

# Green Dot's collab with Plaid for its neobank also has BaaS potential

## Article

**The news:** Green Dot [announced](#) that it's partnering with **Plaid** to offer open banking data sharing to customers of its in-house neobank, **GO2bank**.

- The deal involves integration with **Plaid Exchange**, an open banking solution that facilitates bank account data sharing with over 6,000 financial apps.

**The rationale:** GO2bank is geared toward **US customers who are underserved and living paycheck to paycheck**—the company puts this figure in the millions—and Green Dot said that its Plaid partnership is **designed to build on this focus**.

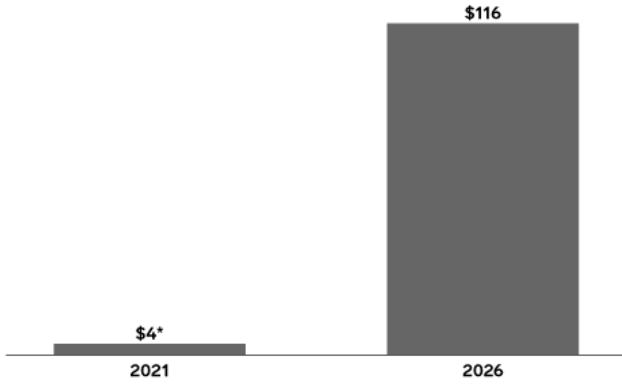
- The banking company quantified its addressable market, citing a 2021 Morning Consult survey that shows **10% of US adults are unbanked**, meaning they lack checking or savings accounts.
- An additional **24% are unbanked**, or hold accounts but recently used alternative services like check cashing.
- These survey results differ from FDIC and U.S. Government Accountability Office (GAO) findings, which showed a 5.4% unbanked figure among households, as of 2019, and a recent 17.9% underbanked estimate based on previous data.
- Green Dot claims that getting underserved people engaged with fintech products creates a virtuous cycle, pointing to a 2021 Plaid survey which found that **71%** "say the more they use Fintech, the more confident they feel about their finances." The company says this helps create demand for platforms with secure open banking offerings.

**The opportunity:** If the GO2bank deal succeeds, Green Dot could expand its Plaid partnership to its banking as a service (BaaS) arm. Cornerstone Advisors predicts that the US BaaS market will **exceed \$25 billion in revenue by 2026**, up from **only \$1.2 billion in 2021**.

- Green Dot can use BaaS product enhancements to boost the performance of its B2B Services reporting segment, which houses BaaS. The segment made up around 37% of its total operating revenue in Q4 2021, at approximately \$121.9 million.
- Plaid Exchange could give Green Dot another selling point to prospective BaaS clients, and foster higher customer retention.
- The company could also make open banking available to non-bank BaaS partners—it has named **Uber, Apple, Walmart, and Google**—further enhancing its relationship with Plaid.

## Payment Transactions Worldwide Facilitated by Open Banking, 2021 & 2026

billions



Note: \*just under \$4 billion

Source: Juniper Research, "Open Banking-Facilitated Payments to exceed \$116 billion by 2026, as APIs threaten to end card dominance," Nov 1, 2021

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