FINANCE· JPMORGAN CHASE

JPMorgan's plan to charge for data could 'cripple' crypto and fintech startups, execs warn

Jamie Dimon is the chief executive officer of JPMorgan Chase.

COURTESY OF PATRICK BOLGER/BLOOMBERG/GETTY IMAGES

When JPMorgan Chase told fintechs last month that it planned to charge them for accessing its customer banking account data, it sent shockwaves through corners of the financial industry. According to four industry executives, the move is a blow to the fintech sector and could prove devastating to early-stage startups, including those in the crypto industry. Analysts, however, think mature fintechs like PayPal and Block will likely not feel much consequence from this fee change.

Under the plan, every time a consumer moves money from JPMorgan Chase to a crypto account or a third-party service like Robinhood, the bank could charge the data aggregators a fee. Crypto firms and fintechs typically use aggregators, like Plaid or MX, to access customer accounts at major financial institutions like JPMorgan Chase. Up to now, the banks have not charged the fintechs, but this may change. The aggregators are widely expected to pass the new fees onto their fintech customers, with some potentially transferring the costs to the consumer.

JPMorgan's plans to charge fees would make it economically impossible for many consumers to use stablecoins and crypto, according to three industry executives, who declined to speak on the record for fear of retaliation. "This would cripple the crypto industry," one of the execs said.

The fees are also expected to be onerous for many early-stage fintechs, executives told *Fortune*. One fintech estimated that the fees to access JPMorgan's API would be more than the revenue the company made in its 10-year existence. "This would put everyone out of business…It would require everyone to raise prices by 1000% to cover [the cost]," the first exec said.

"The JPMorgan fees make it impossible to serve Chase customers if you are a small company," a second executive said.

Alex Rampell, a general partner at venture firm Andreessen Horowitz, said in a post on X Wednesday that JPMorgan's plans to charge fintechs for customer data "isn't about a new revenue stream. It's about strangling the competition. And if they get away with this, every bank will follow."

JPMorgan Chase is an $800 billion company, said Rampell, who is a cofounder of Affirm, a buy-now-pay-later lender. JPMorgan's new fee plan could make it very expensive to invest in crypto. "If it suddenly cost $10 to move $100 into a Coinbase or Robinhood account, fewer people might do it," he said. JPMorgan and other banks could also "refuse to let consumers connect their own freely chosen crypto and fintech apps to their bank account," he said.

Arjun Sethi, co-CEO of Kraken, one of the largest crypto exchanges in the U.S., said JPMorgan is making a "calculated move" with its plans to charge fees. The nation's biggest bank is "asserting ownership" over data generated by consumers and stored in infrastructure controlled by JPMorgan, Sethi said in a post Tuesday on X.

"This is not a technical innovation. It is a toll," Sethi said. "And once data becomes a revenue stream for the infrastructure provider, the incentive is to fragment it, lock it in, and sell it at margin."

JPMorgan, the nation's largest bank by assets, has 91 million consumer accounts spread across its different segments. The bank likely represents about 20 million checking accounts in the U.S., according to a July 14 research note from Harshita Rawat, a Bernstein research analyst.

JPMorgan has already informed the aggregators that it would start charging fees for accessing its customers' bank account information, *Bloomberg* reported, but it's unclear how much the bank plans to charge.

"We've invested significant resources creating a valuable and secure system that protects customer data. We've had productive conversations and are working with the entire ecosystem to ensure we're all making the necessary investments in the infrastructure that keeps our customers safe," JPMorgan Chase said in a statement Wednesday.

When it comes to more mature fintechs like PayPal and Block, which owns Cash App, analysts believe they will face little impact from the fees since they already negotiated agreements on fees with the largest banks, including JPMorgan "on a multi-faceted basis," including cards, other relationships, and processing, said Bernstein's Rawat. "PayPal and Block also likely have limited (or manageable) exposure to data aggregators," Rawat said. (Aggregators typically provide technology, such as APIs, that let consumers connect their financial accounts to an app or service.)

Some think this positive view is premature. Much depends on the size of the fees, the second executive said. "The impact could be pretty immense," they said.

Dimon wary of fintechs

Jamie Dimon, JPMorgan Chase's CEO and the most influential banker on Wall Street, has long taken a dim view of fintechs. During an analyst call in January 2021, Dimon said incumbent banks should be "scared sh**less" of the growing competition posed by fintechs. Dimon then said that he expected "very, very tough, brutal competition in the next 10 years" from fintechs.

"I expect to win, so help me God," Dimon said during the call. At the time, Dimon singled out Plaid—a widely used service that helps consumers quickly connect apps like Venmo to their bank account—saying there are "people who improperly use data that's been given to them, like Plaid."

Dimon, in his annual shareholder letter that was published in April, warned that a battle with third party aggregators was "brewing." JPMorgan Chase has no problem sharing customer data but only if it's done properly, Dimon said in the letter. Customers should authorize any sharing of their data, he said. They should also know what data is shared and when and how it is used. "Third parties want full access to banks' customer data so they can exploit it for their own purposes and profits," said Dimon, who thinks third parties should pay for accessing the banking system and payment rails.

