The Economic Club of New York

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The Economic Club of New York

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724th Meeting

Brian Moynihan
Chair and Chief Executive Officer
Bank of America

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Moderator: Becky Quick
Co-Anchor, Squawk Box, CNBC

Introduction

President Barbara Van Allen

Good afternoon and welcome to the 724th meeting of The Economic Club of New York. I'm Barbara Van Allen, President and CEO of the Club. As many of you know, The Economic Club of New York is known as the nation's leading nonpartisan platform for discussions on economic, social, and political issues. We've had more than 1,000 prominent guests appear before the Club over the last century, and we have established a strong tradition of excellence that continues up to today.

I want to give a warm welcome to students from NYU Stern School of Business, the Gabelli School of Business at Fordham, and Mercy University, who have joined us today virtually as well as members of our largest-ever Class of Fellows – a select group of very diverse, rising, next-gen business thought leaders. We are pleased to say, on October 1st, on our website, you'll be able to pick up the applications for the 2024 Class of Fellows. And we always encourage our members to sponsor fellows.

Today, I'm honored to welcome back our special guest, Brian Moynihan. Brian is the Chief Executive Officer and Chairman of the Board of Bank of America, where he leads a team of approximately 215,000. Bank of America was named World's Best Bank by *Euromoney* magazine in 2022, as well as America's Most JUST Company by JUST

Capital.

Brian participates in multiple organizations that focus on economic and market trends. These include the World Economic Forum's International Business Council Stakeholder Capitalism Metrics Initiative, the Financial Services Forum, the Bank Policy Institute, the Business Roundtable, The Clearing House Association, the American Heart Association CEO Roundtable, and the Business Council. He also is a Co-Chair of the Steering Committee of the Council for Inclusive Capitalism and Chair of the Sustainable Markets Initiative, which was founded by His Majesty King Charles III in his former role as His Royal Highness The Prince of Wales.

Brian serves as Chair of the company's Global Diversity and Inclusion Council and is a member of the Museum Council for the Smithsonian's National Museum of African American History and Culture. He's also a member of the Brown University Corporation's Board of Fellows, the Catalyst Board of Directors, the Council on Competitiveness Board, and the Appeal of Conscience Board of Trustees.

He works with public officials, businesses and civic leaders at the local level through his participation on the Charlotte Executive Leadership Council, the Massachusetts Competitive Partnership and the Partnership for Rhode Island.

The format today will be a conversation. We're honored to have Club Trustee and Co-Anchor of CNBC's Squawk Box, Becky Quick, as our moderator. As a reminder, this conversation is on the record and we do have a fair amount of media on the line as well as in the room. So without further ado, I will be happy to pass it over to you, Becky and Brian. Thank you.

Conversation with Brian Moynihan

BECKY QUICK: Good afternoon everybody. And Brian, I want to thank you for being here today. On top of everything that Barbara just told you, Brian at Bank of America has 68 million customers, either consumers, small businesses, and so I think his numbers are probably better than the numbers you're going to be getting from the government in terms of what's happening right now in the economy. This is like red meat for The Economic Club of New York, Brian.

So why don't we just jump right into this. Why don't you tell us what you're seeing in the economy right now. Tell us what you're seeing in consumer accounts. How do things stand? How does the economy look?

BRIAN MOYNIHAN: Sure. Thanks, Becky. And thank you, Barbara. And thank you to the Club for letting me join you again. I do want to say one thing. We had a tough week at our company because one of our directors passed away and it's a fellow named Frank Bramble, who was known to a lot of people in the banking industry for years. He served on our board and he was a great mentor of our team, me and the rest of the board members. He helped us through the post-Crisis. So we'll miss him. And so I just wanted to make sure that people knew that because it just broke yesterday. The entire Bank of America is sad and thoughts and prayers are with his family.

In terms of thinking about the economy, let's start with consumers because it's sort of what we do. So we monitor the data pretty carefully. So what they're doing today is spending about 4½% more money in the month of September, through the 25th, than they spent last September. So what's the context to that? The context to that was for all of '22 versus '21, they spent 9½% more, or year to date they've spent about 4.8% more, and now they're about 4½-ish, to give you a sense just for the month of September. So what you're seeing is a slowdown.

And now, to give further context, that number is very consistent with where it was in '16, '17, and '18. It was sort of 2% growth, low inflation economy, sort of a natural, people are a little bit more, spend a little bit more. Prices go up a little bit, things go along. So we've seen the consumer end up there. And that's the most interesting thing, it's really changed from the beginning of the year to the end of the year. We are, if you listened to our earnings call, which I'm sure all of you listened to, in the first quarter we would have talked about that number being more like 9% and a deceleration reflecting higher rates, conservatism on the part of consumers. They're worried about what's happening next and all those things. So that's where they are today.

Importantly, that means the business prospects then reflect that, right? Because at the end of the day, we have a consumer, consumption-driven economy. And so when you look to our business side, what you're seeing is, leave aside certain segments, and Bill Rudin's here, commercial real estate, all different subjects right now that we're all working through, the industry is working through.

But if you think about it, by and large, commercial customers, the credit quality is very strong. They have an ability to borrow and are only using a portion of that, and a less portion than they've used in the past. So before the pandemic, they'd average about a 40% draw rate on the lines to do stuff. You know, hire people, buy equipment, whatever it was. Then it dropped to like 30% as the pandemic went through. It rose back up, you know, to the mid-30s, and now it's fallen by 200 basis points. And these people could borrow the money. So why aren't they borrowing? (A) It's costing more because the spread, 250 basis points, whatever it is, on top of the base rates, increased. And (B) They're not having as much opportunity.

And so when lending conditions tighten and all the, you know, surveys, the reality is the customers aren't using the credit available to them because the opportunity is not as high. And so when you talk to business leaders, then the other thing they do is manage expenses carefully, trying to preserve margins. And that is managing labor more tightly and you're seeing job openings decline, you're seeing all that go on. They're still growing wages but at a much slower growth rate. And we can see that in our data, weekly paychecks, we can actually see what's happened in the last few months is the rate of growth in those paychecks has come down, especially for higher income, $125,000 households. So it's all slowing down, to put it all together.

BECKY QUICK: Does that mean you think that inflation has gotten under control because it's the wage-price spiral that people worry about?

