J.P. Morgan: Winning in the Era of Fintech Disruption

SCR Consulting Framework | Case Study Simulation

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2025

Disclaimer

This presentation is a simulated strategy case study developed for portfolio purposes and is not a consulting product.

It is not commissioned by or affiliated with JPMorgan Chase & Co. All information used is based on publicly available sources and industry research.

This presentation explores the intersection of traditional banking and fintech innovation through analysis of annual reports, financial performance data, and regional growth trends. It further examines the KYC process, the structure of the payment-system value chain, and the role of AI in reshaping banking operations.

The purpose of this work is to demonstrate consulting-style problem structuring, data-driven reasoning, SCR-framework (Situation-Complication-Resolution) application, and executive-level presentation design.

The author of the presentation is I. Daraev (hereinafter – author). Structure, storyline, data research, analysis, and design conducted by the author.

Contents

Presentation structure

Situation

Problem

- The banking system is shrinking relative to private markets and fintech.
  How should J.P. Morgan defend market share and accelerate growth in digital banking?
- Answer - pursue hybrid strategy

Complication

Market analysis

- Banking overview
- Banks under pressure
- What is Fintech
- Fintech growth
- Banks opportunities

Resolution

Recommendation - pursue hybrid strategy

- Partner with or acquire niche fintechs
- Expand Chase Digital in Europe and emerging markets
- Scale AI across retail and wealth banking operations

Next steps

- Implementation roadmap
- Expected Impact in 2025-2027

Glossary

№	Term	Definition
1	AI	Artificial intelligence
2	AML	Anti-money laundering
3	AUM	Assets under management
4	BaaS	Banking-as-a-Service
5	BNPL	Buy now pay later
6	CTF	Counter-terrorism financing
7	CX	Customer experience
8	EVP	Employee value proposition
9	FI	Financial institution
10	GMV	Gross Merchandise Value
11	KYC	Know your customer

№	Term	Definition
12	ML	Machine learning
13	MSME	Small and medium enterprises
14	NIM	Net Interest margin
15	POS	Point of sale
16	ROAA	Return on average assets
17	ROE	Return on equity
18	RPA	Robotic process automation
19	SAM	Serviceable addressable market
20	SOM	Share-of-market
21	TMT	Technology, media, & telecom
22	USSD	Unstructured supplementary service data

01

Context

Context

The banking system as we know it is shrinking relative to private markets and fintech, which are growing and becoming increasingly competitive

Jamie Dimon
Chairman and CEO
JPMorganChase

Our biggest competitors are not necessarily other banks. They are Amazon and Google. Those are the companies setting the expectations of our customers

Francisco González Rodríguez
CEO of BBVA

General introduction

Technology is one of the most powerful levers for financial institutions to build competitive advantage. Smart tech investments, including the deployment of emerging agentic AI capabilities, can reinvent the customer journey, increase speed to market, enable personalization of customer interactions, and drive efficiencies throughout the business. Yet, while banks are making ambitious investments in tech, they frequently miss out on capturing these potential opportunities.

But a large share of bank technology investment today is directed toward "run-the-bank" (RTB) initiatives (think core tech activities such as running existing applications in the cloud) rather than "change-the-bank" (CTB) efforts that can build real competitive muscle.

No doubt much of that RTB funding is necessary and well spent. But if even a fraction of those funds can be redirected toward more innovative efforts, banks can unlock synergies and position their business to thrive.

To seize this opportunity, banking leaders must take three critical actions:

- Simplify business operations and refocus technology spending.
- Leverage investment in regulatory compliance to build resilience.
- Build powerful tech capabilities in data management, talent, and IT infrastructure.

Success, however, requires a fundamental shift in how banks align technology and strategy. Technology cannot exist in silos; it must be tightly integrated with corporate priorities through close collaboration between tech and business teams and treated as a core enabler of business objectives.

Source: BCG

Rationale

Why J.P. Morgan?

- JPMorgan Chase & Co. – one of the world's largest and most influential financial institutions
- Recognized for strong financial performance, global scale, and early digital investments
- Operates across retail, corporate, and investment banking, setting industry standards for innovation and stability

Industry dynamic

- The fintech sector is expanding rapidly, transforming how consumers interact with financial services
- Digital-only banks and fintech platforms are attracting younger customers through convenience, speed, and low costs
- Traditional banks face growing pressure to adapt their models to stay competitive

Strategic challenge

JPMorgan must protect its market share and sustain growth while responding to the acceleration of fintech innovation and changing customer expectations

Purpose of this presentation

- To analyze JPMorgan's position in the evolving digital-banking landscape
- To outline strategic options that strengthen competitiveness and long-term value creation

02

Executive Summary

Executive Summary

1 Banking is increasingly competitive with neobanks and digital players entering profitable segments across the banking value chain.

- For banks to be loved by their customers, they must reimagine their customer service – with continuous innovation required to meet customers' evolving expectations.
- For some players, this requires a holistic digital transformation to reform legacy systems and processes.
- For most, it will mean assessing their existing and future business models.
- For all, it will require leveraging customer data to personalize engagement and better predict and exceed customers' needs.

2 Banks are investing more in tech than ever. With smarter spending and simplification, they can unlock innovation, resilience, and lasting competitive edge.

- More than 60% of bank tech spend goes to "run-the-bank" activities, limiting capacity for innovation.
- Simplifying business, including through streamlined products, platforms, and processes, can reduce complexity and free up resources for transformation.
- Treating regulatory compliance as a resilience-building opportunity, not just as a cost, can create a powerful competitive edge.

Source: BCG

3 Impacts on Traditional Banking

1. Improved Customer Experience:

Fintech innovations have raised the bar for customer experience. Traditional banks are now compelled to enhance their digital offerings to meet customer expectations for convenience, speed, and personalization.

2. Operational Efficiency:

Automation and AI-driven processes reduce operational costs and improve efficiency. Banks can process transactions faster, reduce errors, and offer more competitive services.

3. New Revenue Streams:

Fintech provides opportunities for traditional banks to explore new revenue streams. For example, banks can offer white-label fintech solutions or partner with fintech companies to offer co-branded services.

4. Increased Competition:

The rise of fintech has introduced new competitors into the financial services market. Non-bank entities, including tech giants like Amazon and Google, are now offering financial products, challenging traditional banks' market share.

5. Regulatory Challenges:

The integration of fintech into the banking sector has introduced new regulatory challenges. Banks must navigate a complex landscape of regulations to ensure compliance while leveraging fintech innovations.

Executive summary

With multiple factors shaping its performance, J.P. Morgan would benefit most from a hybrid strategy

Problem

Fintechs grow faster with low-cost, mobile-first models

How should J.P. Morgan defend market share and accelerate growth in digital banking?

Analysis & design: I. Daraev

Recommendation

Pursue hybrid strategy:

1. Partner with or acquire niche fintechs

- Fintech CEOs, especially B2B2X, value partnerships for customer acquisition and product improvement
- Fintech collaborations drive up to 15% improvement in loan productivity and 42% in account growth
- Partnerships provide mutual benefits for banks and fintechs

2. Expand Chase Digital in Europe and emerging markets

- European market is dominated by incumbent banks and contains relatively low fintech penetration (1% of financial services revenues).
- Africa can leapfrog incumbents by adopting new technologies
- In LatAm, remittances now outpace other external income and are vital to GDP growth

3. Scale AI across retail and wealth banking operations

- Generative AI has the potential to deliver significant new value to banks – between $200 billion and $340 billion
- Generative AI is driving banks to spend more on cloud and data
- Onboarding and customer success may be the first workflows made more efficient by advances in AI

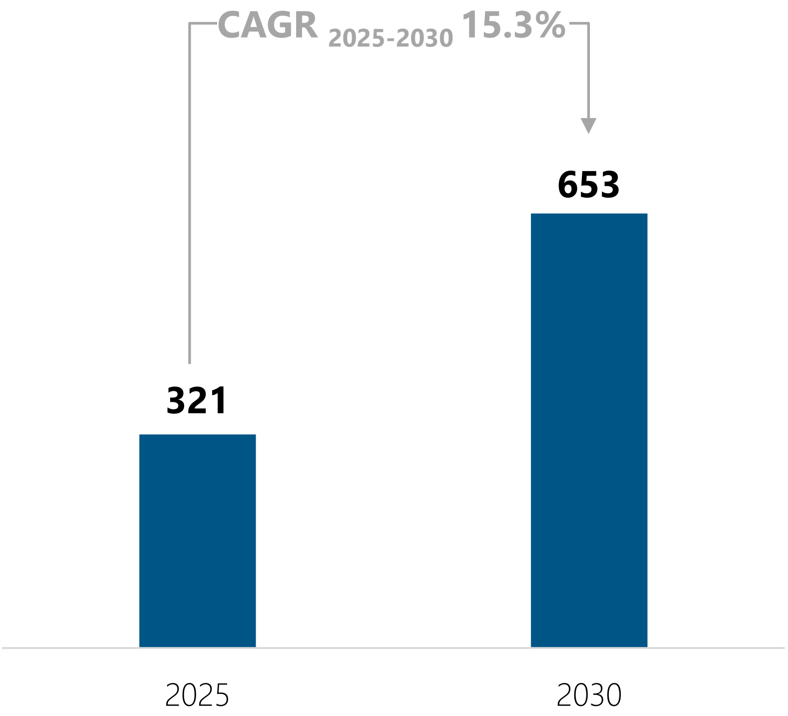
03

Problem

Problem

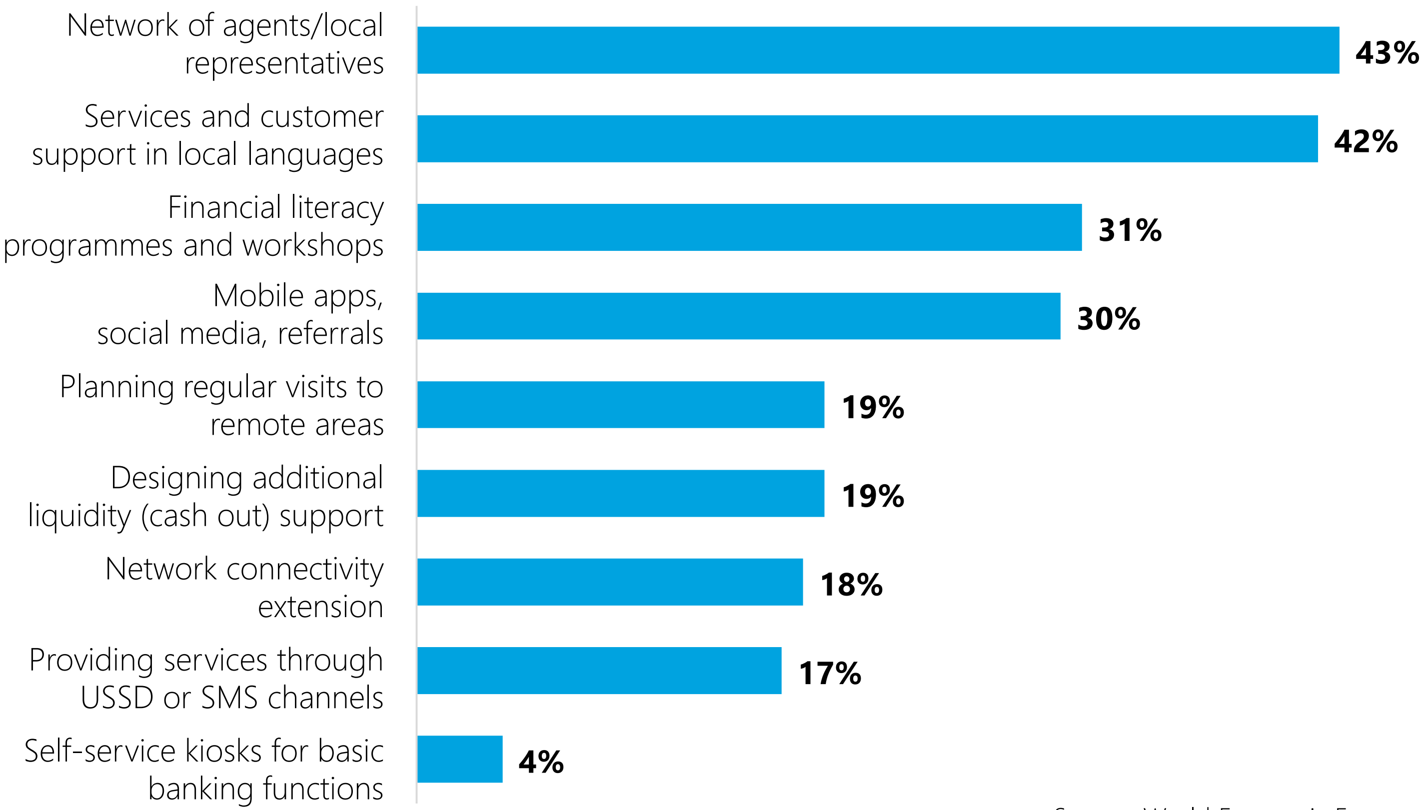
The banking system is shrinking relative to private markets and fintech, which are growing and becoming increasingly competitive

Fintech market size, $B



Source: Mordor Intelligence

Fintechs are embracing digital customer acquisition methods



Source: World Economic Forum

Problem

Banks still struggle to secure key skills and capabilities

4 years	is the time it takes for skills to lose half of their value
2 *out of* 3	banks lack strong EVP for digital talent and struggle to attract top candidates
60%	of banks lack general upskilling programs and 75% lack structured GenAI training
>60%	of banks do not have a digitally-focused culture that encourages innovation

To fully harness the power of technology to create competitive advantage, banks must have the right talent in place. However, many struggle to attract employees with the necessary skills and capabilities, with roughly two out of three of banks admitting they lack a strong employee value proposition (EVP) for digital talent.

The challenge is exacerbated by the rapid pace of tech advancement, which makes skills quickly obsolete: the half-life of many of the skills in demand today is estimated to be around four years.

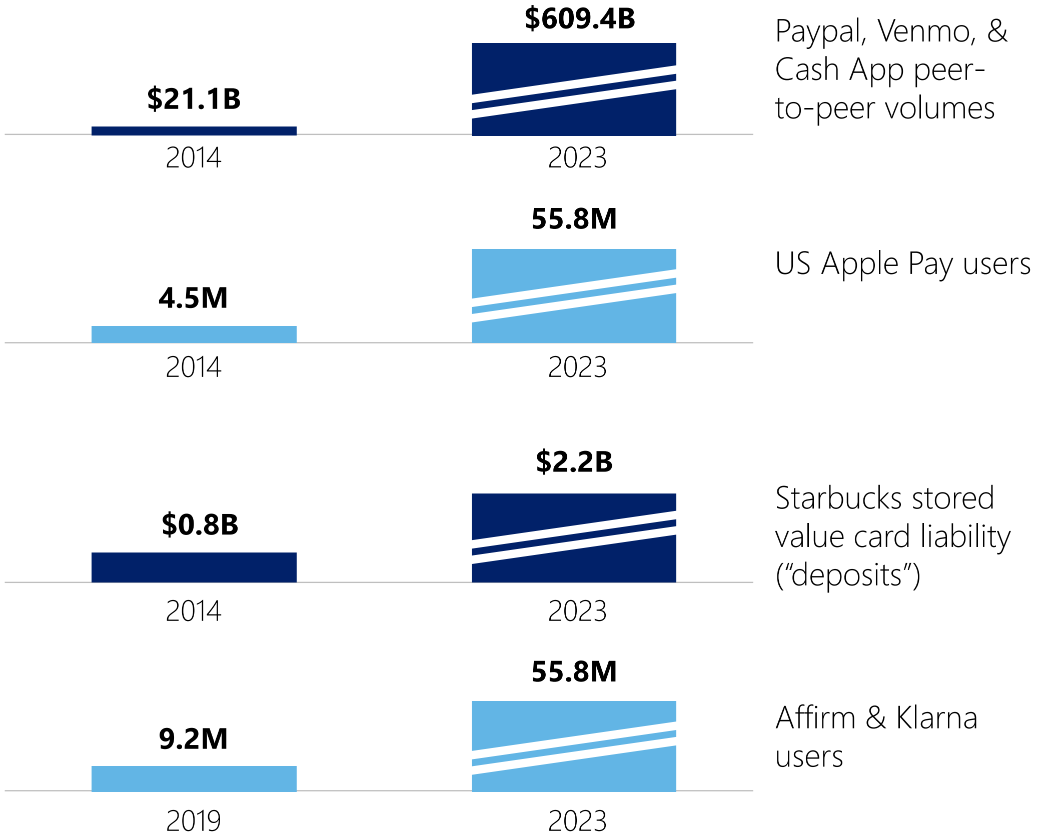
It's hardly surprising then that the MIT Center for Information Systems Research expects nearly 40% of workers will require fundamental retraining or replacement within three years.

