

## Podcast with Greg Becker, CEO of Silicon Valley Bank

**\*Note that transcripts may sometimes contain errors and that transcript timing notations do not match the posted podcast**

- Jo Ann Barefoot: [00:01](#) I'm very excited about our show today because my guest is Greg Becker, the CEO of Silicon Valley Bank. Welcome.
- Greg Becker: [00:09](#) Thank you. Thanks for having me.
- Jo Ann Barefoot: [00:09](#) I'm so glad to have you. We've been trying to find time to do this for quite a while, and I am in San Francisco at your wonderful offices here. It's really lovely and really have wanted to talk to you because of your unique positioning in the FinTech world and the innovation world in banking. So I'd like to start by just asking you to talk a little bit about yourself, kind of the journey that brought you to the role that you're in today.
- Greg Becker: [00:39](#) Sure. So most of my role has been, my time has been at SVB, so I've been at the bank for 27 years, so pretty much my entire career has been at a Silicon Valley Bank. I was at another bank for a few years before that and before that I was in school. But I joined Silicon Valley bank in 93 and that was when the bank was obviously much, much, much smaller. We had about 175 employees and managed about \$500 million of assets. And what I loved about it at the time, and still do today, is it's about our clients. And back then we had, what I've viewed is the coolest companies in the entire world, and that is still true today. Those companies are the ones that are changing the world from healthcare and biotechs to FinTech, to software, hardware. We have rocket companies, satellite companies, and it's just been an incredible journey.
- Greg Becker: [01:35](#) So yeah, I've had roles from traditional, just starting out as a banker all the way through running sales, running our venture capital group, being the COO, president, and over the last eight and a half years as a CEO. So I feel really honored and privileged to take on that role. And it's been a great time.
- Jo Ann Barefoot: [01:55](#) Yeah. And where did the idea come from? Was it strategically planned or did it evolve to be the lead bank in this space?

Greg Becker: [02:06](#) I would say the original founders, and I wasn't here, so I came kind of 10 years after. The storyline that I've heard from them is that they came from other institutions and they had a friend group, and as they spent more time together, what they really lamented was the fact there really wasn't an institution out there, a bank, that was supporting technology companies. And if you go back and think about what was happening at that time period, it was mainly semiconductor companies, hardware companies. I mean software was really not even around and alive. And so that ...

Jo Ann Barefoot: [02:39](#) What year was it?

Greg Becker: [02:40](#) It would have been '83. In '83. So in '83 they came together and the bank was formed, they raised some capital and from that, it was built on an innovation platform. So focusing on technology. But the secret at the time was that it was innovation one third, one third was commercial real estate, and one third was general commercial industries, non-technology, non-innovation.

Greg Becker: [03:06](#) And over time the strategy has been to kind of pair back the things that didn't fit into the innovation space. So we, kind of around the time I joined, real estate was pushed away. We got into financial troubles at the time in real estate, and so that went away. So you had two pieces left, one was technology, and the second one was general commercial industries. And over the next five, six, seven years, we really said we don't really have something that's that differentiated in general commercial banking.

Greg Becker: [03:35](#) And so we really, around '99, 2000, went all in on technology and innovation. And so it wasn't part of the original strategy. It is something that evolved. And then you marry that with the fact that innovation is happening all over the world. We became a global business in the early 2000s. And so from that standpoint, it has been an evolution, but it's like all companies, I think you always are looking at your strategy and your business model and saying, how do you make it better? How do you make it more meaningful? How do you make it more powerful? And that's kind of our evolution.

Jo Ann Barefoot: [04:05](#) I recently took a flight back from Asia and watched the two part documentary on Silicon Valley, not to be confused with the HBO series, which I also enjoy, but it's a very interesting review of the history of the Valley.

Greg Becker: [04:22](#) It is an amazing history and it started out obviously very small, very focused. And to see where it is today is pretty incredible. And the question always comes up, what's the next Silicon Valley? And my view is there isn't a next Silicon Valley, there's other innovation hubs around the world, but Silicon Valley truly is a unique place. And you can replicate parts of it, but I would argue it's almost impossible to replicate the entire ecosystem that exists in Silicon Valley.

