



The Ultimate Guide to Automated Direct Deposit Switching

How to become a consumer's primary account, grow share of wallet, and increase lifetime value.



YourApp

now

Switch successful! 💰

Because you switched your direct deposit your funds are now ready for you to access!



Your direct deposit settings have been updated!

Your changes will be effective in 1–2 payroll cycles depending on your employer.



The future of pay is digital, automated, and instant

The digitization of the paycheck is all but complete, and the concept of employment itself is evolving to embrace new economies, like gig and creator platforms.

Meanwhile, consumers have grown more particular in the ways they receive their earnings. Today, more than 93% of US-based workers are paid via direct deposit, and consumers increasingly demand more flexibility and speed when it comes to getting paid.

The key to staying ahead lies in automating direct deposit switches with a reliable provider and a platform designed for growth. This guide helps you get there.

Automated direct deposit switching is the key

For financial service providers, becoming a consumer's primary account represents the gateway to maximizing customer lifetime value (LTV), and automated direct deposit switching is the key.

Automated direct deposit switching is a top feature demanded by mobile banking consumers, second only to SSN monitoring, and for good reason: manual deposit switching is tedious, time consuming, and risks consumer attrition through the use of paper forms. Yikes.

Consumers also consider where their paycheck is deposited an important indicator of their primary account, a concept that remains a top priority for financial service providers as consumers diversify their banking and spending habits across fintech apps and services.

With every top neobank already offering automated switching, and even cryptocurrency exchanges catching on — linking crypto investments to consumer paychecks — the trend is clear. Still, many of the financial apps consumers use regularly don't provide automated deposit switching and risk losing business to innovators that offer more seamless experiences.

Consumers want automation and they're unlikely to compromise for companies that don't offer it. To remain competitive, financial service providers must prioritize automated direct deposit switching on their product roadmaps.

93%

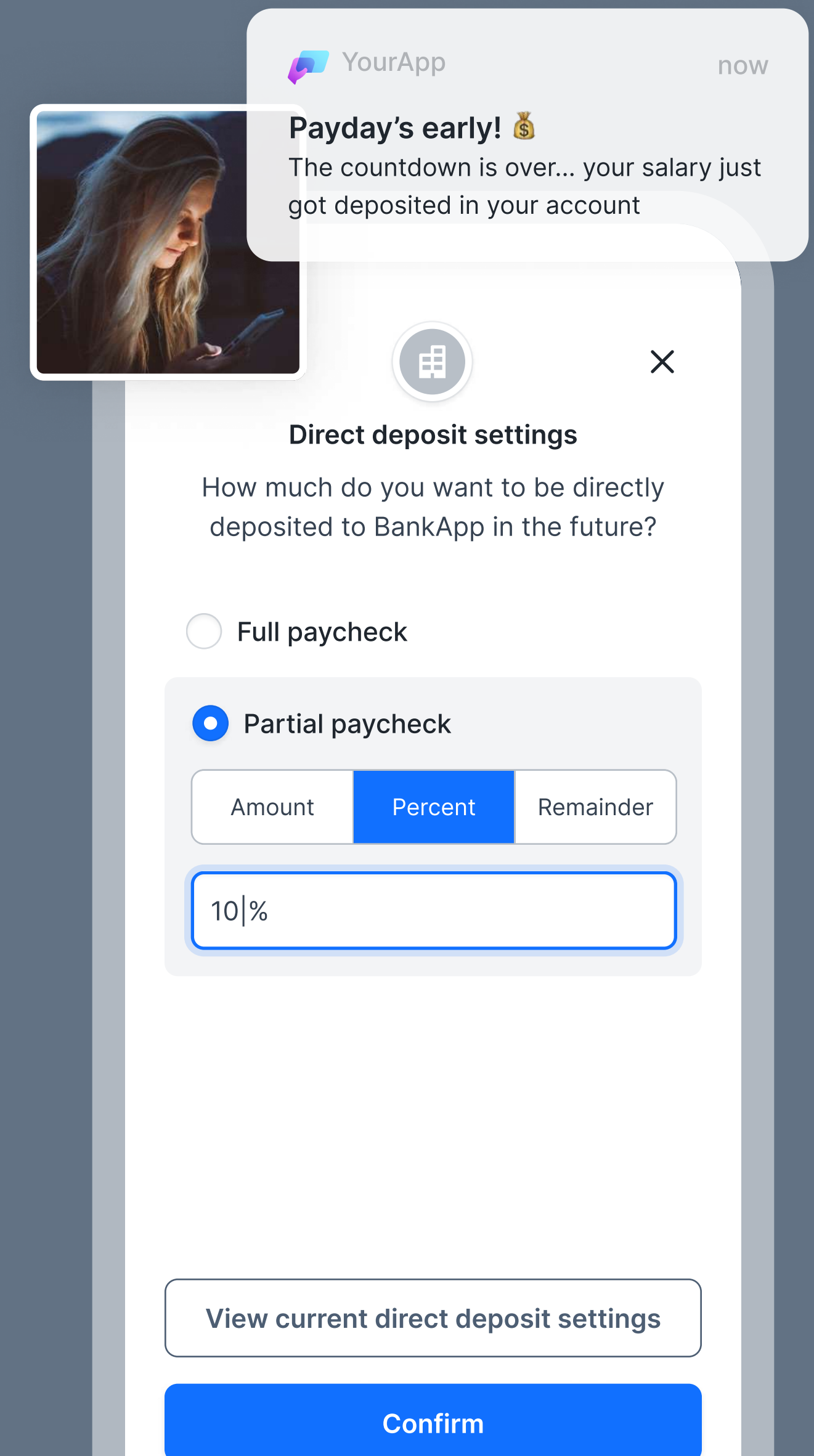
of US-based workers are paid by direct deposit

