Chime Financial, Inc. Second Quarter 2026 Earnings Call

Peter Stabler, Vice President of Investor Relations

Good afternoon everyone and thank you for joining us for Chime's second quarter 2026 earnings conference call. Joining me today are Chris Britt, our Co-founder and CEO, and Matt Newcomb, our CFO. Mark Troughton, our President, will participate in the Q&A session.

As a reminder, we will disclose non-GAAP financial measures on this call. Definitions and reconciliations between our GAAP and non-GAAP results can be found in our earnings release and our earnings presentation posted on our IR website at investors.chime.com. We will also make forward-looking statements on this call, including statements about our business, future outlook, and goals. Such statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those described. Many of these risks and uncertainties are described in our SEC filings, including our Form 10-Q filed on May 7, 2026.

Forward-looking statements represent our beliefs and assumptions only as of the date such statements are made. We disclaim any obligation to update any forward-looking statements, except as required by law. I'll now hand the call over to Chris.

Chris Britt, Co-Founder, Chairperson, and Chief Executive Officer

Thanks, Peter, and thank you all for joining us today.

Q2 was an exceptionally strong quarter, with outperformance across key areas of our business. Active Members grew 20% and revenue increased 27% on a year-over-year basis. We accelerated growth of both card Purchase Volume and payment revenue, and our enterprise team signed on a top U.S. employer for our Chime Workplace solution. Our strong momentum is translating to the bottom line, with adjusted EBITDA margin expanding to 15% for the quarter, up 12 points year over year. We also posted our second-consecutive quarter of GAAP net income.

Our results illustrate that Chime is emerging as the clear market leader and brand of choice for banking mainstream America. We continue to take share of primary accounts from large legacy banks, while deepening relationships with our over 10 million Active Members. The momentum from recent product launches and our ambitious roadmap gives us confidence in our ability to achieve our vision to be the market leader in primary bank accounts in the US, enabling financial progress for millions of Americans who are frustrated with incumbent bank brands.

Our new Chime Prime membership tier was a big contributor to our success this quarter. Launched in early April, Chime Prime membership is available to any member making $3,000 or more of qualifying direct deposits per month. With 5% cash back rewards in the category of their choice, a 3.75% savings APY, higher MyPay limits, automatic qualification for an Instant

Loan, credit building, and lifestyle perks like Priority Pass lounge access, we believe Chime Prime offers one of the most rewarding ways for mainstream America to manage their everyday spending.

The core premise of Chime Prime is to provide even more value to members who engage with us deeply and to broaden our appeal to an even wider range of consumer segments. Four months in, it's clear that the strategy is working. Once again, our fastest-growing segment is among consumers with more than $75,000 in annual income. At the same time, the percentage of new direct depositors that reach Chime Prime status is higher than ever.

Chime Prime is encouraging members to expand their relationship with us, with more members than ever making Chime their primary financial partner. And because Prime members spend more, have higher product attach rates, and are more likely to adopt our Chime Card, they generate substantially higher ARPAM — more than double the average Chime member.

Looking ahead, we'll continue to add new features to make Chime Prime even more compelling. For example, later this quarter we plan to roll out a revolving, unsecured line of credit in Beta, offering a new, flexible liquidity product for Prime members with larger liquidity needs. Overall, we're thrilled with Chime Prime's early momentum, and expect it to become a sustained driver of our expansion into higher earning consumer segments.

Turning to recent product news, last month we announced the launch of Chime Invest, marking an important evolution for us from spending and saving towards helping our members build long-term wealth. While there are plenty of investment apps out there, what differentiates Chime Invest is its seamless integration into the banking app that millions of Americans rely on for everyday money management.

Almost 40% of Americans don't have any equity ownership so we're eager to play a role in helping more consumers participate in the upside of our country's economic growth. We can not only help our members get started, but unlike standalone investment apps, we can create a more consistent habit of investing when a paycheck arrives in your Chime account. Chime Invest includes managed portfolios created by a registered investment advisor, and free, self-directed investing that enables members to choose individual equities and ETFs. We're also excited to support Trump Accounts, pending rollover guidance from the Treasury and we congratulate them on their successful launch last month.

