Presentation

Operator

Good afternoon, everyone, and thank you for participating in today's conference call to discuss Dave's financial results for the third quarter ended September 30, 2024. Joining us today are Dave's CEO, Mr. Jason Wilk, and the company's CFO, Mr. Kyle Beilman. By now, everyone should have access to the third quarter 2024 earnings press release, which was issued earlier today. The release is available in the Investor Relations section of Dave's website at investors.dave.com. In addition, this call will be available for webcast replay on the company's website. Following management's remarks, we'll open the call to answer your questions.

Certain comments made during this conference call and webcast are considered forward-looking statements under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain known and unknown risks and uncertainties as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. These forward-looking statements are also subject to other risks and uncertainties that are described from time to time in the company's filings with the SEC. Do not place undue reliance on any forward-looking statements, which are being made only as of the date of this call. Except as required by law, the company undertakes no obligation to revise or update any forward-looking statements.

The company's presentation also includes certain non-GAAP financial measures, including adjusted EBITDA and adjusted net income as supplemental measures of performance of our business. All non-GAAP measures have been reconciled to the most directly comparable GAAP measures in accordance with SEC rules. You'll find reconciliation charts and other important information in the earnings press release and Form 8-K furnished to the SEC. I would now like to turn the call over to Dave's CEO, Mr. Jason Wilk.

Jason Wilk
Co-Founder, CEO, President & Chairman

Thank you, and good afternoon, everyone. Today, I'm pleased to share our full third quarter results, building on the strong preliminary results we announced on November 5. We once again outperformed in the third quarter, achieving record revenue of nearly $93 million, up 41% from the year ago period. This marks our fourth consecutive quarter of accelerating year-over-year revenue growth, supported by double-digit percentage increases to both ARPU and monthly transacting members, which are quarterly records for both metrics.

We also delivered another record quarter on variable margin, which expanded nearly 1,300 basis points year-over-year, driven by stellar credit performance enabled by Cash AI and our latest underwriting model, which was fully rolled out heading into the third quarter. Additionally, we achieved highly efficient CAC at greater levels of investment and significant operating leverage as we remain disciplined in managing our fixed costs. All of this led to a 63% sequential increase in adjusted EBITDA to approximately $25 million for the quarter. For reference, at the beginning of the year, $25 million was within the range of what we had guided for the entire fiscal year 2024, and I'm incredibly proud to have achieved it in just a single quarter.

Given our record performance year-to-date and strong outlook for the remainder of the year, we are raising full year 2024 revenue and adjusted EBITDA guidance, which Kyle will discuss in a moment.

Turning to the recent FTC matter, which we issued a statement last week as part of our preannouncement, we believe we have a strong defense and are prepared to vigorously defend ourselves. As a reminder, the FTC suit does not question our ability to charge subscription fees, optional tips or express fees, but rather, it pertains to our consumer disclosures and how the company acquires consent for the fees associated with our products where we believe we have always operated within the law. As such, we have not made any changes to our financial forecast as a result of the FTC's action.

Our company was founded on the belief that far too many Americans are underserved by traditional financial institutions. Dave provides critical financial support that traditional banks often don't offer, including free checking and savings accounts and access to credit without credit checks, late fees or interest. Our members consistently share how much they rely on us to meet their essential needs with over 1.2 million App Store reviews and a 4.8 star rating on iOS. Our success is rooted in delivering meaningful value through innovative and accessible product experiences, a commitment that has driven our success, and we believe will continue to support our growth and profitability moving forward. transparency, compliance and customer trust are our highest priorities as we evolve to meet our members' needs.

Now I'd like to provide additional insight into the ongoing progress we've made executing on our growth strategy. This includes efficiently acquiring new members, engaging them through ExtraCash, and deepening our relationships through the Dave Card. We have continued to prioritize efficient member acquisition at increasing scale, driving consistent growth in our monthly transacting member base in a cost-effective manner.

