BaaS Buyers Guide

Everything you need to know to choose the most appropriate Banking-as-a-Service provider

MX TS

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MX

DATA
for Better Banking

MX helps financial institutions and fintechs utilize their data more effectively to outperform the competition in a rapidly evolving industry. Our solutions enable clients to quickly and easily collect, enhance, analyze, present, and act on their financial data.

Collect → **Enhance** → **Analyze** → **Present** → **Act**

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Overview

Introduction

One of the major themes we've been exploring is the evolving delivery of financial services. With the move towards open banking and APIs, finance is literally everywhere. You no longer need to go to a bank to conduct banking activities. Users can save money, move money and invest money through all kinds of other apps. Most modern debit cards, when paired with a cool app, offer much of the functionality of traditional banks.

Empowering the move to make financial services ubiquitous is a set of technologies called banking as a service. BaaS, as it's known in the industry, is a quickly growing industry made up of legacy and new players. Our BaaS Buyer's Guide is Tearsheet's attempt to organize and explain this exciting space.

Why we decided to do this series

Throughout our reporting on data aggregation and Challenger Banks, we've realized how BaaS has quickly come to the scene and is making significant changes in how fintech firms and non-fintechs launch new banking products. We wanted to cover this new and soon-to-be critical piece of the banking world.

Additionally, similar to data aggregation, there is no literature which provides a comprehensive guide on the industry players, what they do, who they partner with, and deeper information which can save significant research time for any company interested in building a financial product.

Incidentally, in talking with a fintech to help it find the right provider, it became clear how confusing it could be for companies to do the research. So, Tearsheet put together a guide by conducting exhaustive research on the industry to help readers approach this market more easily.

Who can use this guide?

Getting a banking license is hard. Massive companies like Walmart and capable fintechs like Square have struggled in their attempts to get a bank license. Even with the advent of specialized fintech licenses, the learning curve to secure a bank license, along with the ongoing compliance and other related obstacles, make it very difficult for any company to quickly roll out a fintech app or banking features.

Therefore, we've identified two types of readers who would find this guide especially useful: Fintechs and established technology companies.

Fintechs

Fintechs need to move quickly while limiting their cash burn. BaaS enables fintechs to provide or model their product around these banking services easily and inexpensively.

Established technology companies

With companies like Uber and Apple offering banking services, many established startups have started looking into offering banking services to their current clients. Getting a bank license is an onerous task, and the fast moving startups do not want to lose focus on their core product while navigating the complex banking world.

Drawbacks to legacy players

Slow moving

In an age where speed is of critical importance, fintechs need to move quickly — an additional month or even years spent in development can be potentially catastrophic. Depending on the use case, the time it takes to launch a banking product can range from a few days to a few months for BaaS, versus years for legacy systems.

Limited customization and features

Since legacy players that provide technology to banks and credit unions are very big, change comes slowly. As legacy systems have a large customer base, they have much less incentive to develop customized features for a specific client or use case.

On the other hand, BaaS companies typically work with a limited number of partners, and work closely with them to custom develop new features. Once these features are developed for one company, the feature is generally rolled out for others to use as well. BaaS systems are also built with customization in mind, making it much easier and less costly to work with them.

Definitions

The Differing Definitions of BaaS and how Tearsheet Defines BaaS

API Banking

In line with our definition of Banking as a Service, we will only be covering BaaS players who offer banking services delivered by API. Oftentimes, these services also include many other services integrated as well, eliminating the need for the fintech or bank to search for software.

Since there are significant differences between the US and the UK/EU market, we will first focus on the US side and then later cover the UK/EU market in a later series.

BaaS CORE Banking

There are so many great core banking providers out there, and we've even spoken to a few of them. Core banking, however, is not what we are going to be focusing on for this series.

BaaS CORE banking uses middleware of existing core (such as Fiserv, Jack Henry, FIS), and builds their software on top of these legacy systems to make it easier for a company to use internally, as well as providing more advanced features for their customers. Some advanced features include card controls (such as card freezing), real time transactions, and children's account management.

White Labeling

As challenger banks add new accounts and represent formidable competition to incumbents, community and regional banks are looking for solutions to improve their products by providing a better interface, more features, and a generally better user experience on par with fintechs. Examples can also include a mobile app, a PFM, and more.