Source: BCG

Problem

Non-banks offering financial services are gaining share of consumer wallets, but making even more headway on consumer mindshare

Paypal, Venmo, & Cash App peer-to-peer volumes



Source: F Prime

The threat to traditional banks

Customer loyalty is increasingly fragmented

- Consumers have average 5-7 financial accounts with different providers

Definition of "primary financial relationship" is changing

- Only 38% define it as where their direct deposit goes (down from 53% only three years ago)

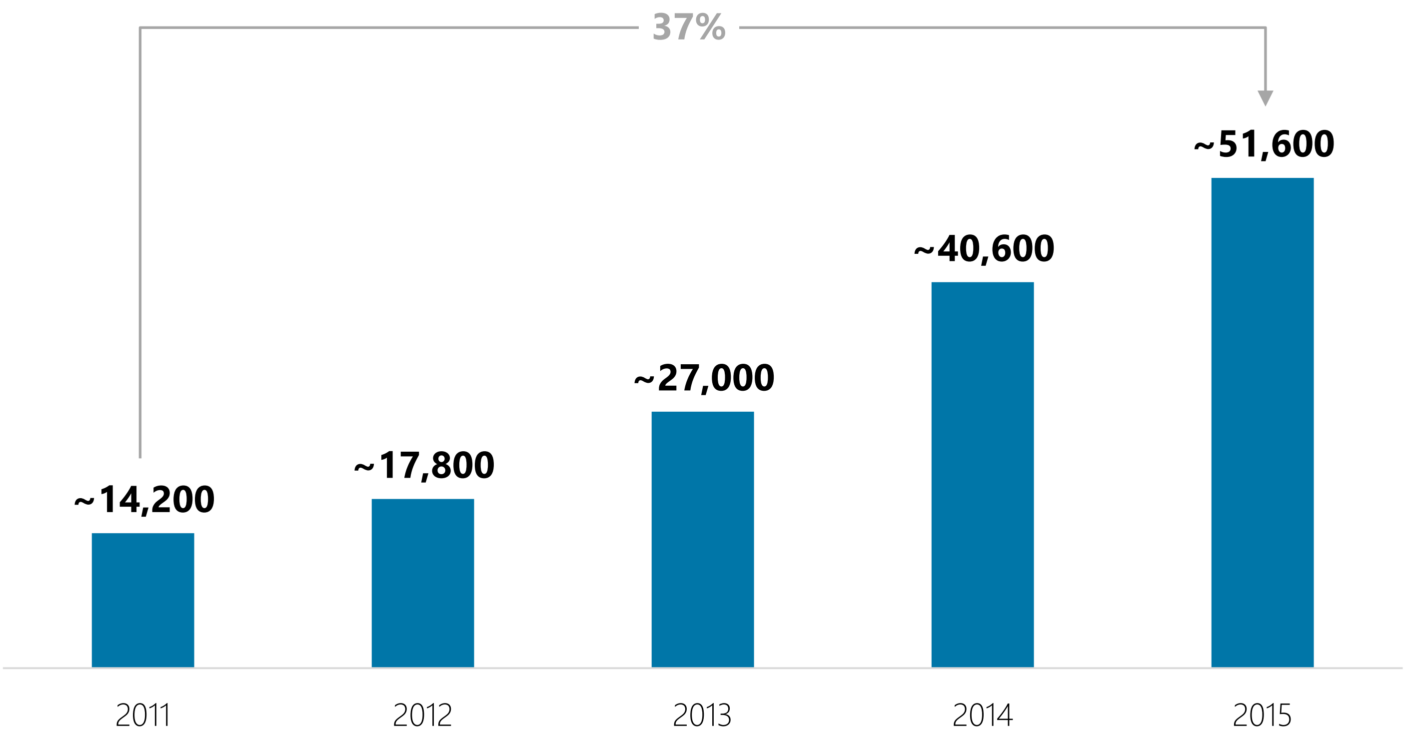
Perception of value and actual usage is shifting to non-bank institutions

- ~46% of Apple's US customers use Apple Pay
- Starbucks "deposits" rival 85% of US banks
- New BNPL applications will soon exceed new credit card applications
- Target RedCard accounts for ~20% of Target's $100B revenue

Problem

Regulatory complexity limits big banks' agility

Number of regulatory changes per year



Regulatory requirements inevitably evolve, and banks need the flexibility to respond effectively; otherwise, they may waste an enormous amount of resources.

Organizations with a positive track record of delivering complex projects via traditional regulatory compliance methods may not need agile.

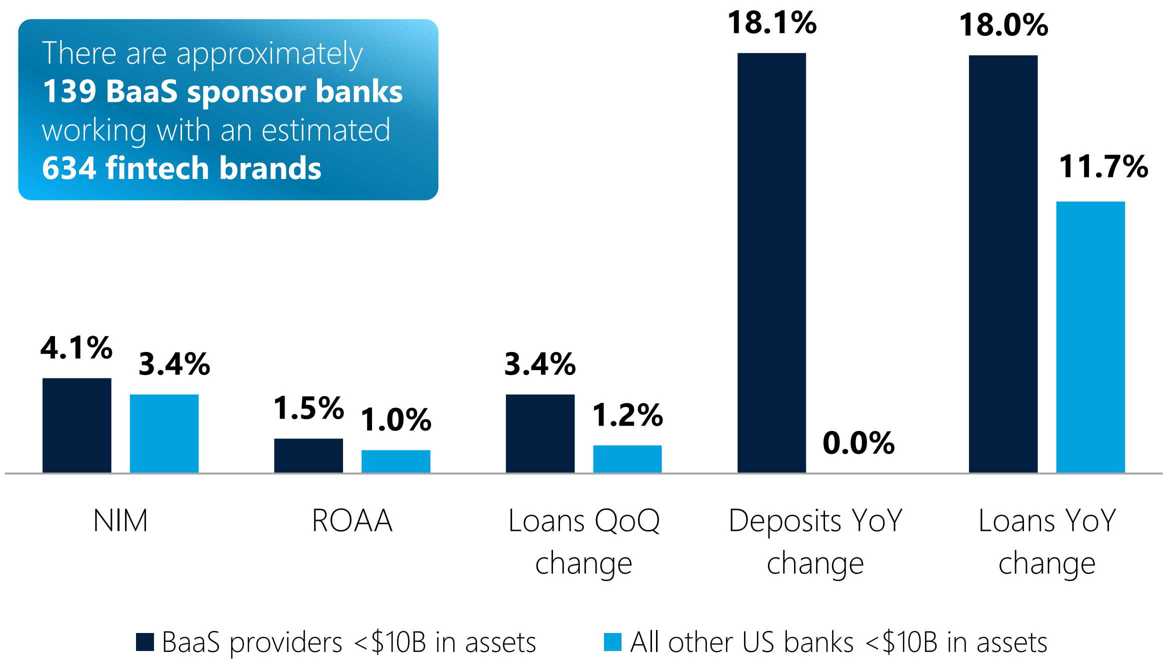
But for the majority of banks that are struggling to implement regulatory projects on time and under budget, agile offers extraordinary benefits.

Source: BCG

While BaaS has been critical to fintech startups, and helps banks attract deposits and new revenue, the regulatory scrutiny is intense

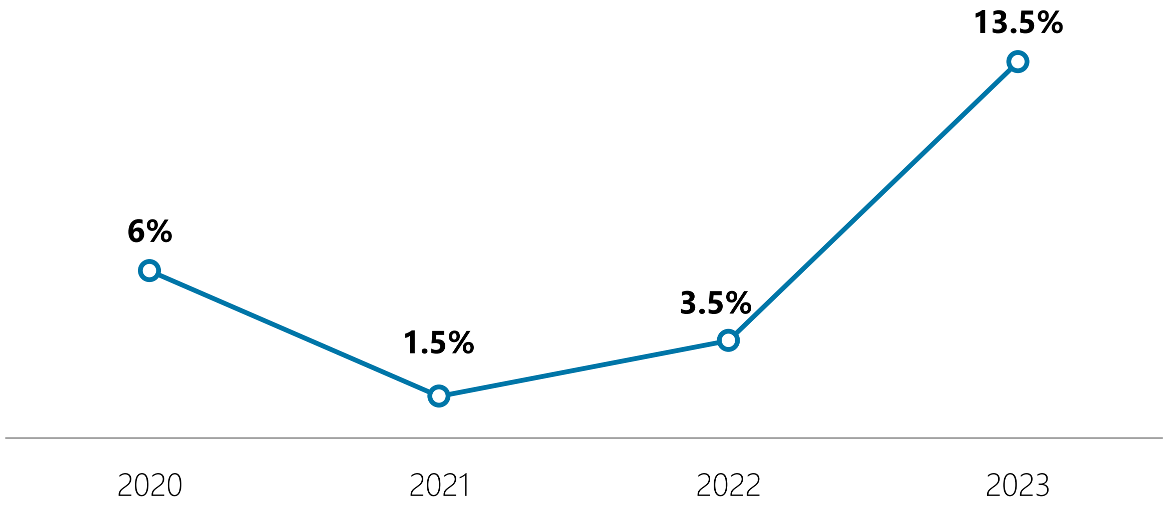
Community banks offering BaaS outperformed peers on several metrics in Q1 2023…

There are approximately **139 BaaS sponsor banks** working with an estimated **634 fintech brands**



…but regulatory challenges remain and are growing

Actions against BaaS banks / total enforcement actions (%)



Source: F Prime

Problem | Actions needed

Banks need to meet and exceed the evolving expectations of their customers

Increasing pressures on the retail banking industry

01.
Demanding consumers

- Responsiveness & convenience
- Relevant personalized offerings
- Financial inclusion

02.
New competitors

- Digital banks, neo-banks
- Payment specialists
- Tech-fin – technology giant + ecommerce platforms

03.
Market conditions

- COVID-19 recovery
- Market and geopolitical conditions
- Increasing cybercrime

Need for incumbent banks to **address customers needs and pain points innovatively**

Source: BCG

Problem

Actions needed

While J.P. Morgan has enjoyed significant success, it has to use it strengths to face new era challenges

Strengths

1. Global Scale and Market Leadership

- Largest bank in the U.S. and one of the top globally, with $4+ trillion in total assets (2024).
- Strong presence across retail, corporate, investment banking, and asset management – diversified revenue streams.
- Brand trust and reputation as a systemically important financial institution (SIFI).

2. Financial Strength and Profitability

- Consistently delivers industry-leading ROE (~18 – 20%) and high capital ratios.
- Strong liquidity position and effective risk management framework.
- Resilience through market downturns (e.g., pandemic, 2023-24 interest rate volatility).

3. Technological Leadership

- Among the top IT spenders in global banking (~$15B+ annually).
- Early investments in AI, blockchain, and digital banking (e.g., *Chase Digital Bank* in the UK).
- Proprietary fintech and payment infrastructure (*Liink*, *Coin Systems* under Onyx).

4. Diversified Business Portfolio

- Balanced exposure between consumer & community banking, corporate & investment banking, commercial banking, and asset & wealth management.
- Global client base reduces dependency on any single market or segment.

5. Strong Management and Culture

- Stable, respected leadership (Jamie Dimon – CEO since 2005).
- Strong compliance culture and robust governance structure.
- Emphasis on employee development and internal innovation initiatives.

Weaknesses

1. Legacy Infrastructure Complexity

- Despite modernization, still burdened by aging core systems and data silos.
- Integration challenges between legacy platforms and new digital initiatives.

2. High Cost Base

- Massive operations and regulatory requirements → cost-to-income ratio higher than fintech or neo-banks.
- Large physical branch network may limit cost flexibility.

3. Slower Innovation Speed vs Fintechs

- Decision-making bureaucracy slows time-to-market compared to agile fintech challengers.
- Internal innovation often constrained by compliance and risk controls.

4. Regulatory & Legal Exposure

- Subject to strict global regulations (Basel III, stress tests, AML, ESG disclosures).
- Periodic fines or legal cases due to operational scale and exposure.

5. Brand Perception Among Younger Audiences

- Seen as a traditional institution by Gen Z and digital-first users.
- Lower emotional engagement vs disruptive fintech brands (Revolut, Chime, N26).

04

Market analysis

Key banking milestones

1. While banks remain the most common FI **(83%)**, over **2 in 5** Americans now use a non-traditional digital banking provider
2. **Millennials** show the greatest usage with specialized accounts like **cryptocurrency (22%)** and **health** savings accounts or **HSAs (17%)**
3. **Gen Z relies on social media** more than banking representatives for financial advice
4. **Digital wallet transactions** globally exceeded **$3.1 trillion** in 2025, reflecting a 24% surge driven by mobile-first banking trends
5. **Cybersecurity spending** by banks increased **31%** in 2025, with global financial institutions investing heavily in **AI-powered** threat detection
6. **Fintech-bank collaborations** reached a record, with **76%** of major banks partnering with at least one fintech to innovate faster and enhance CX
7. The global **unbanked population declined to 1.26 billion**, thanks to expanded mobile banking access in underserved regions

Source: coinlaw.io, driveresearch.com

Simplifications and enhancements to KYC requirements can reduce duration of onboarding process significantly

Traditional KYC and onboarding process (regular bank account)

2 days to 4 weeks

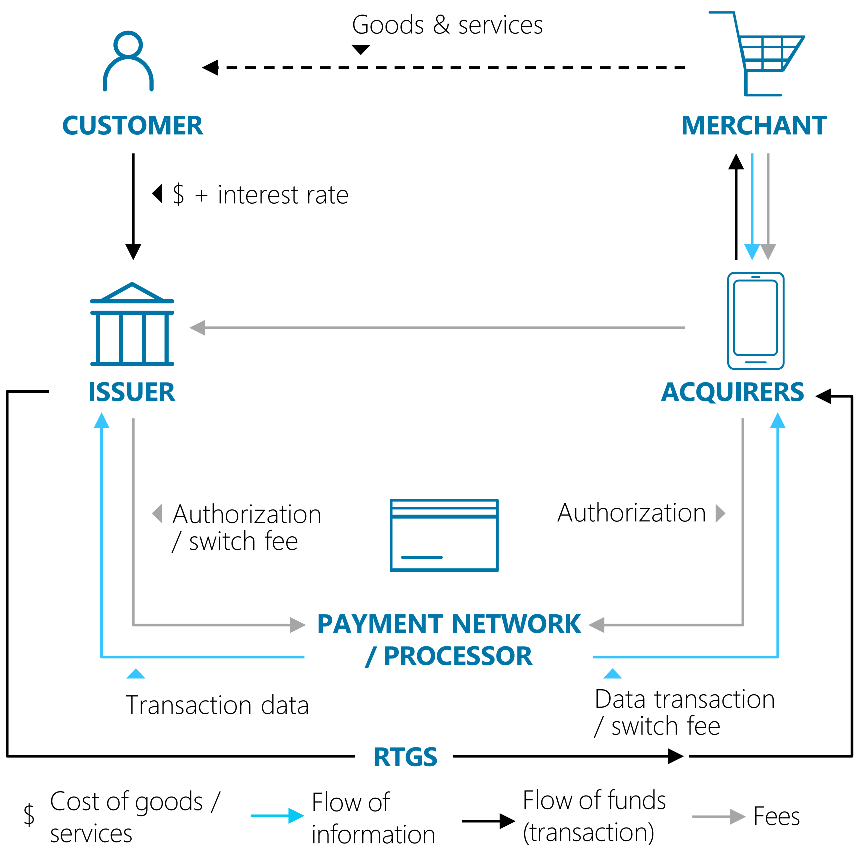
Customer visits bank branch to open bank account	Customer fills out physical form with relevant details **manually**, and provides required information (e.g. ID number, proof of residential address, occupation etc.)	Bank staff, supported by back-office functions, verifies customer identity (e.g. compares face against ID picture, queries ID number in central database)	Bank staff conducts customer due-diligence and risk assessment (e.g. sanctions check, PEP checks, risk rating etc.)	Bank staff approves account and manually files copy of relevant documents (scanned & physical)	Customer visits bank account to sign documents	Bank account is opened
Customer can request to open account remotely (via mobile app)	Docs required can be simplified (e.g. only ID) – additional docs required only if customer needs additional account functionalities	Mobile app can capture biometrics data, which can be **automatically matched** against central database for verification (e.g. facial recognition) – this can simplify and automate back-office activities, increasing reliability	Due-diligence requirements can be eliminated, postponed or simplified (depending on risk-profile of account)	All customer records are automatically stored digitally	Documents signed remotely. Account is approved and customer is granted access, without the need to visit physical branch	

