

# Green Dot's riding a BaaS rocket ship, but others are on the same mission

Article

**The news:** Green Dot last Thursday reported Q3 2021 B2B services revenue of \$118 million, over a third of its overall revenue. B2B services revenue was up 53% year over year, nearly three times the rate of the company's top-line growth.

**More on this:** BaaS is so hot that it burns—and Green Dot is a beacon for the BaaS industry. The company white-labels its products and services for partners that rebrand them to offer to

their customers, partners, and employees.

- A “significant amount” of growth in Green Dot’s B2B services revenue is driven by fees derived from its BaaS platform, according to the company.
- It boasts some of the most recognizable consumer brands as BaaS partners—including **Apple, Uber, Amazon, and Walmart**.
- It earns revenue from BaaS program management service fees, account maintenance fees, and interchange fees Green Dot charges as the issuer.

**Strike while the iron’s hot:** BaaS is already woven into everyday products from some fintech brands. Mega-neobank **Chime’s** checking account, debit card, and credit card, for example, are built on top of services offered by **Stride Bank** and the **Bancorp Bank**. And the BaaS space is getting crowded. Several neobanks that were once devoted to the customer-facing experience have recently unveiled or expanded their own platform offerings.

- In September, **Starling** said it would expand its BaaS business to continental Europe starting with France, Germany, Spain, and the Netherlands
- **Monese** announced earlier this month that it’s jumping into BaaS, with customization choices for clients in various countries.
- Australian neobank **Volt** has shifted focus to BaaS amid upheaval in the country’s consumer neobanking market.

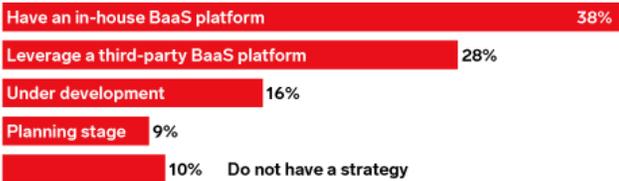
**BaaS begets embedded banking:** The banking customer experience is on the cusp of revolution as consumer brands elbow into financial services. Payments products are showing the way:

- **Apple Card**, for example, is more than a **Goldman Sachs** cobrand: it’s built into Apple’s digital experience via its digital wallet and its ecosystem of devices (Green Dot, incidentally, provides **Apple Cash** features.)
- **Instagram Checkout** is a feature with a buy button below ads in users’ feed, enabling the user to click, select a size and color, and pay without leaving the app.
- **Shopify** partnered with **TikTok** to create “shoppable video ads,” enabling users to buy products that appear in videos

**The big takeaway:** Green Dot is the incumbent BaaS player, with a who’s who list of enterprise customers. But players like **Railsbank, Marqeta, Clear Bank, and BankMobile** are populating the space—many with a focus on enabling fintechs’ and tech startups’ banking services. Green Dot’s B2B revenue will ride the BaaS wave, but as niches fill, competitors grow, and BaaS offerings commoditize, by 2025 it will get squeezed.

**Adoption of Banking-as-a-Service (BaaS)  
According to Banking Executives Worldwide,  
Dec 2020**

% of respondents



Note: n=122; numbers may not add up to 100% due to rounding

Source: Capgemini, "World Retail Banking Report 2021" in collaboration with Efma, March 25, 2021

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