

GLOBAL AWARD

The World's Best Bank Transformation: BNY

Working as one firm is more crucial than ever, especially for large banks like BNY facing technology pressures and nimble competitors.

With its diverse, interrelated businesses and high-tech investment needs, BNY's success in breaking down silos has driven a transformative three-year journey that's boosted commercial capabilities and operational efficiency, and renewed excitement around the iconic firm.

Alexander Hamilton, the first treasury secretary of the US, founded the Bank of New York in 1784. It was the first company listed on the New York Stock Exchange. Its ticker is simply BK, for bank.

Yet until recently, BNY was treading water. When Robin Vince became CEO in mid-2022, the share price sat at pre-2008 crisis levels. BNY was not going away, but nor was it reaching its potential. A splintered business model matched its operational fragmentation, with decades of diversification and layered acquisitions making unified operation nearly impossible.

BNY's businesses were operating like subsidiaries in a conglomerate. Customers had to go through new onboarding processes if they wanted to work with a different part of the business. It had numerous platforms for custody, loans and deposits; eight different contact centres, and multiple human resources departments. It had up to seven mid-sized office buildings in one city. Commercial integration was similarly lacking. In clearing, it had three different businesses with shades of difference for geography or security type. And if a customer wanted to move all their clearing business to BNY, they would have to speak to different people in each of the silos.

A decade view

“We had a lot of duplicative things that we did for clients,” Vince says, speaking to Euromoney. “We are one of the world’s largest clearing organisations. We are number one in custody in the world. We are number one in securities lending. We are number one in collateral management. But when we looked carefully at all our different businesses, we often found we did virtually the same thing in several places.”

A different perspective helped. Vince had spent most of his career rising the ranks at Goldman Sachs, an important BNY client. He then spent two years at BNY before becoming CEO, getting what he calls an “unfiltered vision” of the company.

Vince and his team saw BNY’s potential. The question was how to reach it. Transforming BNY required what he calls a “decade view” – including a phased and disciplined timetable for change.



Robin Vince, BNY

Previously, much-needed changes were put off. Following the acquisition of Mellon Financial Corporation in 2007, cementing BNY’s status as the world’s largest custody bank, the 2008 crisis hit, and in turn led to a period of recovery, as at other systemic firms – a pattern repeated after Covid-19. CEO

turnover was frequent. Charles Scharf arrived from Visa to become CEO in 2017, when the bank was facing pressure from activist investors to tackle profitability challenges from low interest rates. He left after less than two years to run Wells Fargo.

Vince subsequently spearheaded a three-pronged strategy: cultural change,

improvements in the operating model, and heightened cross-selling capability.

Especially at the beginning, the cultural element was vital in making sure the transformation could be deep and enduring. “It had to be a collective effort of our people wanting to help us to run the company differently, to create better outcomes for clients,” he says. This required clarity and honesty. People had to know why change was necessary, why they had to step out of their fiefdoms. Organisational nonsense had to be called out – and it was. “When you say you want to ‘run our company better’, it implies that you want to run it differently, that you want to transform. There was a call to action associated with that,” Vince says.

More than a bank

Running the company better also required some fundamental thinking about what BNY is: a bank, but how much of a bank? In wealth management services, for example, the main competitors to its Pershing brand are Fidelity, LPL, and Schwab, most of which are not banks. BNY also looked to financial technology companies in areas like payments. And it looked at the way exchanges have become clearing, data and software data platforms, selling a variety of products and services.

“We are more than just a bank, because many of our businesses are more akin to large non-bank financial services and technology platforms,” Vince says. The question was then why BNY should not organise more like a platforms business. “We’re proud to own a bank and we have the corporate form of that, but there’s no need to let those labels define you.”

BNY’s method for moving to a financial services platform company is through a timetabled migration to what is called a platform operating model – gradually shifting more businesses and corporate functions onto single entities serving the group. It is designed as a new way of working, not just for the back-office, but also for client coverage. Chief financial officer Dermot McDonogh describes the model,

involving both enterprise and client platform owners, as a tugboat for turning around the BNY supertanker.

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“It’s about getting every part of the company to operate in that platform way, in a platform mindset,” McDonogh says.

After earlier exploration and piloting phases, including input from one of the big consulting companies, the first big wave of transition came in 2024, covering platforms for client onboarding, payments, treasury services, loans and structured debt. By the end of the year, a quarter of BNY employees had migrated. By spring 2025, more than half of the firm was on the model and a third wave then beginning, with the aim of sweeping up corporate functions such as legal, risk and finance by 2026.

