

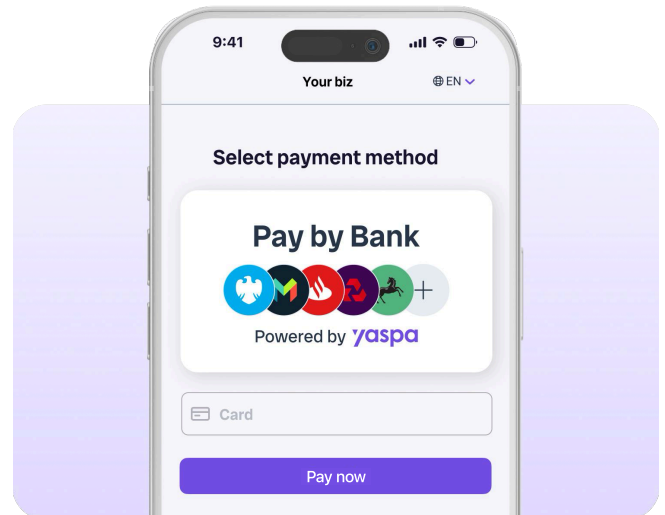
An instant guide to:

Open banking payments

What are Pay by Bank payments?

Pay by Bank - also known as open banking payments and account-to-account (A2A) payments - is a way of moving money directly from one bank account to another, without card networks or other intermediaries. Funds flow straight from the payer's bank to the payee's bank (and vice versa). It's that simple.

This kind of direct transfer isn't new. Traditional bank transfers and standing orders have existed for decades. But they were slow, manual, and not practical for fast online payments. Pay by Bank modernises account transfers into an instant, seamless experience - no card numbers, no sensitive details to enter, in fact no typing at all (and so no manual errors). The consumer simply authorises the transfer from their own bank account, usually via their banking app, and the money moves.



A note on naming

You may see this payment method described as 'Pay by Bank', 'open banking payments', 'account-to-account', or 'instant bank transfer'. They all refer to the same thing. The Yaspa Index 2026 - our annual consumer research with YouGov - found that only 38% of UK consumers recognise the term 'Pay by Bank', down from 55% in 2025. This isn't a reflection of declining usage (transactions grew 57% year-on-year), but of fragmented language across the industry. We believe consistent terminology matters, and we're actively working to help the sector align. Read more at yaspa.com/blog.

How open banking transformed A2A payments

Open banking launched in the UK in 2018, when regulation required banks to securely open up their payment infrastructure via standardised APIs. This created a route for fintech providers like Yaspa to connect to banks and initiate payments on a consumer's behalf - securely, instantly, and with the consumer's explicit consent.

In practice, when a consumer selects 'Pay by Bank' at checkout, Yaspa's platform connects to their bank through open banking APIs. The consumer is redirected to their own banking app or online banking platform to confirm the payment. All the details - amount, reference, recipient - are pre-filled automatically. The consumer confirms with their usual biometric login (such as Face ID or fingerprint), and the payment is done. No card numbers, no one-time passcodes, no waiting.

In the UK, funds settle in seconds via the Faster Payments network. In Europe, the SEPA Instant Payments Regulation (effective October 2025) now requires all eurozone banks to send and receive instant credit transfers at the same price as standard ones - meaning real-time settlement is now the norm across the continent, not the exception.

Yaspa was one of the first fintechs in the UK to be licensed by the Financial Conduct Authority (FCA) to offer open banking A2A payments. We've been pioneering in this space from the start - and today, open banking payments are firmly mainstream.

Open banking is no longer niche.

351M

open banking payments processed in the UK in 2025

> 57%

up year-on-year

16.5M

active users by December 2025

8%*

of all UK Faster Payments are open banking (up from virtually zero in 2018)

Sources:

1. [Open Banking in 2025: Now Part of the UK's Everyday Financial Life](#)
2. [OBL Impact Report 7: open banking delivers real-world impact as adoption accelerates year-on-year](#)

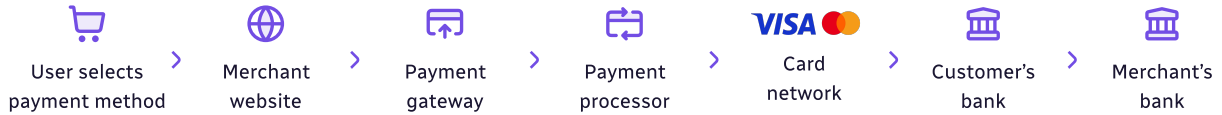
*92% remaining Faster Payments transactions comprise of bank transfers, standing orders, & business payments.

