

# Google's axing of Plex gives banks a reprieve and BaaS players reasons to worry

Article

**The news:** Google has shelved its planned Plex bank accounts, which it would have made available to Google Pay digital wallet users, per The Wall Street Journal.

Plex accounts would have included:

- Checking accounts and debit cards offered with partner financial institutions such as **Citigroup** and **BMO Harris**.
- The ability to sync with Google Pay.
- A digital dashboard displaying transactions.

Plex had amassed a waiting list of **about 400,000**, indicating respectable early demand for the service.

**More on this:** Google's decision was precipitated by upheaval on multiple fronts.

- **Caesar Sengupta**, who was **Plex's architect**, departed Google in April 2021—and **ecommerce operations head Bill Ready**, who assumed oversight of Plex, **was concerned that other banks would view it as a competitor**, the WSJ reported.
- Additionally, Sengupta **was among 40 Google Pay employees who recently left**, Insider [reported](#), citing frustration over Plex's progress and the performance of Google Pay's app, among other factors.
- **Delays hobbled Plex**, including the coronavirus pandemic, according to the WSJ, which noted that Plex missed multiple deadlines.

Despite the demise of Plex, Google signaled that **it's not fully retreating from banking**. A spokeswoman for the tech giant told the WSJ that its main focus will be on "delivering digital enablement for banks and other financial services providers, rather than us serving as the provider of these services."

Plex would have been useful to partner banks for different reasons, the WSJ notes:

- Citigroup would have benefited due to having a relatively small branch footprint for a US mega bank, at about seven times smaller than **JPMorgan Chase's**.
- Small partner banks could have taken advantage of Plex to catch up to big counterparts that can afford to roll out their own feature-laden mobile apps.

**The big takeaway:** Banking players' reaction to the end of Plex and Google considering retaining a supportive role in digital banking will vary according to how they viewed the accounts.

Banks will not be unhappy with Google's decision:

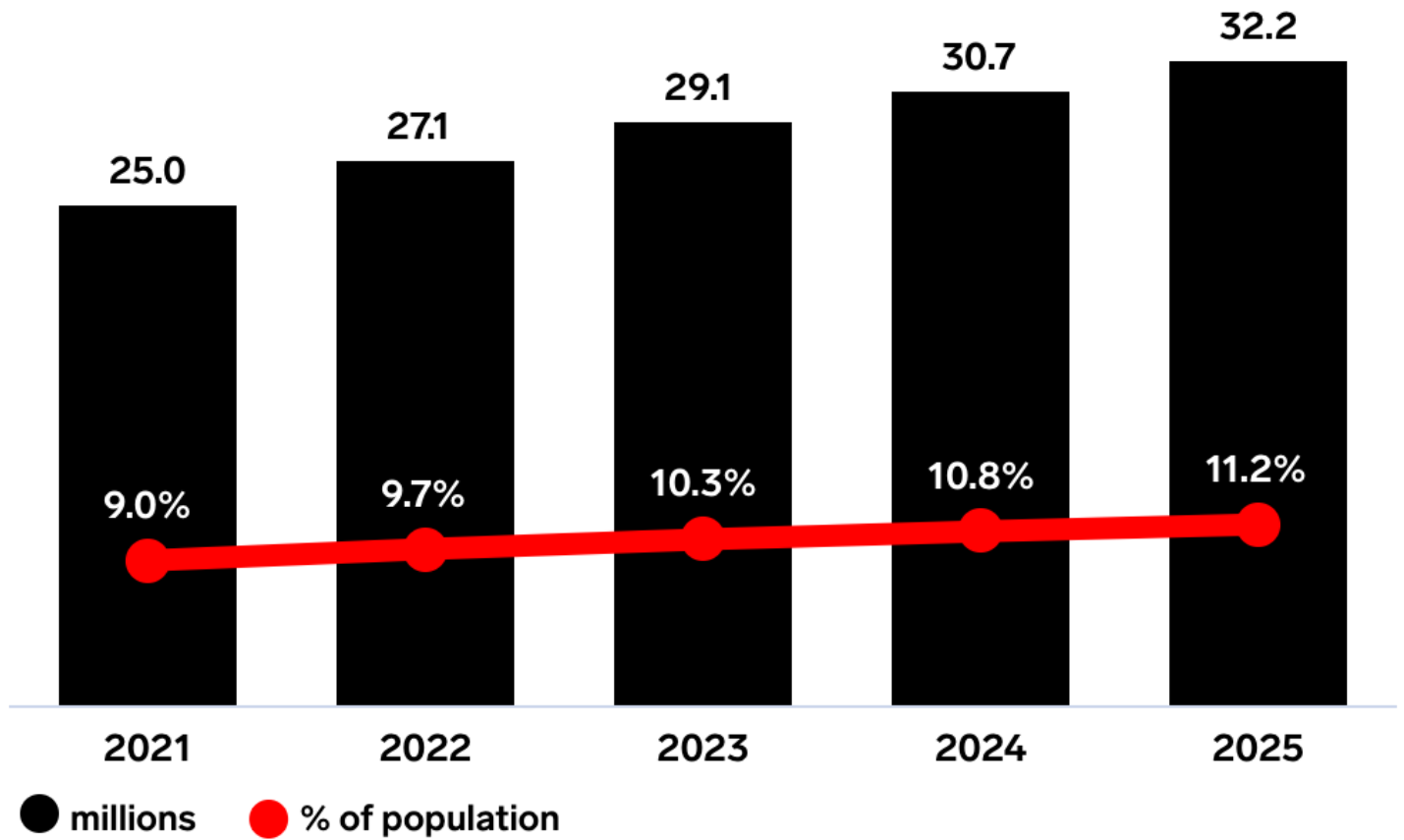
- Big incumbent banks like JPMorgan, **Bank of America**, and **Wells Fargo** won't have to compete with the tech giant's digital know-how and sizable user base for its digital wallet.
- Neobanks such as **Chime**, **Current**, and **Varo** won't have to confront a behemoth with the digital prowess to cut into their digital-only value propositions.

Banking as a service (BaaS) companies that offer front-end solutions have more reasons to be wary: The tech company may launch its own offering for their own small-bank customers.

- Potentially at-risk companies—they **include** US-based **Green Dot** and German provider **Fidor**—can head off a Google threat by researching what Plex's prospective partners most valued about the product.
- BaaS companies need to be proactive in gauging which features are in demand from smaller banks. Institutions that lack the resources to build their own top-tier digital customer experiences are more likely to be drawn to working with Google on front-end design.

# Google Pay Users and Penetration

US, 2021-2025



Source: eMarketer, March 2021

eMarketer | InsiderIntelligence.com