

Aspiration's credit card launch is a critical step toward its profit aspirations

Article

The news: Socially conscious US neobank **Aspiration** has debuted its **first credit card offering**, dubbed the “Aspiration Zero Credit Card,” CNBC reports.

More on this: Aspiration positions itself as the anti-bank and targets customers with equal passion for the environment and against banks. Many of the **benefits** of the Aspiration Zero card align with the neobank's environmentally conscious mission. They include:

- **Planting a tree each time a customer swipes their Aspiration Zero card.**
- An option to plant an additional tree for each purchase if the customer rounds their purchases up to the nearest dollar.
- **A \$300 welcome bonus for clients who spend \$3,000 within the first three months of getting their card.**
- **0.5% cash back on all purchases each billing cycle, which increases to 1% cash back** if the customer manages to plant at least 60 trees with their card usage in that cycle. Cash back can be used to plant further trees—one tree for each dollar of cash back—or as a statement credit.

The card is intended for consumers with excellent or good credit, per CNBC.

The bigger picture: In addition to being an excellent complement to Aspiration's other environmentally savvy offerings, Aspiration Zero could be an all-important profit driver for the neobank.

- Aspiration allows clients to **pay only what they think is fair for its services** on a monthly basis, even if it's nothing, and donates 10% of these payments to charities.
- While this is a unique customer acquisition tactic, it has also made shoring up the bottom line a potential challenge, leaving the neobank **dependent on debit card interchange**.

Aspiration Zero can help with these profitability concerns—two aspects of its design make it just as useful for Aspiration's balance sheet as for environmentally focused clients:

- **Fees.** In addition to charging a variable APR between 11.65% and 21.45% on customers' balances, Aspiration Zero comes with a \$60 annual fee—meaning that regardless of how often they use their cards, the revenue per Aspiration Zero user will be at least \$60.
- **Engagement drivers.** Aspiration Zero's higher cash back rewards for planting enough trees and its \$3,000 spending threshold on the welcome bonus encourage greater usage. This could foster stronger interchange revenue and a greater chance that clients carry a balance on the card, further ramping up revenue per customer.

US Neobank Account Holders, by Company, 2021-2025

millions

	2021	2022	2023	2024	2025
Chime	13.1	15.4	17.8	20.3	22.7
Current	4.0	5.2	6.3	7.3	8.4
Aspiration	3.0	3.8	4.6	5.5	6.4
Varo	2.7	3.5	4.4	5.4	6.4
Other	2.5	3.2	3.8	4.4	5.1
Total	20.2	24.9	29.5	34.3	39.1

Note: individuals who hold at least one account at an independent, digitally native, digital-only bank that has either a banking license or operates on a licensed bank's platform (such as Chime or Varo in the US, Monzo in the UK, and Koho in Canada); account holders are not mutually exclusive; there is overlap between groups
Source: Insider Intelligence, May 2021

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