Making it easy to own precious metals

Convenient payments help fuel OneGold's explosive growth

Problem

OneGold needed a way for customers to connect their financial accounts for ACH payments

Solution

OneGold customers who link their financial accounts with Plaid transact 3x more than those who choose non-ACH payment methods

Results with Plaid

According to OneGold, they saw the following results after using Plaid:

<table>
<thead>
<tr>
<th>3x</th>
<th>OneGold customers who link their financial accounts with Plaid transact 3x more than those who don't, giving them nearly twice the lifetime value to OneGold</th>
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</thead>
<tbody>
<tr>
<td>62%</td>
<td>62% of OneGold transactions are Plaid-enabled ACH payments</td>
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<tr>
<td>8x</td>
<td>OneGold increased their gold sales by 8x in one year, to $200 million</td>
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When OneGold set out to build a modern investment platform for precious metals, they focused on the payment step. That’s because buying precious metals has historically been a high-friction process for retailers and buyers alike, marked by costly bank wires, mailed checks, and phone calls to verify payments.

Moreover, in a commodity market, where prices can fluctuate by the second and inventory is hedged, delays in payment can add risk for retailers. Say that a check never arrives in the mail. Retailers can suffer market losses if product values fall while ill-fated payments are pending.

Based in Oklahoma City, OneGold was created by APMEX, a precious metals giant with $12 billion in sales over two decades. APMEX and OneGold CEO Ken Lewis saw the opportunity for a bullion retailer to offer a digital-first investment platform. In 2018, OneGold was founded with one goal in mind.

“"We weren’t sure if our customers were going to adopt Plaid-powered ACH. But today, it’s the most preferred payment method.”

KEN LEWIS,
CEO, OneGold and APMEX

“We wanted to make owning precious metals easier than it’s ever been,” says Lewis.

One obvious option to make buying gold easy was to offer ACH payments. But even then, asking customers to manually enter their account and routing numbers can be cumbersome and error-prone.

OneGold needed a way to allow customers to quickly, easily, and securely connect their financial accounts. For that, they chose Plaid.
The upside of convenient payments

When OneGold customers select ACH as their payment method, they use Plaid to link their financial accounts. To do so, they simply select their financial institution from a list and enter the login and password associated with their account. Plaid now connects to more than 11,000 global financial institutions—often in a matter of seconds.

The big advantage of ACH payments for OneGold customers is convenience, according to Lewis. For him, the numbers tell the story: Buyers who link their financial accounts with Plaid transact three times more than those who don’t. That’s because they can pay for purchases in just a few clicks. Contrast that with the inconvenience of driving to a bank to wire money or dropping a check in the mail—the old school way of buying gold.

ACH payments make it easier for OneGold customers to take advantage of investment strategies such as dollar cost averaging, whereby investors buy a set dollar amount of precious metals on a recurring basis. Rather than pay for each transaction separately, customers who link their financial accounts with Plaid can pay for them faster, saving time and money.

Initially, Lewis questioned whether precious metal buyers—who are traditionally more conservative and risk averse—would choose to link their financial accounts using Plaid. But today, 62% of OneGold transactions come from Plaid-enabled ACH payments.

“We weren’t sure if our customers were going to adopt Plaid-powered ACH,” says Lewis. “But today, it’s the most preferred payment method.”

Customers have indeed taken to OneGold and their streamlined user experience. In 2019, the company sold $25 million in precious metals. In 2020, that number catapulted to $200 million.

Reducing market loss exposure

OneGold’s success has led the company to embrace other Plaid technologies. Now, when a customer chooses ACH as their payment method, OneGold can use Plaid to check their account balance, helping to reduce the risk of overdraft fees.

It also helps reduce risk for OneGold, explains Lewis. OneGold allows customers to buy now and pay within seven days. Confirming whether people have enough money in their accounts enables the company to reduce market loss exposure while payments are pending.

“From a risk standpoint, ACH is a huge win for us because it reduces our exposure when customers use a bank account and we have a confirmed balance,” he says. “Otherwise we’re exposed to market movements while we’re crossing our fingers waiting for payments to arrive.”
OneGold increased their gold sales by 8x in one year, to $200 million.

The balance check also helps the company save in customer-support hours. For non-ACH payments, the company will often call customers to verify payments. By confirming with Plaid that customers have sufficient funds, OneGold can skip this time-consuming step and save hundreds of customer-support hours each year.

This convenience benefits customers as well. Nobody wants a customer service call to verify a legitimate payment. So whether it’s reducing unwanted calls or simplifying the purchasing step, Plaid helps OneGold deliver on the promise of simplicity.

“Plaid fits the modern concept we were trying to build at OneGold,” explains Lewis. “It’s a fintech play in the precious-metals space.”

Technology proving grounds

For Lewis, OneGold is more than a successful business; it’s a proving ground for technology at APMEX. Having witnessed the benefits of Plaid-enabled ACH payments at OneGold, APMEX plans to roll out the same functionality in 2021.

“We’re learning a lot from OneGold and applying those learnings,” he says. “The adoption level of Plaid gives us confidence that APMEX customers will embrace the same technology.”

Global expansion is another area where Lewis and his team will be watching. OneGold’s impressive growth to date offers only a glimpse of what the company could achieve once they consider accepting foreign currency, notes the CEO.

“From the contract to integration to support, everything has been very smooth with Plaid,” concludes Lewis.