Q2 2020 Earnings Call

Company Participants

- Ken Lin, Founder and Chief Executive Officer
- Kim Anderson Watkins, Vice President of Investor Relations
- Michelle Clatterbuck, Executive Vice President, Chief Financial Officer
- Sasan Goodarzi, Chief Executive Officer

Other Participants

- Brad Zelnick, Analyst
- Chris Merwin, Analyst
- Daniel Jester, Analyst
- Jackson Ader, Analyst
- Josh Beck, Analyst
- Kartik Mehta, Analyst
- Kash Rangan, Analyst
- Keith Weiss, Analyst
- Ken Wong, Analyst
- Kirk Materne, Analyst
- Matt Pfau, Analyst
- Michael Turrin, Analyst
- Robert Simmons, Analyst
- Scott Schneeberger, Analyst
- Unidentified Participant

Presentation

Operator

Good afternoon. My name is Lateef, and I will be your conference facilitator. At this time, I would like to welcome everyone to Intuit's Second Quarter Fiscal Year 2020 Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer period. (Operator Instructions)

With that, I'll now turn the call over to Kim Watkins, Intuit's Vice President of Investor Relations. Ms. Watkins?

Kim Anderson Watkins {BIO 19461042 <GO>}

Thanks, Lateef. Good afternoon, and welcome to Intuit's second quarter fiscal 2020 conference call. I'm here with Intuit's CEO, Sasan Goodarzi; and Michelle Clatterbuck, our CFO. We are also joined by Ken Lin, Founder and CEO of Credit Karma.

Before we start, I'd like to remind everyone that our remarks will include forward-looking statements. There are a number of factors that could cause Intuit's results to differ materially from our expectations. You can learn more about these risks in the press release we issued earlier this afternoon, our Form 10-K for fiscal 2019 and our other SEC filings. All of these documents are available on the Investor Relations page of Intuit's website at intuit.com. We assume no obligation to update any forward-looking statement.

Some of the numbers in these remarks are presented on a non-GAAP basis. We've reconciled the comparable GAAP and non-GAAP numbers in today's press release. Unless otherwise noted, all growth rates refer to the current period versus the comparable prior year period and the business metrics and associated growth rates refer to worldwide business metrics. A copy of our prepared remarks and supplemental financial information will be available on our website after this call ends.

And with that, I'll turn it over to Sasan.

Sasan Goodarzi {BIO 15750219 <GO>}

Great. Thanks, Kim, and thanks to all of you for joining us. We posted strong results for the first half of fiscal year 2020. I'm also excited to announce that we've reached an agreement to acquire Credit Karma, a pioneer in the financial technology sector for approximately $7.1 billion. I could not be more enthusiastic about this transformational transaction, and I'm thrilled to welcome the talented Credit Karma team. Ken Lin, the Founder and CEO of Credit Karma is with us today, to talk about our shared excitement and commitment to one simple goal. Empowering consumers to make smart decisions about their money. We posted a slide deck on our website containing an overview of the agreement, which provides more details.

Let me start with a quick recap of the quarter. We're halfway through fiscal year 2020, and continue to see strong momentum across the company, as we make progress on our strategy to become an AI-driven expert platform. Second quarter revenue grew 13% overall, fueled by 17% growth in the Small Business and Self-Employed Group and 8% growth in the Consumer Group. Revenue for the Strategic Partner Group grew 8%. With this strong performance, we remain on track to deliver our full year revenue, operating income and EPS guidance.

Let me remind you of the customer problems that we are addressing. All of our customers are consumers and have a common set of needs. They are all time to make ends meet, maximize their tax refund, save money and pay off debt. And those who've made the bold decision to become entrepreneurs and go into business for themselves have an additional set of needs. They want to find and keep customers, get paid, access capital to grow and ensure their books are right.

To solve our customers most pressing problems, we remain focused on becoming an AI-driven expert platform. We're working to achieve this strategy by pursuing five big bets. These include: revolutionized speed to benefit, so our customers found love with the product instantly; connect people to experts to improve confidence; unlock smart money decisions to put more money back in our customers pockets; become the center of Small Business growth by fueling our customers' growth; and disrupt the Small Business mid-market with QuickBooks Online Advanced. Throughout the call, I'll update you on where we stand on these bets.

With that context, let me start with tax. We are confident in our strategy and are on track to deliver and achieve our full year guidance. As a reminder, there are four key drivers of our consumer tax business. The first is total number of returns that is filed with the IRS; the second is the percentage of those returns filed using DIY software; the third is our share within the DIY software category; and the fourth is the average revenue per return. Based on the latest IRS data and the DIY software category is performing better than assisted and as for more than a decade. As the category leader, we view as our responsibility to drive category awareness and growth. So we are pleased with this result.

Through February 7th, IRS data shows total e-files returns are up 0.6% with self prepared e-files up 3.5%, and assisted e-files down 3.7%. Based on what we're seeing our share within the DIY category is up year-over-year. We are growing the category and growing our share which is right where we want to be. Our strategy for the Consumer Group is to expand our lead in the DIY category, transform the assisted tax preparation category and disrupt consumer finance. This is all in-service of helping our customers make ends meet and get the largest tax refund.

Let me share (17:55) few examples of how we're delivering for our customers this season. Within the DIY category, which is $3 billion in TAM, we are delivering enhancements for our premier offering to better serve customers with investments. We are driving faster growth in under-penetrated segments, including Latinx and Self Employed. We're also extending free eligibility to include all enlisted active duty military and reserves [ph] and providing historical taxes or an access for all customers.

In the assisted category, which is $20 billion in TAM, we continue to make progress with our second best to connect people to experts with TurboTax Live. We're working to further increase customer confidence on our platform by enhancing first-time use. This season we improve accessibility back to experts by offering customers the option to connect with an expert when they first sign into TurboTax Live to address top of mind questions. We also introduced real-time chat and affording [ph] Live Help button to make it easier to connect with Live Help at all stages of the return process.

We continue to accelerate the application of AI to create tools for experts to automate repetitive tasks, increased efficiency and drive an even better customer experience. Beyond tax, we continue to make progress disrupting consumer finance, which represents $29 billion in TAM. This aligns with our third big bet to unlock smart money decisions. Through our Turbo offering, we're addressing key customer problems like managing debt, saving money and improving financial health overall.

We are building on last season success by expanding the financial marketplace. We are now Live with pre-qualification partners offering both credit cards and personal loans to help customers save money and to provide partners with more qualified leads. Nearly 25% of our weekly active users have a set credit score, savings or debt-related goal in Turbo. And we expect this to drive higher engagement over time. Acquiring Credit Karma expands our TAM from $29 billion to $57 billion accelerating our time to market moving beyond tax, while also developing new ways to monetize our offerings.

Now turning to Small Business. We delivered another strong quarter in our Small Business and Self Employed Group with Online Ecosystem revenue growth of 35%, exceeding our target to grow more than 30%. We continue to solve key customer pain points, as we execute on our big bets. We remain encouraged with our early results with QuickBooks Live part of our second big bet to connect people to experts, opening access to a $10 billion bookkeeping opportunity. QuickBooks Live was one of the customers biggest needs, a confidence and peace of mind, while helping experts grow their business and find new customers.

