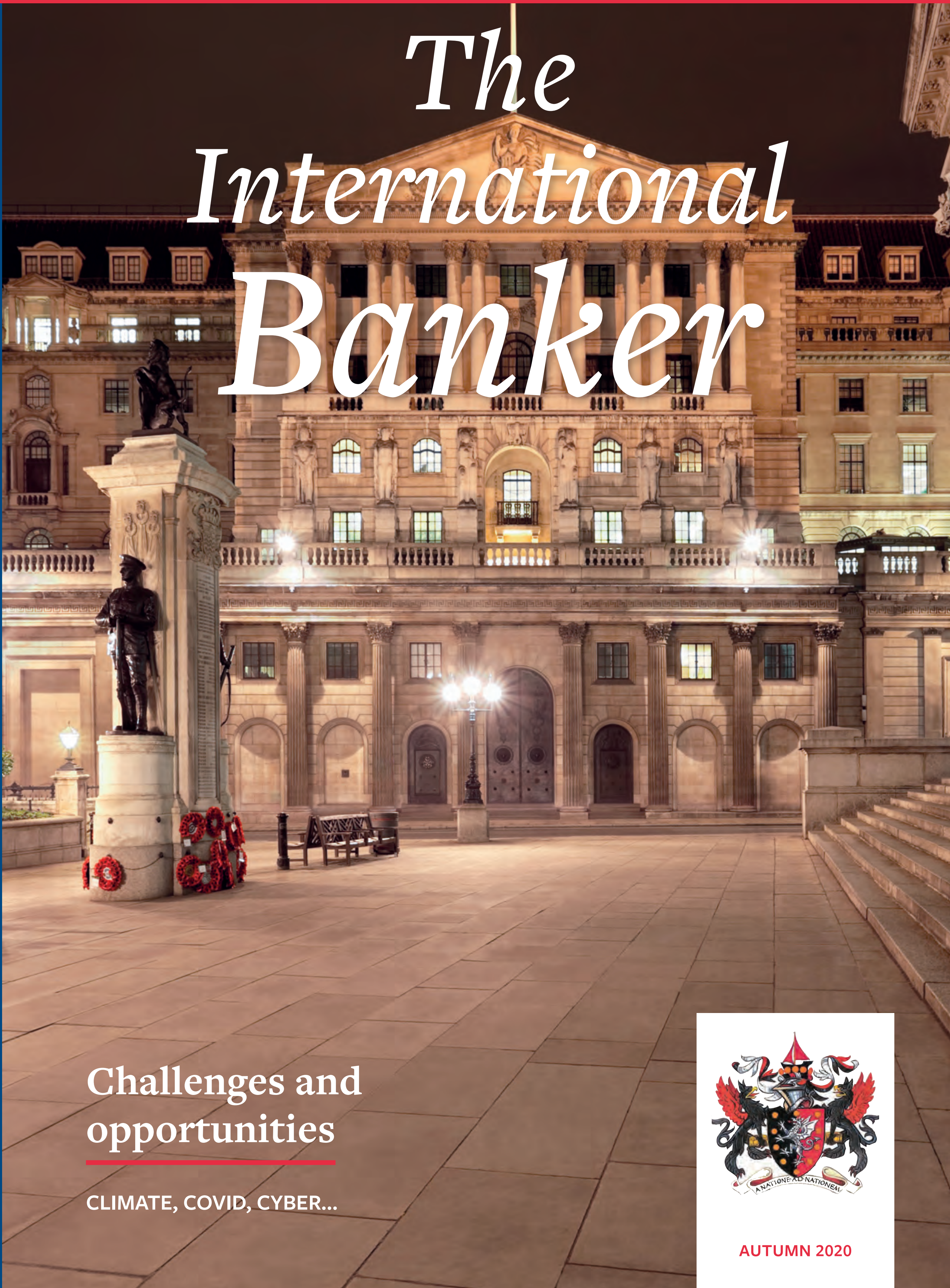
THE MAGAZINE OF THE WORSHIPFUL COMPANY OF INTERNATIONAL BANKERS

The International Banker



Challenges and opportunities

CLIMATE, COVID, CYBER...

AUTUMN 2020

The Worshipful Company Of International Bankers

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From the Editor

We've had a challenging spring, summer, and autumn. Now is the winter of our discontent. We have the pandemic, we have the recession, we have the borrowings, we have a deeply-divided America. And towering above these four challenges – and there are more, like Brexit – we have climate change.

This issue of *The International Banker* is brimming with challenges, and opportunities. The climate threat is the perfect example: an existential threat to our grandchildren's well-being, but a huge opportunity for banking and finance to come to the fore in delivering solutions. One of President-Elect Joe Biden's first promises was a $US2 trillion clean energy and infrastructure plan, and a commitment to rejoin the Paris Agreement and a goal of net-zero emissions by 2050. One of our own, Past Master Sir Roger Gifford, is leading the charge for the City here – see page 11.

Be encouraged therefore when you read about our world in the eyes of the next generation, the bright Ambassadors from The Brokerage – one of the Company's chief charities – on page 26. These young people have both challenges and opportunities ahead of them, at scale. Their optimism, though, shines through.

It is of course hard to follow in the footsteps of my good friend Christopher Bond, an excellent editor of this magazine for seven years. He is missed. But I have great support from a team of Deputy Editors. John Thirlwell in particularly deserves my huge thanks for encouragement, practical support, and the proper command of English grammar which I lack.

George Littlejohn
Editor – *The International Banker*
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From the Master

"FREEMAN, LIVERYMAN, MASTER"

I had a dream. A dream to be a great International Banker.

When I was much younger I was always fascinated by commerce, finance, banking... But then I had an accident, almost breaking my neck, with severe residual problems.

So I decided then that life was too short, and I went back-packing around the world, which turned out to be one of the best things I have ever undertaken in my life! My horizons totally opened up to the international world in which we all live. From Hong Kong to New York, with the wonders of the Great Barrier Reef, the Grand Canyon, and so many more places in between.

On returning to the UK I wrote down what I wanted to be – an International Banker. I still have that piece of paper. That was my dream. So I got myself a job and trained as a banker. Since then I have led acquisition and structured finance transactions through the dotcom boom, provided credit via loans and derivatives during the financial crisis, assessed the potential impact on banks of cyber crime and global pandemics, as well as visited over 30 countries to cover banking clients. A wonderful career as an International Banker.

Plus I have also discovered over the past two decades the City of London and The Worshipful Company of International Bankers!

So what does my story mean for all of you? My motto for the year is "Freeman, Liveryman, Master". Freeman indicates the need to continue to encourage a flourishing international membership of WCIB. I will continue all the hard work of the Past Masters and many others towards growing the membership amongst international bankers and financial service professionals. Hence I will be supporting various webinars in order that new and existing members can remain connected, up-to-date on current topics of interest, committed to the charitable aims that we set for the IBCT, and wanting to be Freemen of the WCIB.

Liveryman is because we will be celebrating our 20th Anniversary in 2021 as a Livery Company. Plus every Liveryman is part of a much larger family of livery companies and the wider City of London family. Hence I will be organising various inter-livery networking events so that all our Liverymen and Freemen can network amongst a truly unique family in the City of London. The first of these was a joint event with The Engineers in November when we discussed the future and financing for Space Technology. I look forward to some WCIB and IBCT events next year when we can celebrate our 20th anniversary – including, hopefully, by meeting again in person!

Master because it really is a great honour to be elected as your 20th Master. I want to thank all 19 Past Masters for all their dedication towards making this Company the most successful of all the modern livery companies. I also want to give everyone else the skills and encouragement to take the path and aim to be the Master. To assist this, my first event in October was an evening when I was joined by the chairmen of our Standing Committees to allow members to hear about how they can participate in those committees and get their ideas adopted by the Company. We will also have other similar events to support everyone of you towards being a future Master.

So the motto "Freeman, Liveryman, Master" defines my own path as well as the year ahead.

We also need to be very realistic given the current pandemic situation. A world wide health crisis has also become a severe economic crisis for so many. A large number of people are having a difficult time, whether through lack of income, social isolation, child care duties, or elderly parent support. WCIB in-person contact will be limited for many months to come.

But I am also very optimistic. The banking industry can provide valuable support to clients. The WCIB can provide wonderful friendship through online events. Plus the IBCT is providing a wide variety of grants and support to great causes. So let's keep our Company alive and well, with continued fellowship and charitable giving.

As Nelson Mandela once said: *"Everyone can rise above their circumstances and achieve success if they are dedicated to and passionate about what they do."*

To conclude, I hope you enjoy reading this edition of our magazine and I really look forward to fulfilling my dream to be a great leader of this Company as an International Banker.

Robert Merrett

From the Immediate Past Master

REFLECTIONS ON MY YEAR AS MASTER

My son gave me a pink unicorn when I became Master of the Worshipful Company of International Bankers and said he hoped I would sprinkle my magic over the City. Neither he, nor anyone, realised that from March 2020 it would be difficult to sprinkle anything over a world struck by Covid-19 and its appalling health and economic consequences.

Yet the pandemic has underlined the importance of community, of fairness and of key workers, all issues which are central to the WCIB.

This was apparent in the way the Company pulled together to support online events, produce our first promotional video, and bolster our charities. The Brokerage, the City social mobility charity which receives the main bulk of our funds, pivoted its offering to teaching employability skills online to its students who are mainly from disadvantaged BAME backgrounds.

For those who pitied me for having to spend the second half of my term on zoom, I can only agree, but on the positive side it drew us all closer together and emphasised our innovative competence.

Open Door, Open City, my theme for the year, was about reflecting and attracting the wide variety of talent from all over the world that is key to a flourishing Company and City. We saw it in our sell-out Annual Banquet at the Mansion House, the biggest and most diverse of any Livery company; we saw it in the couples, including an LBGT+ pair of CEOs interviewed in our Talk & Toast breakfasts; we see it in the initiatives taken forward by the current Master, our Black History event and the upcoming mental health film, This is Me.

Being the Master of the WCIB is an immense honour, not least because it gives you an intimate view of our many Company ties, including with the armed forces. Engraved in my memory is a freezing cold winter weekend spent with the 306 Hospital Support regiment somewhere up north. My partner Charles and I wondered at the sharp intake of breath when the organising officer heard that we would happily sleep in the barracks accommodation rather than staying in a nearby hotel. Shared showers. Plastic covers on the camp beds. Elaborate instructions on what to do with sheets that took three readings and a degree in quantum physics.

Yet it was the most uplifting experience of my whole year. The regiment is made up of full time doctors and nurses from hospitals and surgeries all over the country who spend a number of their free weekends training in order to be posted to places like Sierra Leone or Afghanistan.

It was impossible not to feel like an imposter giving those unsung heroes a fireside talk on leadership. The Covid-19 pandemic is shining a bright light on their contribution to our society.

A cartoon I saw recently comes to mind, where a Director is saying to his Board, *"Instead of risking anything new, let's play it safe...by continuing our slow decline into obsolescence."*

As we celebrate our 20th anniversary, I am very pleased to say that the International Bankers are not among that number. Rather, we stand at the forefront of modern livery companies in how finance will help create a sustainable capitalist model with clean energy at its centre. Exploring how this can be done is one of our missions, as we did in an online conversation between two luminaries of the environmental sector, Sir Roger Gifford and Laura Sandys in October.

And as a Company which is a microcosm of the City, I know individual members will be helping deal with debt restructurings, with loans to small and medium sized enterprises, and with figuring out how finance can best play its supporting role in the downturn and the recovery.

