

The Economic Club of New York

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115th Year
684th Meeting

Stephen J. Squeri
Chairman and Chief Executive Officer
American Express

November 10, 2022

In-Person/Hybrid Event

Moderator: Caroline Hyde, Co-Host
Bloomberg Television's "The Close"
and "What'd You Miss?"

Introduction

President Barbara Van Allen

Good afternoon everyone. Welcome to the 684th meeting of The Economic Club of New York. I'm Barbara Van Allen, President and CEO of the Club. I would like to invite John Tuttle, the Vice Chairman of the New York Stock Exchange and President of the New York Stock Exchange Institute, which I know is fairly new. I'm excited to learn more about that, John. John is also a very good friend and our host. So, John, please...(Applause)

John Tuttle: Well, good afternoon everybody. For those I haven't met, as Barbara said, I'm John Tuttle, I'm Vice Chair of the Exchange, and on behalf of our entire team, a very, very warm welcome. Thanks for being with us today. It's always a pleasure to partner with Barbara and The Economic Club of New York, and I can assure you, for those of you in the room, for sure, and hopefully for some of those virtually as well, anytime you attend an Economic Club of New York, you're going to leave with a great exchange of views. You're going to build relationships and hopefully walk away with some actionable opportunities as well. It's a particular pleasure to welcome you to today's program where – I may be a bit biased, but I think we're bringing together three of the names in America, in the world, that stand for trust. So the New York Stock Exchange, The Economic Club of New York, but American Express as well. And the positive impact that you play in driving inclusive economic growth across this country

and around the world is something to be commended and we're excited to hear what you have to say today. But without any further ado, I know we have a very tight agenda, and we have a very excited audience, so I'll turn it back over to our great friend and the CEO of The Economic Club of New York, Barbara Van Allen. So thank you. (Applause)

President Barbara Van Allen: Okay, well, I just want to mention quickly, for those of you that don't know it already, this is a milestone year for the Club. It's our 115th anniversary. And we'll be celebrating that anniversary with a special dinner Monday night, the 14th. We have an exciting evening planned. John Williams, the President of the New York Fed and our Chair, will be leading a panel of former chairs. And we're going to walk back over history and look at some of the developments that have happened over the decades. So that should be great fun. We're also going to announce the winner of the Club's first Innovation Challenge, and we have five teams that have competed. These are Fellows in our 55 Fellows Class for '22. And out of those groups we will be selecting two winners.

I do just want to reinforce that we're very lucky to have come before the Club over 1,000 prominent speakers over the last century. And, of course, today is no different. We also have attending virtually some members of the Fellows Class as well as students from the CUNY Graduate Center, NYU Stern School of Business and the Gabelli School of Business at Fordham. And as a reminder, we are taking applications now for the 2023 Class of Fellows.

So it's an honor to welcome our special guest, Chairman and CEO of American Express, Stephen Squeri. Since being named in the role in 2018, he's worked to develop a culture that focuses on supporting customers, colleagues and communities and has evolved the company's operating model through an enterprise-wide strategy focused on delivering sustainable, long-term growth.

Under his leadership, American Express has launched an innovative payment, financial management and lifestyle offerings for consumers and businesses, expanded strategic partnerships, enhanced their digital capabilities, reshaped their strategy to drive growth in international markets and became the first foreign payments network to receive a clearing license in mainland China. Additionally, Steve spearheaded the development of the company's Environmental, Social and Governance framework and established the Office of Enterprise Inclusion, Diversity and Business Engagement.

He previously served as Vice Chair of American Express from 2015 to 2018, during which time he brought together separate divisions supporting small businesses, middle market firms, large companies to create the Global Commercial Services Group, which today represents approximately 40% of the company's overall volumes. In 2009, Steve was named Group President and led the formation of the Global Services Group, consolidating and globalizing the customer servicing, credit and fraud, technology, and business support functions.

He's a native of Queens, New York, deeply committed to giving back to the community and advancing opportunities for education and economic development. He serves as Chair of the Business Roundtable Corporate Governance Committee and on the boards of both his alma maters, Manhattan College and Monsignor McClancy Memorial High School. He sits on the Board of Trustees of Memorial Sloan Kettering and The Valerie Fund.

The format today will be a Fireside Chat. We're delighted to have Bloomberg's Co-Anchor for "The Close" and "What'd You Miss?", Caroline Hyde, doing the honors of moderating.

