



JPMorgan Chase & Co. Fundamental Business Research

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Abstract— JPMorgan Chase & Co. Fundamental Business Research provides a comprehensive analysis of the current situation of the company. All data which is accessible is shown in a simple way to navigate. The research contains introduction, mission and vision statements, external and internal audit, and strategies as well. In addition, detailed comparisons between JPMorgan Chase & Co. and its rivals are possible to be established thanks to the information provided in the study.

Insightful data on JPMorgan Chase & Co.'s management, markets, products, and more can be found in this study. This includes information about the company's current leaders as well as its physical locations, key clients, and objectives.

Index Terms—JPMorgan Chase, vision, mission, external audit, internal audit, strategies.

I. INTRODUCTION

JPMorgan Chase (JPM), whose roots traced to 1799, is a multinational investment bank headquartered in New York City, U.S. It is believed to be one of the world's oldest and largest financial services firm trusted by prominent corporate, institutional and government clients in more than 100 countries worldwide with over 240,000 employees (JPMorgan Chase & Co.: Our business, 2022). The business is divided into two broad segments: JP Morgan, which focuses on large enterprises, institutional investors and governments regarding business banking, digital capabilities, etc.; and Chase, which focuses on consumers and smaller firms regarding personal banking, credit cards, mortgages, etc. Although many external factors coming from its home country and the world, JPM has maintained its leadership position among financial institutions over its major competitors Goldman Sachs, HSBC Holdings and Citigroup (Top JPMorgan Chase competitors and alternatives | Craft.co, 2022).

JP Morgan Chase owns a wide range of products, which allows it to offer some of the best services to customers:

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- Asset Management
- Commercial Banking
- Institutional Asset Management
- Investment Banking
- Securities Services
- Wealth Management

It generated US\$119.54 billion in 2020 and is the world's second-largest bank by revenue, with a 9.2% market share. It has \$3.684 trillion in assets as of June 2021, making it the 4th largest bank as of total assets.

In terms of CSR activities, JPMorgan Chase will contribute \$1.75 billion to the global philanthropic capital by 2023 as its announcement in early 2018 (J.P. Morgan Vietnam: About Us, 2022).

II. VISION AND MISSION STATEMENT

A company's expected future is described in its vision statement; meanwhile, the mission statement defining strategies more clearly will guide the firm to achieve that future. Over two centuries, JPM's awards and recognition are what the firm has demonstrated itself to become a great environment to work, to develop and make investments for the future. This is thanks to the vision and mission statements which have given directions to JPMorgan Chase&Co. to grow as the top American multinational financial companies.

(JPMorgan Chase & Co Mission, Vision & values | Comparably, 2022)

Mission: "Our mission is to enable more people to contribute to and share in the rewards of a growing economy. We believe that reducing inequality and creating widely shared prosperity requires collaboration of business, government, nonprofit and other civic organizations, particularly in the cities and metropolitan regions that power economic growth."

Vision: "At JPMorgan Chase, we want to be the best financial services company in the world. Because of our great heritage and excellent platform, we believe this is within our reach."

III. EXTERNAL AUDIT

A. PESTLE Analysis

By using PESTEL Analysis, JP Morgan Chase can identify the primary external environmental drivers that affect company strategy and competitive landscape in order to achieve long-term growth goals.

P – Political

Political factors play an important role in the JPMorgan Chase's long-term profitability since the firm faces various changes in other countries' political contexts on the global stage.

A stable and welcoming business climate with predictable market growth trends is maintained by high political stability. However, if political unrest occurs, it results in the discouragement of investors and also the damage of stakeholders' faith in the economy; and consequently, organizational performance. JPMorgan Chase, who has currently operated in different nations, needs to consider their political tensions when conducting strategic planning.

The influence of pressure groups and social activists should be carefully defined by JPM since they have a significant influence on how policies are made. The JPMorgan Chase's capacity for community engagement and the accomplishment of long-term business objectives may increase thanks to its close cooperation with such groups. Additionally, a well-developed governance structure creates more opportunities for multinational corporations like JPM to grow in their countries.

E – Economic

That JPMorgan Chase can understand the economic climate clearly supports its estimation of the growth trajectory of the industry and business.

