



A better banking platform

Chime aims to help its members get ahead by making money management easy

by Catherine Bakewell



Last year, Americans paid more than 33 billion dollars in overdraft fees. These and other bank fees chip away at savings and can be stressful for people without a lot of slack in their financial lives.

Chime is a technology company that believes banking should be helpful and easy. They facilitate access to banking services through their bank partners, The Bancorp Bank and Stride Bank.

“Our mission is to help our members achieve peace of mind with their money,” said Zach Smith, Senior Vice President of Product at Chime.

Millions of people have already signed up for a Chime account, and that number is growing every day. According to Smith, a seamless digital onboarding experience and the ability to link an outside bank account have been important to the company's success.

To accomplish those related goals, Chime turned to Plaid.

RESULTS WITH PLAID

3.2 Chime users who connect an outside bank account with Plaid are 3.2x more likely to fund their Chime accounts

3x Chime users who fund their accounts with Plaid are 3x more likely to be active 12 months after signup versus those who don't

5x Chime users who connect an outside bank account with Plaid spend 5x more money in their first 12 months on the platform

Account funding made easy

Chime was founded by financial industry and tech industry veterans Chris Britt and Ryan King; their goal was to help Americans get ahead financially.

On behalf of their banking partners, The Bancorp Bank and Stride Bank (Members FDIC), Chime offers members a mobile-first spending account, an optional savings account, and a Chime Visa Debit Card. Other features include a high-yield savings account and fee-free overdrafts.

3.2x

Chime users who link an account with Plaid are 3.2x more likely to fund their Chime accounts

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SVP Product, Chime

5x

Chime users who link accounts with Plaid spend 5x more money in their first 12 months on the platform

One way for members to fund their Chime accounts is to link an outside bank account with Plaid. In fact, when Chime members choose Plaid, they are 3.2 times more likely to fund their accounts than those who choose other methods. (Members can also deposit a check through the mobile app or deposit cash at an approved retail location.)

To link an account with Plaid, Chime members simply select their outside bank from a list and enter the login credentials associated with that account. Plaid now connects to more than 10,000 US banks and credit unions—often in a matter of seconds.

Using the data Plaid provides, Chime can also verify whether the person attempting to connect an outside bank account is actually the owner of that account.

“We explored a few different technologies, but in every test, Plaid emerged as the gold standard for data quality, security, and coverage,” said Smith.

Spend wisely

Chime has built a booming business without many of the punitive fees employed by most traditional banks. So how do they make money?

The answer is that, when a member makes a purchase using their Chime Visa debit card, Chime earns ~1.5% of the purchase value. (The fee is paid by Visa and not Chime members.) Significantly, members who fund their Chime accounts with Plaid spend more than five times as much with their Chime debit cards during their first year on the platform.

As a courtesy, Chime uses Plaid to check a member’s account balance before they begin a transfer to fund their Chime account. If there isn’t enough money in the outside account, Chime cancels the transaction, sparing the member an overdraft fee at their other bank.

Finally, Chime uses Plaid to help give members the full picture of their financial lives. Those who choose to link their outside financial institutions using Plaid can see their accounts, balances, and transactions in one place.

For these and other reasons, Chime members who fund their accounts with Plaid are more than three times more likely to be active 12 months after signup than those who choose other methods.

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Grow together

Chime continues to build out their product suite with a relentless focus on having their members' backs.

Today, Chime members can receive their paychecks up to two days early when they sign up for direct deposit. They can also opt into automatic savings, which enables members to round their debit-card purchases up to the nearest dollar and transfer the spare change into a savings account. Finally, members can also choose to transfer a certain portion of each paycheck into savings.

“Chime's needs and Plaid's solutions continue to evolve together,” said Smith. “We've been partners in building our businesses for many years.”

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Plaid powers the digital finance solutions that enable millions of people to live healthier financial lives. Trusted by 6,000+ of the world's leading companies and connected to 12,000+ financial institutions across the US, Canada, UK, and Europe, Plaid's mission is to unlock financial freedom for everyone.