KYC process simplification

Source: Oliver Wyman

E-payments rely on multiple service providers across different stages of the value chain

Payment system value chain
Similar across all non-cash payment methods



Functions of players

Issuers
- Cards' distribution (or outsourcing of distribution)
- Allow payment advance to merchant

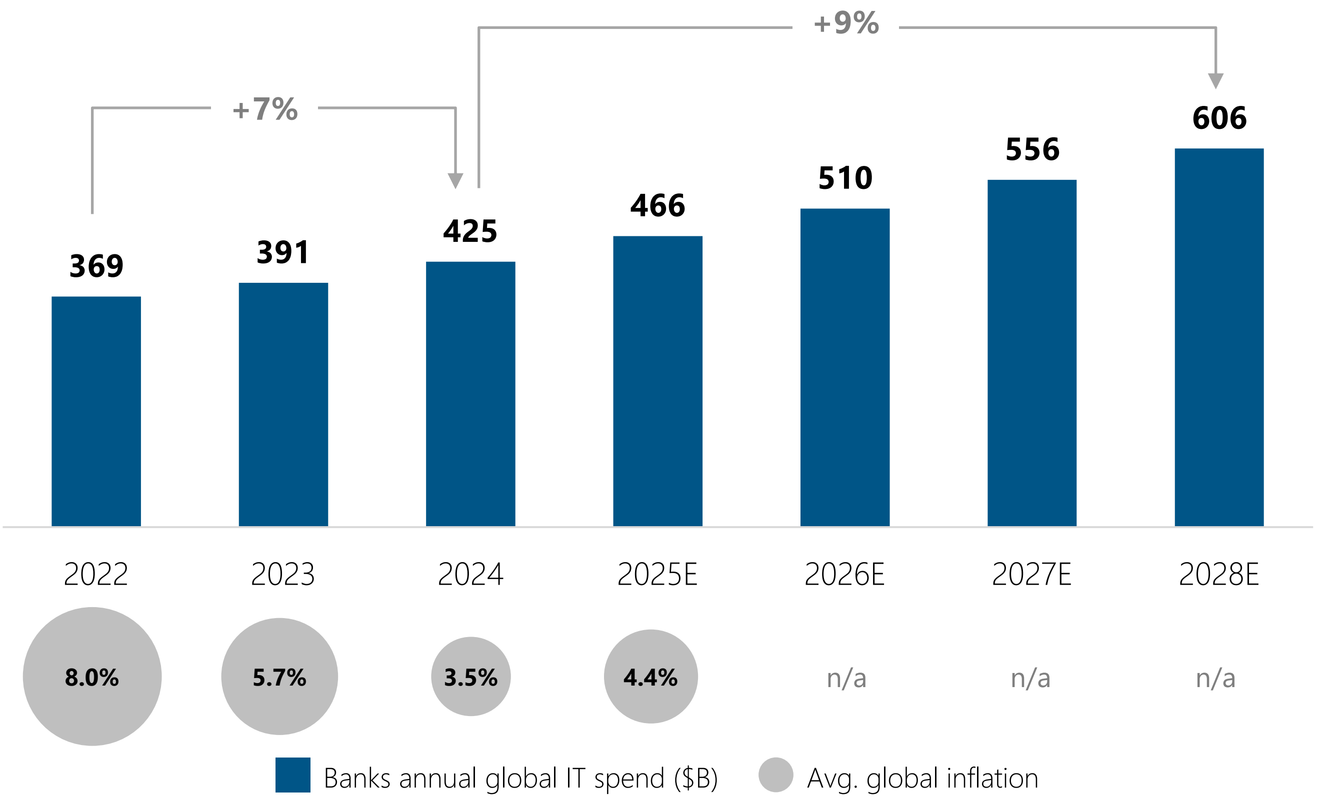
Networks / Processors
- Definition of payment system rules
- Communication between acquirers and issuers

Acquirers
- Provide POS to merchants
- Advance of receivables
- Payments processing (can be outsourced) and forwarding of payment to merchant

Source: Oliver Wyman

Bank tech spending continues to rise – outpacing inflation

Banks annual global IT spend ($B) vs. inflation (%)



>10%

Avg. IT cost to revenue ratio for banks

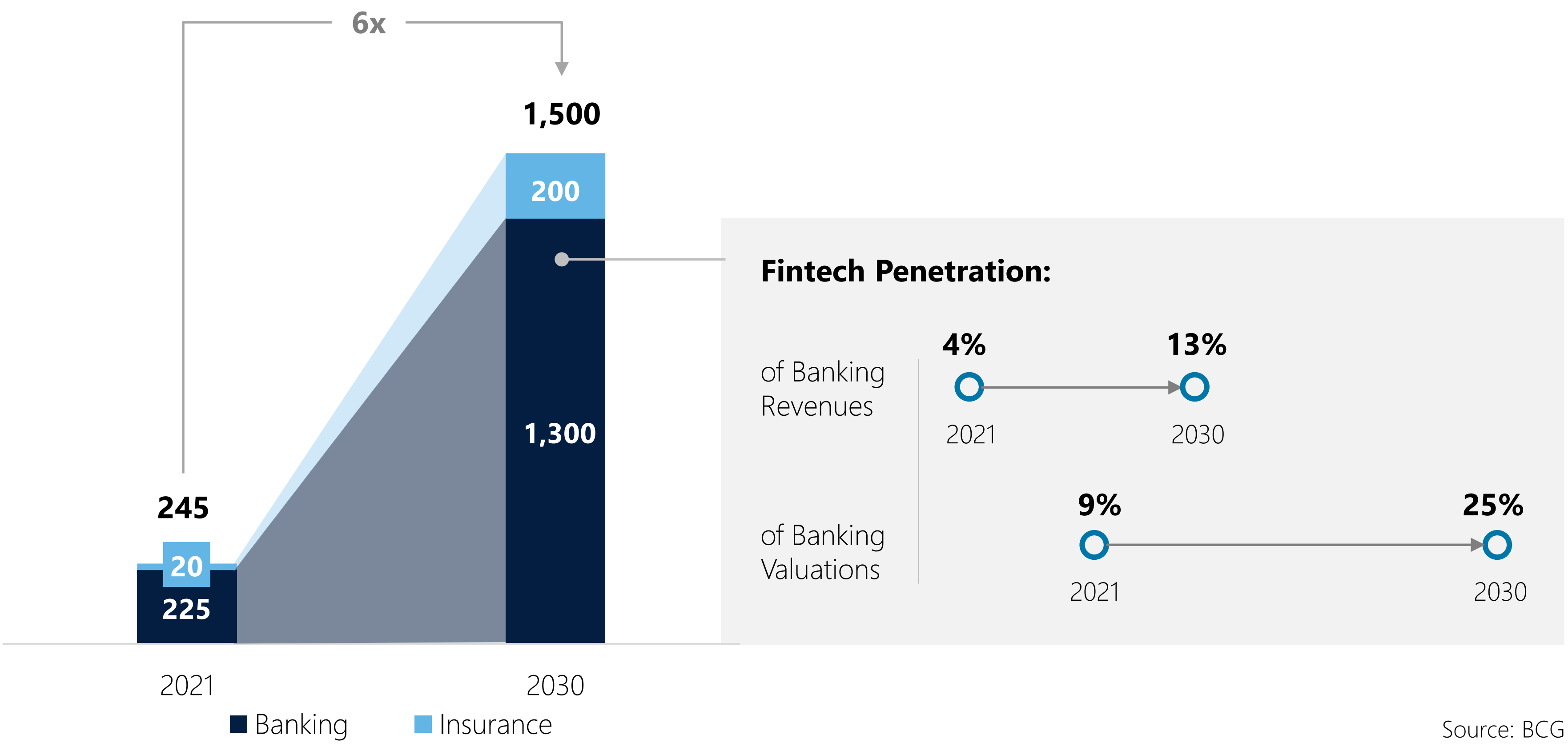
Source: BCG

Technology represents a significant cost item for banks, absorbing on average more than 10% of revenues according to a proprietary database from BCG's Expand Research, the firm's in-house financial institutions benchmarking, data, and insight team.

Bank IT spending globally is expected to rise at a 9% compound annual rate – well above the projected rate of inflation

Traditional banks under pressure from agile fintech entrants

Global fintech revenues ($B), split by banking and insurance



Source: BCG

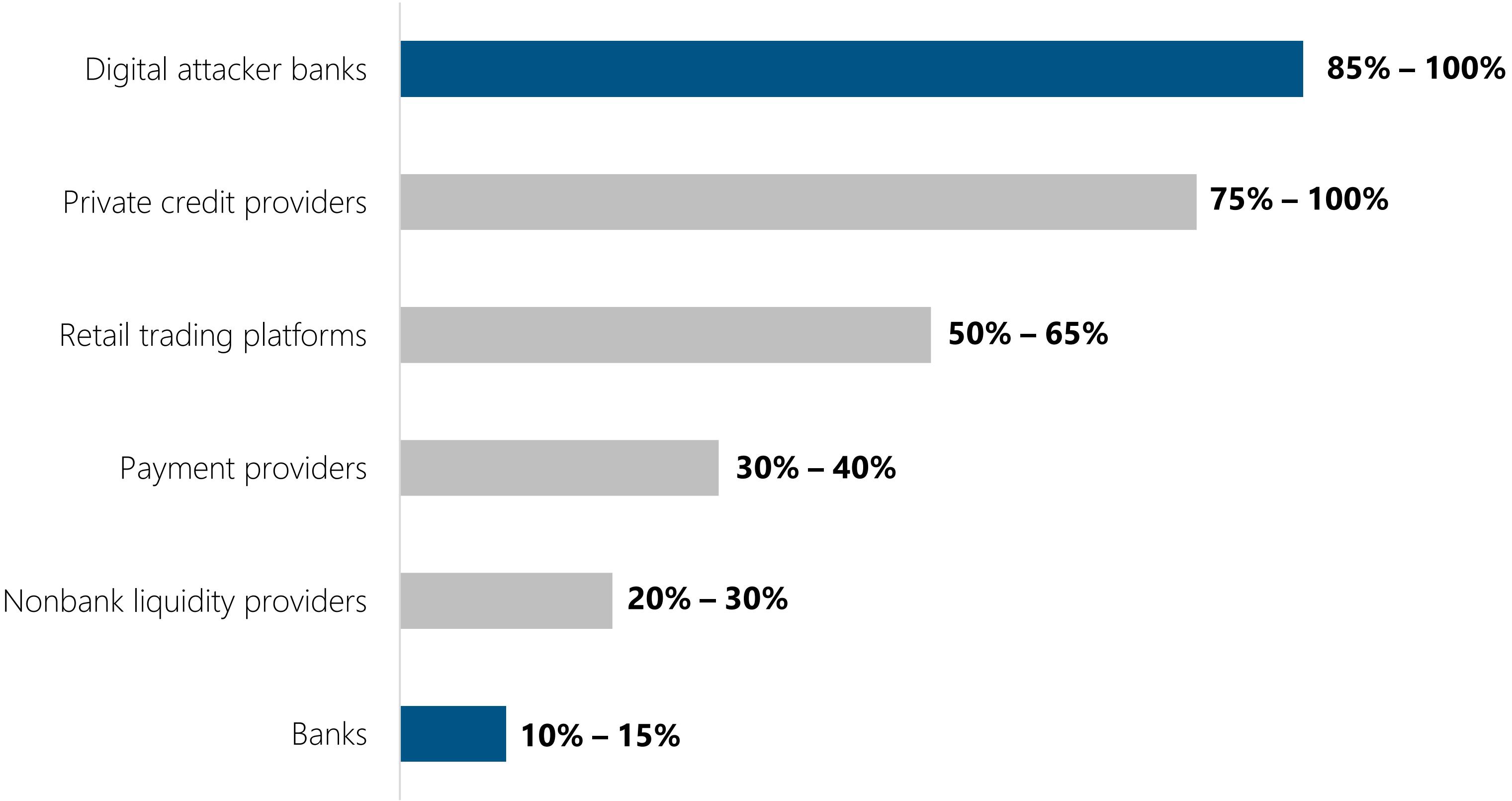
Fintechs are forecast to represent a meaningful and expanding element of this growth. Despite the short-term correction, annual fintech revenues are projected to grow more than sixfold from 2021 to 2030 to reach $1.5 trillion.

Banking fintechs' revenues – lending, deposits, payments, and trading and investments – are projected to grow from 4% to 13% penetration (at a 22% CAGR) of banking revenue pools by 2030, and are expected to represent one – fourth of global banking valuations.

Insuretechs are projected to grow from a 0.3% to 2% market penetration (a 27% CAGR) of insurance revenue pools

Growth of nonbank financial institutions is set to accelerate

5-year revenue growth of selected top performers from the segment, CAGR (%)

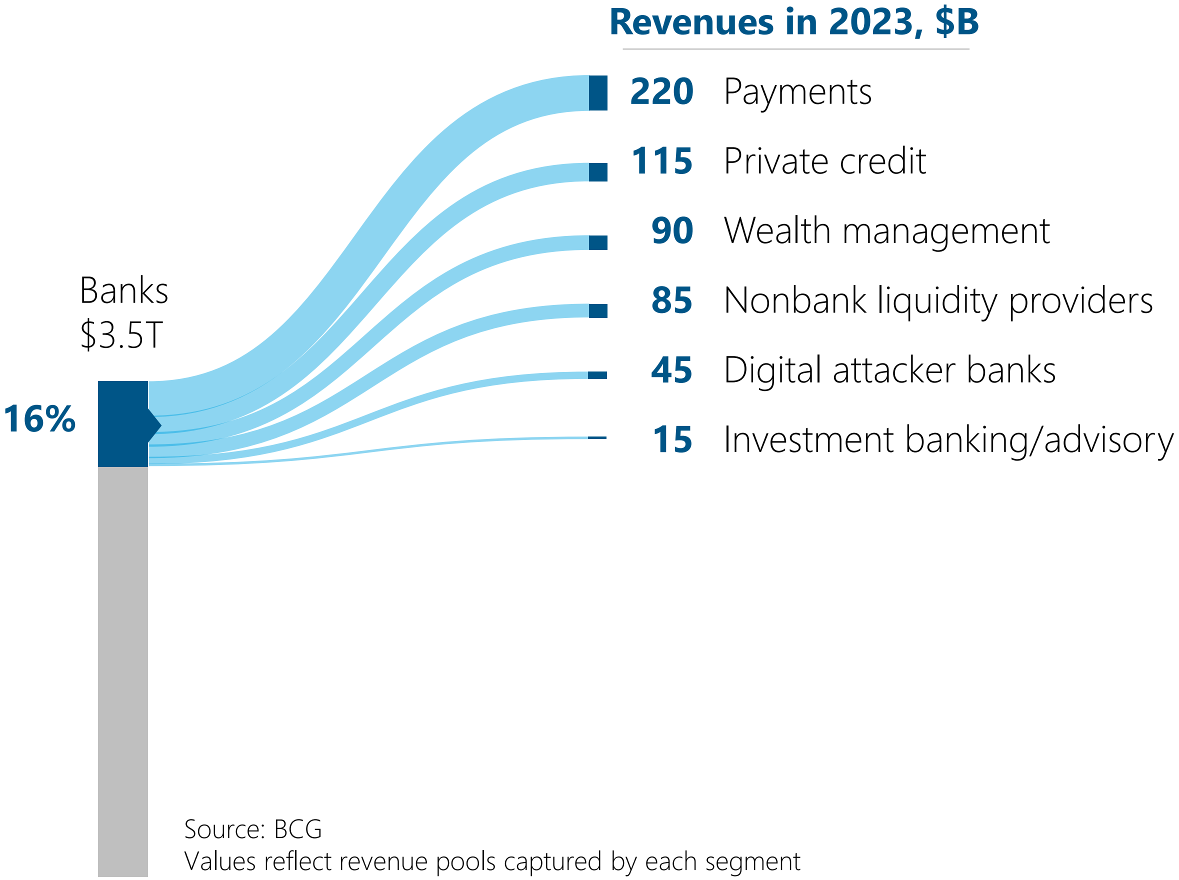


Source: BCG

Value is migrating steadily away from banks and toward nonbank financial institutions and digital attacker banks - and in many cases, nontraditional bank competitors are generating new revenue pools.

