



**Statement of Robin Vince
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The Bank of New York Mellon Corporation**

**Before the United States Senate Committee on
Banking, Housing, and Urban Affairs
December 6, 2023**

1. Introduction

Good morning, Chair Brown, Ranking Member Scott and Members of the Committee. Thank you for the opportunity to testify before the Committee; I welcome today's focus on financial stability.

My name is Robin Vince, and I have had the honor of serving as President and Chief Executive Officer of BNY Mellon for just over one year – a responsibility I take seriously given our role at the heart of the financial system. My appreciation for this position has only grown as I get to know our rich history, our clients, our people and our company's culture. BNY Mellon strives to build a strong, competitive United States banking system that serves customers, strengthens communities and preserves U.S. economic leadership.

Throughout our nearly 240-year history, we have played an integral role in U.S. and global capital markets, investing substantially in both market resiliency and innovation. I look forward to sharing more about our company and the opportunities we see to work across the private and public sectors to support an even more robust and resilient financial sector.

2. Our History

BNY Mellon is the nation's oldest bank, founded by Alexander Hamilton in 1784. Today, we are the oldest continuously operating company in the City of New York. BNY Mellon was established to help support New York's economic growth and attract foreign investment in America's earliest days as a new nation. To do so, it first had to establish its credit as a financial institution by being liquid, transparent and solvent. These tenets have guided our development and growth as an institution and remain core to our business model today.

Finding solutions has led to a number of firsts for BNY Mellon in the U.S. economy. We provided the first loan to the U.S. government after the Revolutionary War; we were the first company listed on the New York Stock Exchange; and we provided essential financing to major infrastructure projects, from the Louisiana Purchase to the Erie Canal and the transnational railroads to the New York City Subway system.

More recently, BNY Mellon was one of the first financial institutions to install computers and use an electronic system for clearing government securities. These actions – taken for granted today – were financial innovations at the time that have played a part in helping the U.S. become the world’s predominant economic force.

Over time, BNY Mellon built its institutional trust and custody business and left retail consumer banking.¹ We are proud of the historic partnership that BNY Mellon has had with the U.S. financial system and aim to build upon that in our business today.

3. Our Business Today

Today, we are a global financial services company with over 50,000 employees operating in 35 countries. We partner alongside our clients, putting our expertise and platforms to work to enable them to achieve their financial goals.

Our business strategy is led by client choice. We are where our clients want to be, and we have the scale and capacity to support their goals across the investments, communities and countries they want to be in. Our global clients range across governments, pension funds, mutual funds, unions, endowments, corporations and financial services firms. These clients all have different needs and play different roles in the global economy, and we provide the services to help put their money to work – keeping it safe, moving it and managing it.² We are proud of the trust our clients place in us, and of our role in helping them achieve their financial objectives, no matter their size, scale or complexity.

We have a different business model compared to a traditional retail, commercial or investment bank.³ Our core business is to provide custody and other services to institutions – not retail consumers.⁴

BNY Mellon has three primary business segments: Securities Services, Market and Wealth Services, and Investment and Wealth Management.⁵ These segments allow us to serve the end-to-end investment lifecycle, acting as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments.

Our Securities Services segment is composed of our Asset Servicing, Corporate Trust and Depositary Receipts businesses. This segment includes our core custody services: the safekeeping, recordkeeping and servicing of assets on behalf of our clients and their clients. In this role, we provide administrative functions, including the processing of payments, client reporting, fund administration and accounting services. We also offer a range of services to help our clients issue and administer securities, including trustee and reporting services.

Our Market and Wealth Services segment includes a number of industry-leading businesses. The first is Pershing, whose platform provides access to clearing, settlement and other services for broker dealers and registered investment advisors. The next is our Clearance and Collateral Management business which plays a central role in supporting U.S. Treasury markets. Our Treasury Services business includes our payments platform, which offers

clients the ability to process payments across multiple payment rails, including FedNow and Real-Time Payments networks.

Finally, our Investment and Wealth Management segment comprises our asset management business and a private bank that serves individuals, families, family offices and non-profits. BNY Mellon has a multi-firm investment management business, which gives clients choices to invest in an array of asset classes and strategies through a variety of vehicles depending on their needs.

4. Building Resiliency

We believe that the global financial system, and particularly the eight U.S.-based GSIBs, are stronger today as a result of the safeguards put in place over the past 15 years. I can confidently say that BNY Mellon is even more resilient than it was a decade ago, with strong capital⁶ and liquidity positions; cyber, technology, and data privacy protections⁷; and controls to comply with applicable laws⁸. We appreciate that our success depends on careful planning, strong risk management and prudent decision making.