53%

of mobile banking consumers say they consider their primary account to be where their paycheck is deposited

15%

of mobile banking consumers say they switched their primary bank over the last year



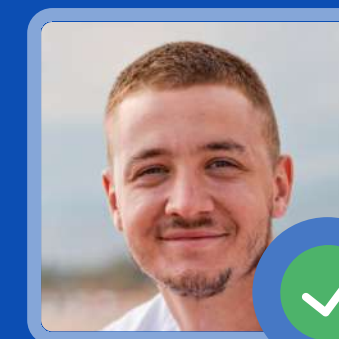
Tap the full potential of connected payroll accounts

Automating direct deposit switching is only the first step. The data from payroll and income platforms can reveal new business vectors previously hidden.

At Pinwheel, we've built a world-class infrastructure with consumer-permissioned data that is both accurate and comprehensive. This means that the data we collect matches what's in a payroll system, and every piece of related data is retrieved.

Plus, our connection to consumer accounts remains persistent thanks to our reliable recurring access, so insights go far beyond the switch itself.

With full visibility into deposit allocations, you'll be the first to know when a change happens, and can use that data to inform strategy and build better products and services.



Successful deposit switch

Name:	Brady M.
Account number:	*****6182
Allocation amount:	50%
Account type:	Checkings



New account number

Account number:	*****3159
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Monitoring

09/24/2022, 2:36 PM

30+

additional data points
available for supported
accounts

Optimizing for lifetime value

Execution matters

Realizing the promise of automated direct deposit switching comes through great execution. It's not enough to drop in a so-called turnkey solution.

