

Walgreens rolls out bank account, potentially imperiling neobanks with its reach

Article

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The news: The US retail chain has [launched](#) a new bank account, dubbed “**Scarlet**,” for its customers in partnership with payments technology company **InComm Payments**.

More on this: Accounts are issued through South Dakota-based **MetaBank** and come with a Mastercard-branded debit card. Perks associated with Scarlet accounts include:

- Walgreens Cash rewards on purchases made with the Scarlet card.
- Free 2-day early direct deposit.
- Goal-setting features to help with budgeting and money management.

Scarlet furthers **Walgreens’** push into financial services: The firm recently partnered with **Synchrony Financial** to [debut](#) co-brand and private-label credit cards that offer brand-based and health and wellness rewards.

Walgreens’ physical footprint and baby-boomer-friendly mobile app could help fill the gap left by disappearing branches. Here are two reasons why:

Some customers still want to bank in person. The pandemic hastened the adoption of digital banking tools and solidified a broader [trend](#) away from branches, but many customers still prefer an in-person option.

- The drugstore’s over 9,000 domestic locations provide it with a level of density—**78% of the US population lives [within](#) 5 miles of a Walgreens or Duane Reade**—that enables it to provide a brick-and-mortar banking experience to those who still value one.
- Its large footprint also means Walgreens can widely advertise its new banking service to the millions of customers who already visit its stores daily.

Its mobile app was developed with an older user in mind. More than 20% of Walgreens’ app users were ages 55 and older, according to a 2017 study generated by the retailer.

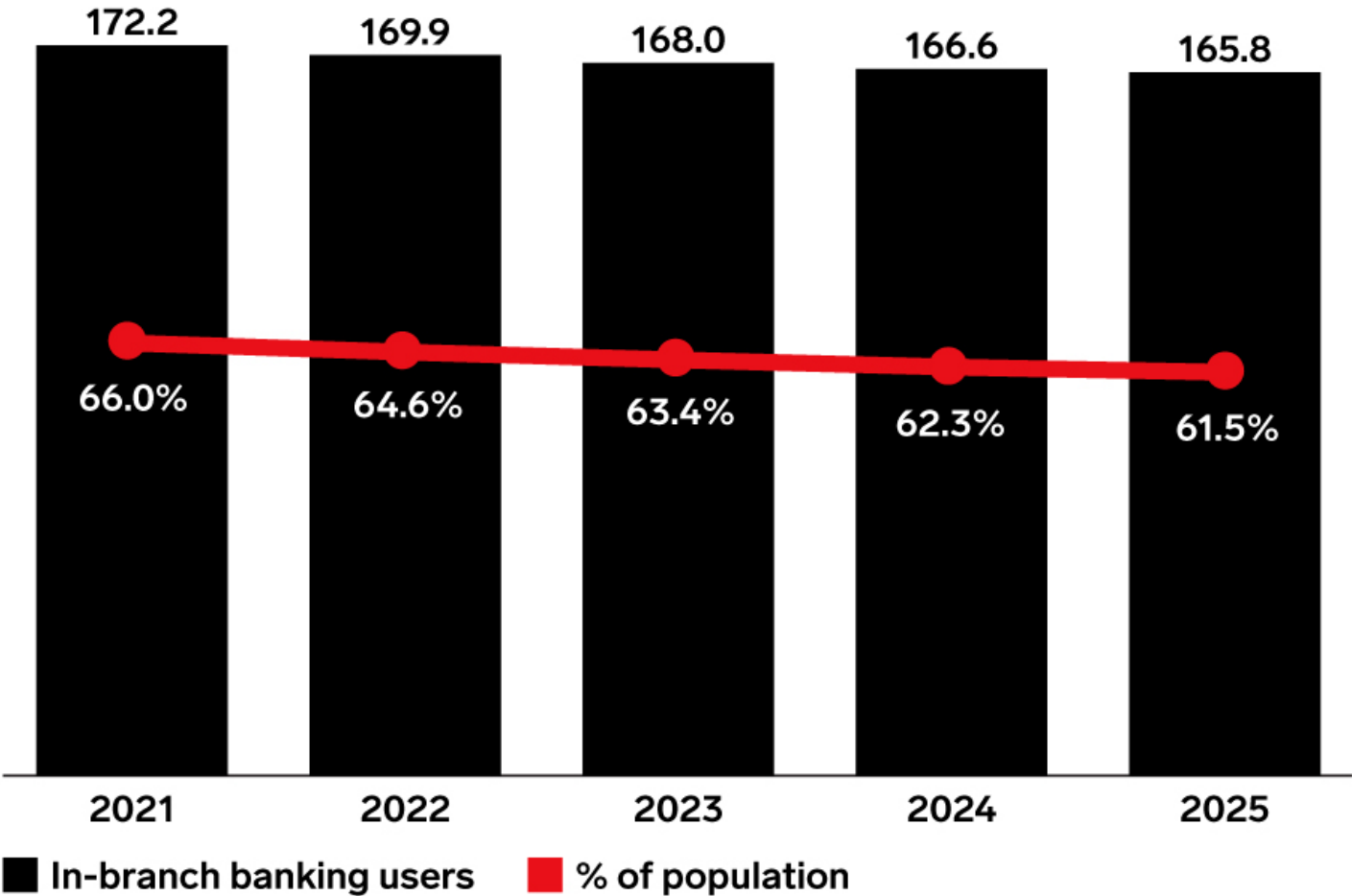
- The app’s simplified menus and different font-size options cater specifically to this demographic.
- By leveraging an app experience that this hard-to-reach demographic is already comfortable with, Walgreens could acquire customers who may have previously avoided banking through the channel.

Larger retailers offering banking services are uniquely positioned to cater to underbanked customers—which could spell bad news for neobanks. As of 2019, over 20% of the US population remained un- or underbanked, per FDIC data. Digital challengers have responded to this opportunity by **introducing** new features aimed at the underserved market—but drugstores, discount retailers, and similar locations are well placed to become a likely alternative for mass-market customers.

Like Walgreens, **Walmart** has a **significant** footprint in the country and is making its own **incursion** into banking. The two retailers could centralize a customer's errands in a single location, and they have decades of experience servicing a clientele which neobanks have only recently turned to.

US In-Branch Banking Users and Penetration, 2021-2025

millions and % of population



Note: bank account holders ages 18+ who visit a bank, credit union, or a brokerage branch and see a representative in-person at least once per year; excludes ATM visits
Source: eMarketer, March 2021

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