

# FROM THE 2023 MILKEN GLOBAL CONFERENCE THE STATE OF THE GLOBAL FINANCIAL SYSTEM PART 2: GLOBAL MARKETS PANEL DISCUSSION

**Robin Vince**, President and CEO of BNY Mellon  
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**Stephanie Flanders:** So, Robin Vince, I was going to ask you: I mean, you had reminded me that along with all the other things that BNY Mellon is big in, you're the world's biggest custodian. So coming out of these bank failures in the United States, are you seeing broader concerns? What's the response been from your clients?

**Robin Vince:** So one of the things that Jane touched on I think is very important, which is the nature of the way that money is just integral to the operating of client accounts. We don't think of the world in sort of insured and uninsured. That's a retail construct. And I understand why the shorthand exists, but we really think about operating required deposits. And so, ultimately, what's sticky is what matters in terms of the deposit franchise. And, you know, two-thirds of our deposits as the world's largest custodian, as a company that touches 20% of all investable assets in the world, are operational, because they are very key to ultimately how our clients need to prosecute their business. So, whether it's a payment or whether it's they're accruing money to make a coupon or other things that are just inextricably linked with the prosecution of their business, because we're a platforms business as a company, and many of the other large banks in the United States are as well. And so having invested in the resilience – we view, by the way, resilience to be a commercial attribute, and I think we've seen that borne out over the course of the past couple of months: that resilience really does matter. It could be technological resilience around one's platforms, it could be resilience of one's balance sheet. But those have really become commercial attributes, and our clients see the power of that. And I think we've seen, with the with the strength of the U.S. banking system, I think we've really seen that borne out.

**Robin Vince:** Just sort of picking up on the point that Karen was just mentioning, I was with a large German CEO just last week talking about some of these exact issues. And as we went around the world looking at where they wanted to put their investment dollars to work, the U.S. just stands out as the best marginal opportunity for a whole bunch of reasons. And so we've talked about some of the struggles here as well. Obviously we've got to get through the debt ceiling and that's a very, very important topic. And we talked about it being a very important tale, but we spent all of 30 seconds talking about it. But that is important that we get through that. We've talked about the downsides of inflation, but some of those same issues that Karen

was just talking about, those are, in fact, magnets for people to be coming and investing here in the U.S. We've got the deepest capital market in the world. We've got this huge economy. We've got energy independence, certainly for the transition, and that is an incredibly attractive thing. And notwithstanding all of the political ups and downs that we may have in the U.S. on a relative basis compared to some of the other choices, that if you were a European manufacturing CEO right now, whether you want to make the investment in your net marginal plant, do you want to diversify elsewhere into Europe where you still have the same critical energy dependency challenge that you'd have if you were in your home base in Europe? Or do you want to go further, further east with some of the various different geopolitical challenges that that might entail? Or do you want to come to the deepest capital market in the world with a with a very vibrant labor force that actually wants to get on and to drive forward? And I think there's a lot of calculus that we see from our clients as they evaluate the U.S. We have the world's largest depository receipts franchise, and so, that is an issuer services capability where we help companies to list in foreign markets. And we see that draw of the U.S. capital markets from those clients.

**Robin Vince:** We touch 20% of the world's assets across our various different platforms. And so we certainly have a good visibility into some of the flows that are going on at the moment. You know, I think we've covered a lot of the different topics on this panel in terms of what's going on. You know, I talked a little bit about the flow into the U.S., which we actually see, and others have talked about the flow into some of the other countries. I think one of the lessons that we draw from all of this is that having big global platforms, certainly as a U.S.-based institution, is incredibly powerful as an advantage. You know, we started off the conversation talking about some of the banking stresses in the U.S., but one of the things that we've seen is that U.S. banks are well positioned across the globe to be able to actually, whether it's the import or the export that needs to be done across capital markets flows that we really are extremely well positioned given all of the investments that have occurred into the U.S. banking system over the course of the past 15 years since the global financial crisis. And as a result, we see U.S. banks having these tremendous capabilities, whether it's some banks in the M&A space, whether it's in a case like us in the payments space, in creating the ability to move capital around the world, helping clients, whatever it is that they may happen to be, that's how we really think of ourselves. And we don't describe ourselves as a technology company, but we are a platforms company, and those big global platforms are going to be a competitive advantage irrespective of whether the world is a little bit more regional or global.

**Robin Vince:** Just to build on that point for a second, we surveyed our data. We have a report that we call the Alta Report, which looks across the \$47 trillion worth of data that we touch across all platforms. And if you just take one example of foundations and endowments, I mean, their commitment to the private markets has been over 60% over the course of the past couple of years. It's ticked down very slightly in the current situation, but that's a very high concentration of some of the longest dated investor. Going back to Rishi's point earlier on, the duration of your liabilities matters a lot when you're making asset selections. So they've got very, very long term viewpoints so they can afford to be some of the most concentrated investors in the world. But that's a very, very high percentage when you actually think about a commitment to private markets.

**Robin Vince:** I think we should always be a little bit cautious about this point of predicting the top. And, you know, that's an incredibly legitimate question, but I think that's what's gotten some market participants into trouble, because they have tried to call the top. And so, you know, when I joined the capital markets, Fed funds were 6.5% seemed pretty normal at the time. There are probably people in this audience who've seen numbers much higher than that. And so, we should all, and I mean, we being the capital markets, all participants, whether they be governments, whether they be private funds, whether they be banks, everybody has to prepare for the eventuality that, hey, maybe we did have a have a significant economic contraction. Rates have to go down a lot, or maybe not – and inflation's sticky, maybe it does have to go up higher than just the one more rate rise. And I think being in the preparedness business and being able to withstand all of those outcomes is an incredibly important lesson that we should have all learned over the course of the past few months, whether it was what would happen in the UK last year, whether it's what happened in the events of March. But we should all be in the preparedness business.

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