He furthered this argument during JPMorgan's earnings call Tuesday. Customers have the right to share their information, but there should be a time limit on the data, he said. The data should not be remarketed or resold to third parties, he said. "And then the payment, it just costs a lot of money to set up the APIs and stuff like that to run the system protection. So, we just think it should be done and done right. And that's the main part. It's not like you can't do it," Dimon said.

Skeptics, however, doubt that protecting consumers is JPMorgan's prime concern when it comes to fintechs. Instead, they view charging fees for data as a way for large banks to build a moat around their products and services, making it hard for consumers to access competing services, according to the executives. "Banks have invested a lot of money to build their offerings. But fintechs have invested a lot of money to build their technology," a third exec said.

The fees will raise costs for consumers, limit their financial choices while jeopardizing innovation, a second executive said. "This will kill innovation and consumer choice," a fourth person said.

Aggregators like Plaid, Yodlee, Finicity, and MX will initially feel the brunt of these changes. Consumers rely on aggregators to share their data and connect their accounts with fintech apps. Plaid, for example, has 7,000 customers, including Robinhood, Citi, Rocket Mortgage, and Shopify. Banks and fintechs use Plaid's APIs to connect to more than 12,000 financial institutions, including JPMorgan Chase and PayPal.

In 2018, Plaid signed an agreement with JPMorgan allowing it access Chase's customer information through a secure API connection. Since then, JPMorgan Chase has never charged Plaid for its consumer data, one person familiar with the situation told *Fortune*. Plaid, however, does incur costs to manage the security, technology and compliance associated with maintaining the API integrations. JPMorgan also reviews and vets customers as they join Plaid's network, and it conducts routine security reviews, the person said.

In its contracts with aggregators, JPMorgan has always reserved the right to charge for the data, a second person familiar with the situation said. The bank also wants to encourage more responsible data access practices. Each month, JPMorgan typically receives 2 billion data calls—requests for access to customer data—from aggregators. But in 90% of these data pulls, the customer isn't actively seeking the data, the second person said.

About three weeks ago, in late June, JPMorgan informed all its aggregator customers who use its API that they would need to start paying. The first fees would start triggering at the end of August, the person said. Aggregators are expected to pass on the costs—whatever they are—to consumers.

Other banks are expected to follow JPMorgan's lead. PNC Financial Services, one of the nation's largest consumer banks, is also considering charging fintechs for accessing its customer data. "I applaud what JP did," said Bill Demchak, PNC's chairman and CEO, during an earnings call Wednesday.

"I think [JPMorgan is] exactly right. I think there's a big cost to keeping this data secure and producing it in a form that's readable for our clients. So we're, you know, we're thinking about it," said Demchak, who said PNC was "in discussions."

The status of other banks is not clear. Citi is one of the nation's biggest consumer banks. It has over 200 million customer accounts globally. As of June 2, Bank of America served 69 million U.S. consumer and small business clients. Wells Fargo is also a large consumer bank but doesn't disclose information on its accounts. Citi declined to comment, while BofA and Wells could not be reached for comment.

The end of "open banking"?

It is not coincidental that the change to JPMorgan's fees comes as the CFPB's open banking rule remains unresolved. The law was first initiated during President Trump's first term. It was finalized by the Consumer Financial Protection Bureau, or CFPB, in October, during the waning days of the Biden administration. The Open Banking rule, or Rule 1033, makes it easier for consumers to switch between financial service providers. It also requires banks to share the data with other lenders or financial services providers for free. On the same day that the agency issued the rule, two bank lobby groups, the Bank Policy Institute and the Kentucky Bankers Association, sued the CFPB, claiming the regulator overstepped its authority. (As of December 2024, Jamie Dimon was chairman of the Bank Policy Institute, according to a snapshot of the BPI site on Internet Archive's Wayback Machine. Rene Jones, CEO of M&T Bank, is currently listed as chairman of BPI.)

The CFPB is charged with protecting consumers in the financial marketplace. Now overseen by the Trump administration, the agency filed a motion for summary judgment in May, asking a Kentucky district court to vacate the open banking rule. The CFPB said the rule was "unlawful and should be set aside," according to a court filing.

JPMorgan Chase is exploiting regulatory uncertainty to levy a "punitive tax on competitive offerings," said Steve Boms, executive director of the Financial Data and Technology Association, or FDATA, a trade association that represents financial services companies. "This is a blatant effort to curtail innovation and undermine a stronger American financial system," Boms said in a statement.

This story has been clarified to say that JPMorgan has already informed the data aggregators that it would start charging fees for accessing its customers' bank account information.

Introducing the 2025 Fortune 500, the definitive ranking of the biggest companies in America. Explore this year's list.

About the Author

LUISA BELTRAN

Finance Reporter

Luisa Beltran is a finance reporter at *Fortune* where she covers private equity, Wall Street, and fintech M&A.

SEE FULL BIO >