

Big banks take plunge into metaverse as JPMorgan enters ‘\$1 trillion industry’

Article

The news: JPMorgan has opened a lounge in the blockchain-based virtual world Decentraland and claims to be the first major lender to enter the metaverse.

The Onyx lounge is named for JPMorgan's [Onyx blockchain unit](#), which offers a suite of Ethereum-based services.

More on this: The gimmicks at the investment bank's new virtual lounge include a roaming tiger greeting visitors and a portrait of CEO Jamie Dimon.

The news coincides with the release of a JPMorgan [report](#) on metaverse-related growth opportunities in which it:

- Labels the metaverse's **market opportunity at "over \$1 trillion in yearly revenues."**
- Highlights that the average price of virtual land doubled from \$6,000 to \$12,000 over six months last year.
- Acknowledges "explosive interest in the metaverse."
- Predicts the metaverse would "**turbocharge the shift" from cash to crypto.**

Publicity stunt or signal of intent? The move highlights JPMorgan's ambition to [modernize its brand](#) by staying abreast of market trends and targeting younger customers.

- The banking giant said that the risk of "being left behind is worth the incremental investment needed to get started" in the race to build a presence in the metaverse.

But the tangibility of JPMorgan's new metaverse presence seems negligible for its customers:

- **No banking services** are currently offered.
- **Decentraland's reach is minimal.** It only has around 300,000 monthly active users and just 18,000 daily users, per Yahoo Finance, although these figures are growing fast.

What's next for metaverse banking?

- **Other investment banks will enter the metaverse:** Although no other major incumbent banks have dipped their toes in the metaverse, some have recently talked up its huge potential. **Morgan Stanley** put the future metaverse market value in China at \$8 trillion, the same amount **Goldman Sachs** forecast for the market globally.
- **Bank branches are here to stay:** Consumers still expect **39%** of their banking business to involve direct human assistance by 2024. The number of bank branches may be dropping, but while customer expectations for them remain, they won't vanish altogether.

- **Consumers are wary of virtual banking:** Around 20% to 30% of people list concerns about data security and fraud as their reason for not going digital-only with their banking. The metaverse itself is unlikely to ease worries, as 50% of people fear it would be too easy for hackers to impersonate others.

Attitudes Toward the Digital Metaverse Among UK & US Internet Users, Aug 2021

% of respondents

Think brands should advertise in the metaverse



Think brands should build more branded experiences in the metaverse



Would like to spend some time exploring the metaverse



Have no need for the metaverse in (real or virtual) life



Still don't understand what the metaverse is



■ UK ■ US

Note: ages 18+; respondents were given a description of the metaverse, a persistent digital world that users experience via avatar, navigating from one virtual world to another like websites

Source: Forrester Research as cited in company blog, Sep 21, 2021

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The big takeaway: It's difficult to say whether JPMorgan's metaverse entrance is the start of a serious push into virtual banking or just hot air.

But it will not be the last big bank to launch in the space as the metaverse moves into the mainstream and companies' fear of missing out drives up interest.

Still not sure what the metaverse is? [Click here to read our primer](#). For a deeper dive into the role financial institutions may play in the metaverse, read "[Crypto payments and the metaverse: Getting past the hype to position payment incumbents for success](#)."