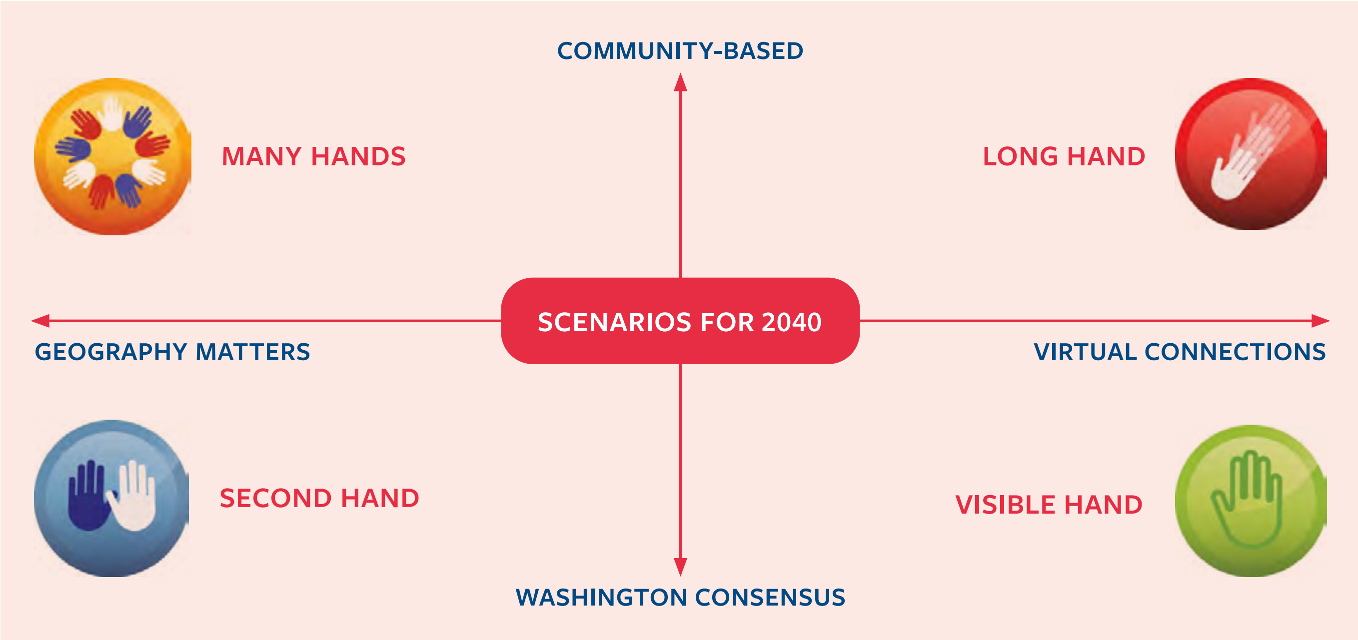
For everything we've done on Diversity & Inclusion, charity, cross-mentoring, the Talk & Toast breakfasts, our communication...there are so many helpful members and I owe so much to so many. I fear the only solution is to thank you all for helping make my year hugely special and to leave my pink unicorn with our splendid Master and Wardens.

Karina Robinson,
Immediate Past Master

Photograph © Andy Sillett

Banking on 2040

ALDERMAN & SHERIFF PROFESSOR MICHAEL MAINELLI'S SPEECH AT THE OCTOBER 2020 WORSHIPFUL COMPANY OF INTERNATIONAL BANKERS INSTALLATION EVENING



People are desperate for predictions. Doing a PhD in chaotic systems planning I concluded at one point that people need strategic planning just to feel better about the future. So ignoring many caveats about prediction, who is to say what the future holds, but remember I told you so.

Looking back 20 years, we spend time explaining to our children what it was like to make phone calls to arrange meetings, bring maps to find places, let alone what paper tape, punch cards, or even 'dialling' a number meant. Think back to 2000 or so and camera phones, USB flash drives, Toyota Prius, Blu-Ray, Facebook. 2005 or so, YouTube, Google Maps; the iPhone is 2007. Then deeper tech such as DNA analysis, stem cells, CRISPR, functional MRI, quantum computers, or transparent aluminium. Six months ago too many people ooh-ed and aah-ed over video-conferencing. We've had video-conferencing since the 1990s. Jitsi, Skype, and Lifesize arrived in 2003, Cisco's Telepresence and GoToWebinar in 2006, BigBlueButton in 2007, Bluejeans in 2009, Zoom in 2011, and Teams only in 2017.

But we're bad at looking to the future, as our unpreparedness for the obvious black elephant of a pandemic shows. Z/Yen's Long Finance initiative was inspired by a 1993 lecture by Professor Danny Hillis of MIT who said:

"When I was a child, people used to talk about what would happen by the year 2000. Now, 30 years later, they still talk about what will happen by the year 2000. The future has been shrinking by one year per year for my entire life. I think it is time for us to start a long-term project that gets people thinking past the mental barrier of the Millennium. I would like to propose a large (think Stonehenge) mechanical clock, powered by seasonal temperature changes. It ticks once a year, bongs once a century, and the cuckoo comes out every millennium."

Which has led to the multi-million dollar Long Now project building such a clock on Jeff Bezos's Texas ranch. So let's pretend we can peek just two decades hence.

The world of 2040 is not about pantomime nor paranoia, nor is it the world of 2020 extrapolated; it is a world we can imagine, with care. For most prognostication over two decades William Gibson is right, 'The future is already here – it's just not evenly distributed.' In other words we can imagine the future from what we see before us. Particularly if we avoid getting over-excited. For example, people laughed at Z/Yen extrapolating from 2007 to 2010 data that Chinese centres would join the top ranks of financial services.

You all have personal experiences of Roy Amara's law – 'We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run.' At the beginning of July, PayPal, founded in 1998, surpassed Bank of America, the second biggest bank in the USA, in market cap, worth more than every American bank except JP Morgan Chase. At the beginning of September 2020, the market capitalisation of fintech payments firm Square, founded in 2009, exceeded that of Goldman Sachs, the 151-year-old investment bank.

We could spend much time, too much time, on scenario planning. Our Long Finance work from 2011 has stood the test of almost a decade. *'In Safe Hands? The Future Of Financial Services'** postulated four scenarios:

Many Hands suggests a societal structure defined by ethnic and religious groups. Globalisation has failed and democracy is thought to be unwieldy. City states have replaced failed states and constant mobility between these states is seen as normal.

Long Hand imagines a world where financial crises have melted down many western countries, budgets have been overloaded and general consumption has been severely restricted.

Visible Hand is a world which still has recognisable political and economic systems but has adapted considerably to population and resource pressures within conventional systems.

Second Hand proposes that, while we fragment, we still value democracy, free markets remain a prevailing concept, and the nation state still dominates. A 'muddle through' scenario.

Another approach is a classic four STEP look, social, technical, economic, and political. How are banks addressing societies' big issues, climate change and equality? How are banks moving to the next demanding level of technology? On economics and politics, do we understand the deep political implications of what looks like a technical and economic move, central bank digital currencies (CBDCs)?

CBDCs could cut to the core of banking soon (as Daniel Broby suggests on page 18). When the Bank of England comes and shows me a CBDC that they want me to use, and prove it's secure, why would I want to deposit it anywhere other than the Bank of England? CBDCs will raise intense, even unpleasant discussions about the nature of money and leverage. Fractional reserve banking is at risk as never before. So what should we keep our eyes on?

Mark Twain's contrarian, anti-portfolio saying (from Pudd'nhead Wilson) goes: *"Behold, the fool saith, 'Put not all thine eggs in the one basket' – which is but a manner of saying, 'Scatter your money and your attention', but the wise man saith, 'Put all your eggs in the one basket and – watch that basket.'"* So if you have to focus on just one thing in the basket, credit... remember Antonio Banderas in the film, *The Laundromat*, that 'Credit is just the future tense of the language of money.'

Discussions about inequality will continue to rise in volume and importance and financial services industry should take responsibility for a proper discussion of the role of credit in a modern economy more seriously. Banking leaders need to interrogate black elephants, such as:

- Why are we in business?
- Whom do we serve and why should they come to us?
- How is our 'mission' fit for purpose?
- Does our strategy align with our purpose?
- Do our executives and employees live our purpose?

*https://www.zyen.com/publications/public-reports/in-safe-hands-the-future-of-financial-services/

We need to show that bankers are interested in building a better society as a first step towards restoring credibility in financial services. We need to keep our eyes on credit. Personally, I would suggest a project to create a manifesto for 'Credit Creation In The Modern Economy: A Discussion Of Leverage, Economy, And Society'.

A 1992 Vision Into Action research project found that if good leaders didn't have a crisis, they manufactured one. We don't need to manufacture crises, financial services delivers a surfeit of them.

Society has many ways of solving resource allocation issues. Markets are one choice. We have a moral obligation to prove to society that the open market model is better than the alternatives, such as command-and-control, taxation, state-control, or a monopoly. We should police our markets ourselves for our own benefit; no LIBORs, PPIs, FX scandals, RBS GRGs, etc. We knew about them but left them for the regulator to discover, and then sat on them to boot.

A telling question with an uncomfortable answer, how heavily have governments leant upon the banking industry in the covid-19 crisis for economic recovery? The insurance industry?

To reconnect with our social purpose I believe our narrow focus should be on credit, but I would close by suggesting that credit should be embedded in a wider discussion, a moral dimension we should push more strongly - our **obligation to promote open markets.** Once we have chosen a market-based approach, as we have in financial services, we must prove to society it is working. Jokes about government guarantees or comments about 'privatising gains, socialising losses' hurt enormously. Perfect markets don't exist. We know the failures, lack of competition, information symmetry, agency problems, and externalities. We have a moral obligation to police ourselves and our markets. Not wait for regulators to catch some of us out.

And we can do it. Too much futurology is full of apocalyptic disasters, when most of human history over the past five centuries is a story of progress. As Macaulay said, "On what principle is it that with nothing but improvement behind us, we are to expect nothing but deterioration before us?"

Let's seize the day, and the discussions with society, not wait and hide.

Michael Mainelli is an Honorary Freeman of the Company.

LOOKING OUTWARDS

Banks: this time, part of the solution?

BANKS WERE PLAINLY PART OF THE PROBLEM IN OUR LAST MAJOR ECONOMIC CRISIS. THIS TIME ROUND, ARE THINGS DIFFERENT? JOHN THIRLWELL REPORTS ON A VIBRANT WCIB PANEL DISCUSSION IN SEPTEMBER

PANELLISTS:

Danny Corrigan, CEO, London Reporting House

Jean Stevenson, INED, Bank Leumi (UK) plc

Jason Oakley, CEO, Recognise Financial Services Limited

MODERATOR:

Professor Moorad Choudhry, Kent University Business School

Moorad Choudhry We are working through a current market-wide stress event, the coronavirus pandemic, which has resulted in severe economic contraction. The purpose of this panel is to discuss the financial sector, the differences between this crisis or economic recession and the last one. Banks entered this stress event with fairly healthy balance sheets, thanks to the Basel 3 reforms of 2008-09. The key difference today is that banks aren't part of the problem, but potentially part of the solution. Jean. What are your opening remarks?

Jean Stevenson What is different from 2008 is that banks have got good capital positions and reasonably good press, but bad press continues - customer complaints, RBS, PPI etc continue to rumble on. The opportunity we have now is to have a clear vision and mission with business and customers, because this isn't over by a long chalk When all the firing stops we'll have a lot of difficult situations to deal with.

The question we're asking our students in the WCIB essay competition is "if you were setting up a new bank, what would be your mission and vision for the future?". I think there will be something around treating customers fairly. But looking at both the asset and the liability side, i.e. not just how much you can lend, treating depositors fairly and also shareholders.

Danny Corrigan Someone in the market commented recently that ten years ago the banks and the financial markets broke trust with society. As Jean just said, pension mis-selling, PPI, LIBOR fixing, the list is endless. Investment bankers had taken over retail and commercial banks and it's a good thing the awful management is gone. Now, coming from a low base with the wrong people and wrong culture, banks are doing it right. They are in better shape, because they had lost so much money, they had less to play with, for example in credit default swaps, which caused colossal amount of losses. Culturally banks are more similar to those of the pre-Big Bang era of the early 1980s with new entrants like Revolut doing well. Banks have performed well. They have managed to handle the flows of cash that was needed to keep the economy going in phase 1 of the pandemic. They have done their bit.