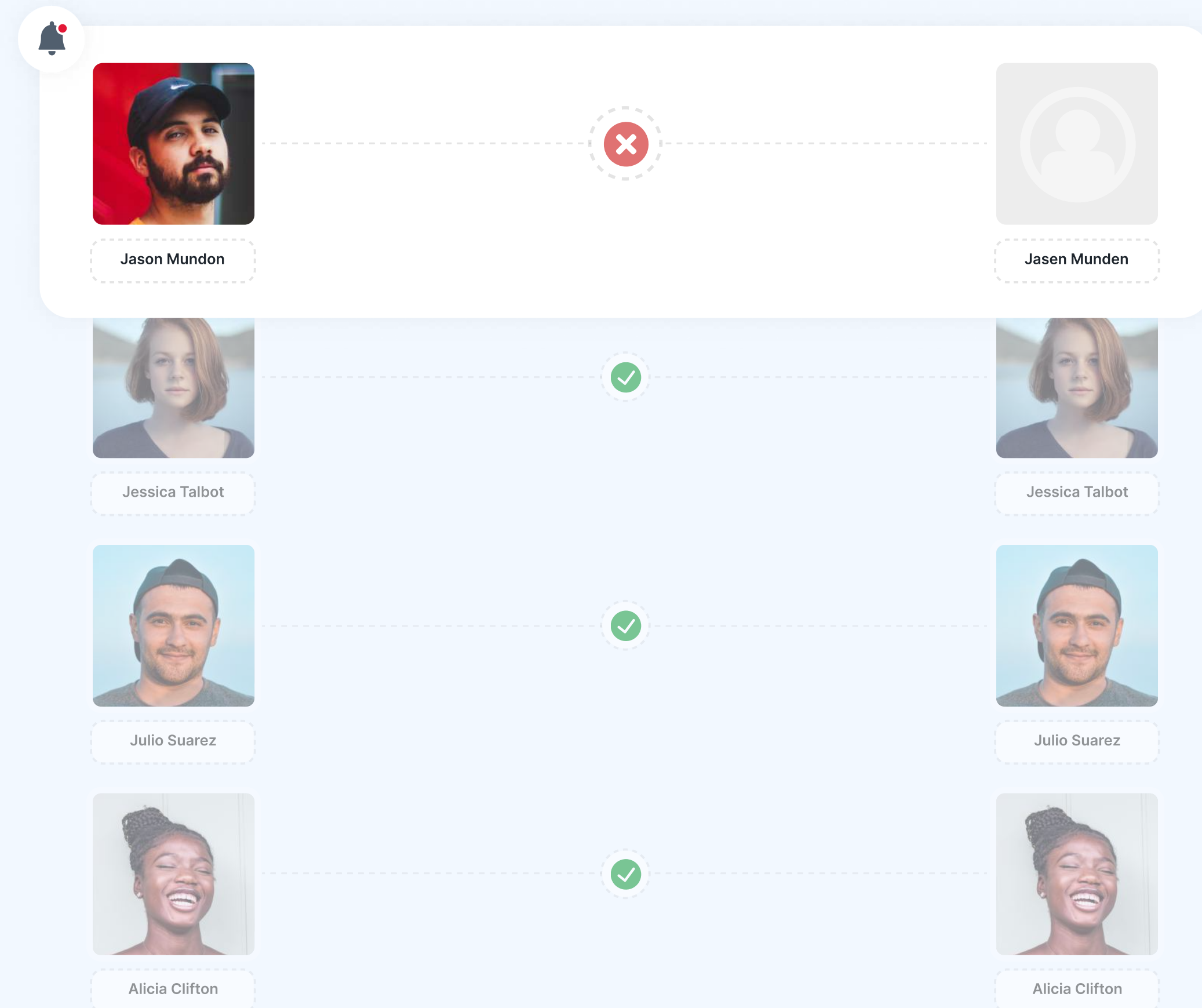
Our work with top neobanks and fintechs has given us a bird's eye view on the do's and don'ts of implementation. There are common lessons and best practices which are universally held. And despite its newness, there are even myths and red herrings related to automated direct deposit switching.

Of the universal principles we've learned, the most important are:

- ✓ Ensuring comprehensive and smart coverage
- ✓ Delivering a world-class user experience
- ✓ Understanding the nuances of conversion

Fraud mitigation should start early, on setup

Pinwheel's direct deposit switching solution is the only of its kind to mitigate fraud by verifying a consumer's identity prior to executing a deposit switch. By matching the identity of an account owner to your customer before a switch even happens, you reduce the chances of fraudulent activity.



Smart teams choose smart coverage

Automated direct deposit switching is dead on arrival if the consumer's employer or payroll platform isn't supported. That's why coverage is a critical component, and one worth thoughtful consideration.

From traditional platforms like ADP, to government and state unemployment portals, to gig and creator platforms like Uber and Etsy — almost every employer's payroll system is different. How can a financial service provider account for all of the variants, permutations, edge cases, and technical hurdles? **The answer: it can't. Nor should it.**

Pinwheel's coverage goes well beyond simply supporting the top employers. Our employer-platform mappings, aggregation and enrichment, and recurring access all act together to offer comprehensive support to over 80% of US-based workers, both salaried and hourly.

Smarter coverage also enables use cases beyond just direct deposit switching. For example, time and attendance (T&A) coverage becomes increasingly important for use cases like earned wage access.