Fireside Chat with Stephen J. Squeri

CAROLINE HYDE: I'm glad it's such a quiet week. I mean from a news focus perspective, I don't think anything else is really happening, so not much to comment on. It is extraordinary. It's an extraordinary time. And I think that's why it's so important to have someone with your experience, having been at American Express since 1985 and have worked basically every single role within that, whether it's Chief Information Officer, whether as also Corp Dev, whether it's then of course Vice Chair and going on to be the CEO. And what I love about American Express, what I love about talking to you is about your birds-eye perspective of the economy. And today, the markets roar higher because inflation is apparently cooling, 7.7% is still too high. But from your

perspective, is this a good sign? How are you feeling about the economy?

STEPHEN J. SQUERI: Well, it's a pleasure to be here. Thank you for the invitation. I really appreciate it. It's, you know, an interesting week. It's been an interesting few years actually, not just an interesting week. You know, I think that today's news obviously was very positively received by the markets. And I think it's good that it looks like, I mean you looked at CPI, instead of .6% growth, it was .4% growth. And, you know, we're up, so the 7.7% versus the 8.2% from last month. The core CPI growth has cooled a little bit, but I still think we've got, you know, we've got an inflation problem.

And I think the other thing is we've got an economy right now that, you know, to say is confusing would be, I think, an understatement, right? I mean you've got a situation where the first two quarters of the year you had some contraction from a GDP perspective. Third quarter we went up a little bit. You've got inflation, which is continuing to rise, but not necessarily, maybe after today's news, not at the rate. You have record low unemployment. I mean we've got 3.7% unemployment. In October, we had lots of jobs. I know at American Express I've got lots of jobs open. And, you know, you've got housing starts which are starting to slow a little bit and you've got the market, which has come down, right? I mean if you look from the beginning of the year, the market has come down. And so you've got a lot of different confusing signs out there.

But then you have, you know, when I look at my numbers, I had 24% billings growth.

And that's not due to inflation. The majority of that growth was due to transactions. So we had transaction increases driving growth. And that growth was not just the United States, it's international as well.

CAROLINE HYDE: Are you worried about certain social media platforms in your marketing?

STEPHEN J. SQUERI: Look, we look at every channel that we operate in and I think the important thing for us is we want to be associated with companies, we want to be associated with channels that are consistent with our values. And so, you know, we run lots of stuff through our scans and if it doesn't meet our values test, then we'll stop. So I don't want to pre-suppose anything that's going to happen if you're going there next.

But, you know, I think it's really important. And the reason it's really important is what's important for us at American Express is our culture. I've been there almost 38 years. And your culture is really built on your values. And so the minute you compromise your value system, your culture is going to collapse. And our culture is so based on values and that culture is one that, you know, the first thing that we have in our values is we do what's right. We back our customers. We respect individuals so forth and so on. And so I think that we have to be true to those values and that's what I've tried to do. That's what my predecessor did and so forth and so on.

And that's why you have a company like American Express that's been around 172 years. And values are so important because you have to remember we started as a freight-forwarding company, right? And it was all based upon security and trust. And that security and trust is still there and that focus on the customer is actually still there, right? The customer wanted to make sure if they gave us a package, it got from New York to California.

CAROLINE HYDE: Security and trust, something that perhaps cryptocurrency has tried to base themselves upon and people are now very much questioning that. And I know you're someone who has thought very thoughtfully about crypto, how it fits in with your business model, but you've been very cautious. And notably perhaps you've done just a partnership with Abra for example. How are you looking at the landscape on that today?

STEPHEN J. SQUERI: Yes, so I mean, look, I think the one thing you have to be able to do in this particular job is you can't be just so singularly-focused that you lose track of what's going on around you. And, you know, we look at everything. And, you know, we've looked at cryptocurrencies from when they first started to gain traction. We've experimented with blockchain. We've got investments in blockchain companies. We have a partnership with Abra where people earn cryptocurrency rewards. And, you know, I've been pretty public that I believe that cryptocurrency is an asset class and I think people like to invest in different asset classes and off you go. But I don't see it replacing the payment rails.

And, you know, when I think about cryptocurrencies, I put that under the umbrella of digital currencies. And so you have digital currencies, you have the cryptocurrencies, your bitcoins, your Ethereum and so forth. And then you've got your stable coins and then you've got, you know, governmental digital currencies as well. And I think there certainly is a play for digital currency in the economy, but it's hard for me to see right now cryptocurrencies with the volatility, with the limited supply of some of them as well, how it really replaces the traditional payment methods.