In the third quarter, we acquired 4% more members compared to the prior year period despite spending nearly 10% less on marketing. This led to a 14% year-over-year decrease in CAC to $15. On a sequential basis, our CAC was down 2%, while member acquisition was up 19% as we continue to optimize our channel mix and as the market for digital media assets remains rational. During the third quarter, we did not observe any impact to our CAC efficiency from the election cycle nor do we start to in Q4 through last week's election. Overall, performance this quarter has remained strong.

The second pillar of our growth strategy centers around enhancing engagement with our monthly transacting members, strategically positioning ExtraCash as the key entry point that sets the foundation for long-term member relationships. As I mentioned earlier, this focus has delivered another quarter of strong results with MTMs growing 23% year-over-year to a new quarterly record of 2.4 million members.

Our ExtraCash-driven value proposition, coupled with our comprehensive banking product suite has been instrumental in driving growth. Moreover, in the third quarter, we benefited from a full quarter's impact of our latest underwriting model, which supports better conversion and retention rates while improving credit performance as I'll get into in a moment.

With the consistent growth of our member base and the ongoing expansion of our product capabilities, earlier today we announced that we entered into a nonbinding letter of intent to form a strategic partnership with what we believe to be one of the most highly respected sponsor banks in the fintech ecosystem. We anticipate that this new bank partner, whose parent is publicly traded, will leverage its scale, experience and strong compliance and risk management capabilities to sponsor our credit and banking products. We anticipate that this partnership will further diversify our key commercial relationships and better position us to launch next-generation products in support of Dave's mission of leveling the financial playing field for everyday Americans.

With respect to ExtraCash, we generated another record quarter of originations, which grew 46% year-over-year to $1.4 billion. This was driven largely by the increase in monthly transacting members as well as a 17% increase in average ExtraCash origination size. The new underwriting model, which we rolled out throughout Q2, played a big role in supporting the increase in average disbursement amount. Relative to Q2, ExtraCash originations grew 15%, which is the strongest sequential growth in originations in 2 years when the scale of originations was nearly half as large.

Ultimately, we believe our ability to sustain meaningful growth in originations demonstrates both the depth and breadth of our TAM as well as our ability to address members' needs for short-term liquidity.

For the third quarter, our net receivables portfolio totaled $166 million at quarter end, which represents a $38 million increase from the end of Q2 despite growing originations by $174 million to $1.4 billion over the same period. We believe this continues to underscore the short-term, high-velocity nature of our product, enabling us to serve many customers efficiently without relying on a capital-intensive balance sheet or taking significant credit risk exposure at any one point in time.

Moving to ExtraCash performance, our cash AI underwriting engine allows us to enhance liquidity access for our members while continuing to improve credit performance. In Q3, we improved our 28-day delinquency rate to 1.78%, down 64 basis points year-over-year, over which time ExtraCash originations increased 46% as I mentioned a moment ago. Our 28-day delinquency rate in Q3 is down 25 basis points quarter-over-quarter and actually came in lower than Q1, which is historically our seasonally strongest quarter in terms of credit performance.

Throughout Q2 of this year, we rolled out a new underwriting model, which they trained on more than double the number of machine learning variables that were used to train our prior underwriting model that was launched in Q2 of 2023, which we believe bodes well for future performance. Credit performance in Q3 of this year benefited from a full quarter's impact of this new model, and this performance has persisted thus far in Q4, which we expect to continue going forward.

Turning to the third and final pillar in our growth strategy, strengthening member relationships by driving engagement through the Dave Card. Our strategy leverages the power of our market-leading ExtraCash offering to build deeper, long-term banking relationships with our members. During the third quarter, Dave Card spending volume was up 19% year-over-year to $407 million, driven by a combination of strong growth in banking active customers as well as card spend per banking active customer. This strength in spending volume was supported by solid growth in both ExtraCash disbursements to Dave checking accounts as well as in external funding into the Dave ecosystem.

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Over the past 8 quarters, we have primarily focused our resources on expanding ExtraCash and optimizing the levers supporting this product to drive overall profitability. While we remain committed to enhancing and refining ExtraCash, in 2025 we plan to allocate more of our R&D resources towards elevating the Dave Card experience to encourage greater adoption and top-of-wallet spending behavior.