80%

of US workers are covered through Pinwheel's platform

1.5M

unique employers supported

1600+

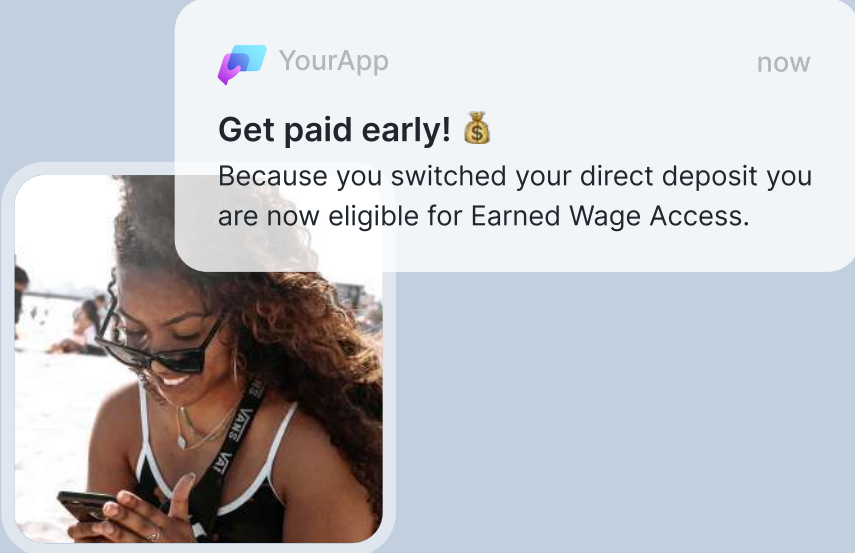
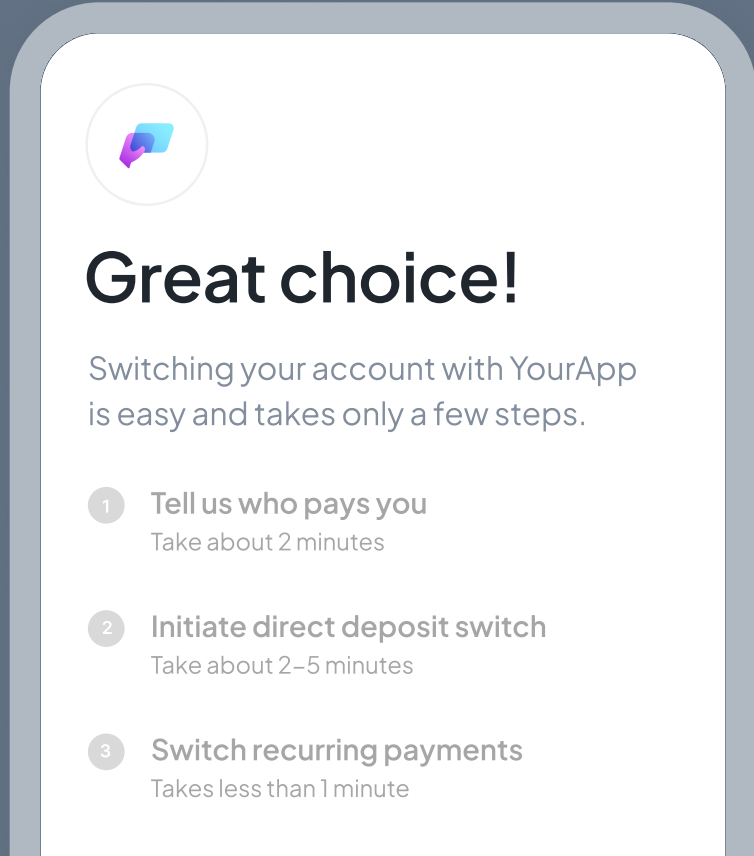
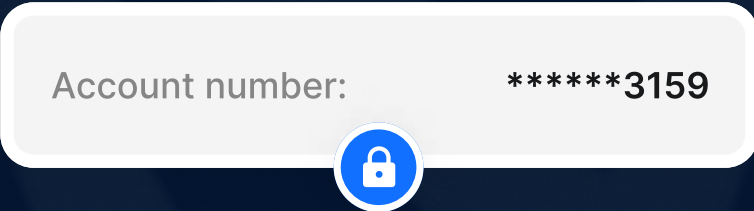
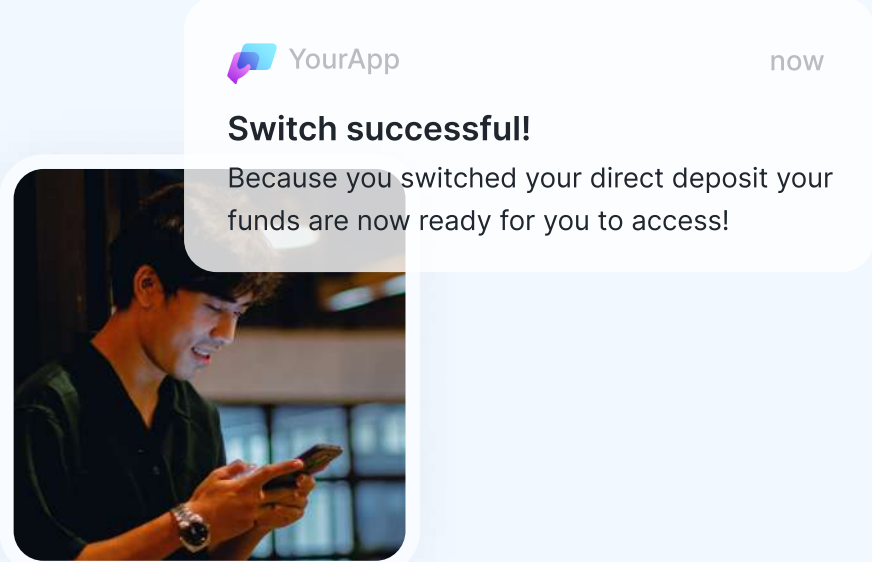
unique payroll and income platforms covered