Globally, brands like Amazon, eBay, Ryanair, and HMRC have added Pay by Bank to their checkouts. In Europe, the SEPA Instant Payments Regulation now requires all eurozone banks to offer instant euro transfers, and over 2,700 payment providers have already joined the scheme, covering around four in five European banks.

Open banking vs card payments

The difference between Pay by Bank and traditional card payments comes down to fewer steps, fewer intermediaries, and faster settlement.

Card payment flow: Settlement: 3-5 working days. Multiple intermediaries, each taking a fee.



Pay by Bank flow: Settlement: seconds. Fewer intermediaries, lower cost, no card data exposed.



Benefits for consumers

- ✓ Accessible to anyone who banks online - no additional apps or sign-ups needed
- ✓ Bank-level security with biometric authentication (Face ID, fingerprint)
- ✓ Simple payment journey - a few taps in a familiar banking app
- ✓ Funds settle instantly for better money management
- ✓ No card details shared with the merchant, reducing fraud risk

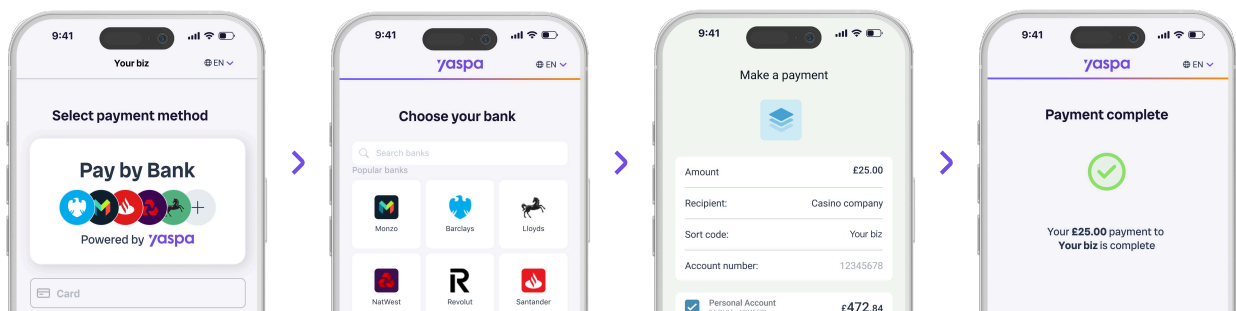
Benefits for businesses

- ✓ Significantly lower transaction costs vs cards - no interchange or scheme fees
- ✓ Instant settlement - up to 36x faster than card payments
- ✓ Fraud-resistant with embedded Strong Customer Authentication (SCA)
- ✓ Virtually no chargebacks - payments are customer-initiated push transfers
- ✓ Reduced friction can double conversion rates at checkout
- ✦ Added intelligence - real-time data insights for identity, risk, and compliance

The chargeback advantage:

UK card fraud losses reached £572.6 million in 2024, with card-not-present fraud exceeding 50% of all unauthorised card fraud. Industry estimates suggest 70-79% of all chargebacks are 'friendly fraud' - where consumers dispute legitimate transactions. The Yapily/YouGov report (June 2025) found 41% of merchants want chargebacks scrapped entirely. Pay by Bank eliminates this problem: every payment is biometrically authenticated by the consumer in their own banking app, making 'I didn't make this payment' disputes virtually impossible.

Yaspa Pay by Bank customer flow:



Alternative payment methods compared

Every payment method has trade-offs. Here's how the main options stack up for UK and European businesses.

Method	Pros	Cons
Pay by Bank (A2A via open banking)	<ul style="list-style-type: none"> Instant settlement Bank-level security with Secure Customer Authentication (SCA) Low fees with fewer intermediaries Simple user experience Accessible to anyone with online banking 	<ul style="list-style-type: none"> Users need online banking set up Bank integration can vary by country (though rapidly improving across UK and EU) With inconsistent naming conventions, <u>consumer familiarity with this payment method is still low</u>
Debit and credit cards	<ul style="list-style-type: none"> Universal and familiar Convenient tap-to-pay at point of sale Accepted internationally 	<ul style="list-style-type: none"> High processing fees (scheme fees rose 25%+ in real terms 2017-2023) Fraud-sensitive with costly chargebacks Slow settlement (3-5 days) Relatively high failure rate
Digital wallets (Apple Pay, Google Pay)	<ul style="list-style-type: none"> Fast and convenient tap-to-pay Strong consumer familiarity Biometric authentication at point of sale Streamlined checkout online and in-store 	<ul style="list-style-type: none"> Still reliant on underlying card networks, so merchants pay card fees plus additional wallet service charges Limited transparency on fees; not a standalone payment method – requires a linked card
Direct debit	<ul style="list-style-type: none"> Ideal for recurring payments; Removes risk of payment failure from card expiry Widely used for subscriptions and bills 	<ul style="list-style-type: none"> Slow settlement (3 working days via BACS) Time-consuming to set up Consumer risks overdrafts Being modernised by Variable Recurring Payments (VRPs)
Buy Now, Pay Later	<ul style="list-style-type: none"> Popular in retail Drives higher conversion through payment flexibility Merchants paid upfront by BNPL provider 	<ul style="list-style-type: none"> Expensive scheme and integration fees Not suitable for regulated sectors like iGaming Increasing regulatory scrutiny concerns about impulse spending
Cryptocurrency	<ul style="list-style-type: none"> Borderless Fast settlement Lower fees on certain networks Stablecoins reduce volatility 	<ul style="list-style-type: none"> High volatility Complex compliance and KYC requirements High technical barriers Niche for mainstream commerce