Our combined efforts in ExtraCash, Dave Card and subscriptions resulted in a strong 14% year-over-year increase and an 11% sequential increase in ARPU during the third quarter, which we believe highlights our ability to continue expanding the monetization of our growing member base. These gains were largely due to the progress we've made increasing average ExtraCash disbursement amounts, which is the primary driver of our average revenue per ExtraCash origination, which was up 15% year-over-year and 6% sequentially.

With respect to ExtraCash monetization, it's worth noting that the flexibility of our business model and the strength of the underlying member demand allows us to continue to optimize the structure of the monetization. As you may recall, in 2023, we successfully transitioned from a tier-based fee structure to one that is percent based, which improved our average revenue per ExtraCash disbursement and new member conversion without any adverse impact to ExtraCash engagement or retention. As the next step in this evolution, we are testing a simplified mandatory fee structure and user experience that would remove both optional tips and optional instant transfer fees to Dave checking accounts. After issuing over 115 million ExtraCash originations, we believe we have sufficient data to assess the willingness of what members will pay for access to this service.

This new structure has several benefits. One, given optional fee decline as customers season on our platform, we believe that the new fee model we are evaluating should scale better, allowing us to increase average ExtraCash approval amounts and engagement. Second, improved investor clarity with respect to our business model. And lastly, even though we feel strongly about the significant customer benefit that optional fees bring to consumers in need, there is no question that these fees have become more of a focus for regulators as many companies have chosen to implement this experience in various ways. If testing is successful, we expect to be in a position to share more about our progress on this initiative during our next quarterly earnings release.

2024 has been an exceptional year thus far, highlighted by record performance quarter after quarter. We believe it's clear that our strategic focus on increasing access to ExtraCash, through product and underwriting enhancements, winning deeper wallet share of our members' banking needs, and expanding our base of members benefiting from these products has positioned us well for the future. We're proud of the strong execution from our team and the meaningful product improvements we've implemented to increase member value and engagement, leading to increased ARPU and lifetime value, all while remaining disciplined on cost management. With that, I will turn the call over to Kyle and take you through our financial results. Kyle?

Kyle Beilman
CFO & Secretary

Thank you, and good afternoon, everyone. As Jason highlighted, the third quarter further demonstrated the strength and scalability of our business with record results across nearly all key metrics. We achieved substantial operating leverage by accelerating revenue growth and remaining disciplined with our fixed cost base. We expanded our variable margins significantly and improved marketing efficiency at scale. Given our strong third quarter performance, we are increasing our full year revenue guidance and once again increasing our adjusted EBITDA guidance for the third consecutive quarter. We surpassed the high end of our most recent full year adjusted EBITDA guidance range through the third quarter of this year. As we shared in our preliminary results announcement on November 5, third quarter revenue reached $92.5 million, representing a 41% year-over-year increase. This growth was fueled by 23% growth in MTMs and ARPU expansion of 14%.

Our ability to acquire new members efficiently has amplified the impact of our marketing investments, while strengthened retention and reactivation initiatives have driven additional growth in our MTM base. The ARPU increase was due to both increased ExtraCash engagement and monetization as well as stronger engagement with and monetization of the Dave Card.

Non-GAAP variable profit in Q3 increased 72% year-over-year to $64.2 million, representing a 69% margin relative to GAAP revenue, which is an all-time high and up approximately 1,300 basis points from Q3 of last year. Our sustained improvements to variable margin have been driven by lower provision expense as a percentage of GAAP revenue as a result of significant improvements in credit performance driven by Cash AI. These improvements enabled us to continue to lower loss rates while increasing the revenue generated per ExtraCash origination. Our variable margin performance in Q3 was further enhanced by the strides we made in optimizing payment processing costs, along with the benefits of 2 key vendor contracts renegotiated in Q4 of last year as well as in Q3 of this year.