99.9%

platform uptime at high monthly volumes

Not all experiences are created equal

The most effective direct deposit switch experiences drive intent through delivering value, setting expectations up front, reinforcing concepts of privacy and security, and rewarding progress. Conversely, if the design of a user experience (UX) ignores a consumers' context it will have negative rippling effects throughout a business, not just leading KPIs. A thoughtful UX can be the glue that binds together the customer experience and inspires long-term customer stickiness (i.e. preference) for an app or service. **All other things being equal, well-designed experiences will win — and they'll win over and over.**

			
<p>Drive intent</p> <p>Consumers must want to switch their direct deposit, and when motivation is low, providers should provide low-friction ways to discover value. Incentives such as bonuses and early payday can help amplify value.</p>	<p>Set expectations</p> <p>Working with consumers to set up direct deposit switching means setting expectations about the process up front. Even automated direct deposit switching has some friction, so be clear about the steps, requirements, and timing.</p>	<p>Reduce anxiety</p> <p>Privacy and security are top of mind for consumers when it comes to their finances. Reinforcing these concepts with labels, badging and icons, and helper text can allay fears and confirm the safety of it all.</p>	<p>Reward progress</p> <p>Successful user experiences go beyond usability; they also instill confidence and trust. To do that, providers can include informative and delightful success messaging, and offer soft landings for dead ends and errors.</p>

A fail-safe for missed connections

Payroll connectivity is complex and sometimes a switch doesn't quite take.

Instead of letting those jobs fall through the cracks, Pinwheel enables a "pending" status where we have 24 hours to reestablish a connection.

Our team triages the account in the background so customers can focus on reengaging users (e.g. with an in-app notification), a process that can contribute to **conversion uplifts of 5%**.

All of this is part of Pinwheel Secure, our authentication paradigm that's optimized for conversion and security.



Conversion is essential, but only one part of the whole picture

In an attempt to win business, sometimes platform operators will quote top-level conversion numbers and leave it at that. But based on our experience, conversion is more nuanced — and can be a distraction without the right context.

Direct deposit switching conversion is an essential measure of efficacy. Pinwheel's customers see unrivaled conversion rates, even as high as 34%. But choosing a provider based on conversion alone is risky and ignores the full picture.

The percentage of users who move from the top of your direct deposit funnel to a successfully completed switch is subject to many factors – implementation, user intent, seasonality, and others — that are both in- and outside your control. Don't let yourself or your team get hyper-focused, chasing after one number and oversimplifying the decision making process.

We recommend incorporating additional metrics like direct deposit penetration growth — the percentage of users who deposit all or a portion of their paycheck into your account — in your evaluation.

Funnel conversion is much more meaningful when observed with direct deposit penetration because it's a stronger signal of future engagement and is closely tied to your business' performance.

Pinwheel has seen direct deposit uplifts of 20% in the first month for top neobank customers, and as high as 75% for similar companies. By considering these numbers alongside our leading conversion, we get a clearer picture of direct deposit switching performance.

