

JPMorgan faces obstacles in maintaining its consumer tech competitiveness

Article

The news: JPMorgan Chase is facing soaring fintech valuations for prospective deals, along with a scramble for hiring US tech talent, [per](#) Insider. **Takis Georgakopoulos**, the bank's **global**

payments head and operating committee member, revealed the pair of challenges when he spoke at a Bank of America conference.

Headwinds at a glance: Georgakopoulos said that JPMorgan has two criteria for making fintech purchases: the quality of the company's technology and its engineering talent.

Soaring price tags: Georgakopoulos said that finding fintechs that meet both criteria is "difficult," and cited rising valuations as a factor. High valuations bring risk that JPMorgan will overpay for a fintech relative to its revenue, the executive explained.

- As an example, Insider pointed to CB Insights' private-markets data **showing** that **mid-stage fintechs saw a 144% year-over-year (YoY) valuations surge** from Q3 2020 to Q3 2021, with **early stage fintechs getting a 78% boost**.
- Despite the rising valuations, JPMorgan has been a prolific fintech buyer, **agreeing to at least 10 deals** since 2020 and with the most recent ones unveiled in September 2021.

Tight talent market: Georgakopoulos discussed how JPMorgan is facing a tough market for hiring tech talent in parts of the US. The executive added that a solution is to recruit in more markets—**across Europe, Salt Lake City, and Buenos Aires** are examples he cited.

Even with the tight market, Georgakopoulos said that JPMorgan has still been successful in hiring away workers from prominent Silicon Valley tech companies. He argued that JPMorgan offers a broader scale of work for talent to do, which he contends is a selling point for recruitment.

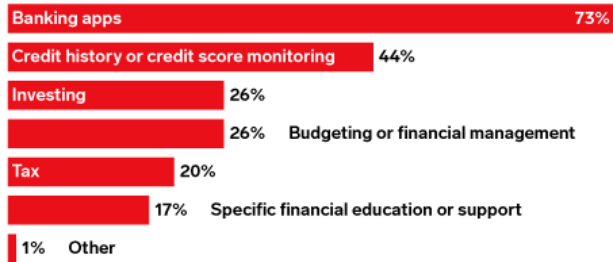
The big takeaway: JPMorgan's deals and talent challenges are two sides of the same coin: Both present obstacles to maintaining its competitive status when it comes to keeping up with consumers' expectation for their digital user experiences.

The bank faces challenges on its tech side from both its fellow big incumbents and neobanks. Its ability to make acquisitions and hire IT talent provides the building blocks for JPMorgan to quickly deploy new products and create new ones.

Executives at incumbents also view big tech as a group to watch, **per** our 2021 Banking Heads of Digital Report. They look to tech companies for inspiration and innovations to emulate, and they compete with them for talent.

Types of Fintech Apps Used by US Adults, Aug 2021

% of respondents



Note: among those who use fintech apps

Source: Jungle Scout, "Consumer Trends Report: Q3 2021," Sep 14, 2021

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