through digital tools on apps and websites, such as personal financial management (“PFM”) experiences.

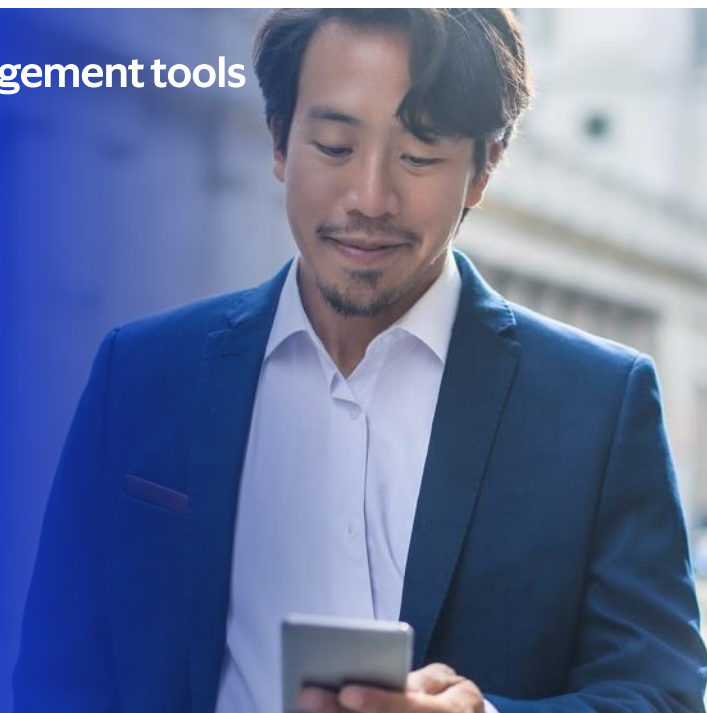
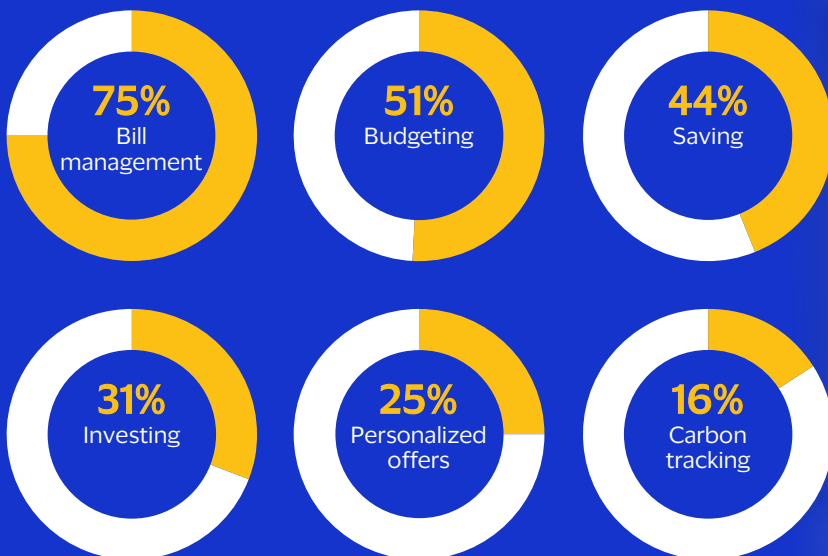
In many cases, consumers turn to their primary financial institution to help manage how they spend, save and invest. Today, 34% of consumers are using tools within their primary bank app to track spending, get help with budgeting, and set savings goals. Still, there's significant room for growth for bank apps, with 75% of consumers saying they would be likely to adopt financial management tools if presented to them in their bank app.



# 54%

of consumers use open banking for personal financial management, taxes and lending

## Consumer engagement with financial management tools



<sup>1</sup>) Javelin Strategy & Research. ATM Banking: It's Not Just About Cash Withdrawal Anymore. June 2019.



# Personal financial management is a lifelong journey

Consumers value tools and features that can help them manage their financial lives over time, across short-term, medium-term and long-term goals. Many focus short-term on budgeting to ensure they have enough money left over after bills. Then, consumers turn to savings, hoping to build emergency funds and afford larger expenses like a car. Once a savings cushion has been accumulated, consumers focus on growing wealth for future goals, such as a down payment on a home, education expenses, and retirement. These goals can be supported by open banking powered experiences that help consumers better understand and manage their financial lives.