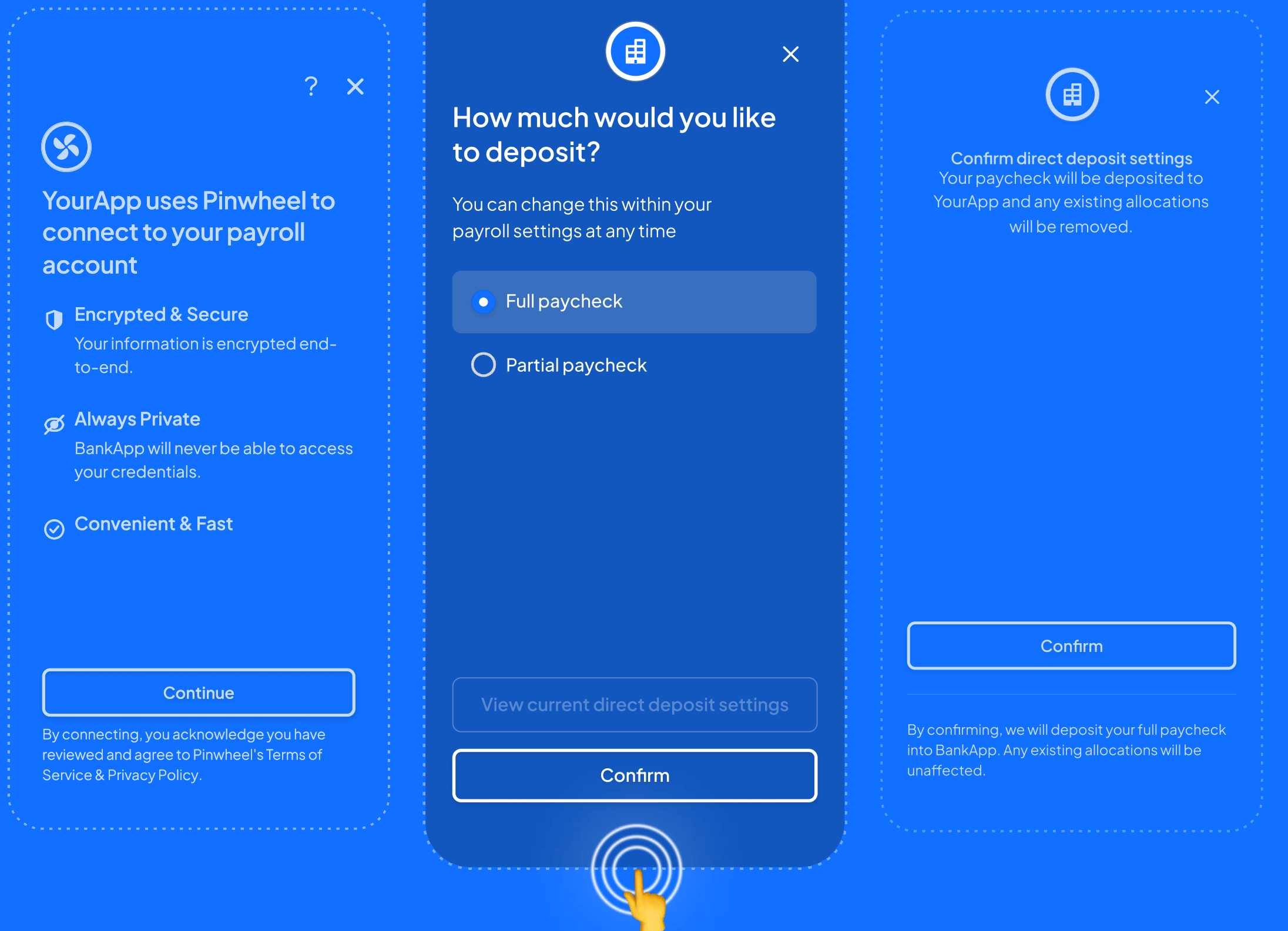
Pinwheel's platform is built for growth

Automated direct deposits are foundational, and innovative providers have already caught on. Consumers expect nothing short of a seamless experience and every financial service provider should make automated switching a top priority.

Direct deposit switching with a platform like Pinwheel makes it easier for providers to become a consumer's primary financial account, grow consumer share of wallet, and increase overall lifetime value.

From recurring access, to income and employment data, to earned wage access, Pinwheel is the way to offer direct deposit switching right. Our platform is built to power the most ambitious financial companies on the planet and our vision is a world in which consumers can gain full agency over how they get paid.

Many interfaces, one Pinwheel, fully customizable.



