

# Banking needs to get personalised

"Yes Jim but not as we know it!" In my last Article I explored "trust" and how Banks might claw back some of the high ground. It's certainly trite to say "back to basics" but I firmly believe that to go forward we must go backwards first - perhaps "back to the future". Of course, there were many aspects of the "traditional banking model" that had to be done away with such as archaic attitudes and behaviours. But the core proposition remains - a combination of good and reliable products and services coupled with a high degree of good ethical behaviour. It's about gendering trust supported by confidentiality and overall integrity in every respect. In the previous articles we'd talked about how these values could be inculcated - it's imperative that we move quickly to restore them.

On both sides of the "counter" we are a people business - we've forgotten this! We treat customers and staff alike as "ciphers"! How can we expect or command loyalty on either side? My experience over many years with bank staff, especially those in customer facing roles, is that they will go the extra mile for their customers but there really is no hope of that happening if the banks treat their customers simply as commodities, ie, the "dumbing down" of the point of sale referred to in my previous utterances. We really must examine and understand our customer bases. It would truly be helpful if the men and women running banks had even a modicum of first hand knowledge of personal banking (not consumer banking - who came up with that awful nomenclature?). Unfortunately, most senior executives in



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banks have had careers in wholesale/corporate banking or more frequently are from other industries altogether. Until that changes the "mass market customer," ie, you and me, have no hope whatsoever of seeing an improvement in the "commodity" type treatment they receive.

We need to start to treat "people" with the respect they merit as the first (and often only) point of contact for our customers. John Kotter's "Service Profit Chain" (Leadership Guru at Harvard Business School) actually reigns supreme in this space. He illustrates the key dependency on staff satisfaction and morale on the customer experience and the shareholder outcomes. If you get the former right the rest of it falls into line! Surprised? Not much I expect.

We must train and develop our people properly from top to bottom, we must encourage their further education and above all we must show them route maps to top management positions. I suspect there are no "quick wins" here for staff but there will be for customers, who will notice quite quickly a positive change in attitude.

It's even been suggested that an adoption of formal apprenticeship-type models might be the answer. When I joined the bank in 1958, I was called a "new apprentice" and remunerated accordingly! We can't wind the clock back but surely we should be able to learn some things from the past.

With customers it's imperative that we must move more away from the "best/low price" type offerings, which simply have created a vast amount of very expensive "churn," ie, customers coming and going - this chews off the customers and staff alike. Retention, not acquisition of customers, must become the order of the day!

There's a huge amount of "inertia" in our customer base, which banks should be able to leverage to their as well as the customers' advantage. We need to identify the "sticky" customers (the ones who have little or no propensity to switch to other providers) then reward for their long service. It gives them more reason to stay and convert inertia into loyalty to the bank. One Banker in recent months was quoted as saying "we treat our loyal customers worst of all"! What other industry could get away with this!

It is absolutely vital that we cease to treat all customers in the same manner. Banks should embark on sensible market research, understand

the segmentations that are thrown up and then develop value propositions that are appropriate to each of the major segments. I think it's fair to say that in the past when banks did market research if the chief executives did not like the outcomes, then the research was not implemented. The chief executives' writ was supreme! If you were operating in the soap powder or any other retail market you would be driven absolutely by your market research findings.

However large or small a bank is, I'm convinced that with half the decent leadership from the top and a good level of involvement of staff throughout the organisation, it would be possible to offer individual customers some sense of personal service. This must be done if the industry is to re-establish any credibility.

Coming back to the whole question of leadership at the top and the kind of individuals that are needed to run commercial banks, I'm absolutely horrified that there are no plans to re-impose the strictures of glass stegall and to wind back the more unsavoury aspects of "big bang". There is no question that the behaviour and remuneration of many of the people on the corporate finance and stock broking side of the business muddies the water totally for the ordinary staff, who are looking after customer deposits. The "cowboys" should not be allowed to have any possible impact on the safety of customer deposits. The sooner our regulators wake up to this the better. If they do not, we will simply stoke up another head of steam and have another problem in 5-10 years time when the next downturn happens.