Jason Oakley I feel compelled to defend the banking industry, but I'm not falling into that. I've been in the industry 35 years. The banks lost their way, the pursuit of profit with quite bad behaviour. Look at the SME segment that I'm interested, backbone of the economy. At the financial crisis, the banks denuded skills and experience and relationships and replaced it with centralised call centres that didn't understand the relationship to real value. They relied on inertia.

Covid-19 has been a heart attack for the economy, but it's been an opportunity to expose the fault line that existed 10, 12 years ago.

If we're really going to address economic growth, we've got to support the SME sector. SMEs are 90% of employers and 60% of employment.

We have to get back to traditional relationship banking principles, who understand the clients and go to see them. In the big banks, their interest is keeping their own job and never-ending cost-cutting exercises. Customers are nowhere to be seen. We've got to get back to the customer being at the centre of everything.

JS One of the difficulties is that a lot of new start-up banks around the SME market, are making sales/ getting market share to get a good valuation - a sale to somebody else. There's a lot of pressure to sell things to customers who shouldn't be buying them. There will be a tension. That's where the bigger banks have an advantage over the smaller banks, who are looking for a sell-out.

JO Can I come back? At the heart is about ethics and culture, because if you are really customer-driven, you are responding to the client's needs. You look to add value. The banks forgot that profit is a by-product of excellent service, and they've inverted it the other way and said its products that get us value. If you take a clean sheet of paper, which I've been lucky enough to do, I've got an obligation for my shareholders, but I can only meet the obligation if I exceed the expectations of my customers. The true essence of banking is about serving the client.

MC What exactly should we be doing right now? Every bank, whether it's new or old, puts the customer first. It's just a platitude. What actions that banks should be doing as part of the solution? The economy needs banks to make their P&L if it's going to grow. P&L isn't a dirty word. What should be looking through this crisis?

JS The bank I work with are getting requests all the time for forbearance. We look at those very seriously. We're accepting a lot of them, but not for businesses which were going to fail anyway. We're in the SME market, too. People come and speak to their bankers. We have to treat each as an individual case. But if they're going to fail, it's better to sort it now and have that conversation.

MC You are saying, on a case by case basis, which is fantastic. But the large banks suffer because they're not able to deal with customers on each case? It's black box decision-making, isn't it? Computer says no. We should treat every customer on their particular circumstances, ideally.

JO The alternative is to be customer-driven. You've got some perfectly good businesses. Suddenly turnover stopped. The underlying model is robust and it's working. We can help them to re-establish their business. But we're not charities. We have shareholders and have to make a profit, not a government utility. The British Business Bank has been very helpful in some respects, but the unintended consequence has been the near destruction of non-bank lenders, who cannot compete with Bounce Back Loans. From a customer-driven perspective, it's actually put back the industry the best part of a decade, because a lot of innovation has been curtailed.

DC I used to work for Michael Spencer, who was CEO of ICAP. He would switch off until you started speaking about clients and customers. Profit is the output of a good product. Unfortunately, in the last 10 years something got a lot worse with client contact, with many client-facing people refusing to pick up incoming calls unless they knew who the caller was. Now we cannot get many white collar workers to do what blue collar workers have been since March, which is to work. If you want to build a client relationship business, you need to see people to come and see them.

MC You have highlighted a paradox, Danny. The customer is everything, but it's making it real. I don't think the future is working from home. I've lost count from well-regarded institutions, Harvard Business Review, McKinsey, which exhort the need to transform to virtually full digital interaction. It seems to have become accepted. But if we're going to re-engage the customer, it surely must retain some element of face to face or at least phone to phone. We need the kind of environment to engage the customer? Jean?

JS Isn't that what Metro Bank does? They're trying to get back onto the high street, but they are seen as outliers, partly because no one else is following their business model. And I do wonder if we've got the expertise that we had, say, 20 years ago. If you go into your local bank, you'll be referred to another branch that has an expert. And they know less than I do.

JO We've been working with the latest technology to design a digital platform that is for SMEs. But what I haven't forgotten is the essence of banking is about interaction, people. Technology speeds things up, giving client choice to self-manage, but the heart of it is a people interaction. The other thing is that the more complex the transaction, the more they need human contact.

Buy a new car. I just buy over the internet, or do I speak to the dealer, have a look at the car, maybe give it a test drive? So the internet for commoditised services, home or travel insurance. Give me the best price. More complex buying behaviour, disintermediation, doesn't happen. An example one I know well, personal lines insurance. Over 90% is disintermediated. Commercial insurance, 97% is still through the traditional distribution channels.

One of the problems with the banks is if I'm at a high level and managing a portfolio, I'm being bonused to extracting value. If I can't see an effective way of growing my business, I can still be rewarded for reducing the cost base of my business to get a return. But it undermines the long-term franchise of their business.

DC I couldn't agree more re the digitisation process. The actual sale is operational and it works very well. But decision-making needs the human touch. The banks need to keep the same amount of people, but need to change the types. The quality of people now in banks is much lower than it was 20 years ago. Then it attracted all the bright brains. Now they go to fintech, hedge funds, whatever.

Turning to the cloud, it is now it is possible to manage the sales and delivery process at every stage of the transaction. There are so many reports already sitting there which you or your clients might want. It turns data into true information and it can be as real time as you need. You need proper product managers, relationship managers, salespeople. In the City, they don't exist in numbers large enough.

MC So in summary, let's automate and digitise processes, but remember the customer and relationship maintenance. When a bank claims it can provide every single product through your mobile app, that's not really accurate. You mentioned certain products. Take trade finance. It's a very large part of global commerce. Not every bank provides that product but it does not lend itself to digitisation. Someone will have to show me trade finance being done on screen.

The panel seems to be reasonably in agreement, but this is not what I'm reading in the media. This is not where the zeitgeist seems to be heading. What banks should be doing today is engaging with the customer directly. Would anybody add or say anything new?

JS I think you summarised well, but Jason was talking about SMEs. A lot of those SMEs are still from another age. That's our age, your age. What about the 18s, the 20s? They're in a different position and I feel comfortable using apps but they need guidance too. Maybe they're more savvy, who knows?

MC To take Mr. Oakley's point, the more complex the product, whether one is 18 or 88, that's when the human interaction becomes the more complex. You can buy home insurance over the internet, not talk to human being. But if you want to buy a car or a mortgage or something expensive, you might want to talk to someone. I am not convinced that a relationship can be maintained entirely digitally. In the last ten years, banks said they knew their customers the way Amazon and Google did. It's an algorithm. I don't have a relationship with Amazon. I don't know anybody there. I've never dealt with them face to face, phone to phone.

JO They seem to know my likes because they send me recommendations. But it's an algorithm. At some point I'll need to talk to someone for a more complex transaction. For me relationships matter. Most of these guys are in the job for 12 or 18 months, and then they move and you start the whole cycle again. You need periods of continuity, focus on the customer and just execute relentlessly for their benefit.

MC I would suggest the restructuring should be about customer engagement, as opposed to 'technology is 100% of the solution'. I sound like a dinosaur, but I'm not convinced that technology is all of the solution. As Jean was saying, treat each one on a case by case basis, the capacity to respond in quick time to customers. I'm not entirely convinced this is being addressed.

We could have touched on so many topics and there's so many interlinked elements here. It's a pity we couldn't have an audience, but that is the perhaps a sign of things to come. My thanks to all the panellists. Thanks again Jason, Jean, Danny. Good to get back.

For more from this panel, see "Back to the office" on page 24.

Moorad Choudhry is a Freeman.
Jean Stevenson is an Honorary Court Assistant.
John Thirlwell is a Court Assistant.

The climate challenge: 'Bankers will save the planet'

ALDERMAN SIR ROGER GIFFORD IS A FERVENT ADVOCATE OF THE VITAL – AND PROFITABLE – ROLE THAT THE FINANCIAL COMMUNITY CAN PLAY IN ADDRESSING THE CLIMATE CHALLENGE

Sir Roger Gifford is the City's chief cheer-leader for green and sustainable finance. As befits a man born in Fife, round the coast from Adam Smith, father of the concept of 'enlightened self-interest,' Sir Roger is adamant that tackling the climate challenge, while vital for the good of the planet and more importantly the billions to come who will live on it, is also a prime source of sustainable profit for financial institutions.

As Chairman of the Green Finance Institute, he has used his clout as former Lord Mayor (and Master of the Company) to push matters green and sustainable to the top of City agendas. In mid-November, the City of London Corporation, in collaboration with his Institute, and supported by the World Economic Forum, hosted a major summit focusing on the role of green finance in the recovery from COVID-19, and an economy-wide transition to net zero. It also explored how capital can be mobilised at the pace and scale needed to meet not only the UK's commitment to net-zero emissions by 2050 but also international climate commitments.

Sir Roger also godfathered the creation of the Green Finance Education Charter, which brings together all the major global financial professional bodies based in the UK – with more than a million members between them - in a remarkable achievement of collaboration and cooperation. In the following pages, we view this brave new world from the emerging markets perspective, which looks to London both for leadership and for professional services, as we work together to tackle these profound challenges (and grasp the opportunities); and at important financial reporting issues which are coming to a head as the year turns.

George Littlejohn

FINANCING THE GREEN REVOLUTION

With economic activity across the world slowed down significantly for a large proportion of this year, we might have expected a parallel slowing in the rate of climate change. Sadly this has not been borne out by the evidence, and global temperatures continue to rise unabated. So as the country and the world prepares to 'build back better' green investment is absolutely key to the economic recovery. Laura Sandys CBE and Sir Roger Gifford offered us their thoughts in a webcast to members in September on how to ensure green investment is at the heart of the global economy as we emerge from the Coronavirus pandemic.

While the picture going into this winter looks fairly bleak, there is lots to be positive about - huge strides in wind and solar in China sees the world's second largest economy finding ways to play its part in reducing global emissions; and not just at home, China is looking for big investments abroad too.
We all know that investment in newer technologies involves greater risk than its incumbent counterparts but in energy investment, there is a tipping point where 'dirty' energy becomes a greater risk than the technologies of tomorrow. We are nearing this tipping point as oil investment becomes harder to justify and new technologies and markets are growing more established.

Emerging markets too are providing an interesting area for green investment and while financing these projects can be tough, working with development banks and global institutions can help to give projects in developing nations the credibility they need to flourish. This is doubly important as not only do emerging markets need clean energy but it is important for democracy and governance in the face of a looming energy crisis.

One of the clearest ways of looking at clean tech through a finance lens is to see ourselves as global asset managers - managing our most important asset, planet Earth - without proper care its yields could start falling with devastating consequences. Seen through this prism it's obvious that green finance is of paramount importance in ensuring we can continue to enjoy the fruits of our planet, provided by both Mother Nature and mankind.

Mark Cazaly

Alderman Sir Roger Gifford

Leapfrogging sustainability: ESG and the fourth industrial revolution

H.E. KAIRAT KELIMBETOV AND PROFESSOR ALEXANDER VAN DE PUTTE ON WHY DOING GOOD IS MAKING WAVES

The recent trends and developments in ESG (environmental, social and governance), SRI (socially-responsible investment) and impact investing demonstrate that sustainability is increasingly becoming mainstream. While investors are being virtuous by increasingly seeking ESG, SRI and impact investments, they are also making money by doing what they believe to be the right thing.

According to a growing number of studies, ESG, SRI and impact investing are providing better returns compared to traditional investments. 'Traditional investments' indicates investments that do not consider pro-sustainable factors including, but not limited to, environmental, social, governance, ethical, and norms, alongside financial factors.

Europe's largest asset manager by assets under management, Amundi, yet again received the top rating (A+) in 2019 for its responsible investment approach, has championed responsible investing by including it at the core of its identity. Between 2010 and 2017, Amundi conducted a study that considered investment universes covered by MSCI indices (MSCI North America, MSCI EMU, MSCI Europe ex EMU, MSCI Japan and MSCI World) and applied three different strategies – active management, passive management and factor investing – and based its analysis on ESG criteria.

