

## FROM THE 2023 MILKEN GLOBAL CONFERENCE BLOOMBERG TV WITH ROBIN VINCE

**Romaine Bostick**, Bloomberg TV  
**Robin Vince**, President and CEO of BNY Mellon  
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**Romaine Bostick:** On a day where everybody, Robin, is talking about the stability of the banking system, Jamie Dimon over at J.P. Morgan said it's still very, very sound. Are you seeing that as well?

**Robin Vince:** Yeah, I agree with that. Look, we are the oldest bank in the United States. We've been around for 239 years, so we've seen a few ups and downs over the course of our history. But I think as we step back and look at what's happened over the course of the past couple of months, we clearly saw a lot of focus on a small number of banks. They've had some struggles from an asset liability management [perspective], and now I think we've seen a resolution of this particular chapter. And I think that's great.

**Romaine:** The big question, though, is what's the next chapter? What's ahead? What are you anticipating?

**Robin:** Well, look, we've got a lot going on in the world right now as we talk to our clients and reflect on the world. We've got the debt ceiling coming up in the U.S. That's an important focus. There's a lot of geopolitics in the world. That's an important focus. The Fed continues to do its work on inflation. That's another important focus. And then, as we navigate through all of that, what we are focused on as a company is helping our clients navigate that environment. And that's really what we are all about, helping them to make their way through that financial world.

**Romaine:** In the most recent earnings report, you talked about Bank of New York Mellon being that "port in the storm" for a lot of folks who were seeking out maybe a little bit more safety. Why do you think that they gravitated to you?

**Robin:** So, we've been around for a long time, and we have been this stabilizing force in markets. But it's also the nature of our business. We have a very high credit rating. We have a very stable balance sheet; we put a lot of effort into that. But for us, resilience is commercial. And that might be technological resilience, it might be how we run all of the platforms that we have in our ecosystem, but it's also about making sure that we are there for clients when they need us. And that's exactly what happened in March.

**Romaine:** But with a lot of the money flows coming in, deposit flows and money flows coming in, do you anticipate that that is sticky, that that's gonna stay? Or will people maybe rotate back out when they think that, indeed, that chapter of the banking crisis is over?

**Robin:** Well, look, there are a lot of things going on right now in money markets. So, you've got to remember that you've got the Fed on its hiking cycle. We've had 475 basis points so far, and market expectations probably for another clip of 25 basis points this week. And so, you have clients who are navigating that, thinking about how can they get the best yield for their money. So that might be a retail client thinking about optimizing; it's also true for institutional clients. But we touch, across our whole platform, we touch 20% of the world's investable assets at BNY Mellon. And in cash alone, we had \$281 billion worth of deposits at the period end, at the end of the first quarter. But we touch \$1.3 trillion worth of liquidity assets across money market funds, both our own and on our leading portal. So, we have an ecosystem around money, and we help our clients however they want to invest it.

**Romaine:** Then you should probably have a good read on economic conditions. Do you anticipate that we are headed toward a recession? And if so, when?

**Robin:** So, a lot of that is going to be path dependent on inflation. And so, as the Fed has said, data is everything in terms of observing what they're going to need to do in terms of their subsequent moves at their subsequent policy meetings. I think if we can have rates be able to stay here, and that does it for inflation, that would create one outcome. But we are really not in the predicting business. I'm not trying to call a top in rates. What we are trying to do is make sure that for our clients, they're prepared whether rates go higher or lower. We want to be prepared, come what may, because that's what being resilient really means.

**Romaine:** So, let me rephrase the question, because they're sort of looking at economic conditions from the client side and the business side, but also your own internal business here with staffing, of course, with your own costs. Are there additional cost cuts coming down the line, do you think, that may be necessary?

**Robin:** So, one of the things that we committed to our investors at the beginning of the year, when we started off, was that we were going to be a disciplined steward of expenses. We've had significant expense growth in the prior two years, and we made a commitment that we were going to slow that expense growth in a meaningful way. But we can also be an investor, and that's what we're doing. We're investing in real-time payments. We're investing in the future of wealth management with a new product called Pershing X. And so, it is absolutely possible to be a good, tight manager of one's business, but also be investing in the future. And that's what we're doing.