These last waves require less individual attention, according to McDonogh, because they can learn from those that came before, like siblings: “We’re having to spend less time on wave three because wave one is helping wave three.” Onboarding was one of the first to go, moving people from the business lines into a centralised platform under one leader whose sole focus is making onboarding efficient, effective and a world-class experience – and with a much bigger budget than was possible when each business had different processes, technology and people. It’s also moved to one call centre, and one HR division.

Talking to each other

The sheer breadth of BNY’s client franchise helped attract Vince and McDonogh – an old Goldman colleague – to BNY. In one way or other, BNY serves almost all the world’s biggest banks, asset managers, alternatives players and insurance companies, as well as a large chunk of the biggest non-financial corporations,

notably in the US. It's also one of the strongest US banks in terms of its balance sheet – and necessarily so, because it is the sole settlement agent for US treasuries.

Like JPMorgan, BNY's solidity tends to attract funds seeking safety in a crisis. Despite that, it is refreshingly free of the sort of star culture prevalent elsewhere on Wall Street.

Previously, however, a fragmented coverage structure meant that even large, long-standing clients might only know one side of the business. It also led to a proliferation of pricing agreements and deal structures with little attention to the wider relationship's value. All that has changed.

In early 2023, Vince appointed BNY's first chief commercial officer, Cathinka Wahlstrom. With the move to the platform model, it now has a single clearing business, under Brian Ruane. Two trading businesses have become one, under Adam Vos, and it has brought its payments platforms together under Isabel Schmidt, who can now provide a single voice on payments and work to rationalise its various tech stacks.

"We are creating sales communities that rally around alternatives, or wealth advisors, as a client segment," says Jayee Koffey, chief enablement and global affairs officer. "Previously, the same client might have been covered by people across many different teams, who didn't necessarily talk to each other, because we didn't have this cultural recognition about how much better it would be for clients when we work together."

Culture step-change

Simplifying the brand from BNY Mellon to BNY last year, marking its 240 years, was symbolic of much deeper change. And the noise around that milestone also seems to have helped a jump in interest among potential new recruits.

BNY doubled its graduate intake last year. It introduced rotation between

businesses into the scheme. “You’re training the next generation of leaders to know more of the company, to have that broader outlook,” Vince says. “If we’re trying to do more with our clients, our people need to know more of our businesses, so they can be fluent in talking to the clients about it.”

New graduates, even security guards, now own stock in the company due to a grants programme called BK Shares, launched early in Vince’s tenure to imbue a sense of common purpose. Previously, only a small fraction of staff owned shares.

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There are already signs all this is paying off. One manifestation of that was record net income and revenue in 2024, with a return on tangible common equity rising to 23% despite sector-wide pressures on net interest income. Leading on from that, BNY was the best-performing large US bank stock in early 2025, its price having more than doubled under Vince, far outperforming peers.

Much of the reason is consistent improvements in operating leverage, with 2024 efficiency savings reaching around \$500 million, helping increased investment in tech.

“Management has delivered positive operating leverage on a year-on-year basis for eight of the nine quarters since Robin Vince became CEO,” says Betsy Graseck, global head of banks and diversified finance research at Morgan Stanley. “That’s impressive. It’s been a long time since we had a streak like that at BNY.”

Just getting started

Analysts are also convinced by Vince’s message that this is just the beginning, and that efficiency gains will continue – especially in securities services, and in investment and wealth management, as it completes the shift to the platform operating model. The expense ratio fell to 67% in 2024, down from 71.3% in 2022.

Graseck estimates it will drop to 64% in 2027, the first year when it can harness the full efficiency benefits of the new model.

However, the scope to grow its number of products per client is BNY's greatest untapped opportunity, according to Vince.

Despite the breadth of services that BNY provides for institutional clients, in 2022, its average institutional client was barely using the firm for more than one product. With more cross-business referrals, the number of clients using three or more business lines has already increased by 40% over the past two years.

The transformed BNY, meanwhile, should also help in rolling out firm-wide use cases for today's general-purpose artificial intelligence – doing it once, rather than having to convince each silo to adopt it – and being able to create innovative products in a more agile fashion.

Vince says: “The platform operating model is a means to an end, and we still have a long way to go to get the benefits in the way we deliver to customers.”