

TU Case Competition Summary Outline

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.

Some of the bank's business lines include:

Commercial Banking

JPMorgan Chase Commercial Bank provides tailored financial solutions for organizations with annual revenues ranging from \$20 million to \$2+ billion. JPMorgan Chase is uniquely positioned to provide comprehensive solutions, including lending and treasury services. Through nearly 1,200 bankers in over 130 across the US and Canada, the Firm helps businesses prepare for future growth these customized loan services, succession planning, and capital for business equipment or technology. JPMorgan Chase's treasury management platform enables organizations to improve working capital, reduce fraud, and minimize the impact of unexpected disruptions.

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.

Consumer Banking

Chase Bank constitutes the consumer and business 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 JPMorgan Chase Commercial Banking.

Important Aspects of JPMorgan Chase Commercial Bank

- The commercial bank delivers the financial solutions that businesses need to grow and run their day-to-day operations. These financial solutions can be broken down into two main solution categories:
 - **Treasury Management:** solutions to make and receive payments, manage liquidity and provide enhanced security and reporting capabilities.
 - **Credit and Financing Solutions:** customized loan services to support growth, working capital and other strategic initiatives.
 - The average commercial bank client can generate up to \$100,000 in revenue to JPMC through value adding solutions in treasury management and credit.
- **JPMorgan Chase Commercial Bank serves corporations, municipalities, financial institutions and not-for-profit entities.**
- Bankers provide free advice, and profit is generated only if a client chooses to implement solutions. The commercial bank generates income through Treasury Management fees and interest on Credit and Financing Solutions.
 - The local JPMorgan Chase Commercial Bank office currently has 10 bankers covering the region. The bank sees potential to add 5 more.

- An average banker brings in three new relationships per year, the best performing banker would bring about five relationships per year, and a low performing banker would bring only one relationship per year.
- The stronger, the deeper, the more complex the relationship is with the client, more value this relationship brings to the bank.
- Nearly 15,000 existing clients benefit from 1,200 bankers who operate out of over 130 offices across the US and Canada.
- Through our local delivery model coupled with the firm's global resources, the commercial bank provides customized, comprehensive solutions and exceptional service.
- **While it is the largest bank in the country, Maryland is an expansion market for JPMorgan Chase, so it is important to take that into account in evaluating the local competitive landscape.**

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 **commercial 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 commercial banking**. Many of these actions were preferred to be done face-to-face. Commercial banking is driven by establishing relationships based on trust. Thus, **the second challenge** is to figure out how to develop that trust with the decision makers of businesses and organizations while in person interactions have been affected.

The third challenge is finding new clients and working with them to implement the **banking solutions**. The current ways of attracting clients include networking, leveraging existing clients for referrals, researching successful companies and organizations, sponsorships, public and private events and conferences.

The case presentation should describe how JPMorgan Chase has done these things in the past and contrast them with the needed new practices. Your plan should complement JPMorgan Chase'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 JPMorgan Chase'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 **commercial 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 Commercial Banking

- How should the bank balance the safety of employees with the benefits of collaboration with colleagues **for commercial banking**?
- How should the bank keep the personal touch and maintain the same trust-based relationships with **commercial banking** clients?
- How should the bank find **commercial 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.