Value migration to focused models is set to accelerate

Migration of value away from traditional banks



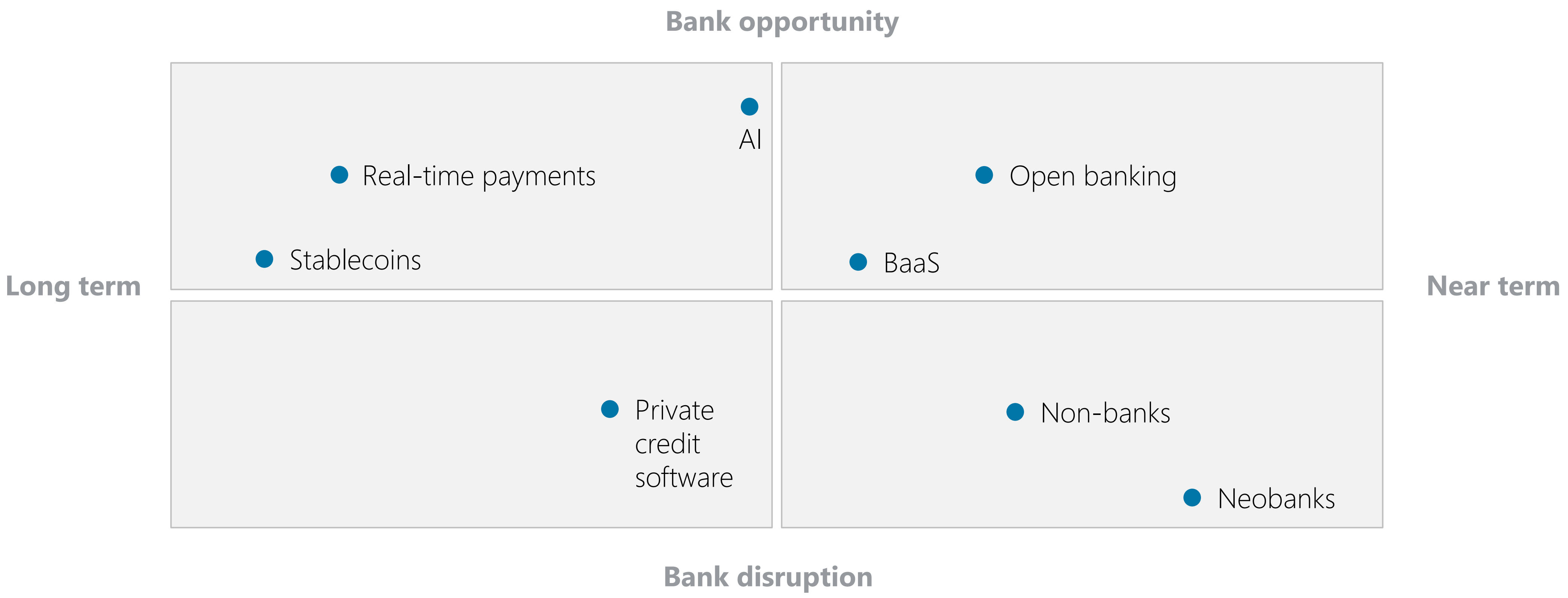
Source: BCG
Values reflect revenue pools captured by each segment

The problem for banks is that customers have more options and transparency than ever – for example, in a digital and mobile world of retail products – and are increasingly able to switch easily to alternative services for their financial needs. In the retail space, the rapid rise of digital attacker banks and trading platforms provides evidence of this shift; and in the corporate and institutional banking space, private credit providers have flourished.

Even some relatively established players such as payments providers have grown at a significantly faster rate than banks. These companies are increasingly eating into the earnings of traditional banks.

Moreover, relatively new players are likelier than traditional banks to unlock new revenue pools, thanks to their greater focus on innovation. The resulting superior growth enhances their attractiveness to investors, as reflected in the valuations that several of these players achieved.

The impact of startup innovation on traditional banking – both opportunities and threats – are indisputable and becoming increasingly clear



Source: F Prime

Mobile banking has become a core pillar of how U.S. consumers manage money

1. **72% of U.S. adults** use mobile banking apps in 2025, up from 65% in 2022 and 52% in 2019
2. **2.17 billion** people globally used mobile banking by the end of 2025, a 35% increase since 2020
3. **61%** mobile banking penetration in North America in 2025, rising from 58% in 2023
4. **64%** of U.S. adults prefer mobile banking over traditional methods, up from 58% in 2023
5. In Europe, penetration reached **76%** in 2025, and top markets like Norway, Denmark, and Sweden exceeded **87%**
6. There were **860 million** mobile banking users in China in 2025
7. Globally, **89% of banks** had launched mobile banking apps by the end of 2025
8. **Nigeria (82%)** and **Turkey (85%)** boast some of the highest national mobile banking uptake

Source: sqmagazine.co.uk

Overview: fintech is technology that improves and automates financial services

What is FinTech?

At its core, **FinTech (financial technology)…**

seeks to improve and **automate** the delivery and use of **financial services**…

…thereby **helping companies**, business owners **and consumers**…

… to **better manage** their **financial operations**, processes and lives…

….by **utilizing** specialized **software and algorithms** that are used on computers and, increasingly, smartphones

Source: Oliver Wyman

Fintech leverages a set of emerging technologies that will have a wide ranging impact…

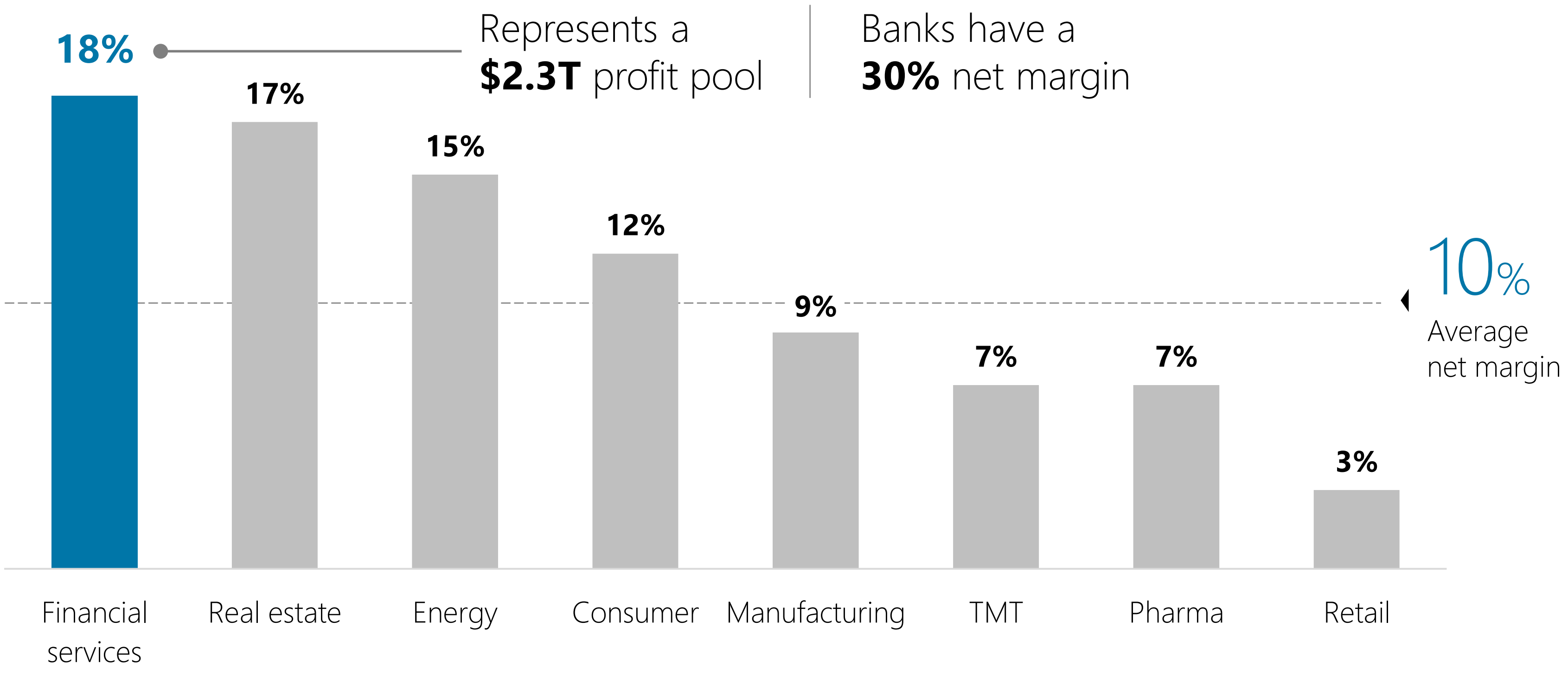
- **Biometrics**
- **Cloud**
- **Artificial Intelligence**

… and is enabled by new ways of developing tech: modular, reliable, scalable and cost-effective

- Technology Agnostic
- Mobile based
- Microservices with API interfaces
- Open Source
- Embed Agility
- N-tier
- Real-time processing & analytics
- Application extensibility

Financial services is one of the most profitable sectors of the global economy

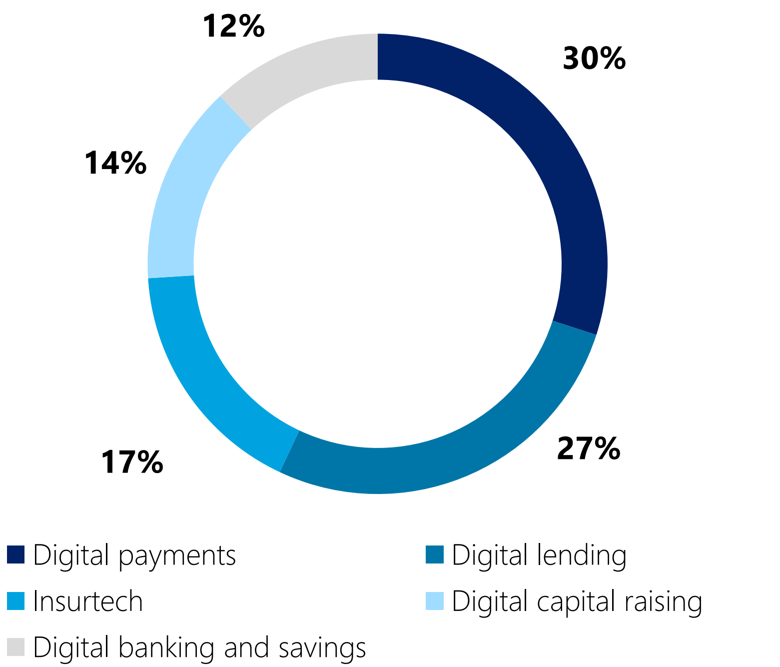
Net margin by industry, global



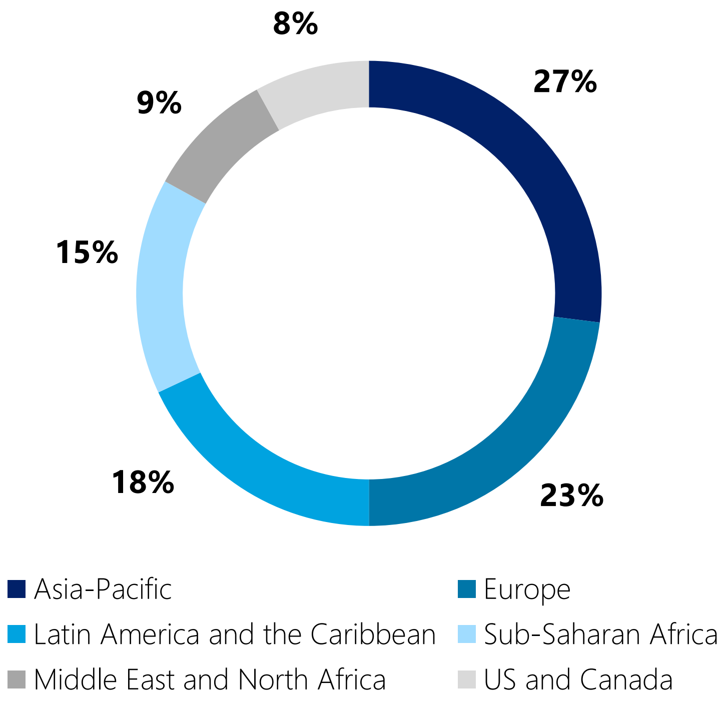
Source: BCG

The digital payments vertical is the largest, comprising 30% of the total responses

Distribution of fintechs – by business model



Distribution of fintechs – by region



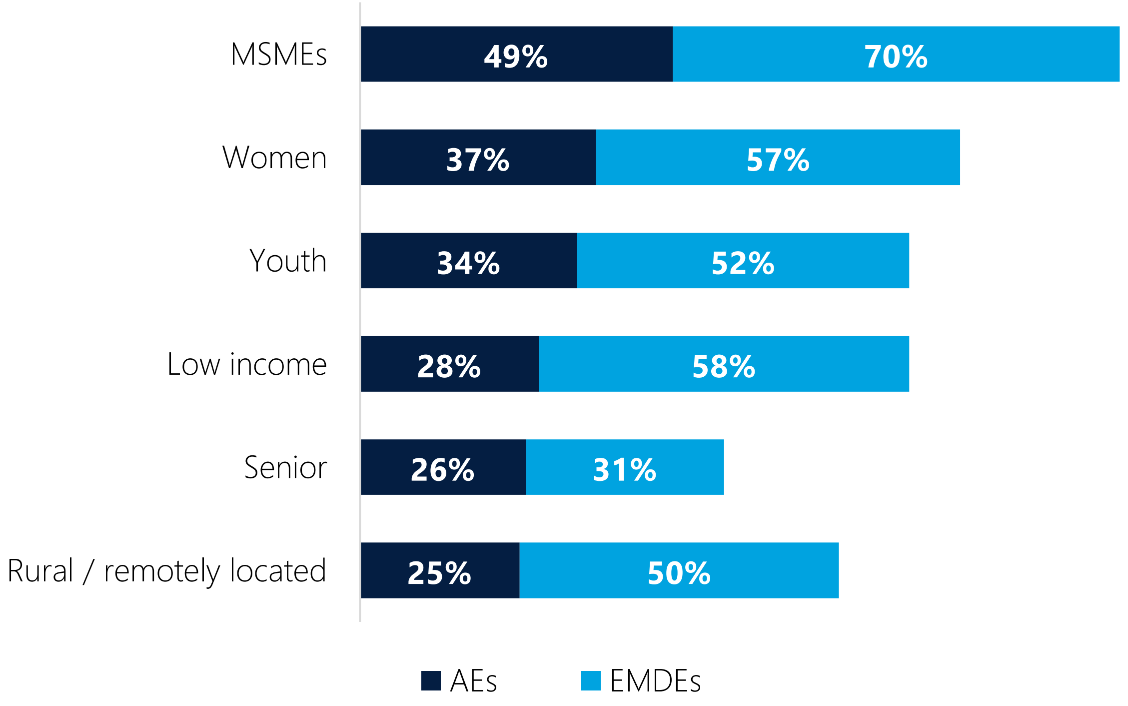
Digital payments business model led the growth of fintech for many years (accounting for roughly 25% of cumulative equity funding since 2000) and was further boosted during COVID-19 and is expected to remain the largest fintech segment in 2030.

The second largest business model in the data sample was digital lending (27%), followed by insurtech (17%), while digital capital raising and digital banking and savings made up 14% and 12% of the survey responses, respectively

Source: World Economic Forum

Fintechs are prioritizing creating products and services for underserved groups

Targeted fintech product and service offerings for customer segments – Advanced economies (AEs) versus Emerging markets and developing (EMDEs)



Source: World Economic Forum

Worldwide, fintechs are continuing to prioritize underserved customer groups with targeted product and service offerings, especially for MSMEs, women, and low-income and youth customer segments.

Year-on-year, most underserved customer segments saw either steady or increased offerings – most notably MSMEs, with an increase from 48% in 2022 to 58% in 2023.

Emerging markets and developing economies (EMDEs) have a particular focus on MSMEs, with 70% of fintechs having offerings for this group. Overall, fintechs operating in EMDEs report having a larger percentage of products for underserved customers.