While BNY Mellon has a nearly 240-year history and leading market positions, we do not take them for granted. We understand that we must be prepared to operate through different market conditions. There will be challenges, and we need to understand how to detect, prevent, defend and recover from stresses and disruptions. This is what we mean by resiliency. It is a core concept and a shared goal among our clients, regulators, and other stakeholders. It is embedded in our business strategy, our robust risk management framework and our culture at BNY Mellon.

We have a proven track record of evolving through challenging times and supporting the market through cycles – including over two centuries of conflicts, depressions and pandemics. The strength and stability of our balance sheet and infrastructure is a core component of the value that we provide to our clients and markets.

Financial Resiliency

BNY Mellon is keenly focused on financial resiliency: having enough capital and liquidity resources on hand to weather unexpected market stress. Our fee-based business model combined with our highly liquid, low credit-risk and well-capitalized balance sheet allow us to serve clients through market cycles. As such, we have a strong track record as one of the most highly rated banks,⁹ and clients consistently look to us as a dependable provider during market disruptions. The market outlook remains uncertain today. We remain in the preparedness business, managing our balance sheet conservatively with a high proportion of cash and short-duration, liquid assets to adjust for different conditions.

We ended 2022 with strong capital levels, above regulatory requirements and above our more stringent BNY Mellon-established internal management targets. Over the past two years, even amid a dynamic operating environment, we meaningfully reduced the duration and

improved the liquidity profile of our securities portfolio while keeping over 60% of the book available-for-sale to provide flexibility to meet changing conditions.

BNY Mellon takes a deliberate approach to returning capital to shareholders and aims to pay a steady, growing dividend.¹⁰ We supplement with share repurchases, which afford us the flexibility to manage through the cycle and navigate prudently in times of stress. We calibrate the amount and pace of our buybacks to maintain our more conservative capital buffers, mindful of the continued uncertainty in the operating environment.¹¹

Operational Resiliency

Another part of being prepared is operational resiliency: having the technology, people, and processes in place to respond to cyber-attacks, conflicts and other events that may disrupt operations.

This starts with strong governance. At the corporate level, we have a well-established Crisis Management Team and Crisis Management Board for when decisions require immediate escalation. In addition, BNY Mellon established BNY Mellon Government Securities Services with its own independent board to oversee enhanced resiliency of the U.S. Government securities settlement and tri-party repo business.

It also requires investments, preparations and practice. BNY Mellon takes an all-hazards approach to recover from different types of disruptions, from cyber to pandemic to human error. We regularly test our business continuity and cyber response plans to practice and improve, often in coordination with industry and government partners. We invest heavily in our cyber, technology, data privacy and resiliency infrastructure to provide a strong and secure foundation, enabling us to provide continuity of service through a range of market conditions. In the past five years alone, BNY Mellon has invested over \$1 billion in technology designed to provide critical operations through disruption, and we project to spend about \$3.7 billion on technology this year.

The past few years were real-life stress tests of these capabilities. We managed through record deposit increases, payment volumes and volatile markets, and helped administer several U.S. Government crisis programs, all the while adjusting to a work from home environment globally in March 2020. This is a testament of our “always on” business model.

Workforce Resiliency

We could not do any of this without our people. I want to commend our more than 50,000 employees who do the hard, day-to-day work to keep our company and global markets working.

This is why our leadership team has taken steps to foster a spirit of ownership and well-being. Equity ownership in our company is an important way to make these connections real. Earlier this year, we granted ten shares of BNY Mellon stock to employees who otherwise would not receive stock as part of their compensation.

This program has benefitted more than 45,000 employees and allowed many of them to become first-time participants in the capital markets that we helped pioneer, and they help serve. This reflects our effort to ensure BNY Mellon remains a top destination for talent and our commitment to invest in our collective long-term success.

We have also made several changes to our pay and benefits. Last year our median employee pay was over \$70,000 globally and over \$100,000 in the United States.¹² Our minimum wage will increase to \$22.50 from \$20 per hour, effective in early 2024. This recognizes the higher costs of living and builds on prior increases. We expanded our healthcare benefits to include a zero-premium plan for employees earning less than \$75,000 annually, in addition to policies like caregiver leave and 16 weeks of paid parental leave. We also launched a new Wellbeing Support Program to provide more targeted, personalized and quicker access to mental health services.

5. Looking Forward

Still, we know we are not done. We must continuously adapt to new needs and address new risks as we plan and prepare for the future.

The global market outlook remains uncertain with persistent inflation, dynamic rates, and geopolitical challenges around the world. Against this backdrop, we continue to see confidence in the U.S. capital markets from clients around the world – in no small part due to the strength and stability of our financial institutions.