## Features that consumers would use in their PFM tools

### Budgeting



Spending limit notifications

78%



Categorized transactions

74%

### Saving



Monthly money saved tracker

80%



Interest rate comparison

62%

### Investing



Cost of investment product

70%



Portfolio performance vs. benchmark

66%



Estimated tax bill for gains

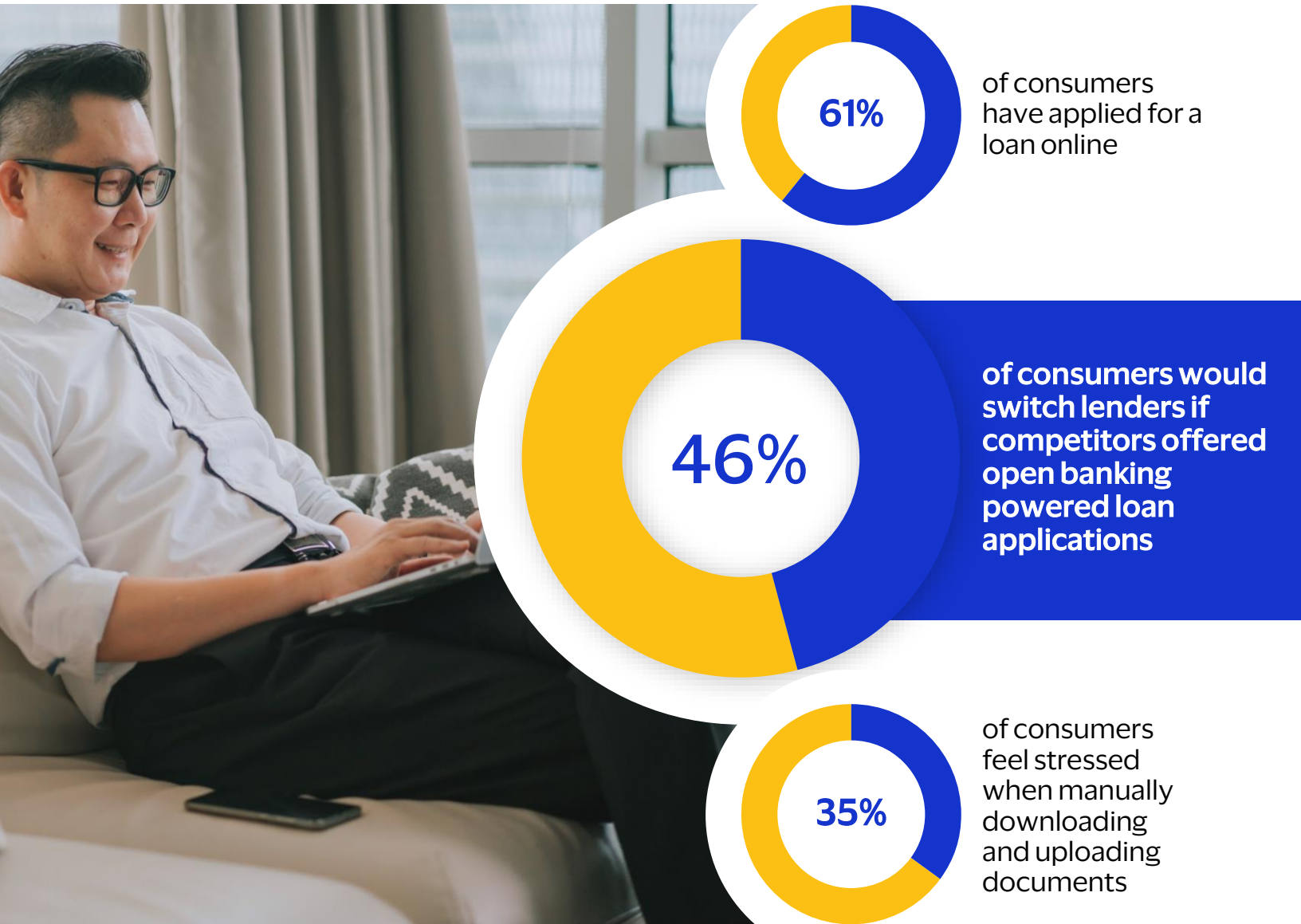
59%

# Making inroads in loan underwriting

90% of consumers in the U.S. have applied for a loan at some point in their financial journey. However, even for financially healthy consumers, applying for a loan can be daunting. The application process is often confusing and cumbersome. Manual entry of financial data is still common, with 44% of consumers typing in information about their income and assets. Document uploads can introduce even more challenges. Almost a quarter of consumers report needing to download and upload financial statements which can cause stress and lead to high drop-off rates for lenders.

**Open banking can help reduce friction for consumers going through an application journey.**

When lenders have more holistic data on applicants, they can potentially extend credit to consumers who have thin or nonexistent credit files. This is made possible by allowing consumers to share details such as their income, expenses, and assets. Cash flow underwriting can also be used to improve access to credit for consumers with a thin credit file or lower credit score.