**Romaine:** I do want to talk about some of those future opportunities, particularly on the custody side. The big announcement last year, to sort of open up to crypto, digital assets. Another thing the clients basically said they'd want custodial services for. Things have changed a lot from last October when that announcement was made to where we are now. Are you still sticking by keeping that door open for digital assets?

**Robin:** You know, in short, the answer is yes. We think that there's some interesting underlying capabilities in the technology here. Blockchain and the ability to write smart contracts on tokenized assets, we think those could be interesting advances. It'll take years, maybe even decades to see that fully play out. But we have heard from our clients that they would like our help navigating that world. And as one of the most trusted institutions in the world – we cover 93% of Fortune 100 companies, 98% of the world's top 100 banks – they want a partner like BNY Mellon helping them along that journey. And we want to be there for them.

**Romaine:** Let's talk about the expansion of the wealth management business. How is that going? And more importantly, I feel like every bank out there right now is trying to beef up that side of the business. There has to be a lot of competition there.

**Robin:** So of course, wealth management is a very important space, and there is a lot of competition. We're lucky that we have two big ways of actually looking at that business. We have a large wealth manager ourselves, \$300 billion worth of wealth AUM, but we also have a large wealth management infrastructure business where we provide platforms to wealth manager clients who want to be able to run more efficiently. If you put those two things together, that's \$2.5 trillion worth of wealth assets on our wealth platforms. And we're investing in them to be able to do new things, and they've been growing. So last year, our Pershing business – which is our large wealth management infrastructure business – that grew by 5%, \$120 billion in net new assets. And that continued in the first quarter. It was up 6% in net new assets.

**Romaine:** Are potential clients, I mean, what are they asking you right now when they come to your doorstep, given the economic environment and all the other issues going on in the banking sector? What are they asking you most before they sort of make that commitment to you?

**Robin:** Well, one of the interesting things for us is that we have so many of the world's biggest institutions as clients already, and that, actually, they find that they do less with us than they could. And so, the breadth of our platform across all of the things that we do – that's what it means to touch 20% of the world's investable assets. We power the U.S. Treasury market. We are the world's largest custodian. We're the world's largest collateral manager. We do all of these different things, but historically, they haven't done them all with us. And so now we are really trying to open up our doors to make sure they can do more of those things with us. And that's very exciting for us.

**Romaine:** I do want to circle back, though, to the overall state of the banking sector. Maybe First Republic, [Silicon Valley Bank], Signature Bank just become that sort of small footnote in history. Not systemic, no contagion, but there is concern about how this has affected lending standards, the appetite to lend and, more importantly, just business activity overall for banks that are now looking at regulators, looking at the potential that there could be, I guess, much more of an umbrella over them when it comes to that regulatory environment?

**Robin:** So, look, we want, it's in all of our interests to have a safe and sound, trustworthy, reliable banking sector. That's important. It helps to power U.S. growth and U.S. [gross domestic product]. At the end of the day, it's to no one's benefit to have an unsafe, sector. And

one of the things that we've seen over the course of the past 15 years since the global financial crisis is more liquidity, more capital in the banking system. Safer banks, particularly the largest banks. We're a [global systemically important bank] in the United States. That really allows us to be able to help clients, come whatever comes in the economic environment. And so, I think that stability is something that accrues to all of our benefits.

**Romaine:** But is the liquidity there now? Not so much. Is the money there, but is it moving? Is there a willingness to move that money around?

**Robin:** Well, I think there's a high velocity of money, yeah. We have an Alta Report – which is one of our reports that leverages the breadth of our data assets and our touchpoints in the financial system – and we absolutely see people moving money around. And that's why, for us, having that breadth of ecosystem where a client might want to make a deposit, or maybe they want to put it in a money market fund, yeah. Maybe they want to put it in our Dreyfus money market fund. Maybe they want to put it in repo with the Fed; maybe they want to put it in repo with somebody else. It doesn't matter. We touch that at each point of the transaction, and we help them wherever they may go. And that's really our focus: helping our clients navigate because the world is a complex place.

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