The one thing with the traditional payment methods, they're not broken. They work and so we'll see. Having said that, you never say never. And that's why you stay engaged, you listen to people. There's a lot of people that have a very different perspective than I have. And they've made a lot of money, they may be a lot smarter. But I think when I think about sort of the business that American Express is in, which is we're really a lifestyles brand that brings people experiences, provides access, and combines a payment facility with that. The horses that we have right now are working for us.

CAROLINE HYDE: Talking of competition in the more traditional space, you've really won that market share in terms of it felt at one point everyone was trying to repeat the Amex formula. And I won't name names but you overhauled your own offering. Are you now seeing the market share is expanding for Amex vis-a-vis some of the other more luxurious credit cards out there?

STEPHEN J. SQUERI: Well, I mean, look, I think it's flattering to want to be replicated, right? And I think that we play in a segment of the marketplace which is what we would call the premium market spot. And in that space people expect more than just payments. They expect access. They expect experiences. They expect great service as well. And, you know, there's a lot of great companies out there with a lot of really smart people that are nipping at our heels. And that keeps us focused and that keeps us continuing, and that's what I said before, we need to continue to evolve that membership model for us and stay one step ahead of the Joneses. And I think we've done that.

I think what we've also done, though, and you and I have talked about this, we have expanded our retention capabilities. We are now retaining more customers and more billings than we had in the past. And I think that goes back to the decisions we made during the pandemic and standing behind them. I think the expansion of our offerings to have more sort of, not just pay now, but pay over time, has helped us as well. And so I think we're getting a higher share of our customers' wallets. And as I said, look, we had 24% billings growth in the third quarter and most of that was by transactions. And so when you look at it, I think that will translate into market share.

The other thing I will say about this space is the payment space is a space that the revenue components that are driving this go much beyond 2030. It's sort of out of my planning horizon at this point. But as we sit down and we look at the marketplace, we

like the space that we're in. It's a growing space. Very competitive. And that's why you have to continue to invest and you have to stay on your game. And, you know, you just can't be focused on traditional competitors but you just can't be focused on startups and so forth, and you need to be focused on everybody. But the most important thing is, is to be focused on the customer. To really understand what the customer wants, what the customer expects and where the customer is going. And that is how you win.

CAROLINE HYDE: And be a trusted brand, and I noted you were ___ about you're a brand that matters, so says Fast Company. You've really focused on the small to medium-sized enterprises, so much so you have SME Saturday coming up in a little bit. How are you supporting small businesses particularly as we enter perhaps a slightly cooling economy in general? How does that make you stand out?

STEPHEN J. SQUERI: Well, I mean, look, I think one of the big ways that we're supporting small businesses is we try and bring them business. And I think, you know, back in the throes of the financial crisis, we launched Small Business Saturday and Small Business Saturday was, you know, this is our 13th year of doing Small Business Saturday where we're trying to drive cardmembers. And not just cardmembers, we're trying to drive everybody. I think, you know, what's good for Main Street is good for Wall Street as well. And so the more that we can support in aggregate, no matter what payment method, in aggregate, I think it's good for the economy.

And, you know, look, we get our fair share. I mean, you know, we'll do well with small businesses. We'll be out there. We'll be providing them advertising opportunities through various social media platforms and point of purchase materials and things like that. And it's not something that we just do in the United States. It's something that we've done broad-scale. And during the pandemic, we ran it multiple times. We just didn't run Small Business Saturday. We ran a promotion in the spring and we ran one in the summer, the fall and the summer as well, to get people out there supporting small businesses, which were really hurt by the pandemic because so many could not get up and running online.

CAROLINE HYDE: Are they hurting now, from your data?

STEPHEN J. SQUERI: I don't see it. You know, we talked about small business growth. Our small business spending growth was 17% in the third quarter so that's not a bad hurt, right? So they have 17% growth. We're seeing more small businesses start up and credit looks good. The other thing that I think that's important, you know, to think about with small businesses, we all tend to think about small businesses as restaurants. We tend to think about small businesses as a small retail shop. Small businesses run the gamut, right? I mean it's your plumber. It's your electrician. It's the construction worker. It's the lawyer, the doctor, the dentist. These are all small businesses in the economy and it's all ones that we do business with.

