Senate Committee on Banking, Housing, and Urban Affairs

Written Statement of Jamie Dimon

Chairman and Chief Executive Officer

JPMorgan Chase & Co.

December 6, 2023

Chairman Brown, Ranking Member Scott and members of the Committee, I appreciate the opportunity to talk about JPMorgan Chase and the role of America's largest banks as guardians of the financial system, and indispensable to American competitiveness.

The United States has the best financial system in the world, encompassing retail banks, investment banks, asset managers, investors, hedge funds, pension plans and non-bank financial service providers. Consumers and small businesses are served by a uniquely American tapestry of thousands of banks and credit unions of all sizes covering all corners of our country. It is protected and enhanced by the rule of law (including banking regulations), transparency regarding governance and accounting, and complete and free access to global investors.

We must also acknowledge that in our American financial system – and the world's markets – there are some things that **can only be done by large, complex banks** – things that are **essential to a thriving U.S. economy and American competitiveness**. Large banks on this panel serve America's interests overseas and serve America's multinational corporations around the world. Large banks meet the funding needs of other financial institutions such as mortgage finance companies, insurance companies and community banks. Large banks provide critical financing to every sector of the U.S. economy, fueling job creation and new business development. Large American banks support the deepest and most liquid capital markets in the world. We underwrite initial public offerings, corporate bonds and municipal bonds, which provide federal, state and local governments financing for roads and bridges, schools, libraries and other public works projects.

In good times, large banks help America save, invest and grow. America's large banks underwrite stocks and bonds to create investments for retirees and other savers, and raise money for companies, institutions and governments. We collectively make up a liquid, transparent marketplace where these stocks and bonds trade easily and efficiently. JPMorgan Chase has extended $1.7 trillion in credit to consumers and corporations in 2023, moves over $10 trillion in 120 currencies across 160 countries daily and safeguards more than $29 trillion in assets.

In troubled times, large banks support orderly capital markets to protect Americans. As demonstrated recently during the spring 2023 regional bank turmoil – and previously during COVID – large banks stepped in to provide market liquidity and support trading, which protected consumers, retirement savers and employers. During COVID, we also saw America's large banks provide significant support throughout the COVID pandemic, extending tens of billions of dollars of credit and capital to struggling large and small businesses, local governments, universities and hospitals – at a time when they needed it the most. Banks waived hundreds of millions in fees and postponed debt repayments for consumers struggling to make ends meet.

THE WORK WE DO MATTERS AND HAS IMPACT

JPMorgan Chase helps people and institutions finance and achieve their aspirations, lifting up individuals, homeowners, small businesses, larger corporations, schools, hospitals, cities and countries in all regions of the world. We are the bank to corporations large and small, institutions and governments. We serve the global needs of multinational American companies, overseas and at home. We help unlock opportunities, uplift dreams, and help people and organizations around the world build for the future.

To give you a sense of JPMorgan Chase's relevance in the global markets and the role we play throughout the economy, here are a few stats:

- We've extended credit and raised more than **$1.7 trillion for corporations, governments and consumers** this year, including **$27 billion of credit to American small businesses** and **$700 billion for U.S. companies** through the capital markets.
- We've provided **$4 billion to hospitals and the healthcare sector**; **$3 billion to schools and educational institutions**; and **$17 billion** for state and local governments.
- For much of our history, we've also been known as the Bank to banks. This year alone, we've helped **raise $140 billion for financial institutions**. That support complements the extraordinary support you saw from us when we stepped in this past spring and took multiple steps to support the banking system.
- We will handle **over 42 billion client orders** in 2023 and help investors buy and sell more than **$11 trillion** in over **12,000 stocks.**
- We move **approximately $10 trillion dollars** in 120 currencies, across 160 countries each day for American businesses and global companies.
- As one of the world's largest custodian banks, we **safekeep more than $29 trillion in client assets** for asset managers, pension funds and insurance companies, much of which goes to personal investments and retirement accounts.
- In the United States, **we serve over 81 million U.S. consumers and 6.3 million small businesses**. Our **more than 4,800 branches in 48 states and Washington, DC**, cover about 60% of the U.S. population (within a 10-minute drive).

WE MUST STRIVE TO MAINTAIN THE BEST FINANCIAL SYSTEM IN THE WORLD

Sound regulations are critical to maintaining a healthy and strong financial system that can help our economy grow, help businesses of all sizes grow and create jobs, and help Americans achieve their dreams. Our regulators have an immense responsibility to develop these regulations with care, precision and thoughtful analytic rigor, with a focus on stated objections – what do we need the regulation to achieve; what negative consequences should we try to avoid; and how will this regulation work with existing and other proposed rules.

I am concerned with a number of proposed rules issued over the last year that appear to be lacking the sort of thoughtful economic analysis required for success. Here are a few of the most prominent examples that I believe could cause serious harm to the American economy – including historically-underserved communities – if they are not rethought.

The proposed Basel III Endgame Rule will harm everyday Americans.

Strong and resilient banks that can support the American economy through prosperous and challenging times are key to American growth and competitiveness, and the importance of sound bank regulation cannot be overstated. Since the 2008 Financial Crisis, the largest banks (GSIBs) have dramatically increased both the quality and quantity of capital – nearly tripling Common Equity Tier 1 capital to an astounding $900 billion (which is about 7x the average combined projected losses of GSIBs through government stress tests). There have also been substantial improvements in resiliency through improved liquidity – from roughly $500 billion to nearly $3 trillion[1].

We all can inherently appreciate the importance of ensuring systemically important banks have enough capital and liquidity on hand to ensure resiliency through a crisis. In fact, several leaders from the Federal Reserve and other policymakers in Washington over the last few years have declared – following both government-run stress tests and "real-life" stress events – that our nation's largest banks are strong and resilient. But more is not "more" in this case. Ironically, a proposal to mitigate risk will create even more risk in the financial system.

Despite zero evidence that large U.S. banks are undercapitalized today, the proposed Basel III Endgame rule, if enacted, would unjustifiably and unnecessarily increase capital requirements by 20-25% for the largest banks. Banks would be limited in their ability to deploy capital in the times we're most needed, and the rule will have a harmful ripple effect on the economy, markets, businesses of all sizes and American households.

