Chime Financial, Inc. Third Quarter 2026 Earnings Call

Christian Rolon, Senior Director of Investor Relations

Good afternoon, everyone, and thank you for joining us for Chime's third quarter 2026 earnings conference call. I'm Christian Rolon, Senior Director of Investor Relations. Joining me today are Chris Britt, our Co-founder and CEO, and Mark Troughton, our President and Interim CFO.

Before we begin, I'd like to remind everyone that today's call will contain forward-looking statements, including statements about our business, future outlook, and goals. These forward-looking statements are subject to numerous risks and uncertainties, many of which are described in our SEC filings, including our most recent Form 10-Q. Our actual results may differ materially from any forward-looking statements we make today. These forward-looking statements represent our beliefs and assumptions as of today, and we do not assume any obligation to update them except as required by law. As a reminder, we will also 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. These non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, our GAAP results.

With that, I'll hand it over to Chris.

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

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

Our team delivered another outstanding quarter of accelerating growth and expanding profitability in Q3. Revenue grew 32% year over year, up from 27% last quarter. We added a record 1.8 million net new Active Members over the past 12 months, expanded adjusted EBITDA margin by 14 points to 19%, and delivered our third consecutive quarter of GAAP net income. We're also raising our fourth-quarter outlook.

These results reinforce our IPO thesis: trusted primary accounts create a durable business model that strengthens over time. As our members adopt more products, we capture more of their everyday spend, creating a resilient model across economic cycles. As our cohorts age, our relationships deepen with transaction profit that we see expanding annually over many years.

Today, I'll discuss four key growth areas of our next chapter: Chime Prime, lending, AI, and our planned acquisition of Stride Bank.

Let's start with Prime. Six months after launch, our Chime Prime membership tier is doing exactly what we built it to do: it significantly expands the audience we serve while also deepening our existing member relationships.

We're acquiring more higher-income members, and more of them are choosing Chime. Members earning $75,000 or more continue to be our fastest-growing segment of new enrollments. And among these members, a significantly higher share are direct depositing and

qualifying for Prime by depositing $3,000 or more per month. At our IPO, we highlighted our ability to serve everyday Americans earning up to $100,000 a year. With Prime and our continued success in serving higher-income segments, we're expanding our addressable market to serve all Americans earning up to $200,000.

Prime members do even more of their banking with us. They deposit more, spend more, use more products, and they retain longer. Together, that adds up to more than twice the ARPAM of our average Active Member. That's the power of Prime: the more our members do with Chime, the more value we create — for them and for our business. And Prime isn't a one-time step up. It's an engine for sustainable growth, and it's still early days.

Across our business, we're adding members at a record pace, at our lowest CACs of the year, with payback periods coming down. And we're seeing the best unit economics in our history, with LTV-to-CAC of nearly 10x across our entire Active Member base.

The second growth area is lending. Across SpotMe, MyPay, and Instant Loans, we originated $50 billion of annualized volume in Q3 — with an average duration of just two weeks. Ours is a fundamentally different lending model than other fintechs and incumbents. We extend very short-duration liquidity to direct deposit members, which puts us at the top of the repayment stack and gives us superior, real-time underwriting signals from their inflows and outflows. With low balance sheet requirements and a cost to serve that's a fraction of a traditional bank's, we deliver low-risk credit products at a low cost, with attractive margins, at scale.

This quarter, we doubled the maximum MyPay limit to $1,000, which drove record origination volume and transaction profit, at a loss rate right around our 1% steady-state target. With $5.3 billion in origination volume, MyPay generated more than $500 million in annualized revenue in Q3. Instant Loans is growing even faster with origination volume growing to $381 million in Q3. With more than 20% of Active Members using the product, it has already passed $115 million in annualized revenue, ahead of expectations. Mark will share more detail on both products later.

Our lending products deepen our primary account relationships, and they're becoming a bigger driver of ARPAM and transaction profit. We're now taking the same disciplined playbook to new products, including our unsecured line of credit, currently in beta, and an unsecured credit card in employee testing that we expect to roll out next year.

The third area of growth for us is AI. We see multiple ways for Chime to benefit from this transformational era that we're experiencing.