BRIAN MOYNIHAN: So the Fed's tough fight is they're fighting this unbelievable force, which is the U.S. consumer. So when I'm talking about the spending, that's $4 trillion of activity by our customers a year. So it's not a small sample, $300+ billion a month. The Fed has to slow that down because if that keeps going they can't slow the economy down. So the reality is you have strong employment. I mean we used to think 4½% as being full employment. We're sitting in the mid-3s to upper 3s. And not many people projecting it to go up a lot faster, into the 4s or the low 4s. Very few people get it to 5%. So that's one thing.

So people employed and people working, the Fed's gotta fight that. They're winning the fight right now. By their own admission, they knew that they came late. They caught up fast, but now they've got the equal and opposite problem. They've got to be careful they don't go too far because you can break the spirits and then we'll go off the cliff. So if you're trying to engineer a soft landing, which people have, or something close to that, in balance, when you look at the current data, they've won. They've won against American consumer. The activity has slowed down and now it's going to have to work through the system. That's why the rates will have to probably stay up longer.

That leads our economists, that data plus all the other data they have access to, to basically say we won't have a recession, which is different because six months ago, they thought we'd have a recession and the first part of next year. Originally, twelve months ago it was in the latter part of this year. They've now said no recession and they pushed out the trough in the economy to the second and third quarter of next year, growing about a half a percent annualized in those quarters with the first rate cuts coming mid-next year. Those cuts coming relatively slowly given the nominal rate curve. And really inflation going basically from where it is today in the mid to high 3s to more of the, just over 2, but all the way again to 25. So it's a slow grind out. But they've won the near-term battle.

BECKY QUICK: Okay, I've got 15 different questions that I want to go back to from this.

I just want to break it all down. So inflation is under control for the moment. Consumer spending is under control for the moment. I saw a story just this week that said consumers are now, the 80% lowest rungs of consumers now have less money in their bank accounts, less cash coming in, less cash equivalents than they did before the pandemic. We've spent off, that 80% has spent off...

BRIAN MOYNIHAN: We can go into that, but our data doesn't show that.

BECKY QUICK: Okay, what does your data show?

BRIAN MOYNIHAN: So if you take the cohort of customers that existed in 2019 to early '20 and run them out to today and look at them by size of holdings in their checking and deposit accounts, they're actually still up significantly from that, especially in the lower cohorts. The ones that are down are the upper cohorts. And the why is that people have to remember why people have money in a bank is there's transactional cash and there's cash in excess to transaction, investment cash. When rates went up, a lot of that moved.

So if you look in the upper cohorts, people that had $100,000, $150,000, $200,000, they're actually down pre-pandemic. That's people moving for the yield of money market funds and direct treasuries. But the people that have the money going in and out, they're higher by about...One example I'll give you is people that had at that time between $5,000 and $10,000, averaged $7,000. And now they're sitting on $21,000, the same customers years later.

BECKY QUICK: Okay, so that tells me that the consumer is really strong. If you're right and these other data points are wrong, the consumer still has a lot of excess cash and maybe...

BRIAN MOYNIHAN: Remember, a lot of people said, in early '22, a lot of people were saying they'll be out of their cash by mid-'22. And then mid-'22, they're going to be out of cash by Christmas. It just hasn't happened. That doesn't mean...it is coming down. And if you look at the cash flow of, especially the lower and median-income consumers, you're starting to see them net cash flow out a little bit. And that's the whole thing, California delayed their tax deadline until later this year. Gas prices are up. So you're seeing that. But, you know, kind of cuspy, you know, on the edge of it. But, you know, that balance would have been up and basically it's been, it peaked probably in April of '23. And it's been bouncing around and it accretes. Even mid-month, since September versus, the full weight moving average mid-September versus a month before, we're actually down 1%. And so it's moving down.

The perception is it moved out. It quite hasn't done that yet. The higher end deposit industry moved quickly and that's why the deposit industry are now down 8% year over year. If you look at the deposit industry, it kind of grew to a 5% level. They shot up and they're still above that trend line, and that has monetary accommodations taken out. That will happen. But that is more higher end corporate borrowers, wealthy people pulling their money out and finding another alternative. Not the transactional cash. That stays pretty constant.

BECKY QUICK: Alright, let me throw out another couple other issues that could mean that inflation is not over. You'll get higher energy prices and that translates into higher gas prices. Housing costs may not have bottomed out. We may see them picking up again, especially with higher mortgage rates, the highest in 23 years. You can look through a lot of different issues and say, okay, maybe we're not done with inflation. What's your answer to that?

BRIAN MOYNIHAN: They've got to be careful to make sure they've won. Look, what drives people costs? Food prices, which oddly enough there's actually a little bit of a tailwind right now because they have settled back down. Energy prices were that for most of the year and have gone the other way now. So our September data shows for the first month since last year people are spending more money on their debit and credit cards on gas than they did that month from the year before, in August and September. And that's because of the recent run-up in prices. But it's positive by a percent. That's about 7% of their spending just on debit and credit cards. That's only 25% of their total spending. So it's regressive in who it applies to, but it's less of an overall impact than people think.

So rent is real. And so the question is, rents are tipping over in some places, have tipped over in other places. But they've got to stay where they are because that is, there's 130 million households in America, round numbers, 60 have a mortgage, 60 don't. And that's all rent. And that is the more meaningful question about what's the impact on households, where rental prices go than, the people with the mortgage are locked in, 90-odd percent are locked in at very low rates. And so they're not having a change in household carry costs. Maybe for repairs and stuff. So the question on rent, and what you've seen is rent, I think as long as 18 months under one of the data sources, you know, it sort of declines. But it's not broken yet. It's still relatively expensive and that's got to catch up. That's the one I think you have to watch.

BECKY QUICK: And the problem is with a lot of these things, these are supply side issues that the Fed can't control. And it's toolboxes, again you're using pretty blunt instruments to try and beat that stuff down.

BRIAN MOYNIHAN: Yes, remember the Fed has two jobs – price stability and employment. Employment is very strong and the price stability they're after. But they don't have the ability to permit a housing development and that's what...so we work on some of these center city groups, whether it's here in New York or whether it's in Charlotte or Boston, you pick the place, workforce housing is in shortage in a lot of cities. That is not something the Fed, the rate structure makes it more difficult to do, but that is a question of permitting and pace of getting those projects built. That is not in their control. And that's one of the difficulties. They have one thing to push on and it doesn't affect that.

Now, interestingly enough, new houses are being sold and people aren't moving. You know all that will settle out when people get more used to rates, because the unusual time is now, it was the last 15 years. For the fed funds rate below 3%, the Financial Crisis through really recently, that's the unusual time.