The financial market is efficient when there is no way to "beat" the market, meaning there are no assets that are undervalued or overvalued since all information is already integrated into prices. The financial market efficiency has a critical impact on JPM's strategies for global expansion because it helps improve the firm's liquidity position and strengthen ability to join new markets.

There are many other economic factors that affect JPMorgan Chase such as:

- GDP: High GDP indicates that consumers are able to spend more on offered products.
- Unemployment: The comparatively lower wage offered to surplus labor is resulted from high unemployment.
- Interest rates: High interest rates will promote investment capacity of the market.
- Currency rate: The local currency rate plays an essential role in the profitability and commerce of any financial corporations like JPM.

S – Social

When producing marketing messages and implementing strategies, JPMorgan Chase needs to consider social conventions, values and trends that shape the local culture, which can help it target customer segments and boost product attractiveness.

Societal norms and beliefs in different cultures influence consumer behavior. JPM should build local local teams and partnerships to adjust marketing tactics to distinct cultural contexts and observe socioeconomic class stratification.

Consumers, especially the Generation Z aged from 10 to

25 in 2022, nowadays are more likely to purchase online thanks to eCommerce, thus JPMorgan Chase must understand internet buying by examining many demographic factors at local areas to build marketing and communication strategies (Leonhardt, 2022).

T – Technological

Rapid technology innovation and distribution have enhanced the role of understanding technological factors in strategic decision-making, which supports JPMorgan Chase in the progress of improving operational efficiency and increasing profitability.

Social media marketing, which is a result of the development of information and communication technologies, is more popular in recent years. Technological advancements may initiate innovative social media marketing for online brand communities of JPM.

The development speed of technology is rapid such as the 5G's potential to improve user experience and access. These technological advancements can bring significant transformations to the industry. Specifically, in the financial field, JPMorgan Chase can increase its market share by considering markets where the maturity level of technology has not been very high.

E – Environmental

Distinct markets have different environmental standards and regulations, which require JPMorgan Chase to analyze undesired circumstances and implement suitable operational activities.

The growing pollution and technological innovation have pushed businesses to have efficient recycling and waste management strategies. JPM must obey environmental strict norms of countries by managing waste effectively in urban areas.

L – Legal

JPMorgan Chase cannot enter a new market without researching the legal and regulatory framework of the consumer market since those issues have a huge influence on competitive advantage and corporate image.

Many countries have strict laws of employee health and safety, which requires JPM to follow by providing a a secure work environment for the workforce. Anti-discrimination regulations like equal employment opportunity must also be carefully in order to attract and retain human resources.

Consumers' privacy and security concerns have made data protection a priority. JPMorgan Chase should study data protection standards to secure personal consumer data from leaking out. In addition, the company also needs to consider the laws of setting the maximum price, ensuring product quality and preventing fraudulent marketing promises from reaching consumers.

B. Porter's Five Forces Model

The Five Forces Model, developed by Harvard Business School professor Michael Porter, assesses five primary market dynamics as well as help companies identify their strengths and weaknesses to compete in the industry (The Investopedia Team, 2022).



Potential entry of new competitors

MBA Skool Team stated “Banking industry is relatively closed for newer players to enter, because of huge regulatory constraints” (2022). A new rival would face various challenges when entering the industry, including the large amount of cash needed, the time needed to build a strong brand name, and complicated government laws that apply to banking system. Moreover, JPMorgan Chase faces challenges from the expansion of existing financial institutions across geographies to become new entrants in such markets.

Potential development of substitute products

In the banking industry, the danger of alternative goods has grown because there have been financial services which are traditionally only available from banks provided by non-banking organizations. Apple Pay, which offers the service P2P payments (person to person payments) and many other convenient services, costs JPMorgan Chase and other larger banks revenue and make them reconsider existing customer journeys (Keen Financials, n.d.). However, certain core services such as corporate banking or asset management are still mainly provided by major banking companies as JPM.

Bargaining power of consumers

Individual consumers exhibit little bargaining power since one lost account has little to no influence on a company's bottom line. On the contrary, losing large accounts and revenue sources causes a negative influence on a bank's profitability, thus larger customer groups have more bargaining power.

JPMorgan addresses consumer bargaining power by offering appealing sign-up deals. It also tries to persuade current customers to create new accounts and sign up for more services, making it more challenging for them to switch institutions.