And, you know, and we like to think we help them achieve their objectives and that's why we expanded our product offering. Because, you know, if you look back five years ago, we had a small business card with a lending option. Now we have working capital loans and we have a transaction banking account. We have a debit account. We've got some business loans that go out for two years. So what we're really trying to do for small businesses is to be their working capital provider to help them run their businesses and fulfill their dreams.

CAROLINE HYDE: You've been talking a lot about the developments you've been making, whether it's for the consumer or the small business and large business at that, at a time when many people were working from home. And now we come to a brave new world where we're able to gather in the flesh, but also got people virtually. And what's amazed me about you is you've been not afraid to put it out there that you are doing a hybrid model and actually it works. But you were already having a kind of hybrid model pre-pandemic. How are you currently seeing the return to office? How are you feeling the New York dynamic as a key employer?

STEPHEN J. SQUERI: Yes, so for context, I mean I used to think working from home was what you did at night and on the weekends, right? I mean that was sort of working from home. But pre-pandemic, you know, at American Express 20% of our 65,000 colleagues at the time were working virtually – sales people, customer service reps, even some specialty technology people, things like that. And most people were not

coming into the office five days a week. They were probably coming in on average about four days a week.

In fact, and I've told you this multiple times, my Executive Committee when I started, I basically said to my Executive Committee, we are going to be in as a group one week out of the month. The rest of the time, travel, be with your customers, whatever you want to do, be with your teams. We called it Meetings Week because that's all I could come up with at the time. So that one week, we were all together. And we interacted and we collaborated. And the key thing is we met for purpose, we met for purpose.

So as we looked at return to the office, we gave people an option. Do you want to do your job from home? A lot of people, we went up from 20% to 40%. Then we had people that were hybrid and the hybrid people were coming in, on average, two days a week. You get some people coming three days and you get some people that will come in once. But what we've really said is come in for purpose. We've said come in for purpose. Don't come in and sit at a screen. Don't come in and sit on the phone. Come in and meet with your colleagues.

And so, you know, when you look at sort of Tuesday through Thursday, it's pretty busy. Not quite back to what it was pre-pandemic, but it's pretty busy. Monday and Friday, not so much. But I think the other thing that we're seeing from a city perspective is when people are making the effort to come in, they're also spending a little bit more time in

the city. Maybe they're going to meet friends and go out to dinner. Maybe they're going to go to a show. Maybe they're going to do this or they're going to go to a game or what have you. And so if you're going to make that trek in, you're going to do it. And the other thing that works is free food. Free food works. We were talking about this. But free food, it's kind of interesting, right? You spend \$40 to commute, I'll give you \$20 for lunch, and you come in. So hopefully those people aren't in finance. But it is interesting that that does work.

And I think what you really want to do is give people a reason to come in. You want to give them a reason to come in. You want them to interact with others. You want them to meet with others. And that's why, if you go down to the cafeteria Tuesday through Thursday, it is packed and it is vibrant. And I think that's great. So I don't think we'll ever go back to five days a week for my business. And I'm not criticizing people that are at five days a week because maybe it's more of an apprenticeship model. Maybe it works more for their business. But I have people that work in New York that don't have anybody that works for them in New York. They have people in Phoenix. They have people in Brighton. They have people in Australia.

So being in and sitting there, yeah, it's great to interact once in a while, but come in and really operate and act for purpose. And I don't think it's hurt us. I think it's helped us. I think it's really helped us from a servicing perspective because we're able to get more talented people that have a lot more flexibility. Think about it. If you don't have to

commute an hour to work and you can be on the phones for five or six hours, especially if you're a working mother and you got young kids and you get them off to school in the morning or a working father, same kind of situation, I think it works. So I think it gives us the ability to attract more people, higher quality, and in different locations.

CAROLINE HYDE: Are you still attracting and hiring? Or are you thinking more this is a period of retention?

STEPHEN J. SQUERI: Look, it's always a period of retention. I mean, you know, it's the same thing with our business, right? It's a lot better to build off an existing customer than it is to acquire a new one. You always want to deal with that existing customer. But, look, we work really hard to retain our people. And this morning I just did a, for 13 people, we did a video, 45-year anniversary with American Express. We had 13 people that just celebrated this year, their 45th year. So I spent a half hour and answered questions and thanked them quite honestly. I spend more time thanking than anything else. And I think that speaks to the culture. Like my direct report team, I've probably got six people that have been here over 30 years. I got some newbies as well. But it does work. So we want to retain people. But we have job openings so if any of you are interested in technology or customer service or travel counselors, see me afterwards.