Our Definition

We've defined BaaS as the ability to provide any and all components needed to launch a bank or banking products. Because we see API Banking (which typically includes use of a banking license) as a critical component in offering banking services, we've decided to include only players who offer this service.

This is not to say, however, that we do not consider CORE Banking and others as BaaS; we just think it is too narrow for our series. Furthermore, a company which utilizes API Banking won't need a CORE system (although the company delivering the services will probably utilize CORE to deliver their APIs).

Although none of the players we've spoken to provide most of their services in-house, almost all of them have created partnerships and collaborations which make it easy for their clients to access all required features.

What do Open Banking and BaaS Have in Common?

According to Investopedia, "Open Banking is a system that provides a user with a network of financial institutions' data through the use of Application Programming Interfaces (APIs)". The similarities would be the use of APIs to communicate data and functionality. These APIs enable fintechs with limited resources to focus on their product and not get distracted by complexities associated with banking.

How is BaaS Different Than Open Banking?

Although very similar in theory, BaaS is different than Open Banking in a few fundamental ways. From a functionality standpoint, open banking allows read access, while BaaS allows write access. So while a spending app would want to use Open Banking to enable users to view their spending activity on the app, BaaS would allow the spending app to offer a checking account to deposit autosaved money into a savings account.
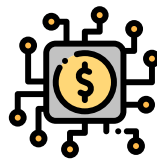
Buyers Guide

The different components of BaaS

To give our readers a better understanding of how all the various pieces of BaaS fit together, we've divided the different components into easy to understand categories:

CORE Banking

Other than critical infrastructure, this can also include ID authentication, customer engagement, lending, and more.

API Banking

Account origination, card issuance, BillPay, and money movement are just some features offered by BaaS players.

Consultancy

In most cases, BaaS players work closely with their clients to improve service and develop features, seeing them more as partners than customers.

Charters and Licenses

A critical offering of any BaaS, a company will need a license to provide banking services. Every BaaS will provide this, either their own or with a partnership.

Partnerships

Through partnerships, BaaS providers can provide many other services associated with banking, including data aggregation, salary advancement, and customer service.

Branding & White Label

Some companies will need a turnkey banking solution, including frontend systems, card design, and other branding services.

Criteria on how to choose a BaaS provider

Know what to look for

Everyone is trying to help companies build banking products. *What* they actually need varies from company to company. With all the different companies out there, how does one choose the best solution for their requirements?

Let's say a company wants to be able to store cash for their customers. This may sound easy — just set up a bank account and they are good to go. But in reality, there are multiple ways to solve this problem. A user can be onboarded into a general account where all user funds are kept (FBO), you could create a real account for that user, or even implement a prepaid card that feels like an account.

So although everyone is trying to solve the same thing — how to store cash — the use cases would require different solutions. The differences become highlighted when you ask the questions, "What is possible, what am I able to build, and how scalable is it?" And most importantly, what is the economic model?

Every company wants to be able to get tons of users by offering awesome products, but people are starting to realize that with a better structure, things are less costly and ultimately result in higher profits.

Budget size

Approaching a large BaaS provider that provides a full suite of services may not be a good use of time and resources for a startup on a tight budget. A better bet would be to select a skeleton BaaS that will allow for connectivity to their APIs to provide banking services to the end customer.

Feature requirements

A challenger bank will require comprehensive banking features like account origination, but a money transfer company looking to payout money on a debit card will only need debit card features. Some providers offer a much more comprehensive suite of services than others, but will charge more for it. If a company knows exactly what it wants, it will be much easier to choose the best solution.

Bank compliance knowledge

If a company wants to offer banking services, they will need to know how to act like a bank in more ways than just offering the services itself. Compliance, regulation, and KYC are all important parts of providing banking services, and not knowing anything about them can present a serious obstacle for a company looking to DIY bank.

Is branding critical?

Are customers receiving a metal bank card? How about dedicated customer service agents for the card? Is premium packaging of mail and bank cards something customers will appreciate? Some companies specialize in branding and marketing, others just give what is needed to get started.

Use case complexity

Some companies require a complex use case which would require deeper access to banking APIs. Others require less in-depth control of components. Based on the complexity of the use case, different solutions will be more or less appropriate.

