

PNC could continue to chip away at neobanks by offering an instant wage feature like DailyPay's

Article

The Pittsburgh-headquartered bank is partnering with **DailyPay** and **The Clearing House** to help the fintech facilitate its real-time payments offering to a wider base, **per** PR Newswire.

DailyPay's solution enables its customers to receive their earned wages **instantly**—instead of waiting the **typical 1–3 business days** for funds to clear, which could lead to customers paying high fees or interest rates due to cash flow issues.

PNC's involvement in enabling instant wage access aligns with its other recent initiatives geared toward underserved consumers—a key neobank audience.

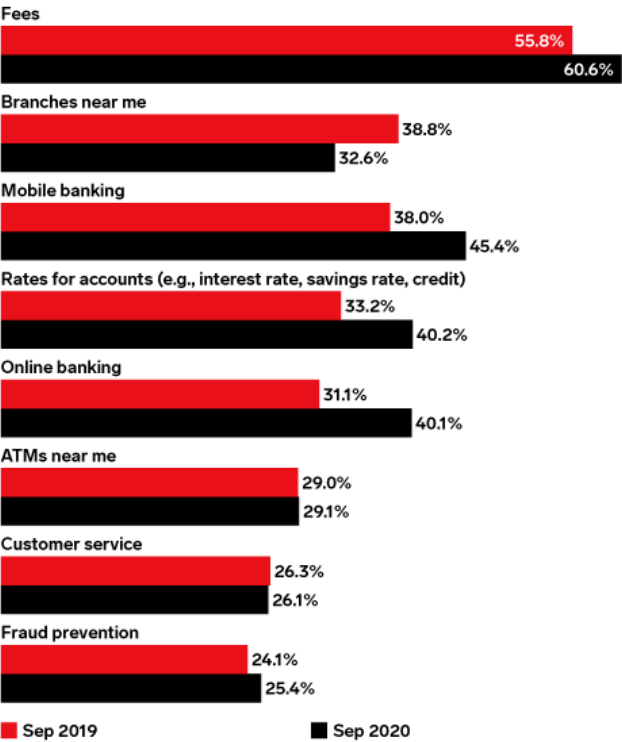
- **PNC has been slowly rolling out features aimed at underserved communities.** Earlier this year, it **obtained** certification from the Cities for Financial Empowerment Fund to provide an account that includes reduced service fees. More recently, it **introduced** its Low Cash Mode, which sends users low balance alerts and allows for a **24-hour** grace period to rectify a negative balance, leading to a **60% reduction** in overdraft fees during its pilot period.
- **Fee-free features have long been a potent weapon for neobanks in the battle for new users.** Popular US challengers like **Chime** and Current seek to pick off disillusioned incumbent customers through enticing overdraft protection offerings—with the latter neobank likely **passing up** over **\$100 million** in overdraft charges. High fees have long been the Achilles heel of large institutions like PNC, but its latest solutions could weaken one of the neobank industry's most effective value propositions.

If PNC brought instant wage access to its own retail customers, it would bolster its ability to help customers avoid fees, making it a more attractive choice as a user's primary bank. **According to** Insider Intelligence's September 2020 US Mobile Banking Competitive Edge survey, fees are far and away the most important factor customers would consider before choosing a new bank. Other banks have **lessened** their reliance on overdraft fees, but PNC has taken one of the most active approaches to separating itself from controversial practice. An instant paycheck solution would further cement that position.

Note: This article was updated on June 17, 2021, to clarify that PNC is not introducing an instant wage feature itself, but is instead helping DailyPay facilitate its own real-time payments feature.

Leading Factors that US Mobile Banking Users
Would Consider Before Choosing a New Bank,
Sep 2019 & Sep 2020

% of respondents



Note: ages 18+; respondents selected their top 3 factors; responses of "other" not shown, <1% in each year
Source: Insider Intelligence, "US Mobile Banking Competitive Edge Survey," Dec 2020

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