This rule will make services so uneconomical, you will likely see two outcomes: many banks will simply stop offering certain products and services, and those that do will have to charge more for them just to make it worth the service.

Policymakers should be concerned with a resulting ***shift away from regulated entities*** to less-regulated and less-transparent markets and institutions. The ***activity will be out of sight of regulators***, unable to see the next brewing crisis. And unlike large banks who value broader, holistic client relationships – willing to work through distressed situations – private market players are more likely to act transactionally as counterparties, not partners, during those events.

When new restrictions on leveraged lending were placed on large banks following the financial crisis, large banks pulled back from extending credit in this space, and non-banks stepped in. Since 2012, the private credit market has tripled to become a roughly $1.5 trillion market, and nearly all of the largest providers in this space are not banks. And it is not just the amount of lending being done by private market participants, but the size as well – in just the last few years, we have seen at least 50 loans of $1 billion or more go to the private markets, versus what would have historically been done by large banks. As this lending activity moves away from regulated markets, the likelihood increases that risks go unseen.

These are not threats. These are economic facts.

If enacted as drafted, this proposal will fundamentally alter the U.S. economy in ways that **the Federal Reserve has not studied or contemplated:**

- **Mortgages and small business loans will be more expensive.** Mortgages for consumers – including first-time homebuyers and historically-underserved, low- to moderate-income borrowers with smaller downpayments – will face higher interest rates, or will have a tougher time accessing a mortgage. This will occur because the cost

[1] Financial Services Forum, September 14, 2023

of originating and holding these loans is higher, but also because the cost of securitizing them will rise for banks, non-banks and government agencies. This activity has already largely shifted to non-banks, out of sight from the regulators. This rule would further push these remaining bank borrowers into less-regulated non-banks. The same can be said for small business loans, which will become more expensive and less accessible.

- **Saving for retirement or college will be harder**. Asset managers, money market funds and pension funds all buy, sell and safekeep securities and other financial instruments for American investors. Under the proposed rules, the costs of banking products they use on behalf of their clients each day – including brokerage, advisory, clearing and custody services – will go up and feed through to customers. That will lead to lower returns on retirement accounts, college funds and other long-term savings.
- **Consumer prices will rise**. When a beverage company needs to hedge their currency or aluminum costs, and those costs are higher, consumers will likely pay more for their can of soda, as all costs pass through to the price of goods. Similarly, the tools companies use to manage risk and keep prices low and stable for consumers will become more expensive. That translates to higher prices when Americans go to the grocery store, fly to visit family and friends, or purchase any manufactured or retail good.
- **Government infrastructure projects and corporate development will become more expensive**. Federal, state and local governments, as well as corporations and other institutions, rely on large banks for access to U.S. capital markets to fund development. By the Agencies' own estimates, the proposal would more than double capital requirements for capital markets activities, which will translate into higher costs for companies and governments who use their access to the capital markets to hire Americans workers, invest in research and development and help build hospitals, roads and bridges, including the planned infrastructure projects from the Inflation Reduction Act.

The lack of economic analysis for consumer regulations is alarming.

We also have seen a number of proposals in the retail space that appear to lack the rigorous economic analysis required to understand the impact of these rules on the real economy. In fact, I am concerned with the collective impact of all of these regulatory and legislative proposals that will touch the consumer – such as caps on late fees, cuts to debit interchange fees, mandated routing of credit transactions on cheaper networks and the Basel III Endgame, to name a few. I urge lawmakers take the time to understand what these collectively would do to consumers, small businesses and the economy should they all become policy.

A few examples:

Reg II / Debit Interchange Fee Caps: The Federal Reserve is poised to repeat mistakes made 12 years ago, following implementation of the Durbin Amendment, which cut debit interchange fees roughly in half. Megastores reaped the benefits while consumers lost. Without the full support of debit interchange, "free checking" largely vanished across the industry as consumers with checking accounts faced higher fees and minimum balance requirements. Debit rewards programs virtually disappeared. Congress told consumers that these savings would be passed on from merchants through lower prices. That isn't what happened. An analysis by the Federal Reserve Bank of Richmond found **most merchants (77%) did not adjust prices at all, and 22% actually raised them**.[2]

[2] Federal Reserve Bank of Richmond Economic Quarterly, "The Impact of the Durbin Amendment on Merchants: A Survey Study," Zu Wang, Scarlett Schwartz, and Neil Mitchell, Third Quarter 2014.

Nonetheless, the Federal Reserve has a new proposal – backed by megaretailers who profited from the first version – to further slash these fees. Despite evidence of harm from the original rule, the Federal Reserve performed no new economic impact analysis to determine possible harm to consumers or to the economy. Instead, it proposes to set debit interchange at only the average cost of a "swipe," ignoring the other banking product services today's banking customers enjoy and expect:

- **Easy access to cash, at no extra cost**: Chase customers access their cash through their debit cards and can do so with no fees at more than 15,000 Chase ATMs and over 4,700 Chase branches.
- **Access to digital wallets**: Customers can load their debit card into popular mobile wallets and use their phones to pay or use mobile-enabled ATMs to access cash.
- **Mobile and online banking**: Customers love our online banking and mobile app, where they can schedule automated payments for bills, lock and unlock their debit card if lost or stolen, request a replacement card, and set up alerts that help them monitor transactions and keep their money safe.
- **Access to free financial tools:** Customers have free access to their credit score, access to their credit report and personalized plans to help improve their credit health, free budgeting and spending tools, and free auto savings tools.
- **Fraud protection and security:** Our experts monitor accounts 24/7 to prevent fraud on their debit card and alert customers when we notice suspicious activity so we can help resolve any issues in real time.
- **Zero liability**: Our zero liability protection gives customers peace of mind, knowing they won't be on the hook for unauthorized transactions when reported promptly. We also have cybersecurity and fraud experts working around the clock to prevent fraud from happening – and alert our customers in real time when we suspect a problem.
- **First-class customer service**: Chase customers can seek service in our branches in 48 states and the District of Columbia through the phone, online, and through social media servicing.

