

JPMorgan investors press for more details on tech spending

Article

The news: JPMorgan Chase shareholders have privately told CEO Jamie Dimon and other top executives that they want more information about the bank's plans for technology spending, per the Financial Times.

- The investors expressed their concerns last month, touching on the banking giant's overall 30% hike in outlays for new projects. Tech plans make up most of the amount, which is close

to \$15 billion.

- Investors also **sought more information about the rationale for JPMorgan's UK retail banking presence**, which [debuted](#) last year and could serve as a [sandbox](#) for stateside products.

The case for tech spending: Dimon said in the bank's Q4 2021 earnings call that its spending—of as much as \$12 billion—is a necessary competitive move, [per](#) The Stack.

- The CEO warned, **"if we don't... we'll be clunky and inefficient and hamstrung in the future when we're trying to compete."**
- Dimon said the changes include investing in new data centers, applications powered by multiple clouds, and migrating credit cards off mainframe computers.
- He explained its IT spending is divided in halves: maintenance and updating. Dimon called the breakdown **"50-50 run the bank, change the bank."**
- The bank's competitors range from banks to fintechs, he said, citing **PayPal** as an example.
- In a July 2021 [interview](#) with The Stack, CIO Lori Beer compared the pace of tech investing with the expenditures, stating, **"We always think about how can we go faster, because sometimes speed is as important as cost is."**

On its corporate website, JPMorgan [outlines](#) customer-side reasons for its spending:

- **Meeting expectations from customers** who "have become accustomed to the fast pace of innovation."
- **Investing in machine learning** due to people getting used to personalized applications; for example, producing customized investment research for **J.P. Morgan Markets** users.
- **Launching an AI-powered virtual assistant for corporate customers**, plus rollout plans for more assistants in the bank's other segments.

The big takeaway: In the competitive landscape surrounding financial services—now crowded with fintechs, Big Tech, and nonbanking brands making innovative use of tech—JPMorgan's prioritization of tech updates is necessary for it to add and retain users.

- Nevertheless, it should offer shareholders more details—excluding anything likely to undermine its competitive strategies—to get buy-in for its initiatives.

- The banking giant must better communicate the ROI created through the efficiencies its tech upgrades generate. For example, Dimon [cited](#) a savings range from moving credit cards away from mainframes—he could reiterate this measure while providing detailed breakdowns for other moves.
- JPMorgan has an opportunity to disclose more details on its [investor day](#) on May 23, 2022.

US Banks' Technology Priorities, Dec 2021

% of respondents

	2020	2021	2022
Improve customer experience/service delivery	67%	67%	61%
Get more value from tech and vendor relationships	53%	53%	43%
Improve efficiency	36%	41%	41%
Invest in new systems	29%	30%	28%
Better address fraud and risk management	15%	13%	23%
Increase revenue generation opportunities	17%	25%	23%
Invest in infrastructure upgrades	21%	17%	19%
Pursue partnerships with fintech startups	-	5%	15%
Evaluate and possibly replace critical systems	12%	17%	14%
Internal system development and integration	12%	14%	14%
Migrate applications and systems to the cloud	10%	7%	12%

Note: 2020 n=300; 2021 n=260; 2022 n=300

Source: Cornerstone Advisors, "What's Going On in Banking 2022," Jan 25, 2022

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