With over 80% of members already using our high yield savings product, we're confident we can drive adoption and consistent usage of Chime Invest early in our members' financial journey. We believe this will give Chime members a better shot at long-term wealth creation because, of course, time in the market matters far more than timing the market. Like Chime Prime, we expect Chime Invest to play an important role in attracting and retaining a broader segment of consumers to our expanding portfolio of products.

Now transitioning to Chime Enterprise, I'm proud to report some exciting wins for the team. Earlier this week, we announced that Allied Universal, one of the largest employers in the U.S. with approximately 320,000 North American-based employees, has signed on to offer Chime Workplace, our employee financial wellness suite, featuring MyPay at Work.

This partnership represents a transformative win and demonstrates that our Workplace value proposition can attract the largest employers in the country. We also recently signed a national retailer with about 35,000 employees, and will have more to share in the coming weeks when we launch that partnership. With this growing momentum and strong pipeline, we expect Chime Enterprise to become a meaningful contributor to member growth in 2027.

Turning to our liquidity products, where we continue to see great performance. MyPay transaction profit grew over 3x year over year, driven by strong origination volumes of $4.5 billion for the quarter, and a sequential improvement in loss rate. And we're particularly excited about the performance of Instant Loans, our low-cost and flexible installment loan product. Originations grew nearly 70% quarter over quarter to $300 million, with strong loss rate performance seen across our cohorts, particularly among repeat borrowers. Based on the momentum we're seeing, we expect Instant Loans to exit Q3 with an annualized revenue run-rate of more than $100 million.

Our Instant Loan product has the highest NPS across our product offerings, and is the foundation of a new lending platform for us. Looking ahead, we see enormous growth potential in expanded loan eligibility, limits and duration, as we extend our lending footprint into higher income segments with larger liquidity needs. At the core of our competitive advantage is our success in developing primary account relationships. These recurring direct deposits drive more precise underwriting and an advantaged loan repayment position.

The significant scale of our spending and lending platform puts us in a strong position to report on the financial health of mainstream American consumers. While geo-political uncertainties drive headlines, as with recent quarters, we continue to see strong evidence of a healthy consumer. Adjusted for inflation, direct depositor income, account balances, and discretionary and non-discretionary spending continue to grow, and we see no signs of stress across the performance of our liquidity products.

On AI, we continue to scale Jade, our AI financial partner, to more members, who are using it to understand what's happening with their money and help them make better decisions. For example, last week Jade flagged that my food delivery spend was running above my normal pattern and asked if I wanted to set a limit. I accepted, and now Jade tells me when I'm on pace to exceed it.

While no single transaction is going to change your life, we all know that smart money moves compound over time and collectively lead to financial progress. AI will continue to make financial advice more widely available than ever and increasingly free. But what I'm most excited about with Jade is the AI-driven personalized advice and actions that can only take place from within your primary bank account. We'll be sharing more on Jade soon.

To sum up, Q2 was another strong quarter. Our results and raised full-year outlook reflect the momentum in our business and the strength of our strategy.

We recently announced an internal reorganization that will reduce our workforce by approximately 10%. While these decisions are incredibly difficult, they will create a flatter and faster organization. We continue to see that smaller teams with fewer layers that use AI are shipping faster and getting even more work done.

AI also continues to drive outsized efficiency gains as we see in our cost to serve. In our roadshow we highlighted our 3-5x cost to serve advantage relative to incumbents, and if you look at where we landed in Q2, we've now reduced our cost to serve by an average of 10% for each of the last four years. This is a reflection of our digital-first model, enhanced further by AI.

We're still early in our journey to become the leader in primary accounts for everyday Americans. The opportunity ahead is significant, and we believe we're well positioned to win.

I'll now turn the call over to Matt to cover our financial results and updated outlook.

Matt Newcomb, Chief Financial Officer

Thanks Chris.

Q2 was one of our strongest quarters yet as a public company, showcasing the impact from investments we've made in prior quarters across member acquisition, brand, product innovation, and technology.

Chime Prime is the latest result of these investments, which in Q2 helped us: accelerate revenue growth; accelerate Active Members growth, including direct depositor growth; accelerate volume growth; and, accelerate ARPAM growth.

