

# College financial planning platform acquisition helps JPMorgan Chase hook younger demographic

Article

**The news:** JPMorgan Chase has acquired Frank, a college financial planning platform for students.

**More on this:** Frank's various solutions, currently used by over 5 million students in the US, will become available to Chase's clients:

- An online portal that enables a more efficient FAFSA application process for students
- Financial aid advice
- Curated scholarships
- A marketplace of college-level courses for eligible credit

**Trendspotting:** Several neobanks have found targeting a younger demographic is an effective strategy.

- **Current** started out offering debit cards for teens, and has since tripled its user base to over 2 million after broadening its demographic focus.
- **Step**, a banking service that provides teens with FDIC insured bank accounts and a fee and interest-free credit card, raised \$100 million this April, and grew to more than 1.5 million users just six months after its debut.
- Since launching a debit card for kids in 2017, **Greenlight** has added over 3 million parent and children accounts.

**The big takeaway:** By offering actionable and valuable solutions to younger consumers, JPMorgan Chase's acquisition could engender long-term loyalty and retention.

- **Education costs or paying down student loans are one of the leading barriers to achieving retirement savings goals** for self-directed active investors ages 25-34. Products aimed at alleviating such financial roadblocks would be uniquely valuable to the 17- to 24-year-old age bracket that Frank serves—and it could also help tie these customers more closely to the bank.
- Data from Bankrate suggests that **the average millennial keeps their checking account for just over nine years**. With Frank's value-add solutions, JPMorgan could make a lasting impression on a young customer and ensure they remain with the bank for years to come.

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**Leading Barriers to Achieving Retirement Savings Goals According to Self-Directed Active Investors, by Age, July 2020**

*% of respondents*

|  | <b>25-34</b> | <b>35-54</b> | <b>55+</b> |
|--|--------------|--------------|------------|
| Rent or mortgage                             | 61%          | 47%          | 17%        |
| Education costs or paying down student loans | 60%          | 36%          | 10%        |
| Health care costs                            | 59%          | 50%          | 29%        |
| Living expenses like food or utilities       | 59%          | 41%          | 18%        |
| Wanting to live for today                    | 53%          | 35%          | 16%        |
| Retail shopping an/or eating at restaurants  | 52%          | 32%          | 15%        |
| Childcare                                    | 52%          | 29%          | 6%         |
| Having a parent move in with you             | 51%          | 24%          | 8%         |
| Having an older child move back in with you  | 49%          | 25%          | 10%        |

*Note: n=873*

*Source: E\*Trade, "Financial Q3 2020 Streetwise Report" fielded and administered by Dynata, Sep 23, 2020*

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