**Morgan reshuffles top ranks of its private banking unit.**

**By**

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With competition for affluent consumers heating up, J.P. Morgan & Co. is reshuffling the top ranks of its private banking unit.

Morgan, often hailed as the quintessential private banker, is adding an upper level of management of the unit and bringing in some star talent from other parts ofthe company. The new team is expected to make an especially strong push for overseas business.

John J. Olds, who has been running Euroclear, and bank's Brussels-based European bond clearing unit, will become head of the private bank at the end of June.

The current chief, Arthur Sculley, will be reassigned to lead the international side of the unit, reporting to Mr. Olds. And James H. Higgins 3d, who has been managing director of mergers and acquisitions for two years, has been tapped to run the domestic private banking division.

Room to Grow

Morgan, which managers more than $35 billion for individuals, sees some clear opportunties to expand in private banking. But the existing management team is already stretched, said Nicholas Potter, a managing director who oversees private banking and institutional and individual asset management.

"We have a large, growing, and complex private banking business, which is increasingly taking on significant international dimensions," Mr. Potter said in an interview.

"We want to put as much horsepower behind the effort as possible," he added.

The shifts come as U.S. banks are fighting harder than ever for the allegiances of the affluent.

Wooing the Wealthy

Citicorp, U.S. Trust Co., and many other big institutions have been stepping up their private banking efforts over the past few years. But most wealthy people already have tight banking relationships, meaning banks seeking new customers must wrest them away from rivals.

"It's much harder to grow the business than it used to be," Paul Groncki, vice president of PSI, a Tampa-based business planning firm that serves the private banking market.

Morgan, he said, has to "find new segments that haven't been aimed, so it's going after the global affluent."

In international private banking. Morgan operates through 12 offices in Europe, Asia, and South America. The business, which serves both foreign nationals and U.S. citizens living abroad, has been growing at about 20% a year, the company says.

International Focus

Morgan's increasing emphasis on the interntional private banking market is clearly reflected in the new management lineup. Even Mr. Higgins, the unit's new domestic chief, is a veteran of global banking.

Before his stint with mergers and acquisitions, he was Morgan's senior banker in the Asia Pacific region.

He will be working side by side with Mr. Sculley, who has spent most of his career in international banking. While heading up private banking, Mr. Sculley has been running the unit's international side directly since last fall, when Thomas Kuhnke left a join Banque Paribas in Geneva.

'In Awe of the Talent'

The appointment of Mr. Olds to head the unit is perhaps the most striking sign of Morgan's fresh commitment to private banking. One of Morgan's most senior executives, he served in 1991 on an eight-member management committee.

Peter "Tony" Guernsey Jr., head of U.S. private banking for United Bank of Switzerland and a 17-year veteran of Morgan, said he was "in awe of the talent they've put into private banking."

Although some observers are characterizing the shifts as a demotion for Mr. Sculley, a Morgan spokesman flatly dismissed that view. And Mr. Sculley certainly will have plenty to do in the international post.

"You need an Art Sculley to run international," said Mr. Guernsey.

Still, some rivals and analysts say, it remains to be seen whether Morgan has settled on the optimal management structure.

Earlier Changes

"This is the second reallocation of management resources in a very short period," noted Donald Herrema, senior executive vice president at Bessemer Trust.

Last May, Joel I. Cohen and David Burrows were promoted to managing director posts in the U.S. director posts in the U.S. private bank, replacing John Lane, who retired.

Morgan revamped its domestic private bank last year, based on 16 months of interviews with clients and employees about how to market their private banking services better.

In mid-1992, a survey of 30 wealthy Morgan private banking clients in the funds management area found that a third were "unhappy or dissatisfied."