We're now also offering setup health providing customers with confidence from the moment they subscribe. We're working to achieve our vision of being the center of small business growth our fourth big bet by helping our customers get paid faster, manage capital and pay employees with confidence. We introduced a new payroll lineup featuring full service across all offerings, as well as a TSheets Integration for time tracking that's resulting in customers adopting TSheets at three times the rate they did prior to launching the integrated offering and a tax penalty free guaranteed for select offerings. We also introduced the feature that double-checks customers over time calculations reducing the likelihood of fines and penalties.

We continue to make progress on our fifth big bet disrupting the mid-market with QuickBooks Online Advanced. Our online offering designed to address the needs of Small Business customers with 10 employees to 100 employees. We develop this offering to help us increase retention of larger customers and attract new mid-market customers, who are over-served by higher price competitive offerings. Approximately 75% of our current QBO Advanced customers have faded up from our existing QBO product, unlocking benefits, such as faster invoicing, with that import tools, automation and more customized deals and user permissions.

Now I want to address the very exciting news we announced today to acquire Credit Karma. I have long been an admirer of the company that Ken and his team have built. As we've gotten to know each other, Ken and I realized, we both share one simple goal; empowering consumers to make smart decisions about their money. This combination fits directly with Intuit's mission and long-term strategy. Our mission is to power prosperity around the world. And our bold goal for 2025 is to double the household savings rate for customers on our platform. This acquisition is a giant step forward in achieving that goal and significantly accelerate execution of our big bets to unlock smart money decisions. This big bet is aimed at helping consumers address their personal finance problems they face today, helping them reduce debt, maximize savings and put more money in their pockets.

Today, many consumers struggle with not knowing or fully understanding where they stand with their finances and they struggle to make ends meet. Household debt in the United States hits $14.1 trillion, 23 million consumers rely on at least one payday loan in 2018 to get faster access to cash. If consumers just have the tools to better understand their financial health and opportunities to improve it, they could unlock billions of dollars of potential savings. For example, understanding the difference and availability of lower cost personal loans versus high-cost credit cards could save consumers $20 billion to $40 billion. And Credit Karma estimates that 80% of Americans overpay on car loans to the tune of $37 billion, as there is no way to compare offerings.

Consumers want to do better and 60% say they are trying to improve their credit score, but they need help. We aspire to do more. And Credit Karma is the perfect partner to help us do this. Credit Karma shares our goal of making it simple for consumers to make better decisions with their money, through a platform that works like a personalized financial assistance. Helping consumers find the right financial products, putting more money in their pockets and providing them with insights and advice. This platform will provide consumers with transparent access to their critical personal information, including their income, spending and credit history to help them better understand their complete financial picture and use it to their advantage such as obtaining better interest rates. The result will be a complete financial profile that puts the power in consumers' hands, so they can take the step necessary to improve their financial health. Let me tell you, what this will look like.

To find the right financial products, we will match consumers with pre-approved offers on personal loans, home loans, credit cards and insurance. We will put more money in their pockets by connecting them to higher yield savings account and faster access to their hard-earned. We will also provide insights and connect them to experts to help consumers make better decisions about their money and improve their credit score. All of this will be done by leveraging artificial intelligence and connecting consumers over 100 financial partners on the platform, solving a two-sided problem. This consumer finance platform offers compelling value for our financial institution partners, as we provide efficient access to a broad set of qualified customers. While consumer strive to be more informed about their finances and want personalized offers from a trusted source, financial institutions want high-quality leads and face real challenges matching their products to the right customers.

We can help them target their offers based on metrics like verified income and credit history, getting them the ability to reach qualified process. Ken will get into this shortly, but Credit Karma's history is remarkable. The Credit Karma platform has attracted more than 100 million members with 88% engagement via mobile among active users and over one-third of which are active on the platform each month. The platform has a net promoter score of 69. The company recorded revenue of approximately $1 billion in calendar year 2019, growing 20% year-over-year. Impressively, over 90% of Credit Karma's annual revenue results are from existing members returning to the platform. Together, we can deliver unprecedented benefits to customers combining the benefits of scale, trust and data.

Let me turn it over to Ken, Credit Karma's Founder and CEO to share his perspective on the transaction.

Ken Lin {BIO 16421731 <GO>}

Thanks, Susan. I'm incredibly excited about today's announcement. As Susan mentioned through many conversations, we have found a real shared goal for changing personal finance for the better of consumers. When we started the company in 2007, you had a fundamental belief that consumers are being left behind in financial services innovation. We started the company with a mission to champion financial progress for all, with the intention of leveling the playing field for all consumers.

In 2008, we launched the Credit Karma platform by providing consumers completely free credit scores. Now 12 years later, we provided more than 4 billion credit scores and create a platform with over 100 million members over a third, which are active on the site every month. Notably, we're helping a new generation better manage their finances as more than half of our members are under the age of 44. We use the term members because our users are unique, have verified information from a third-party and beginning engagement news with our products.

When we started the business, we saw consumers loss in the CA complexity and the opportunity for technology and make a difference. Today, we are leaders and our business model is quite simple. We have consumers find the right product for them based on their credit and financial profile with their consent. Intuit enables us to strengthen it's ability by a lot of consumers to add income data to [ph] that profile. And that involves members to see more offers for which they qualified.

Then we simplify the application process. We help members significantly increase the probability of approval and we have members transparently compare rates and features. We do this for credit cards, personal loans, auto lending, mortgages, high-yield same [ph] discounting, auto insurance, home insurance and other verticals to come. So this opportunity is also meaningful and excited for all our trusted partners, to believe in us and support us throughout our history. These personalized recommendations are embedded by technology and 8 billion daily model protections.

Perhaps what I'm most excited about is the real impact we've had on consumers lives. As one example, we are seeing meaningful increases in credit scores, the members who regularly engage on our platform over time. There are many reasons why it makes sense to join forces Intuit right now: first and foremost, we have the ability to collaborate and bring technology solutions to solve real consumer problems. We see a platform which provides consumers a transparent access, their critical personal financial information, cleaner income, spending and in Credit's history to help them better understand their complete financial picture and unit their advantage such as obtaining a better interest rate. Our insights will significantly accelerate Credit Karma's mission and will be able to make a larger impact on our customers more quickly than either of us are able to allow [ph]. With millions of customers, more financial partners, and more resourcing I can deliberately [ph] able to build a more valuable business enable them to achieve our combined goals.

I also have to say that the culture and the team (inaudible) are critical factors in our decision to join together. We are inspired by Intuit's mission to power prosperity around the world and our team is ready to join Intuit on that journey. So into my 1,300 Credit Karma colleagues, Karma, thank you. I am deeply proud of the company we built and the culture we have created. We've worked long and hard to get to this day, yet, as I've always said this is one step in our journey together. Our mission to champion our members financial progress remain the same. Now with our partner with Intuit, we'll have the resources and capabilities to achieve our goals in a remarkable, significant and impact way.

Pass it back to you, Sasan.