As we look ahead to the next few decades, the U.S. has an opportunity to set the standard for the rest of the world on the development and deployment of technologies set to transform our economy, namely AI and blockchain and distributed ledger technology. We are encouraged by recent focus on these topics and will continue to work with policymakers to build safety, security and trust into emerging technology solutions to maintain U.S. economic and technological leadership.

6. Finding Solutions

Clients have long trusted us to solve problems and drive the industry forward in a safe and responsible way. Deeply embedded in our culture and business capabilities is a commitment to the innovative spirit of our founder. That remains the driving force behind our legacy of industry firsts and continues to propel us into the future.

Looking forward and preparing, we need to continue to find solutions to emerging problems facing our clients and markets.

One area where we have consistently been a leader is the payments space. In our view, the goal of providing individuals and businesses of varying sizes across the U.S. with access to faster payments is mission critical and aligns with the future of the global financial markets.

BNY Mellon brought real-time payments to the U.S. market in 2017 and continues to expand upon these efforts in payments innovation, including as one of the first FedNow participants. We are proud to be a part of these efforts to increase efficiency and provide access to more choices for individuals and businesses. This provides more control over when and how payments are transmitted, adding transparency to transactions for both businesses and customers and reducing fraud by eliminating paper checks.

Another is in Treasury markets, the heart of the U.S. and global financial system. Treasury markets face a dynamic environment given quantitative tightening, rising rates, debt ceiling and government funding events, and significant regulatory changes.

Through it all, BNY Mellon is working on solutions to keep the market strong, safe and liquid. We have a unique vantage point to see across this ecosystem as the leader in U.S. Treasury securities settlement and collateral management. BNY Mellon provides settlement services for U.S. Treasury auctions, secondary trading and repo markets. Our collateral management services bring together market participants in the funding market to convert Treasury securities into cash every day. BNY Mellon is working with market participants on liquidity and risk management solutions to make this market more resilient. One is the use of AI and machine learning to analyze historical settlement flows and trade data. These tools allow BNY Mellon to identify anomalies, operational problems and potential settlement fails. By identifying these early signs, clients can then take steps to prevent errors and fails from happening in the first place.

7. Community Impact

Given our role and position in markets, we have a unique opportunity and obligation to leverage our platforms and expertise to expand access to capital, markets and technology for more people and communities. We continually look for ways to help build more resilient economies by collaborating and aligning with our clients and partners.¹³

Earlier this year we were the first GSIB to organize a debt issuance led entirely by minority-, woman- and veteran-owned financial institutions. This built upon groundwork we laid the prior year when eight veteran-owned broker-dealers participated in a \$750 million offering of senior bank notes. In working with our clients, we understood their expertise and capability, and they delivered on the opportunity.

In June 2023, we formed a strategic alliance with MoCaFi, a mission-driven fintech providing access to FDIC-insured bank accounts to un- and under-banked communities in the U.S. For BNY Mellon clients facilitating payments, this collaboration means giving these communities more and faster payment options at lower costs.

We are also working to leverage our position and leadership on FedNow to help connect more institutions and communities to the benefits of real-time payments. This will provide individuals with more control over the timing and method of their payments – a meaningful development especially for individuals living paycheck to paycheck. To help achieve this, we

are working to provide this service to MDIs like Optus Bank, a South Carolina minority depository institution and our protégé bank under the U.S. Treasury Department program. We have long worked with Optus to expand its capacity to serve its community through access to our payment platforms and services, including fraud protection.

This year, we launched SPARKSM shares, which empowers clients to align their investment objectives with philanthropic goals, whereby we contribute a portion of our revenue to an eligible non-profit of their choice.

Within our company, we strongly encourage employees to devote their time and expertise to community-focused work like pro bono volunteerism. To support these efforts, BNY Mellon has a robust employee giving and volunteer program with a variety of benefits like company matching for employees' donations to the charities of their choice and Paid Volunteer Time. We see these initiatives as benefiting the long-term health of our company and our employees.

Today, our philanthropic strategy is focused on building the workforce of the future, equipping young people from underserved communities with the skills and education needed to excel in careers in business, technology and STEM. We continue to work with educational and community partners to build diverse talent pipelines for the next generation of workers in technology and financial services. To support this effort financially, we funded 100% of a \$20 million multi-year commitment which provides, among other things, scholarships for first-generation students at institutions like the City University of New York and the Community College of Allegheny County.

8. Closing

We recognize our integral role in supporting a broad client set and global economies and will continue to use our businesses to provide value for our clients, shareholders, employees and communities.

We remain committed to empowering inclusive economies, a resilient financial system, and ultimately advancing the future of finance. I appreciate the opportunity to testify today, and I am happy to answer any questions you may have.

¹ [BNY Mellon About Us website](#).

