



J.P. Morgan's Daniel

JPMORGAN CHASE CEO JAMIE DIMON ISN'T RETIRING ANYTIME SOON. BUT LAST year, noting the importance of a succession plan, he promoted two executives to Co-President and Co-Chief Operating Officer, including Daniel Pinto, whose tenure at the bank and its predecessor companies dates back to the age of 19. • That 37-year run started in Mr. Pinto's native Argentina, where he worked as a financial analyst and foreign exchange trader, eventually becoming head of sales in Argentina, Uruguay and Paraguay. In Mexico he served as Head Trader and Treasurer and, following a move to London, he oversaw local markets stretching from Eastern Europe and Africa to Asia. He became Global Head of Emerging Markets and Co-Head of Global Fixed Income for the Investment Bank. As Co-President and Co-Chief Operating Officer, Mr. Pinto also remains CEO of the Corporate and Investment Bank. • From his office on the 41st floor of J.P. Morgan's headquarters in New York, Mr. Pinto offers the Brunswick Review his thoughts on the economy, on the challenges and opportunities of new technology, and the steady ascent of his career.

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Is it true that you commute to New York from London?

When Jamie first talked to me about running the CIB, he said, "I assume you are moving here." I said, "Actually, I'd like to keep living in London but spend a lot of time here. Let's see how it works." I am in New York about 60 percent of working days and Jamie's perfectly fine with it. Given travel schedules, I don't think I'm here any less than many of my partners. I just live in a different country.

When you think about this company, obviously the retail bank is a US business. But everything else is roughly 50 percent US and 50 percent the rest of the world. Of that rest of the world, the bulk of it is in Europe and at this moment, with all the European issues, to have someone in leadership in Europe is good for the company.

I have no issue with New York. I love New York, but I love living in London with my family. I've been living there for 23 years. London is the second biggest financial center in the world and it is an amazing city—the culture, the quality of restaurants, the quality of life.

At age 19, to help pay his way through college, he took a job at a bank—and never left. Now he's Co-President and Co-Chief Operating Officer.

Does Brexit make it even more advantageous that you're in London?

I believe so. Being there and understanding the day-to-day process gives me a unique vantage point as we oversee preparations for Brexit. Here in New York they know that I'm in touch with the UK regulators, and am following developments very closely.

As a student, did you have any sense that your career would take you so far from Argentina?

I would have never guessed that I would be sitting here today in my current role, but it is an indication of the opportunities you can have at J.P. Morgan. In Argentina when you were 18 and had finished secondary school, you did military service. While I was doing that, the war with the UK happened, the Falklands War, and I was a soldier in that war for six or seven months. When I finished, I was already studying at university, so I needed a job. It was common for people with modest standards of living to have to work while studying. I studied at night and worked during the day. The job I got when I was 19 years old was at Manufacturers Hanover. Clearly, at that time, I didn't imagine that job was going to lead me here.

When you arrived in the UK, was it a pretty big culture shock?

After deciding that I wanted an international career, I went to Mexico in the early '90s, before moving to London. Going from a small office to a big office in a different country with a different language and culture—that was a shock. On Fridays, when I first arrived in London, I was so tired from speaking English all week, doing the work and getting to know people that I would go back to the apartment where I was living at the time (my family was still in Mexico), and I would just rest. I was totally exhausted. It was really, really tough. But after adapting, I loved it.

Do your early experiences in banking influence you as Co-President of America's largest bank?

My trading background has really helped me. In trading you make constant decisions, with the information you have at the time. My decision-making process is quite fast. When someone comes to me and wants a decision on X, Y or Z, I will decide based on the information available, knowing that decision may have to be tweaked when more information comes about. That's what you do in trading.

There is no perfect information on anything. There are some people who always want one more piece of information to make a decision. They never end up deciding on anything. They create a culture

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that moves very slowly. Clearly, the opposite is equally bad if you make random decisions too quickly.

A current example of making decisions and then tweaking them is Brexit. As we move some of our operations outside of the UK, our planning has evolved with the twists and turns of the negotiations. Our center of gravity is going to be a mix of France and Germany with transaction banking in Luxembourg and Ireland—that's not exactly where we started. In France, the government has made Paris more attractive than it was at the beginning. We will now have a substantial presence there. The objective all along has been to avoid the interruption of service to clients while minimizing disruption for our employees. But how we got there has evolved along the way.

The other thing that trading teaches you: When you make a bad decision, take the loss. We all make bad decisions. Recognize that you didn't get it right and don't allow that bad decision to age over time.