Jo Ann Barefoot: [04:52](#) What are the hard parts to replicate?

Greg Becker: [04:54](#) Hard parts is that it is literally in everyone's DNA here. Whereas if you go to look at Austin, if you look at Chicago or Colorado, or the UK, or places like that, clearly there are centers in those locations that have innovation and there's people that are more predominantly in the innovation area. But here in Silicon Valley, whether it's San Francisco or Palo Alto, Menlo park, or even down in San Jose, almost everyone you interact with has some connection to the innovation ecosystem in some way. Either it's supporting it from a service perspective where it's directly involved. And I think that's incredibly unique and it feeds off of itself. And so that reinforcing ecosystem is, I believe, almost impossible to replicate.

Jo Ann Barefoot: [05:45](#) Yeah. So I know you're broader than FinTech. You work with all kinds of technology, but our listeners are very interested in what's happening and what's ahead in the FinTech space. I'd love to hear your thoughts. What's exciting, are there some things you're worried about?

Greg Becker: [06:07](#) Maybe to take a step back, and what I think ... What I would describe as the interesting about innovation in general is, over the last 10 to 15 years, the ideas that entrepreneurs have are bigger and bolder than they ever have been. And again, it's an overused description, whether it's Uber taking over the taxi business and Lyft and so forth, or it's Airbnb in the hotel space, or it's Stripe looking at merchant services as an example. If you go back 20 years ago, companies were formed to support the larger industries to support the larger companies, right? To sell into them. And now companies are more about how do you disrupt them. And that is a fundamental change. And that doesn't matter if you're in software or hardware or FinTech. That is a big difference from what it was not that many years ago. And that again is true in FinTech.

- Greg Becker: [07:04](#) So when you look at a company like Stripe and what it was founded from, and how it got built, and the valuation right now, and how large it actually is, it's pretty incredible. And so I look at and say that FinTech is clearly a disruptive industry. It's causing institutions of all sizes, including Silicon Valley Bank, to re-examine our model and to say, how can we make it easier for our clients, our customers to interact with us and engage with us, and how do we bring more value to them from a digital platform perspective.
- Greg Becker: [07:38](#) So I believe the winners in FinTech will end up being consumers, and they will be businesses because friction will be removed from the industry in both categories. And I think it'll be healthy overall. I think banks will get stronger. Some banks will be in trouble because they won't react quickly enough. But I think everyone will be better off in the end. And new companies will emerge that are amazing. Square is one that's been around for quite a while, but when you look at what they are building, becoming more of a financial services organization that includes lending money, as an example. It's kind of all parts of the financial services industry are being changed and disrupted. And I think that's just the most fundamental change of all.
- Jo Ann Barefoot: [08:24](#) If you think about Square, in particular, that one brilliant breakthrough idea of enabling people to use their phone as a card reader, as everywhere you go in the world today, small businesses are now able to attach to the digital economy because they can do that. I mean it's just ...
- Greg Becker: [08:45](#) Absolutely, and it's happening fast. And if you spend time in China, as an example, it wasn't that many years ago when it literally was, everything was done in paper currency.
- Jo Ann Barefoot: [08:54](#) Now nothing's done in paper currency.
- Greg Becker: [08:54](#) No, nothing. And that transformation has been so fast. When you go over there, you can find a street vendor and the street vendors are all digital. I mean, they literally have no ability to take currency. And that's just a, it's a fundamental change that I think the US, quite honestly, is actually a little bit behind.
- Jo Ann Barefoot: [09:16](#) Yeah, I agree with you. So you mentioned having a global business now. Tell us about your global scope.