Leading challenger banks have demonstrated profitability at scale after a record 2023

453

The number of digital challenger banks around the world

23

The number that are operationally profitable

Here are 4 examples:

Nubank Crossed the 100-million-user milestone in May 2023 and is on track to be the largest and most profitable bank in Latin America

Chime Grew to $1.3 billion in revenue in 2023-was profitable in Q1 2024; preparing for a possible IPO

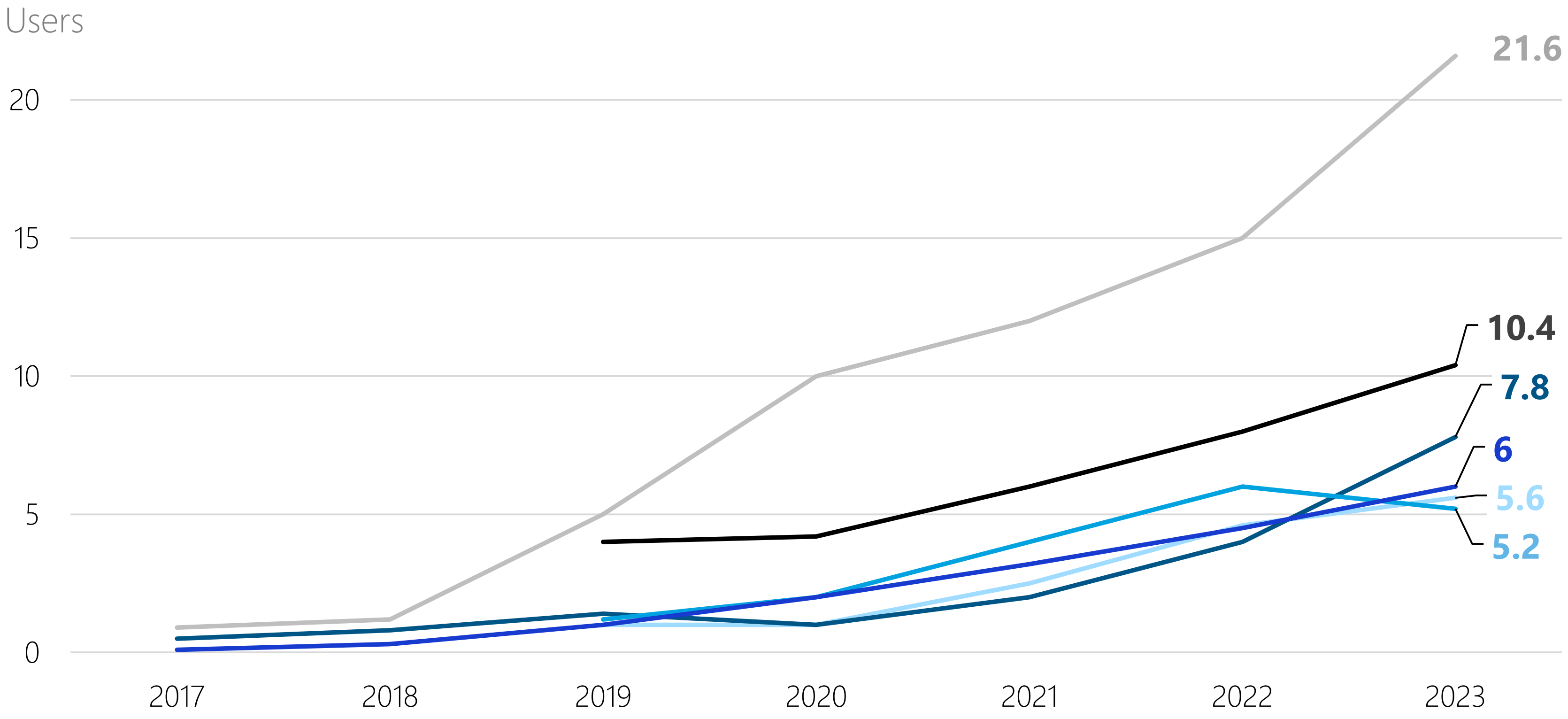
Revolut Hit $2 billion in revenue and double-digit net profit in 2023, with more than 40 million customers worldwide

Monzo Now the seventh-largest bank in the UK; it reached operational profitability in the first half of 2023 with revenue of £356 million

Source: BCG

US neobanks are proving they are a force to be reckoned with – catching users with consumer-friendly hooks that were wedges into deeper financial relationships

Number of neobank users, 2017-2023

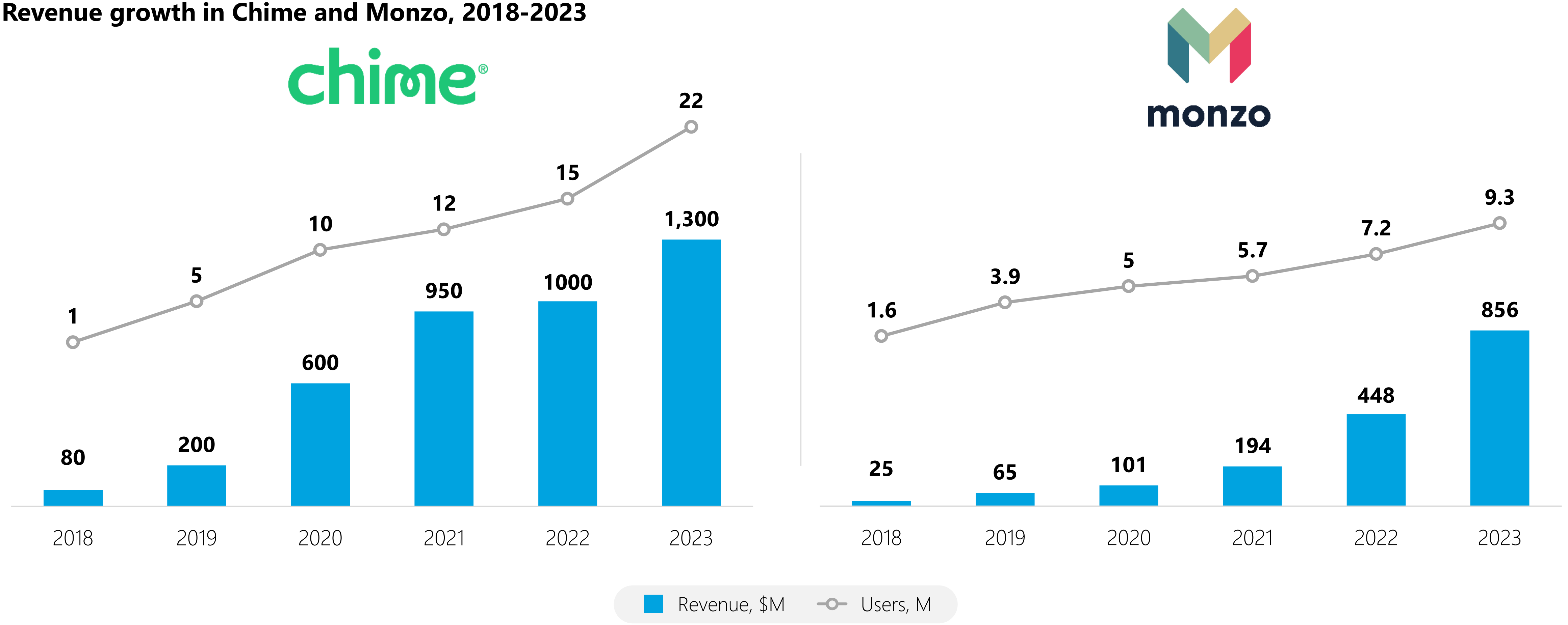


	Early leading feature
chime	Accelerated deposit
Dave	Overdraft protection
MoneyLion	Personal loans
Greenlight	Child allowance
SoFi	Student loans
Varo	Overdraft protection

Source: F Prime

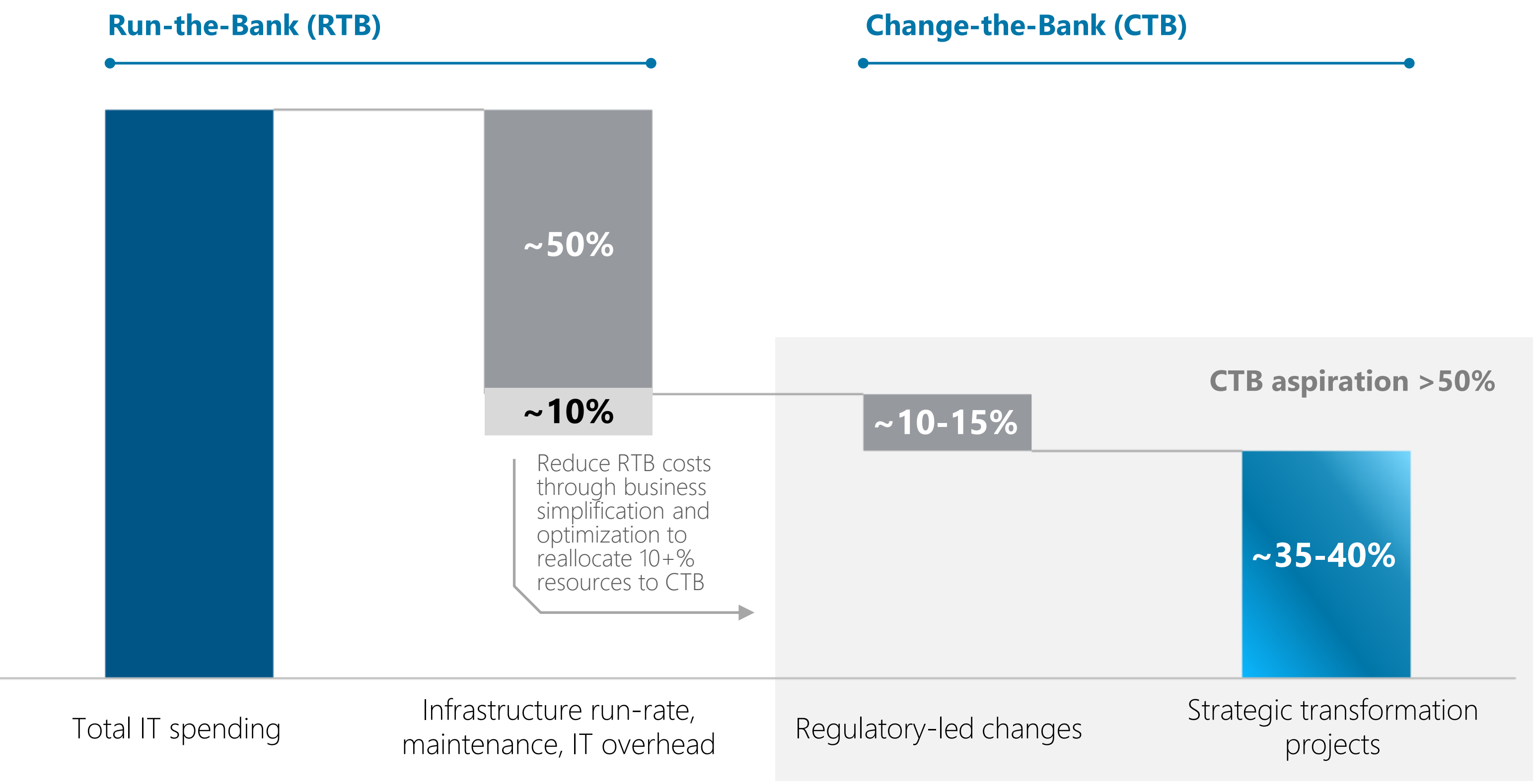
Chime in the US and Monzo in the UK have scaled meaningfully

Revenue growth in Chime and Monzo, 2018-2023



Source: F Prime

Banks have the opportunity to reduce Run-the-Bank cost and invest more than 50% of resources in Change-the-Bank initiatives



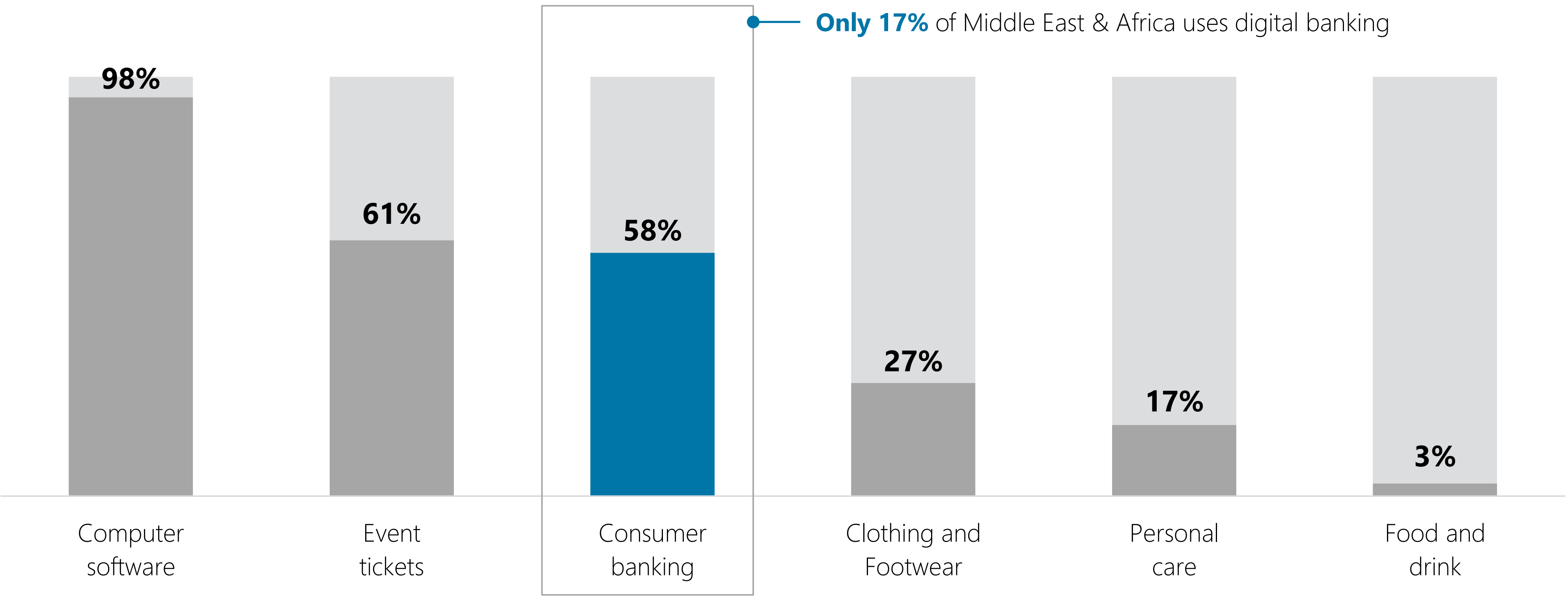
A large share of bank technology investment today is directed toward "run-the-bank" (RTB) initiatives (think core tech activities such as running existing applications in the cloud) rather than "change-the-bank" (CTB) efforts that can build real competitive muscle.

No doubt much of that RTB funding is necessary and well spent. But if even a fraction of those funds can be redirected toward more innovative efforts, banks can unlock synergies and position their business to thrive.