BECKY QUICK: Is that gone forever?

BRIAN MOYNIHAN: I don't know. I mean our team at one point published, again it's Brown and ____ Team, they published a research report that said we're at a 5,000-year trough in rates.

BECKY QUICK: 5,000?

BRIAN MOYNIHAN: And I tried to figure out how they calculated the first few thousand. But the view was you had this constant rundown and so you've been at a very low level in a historical sense. So my guess is we're back, we're in for a higher rate structure.

BECKY QUICK: Okay, let's go back to the recession call. Because as you mentioned, you guys thought that was potentially going to be a recession at the end of this year. You pushed it out. And now you're saying no recession or are we going to see a downturn sometime in 2024?

BRIAN MOYNIHAN: Yes, so our strategists are no recession. Very slow growth. You know, half a percent annualized GDP growth second and third quarter. So it slows down, troughs, and then starts coming back up, gets back up to above 1% the end of next year, by '24, and then finally gets back to 2% the end of '25. So this is a low..

BECKY QUICK: So would you call that a soft landing?

BRIAN MOYNIHAN: That's a soft landing by definition because it's not...Now, the interesting thing is what caused them to change that? It was the consumer earlier on, what happened, you know, in '22, fall, heading into, in a rate structure and all that stuff. And they're going to push it in, they have to. It's the only way to correct it. The consumer kept going. What's changed now is the consumer has slowed down. So that means you've got to now have more risk that you can push the other way. But it pushed it out because the activity of the consumer stayed so strong. The surprise of the system was the consumer stayed strong. What's happened in the last three or four months is the consumer is turning around and you've got to be just as mindful of that turn.

BECKY QUICK: Do you think the Fed sees the same thing that you see?

BRIAN MOYNIHAN: Well, we give it to them.

BECKY QUICK: Do you think they think of it the same way?

BRIAN MOYNIHAN: Well, the question for them is, there's a couple of things about – not being an economist allows you to have an objective view of some of what...The way an economist looks at price, if you had a price of $100 and it went up to $115 twelve months later, that's a 15% increase. If the next year, it went from $115 to $118, that's only a 3% increase.

BECKY QUICK: Right. But the consumer still feels the 15%.

BRIAN MOYNIHAN: You feel the first 15%. And so there's a little bit of this is inflation is sort of a pay leg measure but also a measure that is measuring a trajectory as opposed to an absolute. So because the belief is once it's absorbed in the economy, it's absorbed. And so there's nothing. It's the math and a science tool. But I think, yes, they see this data. And I think that's why they're...our projection is they raise rates one more time in November and then they start cutting next year. But they cut three times next year and then four times the year after. But if you take 5.75 and subtract 1.75, that's a fed funds rate at the end of '25 of 4%.

BECKY QUICK: Why do they cut rates if you don't think there's a recession, if it's a soft landing?

BRIAN MOYNIHAN: Because otherwise they could tip. Now they're working the other side is how to maintain, how to not keep taking out accommodation at the level they're taking. You have a real rate structure, if it gets too far ahead of you, it will really slow things...

BECKY QUICK: But if the Fed was slow to cutting rates and that was their mistake, which, I mean historically that's kind of always the mistake. They move too late on just about everything. Why wouldn't they make the same mistake coming out, especially if people are mad at them for not moving earlier?

BRIAN MOYNIHAN: That's going to be, it's going to be data-dependent and they're going to drive it. But our people believe it'll be a slow out because of the issue that you're going to think about the horse is getting ahead of you, which is our American consumer. It's still growing at 4½%, 5% in terms of activity. So you're pulling back and you've got to keep the reins tight to get there. So it's a pretty restrictive fed funds rate in the historical thought process at 4%. And in episodes of inflation, you know, the economists will take longer to get out than people think. They don't come out like that. So they're going to make sure they really got it out.

The problem, though, is as you're doing that, you've got to be mindful of the turn on the other side. And I think, when I talk to you, your colleagues, back to first quarter earnings, it's just different now. It's slowed down. The activity has slowed down and the attitude has slowed down. The consumer sentiment has come back down. And all this just plays in people's minds and high rates on, like I said, 7½% quoted mortgage rate.

Bill Rudin and I were just, I mean when I first came into the business, the prime rate had come off of 20%. So this is like untold, it's just if you're under the age of 40-something, you've never seen a rate structure like this. And, by the way, very rarely even for people probably under 50. And so you think about, you know, when you weren't in business, you were in high school, who cares about the rate structure in high school, right? So you think about that dynamic, that shock to the system. I think that still has to play through. But these absolute rates are pretty high, but not incredibly high.

BECKY QUICK: It's the rate of change.

BRIAN MOYNIHAN: It's the rate of change and then what people get used to. And we were used to it. We didn't think about getting a 4% mortgage, you know, when I bought my first house. That wasn't what you were thinking about.

BECKY QUICK: Let's talk about labor strife and what we've seen because you'll see, it's the Hollywood strikers, it was rail workers, pilots have been on strike. You've got the UAW now asking for a 40% increase and saying no thanks to the 20% that's on the table and also wanting a shorter work week while all of this happens. All of that seems like it's got to add up. And I realize labor unions are a very small portion of the overall workforce, but everybody else's wages kind of set off of what you see in labor unions too. How does that not work into an inflation problem that comes back?

BRIAN MOYNIHAN: In part, though, some of that is a catch up to what's already happened, so you had wages going up quickly, and the contracts are now running off and can be renegotiated.

BECKY QUICK: And there wasn't cost of living adjustments?

BRIAN MOYNIHAN: Whatever it is, and it's a different story, I'm sure, in every one of them. But what you read about is that, so if you look at, you know, wage growth for people in our company was very strong from ‘19, ‘20, ‘21, ‘22 into ‘23 had...

BECKY QUICK: 2021, 2022?

BRIAN MOYNIHAN: Strong throughout. And so the percentages are up. Our cost of teammates with maybe a couple percent more people is up 15%.

BECKY QUICK: Well, that’s because you’ve raised the minimum wage too.