- Greg Becker: [09:25](#) Oh, again, I'll take a little bit back in the describe why we even started to think about global. And again, it starts with our client base. Our innovative clients tend to go global very, very early in their lifecycle, very earlier, much earlier than you would see from any other industry. So part of this was following our clients as they went abroad, whether it was into China, or India, or into the UK, or Europe. That's one reason.
- Greg Becker: [09:50](#) The second reason is, innovation is not exclusively done in the United States. We like to think about that sometimes. But as we all know, that is not the case. Innovation that's happening all around the world is pretty incredible. So we have to be if we're the bank for the global innovation economy. We need to be where that innovation is happening all over the world.
- Greg Becker: [10:10](#) And the third point is when you have innovative companies in London, or in Frankfurt, or in Shanghai, they're global as well. And so they're going to other foreign markets and they're coming to the US, and we want to make sure our name is well known there in those markets. So when they do come to the US or come to other markets, they want to come to us and they know we'll help them out.
- Greg Becker: [10:33](#) So that was the original kind of premise. And so back in the kind of early 2000s, we really, we literally mapped out on a whiteboard, what are the geographies that we believe are critically important over the next foreseeable future? And it was the UK, it was China, it was Israel, and it was India. Those are the four markets. And if you go back at that time and you would have prioritized which ones we thought would be the fastest growing that we needed to be in most dominantly and kind of worked our way down, it would have started out India, China, Israel and the UK.
- Greg Becker: [11:11](#) And that was kind of in 2005, 2006. And now we look at it today, and part of this relates to the regulatory environment in support from a government. Now you'd see it is UK, Israel, China and India. And actually maybe Israel and China are actually probably neck and neck as a number two category. And a lot of that has to do with the receptivity to foreign entrance, as we are a foreign ... would be a foreign bank in all those jurisdictions, number one. And also the regulatory environment. Confidence with a regulatory environment.

Greg Becker: [11:46](#) And so when you go through those lists, we've got a couple hundred people in the UK now. We have a couple hundred people in China. Israel, we've got 20 people, but it's across border. So they get started in Israel and then they'll come to the US or they'll come to a different market. And the one that was probably the most disappointing was actually India. And that was almost exclusively from a regulatory perspective and the fact that they kept changing their minds.

Greg Becker: [12:13](#) So in China, when we come to China, they say, "Oh, what you're bringing is something really unique, supporting the innovation space and technology, which is really important to them. We can be helpful to you." In India, it is, "We don't need that. We need help in our rural communities." And so if you wanted a banking license in India, it was all about getting a rural banking license or banking license where you did do about 40% of your business in the rural markets, which we knew nothing about. And so it really was ...

Jo Ann Barefoot: [12:42](#) I've spent time in those places.

Greg Becker: [12:45](#) Yeah. So it's like we can't be helpful to them. And from that standpoint, it didn't make sense for us to continue to really be in that market over the long run. So that's a little bit of the evolution of our global strategy. And now we've opened up in Canada, we've opened up in Germany. We set up a small satellite office in Denmark recently, and we support clients all over the world.

Jo Ann Barefoot: [13:08](#) So let's talk about the regulatory environment. We have done multiple shows with the UK regulators. I think they are clearly the world leaders in terms of being ... in trying to foster innovation and attract innovators. Although there are other countries that are doing very well as well. But one of the things that we think about in the United States says that our innovators and our regulators are kind of far apart from each other. And if we think of Washington as the regulation center and Silicon Valley as the innovation center and New York is the financial center, whereas if you're in London or Singapore or somewhere like that, everybody's together.

Greg Becker: [13:53](#) Right together. Yep. Good observation.

Jo Ann Barefoot: [13:56](#) They know each other. So what is your observation on either the main regulatory issues that you think we need to confront

as a system, and also your optimism or pessimism about how we're doing?

Greg Becker: [14:13](#) How we're doing? So first of all, I would agree with your assessment. When I think about the UK and our experience there, the experience with our FinTech clients in the UK and in many ways, not always, but in many ways they actually are moving more quickly than some of the FinTech companies in the United States because of that regulatory openness and regulatory support that they get. Part of that, if I go back and I'll do my Monday morning quarterback of why that's the case. I do believe it's because of the banking crisis in the UK. The banks ended up being in worse shape, and this isn't true in Europe, and so they're almost like government agencies when you're looking at RBS or their institutions, so they were really trying to say, how do we create more innovation happening if the larger banks can't do it? We're going to have to really bring new ideas and new thoughts to the market.