² BNY Mellon's total assets under custody and/or administration was \$45.7 trillion as of September 30, 2023, \$44.3 trillion at the end of 2022 and \$46.7 trillion at the end of 2021. BNY Mellon's assets under management was \$1.8 trillion as of September 30, 2023, \$1.8 trillion at the end of 2022 and \$2.4 trillion at the end of 2021. BNY Mellon's total assets were \$405.2 billion on September 30, 2023, \$405.7 billion in total assets at the end of 2022 and \$444.4 billion in total assets at the end of 2021. [BNY Mellon 3Q 2023 10-Q Report](#), [BNY Mellon 2022 Annual Report](#).

³ Information regarding our derivatives obligations, leveraged lending, lending to private equity, credit and hedge funds and repo market business is publicly available in our regulatory filings, including [BNY Mellon 3Q 2023 10-Q Report](#) and [BNY Mellon 2022 Annual Report](#).

⁴ We do not have retail branches or online retail banking presence, charge consumer overdraft fees or issue credit cards. We are evaluated as a "wholesale" or "limited purpose bank" under the Community Reinvestment Act by the [Federal Reserve](#) and the [Office of the Comptroller of the Currency](#).

⁵ Additional information regarding our business segments is publicly available in the [BNY Mellon 2022 Annual Report](#).

⁶ As of September 30, 2023, BNY Mellon's Common Equity Tier 1 ("CET1") capital ratio was 11.4%; its Tier 1 capital ratio was 14.4%; its total capital ratio was 15.2%; its Tier 1 leverage ratio was 6.1%; and its supplementary leverage ratio was 7.2%. As of year-end 2022, BNY Mellon's CET1 capital ratio was 11.2%; its Tier 1 capital ratio was 14.1%; its total capital ratio was 14.9%; its Tier 1 leverage ratio was 5.8%; and its supplementary leverage ratio was 6.8%. As of year-end 2021, BNY Mellon's CET1 capital ratio was 11.2%; its Tier 1 capital ratio was 14.0%; its total capital ratio was 14.9%; its Tier 1 leverage ratio was 5.5%; and its supplementary leverage ratio was 6.6%. [BNY Mellon 3Q 2023 Form 10-Q Report](#), [BNY Mellon 2022 Annual Report](#).

⁷ Information related to BNY Mellon's data privacy standards and practices can be found at [BNY Mellon's website](#).

⁸ Since 2021, we have resolved two matters with the SEC. One regarding the sale of certain municipal bonds, the other concerning disclosures relating to certain ESG-related funds.

⁹ BNY Mellon's ratings are publicly available at [BNY Mellon Investor Relations website](#).

¹⁰ In 3Q 2023, BNY Mellon earned \$1.3 billion in pre-tax income and paid a total of \$333 million in cash dividends. In the first nine months of 2023, BNY Mellon repurchased 45.8 million common shares for a total of \$2.2 billion. In 2022, BNY Mellon earned \$3.3 billion in pre-tax income, paid \$1.42 in cash dividends per common share and repurchased 2.0 million common shares for a total cost of \$124 million. In 2021, BNY Mellon earned \$4.6 billion in pre-tax income and paid a total of \$1.1 billion in cash dividends. [BNY Mellon 3Q23 Financial Highlights](#), [BNY Mellon 3Q 2023 10-Q](#), [BNY Mellon 2022 Annual Report](#).

¹¹ In 2020, BNY Mellon and our GSIB peers voluntarily paused buybacks during the pandemic to conserve capital and support the economy. This year, we expect to return 100% of earnings or more over the full-year 2023 through dividends and buybacks.

¹² For 2022, the ratio of CEO annualized total compensation to median employee estimated annual total compensation was approximately 159 to 1. [2023 Proxy Statement](#).

¹³ Information regarding BNY Mellon's public commitments may be found in the [BNY Mellon 2022 ESG Report](#).

BNY Mellon Supplemental Financial Data

	3Q 2023	2022 Year End	2021 Year End
Common Equity Tier 1 Capital Ratio	11.4%	11.2%	11.2%
Tier 1 Capital Ratio	14.4%	14.1%	14.0%
Total Capital Ratio	15.2%	14.9%	14.9%
Tier 1 Leverage Ratio	6.1%	5.8%	5.5%
Supplementary Leverage Ratio	7.2%	6.8%	6.6%
Pre-Tax Income	\$1.3 B	\$3.3 B	\$4.6 B
Dollar Value of Cash Common Stock Dividends Paid	\$333 M	\$1.1 B	\$1.1 B
Dollar Value of Common Stock Repurchases	\$450 M	\$124 M	\$ 4.6 B

Source: [BNY Mellon 3Q 2023 Form 10-Q](#), [BNY Mellon 2022 Annual Report](#)