# What experiences do consumers have when linking their accounts?



# The importance of a seamless user journey

When offering open banking powered services, the user journey always starts with a consumer connecting their financial account and providing permission to share data or initiate a payment. While open banking technology has come a long way, consumers still report frustration during the account linking process.

**62% of consumers have encountered some type of issue when linking financial accounts.**

When customers can't link accounts, they are unable to pay bills, fund an account, receive financial management advice, apply for a loan – or benefit from any other open banking powered services their financial service providers offer. The ability to share data and make payments is so important that 42% of consumers would consider switching financial institutions if they have trouble linking their financial accounts with third parties.

Rather than a single source of frustration, consumers may encounter many hurdles during the account linking process.



## Set your consumers up for success

When choosing an open banking partner, organizations should select a provider who has experience addressing common issues for consumers during account linking.

### Common frustrations:

**25%** Connection to account lost

**24%** Failure to find or link to an account

**24%** Refresh required too often

**22%** Microdeposit verification

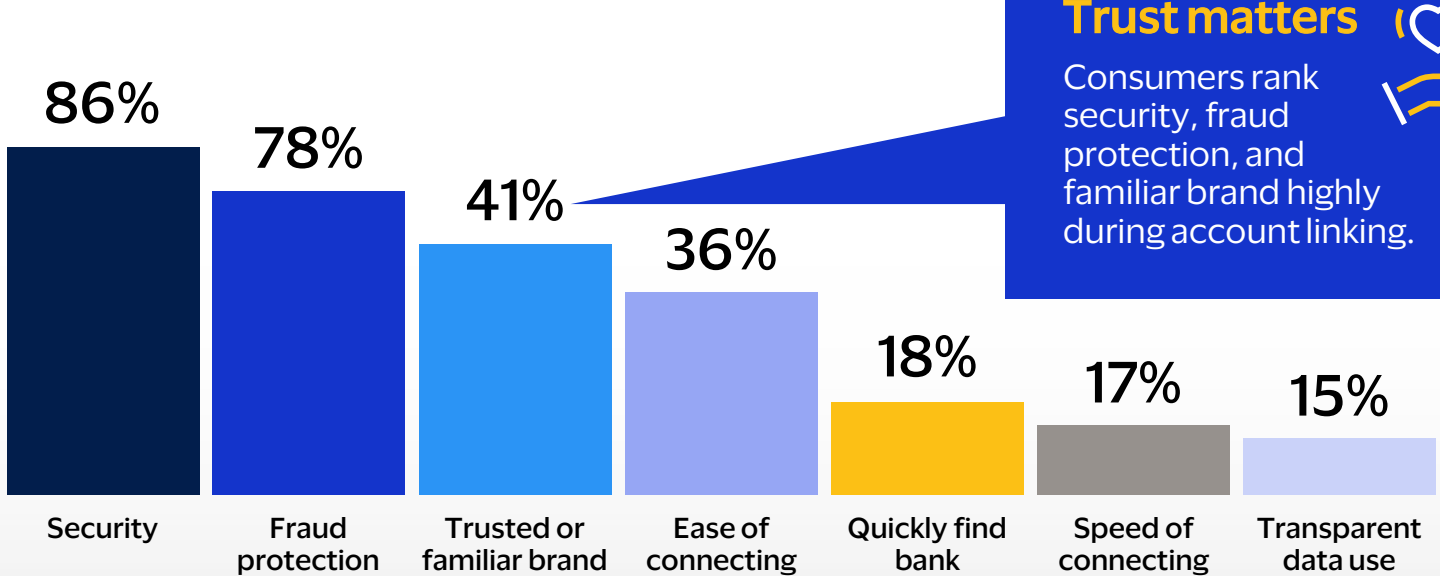
**22%** Connection takes too long

**15%** Inaccurate categorization

**8%** Incorrect account data after linking

# Security, fraud protection and brand drive conversion in user journeys

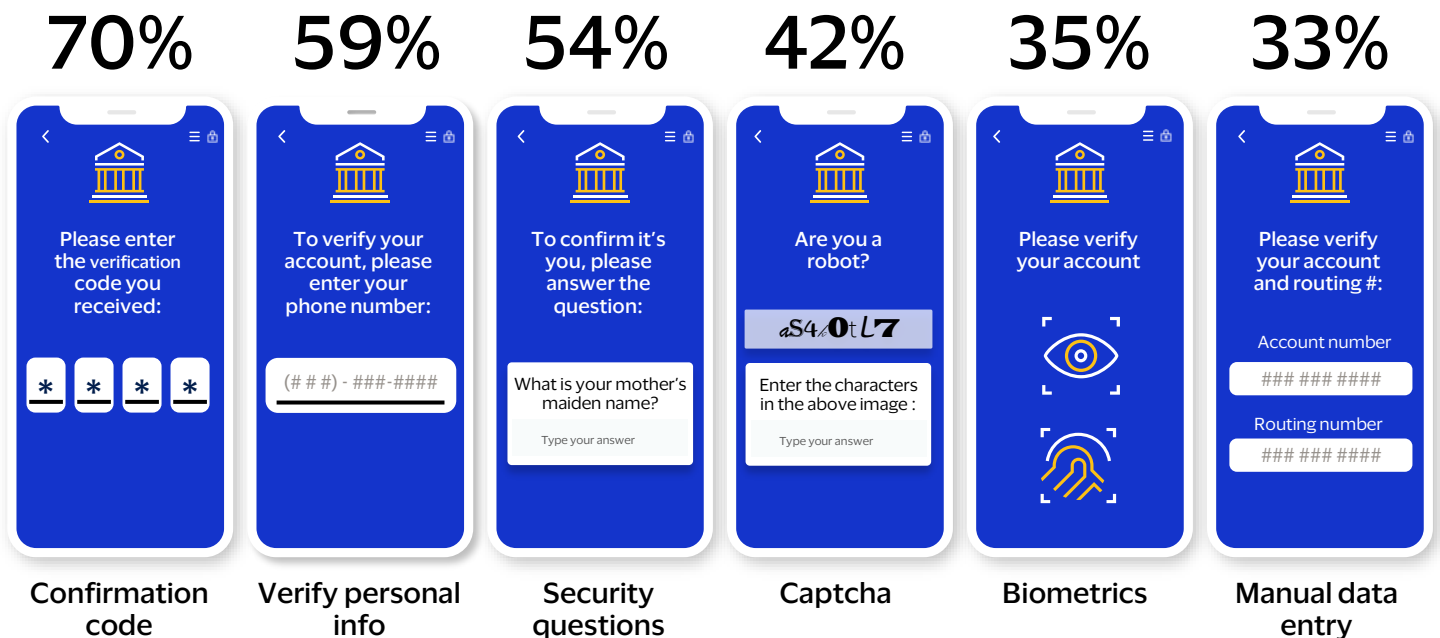
## Most important benefits supporting account linking



**Trust matters** (❤️)  
 Consumers rank security, fraud protection, and familiar brand highly during account linking.

Thankfully, consumers have become accustomed to open banking account linking and verification. For example, despite occasional friction during verification for account-based payments, consumers still strongly prefer open banking over manual entry. Only 23% of consumers are willing to look up and manually enter account and routing number if digital verification isn't an option.