In our next installment in this series, we'll provide a list of BaaS providers and describe their strengths and weaknesses.

Company Profiles

BBVA Open Platform: The BaaS Willing to Collaborate

History

Open Platform came out of BBVA's acquisition of Simple, a digital-only challenger bank. As part of the transition, the bank moved Simple off its previous provider onto BBVA's real-time digital CORE. Open Platform took the learnings from the experience of launching Simple (consumer neobank) and Azlo (small business neobank) to design and build a complete product offering which it could sell to companies outside of BBVA.

Initially targeting other challenger banks, Open Platform soon expanded to the larger banking and payments marketplaces. The combination of payments and banking has strengthened the BBVA offering.

This move into BaaS fits into BBVA's larger US strategy. In Spain and Mexico, BBVA has a very significant footprint, enabling it to leverage an open banking strategy by opening up API-driven access to customer data. In the United States, where BBVA has a relatively smaller footprint, the larger opportunity was to focus on leveraging BBVA USA's real-time digital CORE to enable third parties to serve their customers with banking services.

Services Provided

Card issuance, account origination, unified payment endpoint (where multiple forms of payments can be routed through a single service), identity verification (consumer and business).

Differentiator

BBVA focuses on collaboration and education, providing an open sandbox where anyone can play around with its APIs, build applications, and look through guides. Additionally, BBVA USA is a chartered bank, giving it more flexibility to design creative solutions for clients and removing the risk of disruptions in service due to changes in core bank provider.

Chief Competitor

Other financial institutions that simultaneously hold a bank license and a technology stack, such as Green Dot, are likely to be its biggest competitor. In theory, processors that own their tech stack but have a contractual relationship with a bank, such as Synapse, could be considered a competitor as well, but since Synapse doesn't own a bank license (they work with Evolve Bank & Trust), clients are dependent on the partnership holding up.

Target Customer

Currently, BBVA Open Platform partners with third party technology companies and anybody looking to digitize their payments and improve customer experience. BBVA feels it is offering an end product, including bank sponsorship and services and a full technology suite to integrate banking and payments into almost any business across industries.

Definition of BaaS

"A platform which gives third parties access to white labeled banking services, which they then, in turn, offer to their customers, under their own brand."

Future Plans

BBVA Open Platform launched to the general public in Q4 2018. It tested market fit during a beta in 2018 and is now looking to scale. This stage includes onboarding more clients without compromising support levels. As for products, BBVA will continue to add more payment options to its unified payments endpoint. It is also testing demand for additional card and account products.

Some Clients and Case Studies

digit

Digit is a popular finance app that saves money for its users without them thinking about it. Digit's newest feature, Digit Pay, lets customers make automatic payments toward their credit cards with money saved in Digit. Through Open Platform, Digit set up an FBO (pooled) account at BBVA USA to hold funds in its customers' names. Digit uses ACH and Bill Pay through Open Platform's Move Money API for the rest.

modo

Modo tackles a perennial problem with payments: that the natural evolution of decades-old payments solutions has left us with siloed, unconnected, disjointed and proprietary systems. Modo knew that consumers were keen to combine different assets, such as cash, credit, loyalty points, gift cards and coupons, when they make in-store or digital purchases. Through Open Platform, Modo accesses a custom settlement structure operated

through multiple pooled accounts housed within BBVA USA's core. Modo uses Open Platform's Move Money service to transfer funds into the pooled accounts in real time and transfer funds out to its external partners via ACH.

Green Dot: A Full Service BaaS for Non-Fintechs

Banking as a Service

Who we spoke to: Dov Marmor, GM & Head of BaaS

Establishment year: 2004

Bank license? Yes

API documentation:
https://www.greendot.com/baas/developers

History

Green Dot is one of the oldest BaaS providers, and in a way, its success helped start the space. With a mission to provide 'fair and affordable banking services to the masses', Green Dot's initial foray into BaaS began with a Walmart partnership in 2004 that allowed unbanked customers access to banking services.

On the back of the Walmart partnership, Green Dot decided to go full-on BaaS in 2015. It wasn't until their earnings call in 2016 that the company really went public with this strategy. The Green Dot investor community started to use the term 'Banking as a Service', attributing it to Green Dot. Now, with clients like Uber, Apple, and Stash, Green Dot has over 5 million accounts on its platform.

