Sara Eisen, CNBC Squawk on the Street
Robin Vince, President and CEO of BNY Mellon
Carl Quintanilla, CNBC Squawk on the Street
June 2023

Sara Eisen: Our next guest runs a bank that touches more than one-fifth of the world's investable assets. Nearly $50 trillion in assets under custody, and $2 trillion under management. Joining us now in a CNBC exclusive is Bank of New York Mellon President and CEO Robin Vince, he's going to be ringing the bell in honor of Founder's Day. It's good to have you, Robin. Welcome.

Robin Vince: It's great to be here with you, Sara and Carl.

Sara Eisen: So what are you seeing in the flows? Do they back up the kind of action we've seen in stocks lately?

Robin Vince: Well, look as we sit here with the touchpoints that you described: America's oldest bank on our Founder's Day, by the way, 239 years old today.

Sara Eisen: So it's today, Alexander Hamilton...

Robin Vince: Literally our birthday today: founded by Alexander Hamilton, first stock ever listed on the New York Stock Exchange. So there's a little bit of a homecoming here for us right now as well. But look, I was in Europe two or three weeks ago and one of the things that I was really struck by when I was talking to CEOs in the region was just how interested they are at investing in the United States. When you think about some of the challenges that they've had in Europe in terms of energy security there and the attractiveness of the labor pool, the energy independence here, the vibrancy of our economy it's very attractive to them. And so as we kind of look through what's happening and look to the what happens down the road with U.S. Economy, I think there's reason to be optimistic.

Sara Eisen: So you see actually pent-up demand from foreign investors, because all we hear about is Japan - that's the shiny new object for foreign investors, and India, a little bit, Mexico, not so much U.S.

Robin Vince: Well, when you look at the fundamentals of what the U.S. offers, it has a lot of the ingredients, and foreign investors see that as attractive. And we've seen that with some of the listings that have been coming in. We are a large issuer services provider as a company. So we have that direct dialogue with companies who are thinking about and weighing the decision about where is it that they're going to actually make the investment. And then innovation: the U.S. is such an important part of the innovation story. And so although 40% of our revenues come from outside of the U.S., because we are a global firm, we are seeing a lot of innovations here. For us, for instance, as an example, just this
week we launched our new wealth management infrastructure platform called Wove which is helping across our $2.3 trillion of wealth assets that we have on our platform. Helping those advisors be more efficient and be able to really manage their relationships with clients and spend more time doing what it is that they want to do.

Sara Eisen: Is there [artificial intelligence] in it?

Robin Vince: There absolutely is AI in it. What next best idea? And that's important. You know, for us, AI is another aspect of innovation, and an opportunity to give machine leverage so that advisors in this particular case have kind of a copilot helping them along the way so they get to spend time doing what they want to do, focused on their clients. So we are focused on helping them to be more productive.

Carl Quintanilla: Your points about Europe are interesting, because for a while, it was U.S. desks that were saying "overweight Europe" because they were avoiding all these worst-case scenarios. I mean, is it a kind of mutual admiration society, or what?

Robin Vince: So I think there's a difference in terms of people who are looking right at the present, who are trying to trade the next tick in the market, there's a sort of group of people who are focused on that. But we're not really in the predicting business; we're in the preparing business, and helping our clients to prepare business. So we try to look through to what's coming, what are the evolutions and trends in the market, and how can we help our clients navigate those types of environments, Carl. And so for us, that's where the product innovation comes from. Again, just coming back to innovation, another good example in the United States, real-time payments, which is an important evolution of the payment system and we are helping to take that and turn it into things. So today, we've got MoCaFi with us. MoCaFi is a provider of services, a last-mile provider, that helps to bridge the gap on underbanked and unbanked in the United States. But coupled with our payments platform and all of the touch that we have, we can help them to go do, go about their business, more effectively.

Carl Quintanilla: Would you argue that clients are interested in taking on more risk or not? Because when we talk about the consumer, it's sort of framed in this preparing for a softer second half, let's say.

Robin Vince: Well, look, preparation, we are in the preparation business. That's an important aspect, and we'd encourage, of course, all of our clients to get ready and be resilient to different things. If there's one lesson that we've learned from markets over the course of the past three months, it's that you really do have to be resilient, and being resilient is a commercial attribute. We've been focused on that for a while. And now it's not just economic resilience and technological resilience, but balance sheet resilience as well, if you're a bank.

Sara Eisen: I go back to our interview early April at Milken. It was the morning of the First Republic deal and you said, we're putting this chapter of bank failures behind us, which turned out to be a pretty good call, because we haven't really seen any failures. But you have a good viewpoint into the banking system. What sort of stresses are there still, if any, and what do you expect as far as credit contraction?

Robin Vince: Well, one of the things that we learned from the great financial crisis 15 years ago is that more capital and more liquidity in the system make a difference. And that matters as one of the GSIBs [global systemically important banks] in the U.S - so the most resilient and most systemically important group of firms in the U.S. in the banking sector - that resilience is something that's really come from all of the investment in balance sheet, capital, liquidity, and I think we'll see that ripple through a little bit more to the rest of the industry. But that matters, because being prepared for the fact that I don't know if rates are going to stay at 5% or if they're going to go to 6%, but you have to be prepared for the fact
that it could happen. And that's really what we think managing a balance sheet and being prepared in business is all about.

Sara Eisen: So what happens if the Fed goes to 6%? What happens to the banking system and the economy?

Robin Vince: Well, it's going to continue to put a premium on good asset liability management. But look, when I joined the money markets, you know, 25 plus years ago, rates were at 6.5%. This is not unprecedented territory. Sure, we've had 5% rate rises over 14 months, it has been very quick. We haven't seen that for over 40 years. But it's not like it can't be the case. And so even though we wouldn't call that as the outcome, absolutely I'd recommend that people be prepared for it because you never know and inflation is an important thing that has to get tackled and the Fed's doing exactly that.

Sara Eisen: Do you think they should keep raising rates? Because at to your point, they have to tackle inflation. But on the other side, you know, the stresses in the banking system, the lagged impact, people are worried about what happens if they keep going.

Robin Vince: Well look, that's the debate that they're going to have on Tuesday and Wednesday, right? Are they going to skip? Are they going to pause? Are they going to carry on? But ultimately navigating through this, that's what we got. That's what we, that's what they are doing, and we'll need them to tackle that job number one, which is make sure inflation doesn't continue to be a real issue.

Sara Eisen: Robin, good to get your perspective. Thank you.

Robin Vince: Always good to be here.

Sara Eisen: Thank you. Happy Founder's Day to you and Alexander Hamilton.

Robin Vince: Thank you very much.


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