When government micromanages one aspect of revenue on a product, it fundamentally changes our ability to deliver the value customers have come to expect from that product. The revenue delivered by a bank account is primarily from two sources – debit interchange fees and customer account fees. By limiting debit interchange, banks will be forced to either increase consumer fees or limit what components can be included for "free," ***making banking accounts more expensive, once again***.

Low- to moderate-income banking customers stand to lose the most. Of significant concern is the devastating impact this proposed rule will have on lower income and underbanked customers. These consumers have historically relied on expensive alternatives to meet their payment needs – prepaid cards, money orders and check cashing services, which lack protections and account for $10 billion in fees paid annually[3].

In recent years, the number of unbanked consumers has dropped – a very positive development. Millions of these customers across the industry have opened "Bank On" certified accounts – the low-cost, no-minimum balance, no-overdraft accounts specifically designed for the unique needs of lower-income and historically-underbanked consumers.

[3] Financial Health Network Spend Report 2023

Debit interchange is the largest contributor to the revenue that supports Bank On accounts, which have a higher cost to serve, driven by higher fraud rates, account charge offs and servicing costs – but lower revenue streams. Without a sustainable source of revenue, **fewer banks will offer these accounts, and the ones that do will need to increase monthly maintenance fees or scale back services – or both.** Lawmakers should be concerned that this could result in a shift back into these exorbitantly priced alternative financial options for the unbanked.

- <u>CFPB Late Fee Proposal</u>: Using untested and unsubstantiated assumptions about the impact of late fees on consumers' propensity to pay on time, as well as credit card market dynamics, the CFPB has put forward a proposal that will ultimately harm all cardholders – whether they pay late, on time or carry a balance. Here is one example, which the CFPB acknowledges. The CFPB admits that more cardholders are likely to pay late when doing so costs only $8 – that's in addition to extra finance charges due to larger revolving balances. Paradoxically, there will be more late fees paid and more consumers paying them. The CFPB did not adequately consider these impacts, which will of course harm cardholders' perceived creditworthiness and ultimately raise their cost of credit. Late-paying consumers will have more difficulty obtaining credit cards, cars and homes at a reasonable cost – if at all – in the future.

  The CFPB also acknowledges that its proposal may increase rates for <u>all</u> customers. Said differently, the CFPB rule would make cards more expensive and harder to obtain for all consumers, hitting those who otherwise would pay on time but have lower credit scores especially hard.

The debate should not always be about ***more or less*** regulation but about what ***mix of regulations will keep America's banking system the best in the world***. I urge lawmakers and regulators to be thoughtful about the effect of arbitrary and unstudied regulatory proposals and their cumulative impact on access to affordable credit and traditional banking products, capital markets and market liquidity, and the economy overall.

Good regulations, and good regulators, are critical to maintaining our banking system. Our nation should give thanks to Chairman Powell and Secretary Yellen for their tremendous work through some complicated economic times. They should be commended for their leadership in developing and implementing complex sanctions against Russia following its invasion of Ukraine. And they worked tirelessly during the regional banking turmoil this spring – entirely focused on bringing stability to protect the economy and its people.

ABOUT JPMORGAN CHASE

For more than two centuries, JPMorgan Chase has worked to help our customers, employees and communities turn their aspirations into realities. For our customers and clients, our work is impactful in good times – and is particularly important through challenging times. To that end, it is imperative that we run a healthy, vibrant and responsible company, so that we can make dreams possible for everyone, everywhere, every day.

JPMorgan Chase is a global financial services firm based in the United States, with more than 308,000 employees in 65 countries worldwide (180,000 U.S. employees in 49 states and the District of Columbia) and $3.8 trillion in assets (as of September 30, 2023). The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, we serve millions of customers, predominantly in the U.S., and many of the world's most prominent corporate, institutional and government clients. We underwrite IPOs and provide federal, state and local governments financing for schools, bridges, hospitals, universities and transit. We move nearly $10 trillion in payments every day. We finance

Americans' dreams with loans for homes, autos and starting or growing a small business. We provide critical financing to nearly every sector, providing trillions each year in new and renewed credit and capital to large and small businesses, including in manufacturing, service, real estate, energy, transportation, non-profits and the government.

With assets under management of $2.8 trillion (as of September 30, 2023) J.P. Morgan is also a leader in investment management, serving institutions, retail investors and high net worth individuals in every major market throughout the world. We offer global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity.

More information about our company, including any financial information requested, can be found in our 2023 Third Quarter Earnings, our 2023 Annual Proxy Statement and in previous annual filings.

We serve American consumers.

Last year, nearly 40 million customers walked into our more than 4,800 branches in 48 states and Washington, DC, where employees who specialize in banking, savings and investments, small business and mortgages serve our customers. This puts a Chase branch within a 10-minute drive for 60% of Americans. Twenty-four percent of our branches are in low- to moderate-income neighborhoods today. Among these include our "Community Center Branches," which help us build stronger ties to those communities, including with local nonprofit organizations. Being part of the community fabric gives us an excellent opportunity to provide banking services and financial education to those who might not otherwise have access – one account, one loan, one customer at a time. We have plans to hire additional Community Managers and host more financial health workshops and community events to reach more people across the country.

Our customers also deeply value our digital and mobile services. **Every day, we have about 20 million active users**, logging in an average of two times a day. Our digital assistant has about 1.2 million engaged customers each month and effectively responds to ~75% of their inquiries.

We serve customers over the phone from our modern and efficient call centers, where we **receive an average of 32 million calls each month**. Most are resolved through automated prompts, which allows us to focus our workforce more intensely on the remaining 10 million calls each month that require more specialized customer service. We are proud to say that our **customers get through to a human in 38 seconds on average** – with nine out of ten of those calls answered in under two minutes. Each servicing group has an escalation unit of highly experienced employees. We have a dedicated fraud and dispute call center, which receives about 3.5 million callers per month. These employees investigate all claims made by our customers based on the information they provide and other data available to us.