## Authentication methods consumers encounter when linking accounts





# What does the future have in store for open banking?



# The future of open banking is consumer control and personalization

Whether for making payments, applying for a loan, or managing complex financial lives, consumers expect personalized experiences that meet their needs. Open banking puts consumers in control of their data. The U.S. is at a pivotal point in its open banking journey, with a confluence of social, regulatory and technological developments poised to propel the next leg of growth.



## Regulations & Standards

The Consumer Financial Protection Bureau (“CFPB”) plans to publish a rule to regulate open banking under §1033 of the Dodd-Frank Act. Once published, the rule is expected to require financial institutions to stand up open banking APIs, catalyzing a more rapid move towards standardized data access. The U.S. already has the most advanced API standard in the world, thanks to the standard setting body Financial Data Exchange (“FDX”). FDX is expected to continue to play an important role in unifying the financial industry around a common standard for the secure and convenient access of permissioned consumer financial data.



## Personalization & Engagement

Digital enablement in financial services is widespread, with many consumers using their banking app frequently. Today, consumers expect personalized and seamless experiences when they manage their money, access credit and make payments. New technologies like generative AI may have an even larger impact. Open banking allows consumers to consent to sharing structured, labeled financial data that AI models can use to produce experiences tailored to the specific situation of a particular consumer. More personalized open banking powered services will drive higher consumer engagement and stronger business cases.



## Consumer Consent & Control

Social, regulatory and industry momentum has already positioned consumers at the center of financial data sharing. The future will enshrine principles and practices placing consumer consent and control as foundational elements for open banking. Consumers desire the ability to benefit from their financial data with seamless and custom experiences, even as financial data is considered among the most important and sensitive information. Trust is key. Consumers must be confident that data will remain secure, will only be used for intended purposes, and that data access can be revoked when a service is no longer desired.