Sasan Goodarzi {BIO 15750219 <GO>}

Awesome. Thanks, Ken. I'd like to add that while we see a lot of innovation and investment in the marketplace, we don't see anyone with our collective capabilities pursuing a personalized financial assistance. This is why we believe this combination can Transform FinTech and Power the Economy. We have the

Ability to bring together consumers and financial institutions in innovative ways that lowers cost for all those involved and levels the playing field for consumers of all economic status. After the transaction closes, Ken will report to me and continue to lead the Credit Karma team from its headquarters in San Francisco. Credit Karma will continue to operate under its current brand. Michelle will share the financial details of the transaction in a few minutes.

To wrap up, we're pleased with the continued momentum of our Small Business and Self Employed Group. We remain laser focused delivering for our customers during tax season, and I could not be more excited about the Credit Karma acquisition and the opportunity that provides us to Power Prosperity for our customers.

Now let me turn it over to Michelle.

Michelle Clatterbuck {BIO 20314804 <GO>}

Thanks, Susan. Good afternoon, everyone. I'll start by providing an overview of financial results in the quarter and then share more details on the proposed acquisition of Credit Karma we announced today. For the second quarter of fiscal 2020, we delivered revenue of $1.7 billion, up 13% year-over-year. GAAP operating income of $270 million, a 16% increase; non-GAAP operating income of $384 million, a 13% increase; GAAP diluted earnings per share of $0.91 versus $0.72 a year ago, a 26% increase; and non-GAAP diluted earnings per share of $1.16, up from $1 last year, a 16% increase.

Turning to the business segments. Consumer Group revenue was $499 million, up 8% for the second quarter. As we enter our third year of TurboTax Live our technology first approach continues to give us confidence, we can expand our Live offerings and maintain attractive Intuit operating margin longer term. As Sasan shared earlier, we're now using AI to automate repetitive tasks for experts on our platform, which we expect to increase efficiency and drive an even better customer experience. Based on data published by the IRS, the broader tax season got off to a slow start through January, when total e-files returns were down 0.7%. We remain confident in our plans and guidance for the year.

And in the Strategic Partner Group professional tax revenue grew 8% in the second quarter, reflecting delivery of more forms during the second quarter as compared to the same period last year. In Small Business and Self Employed, revenue grew 17% during the second quarter fueled by Online Ecosystem revenue growth of 35%. Our strategic focus within Small Business and Self Employed is to grow the core, connect the ecosystem and expand globally.

Starting with grow the core, QuickBooks Online Accounting revenue grew 43% in fiscal Q2, driven mainly by strong customer growth and to a lesser extent higher effective prices and mix shift. Second, we continue to make progress connecting the ecosystem. Online services revenue, which includes payroll, payments, time tracking and capital grew 23% in fiscal Q2. Within QuickBooks Online payroll, we continue to see revenue tailwinds from a mix shift to our full-service offering. Within QuickBooks Online payments revenue growth reflects continued customer growth, along with an increase in charge volume per customer.

Third, our progress expanding globally added to the growth of online ecosystem revenue during fiscal Q2. Total international online revenue again grew over 60%. We believe the best measure of the health and success of our strategy going forward is online ecosystem revenue growth, which we continue to expect to grow better than 30%. Desktop ecosystem revenue was up 1% in the second quarter, in line with our expectations, as QuickBooks Desktop Enterprise revenue grew at a double-digit pace in the quarter.

Let me now spend a minute on the Credit Karma acquisition that Sasan and Ken described earlier. Intuit has agreed to pay a total consideration of approximately $7.1 billion to acquire Credit Karma comprise of half cash and half stock. The total consideration is subject to customary adjustments and includes an estimated $1 billion of equity awards that will be expensed over a period of up to three years. We will also deliver approximately $300 million of retention equity through restricted stock awarded to Credit Karma employees that will be expensed over four years.

We plan to finance the cash portion of the transaction through cash in our existing unsecured line of credit. We expect the transaction to close in the second half of calendar year 2020 subject to regulatory approval and other customary closing conditions. We do not foresee an impact maintaining our dividend and share repurchase principles due to the Credit Karma transaction. We expect the transaction to be neutral to accretive to Intuit's non-GAAP earnings per share in the first full fiscal year after the transaction closes. We will provide updated Intuit guidance once the transaction is closed.

Now turning to our financial principles; we remain committed to growing organic revenue double-digits and growing operating income dollars faster than revenue. Our financial principles in total have not changed and remain a durable framework for us. We finished the quarter with $2.3 billion in cash and investments on our balance sheet. We repurchased $139 million of stock in the second quarter. We have approximately $2.4 billion remaining on our authorization and we expect to be in the market each quarter. The Board approved a quarterly dividend of $0.53 per share payable April 20th, 2020. This represents a 13% increase versus last year.

Turning to guidance. Our Q3 fiscal 2020 guidance includes revenue growth of 10% to 11%; GAAP earnings per share of $5.53 to $5.58; and non-GAAP earnings per share of $5.90 to $5.95. We expect the GAAP tax rate of 21% for fiscal 2020. You can find our Q3 and fiscal 2020 guidance details in our press release and on our fact sheet.

And with that, I'll turn it back over to Sasan.

Sasan Goodarzi {BIO 15750219 <GO>}

Great. Thank you, Michelle. I'd like to thank our employees, our customers and partners for another strong quarter. I'm excited about joining forces with Credit Karma and the transformative experience we can offer customers together. We will share more about our progress in the coming months.

Now let's open it up for questions to hear what's on your minds.

Questions And Answers

Operator

Thank you. (Operator Instructions) Our first question comes from the line of Brad Zelnick, Credit Suisse. Your line is open.

Q - Brad Zelnick {BIO 16211883 <GO>}

Yeah. Thank you so much, and thanks for taking the question. Congrats on the deal today. It's certainly a company that we've been as admirer for a long time, as well. But Sasan, if I can ask, Intuit's history include some of the best acquisitions of all time in software and some deals that maybe were a bit less than great. And with Credit Karma now the largest in the company's history. I really have two questions. Why is this the right time for Credit Karma and the push into consumer finance, just given the heightened awareness on data privacy and where we are in the consumer credit cycle? And two, what's the approach with this asset that will be different this time?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Great. Hey, Brad, thank you for your question. We are equally admirers of Credit Karma. A couple of things, I would say. Let me start with your question as to why now? This is very core to what we've declared around helping our customers make ends meet. It's very core to the strategy that we declared, which is about an AI-driven expert platform. And what we declared is that because everyone that we serve our consumers, we are very focused on unlocking smart money decisions. And together with Credit Karma there are things that we can do to benefit consumers that we believe are significant.

First and foremost, consumers are in significant debt as they overpay on fees, whether it's credit cards, whether it's home loans, auto loans, whether it's insurance they don't have access to advice in terms of one of the things that they need to do to improve their credit score and our credit rating was matters a lot, when it comes to the interest that they pay. And also just the other side of it, which is how do they save money? And how do they ultimately grow that money? And in order to really be able to deliver against that, what we bring together with Credit Karma is scale and capability. It's scale of customers and at scale of customers' data. And it's the capability that we have. And so ultimately now customers are going to be able to leverage their own data. Their income data their, spending data, their credit history, their life situations.