"Customers, once they find Yaspa, don't seem to be going back to card options. They remain with it."

- Luke Cousins, Commercial Director, Playbook Engineering



Why Yaspa? A pioneer in intelligent payments

Yaspa isn't just a payment initiation provider - we're an intelligent payments platform. While other providers focus purely on moving money, Yaspa combines Pay by Bank with built-in intelligence, analysing a payer's consented financial data in real time to surface insights that power affordability checks, fraud detection, vulnerability screening, and compliance decisions, all within a single payment flow.

What sets Yaspa apart:

Real-time trust: Every Yaspa payment is backed by bank-grade security and instant confirmation. No uncertainty about whether a payment will bounce or be disputed later.

Intelligent Payments: Our platform goes beyond payment initiation. We use open banking data - with the consumer's consent - to provide real-time affordability checks, source of funds verification, and behavioural risk insights. For regulated sectors like iGaming, this means safer gambling compliance built into the payment flow.

Cost savings: Significantly lower transaction fees versus card processing, with real-time reporting and easy reconciliation.

Seamless UX: Payment journeys are optimised by location and device to maximise conversion and minimise drop-off.

Consumers are guided through bank selection and biometric authentication in just a few taps - a checkout experience that feels like a natural extension of your brand, not a detour from it.

Cost savings: Significantly lower transaction fees versus card processing, with real-time reporting and easy reconciliation.

FCA-authorized: Yaspa is authorised by the FCA as a Payment Institution (FRN 826720) with permissions for payment initiation and account information services. Compliance is in our DNA.

How Yaspa compares to other open banking providers

The UK Pay by Bank market has matured around a handful of scaled providers, each with different strengths. Here's how Yaspa stacks up on the capabilities that matter most.

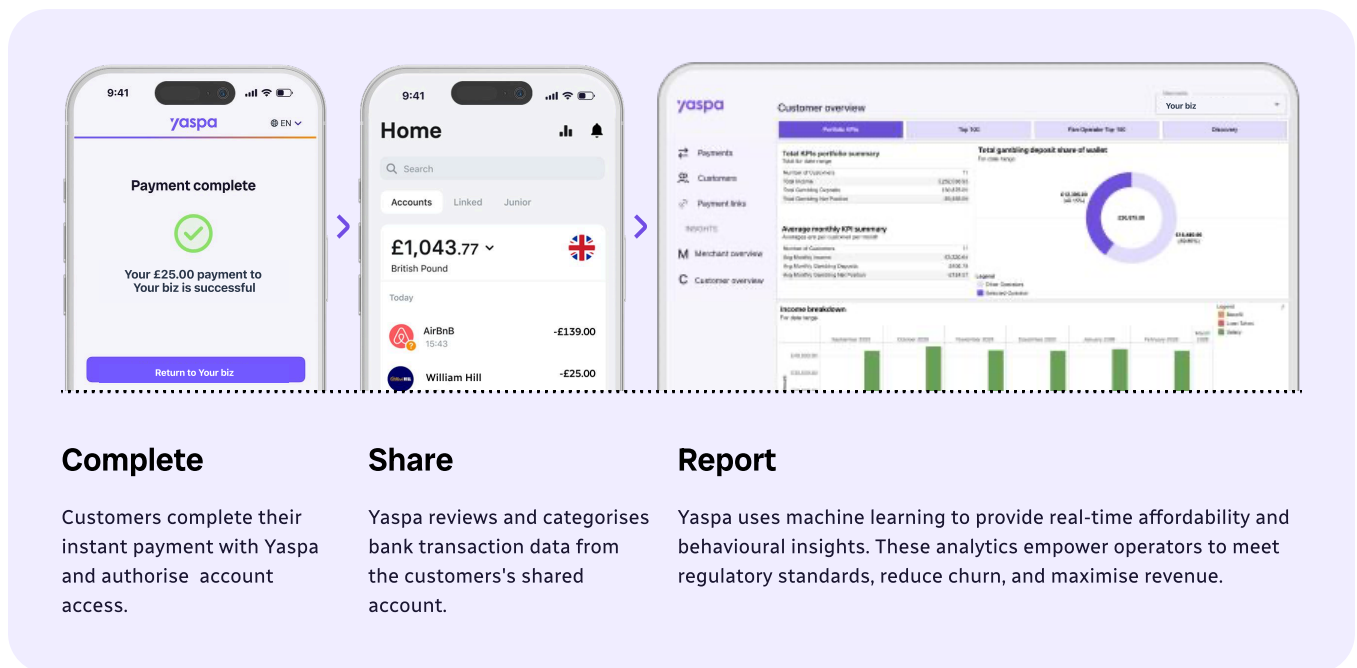
Features	yaspa	Trustly	TRUELAYER	volt
Instant fiat pay-ins/payouts	✓	✓	✓	✓
Verified accounts	✓	✓	✓	✓
vIBAN issuance	✓	✓	✓	✓
Crypto/stablecoin payments	✓	✗	✗	✗
Real-time fraud & ML analysis	✓	✗	✗	✗
AI categorised bank statements	✓	✗	✗	✗
Churn prediction and LTV indicators	✓	✗	✗	✗
Behavioural and financial customer insights	✓	✗	✗	✗