Source: BCG

There is high potential to increase digital banking adoption, especially in emerging markets

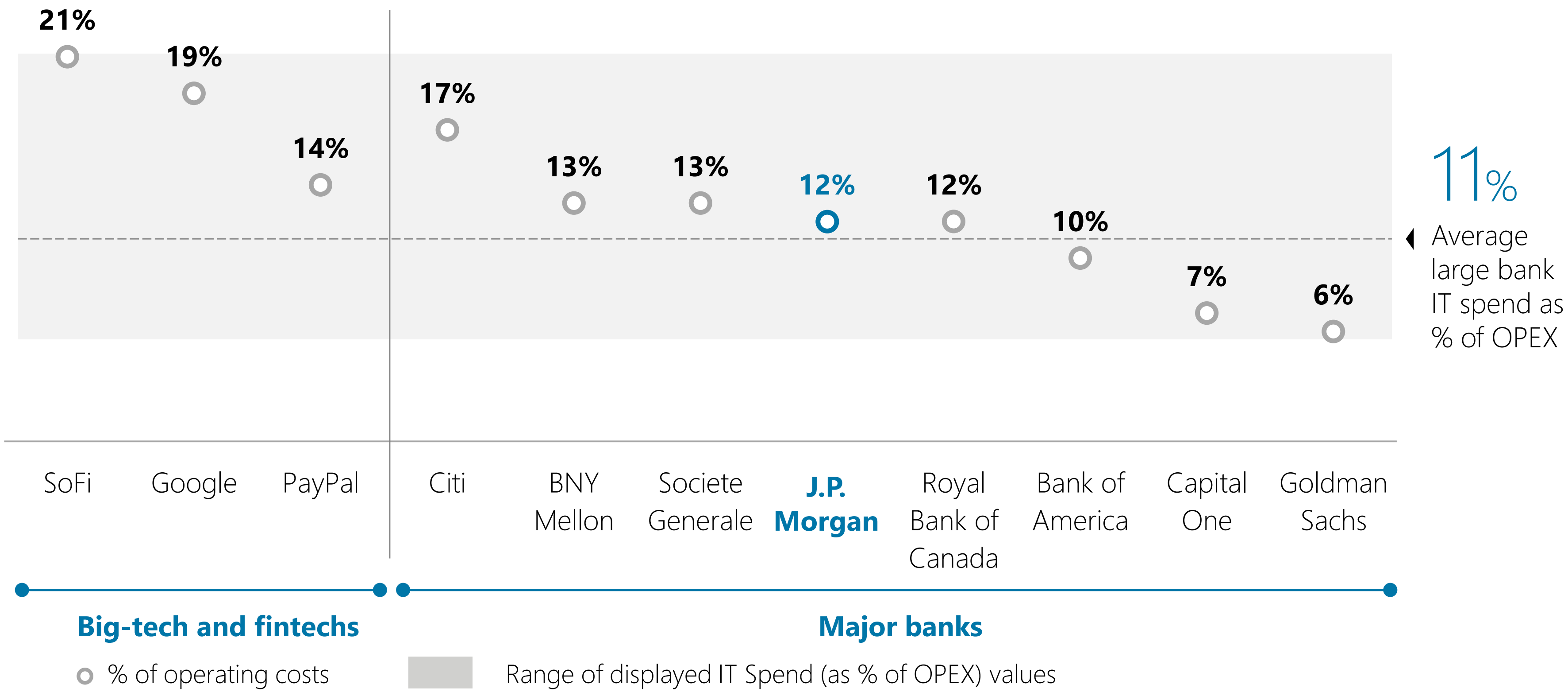
2021, share of digital engagement by category



Source: BCG

Large banks realize the importance of investing in tech, as it spend (as % of OPEX) for some is at par with major fintechs

IT spend in 2022 (as % of operating costs), major banks, big-tech and fintechs



J.P. Morgan announced in 2022 that it would increase its technology budget to $12 billion (out of which it spent $9.4 billion on non-compensation technology operating expenses), focusing primarily on the implementation of new digital products and services, infrastructure modernization, and digital transformation of existing processes

Source: BCG

Banks' partnerships with fintech provide banks with new opportunities

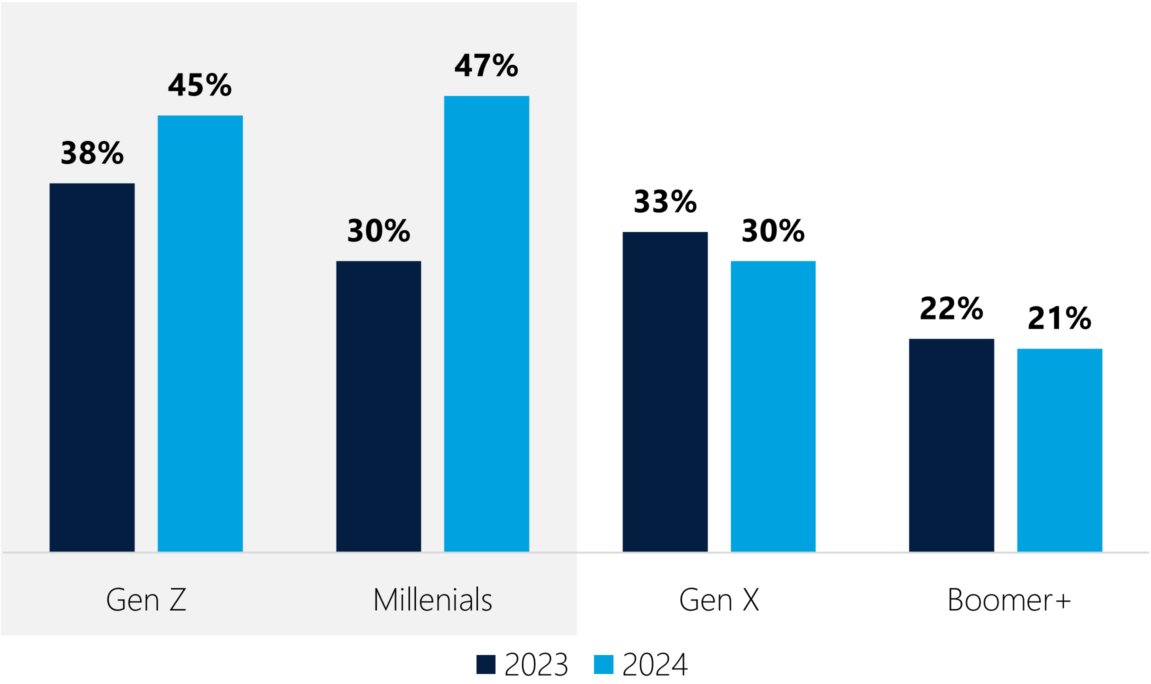
Bank-fintech opportunities

- Accounts payable processing
- Accounts receivable processing
- Card (prepaid) sponsoring
- Consumer and commercial bill payment
- Cryptocurrencies
- Financial management and budgeting
- International settlement and payments
- Investment advisors and broker-dealers
- Invoicing and collections
- Lending models (consumer and small business)
- Merchant acquirer services
- Mobile payments processing
- Mobile wallet solutions
- Online account solutions
- SMB payment processing

Source: Nelson Mullins

Younger generations are advocating for solutions

"I will have excess cash or deposits to invest six months from now"
% Agree



Source: BAI, NTT Data

An important aspect to consider is the pressure exerted by younger generations - the customers and leaders of the future.

Generation Z, in particular, demonstrates a strong concern for environmental issues and demands solutions from society. This generation is increasingly influencing global dynamics, as it is the most connected generation and the one most vocal in various social forums.

There are no magical solutions here, but there are examples in the market of approaches that are well oriented toward these objectives:

- Adapting the range of products and services to the needs of the most disadvantaged groups
- Creating new, tailored financial products and solutions
- Simplifying learning and training to foster new habits
- Providing personalized guidance and advice
- Simplifying risk assessment associated with lending to those with limited credit history

J.P. Morgan should advocate proactively for harmonized regulatory frameworks that would provide greater certainty and guidance

While the global regulatory landscape for digital assets remains fragmented, there has been meaningful progress on several fronts

Developed regulation

Global standard-setting bodies (FSB, BCBS, IOSCO and others) have been taking steps to harmonize the adoption and use of digital assets across borders through publication of recommendations and global standards

The **EU** is in the process of implementing its pan-European MiCAR framework for crypto assets and a pan-European blockchain sandbox

The Monetary Authority of **Singapore** is working with international policymakers and the financial services industry to enhance liquidity and efficiency of financial markets through asset tokenization and shared DLT projects

Hong Kong authorities are undertaking several initiatives to encourage innovation while optimizing the digital assets regulatory framework, in line with Hong Kong's ambition to establish itself as a global hub for digital assets and financial technology.

Developing regulation

In the context of the regulatory framework for digital assets, crypto assets in particular are largely unregulated in the **UK**

In the **US**, the digital assets regulatory landscape is evolving but still fragmented, with state and federal regulators seeking to provide further clarity over jurisdiction and legislative solutions to key issues, including taxonomy, licensing, fraud, and investor protection.

Source: J.P. Morgan

05

Recommendations

Recommendations

The most complete picture of measures involves both external actions and internal transformation…

How should J.P. Morgan defend market share and accelerate growth in digital banking amid fintech disruption?

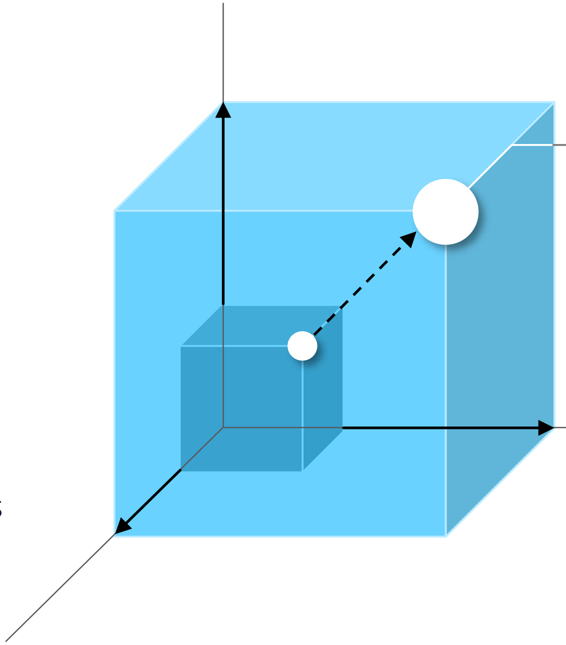
- External growth
  - Market & business expansion
    - Geographic growth
      - **Expand Chase Digital Bank in Europe (UK → Germany → France)**
      - **Enter mobile-first emerging markets (Africa, Asia, Latam)**
      - Leverage telecom and e-commerce partnerships for distribution
    - Product growth
      - Develop proprietary fintech super-app (payments + savings + investments)
      - Integrate robo-advisory and digital-wealth services
      - Launch sector-specific financial products (auto, shipping, renewables)
  - Strategic partnerships & reputation leadership
    - Alliances and M&A
      - **Acquire fintechs in BNPL, payments, and digital wealth**
      - Co-create digital products with major tech firms (e.g., AWS, Google Cloud)
      - Develop open-API ecosystem to integrate start-up innovations
    - Reputation and stakeholder engagement
      - Strengthen brand among Gen Z via digital campaigns, influencer marketing
      - Sponsor high-visibility projects (sports, cultural, innovation)
      - Embed ESG and financial-inclusion themes into all external communications
      - Participate in policy & regulatory alliances to shape digital-banking standards
- Internal transformation
  - Technological strengthening
    - Core technology modernisation
      - Upgrade legacy systems and migrate to cloud
      - Reinforce cybersecurity and fraud detection
    - Data intelligence & innovation enablement
      - **Scale AI in retail, wealth, and risk analytics**
      - Increase R&D budget and patent development
  - Organizational strengthening
    - Organisation & people
      - Create Fintech Innovation Department with agile squads
      - Appoint VP for Technology, AI & R&D
      - Strengthen leadership training in digital skills
    - Process & governance
      - Digitize internal workflows and reporting
      - Implement agile methodologies
      - Establish unified innovation governance globally
      - Ensure compliance and ESG integration in operations

Idea & structure: I. Daraev

… but the first step should be to launch a hybrid three-pronged strategy that will ensure a synergistic effect

1 Partner with or acquire niche fintechs

Be a curator/aggregator to pick best of breed product & experiences across market and other industries for the customers



The goal is to become the most technologically advanced bank by 2030, with a broad range of services and presence in the most promising locations

2 Organic expansion of Chase Digital Bank (Europe, then global)

The ability to provide cross-border services is one of the capabilities that non-banks struggle to emulate and thus will continue to be a relevant asset and differentiator for corporates with an international footprint

3 Scale AI across retail and wealth banking operations

Create and operate a Digital Central Core as a key enabler of growth – leverages real-time insights and respond more adeptly to market demands

Idea & design: I. Daraev
Source: Oliver Wyman, DefineX

Recommendation 1 – Partner with or acquire niche fintechs

Importance of partnerships as indicated by Fintech CEOs, on a scale of 1-10; by segment

Overall

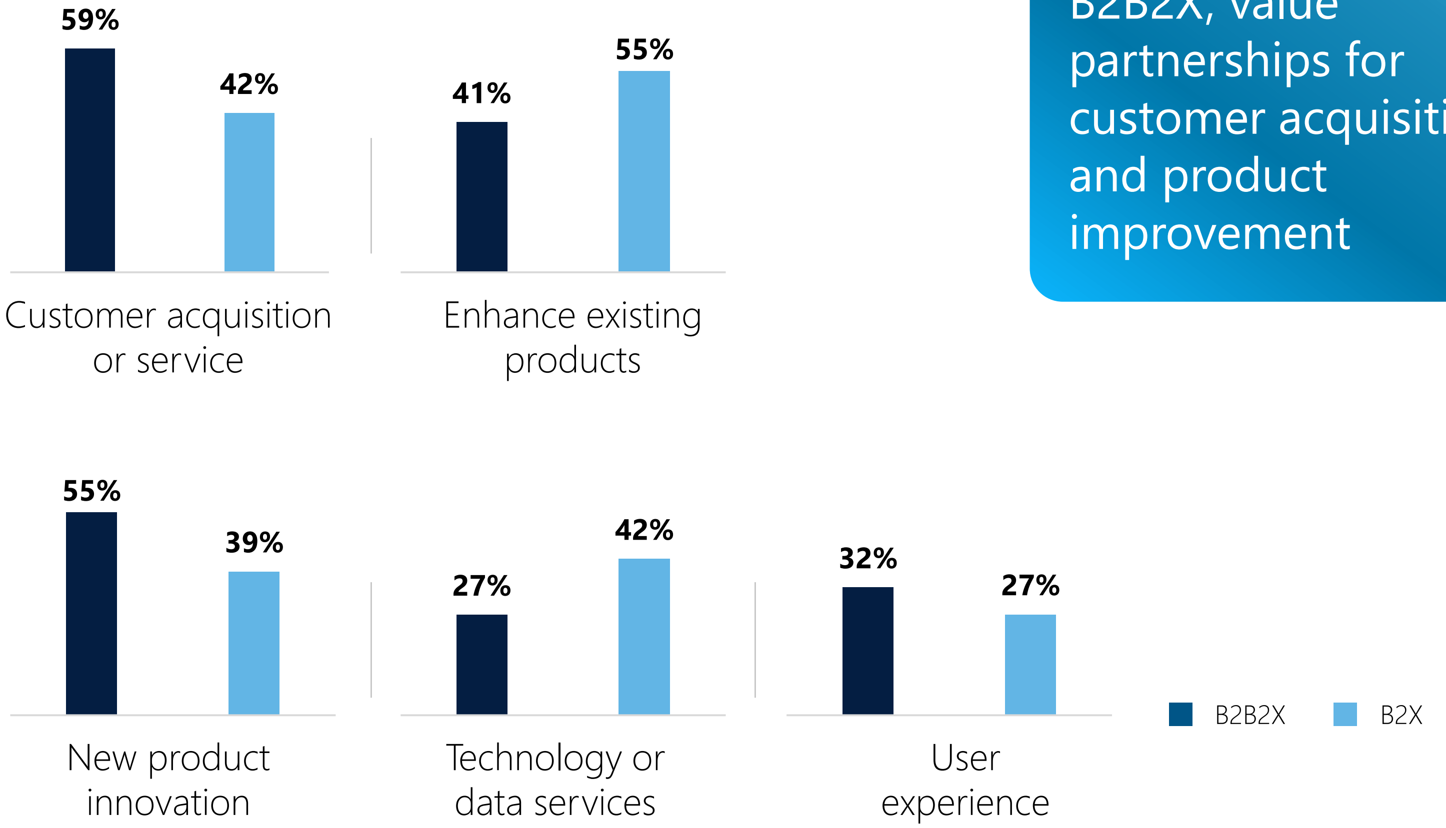
7.7 B2X

8.1 B2B2X

7.9 Lending	**7.9** Infrastructure	**7.8** Payments
7.4 Accounts/ neo-banks	**7.6** Insurtech	**5.8** Wealthtech

Source: BCG

Top reasons to enter into a partnership (selected by % of B2X and B2B2X Fintech CEOs)