CAROLINE HYDE: And you're giving pay brackets? And I thought that was, that showed real leadership, that you just were in front of that change within regulation and

that transparency that you're giving. Because that's what it's all about, right?

STEPHEN J. SQUERI: Well, I think being transparent is really important. I mean it's one of our values. I mean I think that, you know, we like to say that we want our leaders to be authentic but we also need to make sure that we're very transparent, we're very candid and that we're communicating and letting people know where they stand and what they get and so forth.

CAROLINE HYDE: Has that helped with a more diversified workforce, do you think? Do you think that regulation will help with a more diversified workforce?

STEPHEN J. SQUERI: Look, I think we've done a good job from a diversity perspective. You know, my objective, and I remember when I took over for Ken, Ken and I did a Fireside Chat and we talked a lot, Ken and I talked a lot about values. And people say, you know, what's different? Stylistically, we may be different, not maybe, we are. But, you know, from a values perspective, we have the same values and that was really important. And somebody asked me, I wasn't even in the job, they asked me what my legacy was going to be. I was like, I didn't know I was leaving so soon, right?

So, look, you want the company to be competitively in a better position. You want them to be, we want to make sure, you know, financially we're in a better position. But socially we want to be in a better position. And for me, I think having a really inclusive

environment. You know, we talk about diversity and inclusion, and diversity is just having lots of different people. And, you know, unfortunately, you know, the way you define diversity is, it's like a book, whatever the book jacket looks like, that's what you are. But the reality is you have to dig deep inside that book to understand the essence of that book. And I think you have to dig deep inside people to understand the essence of people. And, you know, diversity is all about diversity of experience and diversity of how people grew up and education and so forth. But having a diverse workforce without having an inclusive workforce is not a winning proposition. And I think it is so important and what we've really focused on.

And what I've really focused on is to make sure that if you're coming to American Express and you're going to work at American Express, you can be yourself. You don't have to be somebody else. You don't have to put on a costume. You don't have to put on airs. You can be who you are. I've always wanted to be who I am at work. I am now. And, you know, people say, well, that's easy, you run the damn place. But, you know, the reality is what you see with me is what you get. And I want people to act that way. I want people within my company to feel like no matter what, no matter what their religious beliefs are, sexual orientation, experience, what have you, when you come to work at American Express, we want you to be you. That's what we want. And I think that's important. I think that's important to people.

I think, you know, look, people want to be compensated fairly. People want good

benefits and so forth. But, man, we're at work so much that if you can't be who you are for those 60, 70, 80, whatever hours a week you may be working, then, boy, it can be really exhausting and draining and not fun. And so that's really important for us. That inclusion piece is really, really important.

CAROLINE HYDE: I think actually not all that many CEOs are truly authentic. And I think, I've been lucky enough, I'm going to use books as an analogy because the last time we sat together was in a library. It was in your high school library.

STEPHEN J. SQUERI: Right.

CAROLINE HYDE: And this is a gentleman who is deeply philanthropic about the alma maters, whether it's about Manhattan College that you're at, whether it's a high school in Queens, and it's about, I mean ultimately it's about loyalty. You've been at your business for more than 30 years. You're going back to your high school in Queens. You're remembering your roots. And the way in which you interact with absolutely everyone that you work with is so clear of that. Do you think that's part of what makes you, the ability to be the leader that you are and to be comfortable in your own skin, is that you're always going back to where you came from, where you grew up, and then bringing that into how you deal with people today?

STEPHEN J. SQUERI: Yes. I mean, you know, I'm a product of my environment. I'm a

product of my parents, right? I mean, my parents had great values and what they always instilled in us is treat people the way you want to be treated yourself. And I've tried to do that. I have, look, two of my best friends in the world are two guys I went to kindergarten with, and that was a couple of years ago. That was like 58 years ago. And, you know, that keeps it real. I mean that really does keep it real, people that have known you your entire life. And I'm very public about the fact that I still spend time in my high school. I spend time at my college because that's what made me who I am. I think it's easier for our colleague base to really relate to me.

The biggest compliment I ever got was when somebody said to me, and I asked them what their aspiration was, and they said, well, before you became CEO, I didn't think I could be so my aspiration now is to be CEO. I took that the right way. But, you know, I think you have to be authentic. And, you know, with the amount of energy and time that you put into this job, you know, I was never in the school play, right? So I couldn't act sort of 12 hours a day on how people think a CEO should act. And so I just act how I'm comfortable with.

