A Conversation with CEO Richard Davis

U.S. Bancorp Chairman, President, and CEO Richard Davis talks about innovating through great people, community involvement, and why 2012 is the “Year of Wealth Management” at U.S. Bank.

BY MIKE MACMILLIAN

Q The past several years have been among the most challenging ever experienced by the banking industry. How has U.S. Bank responded?

A The banking industry and, most importantly, client relationships are built on a foundation of trust and competence. When that trust is damaged, it takes time to rebuild. Through foresight and good fortune, U.S. Bank avoided most of the problems of the financial crisis. Nonetheless, our industry has been challenged, and it’s up to all of us to take responsibility and respond in a way that rebuilds trust and further strengthens our most valuable asset—the relationships we have with our clients.

We have approached this challenge on several fronts. In the communities we serve, we have significantly expanded our support for programs focusing on financial literacy. We think it’s to our advantage to have a knowledgeable consumer, and we believe the education process needs to start at an early age. One of the more innovative initiatives we’ve undertaken is to team up with the Build-A-Bear company to launch a virtual bank on its “Build-A-Bear Workshop” website. It uses interactive games and online activities to teach kids about saving and budgeting. We are also very active in the schools, at local YMCAs, with Junior Achievement, and other community venues, answering questions and working to increase understanding of finance and banking and how the economy functions.

On the national level, we are supporting a new financial services roundtable initiative designed to help regulators and our elected representatives more fully understand and appreciate the vital role banks are playing in the economy and its recovery. The banking industry employs some 2.5 million people. Banks are part of the fabric of people’s neighborhoods and lives. Banks contribute millions of dollars to local charities and, perhaps even more importantly, many individuals across the banking industry contribute their time and their skills to charitable projects and endeavors.

Q Speaking of volunteering, could you discuss U.S. Bank’s commitment to its communities and why this is so important?

A We have always believed in giving back to the communities we serve. That commitment was recognized nationally in 2011 when the United Way awarded us the exclusive “Spirit of America Award” as the top ranked company in America noted for our service to our communities through the United Way. In Minnesota alone, we provided over $4 million in charitable contributions and extended more than $111 million in low-interest development loans in 2011. We have similar programs in place in all of our markets, having given $21.8 million throughout our footprint in 2011. This is not just about giving money. It’s about our employees dedicating their time to the charitable causes they believe in. We support volunteerism by providing our people paid time off to work on local projects and causes.

Q U.S. Bank has long enjoyed a reputation for being highly efficient and a prudent manager of risk. Now, the bank is emerging as a market leader and innovator. Tell us a little about what you see in the bank’s future.

A When most people think of innovation, they think of technology, and we are certainly investing significantly in our infrastructure to support new services. Mobile banking is one example, and we’ll continue to develop ways for people to connect with their money and financial information. But we are also innovating on the people side of the business. We believe strongly that a great client experience is a by-product of a fully engaged employee. We want to create an environment in which our employees can excel, and where they’re free to create amazing outcomes for our clients. Again, it all starts with a relationship of trust—trust in the bank, trust in the relationship an individual has with us. The bank’s strength and its history provide a great foundation for recruiting the kinds of people we need to succeed.

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U.S. Bank has made a major commitment to wealth management. How will this strategic investment make a difference to clients and to the bank?

We think it’s a terrific time to be investing in the wealth management business. With all the market turbulence we’ve seen, investors—more than ever—are seeking good counsel, advice, and advocacy. U.S. Bank’s near 150-year history, our financial strength, and particularly our performance in the financial crisis place us in an ideal position to fill that role. It’s consistent with what we’ve always been as an organization.

We’ll continue to share our story and our capabilities with the community. In fact, internally we are calling this the “year of wealth management.” We want to let our clients know that through U.S. Bank, they have an abundance of highly skilled professionals analyzing and considering all options about their future on their behalf.

There are few companies in anyone’s life that will be there for them as long as their bank. We’re there when they first begin saving, when they need a car or home loan, and when they start to think about and plan for retirement. That’s a very special relationship, and again it’s one that has to be built on trust if it’s going to last.

Our wealth management capabilities are designed to guide clients across this continuum of needs, from basic investment advice to wealth management and wealth impact strategies, today and well into the future. Our goal is to provide exceptional service at each step of the way, with products and services tailored to meet individual client circumstances.

The bank recently launched Ascent Private Capital Management, serving the ultra high net worth market. Can you discuss the thinking and strategy behind this new initiative?

The bank has long enjoyed managing the affairs of clients considered as ultra high net worth. They have stayed with us for the same reasons our other clients do—our great people, great thinking, and great services. The launch of Ascent gives us an exciting new vehicle to bring these services to new clients who may not presently have a relationship with the bank.

One of the interesting things we realized as we began to look more carefully at this specialized market was just how important it is not just to work towards maintaining and building our clients’ wealth, but to help them use their resources to “do good” in the world. Understanding that desire provides the basis for what we believe really sets Ascent apart—the concept of “wealth impact strategies.” This innovative approach considers the meaning and uses of wealth today and for generations to come. It’s not just about philanthropy. It is a philosophy about how the resources an individual or family has accumulated can be employed to potentially leave the world a better place.

Not coincidently, this concept aligns well with what we have always been as a bank. Our corporate history, financial performance, and values around community engagement are part of what attracts clients to our company. So in that sense, Ascent is applying the bank’s strengths in a new, creative way to serve this market.

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