

## **Post COVID Strategy for JP Morgan Private Banking**

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$3.1 trillion and operations worldwide. The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing, and asset management. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of customers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. The Firm operates in over 100 markets around the world and has over 250,000 employees.

### ***J.P. Morgan Private Bank***

J.P. Morgan Private Bank provides customized financial advice and strategies to help wealthy clients and their families invest, borrow and bank with intent. Leveraging global capabilities in investing, philanthropy, family office management, credit, fiduciary services and special advisory services, the Private Bank brings clients' investments and financial assets together into one comprehensive strategy to help them achieve their goals and secure the legacy they envision. The Private Bank manages more than \$1.4 trillion in assets.

### ***J.P. Morgan Asset Management***

J.P. Morgan Asset Management, with assets under management of \$1.8 trillion (as of September 30, 2018), is a global leader in investment management. J.P. Morgan Asset Management's clients include institutions, retail investors and high net worth individuals in every major market throughout the world. J.P. Morgan Asset Management offers global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity.

### ***Investment Banking***

J.P. Morgan is the global leader at delivering strategic advice and solutions, including capital raising, risk management, and trade finance to corporations, institutions and governments.

### ***Capital Markets***

Serving the world's largest corporate clients and institutional investors, J.P. Morgan supports the investment cycle with market-leading research, analytics and trade execution across multiple asset classes.

## ***Commercial Banking***

For organizations with annual revenues ranging from \$20 million to \$2 billion, J.P. Morgan is uniquely positioned to provide comprehensive solutions, including lending and treasury services.

## ***Consumer Banking***

Chase Bank constitutes the consumer and commercial banking subsidiary of the U.S. multinational banking and financial services holding company, JPMorgan Chase.

While JPMorgan Chase has multiple business lines, this case concentrates only on J.P. Morgan Private Bank. It is important to note that consumer Banking is not the same as private banking.

## **Important Aspects of J.P. Morgan Private Bank**

- The main goal is to protect clients' money or assets. Thus, private banking is very personal, and a lot is based on trust.
- An average private banking client in the Maryland region typically has between \$10-\$50 million in investable assets and / or loans. The minimum size of investable assets for a client is about \$5 million.  
\*Keep in mind that users of consumer banking are not to be considered in this project.
- Bankers give free advice. Profit is generated only if a client chooses to implement the suggestions with the bank.
- Advice is provided in the three main areas:
  - o Planning: Advise on asset titling. Recommendations are given on estate and financial plans. This could include the review of wills and creation of trusts as well as structuring gifts to charity. Financial planning involves tax mitigation and cash flow modeling to determine how much money is needed to live a certain lifestyle or determining when someone can retire or sell a business.
  - o Investment Management: Planning advice drives the investment recommendations the bank makes for the clients. A banker will build, implement, and monitor customized investment portfolios. These portfolios will be constructed based on a client's intent and objectives.
  - o Banking: Traditional banking services with a higher level of personalized service and perks. Lending and lines of credit. Mortgages and specialty lending – aircraft, marine, real estate.
- Other services include advising business owners on exit and succession planning and executives on deferred compensation, options programs, and restricted stock. The bank also works with families to help younger generations with financial education.

## **The Challenge**

The Covid Virus pandemic has left a significant impact on all aspects of our lives and it has accelerated many trends that were already in progress. Once this is over, what will have changed

forever? What “temporary practices” in JPMorgan Chase will become permanent? How should the bank adapt the **private banking** business to not only survive, but also to thrive in the post- Covid world? The challenge for this case consists of three important aspects.

**The first challenge** is to ensure the safety of employees with the benefits of collaboration with colleagues.

Physical interactions, paperwork signing, presentation of proposals, relationship reviews, and events **are key elements of private banking**. Many of these actions were preferred to be done face-to-face. Private banking is driven by establishing intimate relationships with clients and knowing deeply personal things about them. Thus, **the second challenge** is to figure out how to develop that trust and intimacy with individuals and families while in person interactions have been affected.

**The third challenge** is finding new clients and convincing them to implement the suggested advice **through the bank’s services**. The current ways of attracting clients include networking, an organization’s board of directors, looking up profitable companies and home values, identifying people selling businesses, sponsorships, public and private events.

The case presentation should describe how J. P. Morgan has done these things in the past and contrast them with the needed new practices. Your plan should complement J. P. Morgan’s current strategy, exploiting its strengths and addressing its weaknesses. Consider what other banks are doing and contrast with those policies of other banks as warranted by J. P. Morgan’s strategy.

### **Considerations/Focus Areas**

#### External Analysis:

- Identify and discuss what other banks and service businesses (retailers, hospitality businesses, etc.) are doing to overcome the lack of personal contact that is expected practice in this industry.
- Provide industry statistics on the private banking industry. (e.g. size, maturity, market share, growth potential, etc.).
- Who are the main competitors? Conduct a competitive landscape analysis. Apply the Five-Forces Model analysis of industry competition.
- Discuss the barriers to entry into the industry.
- Other external strategic analysis tools covered in the course: general environment, industry success factors, industry evolution.

#### Internal Analysis:

- What is JPMorgan Chase’s competitive advantage or disadvantage over rivals in the **private banking** marketplace?
- Apply internal strategic tools covered in the course: value chain, resource-based view, financial analyses, vision-mission-objectives, core competencies, transitory rather than sustained competitive advantage.

### Post Covid Strategy for Private Banking

- How should the bank balance the safety of employees with the benefits of collaboration with colleagues **for private banking**?
- How should the bank keep the personal touch and maintain the same trust-based relationships with **private banking** clients?
- How should the bank find **private banking** prospects and turn them in to clients in the new environment?
- How should JPMorgan Chase use public data/ information to find prospective clients (see an average client description above; make sure to discuss the public data related to demographics)?

### Financial Analysis

- Provide revenue projections for 3 years.
- Estimate the cost to develop and implement your strategy.
- Provide projected income statements combining revenue and cost projections from the previous two bullets.