Bargaining power of suppliers

There are two main suppliers for a bank. First, depositors provide funds, and second, workers contribute labor. Individual depositors represent limited danger, as does consumer bargaining power. Corporate clients, HNWI's, and significant depositor groupings are a threat.

JPMorgan Chase tries to gain attraction of new customers and increase the amount of money existing depositors retain and use. Individual workers have little bargaining power unless they hold crucial responsibilities. JPMorgan Chase should provide a competitive salary and benefit package to retain talented employees.

Rivalry among competing firms

According to J.B. Maverick (2022), besides JPMorgan Chase in the “big four”, there are also Banks of America Corporation, Wells Fargo and Citigroup in the domestic banking industry as well as other major international

competitors like Goldman Sachs and HSBC Holdings.

The easy customer intention in switching banks from one to another, particularly in retail and commercial banking, only with a tap of their screens has increased the intense competition within the industry as a gap between customer expectation and the bank's service offering has risen (Capgemini, 2022).

JPMorgan Chase can handle industry rivalry by:

- Differentiating itself in the market based on expertise and distribution
- Giving better customer service from the analysis of huge-collected data resources
- Being on the leading in providing cutting-edge services

Table 1 – The External Factor Evaluation (EFE) Matrix.

Key External Factors	Weight	Rating	Weighted Score
Opportunities			
1 Smartphone suppliers may desire to make an agreement to boost the efficiency of internet banking payments on those devices	0.12	3	0.36
2 Layoffs of Goldman Sachs and Bank of America have been continued until the end of 2022	0.05	2	0.1
3 The needs for asset management and investment banking services of Asia, Latin America, Africa and Middle East markets increase	0.1	4	0.4
4 Consumers still prefer many in-person banking services such as financial advice or deposit cash	0.07	3	0.21
5 The number of customers choosing mobile banking and internet banking grows	0.07	4	0.28
6 The agreement with IBM and leading companies in relevant fields brings benefits	0.08	3	0.24
Threats			
8 The expansion of major competitors across geographies to become new entrants in markets	0.08	2	0.16
9 The development of substitute products like P2P payments offered by Apple Pay	0.07	2	0.14
10 The risk of key accounts and medium-sized accounts leaving	0.14	3	0.42
11 The significant influence of data privacy and cyber	0.08	3	0.24

	security issues			
12	The tension of Brexit fallout	0.06	3	0.18
13	The rising pressure on financial companies from technology giants	0.08	2	0.16
Total		1.00		2.58

JPMorgan Chase has dealt with external factors slightly above average with a score of 2.89. Based on the EFE Matrix, JPM needs to consider substitute products as well as the expansion of its competitors to new markets.

Table 2 – The Competitive Profile Matrix (CPM).

Critical Success Factors	Weight	JPM		Bank of America		Wells Fargo	
		Rating	Score	Rating	Score	Rating	Score
Branch Locations	0.13	3	0.39	1	0.13	4	0.52
Revenue	0.1	4	0.4	2	0.2	3	0.3
Workforce	0.12	4	0.48	2	0.24	2	0.24
Services Offered	0.15	4	0.6	4	0.6	4	0.6
Leverage	0.09	3	0.27	3	0.27	1	0.09
Stock Price Performance	0.12	2	0.24	3	0.36	2	0.24
Company Worth	0.09	4	0.36	2	0.18	3	0.27
Goodwill	0.09	1	0.09	1	0.09	3	0.27
ROE	0.11	3	0.33	4	0.44	1	0.11
Total	1.00		3.16		2.51		2.64

Based on the Competitive Profile Matrix (CPM), JPMorgan Chase has better performance than both competitors Bank of America and Wells Fargo, except a factor named Geographic Range Served, whose score is quite low, only 0.06.

IV. INTERNAL AUDIT

A. Valuable Resources

Developing a strategic plan from the resource-based view (RBV) requires the company to leverage major resources to create above-average returns (Hitt, Ireland, & Hoskisson, 2017). The RBV framework identifies and exploits available resources strategically to build a long-term competitive advantage for the firm, adding competitiveness and strategically aligning them.