The analysis found that while ESG investments produced negative excess return compared to non-ESG investments during the period from 2010 to 2013, 2014 was a turning point where ESG investments outperformed non-ESG investments. The results of the analysis showed that, between 2014 and 2017, being a 'responsible investor' and managing portfolios based on the ESG criteria would have resulted in annualised excess return of 3.3% in North America and a remarkable 6.6% in Europe. While Amundi promotes ESG-induced portfolios, it cautions that while applying these factors to avoid reducing the investment universe beyond the point that could negatively impact diversification and performance.

In another study, a research team at MSCI looked at the attributes of ESG investments that led to positive financial effects and found that companies with robust ESG practices demonstrated the following characteristics:

- **Higher profitability:** When compared with low ESG-rated companies, higher ESG-rated companies had a competitive edge and generated better returns that usually resulted in higher profitability and dividend payments.
- **Lower risk:** An observation of companies within the MSCI World Index over a 10-year period demonstrated that high ESG-rated companies had a lower frequency of severe incidents such as drawdowns more than 95% or bankruptcy.
- **Lower volatility:** Because of better risk controls associated with high ESG-rated companies, they have fewer severe incidents of fraud, corruption, embezzlement and litigation cases.

In addition to Amundi, other global asset managers, including Blackrock, BNP Paribas, Vanguard, and Fidelity Investments, have launched ESG funds. According to data provided by Morningstar, mutual funds based on ESG criteria surpassed the $1 trillion mark in 2018 with assets under management rising by 60% since 2012 from $655 billion to $1.05 trillion.

January 2019 witnessed another milestone for sustainable investment when S&P Dow Jones Indices launched the S&P 500 ESG Index.

In the first half of 2019 alone, S&P Dow Jones Indices launched six ESG indices with global coverage.[1] Similar to the S&P 500 Index, in the S&P 500 ESG Index companies are ranked by their ESG scores and excluded if they do not meet the criteria as defined in the index. Companies can be excluded from the S&P 500 ESG index for reasons including:

- failure to meet the required ESG scores;
- disqualifying United Nations Global Compact scores; or
- business activities listed in the exclusion list such as tobacco production/sales or controversial weapons (e.g., cluster weapons, landmines, nuclear weapons), or an ownership stake of 25% or more in another company involved in these activities.

In April 2019, several notable companies were removed from the S&P 500 ESG Index, including Facebook, Wells Fargo, Oracle, and IBM – Facebook being the largest with a weight of 2.5% in the index a day before it was excluded (Steadman, 2019). As a result of the recent privacy protection concerns, such as a lack of transparency on collecting and sharing private user information, Facebook did not meet the requirement to remain in the S&P 500 ESG Index. Despite Facebook scoring high on the environment score, its aggregate was brought down by the social and governance factors which are weighted higher for tech companies.

In summary, a growing number of studies demonstrate that high ESG-rated companies are associated with positive characteristics that all stakeholders look for in any company or while making investment decisions. Together with the pronounced interest from investors who are seeking to make a positive impact through their investments, ESG, SRI and impact investing all have the likelihood of being the new norm in making investment decisions and in voting practices. Additionally, with an increasing adoption rate of ESG, SRI and impact investing among investors and leading global asset managers, sustainability will soon become the central topic among institutional investors, policymakers, regulators, government agencies, and corporations alike. Importantly, investors can now do the right thing – socially responsible and sustainable investing – without settling for sub-optimal returns.

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'Leapfrogging sustainability – an emerging markets perspective' by HE Kelimbetov, Professor van de Putte, Professor Steve Evans of Cambridge University, and Shynar Nematova of EBRD will be published in December 2020.

THE FOURTH INDUSTRIAL REVOLUTION HAS ARRIVED

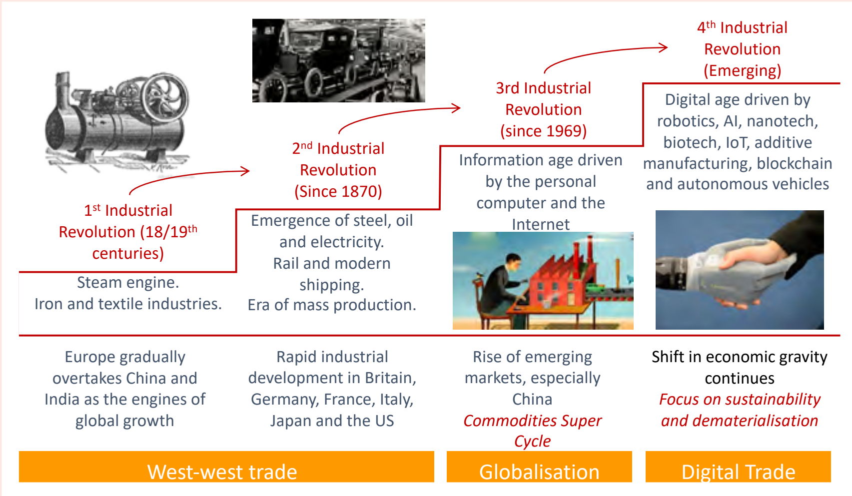
The First Industrial Revolution which started in Britain in the 18th and 19th centuries was driven by the invention of the steam engine and the development of the iron and textile industries. Europe gradually overtook China and India as the engines of global growth.

The Second Industrial Revolution, which started around 1870, witnessed the emergence of steel, oil and electricity, the development of modern forms of transportation of goods (e.g., shipping and rail), and the transition from coal to oil. Rapid industrial development in Britain, Germany, France, Italy, Japan and the USA followed. This is often referred to as the era of mass production and vertical integration.

The Third Industrial Revolution, also referred to as the information age, was driven by the mass diffusion of technologies, such as the personal computer and the Internet. This is in turn led to the globalisation of companies and the rise of emerging markets, especially China, which became the world's manufacturing hub, and the emergence of the commodities super cycle. During the first 15 years of this century, China consumed about 50% of the world's commodities, compared to 10% during the last 15 years of 20th century.

In 2007, Alexander Van de Putte and Ged Davis at the World Economic Forum oversaw the development of the medium-term scenarios on the emergence of the digital eco-system, or the convergence of the physical and digital worlds, and the pre-cursor of the fourth industrial revolution (4IR) described by Klaus Schwab (2016) in his book *The Fourth Industrial Revolution*.

In it, the founder of the World Economic Forum argued that we stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one other. He defines the 4IR as: *"… a range of new technologies that are fusing the physical, digital and biological worlds, impacting all disciplines, economies and industries, and even challenging ideas about what it means to be human."*



Source: World Economic Forum & Sustainable Foresight Institute

[1] The six indices are S&P 500 ESG Index, S&P Global 1200 ESG Index, S&P Europe 350 ESG Index, S&P Japan 500 ESG Index, S&P/ASX 200 ESG Index, and S&P Developed Ex-North America & Korea LargeMidCap ESG Index.

LOOKING OUTWARDS

Ground-breaking steps towards global climate reporting standards

DELOITTE'S GLOBAL HEAD OF INTERNATIONAL STANDARDS ISSUES A CLARION CALL FOR COORDINATED REPORTING

"Changes in climate policies, new technologies and growing physical risks will prompt reassessments of the values of virtually every financial asset," says Mark Carney, now UN Special Envoy for Climate Action and Finance. In 2020, he reminded us of the risks and opportunities of climate change for companies and financial institutions. *"Achieving net zero will require a whole economy transition – every company, every bank, every insurer and investor will have to adjust their business models. This could turn an existential risk into the greatest commercial opportunity of our time."*

Now, as we see exponential increases in sustainable investing, sustainability disclosure has become increasingly critical, both for investors, as they seek to make robust economic decisions, and regulators, as they look at the overall stability and efficiency of financial markets.

Investors are clear in their expectations that climate-related information, including on governance, strategy, risks and performance, should be included by companies both in the narrative in annual reports and in the assumptions and forecasts used in the financial statements. Financial institutions are increasingly required to measure and disclose carbon exposure in their portfolios – including assets and lending.

As a result, there has been a groundswell of calls from capital market participants, regulators and other stakeholders in support of transparent measurement and disclosure of information about sustainability performance.

Investors and other stakeholders want to understand how the risks and opportunities faced by business translate into long-term value creation and profitability and how, in turn, these relate to shorter-term financial performance.

The duty of directors includes considering stakeholders and the environment while promoting the long-term success of the company. Furthermore, success of a business is inextricably linked to its impacts on people, planet and the economy, and how its purpose translates into positive outcomes in relation to the Sustainable Development Goals (SDGs).

Information on these topics is therefore also of increasing importance. However, the problem is that there is now a large proliferation of voluntary standards, codes, tools and methodologies, developed with genuine intention to provide solutions as to how business works in the context of people and planet. But the number of competing offerings is hindering comparability between reporting organisations and leading to complexity in reporting and greenwashing in the system.

The only way of resolving this is to consolidate, building on the best of what we already have, and coalesce around one set of global sustainability standards as we did with financial reporting. Moving to standards allows consensus to be achieved among market participants (for example, companies, investors, policy makers, regulators and civil society). It will also ensure that information on people, planet and prosperity that is relevant to understanding how enterprises create value can be of the same quality as information on profit, backed by the right rigour of governance and controls to enhance the quality and verifiability of reported information.

In recent months, we have seen significant and unprecedented developments that can lead to a comprehensive corporate reporting system that is needed by capital markets and society more widely.

I HIGHLIGHT THE THREE MOST SIGNIFICANT MOVES BELOW:

- In September, the Trustees of the IFRS Foundation (IFRSF) made a ground-breaking move. They issued a public consultation that sets out possible ways the organisation might build on its experience in international standard-setting, its well-established due processes and its governance structure to develop global sustainability standards. This would include the introduction of a new Sustainability Standards Board (SSB), alongside the existing financial reporting board, IASB.
- In order to meet the urgent needs of climate change and the SDGs, we do not have time to start the technical content from scratch. It is good therefore to see that the IFRSF Trustees have stated the importance of building on the existing work of the leading international sustainability standards and frameworks – CDP (Carbon Disclosure Project), CDSB (the Carbon Disclosure Standards Board), GRI (the Global Reporting Initiative), IIRC (the International Integrated Reporting Council) and SASB (the Sustainability Accounting Standards Board). These organisations have issued a Statement of Intent that sets out a vision for a coherent and comprehensive corporate reporting system. They make a joint commitment to work together and collaborate with the IFRSF and other key stakeholders to drive towards this goal.
- A further accelerator is the work of the IOSCO Task Force on Sustainable Finance. The chair of the task force, Erik Thedéen, has publicly said that he expects these parallel initiatives to come together, to lead to the foundation of a structure that can deliver a more coherent and comprehensive corporate reporting system. He has set out a vision for a system that meets the information needs of capital markets, operates with a governance model that serves the public interest and can potentially be integrated with existing regulatory frameworks across IOSCO member jurisdictions.

These are very exciting developments. The IFRSF is extremely well positioned to take on the global sustainability standard-setting role, having demonstrated a successful track record with financial reporting by operating an effective model of private sector, independent and high-quality standard-setting, overseen by public authorities. Connectivity to financial reporting, under the oversight of the IFRSF, is critical to achieve the much-needed alignment between business model and sustainability disclosures, and assertions that underpin information in the financial statements.

Climate change is an urgent issue that affects us all. We have a unique opportunity to create a global standards solution for sustainability information. The support of companies and investors on this journey is essential for us to move ahead in the same direction with sufficient speed.

Veronica Poole is a partner at Deloitte, global IFRS leader and the head of corporate reporting.

The IFRSF Consultation is open until 31 December 2020: tinyurl.com/y222nlly.

Join the debate on WCIB's LinkedIn page.


