

## Back to basics

Communicating the value of banking to society



*Image: Thinkstock*

**These days, being the head of corporate social responsibility at a bank is challenging, to say the least. And the same goes for the head of communications. Over eight years have passed since the financial crisis began and it is clear that the financial sector is still feeling the consequences. Whatever your viewpoint, one thing is clear: the reputation of the banking sector is an easy target for headlines. Well, this short article will not go over what banks did wrong, but why it is important to get the lessons right.**

Whether we like it or not, banking has a key role in the prosperity of our society. This is the reason why reactions to bank failures have been visceral - and rightly so. But lesson needs to be learned on the basis of a simple fact: banks and banking are not the same thing. Banking has played a fundamental role in modern economies, encouraging growth and development, managing risk, moving, investing, lending and protecting money for customers and clients.

### **Back to basics**

So if we all agree that banking matters and is socially valuable, banks need to acknowledge their position as global citizens in their communities and be socially valued again. The way I see it, it's the so-called "going back to basics": we need to focus on **why** banks exist, **what** banks are supposed to do, and **how** banks can do banking in the right way to meet their purpose.

The first question is why do banks exist? In her speech at the VII International Banking Conference in 2014, Ana Botín, chairman of the Santander Group, spent the first five minutes precisely on this: *“Banks are to help people and businesses prosper. We can support and generate growth, and jobs, and investment in the communities we serve. If we do not fulfill that purpose – or our efforts are thwarted – not only do we not prosper, but nor do the societies we serve.”*

All this said, the reason why banks exist is also personal. **What** does my Bank do for me? The answer is simple: I feel more secure having my money with them than having it under a mattress. My bank also pays interest on some of my accounts, and I am able to manage my day to day payments with credit cards and electronic banking. Last but not least, I would have not been able to borrow the money from my family to buy my home and, seeing the predictions for an ageing population by 2030, I am relieved that my bank suggested to me a long time ago that I take out a private pension plan.

### **A perfect storm**

By now we have concluded that banking is important for the economy and for the people, but even though new technologies have changed the way banking services are delivered in the last few years, we still tend to agree that all banks are the same, and even worse: untrustworthy. This low level of faith in a business that is precisely based on trust is worrying. And is if that were not enough, the industry now needs to deal with margins under pressure and more informed, demanding customers, ready to switch bank at the first opportunity. Furthermore, new regulations are coming thick and fast, innovations like peer-to-peer lending are bypassing the banking industry and there are new players in the financial market offering payments services online, free of the capital restrictions borne by the banks.

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This is the perfect storm that leads me to my core message. In this new post-crisis reality, the new paradigm is **how** banks will undertake the business of banking in a responsible way. As Ana Botín said in the same speech: *“We need to rethink how we work, how we do things, how we behave towards our people, customers, shareholders and communities”*“.

This is the “CSR recipe”, whose main ingredient is the belief that “the **how**” will ultimately restore our trust to let banks manage our financials. It’s time to unveil the social purpose of banking and incorporate it into our day to day decisions - and show behaviours that prove we are getting it. We need to change our mindset and move from the “shareholder” to the “stakeholder’s value”. Back to basics: remember WHY, WHAT, and focus on HOW.

This way, the bank becomes **truly** customer- centric and sees that the main source of competitive advantage is to put the goal of being of benefit to society while delivering commercial value at the core of the company’s vision. The bank will emerge as the kind of institution that is able to regain our trust and build customer engagement, two key elements to survive and thrive in the long run.

To deliver this recipe we CSR managers desperately need our communications colleagues. They are the ones who can build a clear and consistent communications plan across the organisation in order to drive employee engagement. As one of the CEOs I worked for said: “Banks are people and computers”. If the employees of the bank understand how they can do responsible banking in their day to day job, and feel inspired and empowered to do so, the bank will get there in the end. Because it is **people** who make the difference, not only the ones who lead banks but mainly those who work within them who define the culture and ultimately determine what these organisations will become. This is where our efforts to create positive and sustainable change should be focused.

### **The long road ahead**

If you are the head of communication in a bank or a company that is trying to do the right thing, the right way and right now, then congratulations: you already know that you are embarking on a long and winding road, but be assured that you will play a very important part of building the kind of society we all would like to be part of. Otherwise, if the people who run the company you work for are only asking you for a good PR job, if there is no consistency between the things they say and what they do, then prepare yourself for the next round of reputation bashing, and for being alone in the playground. Call me an optimist, but hopefully the rest of the players will have understood that there is no other way going forward if want to win back the trust we need to do banking.

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