



## Google's Coming for Your Checking Account

### Description

Google is the latest tech company interested in gaining a deeper foothold in financial services. The **Alphabet** ([NASDAQ: GOOG](#)) ([NASDAQ: GOOGL](#)) subsidiary is expected to launch a checking account next year, partnering with **Citigroup** and Stanford Federal Credit Union.

There's a lot to gain for Google. Checking accounts can provide valuable insight into consumers, including their income, where they shop, and how much they spend. Google won't sell users' financial data, executive Caesar Sengupta told [The Wall Street Journal](#). Of course, Google doesn't sell data at all; it merely uses it to target advertisements. That said, Sengupta pointed out it doesn't use data from its mobile wallet Google Pay for advertising purposes.

Still, a deeper relationship for Google with people's finances provides several opportunities for the company, and it could help it compete with **Amazon** ([NASDAQ: AMZN](#)) and **Facebook** (NASDAQ: FB), both of which have increasing insights into how consumers are spending their money.

### Getting in consumers' wallets

One of the biggest advantages Amazon has over Google and Facebook is direct access to its users' shopping history. It extends that data mining with its credit card and by incentivizing Prime members to scan an app at Whole Foods. All that data allows Amazon to surface relevant product recommendations, craft promotional offers, and tailor services to get customers to spend more on its website. Amazon also has concrete measurement data to show advertisers, which is a key differentiator between it and Google or Facebook.

Facebook recently [updated its payments service](#) with a focus on increasing commerce across its various platforms. It explicitly said it will be using data for its advertising business.

Google might not be as aggressive with the data it gleans from consumers' new checking accounts. Sengupta said it plans to use access to people's wallets to bring value to consumers, banks, and merchants, with services that could include loyalty programs.

That could look similar to **Square**'s Boost cash-back program, something that's starting to become an [advertising product](#) instead of a customer acquisition tool. While Google might not use data from its checking product to target advertisements, it might use the data from users' other online activity with Google to target offers in the planned checking account. It could use consumers' spending behavior to measure effectiveness for merchants.

## Don't be so sure Google won't use data for online advertising

Sengupta's word choice is key when he said the company won't "sell" users' financial data. Pretty much every bank uses its consumer data for marketing. That may be something like sending targeted credit card offers or other financial services like life insurance.

Google is more than capable of emulating that kind of marketing and bringing it into the digital age. It has nine products with over a billion users, which means you probably interact with at least one Google product on a regular basis — perhaps daily. And customers signing up for a Google checking account product are much more likely to be fans of Google's other products. All this is to say, Google has a lot of access to its users to make the marketing efforts seen from traditional banks more effective.

While consumer financial data might not feed into the ads users see in Search or on YouTube, it wouldn't make sense for Google to invest in developing a new product without plans to leverage some of its biggest assets with its core competency: digital advertising.

Facebook is upfront about how it uses payment data. Amazon isn't trying to hide the fact that it collects and uses your shopping data, either. Google shouldn't be any different.

Consumers practically expect [tech companies](#) to harvest their data anyway. Even so, some 58% of respondents in a recent survey from McKinsey & Co. said they would trust financial products from Google. That's better than Facebook (31%), but not quite as good as Amazon (64%). Google would be doing itself and investors a disservice if it didn't use data from its banking product for advertisements.

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