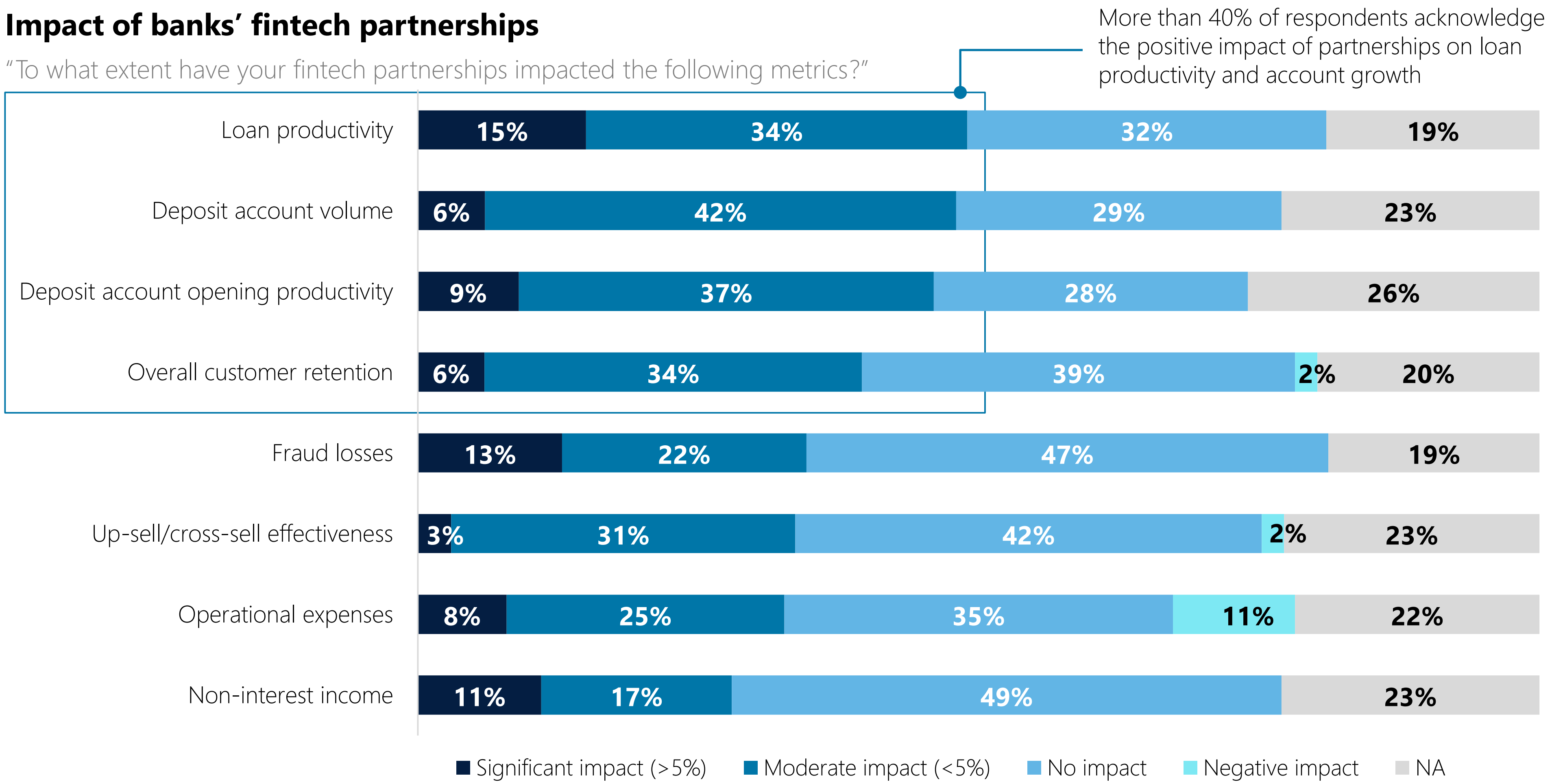
Fintech CEOs, especially B2B2X, value partnerships for customer acquisition and product improvement

Recommendation 1 | Additional information

Fintech collaborations drive up to 15% improvement in loan productivity and 42% in account growth

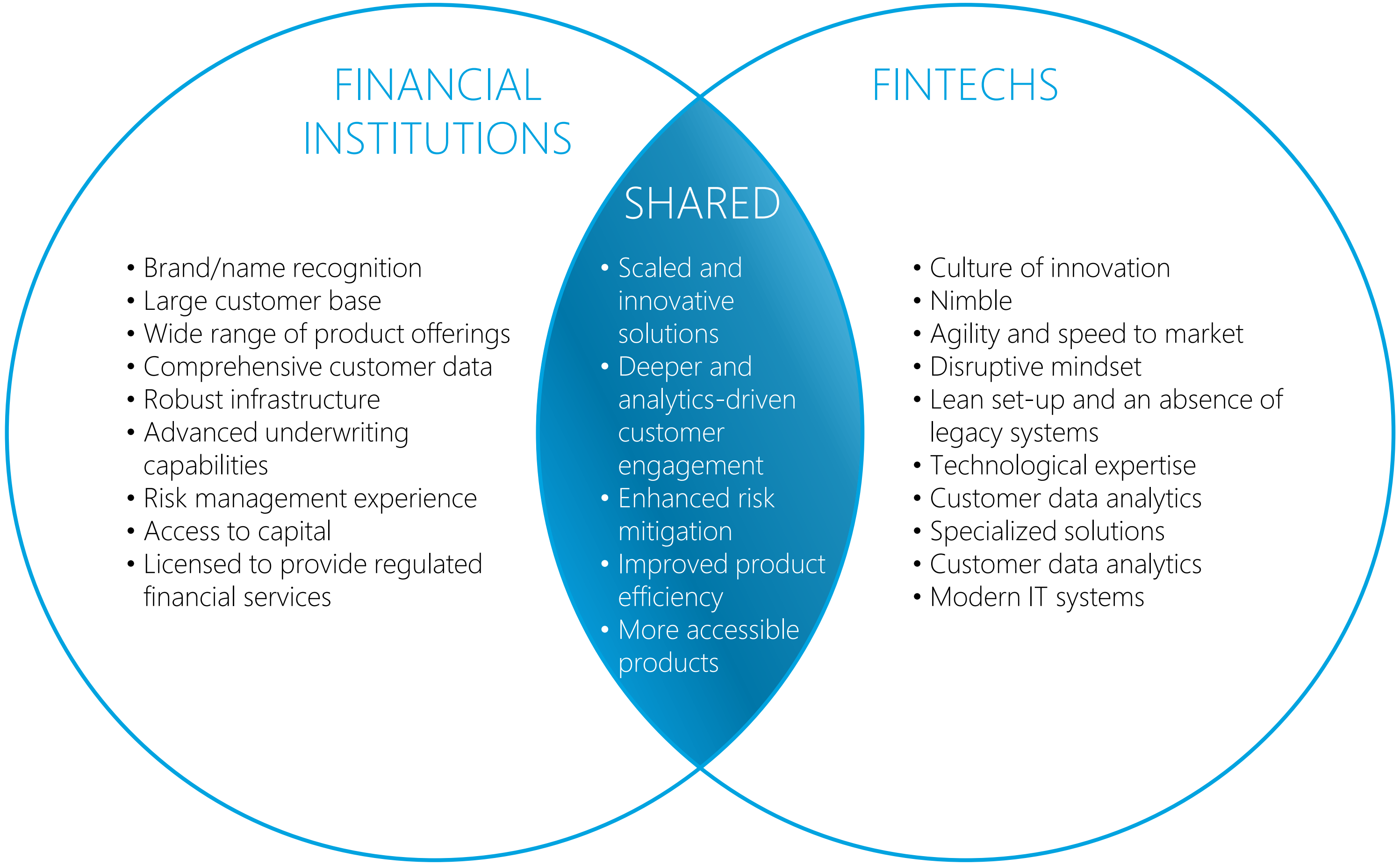
Impact of banks' fintech partnerships

"To what extent have your fintech partnerships impacted the following metrics?"



Source: Cornerstone Advisors survey of 260 community-based financial institution executives, 2020
Analysis: I. Daraev

Partnerships provide mutual benefits for banks and fintechs



Source: Nelson Mullins

Recommendation 2 – Expand J.P. Morgan Digital in Europe and emerging markets

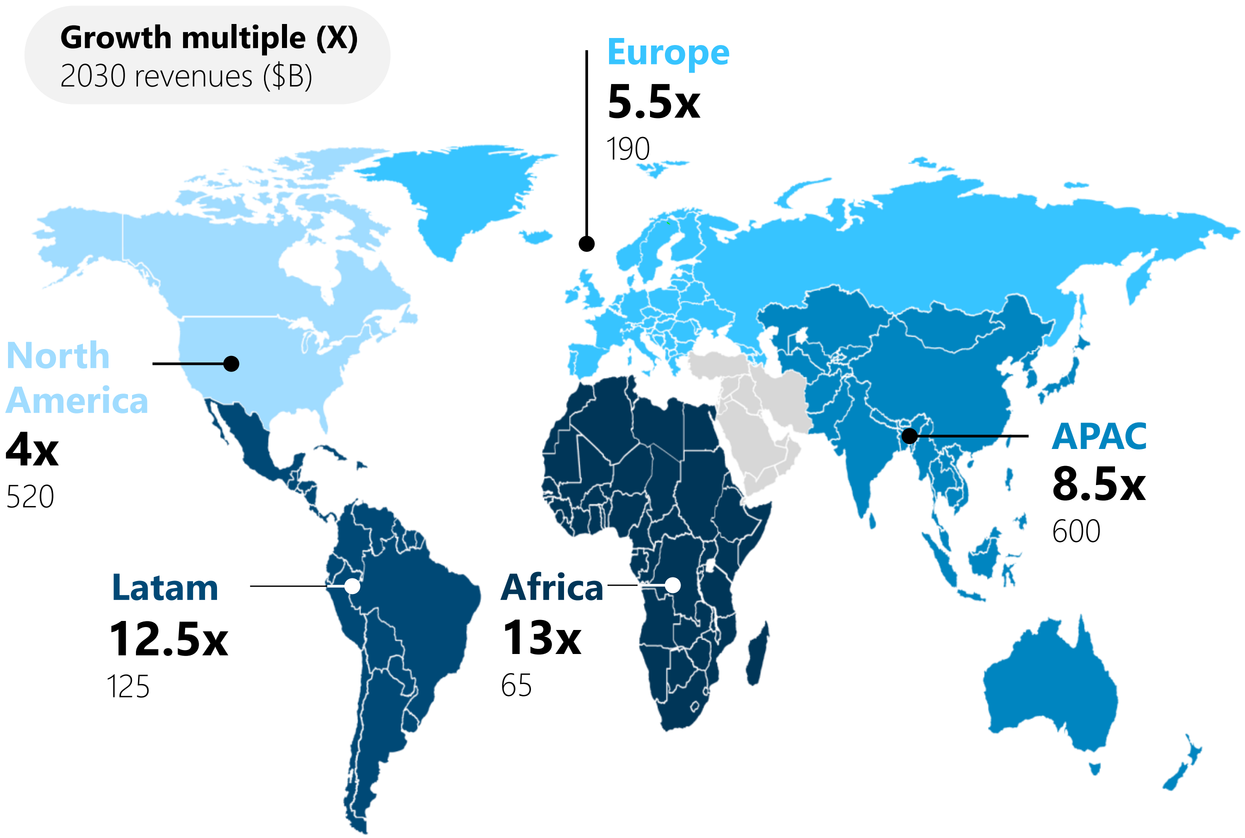
Asia-Pacific and Africa will be the larges fintech market by 2030, and Latin America and Africa will be the fastest-growing regions

Europe will grow, supported by regional expansion. The UK and European Union combined represent the world's third-largest FI market and are expected to witness major fintech growth through 2030, estimated at more than fivefold over 2021 and led by the payments sector.
This FI market is dominated by incumbent banks and contains relatively low fintech penetration (1% of financial services revenues). Regulators are relatively forward-looking, for example, with open banking, open finance, and passporting.

Africa can leapfrog incumbents by adopting new technologies. In Africa, although cash is still king, fintech could be a vehicle to solve the access issue, as most of the population is still either underserved by banks or fully unbanked.

As the youngest and fastest-growing region globally – with a median age of roughly 19 and projected population growth of an additional 1.2 billion people by 2050 – demographic shifts and earning-power increases will deepen the need for financial access.

Global Fintech revenue growth by region, 2021 to 2030

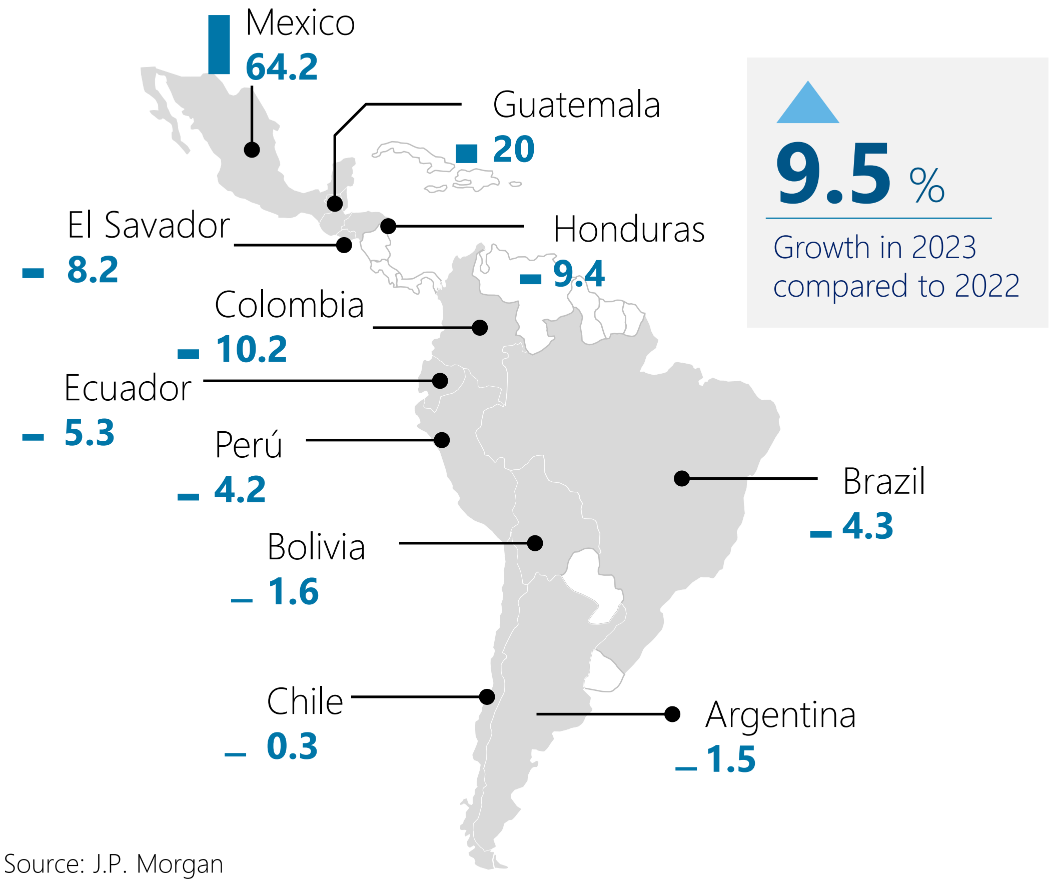


Source: BCG

Recommendation 2 | Additional information

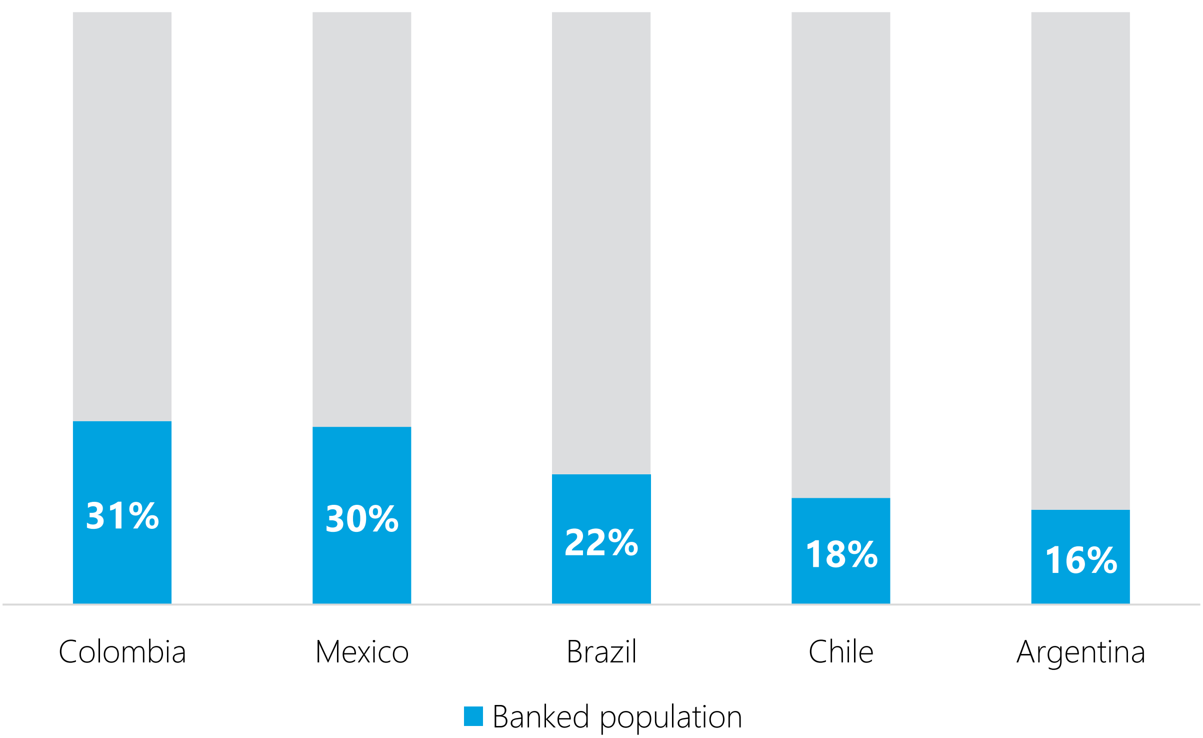
In LatAm remittances have become a vital component of the economy, surpassing other sources of external income in several countries and contributing significantly to GDP