I mean, together with Credit Karma, we will -- the customers will have access to all their information in one place and then we'll be able to match them with financial products that are right for them. We'll be able to connect them to savings accounts. We'll be able to help them get access, early access to their Paycheck and we'll be able to provide insights and advice so they can actually continue to improve their financial habit. So in terms of why is this the right time? It's absolutely core to what we've declared, it's core to the goals that we've set, and we believe that together we can truly do things the benefit consumers and benefit financial institutions, because we will provide them also more choice. So that's why it's the right time.

I think in terms of acquisitions, I would just say that, the last several that we've made have been extremely successful and we've actually hold them up as role models internally and we've recently talk to our Board about it, TSheets, the flatex [ph] just two of the latest three. And the reason is, we've studied our history and we've learned what works and what doesn't work. And the clarity that we have around three things that matter: one is, the mission and purpose, the alignment that we have with Ken and the team; the two, the absolute alignments that we have on priorities; and third, and I would say equally as important as Ken is in charge. Our goal is to fuel his success and Credit Karma's success, and just how we've organized around the work is essential to the success. So across the board, we have a lot of confidence and are very clear about how to manage the risks.

Q - Brad Zelnick {BIO 16211883 <GO>}

Sasan, thank you so much for the very thoughtful answer. If I could just sneak in one for Ken. Ken, can you talk about the concept of autonomous finance and why being on Intuit's platform can help to accelerate that vision? Thank you.

A - Ken Lin {BIO 16421731 <GO>}

Yeah, absolutely. So, thanks for the question. So autonomous finance rise is really our ability to help consumers, automate their financial life in a way that reduces friction, increases certainty, increase more transparency and efficiency. So, if you look at the problems that exist today, most consumers don't know which are the right products for them. They don't know how to apply for those who pitch our products. And there is a so much friction to making it happen. So for us, our platform is really predicated on integrating with financial institutions, so that you can make it easy. Moving the dollars are automating the process itself. So it does not requires much work and therefore friction. And then lastly, adding a layer of education to consumers understand what is absolutely faster that. And if you do that, we fundamentally believe we can level the playing field for the most disadvantage and most vulnerable consumers in the system.

Q - Brad Zelnick {BIO 16211883 <GO>}

Thanks so much. Congrats.

A - Ken Lin {BIO 16421731 <GO>}

Thank you.

Operator

Thank you. Our next question comes from Keith Weiss of Morgan Stanley. Your line is open.

Q - Keith Weiss {BIO 6993337 <GO>}

Thank you, guys, and thank you for taking the question. A question on the sort of the overlap within the product lines between Credit Karma and in the TurboTax line. And how we should think about that on a going forward basis. Credit Karma it does tax and has a pre-tax operating in obviously TurboTax, there's a lot of tax. I always thought of Turbo is -- as a competing solutions to sort of the core Credit Karma solution, in terms of giving people more visibility into their financial health and giving offers. So if Credit Karma is going to be a standalone, it's going to still as exist as a separate brand. Is it going to be competing offerings under the same umbrella of Intuit, or how should we think about that product overlap on a go-forward basis?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Got it, great. Thank you, Keith, for the question. Let me just start with tax. Our intent is to keep the pretax software within Credit Karma because we believe in what they're doing and the fact that customers should have choice and we are not doing this deal because of tax. They have 106 million customers and really we're doing this, because we believe that we can truly create a consumer finance platform that can serve as a financial assistant to really power the prosperity of customers. So that is really the strategic rationale and reason for the deal and will continue to offer taxes for free through Credit Karma and through TurboTax and we're very confident in that the go-forward approach.

In terms of mint and turbo, I think, I would go back to what I shared with a moment ago with Brad. We're very focused on helping customers make ends meet. And we're very focused on unlocking smart money decisions for our customers. And ultimately this is really about speed to market. This is really about bringing the capabilities of the two companies together, the scale of the customers' data and capabilities to be able to move much faster to help these customers that are really underserved struggling and are looking for help. And that's really the rationale for why we're doing this. And specifically around mint and turbo our game plan over time is actually to combine that into one app.

And we want to focus entirely on Credit Karma's growth. And we don't actually want to distract Credit Karma at all with the fact that there is Turbo and there is Credit Karma. The reality is customers have choice and they'll be able to pick the product that's right for them.

A - Ken Lin {BIO 16421731 <GO>}

Yeah. And from our perspective --

Q - Keith Weiss {BIO 6993337 <GO>}

So just -- I'm sorry, just to be clear, will Turbo come into -- right?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sorry, go ahead.

Q - Keith Weiss {BIO 6993337 <GO>}

So just to be clear, will the Mint and Turbo apps were those consolidated into one app with Credit Karma, or is there going to be a separate mid Turbo app in the separate Credit Karma app?

A - Sasan Goodarzi {BIO 15750219 <GO>}

No, no. They will be ultimately -- they will be separate. They will not be combined into one app, only because I think our focus is, we have a huge opportunity to ensure that we can fuel Credit Karma as our growth. And we don't want to have any distractions other than ensuring that they can deliver for customers. So, they will be separate apps.

Q - Keith Weiss {BIO 6993337 <GO>}

Okay. That's clear.

A - Ken Lin {BIO 16421731 <GO>}

Yeah. And Keith, just a note on Credit Karma, I think from our perspective we're neither a credit score company, nor are we a tax company. We focused on solving consumer problems. So for us, our members who are coming to us asking for credit scores are really asking for how can they borrow at the best rates possible. And on the opposite side of that, when consumers are coming to us from our tax product, it's really about getting their dollars back from the government and sort of doing the necessities. So we think of that not as a product per se, but really problems or the challenges that were solving on behalf of our members.

Q - Keith Weiss {BIO 6993337 <GO>}

Got it. And if I could throw in one follow-up for Michelle, to get to a neutral to accretive situation with Credit Karma, is there any synergies you're assuming on that either on the revenue side, or the expense side of the equation, or is it just the profitability of Credit Karma today can get you there on accretion basis?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

When we look at Credit Karma, they really bring a big track record of success with the beyond user paid business models. They have revenue of approximately $1 billion in calendar year 2019, which was growing at 20%, and they reach scale with high engagement, robust marketplace. We're really not able to share any of the profitability information at this point in time. But we do feel good about their platform model and the company's commitment to really serving and engaging their members. And then as we stated, we do believe that we will be in a neutral to accretive position in our non-GAAP earnings per share in the first full fiscal year after the transaction closes.

Q - Keith Weiss {BIO 6993337 <GO>}

Got it. All right. Thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you, Keith.

Operator

Thank you. Our next question comes from Alex Zukin of RBC Capital Markets. Your line is open.

Q - Robert Simmons {BIO 18047931 <GO>}

Hi, this is Robert Simmons on for Alex. Thanks for taking the questions. Can you talk about the results so far in season for Live. Surely, you want to triple again this year, but how is the tracking?