# Unlock the power of financial data with Visa Open Banking Solutions

Whether for making payments, applying for a loan, or managing complex financial lives, consumers expect personalized experiences that meet their needs. Open banking puts consumers in control of their data. The U.S. is at a pivotal point in its open banking journey, with a confluence of social, regulatory and technological developments poised to propel the next leg of growth.



## Account Check

**Instantly verify bank account ownership.** Confirm account details with real-time data straight from a user's bank account within seconds, creating smoother flows for onboarding and online ACH payment setup.



## Balance Check<sup>1</sup>

**Verify balances with data straight from a user's bank account.** Real-time balance data helps confirm sufficient funds prior to setting up ACH payments or moving money.



## Transactions

**Get up-to-date, harmonized transaction data from your customers' accounts across thousands of banks.** End-user data is packaged in a standardized report so it's immediately useful.

## Trust

We were voted **one of the world's most trusted brands** with over 60 years of payment leadership and security expertise<sup>2</sup>

## Scale

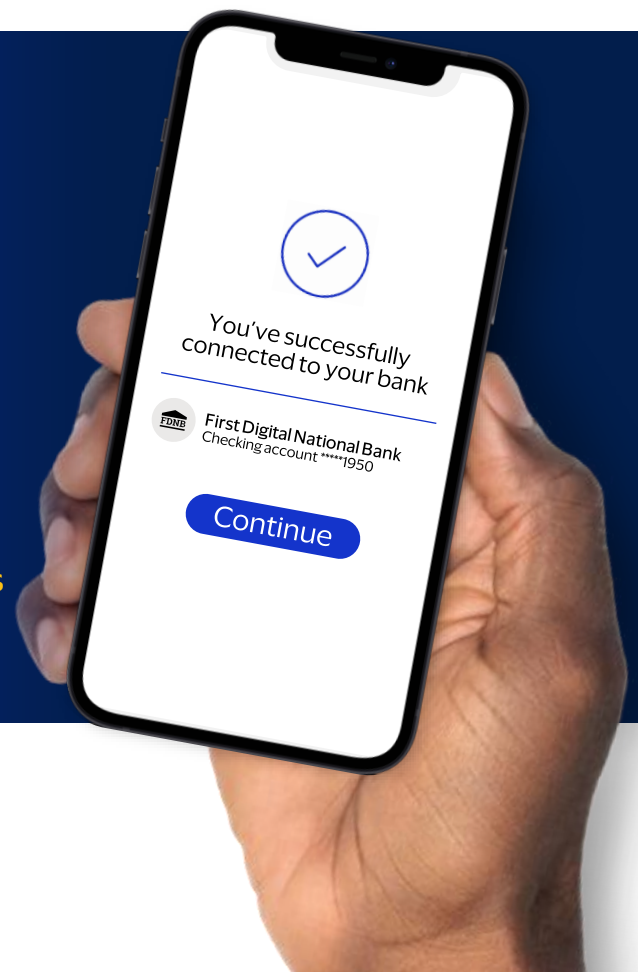
We have **open banking connectivity to over 95% of US bank accounts** and can work with businesses of all sizes

## Partnerships

We have **long established partnerships in financial services** to help pave the way in card payments, and now, open banking

## Innovation

We are uniquely positioned to **combine the power of card-based payments and open banking solutions** to build cutting-edge, innovative products



1) Balance Check available exclusively for users of Account Check.

2) Visa Industry Awards: <https://usa.visa.com/about-visa/visa-industry-awards.html#Brand-1212592589>



# About Visa Open Banking Solutions

Visa Open Banking Solutions help clients build data-driven financial services and move money more seamlessly by connecting financial accounts. In 2022, Visa acquired Tink, a leading open banking platform in Europe, to accelerate the development and adoption of open banking. We are now bringing these services to the U.S. under Visa Open Banking Solutions—extending the power of our network and enabling innovation at scale.

- 12,000+ connections to financial institutions<sup>1</sup>
- +95% U.S. consumer accounts connected<sup>1</sup>



Explore Visa Open Banking Solutions products and how they may power better experiences for your customers at [Visa Open Banking Solutions](#).



Discover more insights from consumer research on adoption, usage and trust from Visa's white paper on [The U.S. Open Banking Movement](#).



Gain practical insight on key use cases, implications and playbooks for merchants and financial institutions with Visa's white paper [Open Banking Picks Up The Pace](#).

[Contact us](#) to learn more about Visa Open Banking Solutions

<sup>1</sup>) Not all financial institutions support all Visa Open Banking Solutions products.

