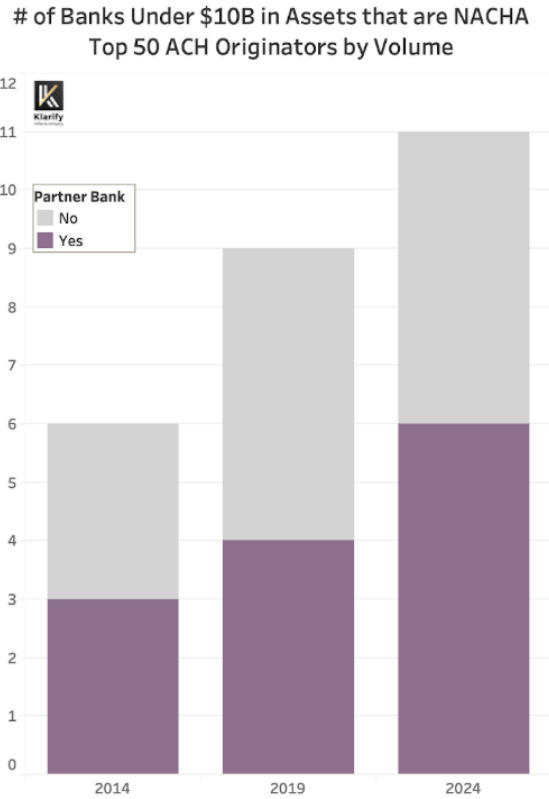


Klaros Advisors Insights

April 20, 2025

The Klaros Quick Take



We’ve spotted something interesting in NACHA data. Over the past decade, the number of banks under \$10B in the top 50 ACH originators has been steadily increasing.

Conventional wisdom says that debit cards are the best place for small banks to find a niche in the payments world. And it’s certainly true that the Durbin exemption provides banks under \$10B with significantly higher debit interchange.

Including credit unions, there were 155 depository institutions with assets greater than \$10B at year-end 2024, so it’s far from inevitable that there would be any sub-\$10B banks on the list. However, as the chart above shows, an increasing number of smaller banks are also finding a way to compete with the big guys on ACH. And, although partner banks are part of the growth, the trend can’t just be explained by that.

The table below shows who these banks are (partner banks are denoted with a “P”).

2014	2019	2024
<ul style="list-style-type: none"> • Credit One Bank • First Premier Bank • Merrick Bank (P) • NCAL Bancorp Bank • Pathward (P) • The Bancorp Bank (P) 	<ul style="list-style-type: none"> • Atlantic Capital Bank • Credit One Bank • First Premier Bank • Green Dot Bank (P) • Merrick Bank (P) • North America Banking Company • Pathward (P) • The Bancorp Bank (P) • Westamerica Bank 	<ul style="list-style-type: none"> • Ameri-National Bank • Credit One Bank • Evolve Bank and Trust (P) • First International Bank and Trust • First Premier Bank • Green Dot Bank (P) • Merrick Bank (P) • North America Banking Company • Pathward (P) • The Bancorp Bank (P) • Veridian Credit Union (P)

What’s interesting about the underlying story is that there isn’t a clear underlying story. All of these banks are doing it their own way. The new entrants between 2019 and 2024 illustrate this well:

- **Evolve Bank & Trust** - An institution that likely needs no introduction to our readers! There are parts of its strategy and controls that no one will wish to emulate, but it's also true that the Bank built out tech infrastructure that enabled a wide range of payments use cases.

- **First International Bank & Trust** - FIBT has built its Kotapay payments business in-house, hiring veterans from Central Payments and elsewhere to build a scaled payments business with a particular focus on payroll. We don't list it as a partner bank here, but Kotapay recently launched Kavinu, an in-house BaaS platform, to broaden its service offerings.
- **Veridian Credit Union** - Veridian is the long-time bank, and a minority owner, of Dwolla, which offers both first-party and Veridian-sponsored ACH services. Originally set up to offer new payments rails, Dwolla has pivoted over the years to become a major provider on the most traditional of rails and is the major contributor

It wouldn't be surprising to see Evolve slip off this list in the coming year, but otherwise these banks are showing that a strong business strategy and execution can allow them to compete with much larger banks. Let's raise a glass to the banks punching above their weight!

Klaros in the media:

- Michele Alt spoke with Kiah Haslett for FinXTech on [why tech companies are clamoring for bank charters](#) and with **American Banker's** Melinda Huspeth about why [fintechs](#) are focused on getting them.
- Adam Shapiro was quoted in **PYMNTS** on [whether stablecoins are a threat or opportunity for banks](#).
- Michele also spoke with Jeff Kauflin at **Forbes** on why fintechs still need to [pay attention to risk and compliance](#).

Our top posts on LinkedIn, based on your feedback:

- Adam Shapiro: When I talk to fintech CEOs choosing a partner bank, they invariably ask: "[How do I make sure I don't get stuck in an eternal onboarding hell?](#)"
- Michele Alt: [Blockbuster letter from HFS Chair French Hill to Acting Chair Travis Hill](#).
- Konrad Alt: [One of the most gratifying aspects of having such a great team at Klaros is that great people want to be a part of it](#).

Conferences & events

- Adam Shapiro will speak on a panel, "Future-Proofing Emerging Technologies with Sound Governance," at the [National Fair Housing Alliance's Responsible AI Symposium](#) on April 28th with Patrick Murck, CEO Surus, Cleve Mesidor, President, Blockchain Leadership Institute, and Dr. Michael Akinwumi, Chief AI Officer & Rita Allen Fellow, NFHA.
- Michele Alt participated on a panel at George Mason University on April 17, "[The Great Debate: How to Modernize Financial Regulation and Create Economic Stability](#)."
- ICYMI, you can catch up with all of our Radically Clear episodes [here](#)!

Get in touch

As always, if you're facing a challenge or have a topic you'd like to discuss, reach us at hello@klaros.com. We'd love your feedback and thoughts on other topics you'd like us to cover!

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