BRIAN MOYNIHAN: Well, that’s applied to the sum. It’s all through the legal architecture. And so I think the contractual side is catching up to that side, whether it’s government workers. And even the, you know, one of the things that pushes towards inflation is the cost-of-living adjustments in Social Security last year were very high and then the state methodologies and stuff. So those things are, again to your point, why there has to be a lot of diligence here that you don’t make the mistake the other way and let go too early or hold too long. But I think those are, well, there’s a thousand things out there that could lead to higher inflation or inflation to be more persistent. There’s also a lot of things out there that could slow it down and then come down faster, and that’s the challenge right now.

BECKY QUICK: One of those, I guess, being the potential government shutdown as we get towards the Sunday deadline. This is not a debt default. It's not on the same scale. But you do have to watch it and it's hard to think how they're going to resolve it between now and then. What would that impact be to the economy?

BRIAN MOYNIHAN: You guys wouldn't have anything to talk about if they got it done. I think you guys would have to find another topic for a week or two. You know, so it's 700,000, 800,000 people, estimated workers that got a full load. But there is generally a catch-up that they get reinstated, but in the near-term, the stress on those people. So what we do, as a company, is you don't have to make your payments on your loans and things like that. We don't have, there's no overdrafts. And we have a policy that goes in whether it's a hurricane or whether it's, it just insulates, and all the other banks do. And so you'll see, but meanwhile, if they're not getting current cash flow, even though they're not paying their loans, it's a stress on the system.

But the overall impact depends on how long it all lasts. And the belief is it's a tenth of a percent, maybe a little higher, by our economists. And it goes up this month and it comes back next month because it's a catch-up and all that money goes back into the economy. Because, to your point, the authorization to spend at a level of X is done, which is sometimes a little bit the inverse of what we thought in the spring, for example.

So, therefore, when people get reinstated they'll get paid and life will go on. It's not that the aggregate budget isn't reached, it's the twelve component parts. That's different. That's different than the debt ceiling and a potential for a lot of other catastrophes. They can't pay their debts and they start to lose credit worthiness. We have to watch the rating agencies; we just had another one put the U.S. on watch.

BECKY QUICK: Which is the last one that...

BRIAN MOYNIHAN: So you've got to watch what they are worried about. Because there's triggers that go on if things get too far. Not at the level that people are talking about now, that you've got to be careful. But it's just, it's not good. Any uncertainty is not good for the market, for people's feelings, for their confidence. And this is another one, if the government can't resolve. What we thought was behind us with the debt ceiling has reemerged and maybe reemerge a couple more times if they do continuing resolutions. And so from a standpoint of stability and strength, you know, the markets don't like uncertainty. This is a good one to put behind us.

BECKY QUICK: Let's talk about the markets too because I believe your wealth management divisions have something like $3.6 trillion in assets under management. You've got a real good feel about what's happening in the markets right now. How do investors feel about things? And are we beginning to see a resurgence of the IPO market with the three or four IPOs we've had in the last few weeks?

BRIAN MOYNIHAN: I hope you're right on the second because, you know, having gone from, Matthew Koder and the team, having gone from $2.5 billion of callable revenue to a billion, less than that or more than that, it's no fun. But the team has done a good job to gain market share. It's just a tough market. So we're seeing some of that. We're seeing, there's just a tremendous amount of activity that is sitting there. And whether it's the maturity of the companies to the IPO, whether it's the potential transactions, if you can get stability in the pricing structure or buyouts and things. It's just they're not going to go with that sort of uncertainty around them. So, yes.

BECKY QUICK: Meaning nobody wants to bring a deal right now.

BRIAN MOYNIHAN: Very understandable names, very strong companies, that's going to happen. But the idea of a general flow is far away until you get some stability. Meanwhile, on a personal side, there's people holding a lot of cash because, you know, this is not a great statement for the American dream here, that the best investment is to put your money in cash. That's not exactly going to fuel the next round of innovation and development. But right now you can get 5½% by letting the money sit there, you know, people are doing that.

So there's more cash which would be ready to move if you had more IPO flows. There's not a lot of equity flow that's driving demand. There was a little bit last week when the market got down because of pricing, you saw some flows. But, you know, that's sort of week to week. But there's not a sustained, you know, money just coming into the system at the level to put the demand side in for, I need equity and, therefore, I'll take the IPO.

So you've got to have some breakage, breakup of a logjam and the logjam is about certainty of everything. Because the certainty of the revenue streams of those companies going public, the certainty of the financing costs, the buyout, all that is up and arms. And it just spills at any level, that will, that stumps stability. And then, you know, people say, well, rates have to come down. They really don't if people can adjust on both the buy and sell side of a deal to that. If the equity commitments plus the financing costs get adjusted in, it just takes a period of adjustment. But if it keeps moving, you can't stop and figure it out.

BECKY QUICK: Meaning once we know where interest rates stand, once we figure there's no more hikes?

BRIAN MOYNIHAN: There's a curve that goes from 4 to 5%, front to back end, or 3 to 5, 4½%. People will quickly adapt to that. It's just, that's not clear right now. As a matter of fact, they're saying, our experts are basically saying for all of '23, all of '24 and all of '25, you're not close to that, on the front end especially.

BECKY QUICK: Why don't we talk a little bit about commercial real estate and where things stand right now. Because that's another situation where so much is riding on what happens with interest rates. If interest rates come down, people can refinance, do all these deals. If they don't, they're going to be stuck in a lot of positions. Where are the problems? What should we be looking out for? What are you looking out for?

BRIAN MOYNIHAN: Well, what we're looking out for, as you think about Bank of America, we made a decision to keep our commercial real estate exposure as a percentage of our loan portfolio at a level, so we're like at 6%, 7%, for all commercial real estate and the offices is .5% of that or something like that. So we basically manage that as part of our responsible growth and how we diversify our portfolio. And the credit call is high. But if you look at it more generally, and there's many experts in the room here that are in this business, you really have to, you have to sort out what the thing is.

So in the office segment, there are some interesting dynamics. In the retail segment, there are some different interesting dynamics. But in the multi-family housing, you know, residential it's still very strong, but you have to sort this out. And then if you go into office, the difference between the highest quality buildings and the newer buildings versus the older buildings and lower-quality buildings, meaning they're going to have to have more work done for a tenant to take them over, is stark.

And so this, as a problem, is a very sophisticated analysis based on which buildings, which credit, which underlying tenants, when leases are up, when the financing is up. And so this just takes a long time to work through the system. But the mistake is people think this happens like that. Real estate is a slow thing.