I've also benefited from my experience as an emerging markets trader, which trains you to work in markets that typically have a bit more volatility and economic instability. All that has been very, very helpful in the process of making decisions in the later stages of my career.

If you hadn't gone into banking, what other career would have interested you?

I would have been an architect. I've always been enamored with it. I love designing and building things. [Mr. Pinto points out his window to a construction site below.] We're knocking down that building and rebuilding our new global headquarters. Along with other executives, I've been involved in choosing the architect and the design. I've found it very appealing.

J.P. Morgan came through the financial crisis in very good shape. Looking back, what did you learn from that experience?

It was an amazing experience to see Jamie in action during the crisis. He was calm, disciplined and focused. He brought his people together and made clear what was going on and what decisions needed to be made to keep the company thriving. He made it clear that our mission was to continue serving our clients while protecting shareholders and the company. He's one of the most successful CEOs in the world, and to watch him lead during that crisis was incredible.

A major reason that J.P. Morgan ended up better than most was discipline. Before the crisis, we were not really that obsessed with what everyone else was doing. We were more disciplined. That's not to say we didn't make mistakes; in the leveraged lending

space, for example, we were a bit too aggressive, and that hurt us.

The other important decision we made was not to cut our way to profitability in the years during and after the crisis. We actually invested in the business during that time. We thought about what the client needed, what they were going to need and what services we were going to provide, taking into account the effect of new regulation. While some banks were retrenching, we remained committed to offering a complete set of products to our clients globally.

As regulation started to take shape, we knew early on that scale was going to become increasingly important. So we invested in areas and geographies that increased our scale. You've seen the results over time as we gained market share in equities and fixed income, in investment banking, in payments, pretty much everywhere.

During the financial crisis, Mr. Pinto says JPMorgan Chase CEO Jamie Dimon (below) "was amazing ... He was calm, disciplined and focused."



How can a business as regulated and as diverse and as large as J.P. Morgan keep pace with technological change?

We have no choice but to seriously invest in technology. If you don't, you will be priced out. Things are moving so fast that unless you are really at the forefront, you end up not being able to compete in the financial services industry. And then you are out of the game.

Hopefully, as technology evolves, regulation will continue to evolve alongside it. For instance, in the trading business, we are creating smarter and smarter algorithms for trade execution. As markets become more and more electronic, regulators are focused on regulating them without killing the innovation.

Finding that balance is important because if regulation doesn't progress with technology, then there will be an issue. From what I see, regulators are being thoughtful about how to get there.

KEVIN HELLIKER, a Pulitzer Prize-winning journalist who is Editor of the Brunswick Review, conducted the interview with Mr. Pinto.

Do you think Wall Street is prepared for the next downturn in the market?

For the last 10 years, the market has been going in one direction, with some corrections along the way. At some point a slowdown will happen, and that is healthy. We believe that changing monetary policy will delay it for a period of time. Current thinking is that we are talking about 2021 for a slowdown.

But a slowdown is a slowdown, it's not a crisis. It's just the normal end of the economic cycle. The components of the previous crisis, they are not there anymore. There aren't big imbalances in any sector in the economy. The banks are very well capitalized, with lots of liquidity, very controlled and risk is well managed. At the moment I don't see any big components that are going to create a crisis.

As for the markets, a large number of issues—the rate of inflation in the US, the business cycle in the US, the level of interest rates, changes in Fed policy, the growth in China, Brexit, the European economies—are all going to drive what markets do or don't do in the months to come.

What's the biggest challenge facing J.P. Morgan in particular and Wall Street in general?

I think the industry overall needs to continue rebuilding its reputation after all that happened in the crisis. All the companies, in my view, have done a relatively good job at improving their culture. We are all becoming better at spotting issues of conduct. We are very focused on that.

For J.P. Morgan, we also need to avoid complacency and continue improving areas of our business. Overall the company looks very good. But we must continue to be honest and humble in our own assessments. We must dig down to a very granular level and really focus on improving in some of those areas where we aren't the best. It's also important for us to continue recruiting and retaining the best possible talent, because that's the only way you're going to win. Finally, we must continue to stay client-focused and provide them with great services. That's in our DNA, but we can never lose sight of that.

If you had the opportunity to succeed Jamie Dimon as CEO of JPMorgan Chase, would that require moving to New York?

I love my job and I love living in London. Jamie is an amazing leader and the good news is, he's not going anywhere any time soon. ♦