At the product level, AI agents will make it easier for consumers to find better-value financial products and make the switch — eroding the inertia that has protected big banks for decades. As agents compare product features, fees, and trust, we believe Chime is positioned to win: with great products, at low costs, and a brand that members love.

At the agentic level, we don't believe that a single agent will be best suited to manage every area of your life. Researching a major purchase or planning a trip is one thing. In more complex, regulated categories like healthcare and finance, we believe that trusted specialist agents will win. When asking an agent to move money, pay bills, or manage investments, you need more than intelligence — you need financial expertise, safeguards you can trust, and accountability for every action.

And that's why our biggest bet is Jade: our personal finance agent for Chime members and, ultimately, all consumers. We're building Jade to understand a consumer's full financial picture, anticipate their needs and help optimize their money, underpinned by a regulated bank account. Jade is already available to millions of members, with adoption and capabilities growing quickly.

We're also building secure connections to the general-purpose AI agents that members choose, bringing Chime's expertise and safeguards to those interactions. Members can use their preferred agent while staying in control of who can access their accounts and what actions agents can take with their money.

The final area of growth is Stride. In September, we announced our agreement to acquire Stride Bank, our partner for more than seven years. For a company with our ambition, owning a charter was always a matter of when, not if. Chime is a technology company, and adding a bank subsidiary completes the vertically integrated platform required to win in the AI era. Ownership will allow us to launch products faster, deepen trust, and strengthen resilience, while extending our structural cost advantage through lower bank partner fees and funding costs. We'll be able to offer our liquidity products in all 50 states, and provide a broader suite of banking services across America. We'll also continue to build on Prime's momentum, by serving more higher-income households with more complex financial needs. Let me be clear on one point: owning a bank does not change our core business model - we intend for Chime to remain technology-driven, payments-led, and asset-light.

Q3 was our strongest as a public company, and I'm more confident in our future than ever. We're delivering great results today and building even greater earnings power for tomorrow.

Our pace of innovation is accelerating. In just the past few months, we launched Chime Invest, rolled out Visa Flex, introduced joint accounts, and began testing our line of credit for Prime members. Enterprise is opening up another avenue for growth. We expanded our Workday partnership, signed our first public sector customer, the City of Charleston, and will soon launch a paycard. Enterprise will be a meaningful contributor to new member growth in 2027 and beyond. Our lending platform is also expanding — from MyPay and Instant Loans to our line of credit and, soon, an unsecured credit card — broadening access to credit at attractive unit economics.

We've never had more ways to win or greater ability to execute. That's why I believe our outlook is brighter than at any point in Chime's history.

With that, Mark will walk you through our Q3 results and outlook.

Mark Troughton, President and Interim CFO

Thanks, Chris.

Q3 was a fantastic quarter. We accelerated on the top line and the bottom line, and we beat the raised guidance we shared in September.

Revenue grew 32% to $718 million, up from 27% last quarter and 25% in Q1. Adjusted EBITDA was $137 million, a 19% margin, up 14 points year over year, our largest margin expansion as a public company.

We've accelerated our execution, are driving faster growth and more profitability, and are raising Q4 guidance.

I'll cover three things today: our Q3 results, Stride, and our outlook.

Starting with Active Members, we added approximately 500,000 net new Active Members in Q3, ending the quarter at 10.9 million, up 20% year over year. That's 1.8 million over the last 12 months, the most in our history. And direct depositor growth accelerated for the third straight quarter. Throughout 2026, we've accelerated our pace of member adds, while sequentially reducing our CACs, improving our payback periods each quarter.

We're also getting more value from every member. ARPAM grew 10% year over year to $270, up from 6% last quarter. Prime is a big part of that: Prime members generate more than twice the ARPAM of our average Active Member.

Purchase and OIT volume grew 22% year over year, accelerating from 20% last quarter. This strong volume growth accelerated Payments and OIT revenue growth to 26% year over year, up from 21% last quarter. Prime and Chime Card are augmenting spend growth from healthy consumers. Among our tenured direct depositors, inflation-adjusted incomes and cash buffers are both up year over year.