Greg Becker: [15:08](#) In the US, obviously, there's a lot more banks, and so what they are trying to do is both protect some of the smaller banks. The larger banks tend to be ... were healthier through the crisis. And they were innovating as well. And so the need to help support FinTech companies wasn't as great as I believe the need was in the UK. Just as kind of my view of how we ended up where we were. But I do believe there's more dialogue happening. I believe that they're trying to figure out how to make it work. I think a fundamental difference is that also that they're more risk averse. The banking system and the financial system in the US is working pretty well. And so to some extent, why would you want to disrupt that? Why would you want to create risk and change into an environment that's working well?

Greg Becker: [16:00](#) And so I think that is a fundamental challenge that we have. I think what you're doing, Jo Ann, is a great idea to really try to educate regulators more, to explain more to FinTech companies, kind of bridge the gap to almost sit them in the mindset of a regulator so that it's not that they don't want regulations, they are going to ignore regulations. It's that they actually have to embrace them and figure out how to make them work. And I think that's a very, very, very good role. So I think we'll get there. I just think it'll take longer than people would hope.

Jo Ann Barefoot: [16:37](#) One of the things that we are exploring at the Alliance for Innovative Regulation is creating a regulator technology bootcamp here in San Francisco, and try to get regulators to come here and really immerse a little bit in the culture, spend some time with the innovative companies, learn a lot of the basics of technology, and vice versa. Maybe teach the community here to understand the regulatory world.

Greg Becker: [17:05](#) Yeah, I mean, look, I think putting yourselves in the regulator's shoes, right? What is their number one objective? To make sure that the financial system operates effectively, and that it doesn't create risk to the consumers or small business for the most part. And if you understand that mindset, I believe it can be really helpful to you as you think about engaging with them. And when you put in place compliance and risk programs in your company, it can be helpful. We, early on, saw way too many FinTech companies that didn't take a risk mindset or didn't take a compliance mindset, and chief compliance officer was the last person they thought about bringing on board, and we would continue to advise them, if you're going to need regulatory approval, that is not a good approach to have. And I do believe today more are getting that message, but I think it's still even more need to get that message.

Jo Ann Barefoot: [18:06](#) Yeah. How do you work with your companies on the compliance side? How do you make sure that they're ...

Greg Becker: [18:12](#) Compliant?

Jo Ann Barefoot: [18:14](#) Yes, exactly.

Greg Becker: [18:15](#) It depends upon what type of company it is and what kind of industry. But if you look at FinTech overall, you know there's different designations from a risk perspective, and when you look at companies and ... So we have different levels of compliance and oversight that we need to get comfortable with and in order for them to even be banking clients of ours. And so we have ... we've built out our BSA, AML, and our risk management team in a really significant way so that we can support more of these companies. Can we support all of them? No, but we certainly do our best to try to work with them and try to be helpful to them and be advisors to them. It's just an area that's complex, but it definitely is an area that we're continuing to lean in on.

Jo Ann Barefoot: [19:01](#) Yeah. When you look at the tech landscape in finance, are there innovations that you're especially excited about today?

Greg Becker: [19:13](#) FinTech or broadly speaking?

Jo Ann Barefoot: [19:15](#) Let's start broadly.

Greg Becker: [19:16](#) Okay. Broadly, I think the things that are most exciting and should be most excited to all people are what's happening in the healthcare space. The merging of machine learning and on artificial intelligence with drug discovery, medical device development is amazing. And it's from 3D printing, new hips to personalize medicine. I mean, and it's moving very quickly. That, for all of us, is going to be a very, very big benefit, which is great. So that's one that gets more tangible to each of us as individuals. And so that's almost like, that's an easy one.

Greg Becker: [19:58](#) Other ones that I would put in the fun and interesting category would be space exploration. All the rockets and satellite clients we have and what they're doing. I mean it again, it's pretty unbelievable. Autonomous flying vehicles, autonomous vehicles, all those things are interesting.

Greg Becker: [20:20](#) And then again, across all businesses you can put this layer of artificial intelligence, which takes the businesses and how they would operate and almost like ... Think about it almost like a steroid. It puts everything on steroids across the platform and makes them all much bigger, much more interesting, and more powerful. And that's exciting. I mean, there's some things to worry about around that too. But I would say it's exciting, from my standpoint.

