

JPMorgan to acquire Nutmeg, another prong in its UK digital banking strategy

Article

The US banking giant agreed to purchase UK digital wealth manager **Nutmeg Saving and Investment Ltd.** for a sum between **£500 million (\$641.2 million)** and **£1 billion (\$1.28 billion)**,

The Wall Street Journal [reports](#). The two companies had an existing relationship: they teamed up in November 2020, when Nutmeg [launched](#) a range of portfolios made up of assets selected and managed by JPMorgan Asset Management's multi-asset team. Chase already [announced](#) in January that it plans to launch a digital-only bank in the UK by the end of 2021, but Nutmeg's products won't initially be offered through that bank, per WSJ.

The nutmeg acquisition gives Chase a two-pronged strategy for breaking into digital banking in the UK.

- On one hand will be Chase's homegrown digital bank, which will represent the **"build-it-yourself"** tactic that the bank has the ability to pursue by virtue of its titanic tech [budget](#).
- On the other hand, representing the **"buy-a-presence"** strategy, Chase will have a second foothold in Nutmeg, which already counts over **140,000 clients** and **£3.5 billion (\$4.49 billion)** under management.

This dual approach may be a measure of apprehension following the [failure](#) of its digital bank, Finn, in the US in 2019. Some of the [issues](#) that Finn faced in the US won't be a problem in the UK. Finn wasn't easily distinguished from Chase's other account services, so there wasn't enough appeal for customers to join the digital-only bank. Plus, Chase was growing its branch presence in the US, further deteriorating the need for a Finn account. Neither of these issues will impact Chase's UK endeavors—it doesn't have an established presence (physically or digitally) in the region yet. Nonetheless, acquiring a digital player with an existing client base in addition to launching a home-brew digital bank functions as excellent insurance.

Chase's decision to dive deep into the UK digital banking space is a troubling development for both UK neobanks and Goldman's Marcus division. With the addition of Nutmeg to its holdings, Chase is poised to offer checking, savings, and investing by the end of 2021. This is a breadth of services that goes beyond the basic depository products that many neobanks kick off their offerings with. And to further spook UK neobanks like **Monzo, Starling, and Revolut**, they'll all have the JPMorgan Chase brand underpinning them to offer legitimacy, potentially attracting consumers who are curious about trying a digital bank but want the added reassurance of an established brand.

