American Express is launching a bank transfer payments offering in the UK

Daniel Keyes  Sep 24, 2019, 12:01 PM

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The product, dubbed "Pay with Bank transfer," will allow consumers with accounts with UK banks to make online payments directly from their bank accounts, per a press release. Pay with Bank transfer leverages the UK's open banking regulations so that consumers don't need to be an Amex cardholder to take advantage.

Amex has partnered with merchants in the UK so consumers can select Pay with Bank transfer as a payment option at checkout, at which point they will be sent to their
bank’s website or app where they can authenticate the payment and view their current account balance. The real-time payment (RTP) offering is set to launch with its first set of merchants by the end of 2019, and more online merchants will be added next year.

American Express joins several firms in providing a pay by bank option for e-commerce in the UK — an offering with appeal to both consumers and merchants. Mastercard subsidiary Vocalink offers such a feature, and banks including Barclays and NatWest have also gotten involved in the space. Because the offering holds distinct value for both consumers and merchants, firms are betting on its future popularity.

For consumers, bank transfer payments allow them to avoid the friction of entering their card information on a regular basis, which could prove particularly important in mobile commerce (m-commerce), and it also allows them to track their current balance closely as they make transactions. Merchants, meanwhile, could see their conversion rates rise thanks to a simpler checkout process, while also avoiding the fees associated with accepting cards.

The offering could both enable American Express to grow its standing in the UK and also serve as a pilot for an eventual expansion of the feature to the US.

- The Pay with Bank transfer product could give American Express
consistent exposure to UK consumers. Because consumers won’t need to be Amex cardholders to use the feature, Amex will be able to connect with a number of new consumers — that connection could help convince more consumers to become Amex cardholders. This could boost Amex’s business in Europe, where it made up just 4% of purchase volume in 2018, according to The Nilson Report.

- American Express can also take the opportunity to improve its offering so it can effectively roll it out in the US. Amex is a bigger player in the US, so the Pay with Bank transfer could impact its business more dramatically if it were introduced in the market. By launching the feature in the UK in 2019 it can iterate on the offering so that if comparable open banking regulations come to the US it can immediately launch a vetted version of the product.

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