Veronica Poole

The cyber challenge: Four lessons in securing the financial realm

SIR DAVID OMAND GCB, FORMER GCHQ HEAD, ON LESSONS WE CAN LEARN FROM INTELLIGENCE IN FIGHTING THE CYBER WAR

Sir David Omand GCB recalls the legend that grew up around the great American blues player Robert Johnson. *"It is said that as a young man he had gone to the crossroads at midnight and sold his soul to the devil in return for playing the blues as never before. And one night, of course as his song says, the devil came calling."*

"We should remember," says Sir David, *"that we rushed to sell our souls to the inherently insecure internet in return for the easy advantages it offered: saving in staff costs; direct interaction with customers; targeted marketing; profits from global trading. Now the devil has come calling for us in the shape of cyber attacks."*

After GCHQ, he became Permanent Secretary at the Home Office, then Britain's first Security and Intelligence Coordinator. He was the first man to voice the cyber concern at a major City event, the Chartered Institute for Securities & Investment's annual conference in 2013, alongside John Griffith-Jones, newly-anointed first chairman of the Financial Conduct Authority (FCA), when he warned in graphic detail that the cyber devil had indeed come calling. *"In the UK,"* he said, *"we are highly vulnerable to such attacks. It has taken only a few years for the internet to become irreversibly enmeshed in our financial life and for the criminals to latch on."*

Jane Platt CBE, then Chief Executive of NS&I and Master of the WCIB, as well as being a non-executive director of the FCA, asked the most telling question of the day: what sort of people should we be hiring to guard against this threat? The answer: 'people financial institutions wouldn't normally touch with a bargepole' – college dropouts, bearded young men in tee-shirts, and the rest. Normal practice today, then, on the outer limits.

Sir David Omand

The threats have got worse, and at the same time the claims of some 'experts' in cyber security are often inflated.

The more they praise their own expertise, quite often the less sound that knowledge turn out to be. Today, boardroom awareness of the cyber threat is vital. Sir David, as well as his Whitehall experience, also has serious FTSE100 boardroom clout. He was until recently senior independent director at Babcock International. He is also a Visiting Professor of War Studies at King's College, London. In a new book[1], he outlines a model of analytical thinking that could be of immense use to anyone facing complex issues, cyber or otherwise. *"My experience is that it really helps to have a systematic way of unpacking the process of arriving at judgements and establishing the appropriate level of confidence in them. The model I have developed – let me call it by an acronym that recalls what analysts do as they look at the world, the SEES model – leads you through the four types of information that can form an intelligence product, derived from different levels of analysis"*:

- Situational awareness of what is happening and what we face now.
- Explanation of why we are seeing what we do and motivations of those involved.
- Estimates and forecasts of how events may unfold under different assumptions.
- Strategic notice of future issues that may come to challenge us in the longer term.

For those facing risk – cyber and all the rest – in their daily work or at board level, there is a powerful logic behind this SEES way of thinking.

On the opposite page, Joanna Kidd, also at King's College, London, assesses the value of more traditional information sources in the struggle to manage risk.

[1] *How spies think,* Penguin Viking, October 2020

LOOKING OUTWARDS

Shining a light on corruption

JOANNA KIDD OF RIDGEWAY INFORMATION CONSIDERS THE VALUE OF OPEN SOURCE INFORMATION IN TACKLING THE BLIGHT OF CORRUPTION

Concern continues to grow about the flow of funds from corrupt sources. There are well regarded estimates that as much as a third of all money in the global financial system is tainted by corruption. Even if such estimates are wide of the mark, all measures possible should of course be taken to counter corruption as required by the global system of regulation and sanctions governing financial institutions. Open source information is widely used in the due diligence processes for guarding against corruption and money laundering and many sophisticated automated information retrieval systems have been developed in support of this.

However, overall effective exploitation of open sources may still be underused, as a tool for countering corruption and assessing how clean money is.

The use of open source information – information that may be difficult to find but that is nevertheless in the public domain – is not new. Newspapers, for example, have been widely scoured for relevant data since the 18th century. However, the on-going information revolution, the development of computers and digital communications from the 1950s onwards, means that open source information now provides much deeper and broader data than before. The revolution has led to a dramatic reduction in the cost of obtaining, processing, storing and transmitting digital information in all forms. It has facilitated the internet, the World Wide Web and the concomitant vast increase in the volume and variety of information and the speed with which such information changes. Much of this digital information is open source, albeit in many variants: multiple languages; multiple formats, audio, visual and text; and multiple data sizes.

In some fields of security analysis, comprehensive, thorough and painstaking collection and evaluation of open source information has shown that with the explosion of individual publication of data a considerable amount of sensitive material, which previously would have been likely to have been kept out of the public domain by institutional gatekeepers, is now available openly.

Action against corruption by necessity requires knowledge of where and how the money and assets underpinning it are located and moved around the world. Such knowledge of course remains closely guarded and deliberately kept out of the public domain.

Effective sharing of information across public and private sector domains is one avenue for attacking the problem which has gained much recent traction. But given the sensitivity of information available openly in other areas of security concern, it is likely that useful

Joanna Kidd

open source intelligence may exist about corrupt money that remains underexploited. The problem is how to find it. Due diligence processes in financial institutions have to operate at speed and scale, even the so-called 'enhanced due diligence' required in high risk cases. This militates against the type of lengthy, deep and painstaking research needed to get the comprehensive story. While automated tools help, they still cannot replace the skills of the trained analyst working in depth with subject matter expertise.

Knowledge of the appropriate languages, culture and technical domains are also critical. Against that background, it may be worth exploring further, notwithstanding the many technical, logistical and data management challenges, how the global anti-corruption armoury might be strengthened by more effective integration of open source intelligence research and analysis with compliance and due diligence operations in the wider commercial and financial sphere.

Central Bank Digital Currencies and the end of dollar hegemony

DANIEL BROBY, DIRECTOR OF THE CENTRE FOR FINANCIAL REGULATION AND INNOVATION AT STRATHCLYDE UNIVERSITY, AND LONG-TIME FUND MANAGER, REFLECTS ON THE TREND TO CBDCS

Daniel Broby

The hegemony of the dollar is under threat due to its failure to embrace the digital age. If it is usurped as the currency of international settlement, there would be huge geopolitical implications. Over 60 % of global debt and foreign exchange reserves are in dollars. That said, 120 countries have China as their biggest trade partner and they question settling in dollars. The introduction of a digital yuan may well prove to be the catalyst that changes the status quo.

Creating fiat sovereign currency is a government-delegated sovereign privilege. It is fundamental to our established economic regulation and wellbeing and as such requires supervision and central control. The rise of cryptocurrencies has shown that private digital offerings can be successful and this has spooked the world's central banks. Such assets, if they can be called such, are not easily supervised. Central banks have no control over their issuance or jurisdiction. As a result, regardless of trade imbalances, there is much discussion on the possibility of Central Bank Digital Currencies (CBDCs) in China and elsewhere.

Central banks were founded to control the issue of paper money. Banking deposits, however, soon overtook state issued bank notes as the main form of circulation money. This challenged the central banks' monopolies because a deposit is very similar in effect to printing money. In response, central banks continued their state authorised role by becoming clearing houses for cheques drawn against these deposits. Digital assets present a similar existential challenge to central banks. The creation of a digital asset is also akin to printing money. Crypto assets are virtual and free of national boundary. They therefore threaten governments ability to control money supply.

In response to this treat to their monopoly, Central banks are exploring introducing CBDCs. By creating a platform, a Central Bank can provide a resilient and secure digital currency that interfaces with its Real Time Gross Settlement system. Payment entities can then interface and build services around the authorised technology. A CBDC enables programmability and micropayments by Payment Interface Providers but with the added benefit of supervision and oversight.

CBDCs should not be confused with cryptocurrencies. They are fundamentally different.

The latter are privately backed, decentralised and not backed by any government. Money has to be a store of value, a medium of exchange and a unit of account. Current iterations of cryptocurrencies are too volatile and are not recognised by law. To be acceptable, a CBDC would have to be readily convertible to physical cash or deposits as these are less volatile and legal tender.

There are many advantages of having a CBDC. These include avoiding a shadow currency issuance by private cryptocurrencies, and supporting competition in the online world.

The governments of Japan and China are in a race to launch the first CBDC. Digital yen is in part a response by the Japanese government to what is happening in China. There, when they banned Bitcoin, they started to explore the possibility of a digital yuan. They now have a lead amongst the central banks in the development of their own digital offering. They have developed the digital yuan to a stage where it is now being tested at a local level with 50,000 citizens.

Central banks in the UK, Europe and the US are still largely at the discussion stage. The Bank of England, for example, says that it is conducting ongoing investigations into what a central bank digital currency means, as has ECB and the Federal Reserve. The US dollar has been the de facto reserve currency of the world since the 1944 Bretton Woods Conference. That established a global financial framework based on gold reserves. When it collapsed in 1971, central banks had free reign to print money at will. The possibility of widespread use of decentralised cryptocurrencies threatens this central bank authority once again. Such an event could potentially undermine transactions using the dollar as the default.

A digital yuan could well spell the end of dollar hegemony. Its time central bankers in the US and Europe took note and moved from talking about CBDCs to delivering them.

Broby, D. and Baker, S., 2018. *Central Banks and Cryptocurrencies. Centre for Financial Regulation and Innovation-White Paper*: https://tinyurl.com/y22nc7xa

Managing through a stress event: why diversity of thought is important

MOORAD CHOUDHRY, WCIB FREEMAN, ON A MAJOR CULTURAL CHALLENGE FOR BANKS, AND WHY BOARDS MUST ENSURE IT IS TACKLED HEAD ON

"Diversity" amongst company employees has been an oft-quoted mantra for some years now, and the world of banking is no exception. In 2020 it is a sign of genuine positive development in society to be able to say that no right thinking person would disagree with the idea that advancement in one's career and prospects should be down solely to merit. One's nationality, gender, skin colour, physical ability, sexual orientation or religious beliefs should have precisely no bearing on the hiring and promotion decision.

It is a sign of true advancement in humanity that this is now mainstream thought. Workforces today not only exhibit more variety than in the past, many banks actively encourage such diversity and like to be seen to be promoting it. For example, the number of banks that have changed the background of their corporate logo to a rainbow, to signify inclusivity.

While the job is not complete – some countries, industries and companies are more ahead of the game than others – it is also time to address the next challenge for effectiveness and leadership in banking. This is diversity of *thought* and the related diversity of *skill sets*, and diversity of *approach to problem solving*.

It doesn't necessarily produce tangible benefits if a company's executive committee or board contains a diverse mix of people, but all of them *think* in more or less the same way. If they all accept what the latest management consultant thought-speak is, if they are content with surface platitudes, if they accept everything at face value with only token challenge and without delving into the substance, if one is concerned with management effectiveness, then physical diversity is irrelevant. What is needed is diversity of thought. The key point here is that visual diversity is not necessarily any guarantee of this.

Diversity of thought is vital if banks, irrespective of their business model, are to operate effectively in the post-crash world, and to remain viable entities once the current pandemic stress event has passed.

Regulatory compliance, lockdown-policy induced recession, customer conduct issues, very low or negative interest rates and competition pressures: these are all significant current challenges for banks.

To meet these challenges demands a diverse set of skills, and experiences, amongst senior management. It also demands an ability to think for oneself, because the path to ruin is littered with those companies whose senior executives didn't question and didn't challenge.

Group think has been identified as one of the factors behind the 2008 bank crash, and quite rightly something to avoid.

Diversity of thought is something subtly distinct however. It looks for the substance beneath the platitudes and a willingness to challenge corporate-speak constructively.

Such an approach will only be forthcoming if the company fosters an environment that actively encourages it. All companies talk about possessing an open and engaging culture but often this is a platitude, not a reality. For diversity of thought to thrive, there must be an open culture, without cliques, inner circles or favourites. This is a less common trait to observe in corporate environments. And a truism often quoted is that culture comes from the top.

Today, companies understand the benefits of equal opportunity. The principle of diversity is an unarguable one. Diversity of thought, however, is less common to observe, and is connected to, but distinct from, diversity in gender, colour, religion, race or sexuality. It is a cultural challenge for banks right now, and ensuring this challenge is met should be one of every board's key tasks.