Yaspa's differentiation lies not in the rails - all providers move money between banks - but what happens around the transaction.

Our Intelligent Payments platform analyses transaction data in real time to verify identity, flag affordability risk, and detect behavioural patterns across merchants - for example, identifying a single customer's activity across multiple platforms to surface fraud signals or markers of financial vulnerability that would be invisible to any one business in isolation. That layer of insight is built into the payment flow, not bolted on afterwards. For sectors where compliance, customer protection, and fraud prevention are non-negotiable, that distinction matters.

Yaspa's Intelligent Payments

How it works:



Variable Recurring Payments: the next frontier

Variable Recurring Payments (VRPs) are the next evolution of Pay by Bank. They allow consumers to set up an ongoing payment mandate - with defined limits on amount and frequency - that merchants can collect against without requiring re-authentication each time. Think of it as a smarter, faster, more transparent version of Direct Debit, powered by open banking.

In December 2025, the UK Payments Initiative (UKPI) launched as the country's first commercial VRP scheme, backed by 31 founding firms including all six major UK retail banks, PayPal, Monzo, Revolut, and Starling. The first live commercial VRPs are expected in 2026, initially for regulated utilities, financial services, government, and charities - with e-commerce to follow.

For businesses, VRPs promise instant subscription payments and real-time cash flow for recurring revenue, without the friction of card-on-file or the delays of BACS. Yaspa is actively developing VRP capabilities to deliver seamless recurring Pay by Bank options to our clients.

What open banking allows you to do

Beyond basic payment initiation, open banking unlocks a range of capabilities:

Instant payments and payouts: Accept deposits and make withdrawals or refunds in real time - both directions.

Transaction enrichment: Categorise and analyse payment data to surface spending patterns, inform business decisions, and flag unusual activity.

Affordability and risk checks: Access consented account data to assess a consumer's ability to pay, supporting responsible lending.

Identity verification: Confirm a consumer's identity using their bank's own KYC data, reducing onboarding friction.

Embedded compliance: Build regulatory requirements (SCA, source of funds, affordability) directly into the payment journey.

Recurring payments via VRP: Collect variable or fixed recurring payments with consumer-controlled mandates - no cards, no BACS delays.

WINNER

Best Payment
Solutions Provider 2026
European iGaming Awards



WINNER

Payment Solution
of the Year 2026
SBC Awards Europe



WINNER

Best Payment
Facility 2025
The Card & Payments Awards



WINNER

Best Use of Data -
Consumer 2025
Open Banking Expo Awards



SILVER WINNER

Real-Time Payments
Innovation 2025
Payments Awards



Try it yourself

See how simple it is to make a Pay by Bank
payment with a small charitable donation.
Visit yaspa.com/demo to get started.



To discuss how Yaspa can integrate open banking payments into your
business, get in touch:

sales@yaspa.com

Yaspa Ltd is an Authorised Payment Institution regulated by the FCA (reference 826720)
for provision of Payment Initiation (PIS) and Account Information (AIS) services.