We recently launched new "virtual call centers," creating work-from-home new jobs in parts of our communities where talent exists, but jobs may not. Since piloting this program in Detroit in 2022, we've extended employment opportunities to more than 115 Detroiters and have launched our second virtual call center in Baltimore, where we've hired 40 local residents. Internal data shows that these virtual call centers receive some of the highest customer satisfaction scores. We're learning from this pilot and will look for opportunities to expand it.

We are the top bank for small businesses.

Chase is the **top primary bank for small business owners in the U.S**.[4] We serve more than six million small businesses across our banking and credit card products, helping clients safely store and move their money, process payments, access credit to expand and grow, pay their employees and manage their daily cash flows. With **more than 15,500 specially-trained bankers across 48 states and the District of Columbia** – a number that will grow by 1,000 by 2025 – we work with small business owners through our branches and at the businesses themselves.

In 2020, we began a free small business mentoring program to provide advice and counsel to business owners in historically-underserved communities on everything from boosting creditworthiness to managing cash flow to effective marketing. We have since mentored more than 6,000 business owners, working with them hand-in-hand at every business stage. We have now expanded this one-on-one coaching through 51 trained senior business consultants in 21 U.S. cities.

Recognizing that access to capital remains one of the biggest challenges for business owners, we continue to invest in expanding access to business credit for all customers, including businesses in historically-underserved areas and through products, programming and coaching at every stage of growth. Additionally, in 2022, we launched a Special Purpose Credit Program ("SPCP") for small businesses in historically-underserved areas. Since the program's launch, we have helped more than 10,000 small businesses responsibly access credit or access it on more favorable terms.

We serve America's Heartland.

JPMorgan is a top lender in every rural state through our commercial and investment bank, serving medium and large companies, financing exports, local governments, hospitals, universities and more. We are active with lending and investments to rural areas and small towns across America to support local farms, agribusiness and manufacturing facilities and to open and expand local grocery stores, healthcare facilities and schools. In 2022, JPMorgan Chase provided over **$94.6 billion in credit and capital to over 3,300 clients located in rural and small-town communities**.

Specific to farming and agriculture businesses, as of December 2022, JPMorgan Chase:

- Supported nearly 600 farming and agriculture small business customers with over $30 million in loan balances.
- Supported over 700 food manufacturing small business customers with over $130 million in loan balances.
- Provided $33.4 billion in credit and capital to over 300 farming, agriculture and food manufacturing clients in the U.S.
- Raised $4.2 billion in capital for the Federal Farm Credit Banks funding corporation via debt issuance in which JPMorgan Chase took part.

Since 2017, we have opened branches in 25 new states, many of which had large rural populations, including Idaho, Alabama, Wyoming, Montana, North Dakota and South Dakota. Today, 300 branches across our network are in rural areas and small towns, but we know our reach extends far beyond that – more than one-third of Americans living in these communities are within 12 miles of a Chase branch. We remain focused on how to extend our impact in rural areas and small towns, including continuing to build new branches in the medium term, and further extending our coverage of rural Americans within a 12-mile drive.

[4] Barlow Research 2023

JPMorgan Chase is also one of the most prominent banks for community banks and other smaller financial institutions. By the end of 2022, JPMorgan Chase banked over 160 Community Banks and Institutions located in rural and small-town communities with 3,700 branches.

We provide excellent jobs – and careers – for Americans.

JPMorgan Chase employs over 180,000 Americans with competitive compensation and excellent benefits. For our entry-level employees – often a first job or first step on a career ladder – we pay a good living wage with full benefits, paid time off and with meaningful career growth opportunities. In the last six years, we have more than doubled our average minimum pay with steady increases for entry-level employees. We’ve increased starting pay to at least $20 to $25 per hour, depending on location, with a starting benefits package worth more than $15,000 a year. Employees who started at JPMorgan Chase before 2017 with a salary of less than $40,000 and are still at the company have experienced an average increase of 75%.

We’re proud of our track record of building careers, and not just a point-in-time job. For example, within our Consumer Banking business – our business that oversees our branches – nearly 90% of our most senior leaders have been with the Firm for over 10 years, many of whom started with Chase in an entry-level role.

We serve entire communities with the full force of JPMorgan Chase.

When JPMorgan Chase does business in a community, we do more than just open branches – we grow communities. We lend to small, midsized and big businesses; we hire, pay well and provide great benefits; and we finance hospitals, schools, grocery stores, homes, automobiles and governments.

A closer look at JPMorgan Chase in Ohio is illustrative of the kind of community impact we have, repeated throughout America.

How JPMorgan Chase is investing in Ohio's future

When JPMorgan Chase does business in a community, we work with government and community leaders to help drive sustainable impact. We provide local expertise and support through our branches; we lend to small, midsized and big businesses; we hire and provide market-competitive compensation and benefits; and we finance hospitals, schools, grocery stores, homes, automobiles and governments. For more than 200 years, this approach has enabled us to make an impact on local economies, families and neighborhoods while also supporting them in good and challenging times.

Ohio is home to JPMorgan Chase's largest office worldwide and is one of the state's largest private employers. We are proud to be a second chance employer, to pay twice the federal minimum wage to our entry-level employees, and to provide our more than 20,000 Ohioan employees with best-in-class training and education.

Since 1812, we've been helping to make opportunity happen in Ohio, creating jobs and growing the local economy—and we're just getting started.

Our support to investment and middle market banking clients:

~$140B IN CREDIT AND CAPITAL provided for local clients, such as retail and industrial businesses, for nearly five years.

4,900+ LARGE AND MIDSIZED CLIENTS in Ohio, including doctors' and dentist offices, hotels, restaurants and beauty salons.

Our support to government, higher education, healthcare and nonprofit organizations:

$11B+ IN CREDIT AND CAPITAL in total provided to more than 80 government, higher education, healthcare and nonprofit clients throughout the state over the last five years.

We have been working steadily to grow our footprint across the state by establishing credit and commercial card relationships with vital institutions, such as The Ohio State University.

Our support to local financial firms:

~$20B IN CREDIT AND CAPITAL provided over the last five years for financial institutions, such as local banks, insurance companies, asset managers and securities firms.