A - Sasan Goodarzi {BIO 15750219 <GO>}

We're actually very pleased with the progress and the results that we're making. I mean, first, I would start by saying, as the category leaders, our focus is to grow the category, which we feel like we've had a large part of doing so given what the stats I shared earlier that the do-it-yourself category is growing faster than assisted. And we've been able to increase our share. And a driver of us being able to increase our share is the continued traction and growth with TurboTax Live. And we're very pleased with the results that we're seeing, and it's in line with what we would expect through this early part of the season. And I think I would just remind us that we are still early in our journey of going after this $20 billion market of transforming the assisted marketplace that we expect continued accelerated growth from TurboTax Live given that it's a seamless platform for customers to use at the ease of their home or office and they can get access to expertise at anytime they wish throughout the experience. So we're just at the beginning of the journey of what's possible the TurboTax Live.

Q - Robert Simmons {BIO 18047931 <GO>}

Got it. Great, thanks. And then have you noticed any competitive change from others doing some of the things such as H&R Block?

A - Sasan Goodarzi {BIO 15750219 <GO>}

I can't comment on H&R Block, other than I really love what we're seeing in our results. We're growing the category. We're taking share. And we're seeing the growth that we would have expected in TurboTax Live and continuing to benefit from our focus around the first time use, more access points for experts and making the expert platform easier that gives us the opportunity to ensure efficiency and expanding margins over time. So we -- and by the way, we also have experienced that the more folks that enter the category, the more we're actually able to accelerate the growth in the category. So, so far what we're seeing is exactly what we would have expected.

Q - Robert Simmons {BIO 18047931 <GO>}

Great, thank you.

Operator

Thank you. Our next question comes from Brent Thill of Jefferies. Your line is open.

Q - Unidentified Participant

All right, thank you. This is (inaudible) on for Brent Thill. Congrats on the deal again. I just wanted to add another question on that. And there was a first question. But I think some of the questions you were getting is, is this a signal at all of may be anything in your core business slowing. Is there any slowdown, or does this really just open up an adjacent market with a lot of new opportunities for you?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. This is about acceleration. The way you should think about this is, we get to expand our TAM. We're acquiring a business that has incredible capabilities of the $1 billion growing 20-plus percent, with a platform model that has the ability to grow operating margins over time. And frankly more importantly all of that is possible because we're able to do things for consumers and provide them more choice and more benefits and do the same for financial institutions. I would look at this as, it's squarely focused on one of our five bets that we declared and it's all about acceleration. While we continue to see acceleration, really connecting people to experts with TurboTax Live, QuickBooks Live and some of what we're doing on the small business front. So this is about acceleration.

Q - Unidentified Participant

Great, thank you.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Very welcome.

Operator

Thank you. Our next question comes from Ken Wong of Guggenheim Securities. Your question please.

Q - Ken Wong {BIO 20723645 <GO>}

Great. Thanks for taking my question. Maybe first back to the Credit Karma transaction. I think we all understand what great brand both TurboTax and Credit Karma are? And we see, maybe the long-term synergies on the consumer side. Just wondering, is there any benefit to or from your small business division that we might be missing in terms of how it might interplay with this transaction here?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Let me start and I'll have, Ken add. One of the things that we've been very intentional and working with Ken and the team on is alignment on purpose and vision, alignment on priorities, and ensuring that Ken is in charge and has, what he needs to be able to deliver for customers and accelerate Credit Karma's growth. And so we believe that there is an opportunity serving small businesses, but ultimately over time Ken will decide when is that right time, because ultimately we want to -- there is so much opportunity ahead of us. But let me, let Ken, jump into that and he's been thinking about small businesses for some time.

A - Ken Lin {BIO 16421731 <GO>}

Thanks. Well, if you think about like Credit Karma adjustment business model perspective, it's again providing consumers with the certainty of finding the right products at a great rate and some of the best rates in the market. That same problem exists for small business users and historically for Credit Karma is that it's been challenging to determine who are small business owner. I think that's an opportunity for us to work together. The sense that we are now able to solve that problem for not just consumers, but small business owners as well. So we think that's a big upside in the future.

Q - Ken Wong {BIO 20723645 <GO>}

Got it. Great. And then maybe a follow-up just on, you did go through some of the tax dynamics this year. But on that fourth driver ARPU got you guys didn't really run into that too much. Just wondering, if you can provide some color, in terms of what you might be seeing on the ARPU side, especially it seems like your early marketing since has less of a focus on free versus last year?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Well, as you know, when we talked about our long-term expectations and in essence shared that it's between 8% to 12%. One of the larger drivers of that was ARPU, simply from the standpoint that we are focused on transforming assisted with our platform and there's just an opportunity to increase our ARPU. We'll share after season how that's performing, but I would tell you everything that we see so far in early season, there's results that you see because there was three days to four days of IRS opening, which is very small portion of the results and is what we see through year-to-date and season to date and it's really in line with what we had assumed and again we like what we see.

Q - Ken Wong {BIO 20723645 <GO>}

Great. Thanks a lot guys.

Operator

Thank you. Our next question comes from Kirk Materne of Evercore ISI. Your line is open.

Q - Kirk Materne {BIO 5771115 <GO>}

Yes, thanks very much. And I'll echo the congrats on the acquisition. Maybe starting there Sasan, I think it makes tons of sense in terms of the strategic vision and why you obviously want to leave Credit Karma on its own to continue its growth. However, on the back end of the businesses there is obviously a lot of potential synergies in terms of the data you're both collecting, the ability to apply AI to that to drive greater synergies for both. So how are you thinking about sort of the independents factor versus some of maybe combined benefits of bringing the businesses together from a data perspective?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sure. Thank you, Kirk, for your question. Let me kick this off, and I'll let, Ken chime in, because the business plan that's been developed has been jointly developed that will be executed after close. First of all, as I mentioned there is alignment around our mission and purpose. And we've also aligned around priorities. The priorities that we've aligned around is grow the core, it's expand growth verticals, and it's developing emerging verticals. And specifically grow the core, it's really about growing credit cards and personal loans, expanding growth verticals is about auto and home loans and insurance. And then developing emerging vertical is really about providing offerings like savings, checking, and then over time early access to your paycheck, et cetera. So those are the three priorities that we've agreed to.

Now what's wonderful on behalf of consumers of the capabilities that we can bring together. And so the first is, creating a financial identity for the consumer. What that means is the consumer now based on the data that we have the 50 million customers and 106 million customers that Credit Karma has. The consumer now have access to their data in one place, their income data, their spending data, their credit history data, their life situation. Credit Karma has 2,600 data points for each of their customers on average. And so creating a financial identity for the customers so they can use their data for their benefit is one thing that we will do together.

The second is, making our money movement capabilities, the services available for Ken and the team, that's all of our risk and fraud capabilities that we used for same-day payrolls, same day payments, all of that is necessary for Ken over time to be able to provide early access to consumers paychecks as an example.

And then last but not least, we will make our financial data platform capabilities and services available to Ken. So he can deliver benefits to customers and this is where we have 20,000 partners in our financial data platform, where again all of this will be used on that with the customers consent and to their benefit. So when I talk about allowing Ken to be in charge and running Credit Karma, we will make those data elements and services with the customers consent available on the back end, so that ultimately Ken can deliver more benefit for Credit Karma customers over time and that's why we see the acceleration and we don't want to distract Ken and Credit Karma with anything else other than what's most important to deliver for customers. So that's the approach that we're taking.

