

Chase CEO tours Zip Code Wilmington, meets employees, and has lunch at Stitch House

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JPMorgan Chase CEO Jamie Dimon visited Wilmington today (Aug. 5) to tour Zip Code Wilmington ; have lunch at the Stitch House Brewery, whose \$400,000 financing support from True Access Capital includes a \$50,000 grant from a Chase-funded community revitalization fund; and meet with many of Chase's 11,000 employees in Delaware "" many of them either working for the bank's huge credit-card operation or in new technology center on Concord Pike. And over the next few months and years, the bank will be adding more than 50 employees at 10-12 branches it's planning to open.



Jamie Dimon
JPMorgan Chase CEO

Dimon has been CEO since December 31, 2005, becoming chairman a year later. He joined JPMorgan Chase in July 2004 following the bank's merger with Bank One Corporation, where he had been chairman and CEO for four years. Chase's Delaware credit-card operation has its roots at First USA.

Dimon took some time to talk to DBT Editor Peter Osborne prior to his arrival in Wilmington. He touched on a number of topics, including the changing education paths for the people JPMorgan Chase is hiring, the bank's growth in Delaware, and the threat of cyber security, which made the news on July 29 when Capital One disclosed that a lone hacker had managed to steal the personal information of more than 100 million customers who had applied for credit cards between 2005 and early 2019. Dimon addressed the threat in his 2019 Letter to Shareholders in April when he wrote, "the threat of cyber security may very well be the biggest threat to the U.S. financial system. The financial system is interconnected, and adversaries are smart and relentless "" so we must continue to be vigilant."

This interview has been edited for length and clarity.

Can you reflect a bit on supporting workforce-development programs like Zip Code Wilmington and Year Up here in Delaware and elsewhere?

Zip Code Wilmington is great because JPMorgan Chase alone has hired 135 of the 300 kids they've graduated. I think that's wonderful for all 300 kids, not just the ones we hired but the others who go on to great jobs too. We're also very excited about expanding our reach outside from one branch to five, and we're going to 12 or so in Delaware. As we grow, we add people to the full force of JPMorgan Chase — small business lending, middle market lending, Low to Moderate Income, more philanthropy, more work skills investments.

Are you okay with the idea that a lot of the people you're hiring are not college graduates?

Absolutely. 77% of the U.S. roles we posted in 2018 did not require bachelor's degree. I think this whole notion (about the importance) of college has to be changed. I think the notion should be that in

your life you can graduate high school, get (certifications), go to community college, or colleges with a (career goal), and you can start that career and change course later on. These folks can have great careers at JPMorgan and never go to college, they can change their mind and go back to college. But the fact is you want them to do what's good for them, right? They may want to move to a different part of the world, they may want to get out of what they're currently in. Maybe not technology or customer service, which is all fine. The goal is to get kids in the workforce, with good paying jobs at good companies where they learn a lot and can advance in life.

Your Delaware operation, as you noted, has grown while other Delaware banks have pulled back or stayed flat. What's different for Chase in Delaware?

We've grown by 60% in Delaware since 2010. There's a lot of good technology education that takes place in Delaware, and it's also a very business-friendly state. We have found Delaware is a great place to build up parts of our company. I can only speak for our bank, but we're not shrinking.

What keeps you awake at night?

Three things and one is not whether we will have a recession or not. Because I know that will come. And we'll be prepared to navigate it.

One is nuclear proliferation. If you asked, "What is the number one risk to mankind," that's it, and proliferation makes the chance of something going wrong really bad.

Second would be on cyber, which is new. With cyberattacks, people want to hurt companies. It's not just getting the money; it's a really sustained attack (by people) who want to take down a communication system or water grid or a bank or something. That can be really damaging to economy in ways we've never been through before. There are somewhat unprotected parts of our infrastructure, and of course they all relate. When you have exchanges and phone companies and data networks, you've got to be careful if something goes wrong in there. We're all working at that, everyone's giving it the full effort.

The third is just bad public policy. We've just seen decades of declining ability to come up with good public policy that works, or just somebody would have a good intent that doesn't work right. It's across the full spectrum of things from infrastructure to taxation to inner city school education, immigration. The biggest one is the work skills stuff in general.

In the rush to digital, how will Chase differentiate itself?

I wouldn't use the word differentiate. You've got to give the customers what they want, how they want it, and when they want it ""and that's true of all companies. We've already turned most of our banking stuff into digital. If you want to open an account online, you can do it in four minutes. If you want to get data, you can do it.