Now turning to operating expenses. Our provision for credit losses improved, decreasing 14% year-over-year to $13.7 million from $16 million in the prior year period, while ExtraCash originations grew by 46% over that time. As a percentage of ExtraCash originations, the loss provision fell to 1% from 1.7% the prior year, which we believe underscores the power of our Cash AI underwriting engine, which continues to make more precise and predictive credit risk decisions through the incorporation of more model variables and the performance of the more than 115 million unique ExtraCash disbursements originated to date. The improvement in loss provision expense exceeded our own internal forecast and more than offset the calendar dynamic related to the day of the week on which the quarter ended, which we highlighted last quarter. This calendar day dynamic caused the 30% sequential growth in net receivables balance given the quarter ended on a Monday, while ExtraCash originations grew by 15%.

As Jason mentioned, credit performance in Q4 remains strong, though we expect the same day of the week dynamic to impact the loss provision in Q4, which ends on a Tuesday, and from an accounting standpoint, offset some of the strong underlying performance.

Processing and servicing costs in Q3 increased 21% year-over-year to $8.6 million compared to $7.1 million in the year ago period, while ExtraCash originations grew by 46%. As a percentage of origination volume, these costs improved to 0.6% from 0.8% as a result of efficiencies we realized with payment processors as well as a large vendor contract we renegotiated effective August 1. We expect to realize a full quarter's benefit of this renegotiated contract beginning in Q4.

Advertising and marketing costs decreased approximately 10% year-over-year to $12.5 million compared to $13.9 million in the prior year period as we were able to achieve our MTM growth goals at lower levels of spend. The 14% year-over-year reduction in CAC to $15 allowed us to acquire 4% new members in the quarter for 10% less marketing spend. We expect marketing investments in Q4 to remain at a comparable level to that of Q3 as we plan to continue capitalizing on the strong demand we're experiencing and the attractive LTV to CACs we're generating on our investments.

Looking at compensation and headcount, our compensation-related expenses grew by $7.6 million to $30.7 million in Q3 from $23.1 million in the prior year period due largely to an increase in stock-based compensation related to certain performance-based restricted stock units in Q3. The specific impact related to these awards in Q3, which were tied to the delivery of certain adjusted EBITDA targets, was $5.6 million. We expect an additional $6.2 million of expense related to these awards through the end of Q1 of 2025.

Excluding stock-based compensation expense, compensation and benefits increased by 5% year-over-year and on a percentage of revenue basis decreased to 19% from 25% in the year ago period, which we believe further underscores the operating leverage inherent in our business model.

Other operating expenses increased $8.1 million to $24.4 million in the third quarter from $16.3 million in the year ago period. The Q3 figure includes a $7 million accrual for legal settlements and litigation expenses related to the FTC matter, which Jason mentioned earlier in the call. Excluding the impact of this reserve, other operating expenses increased by approximately $1 million over the past year.

As a percentage of revenue, other operating expenses, excluding the legal settlement and litigation accrual, fell to 19% of revenue in the quarter, down from 25% in the same period last year.

GAAP net income for the third quarter improved to $0.5 million, which includes the $7 million accrual for legal settlement and litigation expenses. This compares to a GAAP net loss of $12.1 million in the year ago period. Adjusted net income, which excludes the legal settlement and litigation accrual, stock-based compensation, as well as changes in fair value to certain noncash liabilities was $21.1 million in Q3 compared to an adjusted net loss of $5.6 million in the third quarter of last year.

Adjusted EBITDA for the third quarter was $24.7 million compared to an adjusted EBITDA loss of $2.5 million during the prior year period, which is attributable to revenue growth, margin expansion, CAC efficiency and improved operating leverage. Through consistent execution, we have achieved adjusted EBITDA profitability for 4 consecutive quarters with a 63% sequential increase. Looking ahead, we expect continued adjusted EBITDA profitability, although the trajectory may be uneven as we plan to strategically allocate marketing investments as well as account for an increase in the provision for credit losses in Q4 and throughout 2025, driven by the quarter end timing dynamics I mentioned earlier, which may more than offset the solid credit performance we expect to continue to persist.