The second thing that's a mistake is people think this is pandemic-induced. There's an acceleration of a trend. But the trend to be much more efficient in office usage by companies was going on and we only got through – hoteling and all the techniques that we all learned – we only got through about 15% or 20% of our real estate before the pandemic. And we said, oh, this can be done in a way we never even thought it could be done. And believe me, I'm not alone in this. All the real estate, you know, people in all the companies and all the CEOs are saying the same thing. Wait a second, did we just learn something?

So it's not as much the three days a week, four days a week, five days a week debate, it's also even from people three, four, five days a week. With all the work we did going from 130 million square feet of real estate at Bank of America in 2010 to 6570 today, we never got about 80% occupancy of the space. So we still have room to go. And then you say, now I've got this equation, we could do it. We're a little unusual because of the way we took out costs in the company and we went from 300,000 people down to 203,000 at the low point and now back up to 210,000, 215,000. We're probably unusual but the principle isn't different.

BECKY QUICK: How do you do it? Is that like desk sharing, desk copying?

BRIAN MOYNIHAN: I mean our people are traveling all the time and they change an office for flexibility. All that system, especially in banking the office was a badge of something. And we said let's get rid of that and have amenities that are much more interesting and fun. And, you know, we've learned a lot along the way. It's not all perfect how it worked out. But, you know, go back to the days when WeWork and all that stuff and everybody was looking at that. Think about '16, '17, '18, all of this idea of how you can hotel and how you could do all that work and how you can be much more efficient and all that stuff. COVID put some difficulties because of distancing and everything. So you had all this other stuff. But the reality is that was going on and then you just have, if you say five days a week and you have four, depending on which way you want to look at it, a 20 or 25% change, that's the trend. And so that will take time to work through the system.

BECKY QUICK: What does that mean for downtowns? I mean for cities everywhere...

BRIAN MOYNIHAN: Going all the way back to consumer data, it's interesting that what they call return to office spending, our team looks at this and they look at dry cleaning, you know, buying lunches in the center cities and thinks like that, commuting costs and stuff, it's actually up 5, 6% so it's still filling up. So that's good news for downtown. But it's tough right now. And when you walk around cities, the retail space and the small merchant space is just, there's a lot of it empty because the basic dynamic is not there.

Because again, if you have four days a week versus five, you know, 25% less people moving around. And so on the holidays, on Monday, I came to New York and it was 25 minutes, I'm like what's going on. I didn't remember it was a holiday. That's what it feels like on Friday even though there's no holiday. So I think that dynamic, that's tricky.

But again, uses will come of out this, the ____ and all of this stuff, if you look at it historically, what will happen is people start to move back in. So the phenomenon in some cities is people my age are all moving back into the city because they don't want to commute, and they bring vibrancy to the city because they tend to have more money to spend at that stage in life. So we'll see it play out. But right now there's a big adjustment.

BECKY QUICK: Alright, let me just ask, because we're the New York Economic Club, the meeting here, Economic Club of New York, sorry, congestion pricing. Up that on top of a downtown that is already suffering from all of this. And I admit I'm a New Jersey commuter...

BRIAN MOYNIHAN: ...charge you a lot. Who wants to charge New Jersey a lot to commute into the city?

BECKY QUICK: What does that do to the downtown area that's already suffering and hasn't come back yet?

BRIAN MOYNIHAN: I say, look, you're trying to improve the environmental quality of air. You're trying to improve people's awareness of the externalities of these costs. You have to think carefully about how you do it. And so I think, yes, it's been done in other cities and cities adapt to it. I mean it happens in London...

BECKY QUICK: (Inaudible)

BRIAN MOYNIHAN: I'm not sure it's the way to get to the problem if you really want to get to it, but that's the question.

BECKY QUICK: To get to the problem of funding for the MTA?

BRIAN MOYNIHAN: I think public transportation has to be pushed to a level that's never been pushed in society before. And that's a uniform question. It's become trickier because of all the different reasons of use levels and stuff like that. But I believe strongly that the community has to take it on, say if it's going to cost that much, we've got to agree. And so, we're talking a different city, not this city. So make it all free. Then you can see whether you can get...

BECKY QUICK: The entire transportation?

BRIAN MOYNIHAN: Just spread it out to everybody, or to a level of income and down. Well, they do some of that. But the idea is then provide good service because people will pay for it if it works. The problem is in some cities it doesn't work. In this city it works, better than most. Believe me, compared to other cities, this city works very well when you go to other cities.

BECKY QUICK: What are the other cities?

BRIAN MOYNIHAN: Like in Boston. One of the lines is averaging three miles an hour.

BECKY QUICK: What?

BRIAN MOYNIHAN: One of the transit lines. They're hitting speeds of three miles an hour for big stretches. You can walk faster than that. And so they've got to get the mechanics right instead of Governor Healey up there dealing with a different issue than you're dealing with here. And everybody has different, in Charlotte they have issues. They built some spikes in the cities. The way they're populated, can they really do it? And is there more bus service? And you've got a thousand different things. But I don't reason on it, because these are political decisions made by people about questions.

I think the broader philosophical point of housing and transportation to the business community is very serious. And I think we have to understand that's going to take an expenditure, an investment, and a consistent investment. And for that, we should probably get a return for it. We ought to get happy employees, employees that are more effective in their commuting patterns and all that stuff. It's not clear there's a design to get that done.

BECKY QUICK: And just the idea of saying you've got to spend it and then they will come, with what money? We're dealing with deficits and shortfalls all over the place.

BRIAN MOYNIHAN: It's always a prioritization question. That's another issue that where you have the stimulus of IRA infrastructure and CHIPS, you have the drag of fiscal change in government, government budgets, it's a drag, maybe because of just the receipts that are coming, flattening out, the growth in receipts. And so that's going to be one of the tug of wars in the economy, which leads to the question, where's the money going to come from?

It's interesting to work with these different cities because some cities have a growth problem. Some cities have sort of a need to invest problem. And other cities have a decline problem. And it's very different questions when you're dealing with different issues like that. In terms of population decline and how do you deal with that versus, you know, in the Charlotte community where we're headquartered, you have thousands and thousands of people coming, tons of schools. You know, we, a bunch of business executives come to the schools, so that was just managed poorly. That's a foreign concept in other communities. So the transportation system there can be built on a growth pattern. That's hard to do in other cities.

BECKY QUICK: Yes, we just had the Prime Minister of Japan here last week and he talked about the demographics problem they're facing.