Service Provided

Green Dot offers debit cards as a critical piece of their offering. It also provides specialized marketing services to support the success of its program, like card design and presentation. Green Dot handles account origination, payments,

compliance and fraud, card issuance, marketing and branding -- basically everything needed to run an end to end BaaS program.

Green Dot offers white label apps, customization according to customer requirements, and APIs if customers want to customize on their own.

Differentiator

As Green Dot provides both a bank and BaaS technology, it's really the fin and the tech, offering a turnkey solution to companies that want to add banking services into their products.

Chief Competitor

Green Dot claims there's not another player in the market that truly does what it does, although with newer offerings in the market like BankMobile, Green Dot may be looking at more competition down the line.

Target Customer

Green Dot's target customers are large companies with large customer bases that have unique capabilities and needs in the market and want to build financial services for their customers.

As the population becomes increasingly mobile, people want to interact with the brands that they love. Green Dot enables these companies to offer financial products that represent their brands. Big customers like Uber and Walmart are good partners for Green Dot because they want to operate in financial services but don't want to be distracted by compliance and regulation, customer care, and managing bank technologies.

Definition of BaaS

"To launch banking products, quickly and efficiently, by using the infrastructure of another established financial services company."

Future Plans

Green Dot plans to make its partner program one of the leading BaaS providers in the space.

Some clients and case studies

Uber

Uber drivers used to wait to get paid. Uber wanted to give its drivers the ability to cash out their earnings instantly. So they partnered with Green Dot to issue debit cards to their drivers, allowing them to get paid up to five times per day. The card also offers discounts and cash back on relevant products, like gas and car maintenance.

** Pay**

Apple users can pay online and in store using Apple Pay right from their device instead of presenting a debit or credit card. The funds are kept on a virtual debit card issued by Green Dot.

cambr

Cambr: The BaaS Built to Scale

History

Cambr is a partnership between Q2, a provider of cloud-based digital banking solutions, and StoneCastle, a firm that runs a deposit network of 800 banks. Originally an enterprise solution, StoneCastle wanted to bring its product to the retail market. It partnered with Q2, which has a similar mission of serving community financial institutions. Via Cambr, StoneCastle provides its 800+ bank deposit network and Q2 brings its CORE processing, creating an offering that includes everything from KYC to debit cards, with the goal of being the fullstack banking toolkit.

Service Provided

With the partnership between Q2, StoneCastle, and a select group of financial institutions, Cambr offers the underlying infrastructure that's needed to launch basic and advanced banking services. Cambr leverages the use cases and technology experience gained by working with clients into new products and services. Cambr currently offers deposit accounts, compliance, payments, banking, and debit cards.

Unlike companies like Synapse and BBVA, Cambr is not a turnkey solution and requires more than a few days or weeks to get up and running. The company works with more nuanced use cases, partnering with fintechs to devise creative ways of leveraging their infrastructure. Cambr also does not offer a full white label solution like other BaaS companies do.

Differentiator

The biggest differentiator between Cambr and other BaaS offerings is the combination of StoneCastle's Distributed Deposit Network and Q2's CorePro.

Using StoneCastle's Deposit Network allows BaaS clients to solve for inherent scale challenges while maximizing deposit yield, eliminating capital requirements, and reducing risk through redundancy and extended FDIC insurance.

Q2 powers Cambr's underlying technology infrastructure. Unlike middleware solutions which BaaS providers typically rely on, Q2 has rebuilt CORE banking technology, providing benefits like speed, flexibility, and cost cutting.

Chief Competitor

Cambr's competition depends on the required use case. For example, for a company that needs a debit card, Marqeta could be a competitor, while a company that requires savings accounts could look to Synapse.

Target Customer

Cambr's target customers are non-banks trying to build banking services into their product. Clients come from a variety of sectors, but Cambr targets customers that have the following characteristics: a captive user base, good engagement with clients, and they get value by bringing in a new banking product. For example, if a fintech firm offers one type of loan, Cambr could help that company offer a complementary banking product.

Definition of BaaS

"Delivering the infrastructure required to build flexible and scalable banking products by API."

Future Plans

Cambr's business model is predicated on its clients' success, so its future plans are focused on supporting client growth.