We bank 26 of Ohio's regional, midsized and community banks, helping them serve local communities.

Our philanthropic contributions:

$44M+ in philanthropic support provided since 2019.

Our support to consumer banking needs:

225+ BRANCHES OPERATED across the state, along with over 530 ATMs.

2M+ CUSTOMERS supported with mortgages, auto loans and savings, checking and credit card accounts, enabling local customers to gain access to resources such as free financial health services.

In 2023, we've supported more than 2 million checking and savings accounts including certificates of deposits (CDs), more than $46 billion in customer deposits and more than $23 billion in investment and annuity assets for clients—giving us the fifth largest consumer banking market share in the state.

Our support to small businesses:

This year alone, we've helped more than 5,000 small businesses through capital and networks.

We offered more than 100,000 hours of advice and support to small businesses.

Our support as a local employer:

We employ more than 20,000 residents throughout the state, including veterans and more than 500 people with criminal backgrounds who deserve a second chance.

$95,000 AVERAGE SALARY IN OHIO not including benefits. Our lowest starting wage is $41,600 (plus a comprehensive annual benefits package worth more than $15,000), compared with the per capita income of nearly $38,000.

OTHER TOPICS OF INTEREST TO THE COMMITTEE

We provide access to affordable products and services.

Unbanked and underbanked customers meet their banking and payment needs in several ways – but not all methods are created equal. These consumers may use alternative financial services like check cashers, payday lenders and bill pay services that charge high fees and lack protections. Some use non-bank fintechs or online banks that help customers hold and move money but offer little protection and limited customer service to help with things like fraud and scams.

We are very proud of Secure Banking, our low-cost, Bank On certified account (referenced earlier in this testimony) that was designed for the specific needs of lower-income consumers who have unique financial needs dictated by lower incomes and inconsistent cashflows. Secure Banking's features such as no minimum balance requirements, a low "all-inclusive" fee, no overdraft services or fees, unlimited no-fee cashier's checks and money orders and faster access to their cash via early direct deposit so they can pay their bills on time, are designed to meet the unique needs of these consumers.

Bank On-certified accounts like Secure have shown positive momentum in creating access for customers across the industry. Worth repeating from earlier – lawmakers should be concerned with the sustainability of these critically important types of products, which have higher costs to serve and lower revenues, creating very narrow profit margins. Costs to serve these customers are driven by higher fraud, higher account charge off and higher servicing costs. It is critical that these Bank On products maintain standalone profitability for long-term sustainability to ensure continued industry growth in access for underbanked customers. Any regulations that reduce the viability of these accounts will certainly drive these customers back into alternative financial services as banks either increase fees or discontinue the products altogether.

Our efforts are increasing affordable rental housing and homeownership.

We continue our efforts to help increase homeownership and expand affordable rental housing and, in doing so, help to stabilize and revitalize communities across the country. We're enhancing our products and programs to expand access to credit and participating in policy reform to drive more inclusive growth.

- **Affordable Rental Housing:** In 2022, we financed $12 billion to create or incentivize the preservation of more than 95,000 affordable units to help thousands of families access stable housing. In addition to financing new affordable developments, the preservation program offers multifamily owners a pricing incentive to maintain rental units in their buildings at an affordable level to combat declining supply.
- **Helping homebuyers achieve sustainable homeownership**: We expanded our $5,000 homebuyer grant program, which is a Special Purpose Credit Program now available in 15,000 communities nationwide. This grant is stackable with state and local housing finance assistance programs, bringing potential borrowers one step closer to homeownership. Other grants include a $2,000 Chase VA Purchase Closing Cost Benefit for service members, veterans and members of the National Guard or Reserves, and a $2,500 grant available on eligible properties located within select low-to-moderate-income census tracts.
- **Philanthropic Capital**: Since 2021, as part of our commitment to improve housing affordability and stability for underserved households, we have deployed more than $224 million in low-cost loans, equity investments and grants to 153 organizations across the U.S. to help close the housing affordability gap. This work has helped

preserve or create more than 12,500 housing units, serve more than 46,000 households and leverage an additional $680 million in capital.

- **Appraiser Diversity**: We committed $3 million to the Appraiser Diversity Initiative aimed at attracting diverse new entrants into the residential appraisal field, helping them overcome barriers to entry and providing support for professional success. Thus far, we have awarded 488 scholarships, and 112 professionals have completed the program and are now looking for supervisors in places like: Birmingham, AL, Wilmington, DE, Greeneville, SC, Paris, TX, Beaumont, TX and Charles Town, WV.

Affordable housing is a national challenge requiring collaboration among businesses, government and communities. To encourage greater participation by financial institutions in increasing affordable homeownership, the Federal Housing Administration must move forward with reform efforts to both rationalize and modernize its rules around originating and servicing loans to be able to serve the needs of consumers most in need of these products. Regulators should also advance reforms to increase mortgage market liquidity and improve access that better serves low-income customers. To increase the supply of affordable housing, we encourage the government to preserve and expand the low-income housing tax credit program, promote secondary market liquidity for high quality manufactured housing, create incentives to preserve and rehabilitate older housing stock, and reduce permitting burdens and overly burdensome zoning restrictions – all of which suppress supply and increase costs.

We support our military, veterans and their families.

Established in 2011, JPMorgan Chase's Military & Veterans Affairs provides programs and initiatives that are aimed at positioning military members, veterans and their families for long-term success. Our always-on approach focuses on attracting and developing diverse veteran and military spouse talent, supporting veteran- and military spouse-owned businesses and entrepreneurs, improving the financial health of veterans and military families, and supporting the military community through philanthropic efforts.

Since 2011, we have hired more than 18,000 veterans (and currently employs more than 3,000 military spouses); facilitated more than 900,000 veteran and military spouse hires through the Veteran Jobs Mission[5] (a coalition of more than 300 companies, co-founded by JPMorgan Chase); awarded more than 1,080 mortgage-free homes to military families through the Firm's Military Home Awards Program; and helped over 73,000 participants enroll in Onward to Opportunity, a free career training program of the D'Aniello Institute for Veterans and Military Families, which was co-founded and is supported by JPMorgan Chase and Syracuse University. Learn more at our website.