Jo Ann Barefoot: [20:55](#) What are the things that we should worry about?

Greg Becker: [20:57](#) I think on the healthcare side, I mean, I think with stem cells and cloning, and I mean, there ... I do believe there is going to be, needs to be more of an ethical discussion about how far to go. And I don't believe it's ... there just needs to be a lot more discussion around that and what does and doesn't make sense.

Greg Becker: [21:21](#) Clearly around artificial intelligence and what's going to be happening with the state of jobs, and I know we look at history and you go back and very many cycles and it's like, well people said that jobs were going to be eliminated back when cars were manufactured in an assembly line and all these things over the

years and the jobs would go away. Clearly, that hasn't been the case. But I do believe there is a greater risk that employment and the definition of employment will change over the coming years because of artificial intelligence,, and robotics, and machine learning, and so forth. And I do think it's something to pay attention to.

- Greg Becker: [22:03](#) So those are probably the two biggest things. But those come up in topics on a regular basis. I would say I don't have anything new and revolutionary to share. Those are things that are discussed a lot.
- Jo Ann Barefoot: [22:16](#) Yeah. How about in FinTech? **Pardon me. Other than AI**, are you seeing innovations in FinTech that you're excited about?
- Greg Becker: [22:27](#) I think overall lowering the cost in transactions is a really good thing. I also think empowering people who wouldn't historically be exposed to certain things. Again, an example would be Robin Hood. I think that Robin Hood is truly an interesting low cost way for people, especially young adults, to get exposure to what it's like to invest money and see the benefits of compounding that we've been taught at a young age, but I don't think that many people have been taught about the importance of it from just a basic financial literacy perspective. That exposure to broad group people is amazing. My son, who's still in college, he's infatuated with Robin Hood and every extra dollar he gets, it gets put into Robin Hood. And just from the standpoint of seeing that energy and excitement is a really, really big deal.
- Greg Becker: [23:31](#) I think financial literacy is one of the biggest challenges that we have in the United States. And I would actually say around the world, and educating people at a very young age and even into young adults and adults, especially the poorest of people who don't fully understand what money management is about, and building out your credit scores, and all those things are really important from an educational perspective, and I think can be very helpful.
- Greg Becker: [24:04](#) There's a book that was written by John Hope Bryant called, How the Poor Will Save Capitalism. And the entire book is about financial literacy. And it's just, it's fascinating on the importance of that and how connected to capitalism it actually is, and how there's companies out there that are spending a lot of time helping to educate the poor and other people who don't have experience with that, and around financial literacy. So that may

not seem like a big new innovation, but I actually believe that that has an ability to transform more people than some of these new big technology ideas that we spend more time talking about.

Jo Ann Barefoot: [24:46](#) Well I'll look for the book and we'll link to it in the show notes. I'm not familiar with it. So we've talked about Fintechs disrupting and changing the financial system. What are your thoughts about the future with big tech coming into finance?

Greg Becker: [25:05](#) That is fascinating. I know recently Google's announcement about coming into the consumer space, and obviously there's speculation about what will Amazon do, and what will the other large tech players do. And if you think about Apple, although they haven't really announced anything around that, when you think about how comfortable we are keeping everything in our phones, the data that's in there, it's not that big of a leap to say the Apple wallet is bigger, it can become bigger and more powerful. And you think about that.

Greg Becker: [25:42](#) I think it's a natural place to go. And I think banks and other financial service companies have to think about, to some extent, the inevitability of that. I also think that's a fascinating discussion from a regulatory perspective, and how that should be played, and from a standpoint of how much power and control those institutions have, and how comfortable consumers are sharing. We've seen what's happened in China with Alipay and those institutions. And there's no question that banks have been dramatically impacted in China because of what's happening with Alipay. So I both see it as a somewhat inevitability, but definitely think it requires more thought around it.

Jo Ann Barefoot: [26:32](#) You've seen the whole landscape, I'm sure. Do you have any advice for innovators in this environment?