And that's respecting people and living our values and trying to make people in the organization feel valued. And that's why you ride the elevator, you go to the cafeteria, you interact with people. You walk around on the floors. And it's like, well, what are you doing here, in the cafeteria? Well, I'm getting breakfast. What are you doing here? It's not what they expect to see. But I think it's really important. I think if the organization

can relate to the leader, I think that's important.

CAROLINE HYDE: Well, we've also got, and I hate to bring it up the week of midterms, but a really deeply divided, politically divided, socially divided United States and UK, I might add, and most of the world. This is not unique. And I'm interested as to how hard that must be for you and other CEOs that you speak to, the Business Roundtable, to know that you can be authentic when everyone wants to hear a side of you, or perhaps wants to hear from you on things that you never thought would come into the workplace.

STEPHEN J. SQUERI: Yes, you know, look, I think we've gotten to a point in society where winning means somebody else has to lose. And not only does somebody else have to lose, but you have to beat them down as well, and that's not how you play the game. I don't think that's how you play the game. I think, you know, look, I think it's important for CEOs to speak out on things that are really relevant to their colleague base and really relevant to their customers and really relevant to society. I think, though, you have to be careful about what you speak out on and what you don't. Because, remember, you may have your own personal view on something, but I mean sometimes it's 50/50, right? And you've got to watch it.

And I think we came through a cycle where CEOs were speaking out about everything. So it was a little bit like the Three Little Bears, right? I mean we didn't, nobody spoke, then everybody spoke, and you have to get it just right. And I think we're trying to

narrow in on just getting it right. I think where CEOs were before the George Floyd murder was not the right spot. Maybe where we got to was not the right spot, but I think we're finding that right level right now of where we should be. And so I think that's important. But I think it is important to make sure that you do have a voice on particular issues that really matter across the constituency. And what we've done is we've, again, I like to be very principle-based in everything that I do and so we looked together and put a set of principles together on how we should react and when we should react and so forth.

CAROLINE HYDE: In 2018, when you had that Fireside and you were talking about perhaps together, you're quite similarly value-driven, perhaps different in your own unique ways and means as being CEO. What's been the biggest surprise?

STEPHEN J. SQUERI: I think the biggest surprise, well, first of all, Ken, for those of you who don't know Ken Chenault, Ken Chenault is a phenomenal leader, a phenomenal friend, and just a phenomenal human being. And to be able to follow a guy like that is a treat and to be able to call him a friend and to be able to pick up – I was on the phone with him yesterday – just to pick up and just talk about anything. But yet he doesn't, he never oversteps his bounds. It's words of encouragement. Keep your head up and so forth, and so forth and so on.

And he said to me, you don't know what it's like till you're there. And he's so right. You

have no idea what it's like to sit in the seat until you're sitting in the seat. And I remember talking to him about this. He said, well, I didn't think you'd get to experience all the things you've experienced in such a short period of time. But, you know, I think you feel the weight of, we had 73,000 colleagues, I feel responsible for those 73,000 colleagues every single day. And every decision that you make impacts them. It is a lonely job.

And that's why I'm so grateful for the CEO community because the CEO community is a really welcoming community. Whether it's the Business Roundtable or Business Council, you know, you can call somebody up and have lunch or breakfast or dinner and they have the same issues and the same problems that you do. And so I think that's been great. And, you know, as you sit here and you think about everything that is really going on in that world, you have to also realize that your voice is so powerful that, literally, and I'm exaggerating, if you say, boy, I love the color blue, you've got to be careful they don't paint the whole building blue. I happen to love the color blue. It's a very nice color. It's the color of our blue box, but your voice is very powerful so you have to watch what you say. Not only in public forums but just in private. Oh, he doesn't like this or he doesn't like that. So I didn't realize how powerful my voice was. I didn't realize how lonely this job is and you don't realize what the weight is on, you know, just on having the weight of the entire company on you.

But it's been a really interesting experience. It's not one I ever thought I was going to

have and I think we've talked about this before. You know, I was heading into retirement in 2018. Not so much. It wasn't a job that I thought I was ever going to get. It's not one that I ever aspired to. And, you know, you normally don't put people in the job as they turn 59. And the board and Ken decided that it was the right time. And I think the other thing I would say is that if you're going to lead, you have to be willing to serve, and I look at this as I'm serving. And, you know, there's a lot of great things that come with it, but there's a lot of pressure that goes with it as well.

