



The rise of pay by bank with Adyen

Customer Interview

Adyen is a financial technology platform that powers payments and data solutions for merchants, businesses, and platforms around the globe. Adyen processed more than €544 billion in payments in H2 2023, and it supports customers such as Meta, Uber, H&M, eBay, and Microsoft.

In early 2024, Plaid and Adyen announced a partnership to bring [pay by bank](#) to North American customers.

In this interview from [Plaid Effects](#), Tamara Romanek, Head of Partnerships at Plaid, spoke with Trevor Nies, SVP & Global Head of Digital Strategy at Adyen, about merchants' priorities, global trends, and why now is the time for pay by bank..

This interview has been edited for clarity and length.

Tamara: Can you tell us about your background and what led you to Adyen?

Trevor: I've been on a payments journey for about 20 years now. When I was at Microsoft, we had to figure out how to process payments for Xbox outside the U.S. I knew nothing about payments. I thought, 'This is easy, we'll just do credit card payments with our same provider and that'll work everywhere around the world.'

It turns out that not everybody outside the U.S. wants to use a credit card. I learned a lot about the complexities around payments. I took over managing our payment provider relationships, performance and cost optimization, and risk management system. I eventually led payments for Xbox, Office, advertising, online retail, and shipping.

But I came to a stage in my career where I asked myself: How can I contribute more? Adyen was a natural progression and place to have that opportunity—to represent thousands of merchants and create new experiences and innovations for our merchants and their consumers.

Tamara: You talk to merchants every day. I'm sure you learn a lot about their key priorities. How does pay by bank fit in?

Trevor: This is my favorite part of my job—the ability to talk with so many merchants in different industries worldwide who are innovating and creating unique customer experiences.

But they all say the same thing. They're focusing their energy on three things. The first is approval rates. Anytime a customer pulls out their payment method, it needs to just work. The second is from subscription merchants who want to make sure the payment method works every month. And the third one is how to reduce costs.

When you think about those three things, pay by bank is a beautiful fit because it addresses each one. For performance and churn, the nice thing about bank payments is that the average American holds onto their bank account for 17 years. Cards are recycled every two or three years. On the cost side for merchants, pay by bank offers 40% or more savings compared to cards.

Tamara: Are bank payments becoming more expected in the global payments landscape?

Trevor: It's fascinating because the U.S. is behind on payments. We lead the world in many different areas, but not payments. In Asia Pacific, wallets have been available for many years, with Alipay and WeChat Pay. In Europe, bank pay methods are prevalent with SEPA (Single Euro Payments Area).

India and Brazil are two of my favorite markets to watch. They're both pushing to get cash out of the ecosystem.

In Brazil, the central bank (Banco Central do Brasil or BCB) is pushing Pix. They're ensuring that every single bank app supports it. In fact, the logo for Pix is in the same location and has the same style in every bank app so the customer knows exactly where to find it. It's the same user experience.

We can learn a lot from these different markets, but the common theme is the growing adoption of bank pay methods.

Tamara: In the U.S., we've been talking about pay by bank for years. Is now the time?

Trevor: Absolutely. We have a perfect storm here. I talked earlier about merchants and why they're demanding it now.

From a customer perspective, we know younger generations don't care about credit. They don't care about rewards like you or I do. They probably grew up seeing their parents with credit card debt or paying high interest rates, and they want to pay within their means. But we also see a growing trend of more debit instruments versus credit.

The third piece concerns friction. Plaid has done an amazing job of removing that friction. Now, you no longer have to find your checkbook, get the routing number and the checking account number, and enter them multiple times. Or, even worse,

make two random microdeposits and then wait two days to see if they go through. It's a horrible experience that's never going to work. With Plaid, you can log into your bank account with one simple step. More people know their banking credentials than their credit card numbers.

There's merchant demand, customers are willing to use it, and the friction is now trivial.

Tamara: We talked about the infrastructure and the market being ready. When you were deciding on a pay-by-bank partner for Adyen, why did you choose Plaid?

Trevor: It was a simple decision because we needed a partner with the broadest and most trusted network for financial services in the U.S. Plaid has that. Nobody else has as much scale or breadth. Plaid has 12,000 connections with banks and credit unions, 8,000-plus apps that are running on it, and serves millions of consumers—but it's not just that. It's also that our number one focus is our merchants. Plaid is highly focused on its customers as well.

For pay by bank to work, you have to remove friction and ensure it's safe, fast, and just works. Nobody can bring that but Plaid and Adyen, so I'm really excited about this combination.

Tamara: We've been talking to many merchants about the use cases that we can help solve with pay by bank and faster money movement. Can you tell me about the traction you're seeing?

Trevor: One use case that we sometimes overlook and that's been around for quite some time is bill pay. When I need to write a check, I go to my bank app and submit the check. And 8 of 10 Americans already do that today.

The next natural progression we see is subscriptions, which leverage ACH in the background. You don't need the customer present, but you still have that initial authentication. It's easy for customers to add their account details, and it lowers merchant costs.

The next progression is going to be online retail. Because of the cost reduction, it will be important for merchants to make pay by bank available for high-dollar transactions. As customers continue to get more accustomed to using pay by bank, they will be more and more willing to use it for online retail as well.

Tamara: With pay by bank, we need to mitigate fraud, move money in real-time, and consider the risk of ACH return. How are you thinking about that as we build adoption for pay by bank?

Trevor: This is where Plaid brings a ton of value. Authorization and identity checks are critical to minimizing fraud. On the flip side, will that customer actually have funds in their account? With Balance, Plaid checks a consumer's account balance. With Signal, Plaid predicts if the customer will have funds at the time of the transaction.

Tamara: Another area where we're aligned is how to use instant payment rails. In the U.S., we now have three rails—ACH, RTP, and FedNow. What advice are you giving merchants about how to use these payment rails?

Trevor: We're building the product to future-proof against all three payment rails. When we launched our partnership, it was built with ACH, which is perfect for the bill pay and subscription use cases.

FedNow is gaining traction. It works for payouts, but it's not quite ready for pay-ins. RTP (Real Time Payments), which the conglomerate of banks owns, is farther ahead of FedNow but still nascent in the marketplace.

The great news is that we will make all three rails available with the Plaid and Adyen solution. We want to ensure that every payment type our merchants want is available.

Tamara: What are you most excited about over the next 12 to 18 months as we watch pay by bank evolve?

Trevor: The payment ecosystem in the U.S. hasn't changed much. Cards have been around for decades, but only recently do we have buy now, pay later and digital wallets. Introducing pay by bank in conjunction with Plaid is going to be fantastic for us to grow, nurture, and see how it changes the ecosystem and world.

We've focused a lot of our time on digital retail. I can imagine a world where I take my phone to any retailer, and I tap and pay. But it's not my card funding that wallet; it's my bank account. That's how it works in other countries. Point of sale will be the next revolution—the next generation of pay by bank. I couldn't be more excited to work on this with Plaid.

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Plaid is a global data network that powers the tools millions of people rely on to live a healthier financial life. Our ambition is to facilitate a more inclusive, competitive, and mutually beneficial financial system by simplifying payments, revolutionizing lending, and leading the fight against fraud. Plaid works with over 8,000 companies including fintechs like Venmo and SoFi, several of the Fortune 500, and many of the largest banks to empower people with more choice and control over how they manage their money. Headquartered in San Francisco, Plaid's network spans over 12,000 institutions across the US, Canada, UK and Europe.

Questions? Reach out to our sales team at info@plaid.com