Now I will turn to the balance sheet. As of quarter end, we had approximately $76.7 million of cash and cash equivalents, restricted cash and other highly liquid securities compared to $89.7 million as of the end of Q2. The decrease in cash was driven largely by the $37.7 million increase in ExtraCash receivables outstanding at quarter end due to higher ExtraCash originations as well as the dynamic related to the day of the week on which the quarters ended.

The amount drawn on our credit facility remained at $75 million as of the end of Q3 as we continue to rely on balance sheet cash to fund ExtraCash originations versus our credit facility. Subsequent to quarter end, we amended our credit facility with Victory Park Capital. The amendment increased the advance rate within the facility by 250 basis points following the 800-basis point increase in September of 2023, and it adjusted eligibility criteria and concentration limits to expand our borrowing capacity. There is no impact to the cost of funds on the $75 million outstanding and the cost of any future draws will remain at the same spread over the benchmark rate. The facility size and maturity remain unchanged at $150 million and December 15, 2026, respectively. We believe this amended facility underscores the confidence our lender has in the strength of our business and financial performance.

And now to turn to guidance. We are raising our full year 2024 revenue guidance to range between $340 million and $343 million. This compares to our previous guidance of $310 million to $325 million and represents growth of 31% to 32% compared to the full year of 2023. With respect to profitability, we are raising our full year 2024 adjusted EBITDA guidance for the third consecutive quarter to a range between $71 million and $74 million. This compares to the guidance we provided last quarter of $40 million to $50 million and our original guidance at the start of the year from $25 million to $35 million.
Overall, our outlook remains incredibly positive, and we believe we are well positioned to continue driving growth and profitability from here. And with that, we'll now open it up for questions.

Question and Answer

Operator

(Operator Instructions) Our first question will be coming from Devin Ryan of Citizens JMP.

Devin Patrick Ryan
JMP Securities LLC, Research Division

Obviously, great results here. I want to start with the new sponsor bank announcement from this morning. Love to just get a walkthrough, if you can, how those economics compare to the existing relationship you have. And then you mentioned opportunities to collaborate to launch next-generation banking and credit products, so I'm not sure if that's just kind of a broader statement or whether that suggests there are some new products this relationship is going to open the door to that maybe wasn't available before. If that is the case, I would love to just hear about anything that you can share there and even more broadly about the product roadmap with the new relationship.

Jason Wilk
Co-Founder, CEO, President & Chairman

Yes. Thanks for the question. First, on the cost piece, we believe that the costs are comparable between the 2 banks, and so we're feeling good about the economics there. We hammered out a very detailed LOI, which took us a little while to get here, but should help clear a clean pathway to getting the definitive agreement done. As far as our mention of the next-generation credit and banking products, we have talked about our interest in getting a new credit product in market next year, and this bank can be a very key partner in our ability to get that off the ground.

Devin Patrick Ryan
JMP Securities LLC, Research Division

Okay. Terrific. And then just one last one about just Dave Card spend. Obviously, some nice growth there. What are some of the things you guys are contemplating to I guess drive that into a bigger contributor to the business? I heard the comments around kind of leaning in on investment further accelerating in 2025 and kind of moving to top of wallet. I'd just love to hear about maybe if there's low-hanging fruit of things you guys can do or how you would frame kind of the opportunity to really drive a material change in the contribution from that part of the business.

Jason Wilk
Co-Founder, CEO, President & Chairman

Yes. Thanks, Devin. As we mentioned on the call, we really have spent the last couple of years just focused on the ExtraCash product and getting the business to improve our margins and profitability. And so we haven't done a lot from a banking incentive perspective to get the cross attach other than offering a small discount on those instant transfer fees. And so I think there's a lot of opportunity to continue to merge the ExtraCash and banking products together to win more of the ExtraCash originations to be spent on the Dave Card. And knowing why customers are coming to the Dave product in general for ExtraCash, it is for things like gas, groceries, rent. And so we think that given the healthy economics we have across the business, including subscription and ExtraCash monetization, that we're not as reliant on the margin from interchange such as our competition. And therefore, we are excited to explore things like rewards as a way to drive further attach rate to the product and get it to be more top of wallet versus other neobanks.

Operator

And one moment for our next question, which will be coming from Hal Goetsch of B. Riley Securities.