CAROLINE HYDE: We want to take some questions from the audience. We have about ten minutes left, so start to put your hands up. Is it your family that helps you feel less lonely?

STEPHEN J. SQUERI: Yes, you know, four girls will help you feel less lonely, I'll tell you that. But, yes, my family, my brothers and my friends. And I think this gets back to being true to yourself. You know having friends for over 50 years, and you were out at McClancy when we were with Nick and this guy I went to high school with is now the president of the high school. And so to go there, be on the board, work with Nick on making our school the best it can be so that kids like Nicky Melito and I can have the same opportunities that we've had. That's really fulfilling and that's really rewarding.

And so between the philanthropy, whether it's a school or serving on the board of Memorial Sloan Kettering or The Valerie Fund, which helps children with pediatric

cancer, I'm very involved in that. My wife and I are very involved with that. Those are things that I think help you relax a little bit. It's also things that put things in perspective, right? That, you know, yes, you can complain about the pressure of this or the pressure of that. And we were talking about how my daughter who teaches first grade was complaining about what a bad day she has, you know, from time to time. But there are people that don't have it as good as you have it. And I'm blessed, my family is blessed, but they do keep you grounded and it's a good way to spend time with them and my brothers, nieces, nephews and so forth.

CAROLINE HYDE: Keeping us grounded, there are some questions from the audience, I'm glad to say. The microphones...please do introduce yourself.

QUESTION: Mia Sultana, Signature Bank. Stephen, it's a pleasure to meet you. And Barbara, thank you so much. The treasury community thanks you for bringing this together. It's such an imperative initiative. So, Stephen, you have championed a Herculean effort to bring the payment network into foreign networks. We are wondering what is your plan for expansion into the MENA region, if any?

STEPHEN J. SQUERI: I'm sorry, what region?

MIA SULTANA: I'm sorry, Middle East and North Africa.

STEPHEN J. SQUERI: You know when we look at the entire world, there are countries that we operate from a proprietary perspective. There are countries we operate from a joint venture perspective. And there are countries that we operate with a licensing agreement. And so Middle East, we've had a joint venture for a number of years. And as we look at, as we look at Africa, it's probably going to be more from a licensing perspective as we move forward.

CAROLINE HYDE: Next question.

QUESTION: Hello, I'm Emily Chan. I'm with IBM, but I'm a proud alum of American Express. Thank you, Caroline, Barbara, Steve, for the wonderful remarks. I'm curious about building on your DEI comments. Many of the executives and global leaders are in Egypt this week with COP27 and really wrestling with the state of the world with climate change. So as we think about ESG, could you share your thoughts from an American Express view of how we can do more?

STEPHEN J. SQUERI: Yes, look, I mean from a climate perspective, you know, American Express doesn't have a really big sort of carbon footprint. We've got some real estate. We produce plastic. And we're doing our share. I mean we've got our goals and net zero and so forth. I think the issue is, and one of the issues that I wrestle with as Chair of the BRT Governance Committee is so many times you do get stopped by doing the right thing because you're worried about litigation. You're worried about

disclosures and so forth.

And what we've been really battling or trying to influence at this particular point in time is some of the SEC proposals on just what disclosures are going to look like. And, you know, will it actually ultimately prevent companies from doing the right thing because of litigation and so forth. And so we've been focused a lot on making sure that, look, we think disclosure is important. We think that companies should be going in this direction. But if you look at some of the proposals that are out there with Scope 3 emissions and if you think about, if you even think about IBM, you would have to sort of identify what the emissions might be on a mainframe computer that is used in one city versus the other city because of the different electrical grid and because the threshold of reporting is at 1%.

And so we're trying to work to make sure that reporting doesn't get in the way of moving us in the right direction. But I think it's our responsibility as good corporate citizens to make sure that the environment is front and center but it's balanced. It's balanced between shareholder needs and what we need to do, and so we're focused on it. And then as far as the social components of it, I mean I talked a little bit about our diversity initiatives. And I think diversity initiatives are different around the world. You know, what a diverse workforce is in the United States is very different than a diverse workforce in India or in Germany or in France. And then you have to deal with all the regulation around identification and reporting and so forth.