Infrastructure is one of JPM's most essential tangible resources, including land, buildings, office supplies, and electricity, to ensure high performance and simplicity of operations. Additionally, all the equipment with the purpose of operation and production also plays an important role for JPM.

Intangible resources are believed to contribute to the success of JPMorgan Chase as it cannot easily be replicated by competitors such as following:

- Brand reputation: JPM has built its brand of providing

high quality services and gaining customer loyalty over decades.

- Patents and copyrights: JPM's operational activities and product enhancement are implemented with its patents and copyrights to protect itself from potential imitation.

B. Strengths and Weaknesses

Strengths

A company's strengths help it gain market share; therefore, JPMorgan Chase should assess how they might improve to grow its business.

- Wide existence: It has branches in over 100 countries and over 240,000 workers, helping it run and grow its operations.
- Stable standing in the market: It has an excellent reputation, a strong brand name, and a solid financial basis for entering new markets.
- High customer loyalty: It provides some of the best services in the market, strengthening the close relationship with customers in many years.
- Strategic CSR activities: JPM's commitment to its CSR strategies is recognized by the fact that it invested \$324.5 million in global charity and business ventures in 2019.

Weaknesses

- Strong reliance on the US market: Although JP Morgan Chase operates in over 100 countries, that it highly focuses on the large market in the US will be a disadvantage. If this market collapses, the effect on the business is extremely enormous.
- Technical failure: JPMorgan Chase had a technical difficulty in February 2018. Its online banking system had a security weakness that let some individuals access other users' accounts, affecting customers vented on social media. When technical problems develop in a major corporation, the customer's faith may be compromised.
- Insufficient management: There are management issues over JPM's operation, such as in 2002-2009, the UK Financial Services Authority (FSA) fined JP Morgan Chase \$33.32 million for failing to protect customer assets.

JP Morgan Chase expanded new footprint to the UK market by launching digital retail banking under the Chase brand in 2021 (JPMorgan Chase & Co., 2021). New clients were offered a 1% reward on debit-card purchases and roundups. The banking venture has also shown patience with the UK bank's performance, which will share the firm's strong reliance on the US market.

Table 3 – The Internal Factor Evaluation (IFE) Matrix

Key Internal Factors	Weight	Rating	Weighted Score	
Strengths				
1	Reliable suppliers	0.08	3	0.24
2	High customer loyalty	0.11	4	0.44
3	High efficiency in	0.06	2	0.12

	automated activities			
4	Wide existence	0.09	3	0.27
5	Stable standing in the market	0.12	4	0.48
6	Strategic CSR activities	0.07	3	0.21
Weaknesses				
8	Strong reliance on the US market	0.11	2	0.22
9	Technical failure	0.07	3	0.21
10	Insufficient management	0.08	3	0.24
11	High daily inventory	0.06	2	0.12
12	Gaps among the product range	0.07	1	0.07
13	Limited success outside core business	0.08	2	0.16
Total		1.00		2.75

JPMorgan Chase has addressed internal factors slightly above average with a score of 2.75. Based on the IFE Matrix, JPM should develop its strength of customer loyalty as well as keep its position to be stable in the market. Besides, the improvement of daily inventory operation is quite necessary for JPM to grow in the future.

V. STRATEGIES

According to JPMorgan Chase & Co., its long-term objectives are “delivering exceptional client service, acting with integrity and responsibility, and supporting the growth of our employees”. On the way to achieve those goals, in 2021, JPM entered agreement to acquire Nutmeg Saving and Investment Limited (Nutmeg) - a UK’s leading digital wealth manager, under the Chase brand (JPMorgan Chase & Co., n.d.). Sanoko Viswanathan, CEO of International Consumer at JPMorgan Chase said: “We are building Chase in the U.K. from scratch using the very latest technology and putting the customer’s experience at the heart of our offering, principles that Nutmeg shares with us. We look forward to positioning their award-winning products alongside our own and continuing to support their innovative work in retail wealth management.” This acquisition is a combination between a trusted bank and a seamless customer experience, which is believed to be a related diversification strategy of JPMorgan Chase.

VI. CONCLUSION

JPMorgan Chase & Co., which is a major financial corporation worldwide, has its own strategies to convert weaknesses to strengths as well as addressed internal factors more effectively than external ones along with the clear objectives to acquire higher achievement in the industry.

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