BRIAN MOYNIHAN: You see the U.S. population start to grow. And that's one of the other issues that we've had for a while here is there's been low growth and, therefore, tight labor. And one of the reasons labor is coming down a little bit, there is more growth in the population. Maybe it's through immigration.

BECKY QUICK: Can we just talk about the health of the banking sector overall? What you think it is at this time, because the spring time was a pretty shocking time for people to kind of watch and see. There was a mini-crisis that was taking place. We had three banks that were shut down and lots of questions that have come since then. And some people will say, hey, everything looked like it was all clear back in 2007, but then in the fall, in 2008, you had a resurgence of this. And people were, look, it's the fall, it's a scary time for the markets. Do you worry at all about something like that?

BRIAN MOYNIHAN: I think, just to be clear, the issue in 2007 and '08 was, there were issues in the banks that were regulated. I'm looking at Raj and others. The issue was all these unregulated institutions with no capital requirements and no liquidity requirements that were causing the trouble. And if you sort of track through it, even our company, we were the rescuer of the non-bank system. You know, us, J.P. and Citi and others. That then flipped over when you got into housing and stuff like that. But that's different now. So we don't have; people don't have the same capital. That's why you saw stability among the large banks during the, all banks, once you sort it through. And so there are different business models that failed, but those are business model failures. Banks fail, 4,000 banks have failed in the last 30, 40 years.

BECKY QUICK: These were some big ones.

BRIAN MOYNIHAN: But big banks fail all the time. Bank of New England was a big bank, First Republic in Texas was a big bank, Southeast Bank Corp. was big, Continental Illinois was a big bank. So there have been large banks that failed, on a relative basis, that were bigger than these banks. And so the point is nominally they're big, but as a percentage, when the Bank of New England went down, or when the Republic, in Texas went down, or Southeast Bank Corp. went down – half of the people here are going, what is he talking about, this is not 1990s...late '80s, early '90s. These were Top 10 banks.

But it is, they're put in their big bank. They ran them until they got them straightened out and then they sold them to bidder. And our company has been a beneficiary. You have Fleet with Bank of New England. ___ with First Republic. And we benefitted by that. We were there to essentially stabilize, but they ran the institutions, the whole institutions and sold them. The small ones were liquidated quickly. One year, I think we bought six or seven or eight small banks in a year. But the business models are different, but the stability of the bank system, liquidity, capital was there.

And we actually were able to help with the problem, especially the largest banks at a time of stress. And, you know, that's totally different than when you got to 2008 and Lehman and the troubles at Merrill and others that were kind of interesting. You know, we lent Merrill money to stay afloat in the time between signing the deal and bought them. They wouldn't have stayed afloat. And we had to lend them $10 million to keep going.

BECKY QUICK: I guess what was kind of scary this time around is that depositors just fled like that. It was a run on the bank. And it was a run, the banks that didn't have to be open.

BRIAN MOYNIHAN: And that goes down to, if you think about the banking, where do your deposits come from? They're real people's money to do real things. And they have transactional cash where there's a general consumer, a wealthy consumer business that they use to conduct their daily affairs. And then they have cash above that. And the issue was if most of your cash is that cash above it, it can go for a rate, it can go for anything.

But if your cash, the transactional cash, so when a bank like the Bank of New England failed, the average mid-size customer had a deposit with them, but they also had a loan with them. So there was sort of a synchronicity. That's not what was going on in the institutions that had the problems. And so we went in and tried to stabilize the deposit base to give the people time to let that sort out. And that's why we made the deposit in First Republic.

But if you think about it more broadly, there's a natural balance to that. That wasn't present. And so you can always move money out of a bank quickly. That could go on every day. I mean trillions of dollars are moving through our system. Even smaller banks move a lot. So people confuse…did it allow the news to spread faster? Probably. But you could still get the money out. There just might have been lines. And, by the way, there were lines at some of those branches and stuff. But at the end of the day, the FDIC is there for a purpose. It was put in after the Great Depression to ensure depositors wouldn't feel their money was at risk up to a level. And then at times it's been some limit of the transactional accounts, which is different.

But that's an industry guarantee. And so we'll fund that deficit. The government is not on the hook for it. It comes out of the industry. They get it done and then we come in and have to, that's a special assessment to ___. I think we were a source of strength, even the strength of stabilizing the industry in real time and then also ultimately we'll put, back up the fund, that's a guarantee. That's missing in other parts of the world and that's why the banking system can't get away from the governmental entwinement.

BECKY QUICK: But the question that came up this time, though, was should it be a $250,000 limit? Should it be an endless limit? Should there be to infinity? And if you're paying the assessment on that, how do you feel about it?

BRIAN MOYNIHAN: I think that, again, it goes, the more precise thing is the transactional cash because you don't want...We're always getting called by governors, can't you stop this from happening, and other people. And you're saying there's not a lot we can do. But if you think about the idea of a small business having to worry, and at the end of the day, how much cash, whether it's $250,000, $200,000, that transactional side has to be thought through.

When people make a decision to put the money in for a different reason and there's alternatives for that money, you know, that's a different...

BECKY QUICK: Do you mean like payroll or something...

BRIAN MOYNIHAN: It's payroll and all the stuff, that's transactional cash. What we need to think about is when people are putting money in the banking system as investment, you know, there's other alternatives. But you have to think about, at the end of the day, will you get that right? It's not a simple equation. By the way, in times of stress, you just have to take away the risk of, certain types of risk to deal with the real risk.

So the real risk in the late 80s and the 90s was commercial real estate exposure risk and other types of lending risk. You had to take away the stress and the positive risk to get to that. The risk here was liquidity, but you've got to stabilize that to do it. And I think, you know, that's one of the lessons we learned last spring is the way we think about what the risk was and how do we stabilize that risk, which is different than in times past.

BECKY QUICK: As a result, there's proposed new regulation to look at all banks, $100 million and up, and I think for the largest banks it would be a 10% increase in capital that they expect you to keep around. For the $100 million to $250 million in deposits, it's 5%. And you and Jamie Dimon, a few people have come out and taken the unusual step of criticizing your regulator saying, you guys aren't doing this the right way, and this isn't smart. What do you think about the rules? Why is it so important that you're speaking out?

BRIAN MOYNIHAN: So I think you have to separate, the theory behind these rules is that they are the finalization of an open to-do item which was the finalization of Basel III. And Basel III was a scheme of bank regulation that was agreed to by worldwide regulators. So it really, it has nothing to do with what went on in earlier spring, but the timing is such, because it was sort of a to-do.