Then we're adding stuff all the time. Take our You Invest product: If you're a good Chase customer, you can buy and sell stock for free. We're now offering self-directed investing using data to make retirement planning easier. We have a Credit Journey tool where anyone "" not just Chase card holders — can go on, click a button, and get your free FICO score. We'll also try to educate you by telling you how you can improve it. The goal is moving you half onto the digital so that the customers get it how and when they want it, and then offer more stuff to them. We want to make them happier and integrate it the right

way. As (our Co-President and Chief Operating Officer) Gordon Smith always says, “Keep it simple.” You can’t have these very complex screens for digital, you have to keep it simple. We’ve already done a lot, and there’s a lot more coming.

Your 2019 Letter to Shareholders took a more cautious tone toward the economy and to the challenges that investors face than your letters from previous years. In the four to five months since you wrote that letter, have your views changed at all?

The U.S. economy is still doing quite well. Consumer confidence, wages ... particularly in the low end, which is great — unemployment, household formation continues to go up, mortgages are more affordable. That’s all really good. But on the business side, mostly because of trade, we’ve seen reduction in business confidence and probably in capital expenditures when you think investments overseas, supply lines, etc. If that business side damages the consumer side, that’s not so good. There are a lot of things you have to keep your eye on that could disrupt an economy. It may not be like prior recessions, but there could be a confluence of events that we don’t anticipate.

Where is your future competition coming from?

Great question. One of the things you really never want to do is become complacent. Some companies tend to (think) they’re doing well, but no, you have competitors coming from everywhere. We have to compete with all the banks and fintechs you already know about. They’re investing, they’re growing, and they’re digitizing their services if they weren’t before. They have good products and services — that’s competition.

Then there’s the other set, the ones you don’t necessarily know about. It could be a Chinese fintech, or some American business that you wouldn’t know about today. You have to be prepared for all of them. That’s a good thing. Competition’s a good thing, innovation’s a good thing. For JPMorgan Chase, we have to stay on our toes, be very responsive to the customers, and learn from what other people do. When customers complain, it helps us get better. We can say, “Okay, that’s something we can fix.” That’s a permanent state of affairs in today’s world; it’s faster than it’s ever been before because technology’s faster than before.

What’s your message going to be to your Delaware employees, and what’s the best question you’ve ever gotten?

We do tons of employee stuff all around the world, and I take all their questions. Any question, all their comments, any complaints they have. I ask them some questions. They’re going to want to know about the world, China, trade, policy. It’s kind of an open conversation but it also gives you a chance at the end to thank them for what they do. They’re the ones who do great stuff in technology, who build the products and services, serve the customers, come up with the ideas, help their communities, so I thank them. I was just going through (what the credit card team is doing). I’m in awe every day at the wonderful things they do, and I’ll tell them how proud they all make me.

The best question I’ve ever gotten? They run the gamut. But any question is allowed. We don’t screen questions. Some people complain about a policy you have, or what we’re doing overseas, and every now and then they have a good product idea. They say, “Do you realize this is what we’re doing?” I say, “No, but it’s now on the list and we’re going to figure it out.” We talk about what books people read, how you learn, how you get ahead ... Someone asked me a question the other day, I’ve just never been

asked it. You name it, they've asked it. We have fun doing it. (Editor's note: Dimon was asked if he ever hits the snooze button when his alarm goes off in the morning. Dimon chuckled and said no because that just prolongs the torture, adding that he rarely sleeps).

What role does your healthcare joint venture play in your plans for Chase customer retention and acquisition?

It just started. We've got among the best in the world in healthcare in terms of doctors, pharma, hospitals, surgery innovation. But we have some serious issues. It's twice the cost of most other economies, 40 million people are uninsured, the fraud and administration of costs is too high. Information's not properly shared, we have too much obesity in this country. I think we should be teaching health, nutrition, and wellness in K-12, so people are aware of what to eat, how to exercise, how you take of yourself,

The original purpose of this venture was to do a better job at what we are already doing, which is taking care of our own employees. What can we do better to make them happier and healthier, more satisfied, and hope we reduce the costs? That's what it's for. If we have great ideas, we're going to share it with the world. If we have a great idea how we can help our customers, we're going to do that too. But it wasn't intended for that.

During the crisis, when banks lost trust with their customers and the media, you seemed to navigate those waters much better than your peers. What do you credit to maintaining that positive brand, even in the worst of times?

A lot of other banks did well too; it wasn't just JPMorgan. We never really needed TARP (the Troubled Asset Relief Program). We had plenty of money and capital; we were always very conservative going into the crisis. We focused on taking care of customers in the crisis and rolling over loans. This is never spoken about but (all of us) were out renewing loans at the same price, even though the market price had literally tripled. (All of us were) keeping our customers afloat and not earning the profit we could have earned. Here at Chase, we just focused on serving customers and obviously protecting the company. I know some of the anger at banks is justified, but my view is just do the best you can. In every interaction, explain yourself. Be honest with the public — whether it's your shareholder or customer who is angry, and just keep doing that. Do the best job you can.