

# Would Consumers Put Their Money in an Amazon Bank?

## Article

Amazon has expanded into categories that used to seem off-limits for an online retailer: **groceries**, streaming content and more recently, **healthcare**.

Financial services also appear to be a growing focus. In March 2018, it was reported that **Amazon was talking to major US financial institutions** like JPMorgan Chase about creating a banking product that would appeal to younger consumers and the unbanked.

But would US consumers want to bank with **Amazon**, though?

Many do, according to a newly released **Bain & Company** survey. Specifically, when asked about their willingness to try a free Amazon bank account offering 2% cash back on purchases, 65% of Amazon Prime members polled expressed interest. Amazon shoppers who weren't Prime members (43%) and non-Amazon shoppers (37%) were less interested, but more than one-third of both respondent groups said they would be likely to open an account.

Amazon already offers a co-branded credit card with 2% cash back, so a hypothetical banking product with similar perks wouldn't be out of the question. One-third of Prime members had used an Amazon payment method like Prime Rewards Visa or Amazon Cash in the past year.

Internet users ages 18 to 34 across all income levels had the highest rate of interest in banking with Amazon—over 60%—compared with about half of those ages 35 to 54 and just under 40% of respondents ages 55 and older. For the two older age groups, interest rose slightly among those with annual incomes of \$100,000 or higher.

While the target audience for an Amazon banking product appears to be younger consumers, online banking has broader appeal. The rate of digital banking user penetration in the US is higher among younger age groups, according to our forecast, but even a majority of US consumers ages 64 and younger access a bank, credit union, credit card or brokerage account at least once per month digitally.

Amazon wouldn't just be cutting out the middle man and saving on interchange fees. Having access to data traditionally owned by banks could also provide consumer spending insights. Offering financial products in addition to checking would be valuable since Amazon customers control 75% of US household wealth, according to Bain & Company.

Increasingly omnichannel, Amazon could leverage its physical presence via **Whole Foods** stores to provide shoppers with ATMs or banking kiosks and use Alexa-based devices to offer voice-controlled banking and customer service. An August 2017 Bain & Company survey found that just 6% of US internet users had used a virtual assistant to bank, but 27% of respondents were interested in using this emerging tech in the future.