

Amazon may be looking at creating its own checking accounts

Zlati Meyer and Elizabeth Weise, USA TODAY Published 10:44 a.m. ET March 5, 2018 | Updated 3:42 p.m. ET March 5, 2018



(Photo: Paul Sakuma, AP)

Love online shopping but don't have a bank account?

Amazon hopes it can fix the problem.

The e-tailing giant is in talks with banks to create a financial product akin to a checking account to serve its customers, according to the *Wall Street Journal* (<https://www.wsj.com/articles/are-you-ready-for-an-amazon-branded-checking-account-1520251200>). Doing so would give data-hungry Amazon access to new information about people's shopping habits and enable the company to cut fees it currently pays to banks and payments processors that handle credit and debit cards transactions.

The possible offering would probably less like an old-fashioned checkbook and more like a mobile wallet.

"It's not going to be paper-based," said David Robertson, publisher of The Nielsen Report, a newsletter on the payment industry.

Among the financial institutions vying for the partnership are JPMorgan Chase and Capital One Financial, the *Journal* reported (<https://www.wsj.com/articles/are-you-ready-for-an-amazon-branded-checking-account-1520251200>).

Matching deep knowledge of a customer with what they've bought in the past and their ability to pay is in some ways the Holy Grail of online marketing.

Ad

Easy access to your money



"You can then offer incentives for further spending, which is a huge competitive advantage," said Robertson. "Amazon knows that you bought a toaster and a pair of blue jeans and set of steak knives. The bank that issued the credit card only knows that you bought something at Amazon."

People without access to credit or credit cards are a huge target for Amazon, said Michael Pachter, managing director of equity research at Wedbush Securities.

"I think it's around one-third of the population in the U.S. and much bigger internationally — so if Amazon wants to access these customers, it's smart to facilitate payment," he said.

Though he said he "remains baffled" that Amazon doesn't accept PayPal.

Amazon could not be reached immediately for comment. Chase spokeswoman Trish Wexler and Capital One spokesman Sie Soheili declined to comment.

Both the Amazon Visa credit card and the Amazon Prime Visa card are offered through Chase.

Amazon also has ties to JP Morgan Chase in another way. CEO Jeff Bezos and JPMorgan Chase CEO Jamie Dimon, along with Berkshire CEO Warren Buffett, recently joined forces to work on a way to improve healthcare coverage in the U.S.

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That Amazon is looking beyond the traditional scope of its business is no surprise. The Seattle-based retail giant has ventured into prescription medications, organic food, package delivery, traditional stores, online video streaming and tablets.

The more of its ecosystem Amazon can control, the more it hopes it can push down its costs – which could help in its battle for customers with Walmart.

In the financial world, “everything is about shaving (cost) margins,” said Robertson.

Walmart tried to venture into banking in 2005 by applying for a banking license, but nixed those plans two years later.

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