So we're trying to do our part, and as part of the BRT, I think the BRT is trying to do their part as well. And our efforts in lobbying sort of against the SEC proposal is not that we're against the environment, it's the disclosures that come with it and how much litigation may wind up coming as well.

CAROLINE HYDE: Do we have another question? Yes, in the front.

QUESTION: Thank you for those remarks. It's refreshing to hear a CEO of your stature with that type of insight into the job and the responsibility you feel. Quite impressive. Two questions, international. The first is, what is your China strategy? And second, was there anything you had to do in response to sanctions imposed on Russia?

STEPHEN J. SQUERI: Yes, so China strategy has been pretty consistent all along and I'll give you an analogy. In China, we're not operating as an issuer and a merchant acquirer. We're operating as a network much like Visa and Mastercard would do. So we have a joint venture with Express Company. And what we do is we sign up banks to issue American Express cards and we sign up acquirers to acquire merchants. And so it's a network strategy that we have from a joint venture perspective.

As far as Russia, Russia was a very small percent of our business. It might have been less than half a percent of our billings, and we shut that right down. What we did is, we stopped all the card usage and then we had to make sure we really, again stayed with

our values and took care of our employees. We had ex-pats that we got out of the country and we're in the process of sort of winding down all the licenses and what have you. But, yes, we stopped operating in Russia a few days after everything went.

But what was really important is so many of our customers had employees there, and they needed our corporate card to actually get out. So you couldn't shut it down right away because you're stranding people. And so we worked with our customers to identify and then we did sort of a shutdown that way. The local cards that are in Russia, we shut down. But the local cards in Russia wind up running on the local Russian network so I can't even tell you what's really happening there because we have no line of sight into those cards.

CAROLINE HYDE: We have about three minutes left, so I think we have time for one more question.

QUESTION: Thank you. My name is Susan Craw. Thank you very much for being here. Your remarks were terrific. I have a question on the subject of customer service. I think a lot of consumers might say that they feel that customer service, the services that they get from large institutions, large companies has deteriorated in recent years. And I just wondered what your thoughts are on the subject of customer service generally, let's say in this country, in the U.S., as well as how you kind of prioritize – because you could make endless investments obviously in this area – and how you kind of prioritize that

versus other opportunities for investment in American Express?

STEPHEN J. SQUERI: Yes, look, we've won the J.D. Power Award 13 out of the last 15 years for customer service in the United States for credit card companies and usually by a wide margin. We invest quite a bit of money in customer service. It's part of our value proposition. I think when people deal with American Express, they have a very different expectation of how a transaction is going to get handled, if in fact there's a problem. They have a different expectation on fraud. They have a different expectation on disputes. And that's both from a merchant perspective and a cardmember perspective. And so we invest a lot, digital servicing, mobile app servicing, chat, our colleagues that answer the phones.

You know, we've got everybody that we could right around the pandemic, got them all laptops so they could all go home and be able to connect. And so we make big investments in customer service. I think it's an important part of our value proposition. I'm not saying that's everybody's value proposition. But American Express service, trust and security has been sort of the hallmark of our brand and we'll continue to invest in customer service because it's a differentiator. It is a differentiator. And when you need that service, no matter where you are in the world, we're going to provide that for you and we need to continue to do that.

CAROLINE HYDE: Well, Steve, we want to thank you for your service in front of all of

us today. You've given your valuable time, your experience, both personal and indeed from the business perspective. Always love speaking to you.

STEPHEN J. SQUERI: My pleasure. Thank you very much. (Applause)

PRESIDENT BARBARA VAN ALLEN: Many thanks to you both. That was just terrific. And I know American Express has bailed me out when I was overseas and it was really nice. I just want to mention, we do, as I mentioned already actually, have the 115th anniversary dinner coming up on Monday. That's going to be followed by Arvind Krishna of IBM doing a Signature Luncheon November 17th. Then we have John Williams, obviously our Club Chair, Head of the New York Fed, is going to do a webinar on current and future monetary policy, November 28th. We have Mike Wirth of Chevron coming December 1st for a luncheon. And we have HUD Secretary, Marcia Fudge, joining us December 7th. And our end-of-the-year dinner, which is proving to be very popular, will be Senator Joe Manchin December 8th. We also are having a holiday party for the first time maybe ever, in 115 years, because we have heard from members they really want to get together. And I believe that is Monday, the 12th, so more to come on that. So thank you everyone. For our virtual folks, we'll see you soon. And for everyone in the room, enjoy your lunch. Thank you. (Applause)