

JPMorgan's UK digital bank could be a sandbox for US products and 'pan-European' ambitions

Article

The news: JPMorgan Chase is making sizable commitments to its UK digital-only consumer bank that includes a hiring spree and a move into lending, per Reuters, citing an interview

with **Sanoke Viswanathan**, who heads its international consumer business.

More on this: The fledgling digital bank, which operates under the Chase brand, will broaden its product lineup, Viswanathan said, with plans including:

- **An integration of Nutmeg**, which is a wealth management fintech that the bank agreed to acquire in June 2021.
- **A push into consumer lending**, which will follow the integration.

Growth signs: Chase has brought in 200 staffers since its September 2021 rollout, per Viswanathan, who said the headcount stands at 800. Additionally, the bank plans to add several hundred more staffers in 2022, which will push its total above 1,000.

- The bank revealed, according to Reuters, that Chase has handled several hundred million pounds worth of purchases since launching, which are linked to over 1 million transactions.
- **Customer sign-ups were higher than the bank expected**, Viswanathan said, although he declined to reveal figures.
- Chase is **not expected to turn a profit over the coming years**, Viswanathan noted, which is a reiteration of a long-term horizon given in earlier this year.

JPMorgan hopes to use its UK model in other European markets, the executive told Reuters, stating, “The idea is to be pan-European.”

The opportunity: The UK is a good proving ground for JPMorgan to sharpen its digital prowess in consumer banking and to formulate best practices that it can export to the US and across Europe.

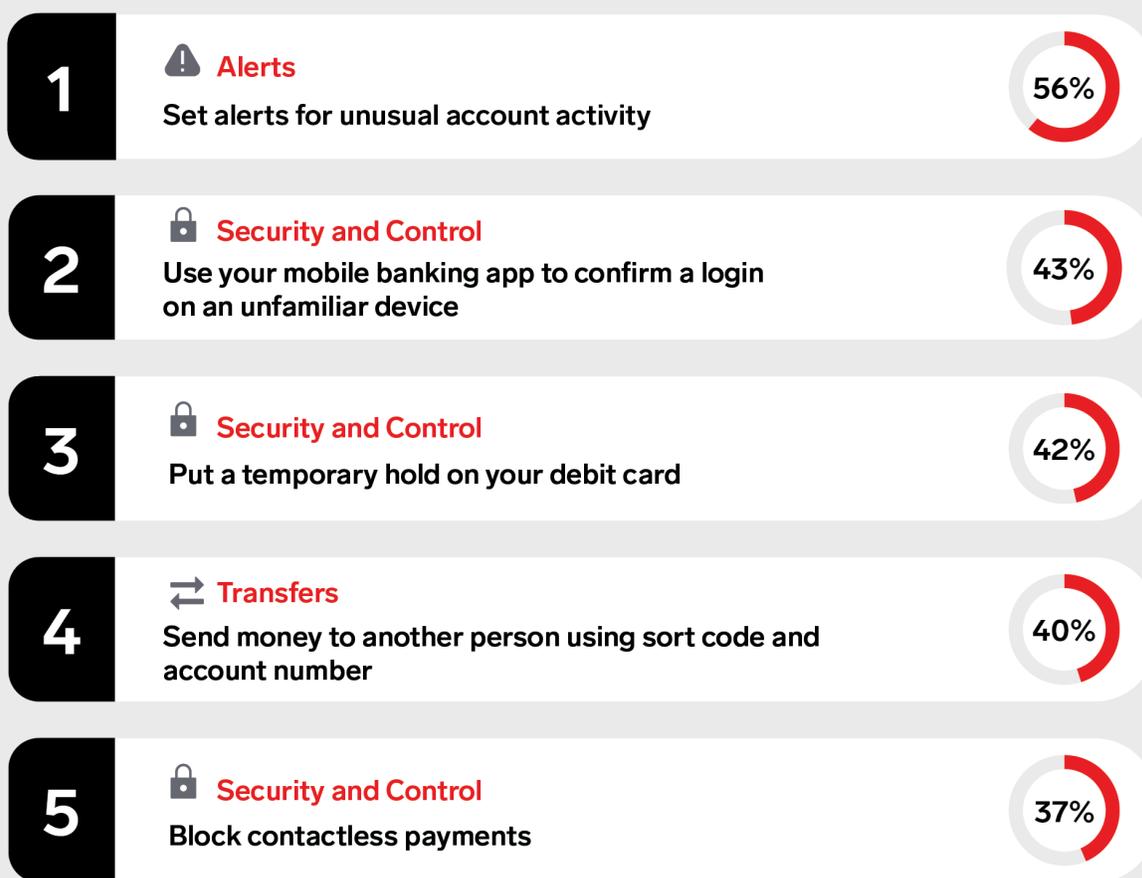
- Open banking is relatively developed in the country and pending regulatory actions will make the data-sharing experience for consumer payments more convenient. These steps may help Chase as open banking eventually expands to the US.
- The UK also has several big neobanks for Chase to match its digital innovation against, including **Revolut**, which strives to be a super app for consumers, and **Starling**, which has thrived with getting people to use its current accounts.

Chase could take UK market share by incorporating features that are the most in demand from customers within that country, per our 2021 UK Neobank Emerging Features Benchmark. Sought-after features for UK customers include:

- Being able to **set alerts for unusual account activities**, which **56%** deemed “extremely important.”
- **Using a banking app to confirm log-ins on unfamiliar devices**, which **43%** ranked as “extremely important.”

Top 5 Most In-Demand UK Neobank Mobile Features

% of respondents who called each feature “extremely valuable”



Methodology: Insider Intelligence surveyed 1,134 UK respondents between June 15, 2021, and July 1, 2021 to gauge consumers' preferences and the value they place on 48 innovative mobile banking features. Respondents to the online survey were mobile banking users selected to align with the UK population on the criteria of age (18–75), gender, and household income. The online survey was fielded by a third-party sample provider.

Source: Insider Intelligence, "UK Neobank Emerging Features Benchmark 2021," Oct 2021

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