In addition, we drove credit mix higher with Prime and Chime Card. Credit is now 29% of Purchase Volume, nearly double a year ago. And we normalized rewards costs, as we said we would. Net take rates were up three basis points year over year to 116 basis points, ahead of the two we expected. With Chime Card earning nearly twice the take rate of debit, we see a multiyear opportunity to expand take rates. Visa Flex is yet another lever to shift more spend to credit.

Our liquidity products show the power of the primary account. Platform revenue grew 52% to $274 million, led by MyPay and Instant Loans. We see our members' inflows and outflows in real time, which gives us superior underwriting signals and puts us at the top of the repayment stack.

MyPay is a great example. In Q3, we rolled out higher limits, up to $1,000. Limits scale with direct deposits, so the highest limits went overwhelmingly to members who qualify for Prime. Dollars advanced per MyPay active rose meaningfully. That drove a record $5.3 billion in origination volume, our fastest growth in a year, and MyPay revenue grew 54%. Losses came in right around our 1% steady-state target, and MyPay transaction profit reached a record $80 million, nearly double a year ago. That's exactly the trade we told you we'd make: a modestly higher loss rate for more transaction profit dollars.

Instant Loans is following the same playbook. We're optimizing limits and expanding access to new Chime Prime members. That drove origination volume of $381 million and annualized revenue over $115 million — both ahead of our expectations, with margins in line. While first-time loans carry higher loss rates, we continue to see improving loss rates on our cohorts, with annualized loss rates for repeat borrowers up to 50% lower than for first-time borrowers. As more members graduate to repeat loans, the investments we're making today position Instant Loans to drive meaningful transaction profit growth in the coming quarters.

Transaction margin expanded five points year over year to 74%, with transaction profit up 41%. We run on our own technology, so processing costs stay low, and our gross margin is now at

our long-term target of 90%. And as our members' primary account, we can spot and stop fraud early. Fraud losses fell 16% year over year, even as Purchase Volume grew 19%.

This business is also built to scale. Against revenue growth of 32%, non-GAAP operating expenses grew 13% year over year, even as we kept investing in growth. We drove 14 points of adjusted EBITDA margin expansion, to 19%, and a 62% incremental adjusted EBITDA margin in Q3. Net income was $44 million. Once again, we were GAAP profitable.

Now, turning to Stride. The transaction remains subject to regulatory approval, and we continue to expect it to close in the first half of 2027.

As we shared previously, we expect more than $100 million of annual net after-tax synergies.

The biggest driver is cost of funds. Once we own the bank, we hold our members' deposits ourselves, which gives us a much lower cost of funding as these products grow. We also stop paying sponsor-bank fees. And a national charter lets us offer our lending products in all 50 states, and most importantly, accelerates our product velocity even further.

We expect the acquisition to be accretive to earnings from close, even as we absorb one-time integration costs in 2027. The synergies then build as we migrate accounts from our other partner bank onto Stride. We expect to reach the full run rate in 12 to 18 months post close.

Pro forma for the acquisition, we would have had approximately $6.5 billion in total assets at the end of September, across both of our bank partners. We'll stay asset-light, and we expect to stay below $10 billion in assets for the foreseeable future.

Finally, turning to our outlook.

For Q4, we expect revenue of $757 to $767 million, growth of 27% to 29%, and adjusted EBITDA of $161 to $166 million, a margin of 21% to 22%, and an incremental margin of 64% at the midpoint.

For the full year, that's revenue of $2.792 to $2.802 billion, growth of 28%, and adjusted EBITDA of $519 to $524 million, a margin of 19%, and an incremental margin of 65%.

As Chris shared, we're proud of what we've delivered thus far, and even more excited about what's to come.

We're seeing a structural improvement in both our growth and our profitability profile.

We're acquiring members at a record pace and launching products faster than ever. We now expect to grow faster in the coming years than we previously anticipated.

At the same time, we also expect to be more profitable. We've made significant improvements to our already strong unit economics: our LTV:CACs are now up to nearly 10x, up from about 8x when we went public. More broadly, across our OpEx base, we continue to deliver meaningful operating efficiency, while making high ROI investments in growth. We're simultaneously expanding ARPAMs while reducing our cost to serve.

So, to sum it up. We've accelerated growth. We've accelerated margin expansion. And we're raising our outlook for the remainder of the year.

With that, we are happy to take your questions.