✔ No-code ✔ Embed ✔ API

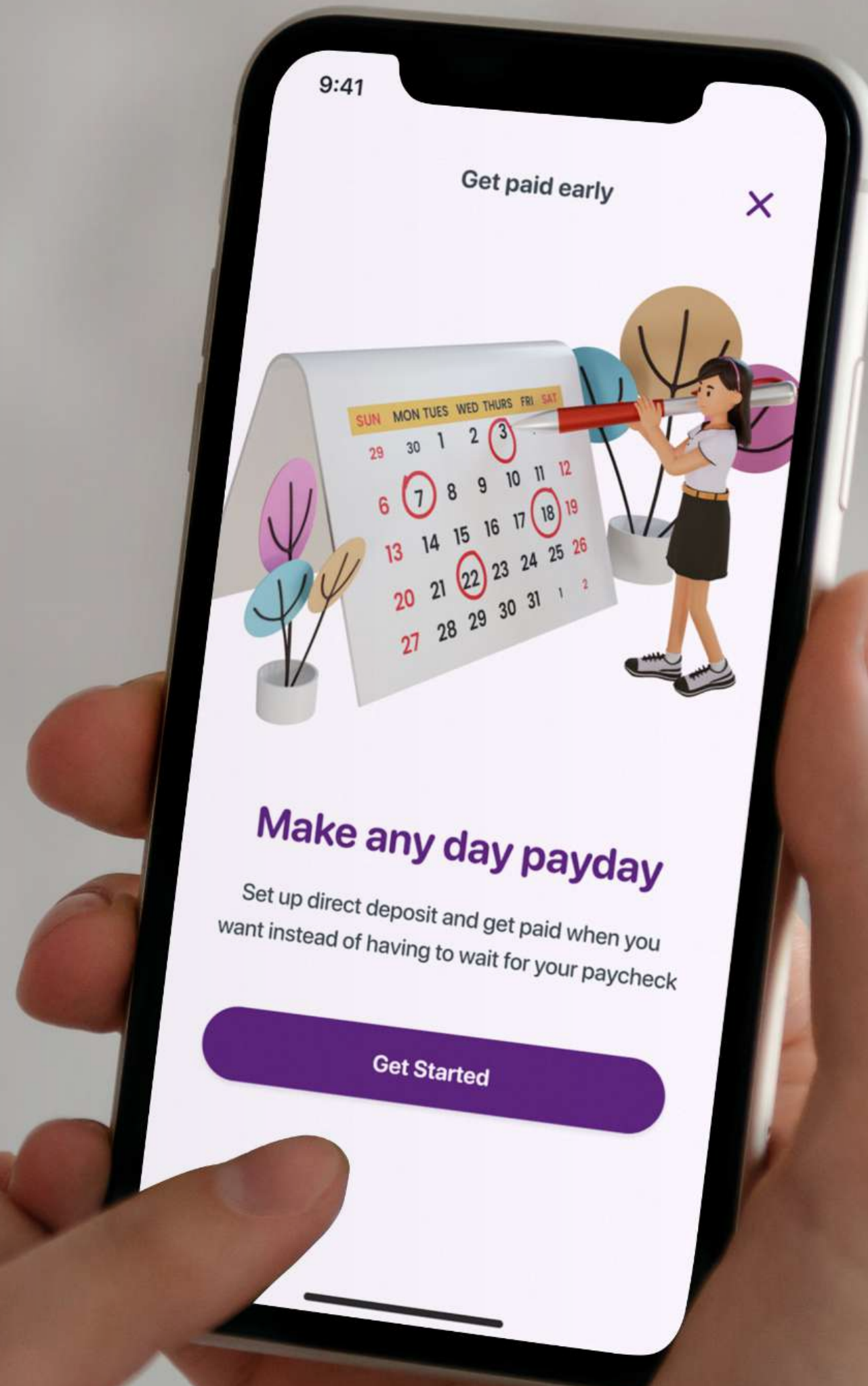
Want to take your direct deposit strategy to the next level?

77%
of consumers

surveyed by American Banker said they would use earned wage access (EWA) if their credit union or bank offered it.

Check out our latest guide, "Boost share of deposit with earned wage access" to learn how to implement EWA and become their go-to account.

[Learn more →](#)



Thanks for reading.

Ready to discover what Pinwheel can do for you?

Pinwheel makes sense of real time income and employment data so you can become the primary bank, reduce risk, and activate users.

[Get started](#)