Meanwhile, we are also demonstrating the structural operating leverage in our model. In Q2, we grew adjusted EBITDA margin 12 percentage points year over year to 15%, with 60% incremental margin, and delivered our second consecutive quarter of positive GAAP EPS.

As we've shown quarter after quarter, ours is a business model with strong long-term earnings power, and now, near-term profits. We expect these strong results to continue and are raising our guidance for the year, which I'll touch on in a minute.

In Q2 we drove strong results across multiple dimensions of growth: Active Members, ARPAM, and Ttransaction profit.

Starting with Active Members, we continue to demonstrate that Chime is the leader in new checking account openings in the U.S., and in Q2 accelerated Active Member growth to 20% year over year. As a reminder, we have a seasonal business. In particular, tax refund-related activity drives a pull-forward of member acquisition and reengagement into Q1, resulting in seasonally higher quarter over quarter net adds each Q1, and lower net adds each Q2.

This Q2, we added approximately 200,000 net new Active Members quarter over quarter – twice as many as we added last Q2 – and 1.7 million over the last 12 months – our most ever. We ended June with 10.4 million total Active Members.

This accelerating momentum was due to a number of factors, but I'll highlight two:

First, Chime Prime, which brings together the best of Chime into a new membership tier, is clearly resonating across our member base, particularly higher earners.

As Chris noted, in Q2, we added more members depositing at least $3,000 per month than ever before. We've also seen higher retention rates for existing direct depositors since Prime's launch.

Second is the continued positive impact from our early engagement initiatives – such as enabling instant funding and mobile check deposits for new members – which make it easy to get started with Chime. These initiatives are helping us draw in more members to Chime, and have improved our payback periods to five to six quarters.

But the real power is in the combination. We've made it easier than ever to get started with Chime, and now with Chime Prime, we are clearly showing our members that the more they do with Chime, the more they get from Chime. The result in Q2 was accelerating direct depositor growth, with particular strength in late stage direct deposit conversions which hit a record high in the quarter.

With this momentum, we now expect to add 1.8 million net new Active Members in 2026, our largest cohort ever, and well above our original goal of 1.4 million for the year.

Second is ARPAM.

Our direct deposit relationships give us a high quality, deeply engaged member base, and drive strong and sticky ARPAM. In Q2, we accelerated ARPAM growth to 6% year over year, reaching $260 in the quarter. Notably, in Q2 we accelerated ARPAM growth while also accelerating Active Member growth, driving both stronger quantity and quality concurrently.

In particular, we saw strength with Chime Prime members, who to date have over twice the ARPAM of our average Active Member. Chime Prime improves both conversion to and retention of direct deposit relationships, drives greater wallet share, and helps generate more payments and platform revenue, even net of rewards costs.

On the payments side, Chime Prime helped us accelerate Purchase and OIT Volume growth to 20% year over year in Q2. While we are a nominal payments business which benefits from some degree of inflation, the acceleration in transaction volumes did not just come from higher gasoline prices, like many others have reported. Ours is much more broad-based. Year-over-year growth in Purchase and OIT volumes excluding gasoline sales also accelerated to 19%.

Chime Prime is also driving Chime Card adoption, which earns higher interchange rates, with credit mix now 27% of total Purchase Volume. Fueling this growth, we saw incredibly strong member response to Prime's 5% cash back category of choice rewards offering. This strong engagement, particularly in the gas category, resulted in modestly higher contra-revenue rewards costs than we anticipated in Q2, but we expect those costs to settle lower going forward. In fact, so far in Q3 payments revenue net take rates are pacing to grow two basis points year over year.

More broadly, we're excited about cash back rewards as another lever to maximize growth in transaction profit dollars. We're very pleased with the impact right out of the gate – in Q2 we effectively traded one basis point of take rate for five points of volume growth acceleration, which accelerated payments and OIT revenue growth to 21% in the quarter. But we think there is still much more to go. We remain very excited about the multi-year opportunity to expand take rates, net of rewards costs, as we continue to shift more volume to credit.

Chime Prime also drives platform revenue, which grew 48% year over year in Q2. As Chris noted, Prime members are pre-qualified for Instant Loans, our 3-12 month installment loan product. This helped fuel origination volume growth, up nearly 70% quarter over quarter to $300 million in Q2. And we continue to see cohorted loss rates perform very well, with substantially lower loss rates for repeat borrowers.