Remittances received by country, $B, 2023



Source: J.P. Morgan

% of banked population that has used apps to send international remittances



Recommendation 2 | Additional information

With 20.14% of the region's fintech companies established in its territory, Mexico is at the forefront of digital financial transformation

Estimation of the potential number of J.P. Morgans' super-app users in Mexico

Mexico total adult population (18+)	Smartphone users	Digitally banked & fintech-active users	Target market for J.P. Morgan super-app (urban, financially active adults)	Expected adopters within 3–5 years (realistic capture)
100M	**85M**	**55M**	**50M** SAM	**2.5M** SOM
Around 77 % of Mexico's total ~130 million population are adults	Smartphone penetration ≈ 85 % of adults (GSMA 2024)	~65 % of smartphone users use digital financial services (BBVA, IDB 2024)	Core base in Mexico City, Guadalajara, Monterrey, and other major metros	≈ 5 % penetration of addressable market

Potential financial flows (annual / asset stocks):

- Payments GMV: ≈ US **$110** B
- Savings balances: ≈ US **$25** B
- Investable AUM: ≈ US **$60** B

Estimated annual revenue opportunity (base case)

≈ US **$55-60** M

Based on ~0.7 % payments take rate and ~0.3 % investment margin

Sources: INEGI, GSMA Mobile Economy Latin America 2024, World Bank, IDB Lab, Statista, regional fintech reports, J.P. Morgan
Design: I. Daraev

Recommendation 3 – Scale AI across retail and wealth banking operations

Artificial intelligence (AI) technologies are increasingly integral to the world we live in, and investors are taking notice. Generative AI is among the advanced technologies for which investments are accelerating, thanks to its potential to transform business. According to McKinsey research published in June 2023, generative AI could add the equivalent of $2.6 trillion to $4.4 trillion annually across as many as 63 use cases.

Generative AI's impact on the banking industry will be significant, delivering benefits beyond existing applications of AI in areas such as marketing. This technology could generate an additional $200 billion to $340 billion annually in value, arising from around 2.8 to 4.7 percent increase in the productivity of banking's annual revenues – if the use cases are fully implemented. For fintech, a commensurate impact is expected, if not more, given the already high exposure to tech.

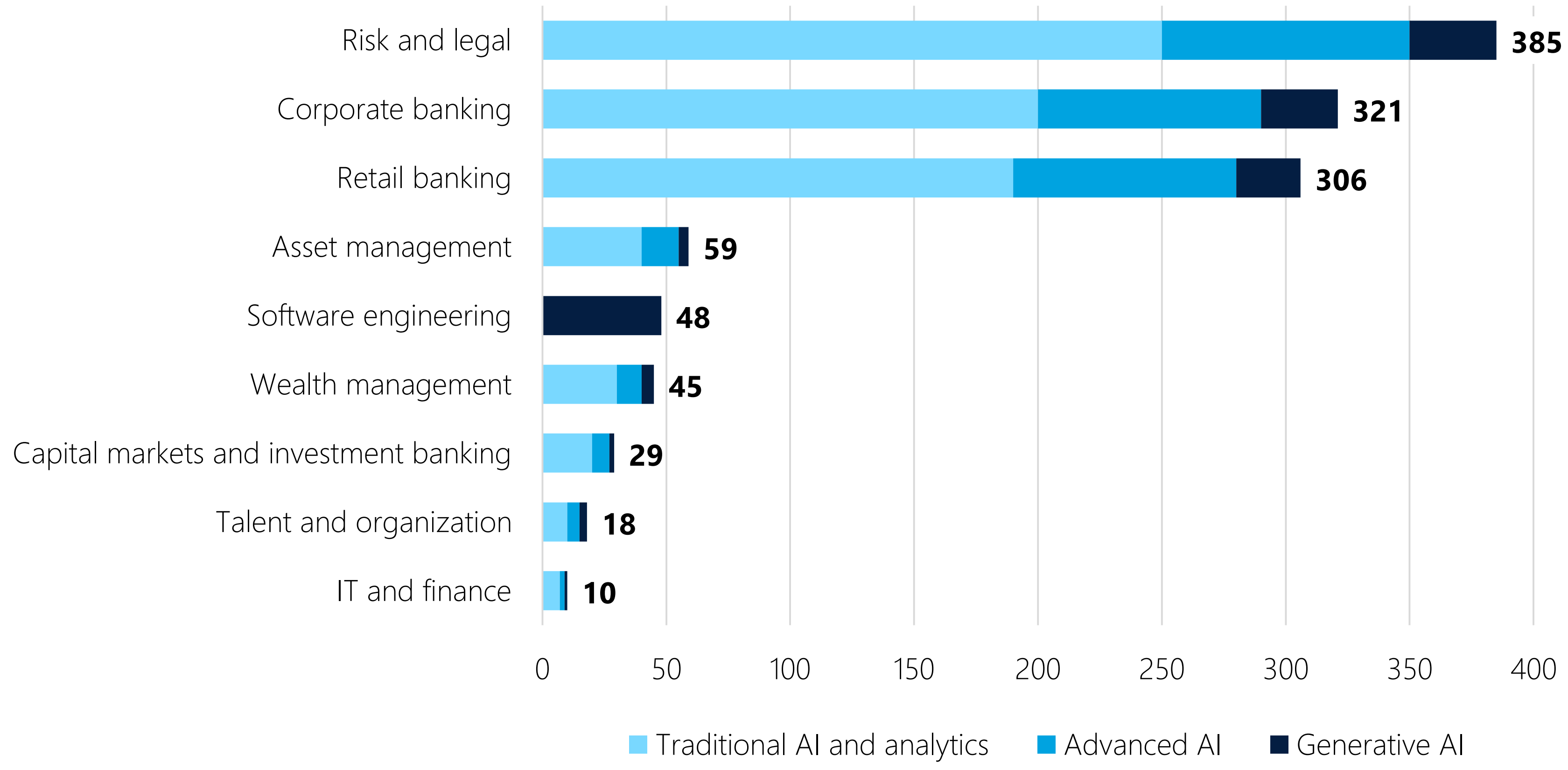
Generative AI's impact – and resulting reinvention – will span three broad categories:

1. **Automation.** Half of today's work activities could be automated between 2030 and 2060, according to McKinsey estimates. Fintech firm Intuit, for example, has introduced a generative AI operating system on its platform. Its custom-trained large language financial models specialize in solving tax, accounting, cash flow, and personal finance challenges, among others.
2. **Augmenting and enhancing productivity to do work more effectively.** Generative AI could enable labor productivity growth of 0.1 to 0.6 percent annually through 2040, depending on the rate of technology adoption and redeployment of workers' time to other activities. Morgan Stanley is building an AI assistant using GPT-4 to help the organization's wealth managers quickly find and synthesize answers from a massive internal knowledge base.
3. **Acceleration.** Organizations can use generative AI to extract and index knowledge to shorten innovation cycles, thereby enabling continuous innovation.

Source: McKinsey & Company

Generative AI has the potential to deliver significant new value to banks – between $200 billion and $340 billion

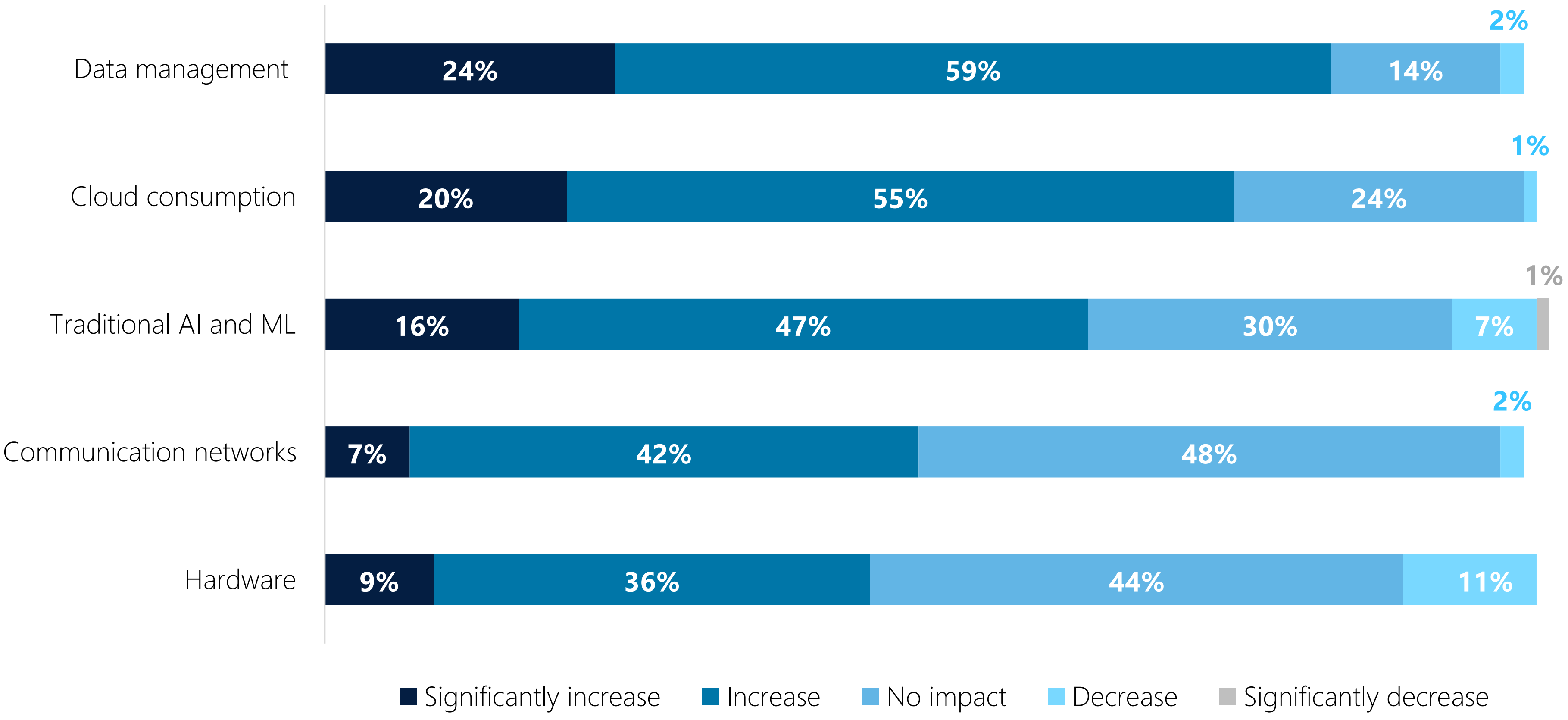
Value Created by AI at stake by segment and function ($B)



Source: McKinsey & Company

More than 70% of banks plan to increase investments in data management and cloud consumption to advance their enterprisewide generative AI strategy

Impact of banks' fintech partnerships



Percentages may not equal 100% due to rounding

Source: Deloitte State of Generative AI survey with 306 Banking & Capital Markets leaders fielded in May and June 2024

In banking, onboarding and customer success may be the first workflows made more efficient by advances in AI

	Lead generation	Onboarding	Underwriting	Compliance	Customer success
Activities	• Identify target audience and convert leads to customers • Measure and optimize marketing efforts to increase conversion rate and reduce cost-per lead	• Open account and onboard clients • Introduction to services and education	• Collect and verify personal information for KYC • Credit assessments, income verification, appraisals	• Compliance with regulatory requirements such as AML and CTF • Monitoring transactions for suspicious activities	• Understand customer's changing financial needs • Educating customers to make informed decisions
How AI could enhance existing activities	• Leverage lead-specific data to identify and engage ideal prospects • Generate personalized outreach campaigns	• Boost customer conversions and reduce fraud • Reduce operational costs, save time, increase workforce efficiency	• Improved credit assessments with real-time data inputs • Reduced time spent on manual review and tailored credit policies for segments	• Leverage synthetic data and ML to detect and prevent fraud • Enhanced agility, reduced data latency	• Provide full customer service automation outside of bank branch hours • Enhance banks' value proposition with personalized product offerings

Source: F Prime

Recommendation 3 | Additional information

Within commercial banking use cases, prioritization is critical to balance building momentum with use case complexity and value

Commercial banking value chain	Use cases	Gen AI levers	Complexity	Value
Sales and relationship management	• Client advisory solutions	Combine ML with generative AI to transform large volume of relevant and curated data insights into searchable, summarizable and conversational format	Medium	High
	• Outreach plan for target prospects	Create tailored outreach plan (channel, time, frequency) based on client preferences	Medium	Medium
	• Industry trend and research summaries	Generate insights and/or materials on key industry factors impacting clients	Low	High
Client onboarding, underwriting and administration	• Client and product onboarding	Additionally analyze text-heavy documents (e.g., annual reports, news reports) and further enhance KYC and onboarding review	Medium	High
	• Credit memo generation	Automate initial credit memo narrative based on client and industry context	Low	High
Product fulfillment and implementation	• Document exception tracking	Summarize information received from / needed by clients based on structure and terms.	Medium	High
Servicing	• Transaction and cashflow insights	Summarize changes in client behavior based on historical transactions and projected cash flows and generate explanation of the root cause of the changes	Medium	High
	• Customer-facing chatbot	Expand breadth and effectiveness of chat-based servicing solutions	Medium	High
	• Payment reconciliation services	Significantly reduce time spent to research and resolve reconciliation breaks to improve data quality in golden source systems	Medium	High
Corporate actions	• Smart inbox management	Summarize content, suggest next best actions and automate email responses	Low	Medium
	• Meeting notes and action summaries	Synthesize notes, actions, speakers and attendees into shareable/searchable content	Low	Medium

Source: Accenture

06

Next steps

Implementation roadmap

2025

Phase 1 (2025-2026)

Accelerate Chase Digital rollout in Europe, Africa and Latin America

2026

Phase 2 (2026-2027)

Acquire/partner fintechs for BNPL and payments

2027

Phase 3 (2027-2028)

Scale AI across retail and wealth banking operations

- Deploy unified KYC/AML compliance tools
- Integrate regional data centers with global cloud architecture
- Launch targeted digital campaigns focusing on Gen Z and young professionals

- Prioritize fintechs specializing in Buy Now Pay Later (BNPL), digital wallets, and instant payments
- Structure minority investments or full acquisitions under Chase Ventures.
- Build integration taskforces for IT, HR, and product unification

- Implement AI-based personalization in mobile and web platforms (dynamic offers, financial advice)
- Expand robotic process automation (RPA) in compliance, onboarding, and operations
- Develop centralized AI model library with real-time monitoring and retraining cycles

Next steps

Expected Impact in 2025-2027

+10M

new digital customers
by 2028

Defend market share

against top-5 fintech
challengers

Global presence

through leadership
in promising markets

3-5pp

reduction in cost-to-income
ratio

Sustain leadership

in digital banking innovation

Up to 15%

improvement in loan
productivity

07

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Idea, presentation structure, storyline,
data research, analysis, design – I. Daraev