A - Ken Lin {BIO 16421731 <GO>}

Yeah. And maybe just to give you a little color on how you actually turn that into a product? When Sasan talked about income and financial identity. One of the things that we observe in this space is that credit is a great predictor of underwriting about 80% of the time. Income and assets, they're the other piece. And as you may know, 81% of consumer, sub-prime consumers are declined for credit card offers. So, if we actually have the full picture in the full financial identity of that consumer, we're able to provide uncertainty in this space. And again, going back to this note as the most vulnerable people, when you apply for credit product and your score as you are declined, your score goes down, you get into this vicious cycle of getting into predatory lending and products are not good for you. Choose a science note around the data platform, with it we'll be able to do things like automation with our cash flow, we'll be able to audit, autonomous finance for us, it's moving money in such a way that you can minimize the interest that you're paying. You can move money in a way that your credit score and your outstanding balances are low as so you could actually get those other products to help you get through life. And then when it comes to access the other data points, I think things like improving savings where you know approximately half the country don't have $100 in savings, we can help improve that savings rates with our ability to foster movement.

Q - Kirk Materne {BIO 5771115 <GO>}

That's really helpful. Thanks both for the answers. And congrats on the quarter.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you.

Operator

Thank you. Our next question comes from Kash Rangan of Bank of America, your question please.

Q - Kash Rangan {BIO 22095432 <GO>}

Hi, thank you very much. Sorry for my over overhead noise here, the acquisition feels a little bit -- has a bit of a similarly to Microsoft acquiring LinkedIn, where Microsoft bought in network and so you guys are buying effectively a network. And Sasan and team, I'm just curious to get your thoughts on how we should think about the TAM, so that Intuit TAM has been a very simple one, TurboTax units multiplied by ASP, you got -- you add value, et cetera, same thing that with QuickBooks. And this is a very different monetization model, I'm curious to get your thoughts on how the monetization model, I mean conceptually I get the story, but from a long-term standpoint of building a multi-billion dollar business, how do we think about the monetization from a dollars and cents perspective? Just curious what synergies can Intuit bring to credit Karma the credit Karma could not do for itself. Thank you so much and congratulation again.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Great, thank you, Kash, let me let me hit on a couple of these, I'm going to ask actually Ken to jump in and just share more around the business model. First of all, this is really one view of having a network effect. It truly solves a two-sided problem, the more consumers consent with their data being used, the more financial institutions and others participate on the platform, the stronger the platform here gets to deliver for the end consumer, the more choice that it provides. And so from a network effect perspective, this has some of those characteristics.

In terms of synergy, it's really what we were just describing earlier, really what you are now able to bring together with the two companies is the customers entire financial identity where they can use their data to get access to the best personal loans that are right for them, the best credit cards that are right for them, the best by the way insurance, it could be home insurance, auto insurance, renters insurance because when the customer doesn't have all their data in one place, they in essence have experiences that Ken was just talking about earlier where they may get something whether a pre-approved for, but when they actually try to go through the process, 80% of them get rejected. And now by the data being in one place, it actually accelerates us delivering the benefits and that's where the real synergy comes in the places where we can do things together that we couldn't do apart.

In terms of ASP, maybe let me let Ken just talk about the business model and how it works because that will be really the key characteristics moving forward.

A - Ken Lin {BIO 16421731 <GO>}

Yeah. First, maybe let me frame the problem in the industry. So they spend 10s of billions of dollars each and every year marketing their financial services products. And the challenge in this space is that each of those banks have a specific credit profile that they are looking for along with an ability to pay around income. Now imagine a bank that spends $100 million a year in acquired -- in marketing maybe only 20% of those dollars are efficient because the other 80% go to people who are simply not qualify for that particular product.

What we are able to do and speaking to this near around financial identity, we're able to help banks find those exactly right customers and I think that's the problem that we solve for our financial services partners. For the consumer, what they see is a landscape fall of teaser rates i.e. rates that are for "employed extremely well qualified buyers", you actually can tell if you're an extremely well-qualified buyer because the banks use hundreds of different variables to determine your eligibility and we were able to deal with, solve that particular problem for the consumer.

So for our banking partners, they have access to large scale of users that are highly qualified. For our numbers, we're able to provide a service that gives them certainty and transparency of all the offers in the market. And as a business model, what we do is we charge the success fee from when we're able to match the consumer with the right financial services product. And that is our business model and looking to capture all of those dollars that are being spent in digital and offline marketing today.

Operator

Thank you. Our next question comes from Josh Beck of KeyBanc. Your line is open.

Q - Josh Beck {BIO 17868061 <GO>}

Thank you for taking the question. One of the things that really stood out to me in Credit Karma deck was the engagement and four times per month I think is quite strong, I imagine TurboTax has good engagement, but it's -- it tends to be more seasonal. So maybe you could just talk a little bit about how you've gotten to those levels if it's expanding verticals or finding more relevant offers. And then the second part of my question is really tied to the competitive set with Credit Karma, when I think about some of the longer-term items which Sasan mentioned, I'm just wondering is it changing and that you're competing maybe with a different audience than you used to. So we love to get some color on that.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Great, thanks for your question. Let me kick it off and then I'm going to turn it over to Ken to talk about all the incredible work they've done that drives all the engagement and then some of the new verticals that Ken described we were going into. I think to your first part of your question, from a strategic perspective in context of going after the pain point of making ends me, this really for the consumer front for the most part shifts us from engaging very infrequently and maybe once or twice a year two now engaging customers year round and delivering significant benefit. And as we talked about earlier, we got 106 million members, 37 million that are monthly and those that are monthly active they engage four times a year.

And the excitement that we have around benefits that we can deliver and what's possible in the long term is the more offerings that we can provide truly becoming this financial assistant in the pocket of our customers where they can get access to credit cards at the best rates that are right for their personal loans, home loans, auto loans, insurance, whether it's renters insurance or home insurance, savings accounts early access to their paycheck that drives real benefit, real engagement and higher engagement over time, but what's remarkable about the company, Ken and the team have created is just a massive scale already. Now with that said, maybe Ken can you can jump into engagement drivers.

A - Ken Lin {BIO 16421731 <GO>}

Yeah, absolutely. So I think when we first started people really questioned how engaging was the credit score. And I think the reality is credit scores are something that take years to build and for many consumers it is the hallmark of their financial health. So as a result, people tend to be very engaged in. So your credit score changes on average once per month. We continue to add new products like credit monitoring, IV protection, direct dispute, which is a product that actually helps you to remove erroneous trade lives and debt from your credit report, the launch of our high yield savings products. All of these are product features that are created to help drive engagement because we know consumers won't care about, but 2 is an important aspect of our business model and key business driver.

Q - Josh Beck {BIO 17868061 <GO>}

Thanks, congrats on the combination.

A - Ken Lin {BIO 16421731 <GO>}

Thank you.

Operator

Thank you. Our next question comes from Scott Schneeberger of Oppenheimer. Your line is open.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks very much, congratulations all and Ken, if I could start off asking the just the very last line of the pitch deck with regard to Credit Karma background, consumers on average use 1.1 financial products here, please define what that is how you -- how you use that as a driver of the business, what you've done to improve and what benefits you think might -- might you gain now as part of the combination?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, one of the new aspects of our business is we can actually see how many trade lines are originated each and every year and what we find is that on average, it is 1.1 new trade lines. And what that means is on average a typical consumer will take out 1.1 new credit card, new auto loan and auto refinance, a mortgage, a store credit card. So anything that it shows and appears on your trade line are on your credit report. We get to see that and we know that that average is 1.1.

