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BANKS: A CHANGE OF CULTURE AFTER A CHANGE OF STRUCTURE

The new financial order that emerged from the 2008 crisis aims at introducing more restrictive rules. The range of the sanctions imposed on financial institutions has a "never again" ring about it. But only yesterday the States that are now imposing sanctions and voicing their indignation were encouraging an "anything goes" attitude. As for the bankers, yesterday they were up on top of the wheel of Fortune enjoying their celebrity; today the wheel has gone into reverse and is rolling over them, so they are having to restructure and rethink their business models in order to adapt to the new rules of the game. The end result of these changes may simply be: "For things to remain the same everything must change" (*The Leopard*, Giuseppe Tomasi di Lampedusa). Who is to say?

The reforms offer little in the way of resolving an issue that is not an effect but a cause of the crisis: the culture of the banks in question. It is possibly this that Mark Branson, the new Director of the Swiss Financial Market Supervisory Authority (FINMA), meant when he said last 17 June that "mentalities need to change".

Culture is a determining factor for a sustainable performance. It is no mean task to change a company's culture, i.e. how and why things are done. It is a long process and may take from five to fifteen years, say Kotter and Heskett, authors of *The Corporate Culture and Performance*. It depends on a large number of small actions which must combine into a coherent whole and move towards a distant and undefined goal. And as for cultural traits, the less a carrier is aware of them, the more important they often are. So when the time comes to change a culture, a major challenge is to identify not only its visible part, easier to change – practices and behaviours – but also its invisible part, harder to change – values and beliefs.

If we are to identify the counter-productive practices and behaviours in a bank, we have to make the connection between harmful working conditions, often masked and amplified by excellent salaries, and the ultimately destructive effects on customers, society at large and the bank itself. For example, there need to be reforms when productivity requirements and their evaluation, talent management policies and recruitment criteria generate toxic competition, or when they get in the way of inter-disciplinary collaboration, or break up teams or let in the gold-diggers instead of the craftsmen. There needs to be a rethink of communication standards and information management when secrecy replaces discretion, creating frustration, defiance, fear or an inability to act. There needs to be simplification when procedures, systems and products get so complex that even the experts do not understand what they are doing and managers are no longer able to control what they manage.

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It is generally considered that money and power are the predominant values of the banks in question and that their sole objective is profit. But taking into consideration that these values reflect a system rather than people shows up another issue relating to the change of banking culture: the tie-in with other systems (pension funds, hedge funds, share-holding …) which frequently also require excessive earnings or returns. Something that makes banks stand out is the clarity with which they express these values and the profound disenchantment they cause when they are too dominant. In *The Culture Cycle* (2011), James Heskett describes the least satisfied professionals he has ever met: *Well-paid employees of a leading [United States] investment banking firm, they were nearly all graduates of leading business schools and were working day and night to make enough money to enable them to do what they really wanted to."* And there are plenty of accounts of the damage caused by just keeping on increasing the "total" figure indefinitely.

Why not reform over-generous remuneration policies since they do not lead to satisfaction? Perhaps because the money makes up for the lack of satisfaction.

Satisfaction comes from believing in what we are doing. So a change of culture should both create healthier and simpler working conditions based on the values of trust and balance, and aim for a goal that is more meaningful and provides for greater appreciation. To put it another way, we need to invest in the primordial importance of the banks' contributions to society, how they protect and accompany, help to construct, facilitate exchanges, or make connections; or better still, how they contribute to creating a desirable future, for example, by playing a key role in restricting the financialization of the economy.

Lack of satisfaction in the banks of many of the co-workers and managers is connected to unfulfilling work and to working conditions that are actually harmful. This is no doubt one of the causes of the financial crisis. We could take a first step towards an efficient banking culture if we dared to believe that, rather than just bonuses, the staff who embody the intelligence and the capabilities accumulated in the banks deserve something better.

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