

## GoBank makes a case to be the go-to bank

Guess what industry was rated as one of the worst for innovation, topping only airlines and pet care? That's right. Banking.

So says a Harris Interactive poll released recently. Of more importance, however, is who commissioned the survey: Green Dot Corp. That's significant because Green Dot just unveiled GoBank, its exclusively mobile, FDIC-insured bank.

That's right, too. GoBank is a real bank in and of itself, not affiliated with any other entity such as Simple or American Express's Bluebird. But that's just the start.

Back to innovation. That's what GoBank is all about.

Here's what Steve Streit, founder and CEO of Green Dot, says: "Until now, banking is one of the few industries in the world that hasn't yet been reinvented by Silicon Valley. Most people today, and especially people under 40, aren't satisfied with their current banking options. Many traditional bank accounts have long and complex fee schedules with terms and conditions that favor the bank, not the customer. GoBank is made to please the customer first and foremost. GoBank is designed from the ground up to be the bank account for the smart phone generation. Once you start using GoBank, controlling your money becomes as intimate and addictive as checking Facebook or texting friends."

It's hard for a potential customer-assuming he or she is inclined at the start to mobile banking-not to be impressed by what GoBank promises:

- Fee-free network of 40,000 ATMs.

- Balances available without logging in.

- Deposit options including mobile check capture, debit card transfer, direct deposit, and more.

- Mobile checkbook and bill pay.

- Mobile savings vault.

- Only four fees: Out-of-network ATMs, foreign transactions, customized debit card (the standard card is free), and a monthly membership-and this latter one is completely optional. More in a bit.

Perhaps the attribute that could put GoBank over the top is simply its with-it attitude, as delivered by sophisticated technology.

For example, it boasts a feature called "Fortune Teller." This cross-checks the price of an item a customer is considering buying at some store with the customer's integrated GoBank budget. If the customer really can't afford the item, Fortune Teller will send a message like: "Remember that time you won the lottery? I don't either."

Another example: The only hardware associated with GoBank is a Visa debit card which, for \$9, the customer can customize with a favorite photo, such as from Facebook, their phone, or computer.

And what could be the killer example: Voluntary monthly fees. That's right. It's completely up to the customer how much-if anything-he or she would pay to maintain a GoBank account.

It's only been a couple of weeks since GoBank was announced, and even now it's in beta testing. Still, a number of industry analysts have taken note of it and in general seem positive. Here's a sampling of comments:

- Celent's Zilvinas Bareisis: "GoBank promises to do away with many traditional banking fees, such as for overdraft. It is also planning to let the customers name their own monthly fee, up to \$9 a month...As far as I know, that is new in banking."

• Motley Fool's Amanda Alix: "The service is currently being offered in a test launch, and I'm betting it will be a hit, giving not only companies like American Express but even big banks a run for their money."

• Mashable's Seth Fiegerman: "Green Dot is banking on the assumption that consumers are frustrated enough with existing big banks and fees to consider switching to a new institution." He quotes Sam Altman, executive vice president for Mobile at Green Dot, as saying: "If you live on Facebook and your phone all the time, then we're probably a great choice."

• Digital Trends' Francis Bea: "Green Dot has a lot invested in (and riding on) its attempt to evolve the model of modern personal finance-which is perhaps the most difficult industry to change."

• Nerdwallet's John Gower: "With no physical branches, and all transactions made directly via phone or debit card, this type of bank account could be a difficult transition for some consumers. Others, however, may already be using their checking account in a very similar way. In that case, GoBank could be an excellent option due to its lack of fees."

At this point it's fair to ask, exactly how does this thing expect to make any money? Digital Trends' Bea notes that the bank will take a cut from merchants every time a customer uses its debit card. Also, some revenue will come from people wanting to pay the \$9 to customize their cards, and from the other, albeit limited, fees. Being completely mobile cuts down operational costs.

As for the voluntary monthly membership fee, Bareisis points out that while unique in banking, examples from other industries exist. In 2007, the British band Radiohead first distributed their album "In Rainbows" online, allowing listeners to name their price before downloading. While many paid nothing, some paid something. Eventually, the band released it as a CD via regular channels.

"I also fully expect that some people will offer to pay monthly fees if they genuinely like the service. After all, I was one of those that did pay a voluntary fee to download "In Rainbows" and ended up buying the actual CD," he says.

As for GoBank's prospects in general, it's worth it to go back to the Harris Interactive poll and its emphasis on innovation, which concludes: "Americans are moving away from traditional bank services like paper checks and bank branches to seek out more innovative, mobile banking solutions that are trustworthy and transparent."

Says Green Dot's Altman: "Our goal was to reinvent personal banking and create a bank account that understands how

people in our generation live, work, and play and how we think about money."

##

Sources used for this article include:

[GoBank home page](#)

[Green Dot Launches GoBank, a Revolutionary Mobile Bank Account for the Smartphone Generation](#)

[State of the Bank: The Age-Old Industry Needs to Change Its Approach for Today's Consumer](#)

[Post-Loopt acquisition, Green Dot announces GoBank, the first mobile-only bank](#)

[Meet GoBank, the Bank Designed Specifically for Smartphones](#)

[Name Your Price for Banking](#)

[Can GoBank Save Green Dot?](#)

[Banking Without Branches: Is GoBank for you?](#)

## About the Author

John Ginovsky is contributing editor of ABA Banking Journal and editor of the publication's TechTopics e-newsletter. For more than two decades he has written about the commercial banking industry. In particular, he's specialized in the technological side of banking and how it relates to the actual business of banking. He previously was senior editor for Community Banker magazine (which merged with ABA Banking Journal) and was a staff writer for ABA's Bankers News. You can email him at [jginovsky@sbpub.com](mailto:jginovsky@sbpub.com)