And, you know, as you look at them, we have to be more careful of this than we think because we have lots of tools that have been put in place in the U.S. especially that are much different. At the end of the day, this is a trade negotiation as much as it is a banking regulation question. Which is if you make the banks in our country from $100 billion up less competitive and have a higher cost of capital, therefore, have a higher lending cost for customers, the customers that get those loans are going to be less competitive in the worldwide markets.

Now for people who go into the capital markets, the market is going to determine that price. But for a mid-size company, who is in the auto supply chain, this is going to determine. And if companies in another part, in Mexico, that are mid-size, let's say they're selling lug bolts, a company selling lug bolts sells them on the worldwide market. It's a company that's in America and their institution has 20% more capital on their loan, they're going to have to charge more. Companies in France, they have 20% less, they can charge less. The lug bolts are going on the worldwide market. Those are real types of companies. These are not, you're not IBM – I'm just going off the capital markets. So the impact on that is honestly a question of competitiveness in the American economy. And that's why we need to be careful of this thing.

And so the tradeoff is how much more capital do I need to ensure an incremental amount of stability and what other tools do I have? You have supervision. You have stress testing. You have liquidity stress testing. We've been doing that for years. So the losses as a percentage of capital, the large eight banks, you know, are 15, 20% under the latest stress testing. They've been relatively constant for a long time. They were at 60% under SCAP, I think, or 70%, something like that. It dropped precipitously because the amount of capital has gone up and the safety of the institutions are going up.

And so what do you strive for? And so if you think about, for the very largest they're talking about 15, 20% more RWA, risk-weighted assets, which is for us, 5 times 10 is capital. So if you say that it moves from $1.63 to $1.95 trillion in RWA, you go from needing $163 billion of capital to $195 billion of capital. When you say that, you know, that's $300 billion of loans we could make or more depending on the ____. That's a lot of lending capacity. That's bigger than most, that's probably, that size loan book would be about the seventh or eighth largest bank in the country, to give a sense.

And, by the way, J.P. would be the same. And, by the way, Wells would be the same. So you're taking out lending capacity, and by the way, you're taking out PNC too. This applies all the way down the line. So we've got to be very careful here. And so this is about comity among nations. And we already gold plate, and we already have stress tests, and we already have all this stuff.

To give you a sense, the largest bank in one of the countries in Europe is about our size. We have 1 3/4 more capital than they do. Their CET-1 ratio, their core cap ratio is

20% higher than ours. The balance sheet is exactly the same size as ours. They have a trillion dollars in loans. We have a trillion dollars in loans. We have a trillion-nine in deposits, they only have a trillion-four or something in deposits. They do exact the same business. How can you say, and by the way, now we're saying make that worse. And so that's what we have to be careful about because what's the value to the American mid-sized companies and the consumers? In this is a loss of access to credit or cost to credit, which, you know, is a safety of some sort. And then remember, when they fail, it's our money. It's coming out of institutions and we pay it out on one rate cut. So that's one issue to think about.

The second thing, to get more technical and classic, but the basic is this is an international leveling. It's way un-level already and this makes it worse. The second, it takes a lot of capacity out, and whether that's wise ever or even now. The third, is you have lots of other tools that have been working on these institutions for a long time.

And then the fourth, it walks away from some of the corporate with bank regulation, which is for a mid-sized loan portfolios in all the banks, the OCC regulates that, in our case the OCC regulates us, looks at our credit ratings integrity, looks at all that. And this would say, whoa, no, if that mid-sized company does a public issuance, you get less RWA because they have a rated piece of debt than you do by our own ratings. I'm telling you, our ratings are beaten to death more among all these regulators in comparison, than the public rating agencies are. So you have almost perfect information. You look across all the banks and see how the ratings work. And so it just throws it all out on the table and says we're just going to rely on that factor which makes no sense. So there's pieces that just go against banking regulations. So we'll see it play out.

The fourth thing I'd say is the controversy is like I've never seen among the people in the Fed and stuff. Look, 30 years, Cohen's out there, he's been doing, a little bit longer than that, and Raj, and John Dugan. I've been doing this 35 years or whatever it is now. I've never seen a dissent, as much debate, like this. ____ and John is shaking his head and stuff. And that just means there's a lot of work to get done, I think.

BECKY QUICK: Meaning that you think there's a good chance that things could get changed before the final...

BRIAN MOYNIHAN: We're making our points clear. Whether it's changed or not, you know, it's probably not up to us. But I think there's compelling arguments and there's also people see different sides of the issue. Should mortgage capital requirements go up? Is that really something, at this point, after we deal with the mortgage lending, after we restricted down payments, after we've seen it through different types of ups and downs, you have half the loans, half the mortgage business is off the banks. Every asset class, half of it is off the core banking system. And so you can push it more outside, then you have less...

BECKY QUICK: Less regulation and less oversight for what's really happening. What you said was pretty complicated. I'm sure most people in this room understand it. Beyond this room, you're going to have a much smaller audience. I think that's what you're saying on these things. You hear somebody like Elizabeth Warren talking about how, you know, greedy, fat cats, you're not doing it right. You shouldn't be paying, the charge for overdraft fees, what are you doing with these things? Why wouldn't you have more capital in the bank? It's not just Elizabeth Warren. It's on both sides of the aisle you hear some of this. Are you concerned about the rise of populism and what that eventually means?

BRIAN MOYNIHAN: You know, people, the last election cycle, now leading into this one, I'll get asked, are you worried about the election? I said, you know, elections have been interesting for a company...that one in 1800 was really tough. People shot each other after it. People were robbing trains. So elections come and go. And institutions like the major banks in our country...

BECKY QUICK: I didn't ask about the election, though. This is about the rise...

BRIAN MOYNIHAN: A long time, in a different administration, what seems like a long time ago, I got asked the question, do you know these people? I said, look, we've got 66 million consumers. They have my email. They have my phone number. I hear about it far more, and different than you do. And so we, the institutions in the industry, run themselves very carefully, listen to the customers, and notice what's going on. And so, look, we changed our overdraft policies. We've changed them multiple times over the last 15 years.

The point now, where we're down to, you know, people really want the choice. And so we've gone from $5 billion probably 15 years ago to, we'll have $120 million today in overdraft fees. We've got efficiency in the business by digitizing that make up for that. And that's the play we made. Other people made different decisions. But it's a little hard, you know, our customer scores are the highest they've ever been. That's representative of 3 million customers we survey directly a month. That's a pretty good sample. It's a lot more than represent an average person in public office other than a president.