Some Clients and Case Studies

Qapital is a personal finance app that uses gamification to encourage users to save money. With a focus on savings goals, like vacations, Qapital automatically transfers money from a user's checking account based upon pre-established rules, like rounding off purchase prices to the nearest dollar and depositing the extra change into the savings account.

Through its app, MoneyLion offers lending, financial advice, and investment services to millions of consumers. Targeting people with less than $2,000 in savings, MoneyLion's mission is to optimize customers' money management and savings. Cambr provides MoneyLion with deposit accounts, debit cards, and instant funding for its lending product.

Marqeta: The King of Card Issuance Infrastructure

History

After Jason Gardner, Marqeta's CEO, sold a previous payments company to MoneyGram in 2010, Jason realized that while there was a lot of innovation in the acquiring space such as checkout.com and Stripe, there was little innovation on the issuing/processing side, and he decided to build a modern platform from scratch.

Service Provided

Marqeta is an issuer processor. Right now, most large FIs use legacy banking systems to issue cards, and these systems are old and clunky. Marqeta offers a fintech alternative by providing the infrastructure, or 'plumbing' for issuance of debit and prepaid cards, while still working within the framework of the current banking system. As its platform is very extensive, Marqeta enables its customers to create advanced and complex workflows with its APIs. Since Marqeta is deeply integrated into the payments infrastructure, it is able to offer real time information flow, enabling its clients to make transaction approval decisions right at the point of sale.

Specific features include virtual/physical card issuance, tokenized card issuance (Apple Pay, Android Pay) real time approvals (JIT Funding), and fraud avoidance. Marqeta also partners with other companies to provide more services, like card manufacturing.

Differentiator

One of the first companies to build APIs for issuing processing natively as a core processor, Marqeta is a modern platform. Marqeta allows companies to get deep into the card issuance core, enabling advanced use cases.

Chief Competitor

Marqeta's competitors are primarily legacy systems like FIS, Fiserv, First Data, and Wex, which have been selling to banks for many years. Marqeta is a new entrant that's working to disrupt the industry with its open API.

Marqeta's developer-lead approach means that it does not consider other card issuers (like PEX or

Green Dot) as competition. These firms are focused on providing a card as the end product -- Marqeta created the underlying infrastructure.   .

Chief Customer / Core Focus

Marqeta works with companies that want to build very specific products and can only do so with deep control over the entire flow of payment. With Marqeta, customers can sign up and start issuing within weeks, in contrast to working with a bank, which can take months and in certain cases, years. Marqeta has industry strength in commercial and consumer businesses, digital banks, ecommerce, lending, on-demand delivery, and travel.

Future Plans

As some countries continue to move away from cash, Marqeta wants to expand to support different methods of payments and new geographies.

Some Clients and Case Studies

DoorDash is an on-demand food delivery service that uses Marqeta to reduce fraud. Marqeta enables DoorDash to make sure their delivery staff fulfills their orders exactly, picking up the right order at the right time for the right amount at the point of sale.

Affirm is a POS SMB lender which approves loans in seconds. Among other things, Affirm uses Marqeta to issue virtual cards for last mile financing, as well as card control by restricting funds by merchant, dollar amount, and time.

SYNAPSE

Synapse: The DIY BaaS with a broad range of services

History

The idea for Synapse started when Sankaet Pathak, Synapse's founder, came from India at 17 to pursue his education at the University of Memphis. During his masters, Sankaet founded a closed loop restaurant payments system, where people could make a direct bank transfer instead of a credit card or debit card payment. Although it didn't go anywhere, he saw the potential for a BaaS style system, where he would provide the infrastructure for banking services and let others build services on top of it.

Originally Synapse focused on payments, but soon pivoted to the general financial industry, offering products from accounts to crypto payments via API banking through Evolve Bank & Trust. With over $10 Billion in transactions and 80+ staff (and adding 2-5 people every second week), Synapse is growing quickly.

Services provided

Anything that can be found on a bank's homepage, Synapse can whitelabel. So far, Synapse has built

products in the payments, deposits, and lending categories (which Synapse calls 'Buckets'). Payments include ACH, wire, and card processing transactions; deposits include opening up deposit accounts, account routing numbers and debit card issuance; and lending includes the ability for any technology company to originate and service a loan. Synapse also provides additional services including crypto wallets. As part of its services, the company also offers compliance and verification.

