

JPMorgan head of fintech: Prepare for the ‘platform of platforms’ economy

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September 15, 2021

[Bank Automation News](#)

Financial institutions should plan now for the next major tech-based business paradigm — the platform of platforms. If that’s confusing, think of Uber.

A platforms platform essentially means one platform that connects to other platforms — just like [Uber](#) has done, Jeremy Balkin, head of fintech and innovation, wholesale payments at JPMorgan Chase, told audiences during Tuesday’s FinovateFall fireside chat in New York City.

“Uber essentially started as three platforms,” Balkin said. “Essentially, it’s a technology platform on your phone ... and hidden behind that is essentially a Google Maps location, and then of course, the Braintree payments” system.

It is logistics and transportation — real-world services, he added. Uber as a “platform’s platform” connects three platforms by application programmable interfaces (APIs) to make one uber — ahem — platform so powerful, it provides 40 million rides per month, Balkin told audiences.

Just as APIs have become business channels and technology tools, as platforms connect with each other they, too, will create a new business model, Balkin predicted.

What does that mean for financial institutions such as [JPMorgan Chase](#), asked Finovate moderator Maria Gotsch, president and CEO of the Partnership Fund for NYC. The key for banks will be to figure out how to play horizontally in the new world. Payments represent one avenue to do so, Balkin noted.

“The next sort of decade will be around connecting, connecting platforms, horizontally, interoperability, API, et cetera,” he said. “In many ways, payments is a data collection business.”

To that end, the \$3.7 trillion JPMorgan Chase is investing in payments and fintechs, even acquiring some payments vendors. For instance, last week the bank announced it would take majority [ownership of the Volkswagen Payments Business](#).

Balkin isn’t alone in believing platforms will be the next frontier. During a [recent interview with Bank Automation News](#), Temenos Americas President [Jacqueline White](#) said many banks are finding platform-based business models can give them a competitive edge.

“When we talk about platform innovation, we’re seeing banks voluntarily partner with banking and non-banking, third parties to really offer a wide range of products and services, through the ecosystem, when it comes to banking as a service,” White said. They’re providing white-labeled banking services to non-banks, everything from airlines, to retailers, to neobanks.”

“Embedded finance” is another name for this approach, which relies on open banking, the concept of sharing customer data, with permission.

“Banks are looking at ways to generate new revenue streams. When it comes to open banking, this is the wild, wild west,” White said.