



Joseph L. Hooley

EDITORS' CHOICE Jay Hooley has held a number of diverse leadership positions with increasing responsibility. After leading the U.S. Mutual Fund sales organization, he joined State Street's shareholder servicing joint venture with Kansas City-based DST systems. From 1988 to 1990, he served as President and CEO of National Financial Data Services and went on to become President and CEO of Boston Financial Data Services from 1990 to 2000. Hooley returned to State Street in 2000 to manage the company's global investment servicing business. He was appointed Vice Chairman in 2006, President and Chief Operating Officer in 2008, and Chairman and CEO in 2010. Hooley is a director on the board of the Federal Reserve Bank of Boston, Boys and Girls Clubs of Boston, the President's Council of the Massachusetts General Hospital, and the Massachusetts Competitive Partnership. He also is a member of the Board of Trustees of Boston College, The Boston Club's Corporate Advisory Board, and the Financial Services Forum in Washington, D.C. He received his Bachelor of Science degree from Boston College.

COMPANY BRIEF Founded in 1792 and headquartered in Boston, State Street (statestreet.com) is a U.S.-based international financial services holding company. With offices in 29 countries around the world, State Street partners with institutional investors to provide comprehensive solutions, including investment management, investment research and trading, investment servicing, and information and data management.

How has State Street evolved over the years?

We began as a commercial bank serving the maritime trade in Boston, and for roughly 180 years we were a traditional bank. Over the past four decades or so, we've evolved into a technology-enabled financial services company serving a broad range of institutional clients around the globe. A major inflection point came around 1970 when management decided to redirect the strategy to position State Street as a custodian

Globalizing State Street

An Interview with Joseph L. Hooley,
Chairman, President, and Chief Executive Officer, State Street Corporation

bank focused on trusts, investments, and securities processing.

As strategies go, we were fortunate to hit the markets right as the evolution of money market funds was occurring, and then as the change in rules which created the 401(k) business came along. So the strategy was set against some pretty good tailwinds.

Through the '70s and '80s, we drove a deep presence in servicing the U.S. mutual funds business, which was booming at the time. In order to sustain that growth, we began to move laterally across different market segments from investment management to pension funds, corporations, and insurance. All the while, we continued to refine our technology-based, services-oriented strategy that made us successful in the funds business.

As we continued to position ourselves for growth, the next logical step for us was to globalize the franchise. So, in 1970, we opened our first international office in Munich. Since then, we have been on a mission to take our technology-based U.S. servicing franchise and globalize it.

What has allowed State Street to perform on a consistently strong basis?

I would say our success stems from our consistent focus on the client and our willingness to invest in technology. It's also about trust being at the center of our brand. From the early days of our new strategy, we've focused on our clients and earned the right to do more for them as they expanded and globalized. We have been successful in following our clients and doing our own research to decide which markets were most attractive at which points in time, and by leveraging our expertise, technology, and human capital across the world.

Today, approximately 45 percent of our revenues and our employees are outside the U.S. We serve clients in 100 markets, mostly in developed countries, and we're breaking through now into more emerging markets.

In recent years, roughly three-quarters of our new revenues have come from existing clients, so it's clear that the trust equation is strong – we pay attention to our clients, and we've been good innovators.

Where is innovation happening at State Street?

It's an operations- and technology-centric business, so the innovation tends to be a bit on that side. In the '80s, we were the first to introduce a multicurrency global accounting system,

which allows someone anywhere in the world to account for a client's assets in a local currency.

We're also a large asset manager. Twenty-one years ago, we created the very first ETF (exchange-traded fund), with the American Stock Exchange. We were one of the first firms to develop passive strategies, and our asset management arm, State Street Global Advisors, now has over \$2.4 trillion in assets under management spanning every asset class. Most recently, we began moving to a private cloud-based operating environment and evolving to a truly digital enterprise, which opens up vast opportunities to meet client needs for greater agility, enhanced data services and increased speed to market. And a little over a year ago, we established new capabilities focused on giving clients access to real-time data and analytics to better inform their investment and trading decisions.

What is the value proposition for State Street? Is it more about technology leadership, or is it about people?

It's about trust and people. The technology is where the sizzle is, but it's our people who are responsible for the decisions. After all, it's a services business. So, our approach is to have the best people in the business with the most advanced technology tools at their disposal.

How does State Street approach corporate responsibility and do your areas of focus in this area align with the business?

There's a very clear alignment. In the 1970s, we established the State Street Foundation, and we've believed forever that not only is it our responsibility to support the communities that we operate in, but there's a vital business link to that.

Today, our foundation focuses on education and workforce readiness, and we're working in all of the communities in which we operate to help provide education and work skills for the next generation of workers.

We're working with K-12 schools, community colleges, and non-profit partners to help them develop curriculum, provide training and mentoring, and to ready that workforce for employment. In 2013, we invested nearly \$20 million into the community, and our employees also invested more than 80,000 hours of their time.

We ultimately want to be the preferred employer of choice in the communities in which we operate. For young people entering the job market today, it's really important that the organization they join is committed to the community and being a good corporate citizen. ●