

Varo Bank launches cash-back rewards in strategy pivot

Article

The US neobank's new program, dubbed "Perks," will offer as much as 15% cash back from local and national merchants when clients spend with their Varo cards, Crowdfund Insider [reports](#). Varo claims Perks—which has already been tested with early users—avoids a complicated points system and instead lets customers easily track cash back within the Varo app. Rewards are deposited into their Varo Bank accounts automatically when customers

earn \$5. In the future, Perks will expand to include exclusive offers—personalized based on daily spending patterns—for the most engaged Varo customers.

Until now, Varo initiatives have been heavily focused on conveying trustworthiness. Last July, Varo became the first US neobank to obtain a national banking [charter](#) from the Office of the Comptroller of the Currency. Then in October 2020, it unveiled a small-dollar lending [program](#), allowing customers to get cash advances of up to \$100 with 30-day repayment periods and minimal fees. Varo followed that up in February 2021 with a credit-building [product](#) called Varo Believe. All of these measures—combined with Varo [joining](#) asset management giant BlackRock’s philanthropic initiative to help people boost their emergency savings—cumulatively fostered an image of an accredited, reliable bank focused on helping build and maintain the financial health of its clients.

A cash-back offering represents more of a down-the-middle play for primary bank status. A points-based rewards element incentivizes Varo’s customers to spend more with their Varo card, tying them closer to their account and promoting primary account status. As an added benefit, Varo’s cash-back offering also slices tidily into a competitive advantage of one of Varo’s fellow neobanks: In August 2020, Current claimed to have become the first mobile bank to offer debit card [rewards](#). While it may still be the first, with Varo’s move, Current is no longer the only.

Neobank Account Holders, by Company

US, 2021, millions

Aspiration



Chime



Current



Varo



Other Neobank Account Holders



Total



Source: eMarketer, May 2021

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