

Goldman Sachs ties up with GM for second co-brand card

Article

The news: Goldman Sachs [partnered](#) with General Motors (GM) to launch the new My GM Rewards Card, according to Bloomberg. It will transition most cardholders in the Mastercard-branded portfolio from Capital One in February.

More on this: The card carries no annual fee and offers three usage-based tiers—silver, gold, and platinum—that each offer higher points and redemption caps, according to the Detroit

Free Press.

Users can redeem points or earn statement credits for buying or leasing new and (to a more limited extent) pre-owned cars, services and parts, and electric bills for electric vehicle owners. Higher tiers also allow limited redemption for gift cards. New users will receive a 10,000-point bonus for spending \$1,000 within 90 days and a limited-time 0% APR offer. Existing users will get other benefits to encourage use.

Key context: While the pandemic **briefly shrank co-brand volume**—largely due to an overall decline in spending and credit card use—major issuers were already rebounding by mid-2021, creating an opening for a flurry of new cards.

What's next: Goldman could work with GM to develop an innovative, digital-first card.

- Goldman has a **reputation** for building industry-leading digital platforms through **Apple Card** and **Marcus**. It could use those experiences to build its new GM-based offering—it already features digital-only account opening.
- We expect GM's exploration of in-car payments through OnStar to **ramp up** this year. If it does, Goldman could tether the card to a car-based wallet to attract spending as in-car payments become more **common**. It could also explore tie-ups with digital fuel and parking payment upstarts—or build financing relationships as US car purchases **rise** in 2022.

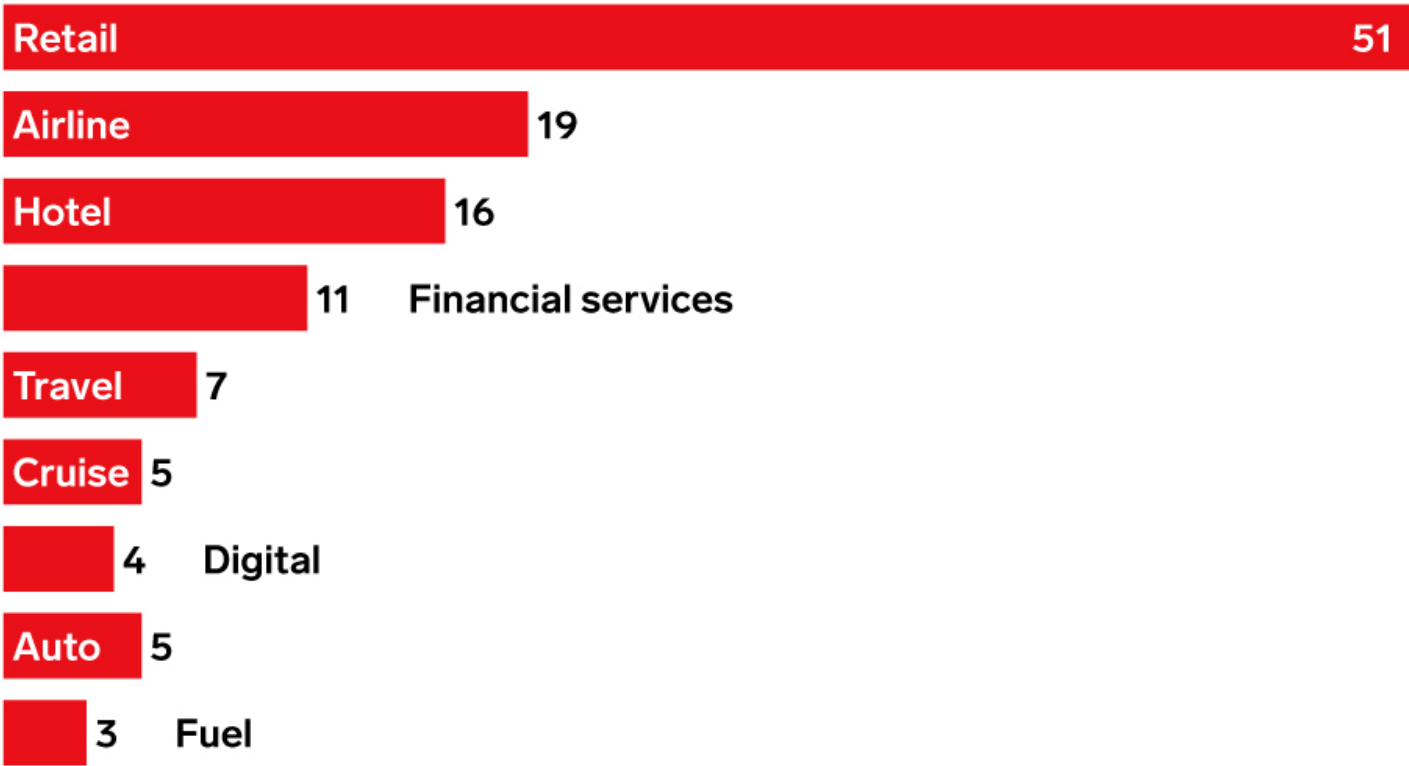
Innovative offerings could help Goldman and GM broaden the portfolio's audience—which only counts **3 million cardholders**—by further integrating it with GM's rewards program and courting the **50% of GM owners who will stay loyal to the brand**.

The big takeaway: The card could help cement the nascent digital co-brands space, which is set to shape the future of the industry.

With Apple Card, Goldman used its immense access to capital to take risks on the product and develop new audience-building features that ultimately paid off. We'll likely see the issuer use a similar tactic here that could help redefine co-brand issuers' approaches in larger sectors like retail, airline, and hotel.

Related content: Check out our "[Co-Brand Credit Card Report](#)" for more insights on co-brand card market growth, changes and trends in top sectors, and what's on the horizon for the industry.

US Co-Brand Credit Card Programs, by Category, July 2021



Note: total co-brand programs as of July 2021=121; a co-brand program is defined as a group of cards that share benefits, even between brands (e.g., Gap's program issues Athleta, Banana Republic, Gap, and Old Navy cards with shared benefits structure)
Source: Insider Intelligence estimates from major banks, brands, and Consumer Financial Protection (CFPB) data, June 16, 2021

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