

Dollar General wades into payments as a service to bolster customer loyalty

Article

The news: Discount retailer **Dollar General** launched three financial offerings, per a press release.

- **Spendwell bank accounts and debit cards.** Customers can choose between a fee-free account or one that lets them earn 1% cash back for Dollar General purchases. Both accounts,

which are enabled in partnership with **InComm Payments**, come with MetaBank-issued Visa debit cards and access to the spendwell mobile app.

- **A buy now, pay later (BNPL) pilot with Sezzle.** Customers at more than 1,700 Dollar General stores across Texas can use Sezzle to pay for purchases in four interest-free installments.
- **Cash-back rewards in partnership with FIS.** Dollar General is testing a feature using FIS' rewards redemption network that lets customers with eligible debit and credit cards redeem reward points at the point-of-sale.

What this means: Dollar General's new offerings can help it attract customers and encourage repeat purchases.

- **The bank accounts and debit cards might appeal to unbanked and underbanked consumers.** Low-income consumers make up the largest segment of discount store customers, [per](#) PYMNTS, and tend to be disproportionately [unbanked](#). Dollar General's solutions might help customers access low-cost or free digital financial services with a brand they're already familiar with—helping increase debit penetration and driving more store volume.
- **The BNPL solution feeds demand for flexible payments.** Thirty-one percent of US adults said they used BNPL for greater payment flexibility, [per](#) a 2021 SurveyMonkey and Momentive poll. Dollar General can use its integration with Sezzle to provide low-income consumers with short-term liquidity to make needed purchases.
- **Rewards might help increase conversions and customer loyalty.** Dollar General's rewards integration could boost its value proposition: 25% of US respondents said applying rewards to a specific purchase made with a card would be "extremely valuable," [per](#) Insider Intelligence's "US Cash-Back Credit Card Emerging Features Benchmark 2021" report.

The trend: Dollar General's new offerings reflect the growing prevalence of [payments as a service](#) (PaaS)—when payment providers offer infrastructure and services that brands can then build on top of.

PaaS lets providers scale their offerings, reach new customers, and expand their revenue potential. And having access to payments infrastructure lets brands build new value-added solutions that can help them stand out and bolster customer loyalty. This option is also more affordable for brands than the research and development costs associated with developing similar solutions in-house.

Retailers like [Walgreens](#) have used PaaS to build new solutions, but the technology has also been integrated horizontally into other payment services. For instance, [Ingenico](#) [launched](#) a cloud-based plug and play solution that lets acquirers, payment service providers, and independent software vendors create and manage in-store payment offerings tailored to their merchants.

Reasons US Adults Use Buy Now, Pay Later (BNPL) Services, by Income, Aug 2021

% of respondents in each group

	<\$50K	\$50K-\$99,999	\$100K+	Total
Can't afford to pay in full	53%	36%	21%	39%
No interest or fees	30%	45%	46%	38%
Convenient to use	29%	31%	35%	31%
Greater flexibility in payments	24%	34%	34%	29%
Alternative to credit cards	23%	28%	31%	26%
Make purchases seem less expensive	25%	30%	22%	26%
Easy approval process	22%	22%	16%	20%
Other	4%	3%	6%	4%

Note: <\$50,000 n=236; \$50,000-\$99,999 n=199; \$100,000+ n=168; total n=622; among those that have used BNPL services in the past 12 months

Source: SurveyMonkey and Momentive as cited in company blog, Aug 24, 2021

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