

JPMorgan Chase's digital bank launch has a good shot at UK success

Article

The news: JPMorgan Chase will roll out its first retail banking presence outside of the US with its UK digital bank this week, the Financial Times reported. The banking giant's new offering was [unveiled](#) in January and will carry the Chase consumer brand.

- Chase will start out with only current accounts—akin to US checking accounts—that include a rewards program, **Sanoke Viswanathan**, who is the bank's **head of its new international**

consumer division, told the FT.

- Planned future products include mortgages, investment, and personal lending, he noted.

JPMorgan is taking a long-term view on its financial success, Viswanathan said. In a sign of its commitment, the bank has a dedicated staff of **600**, of which **500** are recent hires, per the FT.

More on this: Chase will be making a splash into a crowded market. Its competitors are numerous, and include players in different banking categories:

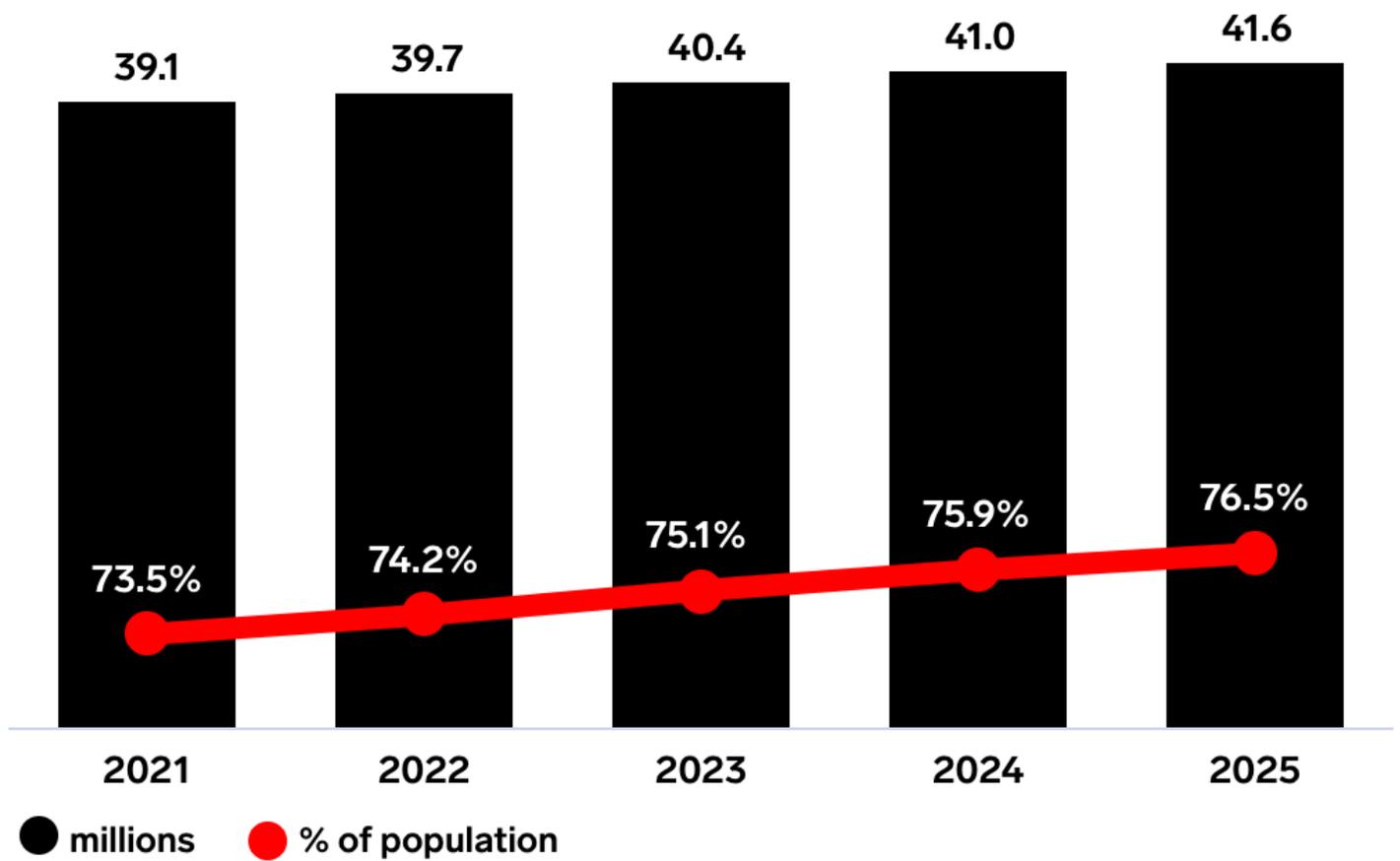
- **Neobanks:** Digital-only insurgents in the UK include **Revolut**, **Starling**, and **Monzo**. All three have seen sizable recent growth in their user bases. They have also been rolling out a slew of products, ranging from Monzo's **Flex** buy now, play later (BNPL) offering to Revolut's early-wage access.
- **Direct bank:** Fellow US banking giant **Goldman Sachs** offers **Marcus** in the UK. Its sole product area at the moment is in savings, but it has plans to launch an app and a robo-advisor.
- **Incumbents:** Big names such as **Lloyds Bank**, **NatWest**, **Santander**, **HSBC**, and **Barclays** dominate this space. Lloyds, Santander, and HSBC have recently sought to entice consumers to switch accounts by dangling cash incentives.

Why this could succeed: JPMorgan has a decent shot at making its UK version of Chase into a viable player due to its vast resources and a longstanding presence in the country, which includes lines of business in investment banking and commercial banking.

- The digital bank is backed by a parent company with a sizable tech budget—our forecast shows it will be **\$9.4 billion** for 2021 and hit **\$10.95 billion** in 2024—plus a big balance sheet.
- The parent's familiarity with the UK also suggests that it will have enough regulatory knowledge to operate a retail bank in the market
- Just as important, based on details that Viswanathan provided, JPMorgan is signaling that it has the will to stick with its digital bank—and taking a longer horizon unencumbered with worries about the short-term performance of its bottom line should help with its chances for success.

Digital Banking Users and Penetration

UK, 2021-2025



Source: eMarketer, May 2021

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