In addition, we continue to drive strong MyPay results, with $4.5 billion of origination volumes in Q2 at loss rates of 90 basis points. All in all, we more than tripled MyPay transaction profit dollars year over year to $73 million in Q2. We've also started testing higher MyPay limits – yet another lever to grow transaction profit dollars, and expect to roll these out in the coming months.

Finally, I'm excited to announce a new $500 million warehouse facility with Goldman Sachs to fund the continued growth of our liquidity products. This facility is a testament to the strong progress we've already made scaling our liquidity products at low loss rates.

The third dimension of growth is transaction profit.

Our low-cost operating model has enabled us to offer what we believe is the most compelling breadth of services for mainstream consumers, which, as of Q2, we delivered at 73% transaction margin. Transaction margin grew four percentage points year over year, driven by strong loss rate performance. Along with the growth in Actives and ARPAM, overall transaction profit grew 36% year over year in Q2.

Importantly, this isn't 'flash in the pan' growth – we believe this is durable growth, underpinned by cohorts of deeply engaged, long-lasting primary account relationships. Across our cohorts, we see over 100% dollar-based transaction profit retention, net of churn. Our cohorts nearly triple in ARPAM as they mature, as members attach to more products over time. And, strengthened further by Prime, LTV:CACs are now up to 9x.

These attractive unit economics are what drive the structural operating leverage in our business: strong margin expansion concurrent with meaningful investments in growth. Non-GAAP OpEx as a percent of revenue fell by eight percentage points year over year, with operating leverage across all OpEx categories. Q2 adjusted EBITDA margin of 15% was up 12 percentage points year over year, with incremental margins of 60%. We delivered $102 million of adjusted EBITDA and $28 million of net income, our second consecutive quarter of positive GAAP EPS.

Turning to our guidance.

In the third quarter, we expect revenue between $680 and $690 million, resulting in year-over-year revenue growth between 25 and 27%. We expect adjusted EBITDA of between $105 and $110 million, and an adjusted EBITDA margin between 15 and 16%.

For the full year, we expect revenue between $2.725 and $2.745 billion, resulting in year-over-year revenue growth between 25 and 26%. And we expect full year adjusted EBITDA of between $465 and $475 million, and an adjusted EBITDA margin of 17%. We now expect an incremental adjusted EBITDA margin north of 60% for 2026.

Note that our outlook includes the impact of our recent restructuring announcement. While we will reinvest a portion of payroll savings, this restructuring will also drive further operating leverage, particularly as we head into 2027 when we expect to keep payroll costs flat relative to 2026. Specifically, in Q3'26, we expect to recognize approximately $16 to $20 million of net cash restructuring charges, partially offset by a reversal of approximately $9 to $12 million in non-cash stock-based compensation expense, for an expected impact to net income of $6 to $9 million.

Before we open it up for questions, I'd like to say a few personal words.

After a decade at Chime, I've decided it's the right time to step down as CFO and spend more time with my family – now a family of five.

It has been the opportunity and privilege of my career to have helped build this company from some of its earliest days.

And there is so much more ahead. I make this transition when Chime's opportunity is as big as it's ever been — at a moment when the business has incredible momentum, a strong foundation for continued growth, and an extraordinarily talented team carrying it forward.

I'll be working closely with Chris, Mark and the broader team over the coming months to ensure a smooth handoff.

Chris and Ryan, thank you for your trust. And to all of my Chimer colleagues, thank you for your partnership, your dedication to this great company, and for making Chime such a special place to build.

Chris Britt, Co-Founder, Chairperson, and Chief Executive Officer

I want to thank you Matt for your leadership over the past 10 years. Matt has been central to Chime's success and a close friend and partner to me since the very early days. Matt has worked tirelessly to build and scale Chime for a decade, and has decided to take a well-deserved break. While he will support us through the search for our next CFO and the transition, this will be his last earnings call and I want to take the opportunity to thank him for everything you've done for us. We have kicked off an executive search and our President, Mark Troughton, who many of you know, will be President and Interim CFO until we find a permanent CFO replacement.

With that, we will open it up to Q&A.