BECKY QUICK: Is it less fun to go to Washington these days or has it always been no fun?

BRIAN MOYNIHAN: That's where I'm going in about 10 minutes, so it's always fun.

BECKY QUICK: Said with sarcasm. SEC Chair Gary Gensler has warned that AI is a big threat to the financial markets. He says that it's going to be more transformative or just as transformative of what we've seen with the internet, with the Model T. You guys are moving on AI, but maybe a little more cautiously than some other industries, some other players.

BRIAN MOYNIHAN: So I think, you know, the principles of machine-driven learning and models and stuff, I mean it's been driven through enterprise. The principles of using it in a consumer setting, that's Erica, which has 18 million users. We'll have 200 million interactions this quarter, which would have been a phone call or email or a text or something, answering straightforward questions.

So we believe in this fully and we apply it. We just announced last week or the week before, yes, last week, the institutional cash payment platform, it's called CashPro, which is digital, we've added Erica to that so that the chat and stuff is more interactive and self-solving. And so there's a lot that can go on there. We think it's a highly beneficial aspect of what we do. But, you know, we have learned with models and things, they can go awry.

So Jim DeMare does a great job with our trading business. Believe me, there's a lot of algorithm and trading that goes on, but there's a lot of controls around it to make sure that it doesn't. And the idea of just turning it on and saying, I can come in the bank, work every day and say, you know, do all the right things in Bank of America and let me know when you're done, it's not going to happen for a long period of time because we have all these talented teammates and real customers and real behavior.

That being said, you know, the question is what are the near-term benefits? Clearly, it's the dramatic extension of some of the programming techniques that have been used, object programming and things like that where you can actually pull down and have it do a lot of programming work.

People will tell us, who are trying to sell us the systems, it's 30, 50%, we've found it's pretty beneficial. So that's the place you apply it. Assisting teammates to make decisions, so call center operators seeing it, but still having the person, but pulling out of their stuff and doing it for them. That, we've been already doing and it has great merit. Having Erica run a lot more feature functionality, having Erica internalized to help in credit authoring memorandum. So there's a lot of places. We think it's very big. But we have to be careful. You know, for credit underwriting we've done, you know, model-driven credit underwriting consumer, years and years and years.

And I'll tell you, to be perfectly honest with you, mentioning Frank earlier on, we bought MBNA, it had the best data science, data analytics, and credit underwriting people that were written in books about it. Fifty billion dollars of credit card charge __. It didn't exactly work when you got into situations that weren't as predictable by a model. And so you have to have some, at least we hope as humans, you have to have some human judgment still. So you have to be careful how to do it. But the basic principles are really kind of interesting because of the pace at which it can learn. And frankly, we're more ready for this than we probably were as an industry generally, and as a banking industry because of the data work we've done and, you know, the consolidation systems, the supplication systems.

That's the other thing is you have to make sure the data is really right upon which you're exercising decision on. And that's not a small task right there. And then you have to have the right decision executed. And then you have to be able to relay it to the client. And then you have to be able to substantiate it after. And that's what Gary or others talk about is, wait, if you make a decision and turn a person down because you showed them the wrong pan on Amazon, eh, you know. If you turn down a mortgage loan, that might be a bigger thing. So that's why you have to be careful.

BECKY QUICK: And it's not very often that I get to talk to you for such an extended period of time. It's been fantastic to be able to go through this. I do have one more question before we go because I need a headline.

BRIAN MOYNIHAN: Your job is to make headlines. My job is to avoid them.

BECKY QUICK: So Jamie Dimon said earlier this week that the thing he worries most about is geopolitics. What do you worry most about?

BRIAN MOYNIHAN: Yes, look, Jamie's been a great colleague, and I have to agree with him. If you think about the things you can control and things you can't control, you can't control. So whether it's what's happening in Europe and the war in Ukraine and the escalation vertically or horizontally, whether it's the sanctions imposed on China, or conflict in China, you know, those things, election outcomes in certain countries with a change one way or the other way, those are major things.

And also in the United States, to get this task done of fighting inflation back in the box and not have it too influenced by political outcomes, because remember, part of this inflation was a desire to give people money way in excess of the damage done in the pandemic. And you can get Larry Summers or someone and have him do the calculations and they'll stun you by how far. You know, six times, ten times, whatever it was. So that's geopolitical risk too. Can we realize it's time now to consolidate the budget and try to be thoughtful of what we spend on. Spend money but do it, so there's geopolitical risk everywhere.

But I think at the end of the day in the U.S. context, we've got to also be careful that, you know, we need businesses to continue to prosper and continue to hire people and continue to spend money on innovation. AI doesn't do any good if we're not there to pay the bill to build it. And I think that's where we've got to be careful of some, to the bank regulatory rules or other rules, you know, the spirit, that thing, that's what makes America different.

The European economy and the U.S. economy pre-Financial Crisis, were nearly the same size. And you would have been reporting that the EU economy is going to be bigger than the U.S. It's grown by about 15 or 20%. The U.S. has grown by a lot more, from $12 to $20-odd trillion, from $12 to $15 trillion. That's what makes America. We recovered from a mess. We figured out how to get through it. That's the question. So if anything gets in the way of that, from whatever side of the aisle it comes from, that's not a good thing. Because at the end of the day, those jobs are there because businesses out there do the work.

BECKY QUICK: Brian, I want to thank you very much for your time today.

PRESIDENT BARBARA VAN ALLEN: Well, that was just superb. Many thanks to you both. Great insights, Brian.

I'm pleased to report we have many great speakers. You can actually look at it on the back of your program. I'm just going to mention three in particular. Tomorrow morning, we have a breakfast with the author of *Elon Musk*, the Walter Isaacson book. So that will be exciting. October 19th, I think a number of you already know that Jay Powell will be joining us, Chair of the Fed. And on December 7th, we just confirmed last night, Bill Gates, for a dinner. So that is the upcoming calendar. I also just want to be sure everyone is aware, we've launched the Club's first-ever podcast titled, The Forum, hosted by Becky Quick. And you can tune in on basically all the different streaming platforms.

And last, as we always do, I want to recognize those of our members of the Centennial Society joining us today to thank them for providing the financial backbone that makes our programming possible. So thank you to all those joining us virtually, and we'll see you again soon. And for everyone in the room, please enjoy your lunch. Thank you.