Differentiator

Synapse has three main differentiators: the broad range of services it offers, the commercial model of a flat monthly fee for services, and the ability to deploy quickly.

Synapse also focuses on its mission of 'simplifying banking', which encompasses frontend and backend processes. It strives to be a one-stop-shop for everything, making it easy for any fintech to launch banking services. For example, in Synapse's loan product, the regulatory complexities normally associated with lending are addressed -- Synapse takes care of sending loan agreements, credit score

agreements, reminds users when payments are due, and helps with collection efforts.

Chief Competitor

Synapse wasn't the first to get into this market, and Synapse would consider the BaaS incumbents (Cambr, WebBank, Cross River, The Bancorp Bank) to be its biggest competitors. But even the smaller community banks that are opening up their APIs could be considered a competitor to some extent (see CSFB's partnership with TransferWise). BBVA could be considered a serious competitor as it expands internationally.

Target Customer

Synapse has historically relied on word of mouth to sell its services (it currently only has two sales reps). Target customers are early stage technology startups. It does work with companies of any industry and size.

Definition of BaaS

Synapse doesn't have a definition of BaaS since it doesn't use this term in explaining its products.

Future Plans

As Synapse matures, it's going deeper into

verticals. In lending, that includes small business lending, secured lending, and mortgages. Next year it's going international to allow any developer, anywhere in the world, to launch a bank product.

Synapse's feature roadmap for 2019 is here: https://blog.synapsefi.com/updates/product-road map-for-2019

Clients and Case Studies

Synapse has around 150 clients, and is adding 2-4 clients per week. The company says its rate of growth doubles every year. Although Synapse wasn't willing to share any referenceable client names, based on research, new challenger banks Dave and Empower both appear to be clients.

Cross River: A Regional Bank Providing Specialized BaaS Services

Who we spoke to: Gilles Gade (Founder & CEO) and Phil Goldfeder (SVP & Communications)

Bank license? Yes

Establishment year: 2008

API documentation: https://www.crossriver.com/api

History

Right in the midst of the credit crisis in 2008, Cross River entered the market with a clean balance sheet and fresh capital to deploy. Although the bank was profitable right away, it recognized that it would only be a matter of time until the system stabilized and other community banks caught up. So very early on, management understood that they needed to innovate if they wanted to grow. One of Cross River's first hires was its CTO, exemplifying its unique innovation strategy and enabling the search for potential technology partners.

Cross River's first partnership was with GreenSky originating point of sale loans at Home Depot. Through this relationship, Cross River gained expertise on originating loans via a partnership while complying with consumer protection laws. Although it does not work with GreenSky today, Cross River has over 15 partnerships with other online lenders, originating around $850 million/month in unsecured consumer marketplace loans.

Services Provided

Cross River's main service is originating loans for online lenders and providing payment and transaction services for tech companies. As Cross River is a traditional bank, everything it offers is under one roof, enabling quick connectivity within a regulated entity.

Differentiator

Cross River is able to offer some unique benefits associated with being both a traditional bank and technology company. As an innovative traditional bank, Cross River enables startups with new and unique compliance cases, such as Coinbase. Cross River also specializes in underwriting non-traditional lenders, like Affirm, Rocket Loans, and Bread.

Chief Competitor

Cross River doesn't believe it has a true competitor since it's doing things so differently in the

traditional and BaaS bank space that it would be difficult to pigeonhole them. Similar to Cambr, competition would most likely vary based on specific customer requirements.

Target Customer

Cross River focuses on technology companies with some infrastructure since Cross River 'will put you through the [compliance] ringer'. To work with Cross River, customers need to have some established compliance standards. The firm also works with clients to help them build out a compliance program. For example, with GreenSky and Coinbase, Cross River helped build compliance programs that allowed their clients to focus on their core businesses and not get bogged down. In Coinbase's case, it had the desire and motivation to understand what it means to work with a bank. Some companies don't have the stomach or resources to deal with it.