Ken Clarke: a lifetime at the heart of power

ALEEM WALLANI, WCIB FREEMAN, MEETS STILL-EBULLIENT THE RT HON LORD CLARKE OF NOTTINGHAM CH QC AS HE JOINED THE HOUSE OF LORDS IN SEPTEMBER 2020

Having decided (at the ripe old age of 10) that he wanted to become a Member of Parliament, Kenneth "Ken" Clarke CH QC led a successful career in politics for almost 50 years in a series of high profile Cabinet roles serving under no less than five Prime Ministers. He was given responsibility for managing the UK's finances in the aftermath of Black Wednesday and during his reign as Chancellor of the Exchequer ('93-'97) he successfully cut the basic rate of income tax, interest rates, inflation, unemployment and even the budget deficit, whilst increasing GDP!

What advice would you give to young people who are interested in becoming MPs and what is the secret to holding a seat for almost 50 years as you have?

I am always hesitant to give advice to young people because I entered politics 60 years ago, any advice I could give would be quite out of date as the structures of the parties and culture has changed dramatically since then. However, two pieces of advice I do give are, first, try to get yourself the basis for a career outside politics before you plunge into it. The reason being that politics is, for anybody, extremely insecure, however safe you think the seat is. It's a rollercoaster full of ups and downs. Enoch Powell said that it always ends in tears. It very often does and you need something to fall back on. It gives you independence and is valuable when you are doing your work with your constituents.

The second, and main, thing you need is luck. You need to get the right balance between your participation in national politics, which is your main job, and your base in your constituency, which is extremely important where you have to acquire a good reputation as someone who is helpful, accessible and supportive. From there, every individual does it in his or her own way and that's as far as I go in giving pompous or veteran type advice to people who want to to enter into a totally different political world to which I entered into.

In the face of globalisation, where companies can transfer operations across borders with relative ease, to what extent should, and more importantly can, government control the market and consumer forces without it leading to a race to the bottom?

It's been obvious for years that we need an international agreement for the taxation of multinational companies and we are currently nowhere near such an agreement. I fear that with the breaking down of the rules-based international order to which my generation attached such importance, and with ever increasing levels of populism and nationalism, there isn't the slightest prospect of reaching international agreement on this issue. International governments will continue to struggle with each other for the fair collection of taxation and how to stop abuse of the system, with competitively low taxation rates to draw companies away from one jurisdiction to another. This is an intractable problem, which appears to get worse every year and the prospects of resolving this, at present, is very low indeed.

What, to you, are the lessons we should learn from the 2007/8 financial crisis and the signals that we should look for to allow us to predict and mitigate the risk of this ever happening again?

From the South Sea Bubble onwards the cycles of boom and bust have got more and more frequent in recent years. The dot com bubble in the early 2000s should have given everyone a warning, but people dusted themselves down and this was followed by the ludicrous and unsustainable bubble of 2006-07, in which the financial services and parts of the banking industry were completely reckless and mad and this was coupled with the fashion of ever-increasing deregulation. No two recessions or crashes ever repeat themselves, but most of the Western economies have never really recovered from the crash of 2008 and nobody has put in sufficient protections to stop this happening again. People, such as myself, who believe in free market economics do not believe that unbridled laissez faire economics is either fair or sensible. It doesn't work. The real test is sensible regulation, within a world-based order, with the authority to give warnings and make policy to protect against dangers when things start going wrong. I don't think we've made enough progress towards that since 2008.

Assuming climate change is indeed caused by fossil fuels, and given the global economy's reliance on petrochemicals and their by-products, what steps in your opinion could be taken to shift the economy away from this dependence?

You sum up that problem quite perfectly. I accept the overwhelming consensus that climate change is caused in large part by emissions and it is a crisis that needs to be tackled. The Paris Agreement was the most important event in the past 20 years in that respect, but it is a political problem. The vast majority of governments across the world still need to take drastic actions to introduce the incentives and disincentives to deliver the extremely demanding targets that scientists have set. Progress has been made but, according to the opinions of scientists, this needs to be stepped up.

Are there any changes introduced from your time as Chancellor of the Exchequer that are still relevant today?

All the circumstances have changed, and I was very orthodox in my approach back then as my generation were acutely aware of the dangers of hyperinflation. I used monetary policy as my main control of demand and inflation, but I failed to persuade John Major to make the Bank of England independent, so I had to take the decision on interest rates.

On this subject some transparency of the decision-making process is necessary. When I used to set interest rates I sometimes took the markets by surprise, but forward guidance has quite a lot to say for itself. Whilst it would be foolish to say exactly what you are planning to do two months in advance, there is a case to be made for positive guidance as some central banks have started to do.

I was determined to free myself from political influences on interest rate decisions. I even instigated a change from the beginning of my time as Chancellor to release the minutes of the interest rates decisions. Whilst they weren't read widely at first, they soon became known as the "Ken and Eddie show" (after the late Lord George of St Tudy, former Governor of the Bank of England and Past Master of the WCIB) after it was discovered that we, and other members of the Monetary Policy Committee, disagreed on the direction of rates on occasion. This release allowed the public and the markets to better understand the policy decision-making process behind it.

With fiscal policy, my priorities lay in debt reduction and affordability. I implemented this in the classical way, where I accepted a budget deficit if the economy was in a downturn and and would aim for a surplus if the economy was trending upwards, not to abolish the economic cycle but to take the top off the boom and the bottom off the bust with the aim of a balanced budget over the cycle.

What are the key challenges for your successor today?

The current Chancellor faces the greatest economic crisis of my lifetime and has so far broadly done the right thing. The beginning of the crisis was not the time for traditional fiscal prudence. It was necessary to take the extraordinary steps to keep the labour market as intact as possible, whilst huge sectors of the economy went into total shutdown. Overall, what he has done in terms of printing money is sensationally unconventional but was necessary. The furloughing policy was excellent, but it is obviously impossible to continue to inject such huge sums of money into it now that the economy is recovering.

He will probably have to inject, prudently and carefully some more liquidity into the system. He will also have to battle the problems of returning to normality and combating interest rates and inflation. He will also have to incur more public expenditure on policy areas such as social care, skills training and re-training. I think he should also target direct support and invest into new areas for future economic growth in the digital economy, green infrastructure and so on, particularly in depressed parts of the country that have been left behind for the past two decades. It will not be possible for him simply to incur evermore astounding levels of debt. The burden of government and corporate debt could crush any prospects of real growth and could cause a financial crisis when interest rates and inflation return to normal levels, as they certainly will do at some time over the next few years. I think he should make some increases in taxation and some cuts in plainly wasteful expenditure in his autumn Budget in order to send out the message to the markets and to the public. It is simply not true that any increases in taxation will have a damaging effect on economic performance.

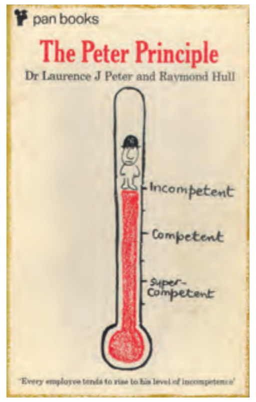
We cannot return to austerity but some aspects of public expenditure are plainly wasteful. Our biggest danger is the risk of a second wave of COVID-19 which will be catastrophic when it occurs. Any forecasts are almost worthless as this is a new disease in an unprecedented situation. All the normal rules are inapplicable here, as are the intelligent guesses from the most able experts from the worlds of banking and fintechs. We have no history on tackling a set of problems like this where every major economy in the world has had to shut down its economy for a couple of months.

Lord Clarke will be speaking at a special Company event in Spring 2021.

Aleem Wallani has worked for the UK Treasury and is an active investor.

Steam Valve – is our ultimate incompetence inevitable?

MEMBERS' VIEWS CURATED BY COURT ASSISTANT ALEX ROTTENBERG



Those of you interested in early management theory will be familiar with the Peter Principle developed by Laurence Peter in 1969. The Principle states that in a hierarchical organisation, people rise to their level of incompetence. In other words, they were promoted to their current role because they were capable in their last job, but they will progress no further because the Principle holds true.

Clearly, the Principle was hatched at a time when organisations tended to be very hierarchical, with jobs for life. Things are very different today – careers mostly involve multiple organisations and types of job. Jobs are specified, profiled, benchmarked, competency rated, objectives set, etc. Individuals are examined for their skills and experience, competency, numeracy, verbal reasoning, integrity, fitness and propriety and performance. Our workforces of today are better educated, trained and better equipped to perform – and crucially, they are more mobile. This means that they can jump before they are pushed – or they can get help to improve capability or performance – e.g. raise their competence.

The Peter Principle was intended to be a satirical observation. The fact that it survives in management folklore today is because we have all been exposed to poor bosses, misguided decisions and people who appear to be out of their depth. However, spare a thought for the poor 'incompetent manager'. The speed of change, information overload, technological innovation (and frustration), understanding of Gen X and Millennial subordinates and exogenous factors, such as global pandemics, are all happening on a modern manager's watch. It is no wonder that they may be accused of incompetence. It is hard to keep up. However, with age and experience comes wisdom too – they may appear incompetent in a given time and situation – but perhaps they are not so stupid – and we can surely give them another chance?

A FEW CEO DISASTERS

The Peter Principle can be observed at work in many industries, but especially (I think) in banking. The root cause of the problem lies in the fact that being a good banker (corporate finance, trading, whatever) is not necessarily the same as being a good manager i.e. formulating and implementing a strategy, communication, culture, and leading people. Too many banks appear to believe that the ability (luck?) to make money is synonymous with being a good manager. Given that banks are very fond of the phrase 'our assets are our people' they really could try harder.

Over the years I have encountered a good few senior bankers who have left me thinking 'Who on earth hired you, and why?' Fortunately, they are (still) in a minority. Three come to mind – the first is a corporate finance bod who only talked about himself, the 'great I am', and as far as I am aware, did not do a single transaction. The second was different – he was appointed CEO of a bank that I used to work for – a pleasant chap who had been a successful trader but knew absolutely nothing about our particular niche business. After we had gone bust, he then moved to another institution where he presided over another fiasco.

The third was different again – he was CEO of an institution of which I was part of the senior management. He was very good at correctly reading interest rate trends but we diversified and acquired a couple of businesses, also in finance, but in very different markets. The CEO made the huge mistake of assuming that the culture of the parent company also applied to the acquisitions, and refused to let our FD 'interfere' by implementing the financial controls that he (the FD) felt were necessary. The end result was a financial disaster and, ultimately, the end of my old company.

Do banks ever learn from their mistakes? Having seen I forget how many bank lending-driven property booms and busts over the last 50 years, and having encountered the mis-promoted described above, at the very least it is a moot point!

WE NEED TRAINING

The Peter Principle is largely a male affliction, on the basis that men tend to over-estimate their capabilities, whilst women are more realistic about theirs – so my wife tells me. She says that is why women make better managers – they are just invariably capable of doing the job they have because they haven't been promoted beyond their competence. I suspect she may be right!

It is a great truism that in banking, although I'm sure it's the same in all very large organisations, at least historically, those that were promoted were those that were good at their existing jobs. Little thought was given to whether they were actually suitable for their new role, especially when moving from a transactional role into a management role. Often no training or coaching is thought necessary for what is fundamentally a different role needing different skills.

In one of my jobs a few years ago I had two very different bosses. The one would always tell our clients that they were very lucky to have me as their contact at the bank, because I was the best banker my boss had. We all – me, my boss and the client – all knew it probably wasn't true, but there is no doubt we all felt better for it being said. Conversely, my other boss would always try to put me down in front of clients to show he was really the one in charge. No prizes for guessing which was the one who had little training in management.