Now, specific to the business itself when it's really great is that it is highly predictable. So we are going on our 12th year of operation. So we have cohorts that go back 12 years and what we can see is that over time that consumers as they go through their life cycle, their own life journey, they're able to sort of follow this pattern. And we know that those credit originations are always in the market and we have an ability of track our progress against it, but also anticipate what products consumers will need based on that rich data history that we have.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Great, thanks. I appreciate that. And then just shifting gears a little bit. Michelle, I guess I'll bring you in here, the -- it was strong EPS outperformance relative to your guide in the second quarter and then looked at the third quarter guide is a little light. I saw the 300 basis points of operating margin expansion year-over-year in Small Business and Self Employed. Just curious if there is a pull forward what's what's, what's driving that the delta between the two quarters. And just kind of some of the intricacies of this quarter and next.

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Hey, Scott, thanks. First of all, I would say, when we really look at our expenses and our operating margin, we don't get overly focused on quarter-by-quarter. So, we're really managing it, number one on an annual basis. And we're also managing it at (technical difficulty). So that's why if you start to look at quarter-by-quarter, you start to look at segment-by-segment, you might get a little wrapped up in some numbers that are going to be as helpful to you. So we are focusing on total year at the company level. Yes, we did come in with operating expenses a little lower in Q2, then some of that is really being driven by different decisions -- investment decisions, we're making and also driven by some staffing -- staffing costs and so forth that came in a little lighter in Q2. But we're not changing our full year operating income guidance and so I wouldn't get too focused on the individual quarters.

Q - Scott Schneeberger {BIO 5302695 <GO>}

Thanks a lot, appreciate it.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Thank you.

Operator

Thank you. Your next question comes from Chris Merwin of Goldman Sachs. Your line is open.

Q - Chris Merwin {BIO 17528635 <GO>}

Thanks very much for taking my question. In terms of the current members of Credit Karma obviously I saw the number is 106 million. It's a huge number. And just thinking in terms of overlap with TurboTax, can you talk about what that might look like in any way that you can through integrations or anything kind of in the workforce people go through those apps that they could cross-sell opportunity to either platform. Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, it's not something at this point that we even know what the overlap is and the one that we can communicate. All we we can tell you is, when we look at what's possible based on the benefits that we can deliver for customers, there is a lot of upside and we're excited about the opportunity. But it's not something at this point that we don't have the data to share with you.

Q - Chris Merwin {BIO 17528635 <GO>}

Got it. And just a quick follow-up on marketing, I know last quarter you talked about a pull forward on marketing spend to reach some of the earlier filers for TurboTax and looking at the consumer revenue growth rate, I think is up 8% in the quarter, that's just below the full-year guidance. So can you talk about some of the moving pieces in the quarter for consumer and your confidence level on I guess I presume an acceleration there in the 3Q. Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Sure, sure. Well, first of all, I am confident in our strategy, I am confident in our execution and what we're seeing. And as I mentioned earlier, we're growing the category, we're taking share and knock on what our teams have done an incredible job with the experiences that we're delivering for customers, so that's bucket one. Bucket two is very similar what you heard from Michelle, there is only a few days of e-file revenue in that number. So actually our marketing dollar spend and our revenue were not really correlated. It's really the number of days of open e-file and you'll see our full year results after we get through -- after we get through the next season. We are seeing better traction than even last year, when it comes to raising awareness, consideration and just a return that we're getting on our marketing dollars. So again we -- things are in line with what we would have expected internally and we had high expectations.

Q - Chris Merwin {BIO 17528635 <GO>}

Thanks very much.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Very welcome.

Operator

Thank you. Your next question comes from Daniel Jester of Citi. Your line is open.

Q - Daniel Jester

Yeah. Great, thank you for taking my question. Just going back to Credit Karma, obviously the facts one of your -- one of your five big bets, but how should we think about how you're prioritizing kind of incremental investments in the other four big bets over the next year or two while you're focused on closing this transaction and integration. And I guess I'm getting at is, should we view that that's kind of one really big bet and four medium-size bets over the next year or two? And then I guess secondly, does this acquisition precludes you from doing anything kind of smaller or bolt on in the rest of the business from an acquisition perspective. Thanks.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah. Great, thank you for the question. So first of all when we declared these five big bets and as we shared at Investor Day, they are grounded in fairly large customer problems that are very durable in areas where we built that is our obligation and our right to solve these customer problems and if it's very durable and it also will result in the largest growth drivers for the company. In a couple of the bets our gaps are probably larger than the other bets. First of all, they are -- they're all created equal, there are five big bets, but we deliberately stack rank them the way we have because we believe that if we had to make trade off choices that we could be crystal clear how we would make trade-offs choices. We have staffed all five bets to win internally.

We made some significant investment and capital reallocations in the last year and we continue to do so, to ensure that these big bets are our resource to win. And with that as context, it actually doesn't change our M&A principles. I wouldn't conclude that we now have four large acquisitions coming because we have four other big bets. This is really about following our acquisition or our M&A principles around one of the largest customer problems and what are the gaps that we have and are there opportunities for us to be able to close that gap and increase speed to market and it just so happened that this back, because really it's about serving consumers and helping them make ends meet, that this just from our perspective is a great opportunity to bring two companies together to achieve greatness for our end customers.

So that's the way I would think about our M&A principles have not changed, every bet is resource to win, this is one of them where we felt like there is an opportunity to increase and improve speed the market.

Q - Daniel Jester

Okay. Thanks.

Operator

Thank you. Our next question comes from Matt Pfau of William Blair. Your line is open.

Q - Matt Pfau {BIO 19136163 <GO>}

Hey guys, thanks for taking my question. Wanted to switch back to tax and specifically on some of the changes around the Free File Alliance agreement related to marketing, just curious if you're seeing any impact from that, whether it'd be from traffic to your paid side or free-to-pay conversion or attach on of additional products like audit defense anything there?

A - Sasan Goodarzi {BIO 15750219 <GO>}

We're -- just as context and a reminder the Free File Program is a philanthropic effort and we are by the memorandum of understanding along with other industry players what's Mitre reaffirmed when the report was published, I think in the fall. With that as context, we don't -- we don't see anything outside of the norm, based on the way the season is playing out this year in FFA.

Q - Matt Pfau {BIO 19136163 <GO>}

Okay, thanks guys.

A - Sasan Goodarzi {BIO 15750219 <GO>}

You're very welcome.

Operator

Thank you. Our next question comes from Michael Turrin of Wells Fargo. Please go ahead.

Q - Michael Turrin {BIO 20079094 <GO>}

Hey, there good afternoon. Thanks for squeezing me in. Looking at some of the available information here, it looks like the Credit Karma revenue base has been slowing over the past couple of years. It sounds like some of what's the San and Ken have already mentioned here around data and financial partners can help stabilize that trajectory. But maybe it'd be useful to hear more from Ken's perspective around how this combination of Credit Karma and the Intuit Ecosystem can help stabilize and maybe even improve that trajectory going forward. Thank you.