Harold Lee Goetsch
B. Riley Securities, Inc., Research Division

I've got 2 questions on credit performance. It just seems to be really outstanding. Could you just give us any large level color on Cash AI and how it's performing so well? And the other one is just other commentary on customer acquisition costs. It just seems to be getting better. What is the environment allowing this to happen? If you could give us any more detail on this, that would be terrific.

Kyle Beilman
CFO & Secretary

Jason, do you want to take that or I'm happy to.

Jason Wilk
Co-Founder, CEO, President & Chairman

Yes, I'm happy to. Hal, as Kyle alluded to in the call, we've had now a full quarter of testing with some of our new models with regards to ExtraCash and Cash AI. And there's now just several hundred more data points in there that the AI has been learning from. And as I said, we've had a full quarter of benefit of having that fully rolled out. So that's -- I think we're seeing great impact there on lower loss rates. That also impacts marketing as well as we can -- the stronger offers we can offer people for their first ExtraCash, the better they can convert to. The better underwriting also helps with retention. And so Cash AI really is a lever to pull across all dimensions from conversion to existing ARPU loss rates as well as retention to drive higher LTV. And we're just feeling really good about that product in general.

Kyle Beilman
CFO & Secretary

Just one other quick thing I would add to that is, as we've gotten better and better at retention and our MTM retention rates are now at all-time highs, that has the benefit of supporting credit performance as well. If you look at the sort of average time on book of an ExtraCash user in Q3 of this year versus say a year ago, it's up substantially. And so as you might imagine, Hal, as the longer someone that is around on the platform, the better they perform on credit. And so we see that as like I'd say an overall tailwind and something that's quite durable as well. And so overall, between Cash AI and just the longer customer tenure, that's supporting what you're seeing on the loss rate side.

Operator

Our next question will be coming from Jacob Stephan of Lake Street Capital Markets.

Jacob Michael Stephan
Lake Street Capital Markets, LLC, Research Division

Congrats on the quarter and all the progress here. I guess first one for me, I just kind of want to get a sense on how you're thinking about kind of balancing topline growth and also just EBITDA growth or margin expansion as we kind of look at Q4 and 2025.

Kyle Beilman
CFO & Secretary

Yes, Jacob, I'm happy to take it. I mean, look, I think our view is that we're -- our outlook remains incredibly strong. We think we're serving a really big market here with best-in-class products and solutions. And we think that that really just lays the groundwork for really solid growth for many years to come. Again, just feeling very good about the outlook, as I mentioned in my remarks. But in terms of sort of balancing that and profitability, I mean we look at a key lever in the profitability equation is our marketing investments and how do we invest in marketing at the level of returns that are acceptable to us and use that as sort of the governing function around marketing investment, which is a big, like I said, a big driver of the profitability equation. We're happy with the returns that we're seeing. We're still in this call it sub 6-month payback on a gross profit basis, which is really, really attractive, and we can deliver solid, really solid topline growth as you saw in Q3, while maintaining really strong levels of profitability as well. We had 27% EBITDA margins in the quarter. Our flow-through from gross profit to EBITDA is incredibly high. I think if you look at Q3 of last year, the amount of total revenue growth that flowed through to EBITDA was more than 100%. And so we would expect that to kind of provide somewhat of a signal around what future growth will look like from here where, again, a lot of those incremental gross profit dollars should fall directly down to the bottom line and support overall levels of EBITDA and earnings growth and margin expansion. I hope that helps to answer the question.

Jacob Michael Stephan
Lake Street Capital Markets, LLC, Research Division

Yes. Very helpful. And then just one more. I know you guys kind of alluded to it on the call a little bit, but the new fee model, you kind of said that maybe instant transfer fees and tips would be going away. And I'm guessing that's going to be coupled with a subscription price increase like you guys have talked about in the past, but maybe help us kind of piece through that a little bit.

