

# Varo builds on financial wellness offerings by joining BlackRock's savings program

Article

Varo is [among](#) several companies that joined asset management giant BlackRock's philanthropic initiative to help people boost their emergency savings. The US neobank will

work with BlackRock on a program to help workers automatically set aside portions of their paychecks to build rainy day funds. The challenger bank is joined in the effort by established counterpart Truist, which is planning to launch new products in the future to bolster people's savings efforts.

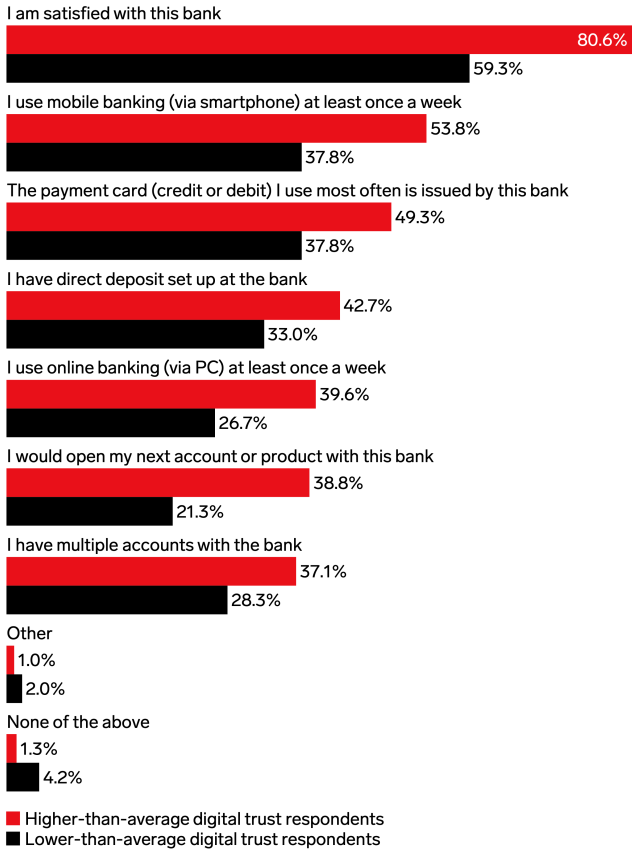
**This isn't the first step Varo has taken to offer financial wellness assistance and improve its image:**

- **Credit building.** In February, Varo [rolled out](#) a credit-building product called Varo Believe. The offering, which includes a Visa-issued card and credit monitoring, is free of interest and fees and requires no upfront deposit. When a client makes purchases with the credit card, funds from their linked Varo bank account are reserved in secure accounts. Those funds are then used to pay off their expenses in full each month.
- **Small-dollar loans.** Last October, the neobank [unveiled](#) a small-dollar lending program, in which customers can get cash advances of up to \$100 with 30-day repayment periods. The advances, which come without instant-access fees, involve Varo giving borrowers up to \$20 for free and assessing a \$5 maximum charge for \$100 amounts borrowed. Varo touted the program as a way for customers to avoid making overdrafts. The program acts as an affordable alternative to payday loans—which [can carry](#) sky-high, three-figure interest rates—and as an answer to [a March 2020 call](#) from US regulators urging financial institutions to offer small-dollar loans amid the coronavirus pandemic.
- **National banking charter.** Varo [made history](#) last July by becoming the first US neobank to obtain a national banking charter from the Office of the Comptroller of the Currency. Having a charter helps Varo build trust with consumers by telegraphing that it is as heavily regulated as incumbents and frees it from potential negative publicity regarding how it markets itself. Fellow neobank Chime, in contrast, is not licensed and recently [agreed](#) to stop calling itself a bank after a California regulator took action against it.

**Varo's partnership with BlackRock underscores how it plans to achieve primary banking status with customers.** The neobank is using the philanthropic collaboration and other financial wellness products to raise its profile and position itself as a trustworthy, go-to financial institution. And building its reputation could have tangible benefits for its business—US digital banking users who have above-average trust in their banks are more engaged and satisfied with them and peers who have below-average trust, [per](#) Insider Intelligence. And customers with greater trust are also more likely to open additional accounts with their current banks.

## How High-Trust and Low-Trust US Digital Banking Users Perceive and Interact with Their Bank

Q: Which of the following statements apply to you when it comes to your bank? Select all that apply.



Source: Insider Intelligence Banking Digital Trust Survey, Q1 2021  
 Methodology: Respondents to the online survey (n=2,412) are digital banking users at the top 10 US banks. Respondents were sourced from a third-party sample provider to resemble US demographics on the criteria of gender, age, and income.

1039342462281

PRIMARY RESEARCH FROM  
**INSIDER**  
 INTELLIGENCE