We also have made meaningful philanthropic investments that support veterans' workforce initiatives:

- **NPower**: JPMorgan Chase invested in the workforce development organization NPower, which provides digital skills training and job placement services to veterans. NPower will prepare local veterans with the skills they need for in-demand technology jobs – such as cybersecurity and coding – where most will experience a 70 to 200 percent increase in salary. The investment is a $2.3 million, two-year commitment to NPower to provide technology-focused job training in California, New Jersey and Dallas-Fort Worth.
- **Blue Star Families**: JPMorgan Chase supports a variety of programs for this organization, including, most recently, the DEPLOY Fellowship program with a $250,000 philanthropic grant, as well as internship opportunities through the Military and Veterans Affairs team. The DEPLOY Fellowship program is a

[5] Veteran Jobs Mission website

fellowship for military connected people of color that trains them as leaders to better provide representation for military families of color throughout the field.

The government should do more to support banks in preventing fraud and scams.

The digitization of cash has been an indisputably positive evolution of payments – it's more secure than paper currency, more profitable for merchants, and safer and more convenient for consumers. And when banks are behind this payments innovation, it's safer, cheaper and better for everyone. But not all payment methods were created equally when it comes to security and customer protections.

With exceedingly low fraud rates, Zelle is the safest way to pay another person. Unauthorized transactions reported to us promptly are reimbursed. Only one-tenth of one percent of transactions are disputed, a percentage that is dropping despite increasing volume on the platform. Some of the other major platforms, like PayPal and CashApp, experience 3-6 times the number of disputes. And – it's free for Chase banking customers.

Criminals have fully embraced technology, social media networks, and even AI, to scale their efforts to steal money from consumers, businesses and governments. Each year, we proactively identify nation-state and cybercriminal threats to protect the Firm and its suppliers, while also stopping more than $14 billion in fraud attempts. In 2022, Chase reimbursed nearly $18 million in Zelle transactions our customers did not authorize.

In addition to working to prevent fraud (or unauthorized transactions, as defined by law), we also invest significantly in helping our customers avoid falling victim to "scams." This is a heartbreaking, centuries-old form of crime preying upon people of all ages and backgrounds – and frequently the most vulnerable Americans – stealing their money through cash, checks, wire transfers, cryptocurrencies, gift cards and person-to-person payment platforms. At Chase, we have taken steps that have helped customers avoid scams when sending money through Zelle:

- In our app and website, we include multiple warnings that customers see before making a Zelle transaction, warning them of common scams to help them pause before making a transaction to someone they don't know.
- Our financial crimes experts work to identify patterns and other markers where fraud and scams are more likely to occur, and we work to flag those transactions as suspicious for the customer.
- Our machine learning risk models flag hundreds of thousands of transactions each year to fraud experts who manually review them and contact customers to educate them about scams and confirm that they want to proceed with a high-risk transaction.
- Through our "Know Your Customer" account opening processes and other risk mitigation measures, we prevent hundreds of thousands of fraudulent accounts from being opened.
- When scams (or fraud) are identified, Zelle's participant institutions report the bad activity to the network for banks to place restrictions on the accounts of the bad actors.
- Our risk rules trigger dynamic transaction limits for higher-risk transactions and prevent misleading emails from being used to receive Zelle payments.
- Chase has significantly invested in education campaigns – in paid media, social media and customer communications – to raise awareness of these crimes. We have also worked with groups like AARP to develop targeted education programs for its members on the topic.

Unfortunately, criminals will always find new ways to prey on vulnerable customers. It is unreasonable and unrealistic to expect banks alone to prevent people from falling victim to these crimes. **The government must do more – including law enforcement – to prevent, identify and prosecute these criminals** rather than merely suggest that banks subsidize (and perversely incentivize) this criminality. We need our government to invest in national education to raise the American consciousness on these crimes. It should also provide law enforcement with more resources – including a formalized public-private partnership between financial institutions, government and law enforcement – to better support law enforcement's ability to investigate and stop these crimes and bring justice for their victims.

We protect our customers' privacy – and give them control over what data to share.

Just as our customers trust us to protect their money, they also trust us to protect their personal information. Building the best products and services relies on our collection, use and sharing of all manner of personal information and financial data every day, and we have processes to manage that data in accordance with the laws, rules and regulations. But legal compliance is just the foundation – our multi-faceted approach to addressing privacy and data protection risks includes maintaining and evolving our internal controls, establishing policies covering all stages of the data lifecycle and deploying appropriate technology. Our internal policy on personal information applies globally to our legal entities, as well as third parties that handle personal information on our behalf.

We provide a wealth of information to our customers about privacy and security. In addition to traditional privacy notices, we often publish related materials, such as frequently asked questions and tips for keeping personal financial information safe and how s to set their privacy preferences. We have a wide range of technological, administrative, organizational and physical security measures designed to safeguard the confidentiality, integrity and availability of personal information.

Of note, we are proud of our leadership in helping customers safely connect their Chase account information to the third-party apps they choose. We developed secure Application Programming Interfaces (APIs) that give our customers control and visibility in sharing specific account information from only the accounts they select. Customers can access a "Control Center" from their mobile app or Chase.com and can easily see and choose what data they're sharing and with whom. Our APIs eliminate the need for our customers to share their Chase username and password with aggregators and third parties, effectively ending the practice of "screen scraping" Chase accounts. We also tokenize any account numbers that are shared, ensuring that our customers are protected and have limited impact in the event of a breach at a third party.

Artificial Intelligence and Machine Learning can improve risk management.

Artificial Intelligence (AI) has great potential to transform how we work. JPMorgan Chase invests significantly in AI and, as with any new technology, proceeds in a controlled manner. We already use AI successfully across our business around fraud and risk, marketing, prospecting, idea generation, operations, trading and, more recently, for credit. There is a continuum of complexity within the AI world. In our consumer applications, we operate on the lower-complexity side to ensure that we can meet our regulatory requirements for customer-level disclosures and "explainability" for things like credit decisions.

