

Discover and Bank of America dive into A2A payments to stay ahead of the curve

Article

The news: Two major card issuers are enabling account-to-account (A2A) payment solutions.

- **Discover is reportedly partnering with payments fintech Buy It Mobility (BIM) so its partner merchants can accept card-free payments**, per The Wall Street Journal. Customers can pay directly from their bank account using merchants' apps, and transactions will use the Automated Clearing House (ACH) network. The firms are expected to announce their partnership later this week.
- **Bank of America is letting UK ecommerce merchants accept A2A payments with Pay by Bank**, per a press release. To use the solution, customers choose Pay by Bank at checkout and select their bank from a menu—the feature isn't exclusive to Bank of America customers. Transactions are authenticated using open banking.

Discover's opportunity: The integration reduces Discover merchants' reliance on card payments, which helps them save on interchange fees (the fees networks charge merchants to accept card payments). Those savings can be passed down to the customer in the form of discounts, which can help spur adoption and repeat purchases—leading to tighter merchant relationships for Discover.

Discover may be using the integration to improve its positioning as a payment provider: Increased use of the ACH network, which typically powers A2A transactions, for B2B payments and healthcare transactions is set to open a pathway to use it for retail payments. **ACH volume grew 8.7%** year over year in 2021.

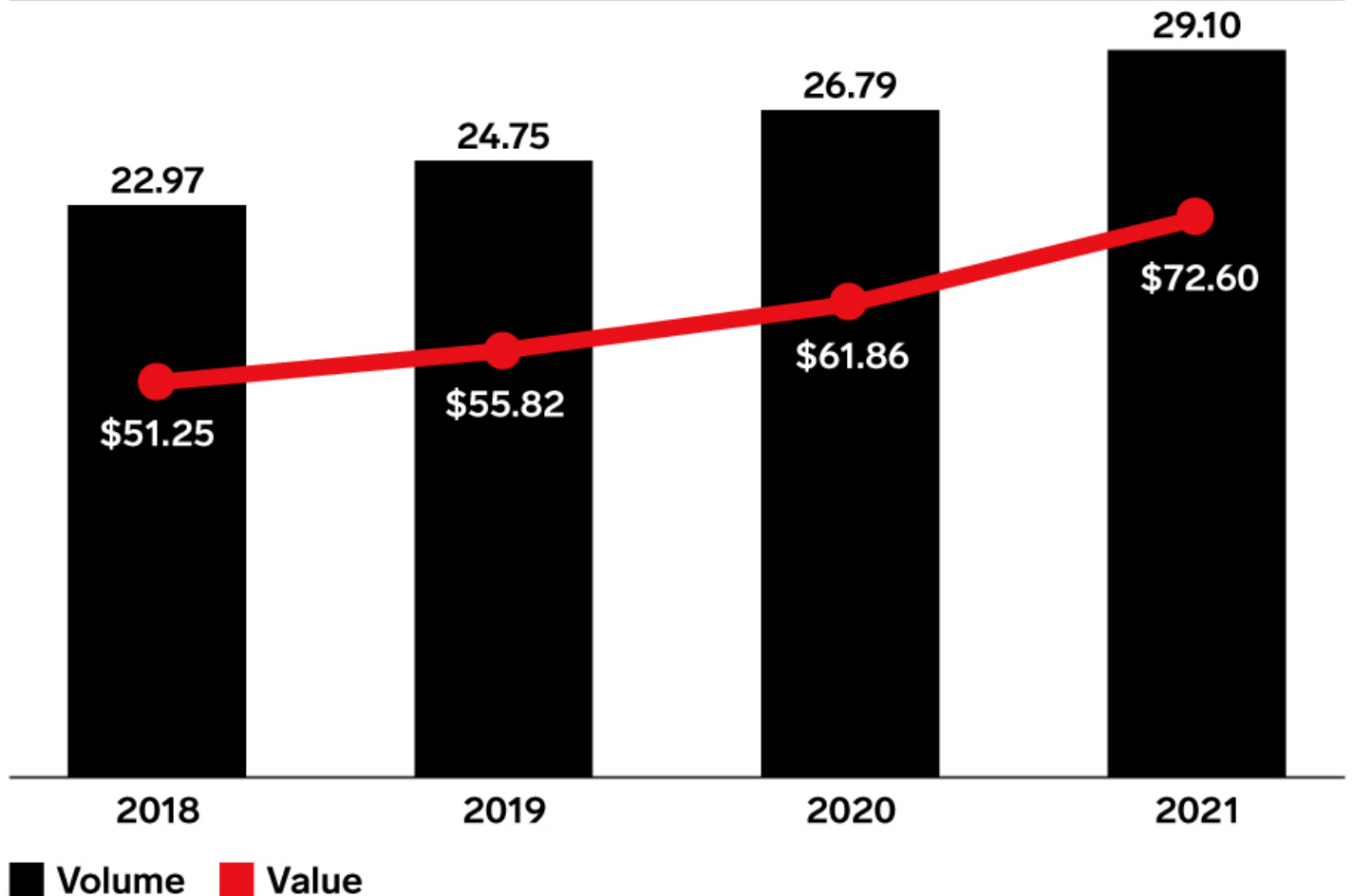
Bank of America's opportunity: Pay by Bank can make Bank of America a more attractive merchant solutions provider for retailers because it lets them offer more payment options. And like Discover, Bank of America's offering also helps limit the amount in interchange fees that merchants pay.

Bank of America plans to bring Pay by Bank to additional markets, and the US could be soon considering the issuer's large presence in the country. Expanding the solution globally can give Bank of America a stronger connection to open banking—a sector that fintechs like Plaid and **Mastercard-owned Fincity** are quickly gaining traction in. Transactions facilitated by open banking are **expected to hit a value of \$116 billion** globally by 2026, according to Juniper Research.

Related content: Check out the Bank-to-Bank electronic transfers section of the [“Payment Methods and Funding Mechanisms”](#) report, which is part of our payments ecosystem report collection.

US Automated Clearing House (ACH) Transaction Volume and Value, 2018-2021

billions of payments and trillions of \$



Source: NACHA as cited in company blog and press releases; Insider Intelligence calculations, Jan 20, 2022

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