

JPMorgan Chase Introduces Digital Coin

By Madeleine Kerr, J.D. Candidate 2021 | November 21, 2019

Last week, JPMorgan Chase became the first major United States bank to introduce its own [digital token](#). The bank had already released a blockchain platform called Quorum that other institutions use to keep track of financial data. JPM Coin will operate differently than other popular cryptocurrencies like bitcoin and ethereum because it will be run by JPMorgan and backed by dollars in JPMorgan accounts. This contrasts with the wildly unregulated cryptocurrencies whose volatile values spike and fall depending on fluctuations in the market.

The reported advantage of the digital token is its speed. JPMorgan services major corporations and other banks who need to move large sums of money quickly and securely. Traditionally this would require a wire transfer that could take hours or even days, with transaction costs resulting from international transfers with changes in currency rates. In contrast, the digital token will be able to move instantly on the blockchain platform Quorum, and once transfers are completed the tokens can be converted back to dollars. JPMorgan moves more than \$6 trillion per day, so any technology that can make that a more [seamless](#) process is obviously welcomed by the bank and its clients.

Unlike other cryptocurrencies, JPMorgan's digital coins are not for public investment or individual use – they have been created strictly for institutional use. This has led some to [question](#) whether JPM Coin is a cryptocurrency at all. Cryptocurrencies generally operate on public networks whereas JPM Coin will simply mimic real currency and operate on an internal payment system. In many ways, the process is no different than the typical online banking that JPMorgan already does – the only difference appears to be the speed at which large sums can be transferred as outlined above. Some critics say calling JPM Coin a “cryptocurrency” is simply a marketing [ploy](#) for the bank's new platform that will attract business. It will be interesting to see if other traditional banks begin to test the waters with blockchain technology as well.

