

Walmart challenges rural banks with demand deposit account

Article

The news: Walmart's [prepaid debit card](#), Walmart MoneyCard, will now be available as a demand deposit account (DDA).

Green Dot Bank, which powers the card, will underpin the DDA and add two new features: overdraft protection on amounts up to **\$200** and waived monthly maintenance fees if users make qualifying direct deposits of at least **\$500**.

Walmart MoneyCard's current customers—there are **over 1 million**—can access the DDA online, at the retailer's **more than 4,500** locations, and at Green Dot's retail distribution locations, which number **above 90,000**.

More on this: Walmart's DDA marks its latest move into financial services.

- The retail giant is **partnering** with investor **Ribbit Capital** to launch a fintech startup that will offer products to its employees and to consumers. In March, Walmart **poached** a pair of **Goldman Sachs** executives to join the venture: Omer Ismail, Goldman's consumer banking head, and David Stark, who became the bank's large partnerships lead.
- In October 2019, Walmart and Green Dot **unveiled** a fintech accelerator called **TailFin Labs, LLC**. The accelerator focuses on developing new offerings—for both businesses and consumers—that can create a convenient integration between retail shopping and financial services.

The big takeaway: In addition to Walmart MoneyCard's large existing base, Walmart's geographic ubiquity means the DDA has significant customer growth potential—**90%** of Americans reside within **10 miles** of a Walmart location, the company **said** in a 2019 press release. This enormous footprint makes Walmart a threat to rural community banks and credit unions that have avoided competing with big traditional banks. And while the all-online nature of neobanks means they also enjoy a wide geographic range, Walmart's name recognition and its omnichannel service could make Walmart MoneyCard a potent threat to them as well.

What Type of Business Would US Internet Users Consider if They Were Looking to Open a New Checking Account?

% of respondents, July 2020

Big bank (Bank of America, Chase, Citi, Wells Fargo, U.S. Bank, or PNC)

37%

Credit union

35%

Local bank (a bank with branches which are primarily in your state)

32%

Regional bank (a bank with branches across multiple states)

28%

Digital bank (a bank without branches)

20%

Amazon

15%

Apple

14%

Google

12%

Facebook

7%

Your cell phone carrier

6%

Source: J.D. Power, "Financial Services COVID-19 Pulse Survey," July 13, 2020

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