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Q&A: Dave CEO on standing out as a neobank, marketing, and the origin of its name

Article

Jason Wilk
CEO, Dave

US neobank **Dave** calls itself “the finance version of David vs. Goliath,” offering ordinary customers early paycheck access and no overdraft fees.

Co-founder and CEO Jason Wilk spoke with Insider Intelligence about Dave’s challenges, including how to stand out from other neobanks and competing with incumbents that are taking steps to reduce their own customers’ exposure to overdraft fees. He also discussed Dave’s marketing plans, why it went public through a SPAC merger, and why Dave is named “Dave.”

The following has been edited for clarity and brevity.

Insider Intelligence (II): How did "Dave" get its name? Using an individual name for a brand contrasts with what banks usually do.

Jason Wilk (JW): That was one of the main reasons we chose the name "Dave"—because banks historically have been so unapproachable. They have these big, fancy names that are generally associated with high fees and keeping everyday people out of the financial system. When thinking about the name for Dave, we wanted something incredibly approachable and friendly, something everyone could recognize and something easy to spell. And Dave was the only name I came up with. I don't have any really close friends or family named Dave, but this name just stood out to me.

II: What's your target demographic and why would Dave resonate with them?

JW: Our target demographic is the population of everyday Americans who have ever been hit with an overdraft fee. Our mission is to build products that level the financial playing field. We're trying to give the 99% the same access to products that those who are financially well off have access to.

II: Other US neobanks make a similar pitch about how consumer friendly they are relative to incumbents and how they help people with their short-term finances. Are neobanks becoming commoditized and too much alike? How does Dave differentiate itself from other neobanks?

JW: The more neobank competition, the better for the consumer. We're already seeing pressure for the big banks to change their products. There's a wave of competition coming from companies like Dave offering products that are so much more friendly to the consumer. We're adding millions of customers—and the big banks are taking notice. But what makes Dave different is how helpful we are to the customer from the day they join.

It takes a while to establish a relationship with most banks. We specialize in giving people access to interest-free credit the day they join. A customer can get up to $250 in extra cash the second they join, which is unique. Our customers have the ability to find additional job opportunities the day they join. And our customers can also build credit by paying their everyday bills on time, which is also unique to Dave.

II: Within the past year, a slew of big US banks either dropped overdraft fees or greatly reduced customers' exposure to them. Is it getting harder for neobanks to differentiate themselves against incumbents?

JW: Other neobanks may have a challenge because what the big banks are doing is if you are a direct deposit member, they will be more lenient with you on overdraft. But Dave's product gives people access to $250 of short-term credit the day the customer joins—without looking at a direct deposit through Dave, and without looking at whether you're a banking member of Dave. The way we start our customer journey is a huge thing that only Dave offers as far as neobanks in the US.

II: Other banking players offer small-dollar loan products now. Varo offers that. Truist and Wells Fargo also offer some type of small-dollar loan. How does Dave's offer compare?

JW: We've had a massive head start. The business is five years old now. The amount of data we've been able to ingest over the last five years gives us advantages to offer the best-in-class product.

JPMorgan now gives people up to $50 of overdraft for one day. Dave will give you $250, and we'll possibly expand that from there. We're solving problems for customers who don't have enough money to go buy their everyday essentials.

II: Why did Dave choose to go public through a SPAC merger instead of through a traditional IPO?

JW: What we liked about the SPAC was that we had a guaranteed amount of capital. We knew we were going to be able to raise at a set valuation via a PIPE: Tiger Global alone committed $150 million to us. That gave us more comfort as a young company to go public via SPAC versus taking the longer, more arduous process of an IPO where the amount you raise is less certain.

II: What steps are you taking this year to continue customer growth?

JW: Well, we're really doubling down on our user acquisition efforts. There are lots of marketing and brand partnerships we are actively negotiating. We're also focusing on our ability to acquire customers through social media channels, which we do very well with.

We have a very recognizable logo—we have a very easy-to-spell brand name and domain: dave.com. Organic word of mouth is our largest form of customer acquisition to date, which we love to see. We'll continue to build products that emphasize that.

II: What kinds of companies does Dave want to acquire?

JW: We're looking at a broad swath of companies. We haven't made any decisions yet, but there are many opportunities out there: everything from digital products that help make our customers more engaged to products that help our customers access other financial products that we think we can make cheaper.

II: Can you name some specific types of business lines?

JW: We can't necessarily, but if we look at the areas that Dave is really good at, obviously we're very focused on credit. We are a market leader in the neobank credit space, and we want to extend our lead. There are some interesting opportunities there. Additionally, just having more tools to drive engagement is top of mind for us.

II: What new products do you have planned post-SPAC? What functions, or financial apps, do you see Dave adding?

JW: One coming up here pretty shortly will be cash-back rewards. We'll be offering a credit-card-style rewards product for our debit card members. We think this fits really squarely with our mission to build products that level the financial playing field: Now, customers get access to great cash-back offers when they use their Dave card at leading merchants. We're very excited to roll that out.

II: Do you see an advantage with sticking with a partnership model instead of having full control over your asset and liability arrangements that a depository institution would have?

JW: For now, we think from a strategic perspective, it makes more sense to continue with the partnership so we can continue our focus on customer acquisition and building great products. Ultimately, we have a good relationship with our banking partner. It's been no need to switch yet.