While we do have use cases in test stages, we are still at the beginning of the journey when it comes to generative AI. AI and Machine Learning in credit can bring potential benefits, including better risk management through more informed credit decisions, lower costs, and greater access where appropriate. As with any models impacting consumers, AI models for credit are subject to sound controls around data use, model risk governance, and independent fair lending review and testing to identify and mitigate potential bias risk. Fortunately, AI risk management is well-established and is already aligned with existing banking regulation and practice. The regulatory framework for banks is largely fit for purpose and adequately addresses the risks of AI. We are supportive of a coordinated and sectoral approach with oversight by our existing agencies who are best placed to oversee the specific contexts in which AI may be used.

We process millions of transactions on overdrawn accounts with no overdraft fees.

Our customers have told us they want convenient access to funds to help them when they are short on money in their accounts. These "overdraft services" help customers make critical payments, like covering a rent check, or automatic withdrawals by third parties, like utilities, which may help customers avoid a late fee or negative impact on their credit report. For those customers who need to buy gas and groceries and are short on funds, they can opt into "debit card coverage" to cover these important purchases. This service can be more affordable than many nonbank services, like payday loans or check cashing services, and can also be more affordable than the late fee the customer avoids – like an unpaid parking ticket in Washington, D.C., which after only 30 days is assessed a "penalty equal to the fine" – doubling the cost of the ticket, for example.[6]

Today, more than 70 percent of transactions that we cover via overdraft incur no overdraft fee at all. The design of our overdraft services program, which includes a -$50 balance cushion and an extra business day for customers to bring their account balance to -$50 or less, has helped more than 100 million transactions avoid being charged a fee when the account is overdrawn. As a result, Chase has covered millions of transactions for billions of dollars, helping customers manage unexpected expenses. Overall, our overdraft fee revenue has declined by ~50% since before the pandemic[7].

We give our customers tools to make informed choices and help them manage their accounts and avoid overdrawing, such as alerts – a feature used by most of our customers. For those customers who prefer not to have access to overdraft at all, we offer an account called "Secure Banking," which is our Bank On certified product that has no overdraft services, and therefore no overdraft fees.

We remain focused on our $30 billion commitment to advancing racial equity.

We believe our business is stronger when our economy is more inclusive, which is why in 2020, JPMorgan Chase announced our $30 billion Racial Equity Commitment to help close the racial wealth gap and advance economic inclusion among historically-underserved communities in the U.S., including Black, Hispanic, Latino and underserved customers and communities. The commitment includes incremental lending and equity investments, as well as philanthropic capital, products and services.

As of December 31, 2022, we are reporting nearly $29 billion of progress toward our five-year Racial Equity Commitment, which focuses on the following key areas:

- Increasing homeownership
- Preserving and expanding designated affordable housing and support for vital community institutions
- Growing small businesses

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[6] District of Columbia Department of Motor Vehicles, Ticket Services
[7] 3Q19 to 3Q23

- Spending more with Black, Hispanic and Latino suppliers
- Improving financial health and access to banking
- Investing in Minority Depository Institutions and Community Development Financial Institutions
- Accelerating investment in employees and building a more diverse and inclusive workforce. Please see the Diversity Equity & Inclusion section on page 38 of our 2023 ESG Report for updates on our hiring goals.

We're making good progress and, as we look ahead, will continue to focus on the long-term impacts and outcomes of this commitment, holding ourselves accountable to achieving our immediate goals but also producing sustainable results. To that end, we have established a robust reporting and governance process to track our progress. For detailed information on the progress of the 18 individual commitments that comprise our Racial Equity Commitment, please see our website.

RUNNING OUR BUSINESS REGARDLESS OF POLITICAL OR SOCIAL ENVIRONMENT

JPMorgan Chase provides financial services for individuals and industries across geographies—regardless of political, social or religious viewpoints. We deal in facts and do not describe our policies, procedures or progress differently based on who is asking. Our ambition is to work with shareholders, clients, customers and communities around the world to fulfill banking's essential purpose of helping people, businesses of all sizes and vital institutions—like schools, hospitals and governments—achieve their goals.

- **We make independent business decisions for the Firm.** We make business decisions to advance the long-term interests of our Firm and its shareholders, including serving our clients, supporting our employees and helping our communities. We work with a broad array of organizations that advance those interests, even if we don't support every position taken. Firm decisions are always made independently and based on business principles.
- **We don't "boycott."** We support clients around the globe and in every state in the U.S., across industries, religions and political affiliations. We proudly serve more than 81 million households in the U.S, more than 6.3 million small businesses and hundreds of thousands of companies in critical economic sectors. We do not make decisions based on political or social agendas.
- **We manage risk**. Managing risk is critical to the long-term success of our business and required by our regulators. We make risk-based assessments, including legal, credit, market, reputational and regulatory, to drive decisions and advance the interests of our constituencies.
- **We want to compete**. Our ability to compete in both established and new markets is critical to the long-term success of our business. We decide where and how we choose to compete by assessing risk and opportunity, not to further political or social agendas.
- **We believe in free enterprise**. Markets and economies of all sizes benefit when free and fair enterprise thrives – creating innovation, competition and maximizing value for shareholders, clients, customers and communities. Government intervention in free market principles, for political reasons in the short term, sets a dangerous precedent that's hard to reverse.
- **We value engagement**. We believe the best answers reside in engagement and discourse. When policymakers seek input to tackle challenges, we want to help. We know that our success requires working closely with government on sound public policy that grows the economy and lifts up communities. Throughout our history,

we have engaged with officials from all parties to address the world's most pressing needs, and we look forward to continuing to do so.

OPERATING WITH INTEGRITY

At JPMorgan Chase, we are committed to behaving ethically and honestly in everything we do – from how we do business to how we treat each other. Maintaining the highest standards of integrity is fundamental to who we are as a company and a fundamental part of our culture. I am very proud to say that all but a relatively small number of JPMorgan Chase employees show up to work every week right-minded and ready to help our customers and clients and make our communities better.

Over the years, when we have faced legal and regulatory issues, we have acknowledged our mistakes, often self-identified them, and improved our controls where necessary. Where inappropriate behaviors have been identified, we have taken action to address them – including terminating employment, cancelling significant amounts in compensation, and, in some instances, clawing back compensation.

