

Venmo seeks to deepen card users' loyalty through crypto-for-cash-back feature

Article

The news: Mobile payments service **Venmo** will launch a new feature, "**Cash Back to Crypto**," that will allow users of the Venmo credit card to automatically exchange their cash back

rewards for cryptocurrency, TechCrunch [reports](#).

- Users sign up for the feature through the Rewards tab of their **Venmo Credit Card** home screen, where they can select which cryptocurrency they want to purchase with their cash back. (They can choose among **Bitcoin, Ethereum, Litecoin** and **Bitcoin Cash**.)
- After the user has enabled the feature, no further interaction is necessary—any cash back that hits their account will be automatically used to make a purchase of their chosen crypto.
- The transactions carry no fees; instead, a cryptocurrency conversion spread is incorporated into each monthly transaction.

More on this: Venmo rapidly expanded the breadth of its banking services over the past year.

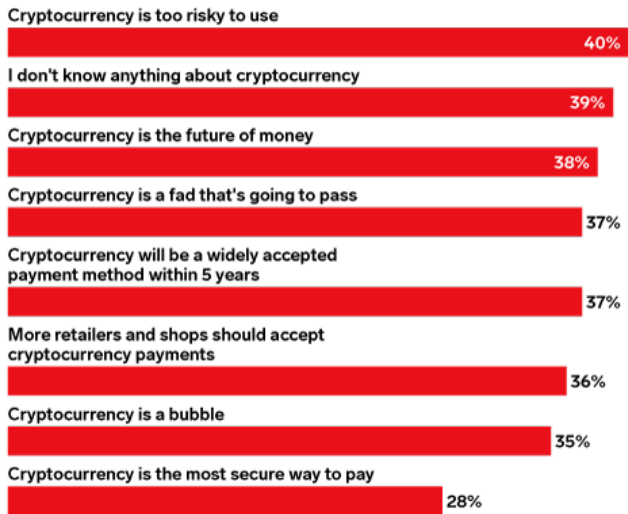
- In October 2020, it partnered with Synchrony to roll out a [credit card](#), and in January 2021, it unveiled mobile check [cashing](#), which it made available to debit card or direct deposit users.
- In February, **PayPal** outlined a features roadmap for Venmo that, in addition to cryptocurrency, includes integration with online money saver (and corporate sibling) **Honey**, along with tools for budgeting and savings.
- April saw the initial [rollout](#) of Venmo's crypto offering, allowing Venmo users to buy, hold, and sell the four cryptocurrencies it supports with balances as low as \$1.

Why it's worth watching: Rather than broadening Venmo's features, Cash Back to Crypto weaves together existing services to boost customer engagement and retention.

Its growing suite of banking services is making Venmo look more and more like a neobank—even though it [eschews](#) that title—and is transforming Venmo into a super app that customers can use to manage their entire financial lives. Creating synergies within its product suite—like tying together its crypto offering and credit card with Cash Back to Crypto—can help it become a financial hub for more clients by encouraging users of one Venmo feature to also take advantage of others. The more Venmo services its customers engage with, the less likely they are to abandon the service and the easier it may be to cross-sell future offerings to them.

US Adults' Opinions on Cryptocurrency, Jan 2021

% of respondents



Source: CouponFollow, "The State of Cashless Spending & Payments in 2021," Feb 23, 2021

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