LOOKING AT THE MIRROR

Imagine for a moment that all the managers you come across are competent and know what management is all about … and then that pesky little inconvenience of the Peter Principle kicks in and we are back to the reality of it. The reality of less than optimally filled posts by holders of less than optimal management skills or mindsets for that matter, to put it politely. The consequential damage to companies in terms of revenues, efficiency, and the negative externalities produced, and the effects on the mental health of subordinates, are untold.

The sheer level of incompetence floating around is truly astounding.

And what is worse, the likelihood of these 'gifts to humanity' ever becoming self-aware enough to understand how bad they are is vertically zilch. So they muddle through, making the lives of people reporting to them a misery, and what's worse, trampling on anybody remotely competent as they see them as a threat and yes, you guessed it, surrounding themselves with as many 'yes' saying nincompoop disciples, as they can lest their incompetence becomes too obvious.

Who is at fault and what to do about it? Well, first of all, HR the infamous 'hidden resources', need to actually start fulfilling their function rather than just waving through all appointments. They must have learned something in those universities of theirs, right? The remuneration growth rate need not be linked to the level occupied in the pecking order, so that those whose ambitions outstrip their competence, and who are very adept at weaselling themselves into the posts that they have no business occupying, are disincentivised to do so - simple, right? Ah, and this good old hag, diversity, needs to be allowed in and given a true place at the decision-making table where the big boys sit, obvious, right?

Well, at least Dr Peter held a mirror up. The hard bit is to get those that really need to have a good look in it to do so.

Back to the office

OPINIONS DIFFER ON HOW AND WHEN – AND IF – THE RETURN TO OFFICE WORK SHOULD START. JULIE CHAKRAVERTY BRINGS AN EXPERIENCED AND WELL-INFORMED CITY BRAIN TO BEAR ON THIS DIVISIVE ISSUE

Return to office, or 'RTO' in the jargon? The pandemic has emptied workplaces round the world. Large-scale returns to office are unlikely until well into the new year. Work-from-home is the new normal, but it brings new risks, notably around regulation, cyber and mental health, particularly for younger colleagues living in cramped shared accommodation in expensive cities like London. Though management structures have been flattened, employee engagement has emerged as a key problem.

As an aside during our panel session on the future of banks (on page 8), one of our colleagues slated *"this work from home mentality. The Phoenicians didn't work from home,"* he said. *"They travelled the world. Yet all of a sudden, people decided in March they're going to break a model that's been running for 12,000 years. They're doing it under their duvet, watching what's in the attic. They won't build relationships. They will build products. It's doom time."*

Risk management lies at the heart of Julie Chakraverty's approach. She is an experienced non-executive director who was Chairman of Risk and Senior Independent Director of Aberdeen Asset Management. She has also served on the boards of Santander UK, Spirit Pubs, and others. Her earlier executive career was at UBS, where she was a member of the investment bank board.

Doom time? Julie Chakraverty, a senior financial services figure and founder of Rungway, has unique insights into the challenges and opportunities. The firm she founded, Rungway, provides a unique safe space – with the highest standards of security and data privacy, for the individual in a firm, and the community – allowing users across a group to connect and share advice without fear of judgement.

Early adopters include BlackRock, The Investment Association, St James's Place and UBS. Martin Gilbert, Vice Chairman of Standard Life Aberdeen, says of it: *"Rungway is very different to employee surveys and chat systems. It sends a message that whoever you are, whatever your location, your voice matters."*

"Financial services firms face unenviable challenges to maintain employee engagement", says Ms Chakraverty. *"A huge part of banking culture previously came from the personalities and presence of senior people 'walking the floor', while the regulator will not allow for supervisory slippage. To try to fill the gaps, some firms are using new technologies to enable two-way conversation and gather insight, using anonymity in new ways."*

"Two themes are emerging", she says. *"First, managers have lost the early warning systems they previously relied on when everyone worked in the office. Managers were easily able to take the pulse of what was going on and engage and support their teams. Since COVID, face-to-face engagement has been drastically reduced, while the practical and emotional issues facing employees have grown. Suddenly, managers not only need to create and be accountable for culture - virtually - but to be fluent in race relations, mental health, navigating extreme uncertainty and effectively on-boarding and developing people remotely. As the 'firm' becomes practically more distant, people have become more reliant on their immediate manager and team for knowledge and mentoring."*

Everyday mentorship has never been more needed or impactful, so new technology is being employed into the tech stack to manage safely and inclusively in this new normal workplace. *"On Rungway,"* says Ms Chakraverty, *"we see one in five posts are about 'career'. At one firm, women ask twice as many questions on career and culture than men. At another, where mid-year reviews were a theme, the percentage of women who'd had their review on time was smaller than men, while some women weren't certain if the conversation they'd had was actually the review, given how informal it was (by contrast, no men were unsure)."*

"The second theme is a growing need to help employees speak up. Covid and societal events have triggered greater demand from employees to be able to freely air their ideas and voice their concerns in a safe environment. Banks have traditionally been good at formal, top-down communication, but less sure how to stimulate broader dialogue that crosses grades and functions, especially on sensitive topics. Anonymity is proving important to facilitate these conversations and discuss topics like racial equality and mental health, allowing a new dialogue to emerge, which would otherwise be impossible for management to know about or join. Posts range from race, grief, COVID-anxiety, RTO, to how to build your career and learn from others when you find yourself trading from your bedroom and working alone for long periods of time."

Finding purpose in finance

COURT ASSISTANT SIMON HILLS OF UK FINANCE ON THE QUEST FOR PURPOSE AS WE BUILD BACK BETTER

When my dad retired from a lifetime working in the nuclear industry, as a chemist using radiation peaceably to develop new materials and medical treatments, he changed tack completely and completed a PhD in the psychology of happiness.

Over the summer I read through some of his papers and came across one that posited that the absence of purpose in life leads to an 'existential vacuum' which is described as a 'collective neurosis' of our time, driven by the machine age and loss of individual initiative. Whilst not usually a 'neurosis' the paper suggested that 20% of a clinical psychologist's workload can be attributed to an absence of purpose.

> *I wonder if, as we emerged from the global financial crisis a decade ago, the person on the Clapham Omnibus would consider that even 20% of banks had a purpose which they understood?*

The global financial crisis had very real consequences for ordinary people and as banks we are still rebuilding levels of trust and implementing the wave of re-regulation that followed as a result of society's disapprobation. If banks and bankers are to maintain their societal 'licence to trade' we must be clear about what our purpose is.

The fundamental role that banks undertake for society is to take deposits and make loans and in doing supporting maturity transformation and risk management, but perhaps this is more of a function than a purpose.

The idea that profit creation should be the sole purpose of a bank, or any other business, is very dated, but as Adam Smith reminded us in his Wealth of Nations, *"It is nor from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest"*. Indeed, banks must be profitable and deliver value for their shareholders, but this profit must be derived from delivering a purpose that takes into account the interests of wider stakeholders, including customers, of course, as well as employees, suppliers and the communities in which they are active. Shareholders themselves benefit from strong stakeholder engagement – there is a growing body of evidence suggesting purposeful businesses that takes environmental, social and government factors into account deliver higher long term returns for shareholders.

FIRMS THAT TAKE ESG INTO ACCOUNT DELIVER HIGHER LONG-TERM RETURN

The Financial Reporting Council Code requires that companies should establish their intrinsic purpose but what might that purpose look like? UK Finance, the organisation for which I work, has endorsed the UN's Principles for Responsible Banking which examine a bank's purpose through a number of different lenses, including aligning business strategy with individuals' and society's goals and engaging with stakeholders to create a new era of 'responsible banking'.

Banks representing more than a third of the global banking industry have signed up to support the Principles. They have committed to leading the way to a more sustainable economy by lending to economic activities that yield the best return from society's perspective and by responsibly guiding customers and stakeholders to better manage social and environmental challenges and opportunities. In this way banks will continue to play a central role in the years ahead by demonstrating how they are meeting society's changing needs and demands and making the positive contribution to people and the planet that society expects.

Court Assistant Simon Hills

The Principles provide a guide to what a bank's purpose looks like but just 'lifting and shifting' them will not bring them to life in an individual bank. The Financial Conduct Authority has recently carried out work on Purpose to identify how a firm becomes 'purpose-led'. It provides three pointers. The purpose should not be imposed by the Board, but discovered by engaging with employees and stakeholders. It should be embedded in how value is created by the firm and its longer-term vision should be constantly reinforced to avoid short-termism.

Looking forward it is clear that during the GFC society viewed banks as part of the problem. In responding to Covid-19 they have become part of the solution, taking extraordinary measures including offering payment deferrals to personal customers, introducing free banking for small businesses and provided extra working capital support for firms both large and small. Banks and bankers must now seize the opportunity that we have been given by this awful pandemic to embed our purpose – to make people's lives better – in society's psyche.

The Brokerage

WHAT DO COMPANIES NEED TO DO TO MOVE TOWARDS A BETTER FUTURE ?

WCIB has been involved with City of London social mobility charity The Brokerage since 2005 and the relationship has grown as The Brokerage has developed and executed its programme to have a positive impact on underprivileged young people in London. We currently fund its 'Gateway to City Careers' programme with £42,000 a year, just under half of our annual spend on charitable grants. During the first Covid lockdown in 2020, WCIB donated £5,000 to help the charity establish 'Generation 2020 Academy', an integrated digital programme. We asked nine of its 'Generation 2020 Ambassadors' to share their views on what companies need to do to move towards a better future.

ON WHAT COMPANIES NEED TO DO ON DIVERSITY AND INCLUSION

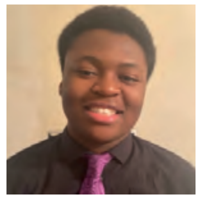
Patrick Ntiamoah Companies are asking about inclusivity – and if not they should be asking – because it is a fundamental part of making the company suitable for a wide range of people. Inclusion is often partnered with diversity, but it can be seen as the 'lost son'. From my point of view, people focus on diversity and often forget about inclusion. Once you've got a diverse talent, inclusion is fundamental in maintaining that amazing talent.

Being more inclusive, companies should focus on assessing the current views of people within the company and taking on board their opinions of what can be improved. For instance, if there is a member of the LGBT community or ethnic minority group working within the company, senior members of the company should speak to them and see what can be done to understand people within those communities.

One of the keys to being inclusive is education. I believe that companies should invest in educating the communities that they would like to bring in. Once people are in, they will feel comfortable and the company will understands them and their background. That mutual understanding will become a healthy relationship between the company and communities, and therefore bringing more people into the company.

Diana Hysenaj Having a community of cultures which embrace, empower and empathise, is necessary for becoming more inclusive. Companies need to create a safe environment where employees feel comfortable sharing their voice and giving their opinion. Companies should also promote diversity, ensuring everyone feels welcome. If not already, inclusivity needs to be a core value, which you regularly work on to improve and develop. Another step is to support conversations about people's gender pronouns and to company's email signatures.

Individuals should help each other to learn to eradicate gender biases and thus promote gender equality. Everyone should be respected. Companies need to encourage more use of gender-inclusive language. It ensures individuals feel comfortable in sharing how they identify.



Sultan Adeshina Students who aren't part of the dominant group in society, whether it's gender-related or ethnicity, are taught by the broken system to feel that they couldn't land the big City job they dreamt of. Or there were too many barriers that prevented them from promotion. The odds are stacked against them. I believe it's the responsibility of companies, who care about diversity and inclusion, to demolish those beliefs and improving the odds in favour of the non-dominant groups.

This could create more programmes to get BAME students through the door and improve the retention rate where they feel that they belong in. It's not an impossible task for companies. Where it becomes impossible is when the company aren't ready to change the unjust foundations and to create a brighter future for us all.

Emily Emiru Companies must ensure that they cultivate an environment that enables employees to feel comfortable by putting appropriate policies and procedures in place. To achieve this, the on-boarding process must be inclusive, with measures to meet the different needs of their employees. For instance, those with visual or hearing impairments might need documents given to them in another format. Single parents might need more flexible hours. The on-boarding process should involve other employees too, so that new hires find it easier to meet their new colleagues and the workplace environment.