For more information on litigation and regulatory enforcement matters, please see the Legal Proceedings section and associated Litigation Note of JPMorgan's most recent and past Annual and Quarterly Report filings with the U.S. Securities and Exchange Commission. The most recent Annual Report filing can be found here.

SUPPORTING AMERICA

The work we do at JPMorgan Chase matters – for the countries, companies, customers and communities we support. The last volatile few years have brought disruption and stress for so many as the world grapples with war, economic volatility and inflation, immigration challenges, natural disasters, and food and energy insecurity. It has also shown what great companies with the size and scale of JPMorgan Chase can do as a source of strength for the economy. Because of the investments we have made over the years to build a strong and healthy company, we can consistently serve and finance American households, businesses and governments, while building our communities and protecting America and the American economy.

- **Investing in American communities**. In addition to the business of banking, we also support and invest in the communities in which we operate, which, in turn, provides the foundation for increased opportunity and prosperity for all. We work to advance economic opportunities and the long-term health of communities across the world, through our skilled global workforce, expertise, resources, unique data and collaboration with expert local partners. We have made large-scale investments in locations across the country – including Detroit, Chicago, San Francisco, Dallas, Columbus, OH, and the Greater Washington, D.C. Region – where conditions are right for success and broader, deeper investments are needed to drive inclusive growth. Such local programs include investments in job training and placement programs, small business capital and technical assistance, financial health and affordable housing – made more powerful when we pair these investments with new or modernized branch locations and increased consumer and small business lending.
- **Contributing billions in taxes**. In the last 10 years, we paid over $43 billion in federal, state and local taxes in the U.S. – up more than $1 billion since last year – and nearly $21 billion in taxes outside of the U.S. We also paid the Federal Deposit Insurance Corporation more than $10 billion so that it has the resources to cover the failure of any bank.

- **Lowering barriers to employment for Americans with criminal records**. Millions of working-age adults face significant barriers to employment because of a criminal record, which represents a large talent pool companies could be tapping to fill job openings across the country. JPMorgan Chase has worked to remove barriers to employment and create opportunities for people with records, and now 10% of our new hires in the U.S. over the last three years have been individuals with criminal records. Since 2021, over 10,000 people with arrest or conviction records that pose no risk to safety and soundness joined JPMorgan Chase. We have worked with Congress to advance commonsense reforms that remove employment, financial and legal barriers to create greater economic opportunity for this population. We supported the Fair Hiring in Banking Act, which became law last year, to reform industry hiring rules that allow firms to consider a wider range of applicants who otherwise might not have had the chance for employment in financial services. We also host Legal pro-bono record expungement clinics at community branches and with community partners, which has helped hundreds of residents begin the expungement process.
- **Providing energy security and a transition to clean energy**. Ongoing sanctions and supply chain disruptions reinforce the global need for providing energy that is secure, reliable and affordable. There is also a need to accelerate progress in addressing climate change. These objectives are not mutually exclusive. We can and must do both. JPMorgan is among the largest financers of both traditional and clean energy. Working with clients and private and public sector partners, we are helping promote energy affordability and security, and remain fully committed to reducing emissions and scaling investments in new green technologies that create more supply. That said, capital allocation and investments alone are not enough. We need action by a range of stakeholders – policymakers, thought leaders and all corners of the private sector – to advance necessary changes to incentivize low-carbon investments, develop technological advancements, increase the resilience of supply chains, and ensure a strong, skilled workforce.
- **Supporting law enforcement in deterring financial crime**. We continue to devote considerable resources to support law enforcement and national security efforts to help detect and stop money laundering, terrorism financing, human trafficking, drug trafficking and other financial crimes, with thousands of employees and hundreds of millions of dollars devoted to this national and global priority. For example, beyond filing Suspicious Activity Reports (SARs) with the Financial Crimes and Enforcement Network (FinCEN), it is a regular practice for our team members to contact law enforcement directly when we identify possible human trafficking (or other serious crime) to ensure the SAR receives the right level of attention and awareness to help them prioritize as appropriate. We also led the development of a public/private partnership with a number of other large banks and law enforcement to co-investigate financial crimes.
- **Protecting critical infrastructure from cyberattacks**. Cyber threats pose extreme hazards to our company and our country. This has become more evident as the cost of ransomware has increased dramatically, and it is evident to everyone that grave damage could be inflicted if cyber is widely used as a tool of war. We have made significant investments in cybersecurity and believe our company has some of the best cyber protections in place along with the best talent to monitor and guard our information. With that said, we cannot be complacent. JPMorgan proudly partners with the financial services industry, designated critical infrastructure, and U.S. government agencies to help build national resilience and protect the country.
- **Creating greater economic opportunity for Americans with disabilities.** JPMorgan Chase wants to attract and retain the very best qualified people of all abilities, and that includes making our workplace the best it can be for people with disabilities — which, in turn, helps us best serve our diverse clients and customers. We are working to create inclusive workplaces and supporting public policy proposals like the ***SSI Savings Penalty Elimination Act,*** bipartisan legislation sponsored by Chairman Sherrod Brown*,* that would help more people with disabilities to fully participate in the economy. Outdated asset and income limits on federal Supplemental Security Income (SSI) benefits for people with disabilities have created barriers to labor force participation and accumulating

savings for decades. This bill would increase extremely low and outdated asset limits and index the new levels to inflation moving forward. Our employees with disabilities worry that receiving a bonus or a raise or even participating in the company's retirement plan could put them over the cap on earnings. These proposed reforms would enable people with disabilities receiving SSI to have more savings for both emergencies and life essentials without risking critical benefits.

THANK YOU

To close, I would like to take a moment to express my sincere gratitude and appreciation for the employees of JPMorgan Chase. You put your customers and clients first. You bring your expertise, curiosity **and your heart** to solve some of the toughest challenges in the world. You hold yourselves accountable to the highest standards of integrity. You should be very proud, because **the work you do matters** – to our customers and clients, to the economy, to the world and to the United States of America.