Jason Wilk
Co-Founder, CEO, President & Chairman

We're still working through the details of our subscription pricing planning. We did deprioritize that a little bit in favor of working on this new mandatory fee model. And to be clear, Jacob, it would be a fee for access to ExtraCash which would be separate from whatever we're doing with subscriptions. And that fee, we expect and our goal is to maintain or exceed LTV over a longer period of time as a full replacement of instant transfer fees and tips.

Operator

Our next question will be coming from Mark Palmer of the Benchmark Company.

Mark Anthony Palmer
The Benchmark Company, LLC, Research Division

Let me chime in and congratulate you on the very, very strong performance. My question has to do with the increase in the ExtraCash origination size. And it to a certain extent filters into the upgrade of the credit decisioning model as well. To what extent was the increase in size due to returning customers whose credit profiles you knew and you were comfortable with? And to what extent was it due to being able to offer larger loans to first-time borrowers given your increased confidence in credit decisioning?

Kyle Beilman
CFO & Secretary

I'm happy to jump in. Thanks for the question and for being on the call, Mark. I'd say the primary driver of the growth, both sequentially and year-over-year is attributable to Cash AI's improved risk splitting on I would say existing customers. They represent the overwhelming majority of all ExtraCash originations within a given quarter. We're talking well in excess of 95%. And so when you -- in order to sort of move the needle on the overall size across the whole portfolio, that's the biggest driver. That said, we have seen pretty significant improvements in the offers we're able to provide new customers as well. And Jason alluded to this earlier, but that's an important function and lever that we have to drive conversion of new customers by increasing the size of the offer at the front door in their first experience with us. That is an important focal point of ours, but the average size has really been driven by existing customer expansion.

Mark Anthony Palmer
The Benchmark Company, LLC, Research Division

Thank you. And just one more broad question. We're a week after the U.S. elections. What is your expectation with regard to what the regulatory environment may look like under a different government?

Jason Wilk
Co-Founder, CEO, President & Chairman

Well, we certainly do anticipate an administration change, and so I would expect a more business-friendly environment, both from the CFPB and the FTC. But we'll see what happens as the administration turns over. But we're feeling very confident in our position, and the market seems to be in favor of that as well.

Operator

And our last question will be coming from Gary Prestopino of Barrington.

Gary Frank Prestopino
Barrington Research Associates, Inc.

Most of my questions have been answered. But I wanted to just get a feel for was there any real change to what you're seeing as direct deposit on the Dave Card in terms of members using that service?

Jason Wilk
Co-Founder, CEO, President & Chairman

We continue to not disclose on direct deposit. The metric we disclose obviously is total card spend, which we'll continue to report back on that. Direct depositors do make up a good portion of the overall card spend given the average direct depositor will spend about $1,000 a month on their card. A non direct deposit user will spend considerably less. And direct deposit is something we're still very focused on. And as mentioned, 2025 we'll be putting more resources towards driving more bank primacy across the customer base.

Gary Frank Prestopino

Barrington Research Associates, Inc.

Okay. What about ExtraCash advances to the Dave Card? Was that about still steady in the 30% of originations range?

Jason Wilk
Co-Founder, CEO, President & Chairman

Yes.

Gary Frank Prestopino
Barrington Research Associates, Inc.

Okay. And then last question, and I don't know if you can answer this or not, I'm going to put you on the spot. But given what's happened with the FTC and the change in administration, if this has been remanded to a California court and you don't settle, but you get a change in the whole FTC and you get a change in the leadership of the FTC, can that -- can this be dropped without having to go through a court proceeding? Or because it's been remanded to a court, you will -- may eventually have to go to court?

Jason Wilk
Co-Founder, CEO, President & Chairman

Look, I think the overall process, it's within the legal system, as you mentioned. At this point, it's highly uncertain if an administration change is going to change the course of that or not at this point. Still a lot of unknowns, too early to say. And there is a situation though where the FTC could decide that they don't want to sort of invest the resources in pursuing litigation with us. But again, it's highly, highly uncertain, and we're anticipating going into litigation on the matter at this point.

Kyle Beilman
CFO & Secretary

And we feel good about our facts, Gary, as stated.

Operator
And this concludes today's conference call. Thank you for participating. You may now disconnect.