

Venmo's long-awaited teen accounts will bolster user acquisition

Article

The news: PayPal-owned Venmo will launch accounts for children ages 13-17 next month, [per](#) The Verge. Venmo Teen accounts will let teens send and receive money via the app and include a debit card.

Here's how it works: Venmo Teen accounts come with parental safety controls.

- Parents or legal guardians sign up for the Venmo Teen account on behalf of their children.
- The accounts are connected to the parent's Venmo account. Each adult can manage up to five Venmo Teen accounts.
- Parents can send their children money and monitor account transactions. They can also manage privacy settings, the debit card PIN, and other controls.
- The Venmo Teen Debit Card offers no-fee cash withdrawals at participating ATMs. Some accounts may be eligible for **Direct Deposit** so teenagers can access wages from after-school and summer jobs.

Why this can succeed: We expect Venmo Teen will reward Venmo with user and volume growth.

- **Venmo is the second-most popular payment app among teens** and the top P2P service, per Piper Sandler. Venmo Teen will grow the app's user base—more parents will likely feel safer letting their kids use the app with parental controls in place. **We forecast 62.8 million US consumers will use Venmo in 2023**, up 6.1% year over year (YoY).
- Venmo Teen can also forge lasting relationships with these users as they graduate from teen accounts. They'll be more likely to create a regular Venmo account when they're old enough, and it gets them into the PayPal ecosystem.
- The accounts will also help PayPal compete against **Block-owned Cash App**, which launched teen accounts in 2021. **We expect Cash App's user growth will outpace Venmo's this year, jumping 10.7% YoY to hit 45.5 million US consumers**.

The bigger picture: PayPal is on a journey to monetize Venmo by expanding beyond P2P.

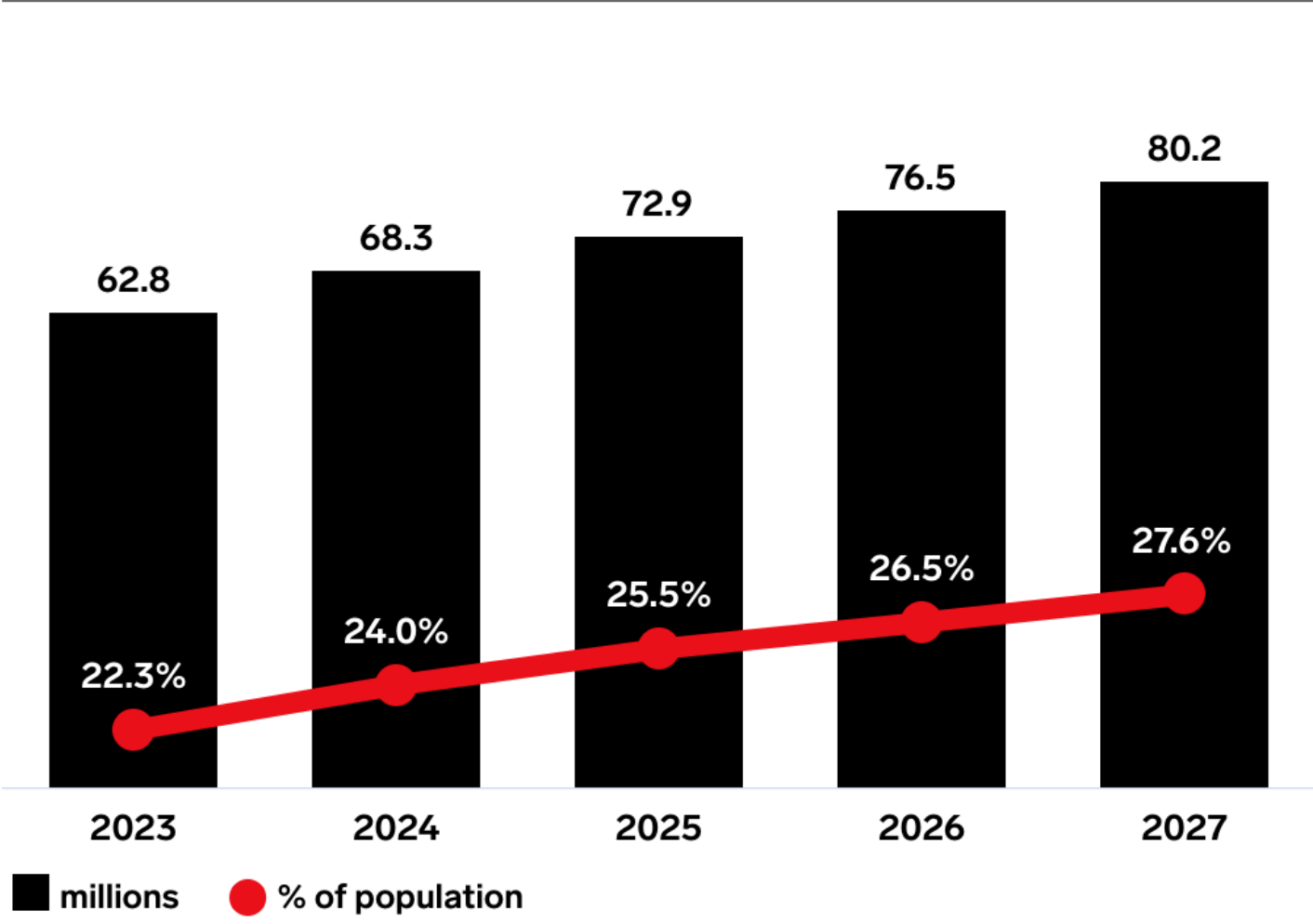
- Venmo is pushing the Pay with Venmo checkout functionality to gain revenues from transaction fees. It scored a highly coveted partnership last year to add the capability on **Amazon**.
- Venmo is also trying to be a leader in the crypto space. PayPal started letting users transfer crypto assets to other Venmo and PayPal accounts, external wallets, and exchanges earlier this month.
- The digital wallet also launched a charitable payments offering and redesigned its money transfer interface.

Venmo Teen and its associated debit card can help push Venmo along its path to profitability. Venmo can benefit from debit card transaction fees. And sending wages to the Venmo Teen accounts may encourage these teenagers to then checkout with Venmo.

***Digging Deeper:** For more on PayPal's strategy during this period of economic uncertainty, [check out our PayPal 2022 report.](#)*

Venmo Users and Penetration

US, 2023-2027



Note: ages 14+; mobile phone users who make a peer-to-peer (P2P) payment transaction using Venmo via mobile phone at least once per month

Source: eMarketer, April 2023

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