Greg Becker: [26:42](#) It depends upon ... Well I guess there's broad advice, right? There's broad advice. And to me, I think it really is about that the biggest thing ... what's the biggest challenge we see with startups? What are the things they miss the most? I would say the obvious ones are product market fit and fundamental business model. And are you going to make money on it? And that's a big topic right now because of what happened with WeWork, and the question is, are these high burn rate companies that maybe don't necessarily have clear paths to

profitability, how are they going to do? And while I believe that there's still going to be companies like that that exist out there, I think there's clearly going to be a lot more questions asked and challenges placed on companies for that path to profitability and the business model themselves.

Greg Becker:

[27:29](#)

And I actually think that's a healthy ... it's a healthy thing to have. So obviously, one piece of advice would be making sure you have a realistic plan to get there. That's one. Product market fit. It fits in the same category. And the last part, for me, would be really thinking about the team and making sure that you have a team of diverse people. There's so much data out there about having a diverse team and how you really need to think about getting a broad group of people, that you get away from group think where everyone thinks the same way because you may miss things that are coming around the corner. And I know it may not be as comfortable because you have to listen to other points of view, and some startups are all about, I just want to move forward, I've got the right idea and don't want to be challenged, to some extent. I would push back on that and say it's actually healthy to be able to listen to other people's perspectives. You may keep your point of view, but it's good to have other people's perspectives.

Jo Ann Barefoot:

[28:38](#)

And do you have advice for policy makers and regulators?

Greg Becker:

[28:44](#)

I'd say I'll give you a FinTech answer and I'll give you a very broad comment about this across all regulators. To me, and I'm speaking more about the early stage, mid stage and late stage private innovators, not the large tech companies, right? So this is the area that we live in. I really would caution regulators to think about regulatory changes and the impact it will have on companies whether it's state rules and regulations. I think about the fact that we don't have a federal privacy policy. And quite honestly, to be blunt, how ridiculous that is, because as California has its privacy policy and there's only eight other states that have privacy policies they're looking to put in place. All slightly different.

Greg Becker:

[29:41](#)

If you're an innovative company, I don't know how you manage that. And states clearly don't want companies to decide, I'm going to be in this state or that state, I'm not going to operate in a certain environment. It makes no sense. So the encouragement is at the state level to encourage the federal regulators, the federal policy makers, to think about a national

policy around privacy. And also just making sure that the unintended consequences are truly understood as they put things in place.

Greg Becker: [30:20](#) I'll give you one example that happened back from the crisis. With Dodd-Frank and the way it was put together, there was a big push for not allowing banks to invest in venture capital firms with some of the capital on their balance sheet. Or limited in a dramatic way. Well, for the top firms, for the top venture firms, no issue. But for the venture firms in the Midwest and the South and the Southwest and the Southeast, a lot of those venture firms were raising money from local banks. All of a sudden you put restrictions on that and you make it more difficult for the local venture capital firms in these geographies to raise capital.

Greg Becker: [31:01](#) Now, if you talk to the regulators or talk to the legislators, that was not intentional. But once it was written, they wouldn't undo it. And so you end up in this spot where the unintended consequences truly need to be thought through across the board. And so that's just a few pieces of advice. So think about it broadly. Think about what we need to do from a national perspective. Try to be learners of the importance of innovation and technology. Definitely would encourage more people to spend time in Silicon Valley from a regulatory, or regulator perspective, or a legislator perspective, and just understand the unintended consequences.

Jo Ann Barefoot: [31:43](#) Is there anything I haven't asked you that I should?

Greg Becker: [31:48](#) Well that's a big question. I don't know. I'm sure there is. I can't think of anything off the top of my head, but I just would give you a final comment back, which is, I do appreciate what you're doing. I know our clients do. When you think about it is challenging, kind of bridge the gap between what they're trying to do in the FinTech space and dealing with the regulatory environment. And as you help to bridge the two together, I think that's great for both parties and will make both parties more successful. So thank you for doing what you do.

Jo Ann Barefoot: [32:20](#) Well, thank you for saying that. I'm very optimistic. We're going in the right direction, for sure, and we're speeding up also, which is good. So Greg Becker, thank you so much for being my guest today. It's been a fantastic conversation. I've really enjoyed it.

Greg Becker:

[32:33](#)

Thank you.