Clients and Partners

BankMobile: A Full White Label BaaS Solution

Who we spoke to: Luvleen Sidhu, Co-Founder and President

Bank license? Yes, as a division of Customers Bank

Establishment year: 2015

API documentation: None publicly available

History

Launched in 2015 as a division of Customers Bank, BankMobile claims it is the fastest growing mobile-first bank platform in the United States. Originally only focusing on the general 'underbanked/unbanked' market, BankMobile soon started focusing on a B2B2C model, partnering with universities to offer students bank accounts, financial aid disbursements, and refunds. Now with over two million accounts from over 800 universities, BankMobile covers one out of three students in the US. Recently, BankMobile has moved to a more BaaS approach, partnering with T-Mobile to offer checking accounts to their customers with a program called T-Mobile MONEY.

Services Provided

BankMobile offers a full suite of white labeled banking services. It offers regular banking services including checking and savings accounts, personal loans, credit cards, and student refinance, as well as custom branded app/card, risk management/compliance, customer care, program reporting, and marketing support.

Differentiation

BankMobile considers its biggest point of differentiation to be that it's a division of Customers Bank, allowing it to offer FDIC insured accounts. It says it is customer focused and dedicated to the mission of financial empowerment, which is evident in its partnerships and collaborations.

Chief Competitor

Although BankMobile has a model that focuses on white label (it doesn't offer any sort of API documentation for other companies to easily connect with and explore), the closest competitor would be Green Dot, which has its own white labeled products. The company intends to "create another white label relationship by the end of 2019". BankMobile would be the other end of the BaaS spectrum, offering a complete solution rather than separate, modular banking services like Synapse and BBVA.

Target Customer

Although BankMobile has a stronghold in the student market through their higher education strategy, it's looking to branch out into different industries and markets, as illustrated by its T-Mobile partnership. BankMobile's sweet spot appears to be to partnering with companies that can provide high volume of customers at low cost, although "the beauty of banking is that everyone needs a bank, and we are looking to bank anyone who is looking for a better banking experience."

Future Plans

BankMobile is looking to get more into other industries and expand to new white label partners.

Clients and Case Studies

BankMobile now powers T-Mobile MONEY, a fee-free account offered through the cellular phone company, T-Mobile. Account holders can earn 4 percent interest on deposits up to $3,000 and 1 percent after that. T-Mobile Money also offers connectivity to leading mobile wallets, bill pay and mobile check deposits.

Other BaaS companies worth mentioning

The Bancorp Bank: The Legacy BaaS

While The Bancorp Bank didn't respond to Tearsheet, with over 40 APIs, Bancorp was one of the first BaaS companies out there. Powering companies like Chime and Varo Money, The Bancorp Bank is a low-key, yet powerful BaaS.

WebBank: Online Lending Marketplace Partner

Headquartered in Salt Lake City, WebBank is an FDIC insured, state charted industrial bank that provides commercial financial solutions to many of the top online lenders. Its partners include Avant, Klarna, Lending Club, PayPal and Prosper.

Radius Bank: The Small Bank Enabling Fintechs

Radius Bank is a small bank with $1.3 billion in assets that's built a digital platform over the past few years. It's gone digital by working closely with leading fintech firm. These partnerships have always played a big role in the firm's expansion into new products. Beginning in 2013, the company announced various technology tie-ups with LevelUp, Prosper, and Aspiration. Radius now works with fintech and other technology firms that want to offer an FDIC-insured bank account to their customers.
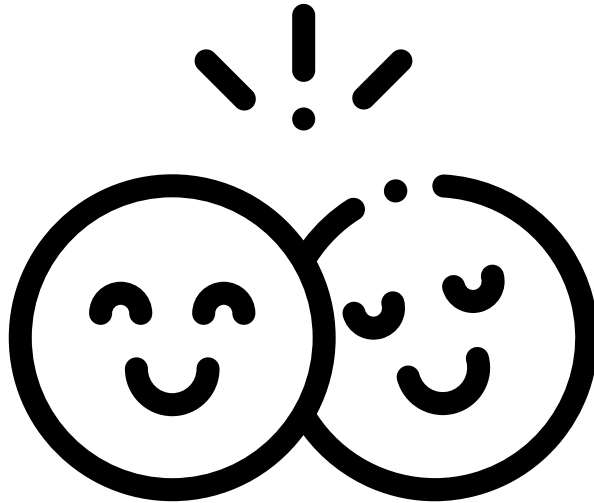
Any comments or questions?

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