A - Ken Lin {BIO 16421731 <GO>}

Sure. So if you really look at the history of Credit Karma when we've been focused on, I often think about the first 12 years of our history is really helping consumers save money when they borrow i.e. investing in our credit cards vertical, in our mortgage vertical, in our auto lending vertical. As we continue to grow, we have now focused on the other side of the balance i.e. high yield savings and other asset plays. And what's key for our platform goes taxes notoriety engagement and the way that we think about accelerating revenue and what our models show is that the more engagement we have the way the direct correlation to our revenue.

And where the opportunities come in is that a lot of the financial identity component that in the combination of Credit Karma and intuit have together, there was big growth drivers and engagement and we believe that over time that will -- those drive the (inaudible) or sort of the engagement numbers that we track, which leads to monetization and our ability to move into other verticals outside of traditional credit cards and personal loans, those are sort of key growth driver that we see in the business.

Q - Michael Turrin {BIO 20079094 <GO>}

Helpful. Thank you.

Operator

Thank you. Our next question comes from Sterling Auty of JP Morgan. Your line is open.

Q - Jackson Ader {BIO 19832434 <GO>}

Great, thanks. Hi guys, this is Jackson Ader on for Sterling tonight. Just a quick follow-up on that last answer you gave, Ken. Should we be thinking maybe about the growth forward coming more from having the monthly active members increase as a percent of the total number of members or will it be that total membership growth and the monthly active members should grow about in line with that?

A - Ken Lin {BIO 16421731 <GO>}

I don't have that exact break out, what we know that both are both extremely important aspects of our business. One of the nice key points of our business in any given quarter, approximately 90% of our revenues are repeating -- repeating users are members that register from prior quarters i.e. 10% are from new users. So we see a combination. Our ability to drive new users drives revenue and our ability to drive existing users back to drive revenue. So, both are really important, fundamental to the business model and the key metrics that we track.

A - Sasan Goodarzi {BIO 15750219 <GO>}

And if I could just add one thing, this is just from a go-forward perspective, I think what's very just remarkable with respect that the company that Ken has built is when you have a 106 million customers that or members that use you, trust you you ultimately give the customer the ability to be able to leverage their data to be able to benefit from more and more choice. The opportunity that we have over time and again Ken started the company with credit cards, personal loans and now auto and home. But auto and home loans and insurance is actually kind of just at the beginning of what's possible. And then there is this new vertical that's around savings, getting early access to your paycheck over time.

So what you -- what I want you all to imagine is this truly being a consumer finance platform, where it serves as a financial assistant in the pocket of consumer and the more we can deliver more benefits, the more engagement we drive over time and the more we can actually help financial services industry members be efficient and then therefore drive up ARPU and revenue. And so this is just there is kind of many years of opportunity to capture the TAM that we described earlier.

A - Ken Lin {BIO 16421731 <GO>}

Yeah. One final note is that a lot of that data is highly scalable, so the data that is used to determine your eligibility for credit card, to your personal loan, to mortgage tends to be the same. So as we move in new verticals, your cost basis is relatively fit where you get a bunch of scale out of those operating cost basis. So you're -- as you're moving into new verticals, you oftentimes get expand to your margin.

Q - Jackson Ader {BIO 19832434 <GO>}

Okay. That makes lot of sense. Just a quick follow-up, so the last couple of years maybe has that monthly active member number has that grown in line with revenue, maybe below the revenue growth rate or or even above?

A - Ken Lin {BIO 16421731 <GO>}

Yeah, historically our engaging numbers have grown slightly faster than revenue and what we tend to find is our ability to launch new products like IV protection, direct dispute, some of the ones I mentioned before, high yield savings. We know that these directly correlate to the overall engagement of our user base, which is why we're so focused on driving an excellent customer experience is that we know those two things are highly correlated.

Q - Jackson Ader {BIO 19832434 <GO>}

Okay, thank you.

A - Ken Lin {BIO 16421731 <GO>}

Thank you.

Operator

Thank you. Our next question comes from Kartik Mehta of Northcoast Research. Your line is open.

Q - Kartik Mehta {BIO 2038331 <GO>}

This is -- and you talked about engagement maybe throughout the year with the TurboTax customers now that you have the Credit Karma platform or will have their credit card platform. So I'm wondering, will you change the branding or how will the branding work so that customers know that Credit Karma is part of the Intuit family.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, what we will do is when we just like today when we raise awareness and if it's TurboTax or if it's QuickBooks, you see Intuit, you see QuickBooks by Intuit or TurboTax by Intuit. So over time, we will work with -- we'll work with Ken and make sure that over time people know that Credit Karma is part of Intuit. What we won't do is change the brand of Credit Karma, it's established an incredible blend of brand, it stands for choice and benefits for our consumers. And that is something that we wouldn't change which has got a strong brand like QuickBooks or TurboTax has.

Q - Kartik Mehta {BIO 2038331 <GO>}

And then you mentioned one of the opportunities is to leverage some of the information now that customers have with their tax returns. And I'm wondering what type of success you have or what percentage of customers are allowing you to use their financial information from a tax return, so that you can -- a system in other areas.

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yeah, if you recall learnings we shared at Investor Day, so it's a high number. At Investor Day, we shared that we have 37 million registered users that have actually agreed for their data to be used for benefits for them and then we have 4 million active users. So consumers are very much willing to consent for their data to be used for their benefit as long as they're in control of it. And so we've actually seen very nice traction since we've launched Turbo.

Q - Kartik Mehta {BIO 2038331 <GO>}

And then just one last question, Michelle. If you look. I know you don't want to give out financial information on Credit Karma then maybe revenue. But if you look at the revenue profile, the margin profile of Credit Karma is it at above or below kind of corporate averages for Intuit?

A - Michelle Clatterbuck {BIO 20314804 <GO>}

Hey, Kartik, you're right, we're actually not in a position to give out any of the profitability information for Credit Karma. However, we do believe they are a platform and they have been driving some great engagement and scale. And so we think that that's a great thing. But yeah, we aren't actually able to share that information. Thank you, though.

Q - Kartik Mehta {BIO 2038331 <GO>}

No, worry. Thank you.

Operator

And ladies and gentlemen I'm showing -- we've reached our time for questions. Would you like to close with any additional remarks?

A - Sasan Goodarzi {BIO 15750219 <GO>}

Yes, please. First of all, thank you very much for all the questions and everybody's time today. I'm truly excited for the progress that we're making. The acceleration that we have ahead with Credit Karma and I would just like to close by thanking our employees, last week we were named number 11 in Fortunes top 100 companies to work for in the US. And this is our second highest ranking in the 19 years that we've been on this list and our employees' passion and commitment. It's a really deliver for our customers and power their prosperity and to contribute in the communities that we serve. It really is what fuels our impact. So it's an absolute honor to work alongside each and every one of our employees. And again I want to thank everyone for joining and we look forward to speaking with you at the next earnings call. Thank you.

Operator

Ladies and gentlemen, thank you for participating. This concludes today's conference call.