Companies need to extend beyond where they typically find jobs, including the phrasing of job descriptions so that a more diverse range of people are interested in the role. Companies should also provide more apprenticeships and

internship opportunities to give people the chance to get their foot in the door. A lot of younger people do not have much knowledge of the corporate world. Many opportunities are directed at the Russell group universities, which means students with skills might miss out, since their CV lacks the name of a prestigious university.

Some people who choose not to go to university and cannot access job roles through doing an apprenticeship. For certain jobs, specific knowledge is not required, so teams could diversify to include non-graduates as well as graduates, bringing different perspectives and experiences to the team.

Pamela Chirinos Montoya Companies have a tendency to say and promote their inclusivity, through rising diversity and their culture. However, often this is only talk and little actual progress in the company's environment. There needs to be an active change with what companies say and what they are doing about inclusion. This includes regular monitoring of statistics: gender inequalities, ethnic minorities, religious groups, socioeconomic backgrounds and more.

A rise in workshops and events within the company will bring in individuals of diverse backgrounds, which would encourage them to join. Social events for current employees could also be used to promote inclusivity to interact more with individuals that they do not normally socialise.

To be more inclusive companies need to challenge the ethnocentrism they foster outside and inside of the workplace by celebrating and encouraging the differences between all workers. Promoting diversity can be difficult as the company needs to adapt. This is why companies can increase and improve diversity through new incoming employees. This may mean having internships and insight days offered to those of more diverse backgrounds and give the opportunity to attract different employees and improve company culture. They may see that the company is a place of inclusion and welcomes diversity.

Michaela Sey One way in which companies can promote diversity is by creating a hall of fame for their BAME staff. A hall of fame is influential in displaying to the public, visitors and other staff from dominant groups who work at the company the outstanding achievements and dedication that BAME staff have achieved. It will demonstrate to staff that aligning themselves to be from the BAME community their work at the company is appreciated and will set an example to future employees when considering what company to apply as those values are associated with them.

The hall of fame should not be applicable just to staff on a high payroll, but should also include long-standing staff. Like the security guard who has worked at the company for over 30 years. He is the first person to enter the office and is the last person to leave ensuring that other staff are able to work in a safe and stable environment. The cleaner who migrated from overseas just to make a decent living for her children to grow up in a country where educational and health needs can be met. Her smile may be the only smile you may see today, but you will never know the hardship she may be facing.

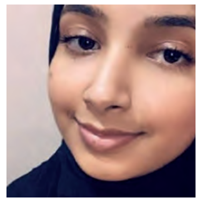
By companies recognising the importance and the beneficial impact employing staff from the BAME community has had on their productivity and success rate. Then it is without a doubt that they must publicly celebrate this.

Nafizah Islam To promote more diversity and inclusion companies should seek to celebrate cultural differences between workers with the same amount of significance. For example, at Christmas many workplaces hold festive dinners and decorate the workplace with festive themed decorations. I think that to have this practice adapted to different cultures and religions will help promote more diversity and inclusion in the workplace.

By celebrating diversity amongst workers you are creating a friendlier and inclusive workforce. As such, individuals from different backgrounds are more likely to apply for companies. Furthermore, companies can also hold events that celebrate diversity to showcase that their workplace is friendly and inclusive. For instance, in honour of Black History Month, companies should run panel talks about diversity.

Billy Zi Rong Hung By having companies understand more of different cultures, uniqueness and abilities, it would raise awareness of the minorities as companies ultimately need these talents in their team in order to thrive and have ideas that are outside the box. The world is rich with stories – don't restrict yourself to the ones that we already know. Diversity is more than saying, but acknowledging and understanding.

ON HOW COMPANIES CAN HELP TALENTS FROM DIVERSE BACKGROUNDS POST-COVID?



Afrin Moumita Companies should always prioritise a person's attitude and determination over their academic achievements. PwC is a great example – they are a socially inclusive company that values real talent; they no longer use UCAS tariff as an assessment tool for the majority of their undergraduate and graduate opportunities. The grades awarded to students this year were subjective. Nobody can predict how a student will perform in their real exams. We all know that this year wasn't the year for many students. So, in order to ensure that all students are able to unlock their full potential, regardless of their background, we need more companies to either reduce their UCAS tariff entry requirements for graduate positions/internships or just solely focus on the individual's performance at university.

Online assessments have become quite popular amongst many top firms – it truly gives everyone an equal chance of being successful at getting the job. We must stop applications from being screened out just because of their previous performance at college, which is why personal development is key – those who embrace failure and have a growth mindset are what companies should be looking for.

Sultan Adeshima Post-Covid companies like EY's Smarter Futures programme who have existing programmes in place to improve there already impressive D&I in the workplace need to take into account not only the financial effect this Covid time has had on a lot of families but also the negative effect it's also had on a lot of economically deprived students' progress at school and ultimately, most likely to have negative effect on their final grade come summer.

We already saw a glimpse of the catastrophe Covid caused to students' grades in the summer 2020, but the most negatively affected were the BAME students and from this untimely turn of events maybe these programmes or internship roles students will be applying to for this year's cohort of students can take into consideration a possibility of hindered final grades when setting the entry criteria for programmes and work experience opportunities. To make sure we continue to improve the chances of a more diverse and inclusive workplace.

Billy Zi Rong Hung Another step of the process is breaking the chain between young people's perception of the large organisation. Companies should make a proactive move in going into sixth forms and giving them insights into what it's like working in their company. However, there should be a vice versa approach from young people as well, as they should be aware of opportunities that may come up.

The process of bringing in brains is through schemes such as the BAME direct scheme or scholarships that fund disadvantaged students who are academically driven but lack the opportunity. I believe bringing more young adults drives up the potential of the company as this contributes a variety of ideas to the companies; hence they are more likely to succeed. This is also supported by a 'Forbes' survey suggesting "best workplace for diversity grows 24% in revenue growth". Students in our age are thought to think entering the financial service is a job that it's near impossible to enter or they do not "fit in". Why? This, coupled with the fact that in the S&P 500 companies that only 22% of the independent directors are Black, Hispanic and Asian. The lack of diversity here would suggest to young adults that getting to the top or moving up the rank is against minorities odd hence progressing in financial services is discouraging to young adults from entering. However, companies are looking for ways to diversify and try to be inclusive such as schemes directly to BAME students or raising the problem of Black Lives Matters.

WHAT DO COMPANIES NEED TO BE DOING, ESPECIALLY POST-COVID TO PROMOTE A SUITABLE WORKING ENVIRONMENT FOR TALENTS FROM LESS ADVANTAGED BACKGROUNDS?

Nafizah Islam In a post-Covid world, companies should seek to ensure that their work environment is representative of various cultures and backgrounds. Companies should also hold events regarding the topic of diversity in order to dispel myths and encourage people to apply. The company should regularly survey whether their workers from disadvantaged backgrounds are satisfied and happy.

Companies can help by having specific schemes dedicated towards recruiting ethnic minority talent. Such as a work experience programme dedicated toward ethnic minorities. Or hold events that celebrate diversity to showcase that their workplace is friendly an inclusive. In honour of Black History Month, companies should run panel talks about diversity.

Diana Hysenaj Companies can promote a positive working environment in the workplace by supporting growth and strengthening development opportunities. They should offer schemes where talents from less advantaged backgrounds can apply to receive funding to pursue a learning or development course. By doing so, companies will be breaking the barriers by ensuring that programmes and courses are accessible to individuals from less advantaged backgrounds. Moreover, this provides opportunities for employees to develop their skillset and utilise them in the workplace too.

Companies should meet with talents from less advantaged backgrounds and ask them what support they would like to achieve their ambitions. There should also be consistency in these programmes to help increase employees' confidence within their roles. I strongly feel that especially post-Covid that working on mental health in the workplace will help individuals become mentally resilient to stress and any other struggles that may occur, which ultimately improve vital skills, like critical thinking. Creating a mentally healthy workplace can provide stability to individuals, especially due to the effects of Covid. Therefore, these are two fundamental steps in evolving a workplace into a positive and suitable working environment.

Diversity is more than saying, but acknowledging and understanding. – Billy Zi Rong Hung

Supporting School-Home-Support through the pandemic crisis

COURT ASSISTANT TOM NEWMAN, IMMEDIATE PAST CHAIRMAN OF THE CHARITY AND EDUCATION COMMITTEE, WITH TWO OF MANY SUCCESS STORIES

Since 2016 the Company has been supporting School-Home-Support (SHS). SHS works with disadvantaged children and families to maximise educational opportunities and improve life chances. Its vision is for every child to have the support they need to engage with education and thrive. It aims to achieve this by engaging highly trained practitioners based in schools and working with children and their families to tackle barriers at home such as poverty, homelessness and domestic violence that prevent children from engaging with their education. Since 2017 it has funded an Economic Wellbeing Toolkit, a valuable resource that its practitioners can use when working with families in supporting their economic wellbeing. It includes information on employability skills, housing services, food banks and universal credit.

During lockdown SHS reached out to a number of its supporters to express their concern about the impact the crisis was going to have on its fundraising. The Company was one of a special group of funders that provided additional unrestricted funding that allowed them to continue delivering our services to families during lockdown.

SUPPORTING FAMILIES DURING LOCKDOWN THANKS TO YOUR GENEROSITY

SHS practitioners are key workers and continued to support pupils and their families throughout the crisis. Some practitioners continued working in schools as a part of the skeleton staff that remained in-school but the majority worked remotely, continuing to support children and families. Home visits were reserved for cases where there was concern about children's safety and other emergency situations. Support was effectively provided by phone, with SHS practitioners regularly keeping in touch with families and working with school staff to help ensure children could continue to learn. Our practitioners were part of a wider school response to the crisis. For many of them their role was to maintain contact with the schools' most vulnerable families throughout lockdown. For some of our practitioners this added significant numbers to their core caseload. For many vulnerable children and families, our practitioners were the only meaningful contact that they had with someone from outside their household during extended periods of isolation.

Our practitioners are now back in school supporting students. The support from the Company during lockdown and for the last four years has enabled SHS to provide the most effective support to some of the country's most disadvantaged families.

FINANCIAL LITERACY FOR YOUNG OFFENDERS VIA INSIDE CHANGE

The WCIB's charitable efforts are focused on helping underprivileged young people in London through supporting their:

- Education
- Financial Literacy
- Employability and
- Raising their aspirations in all the above areas.

One of the areas where the Company has become involved in recent years is in supporting and funding financial literacy training for young offenders that are soon to be released from prison. At the current time young offenders are released from prison with £46 and told to make their way in life and not re-offend. £46 does not go a long way in today's world for anyone but particularly not for anyone who does not have any financial literacy.

Government research suggests that lack of financial literacy presents a significant barrier to the effective resettlement of prisoners back into the community. Lack of financial skills is particularly marked amongst young prisoners who often report spending money as soon as they receive it.

Last year the company helped to fund a financial literacy programme, Inside Change, at HMP Brixton put on by Create, a leading charity empowering lives and enhancing wellbeing through the creative arts.

Inside Change is a financial literacy and radio drama project, designed by Create to give prisoners nearing their release the opportunity to explore their creativity in high quality creative arts workshops led by professional artists; to use drama and scriptwriting to develop their literacy with an emphasis on financial literacy; to enable them to develop social skills that will help with relationships within the prison environment and on release; to develop skills that will contribute to employability upon release; and to enhance their self-confidence and self-esteem, and have fun.

In February 2020, Create took the project to HMP Brixton. It delivered 12 half day workshops over seven days with 10 prisoners. Working with Create's drama artists, participants devised an original radio play based on financial themes and concepts that they explored during the project. These will be shared with other prisoners throughout the country via National Prison Radio (NPR) later in the year.

All participants who attended the final project day completed feedback questionnaires as did staff from HMP Brixton and Create's artists.

88% of participants said they developed a greater awareness of financial issues and the largest gain in understanding was "I know where I can get help and advice about money."

Other quotes included:

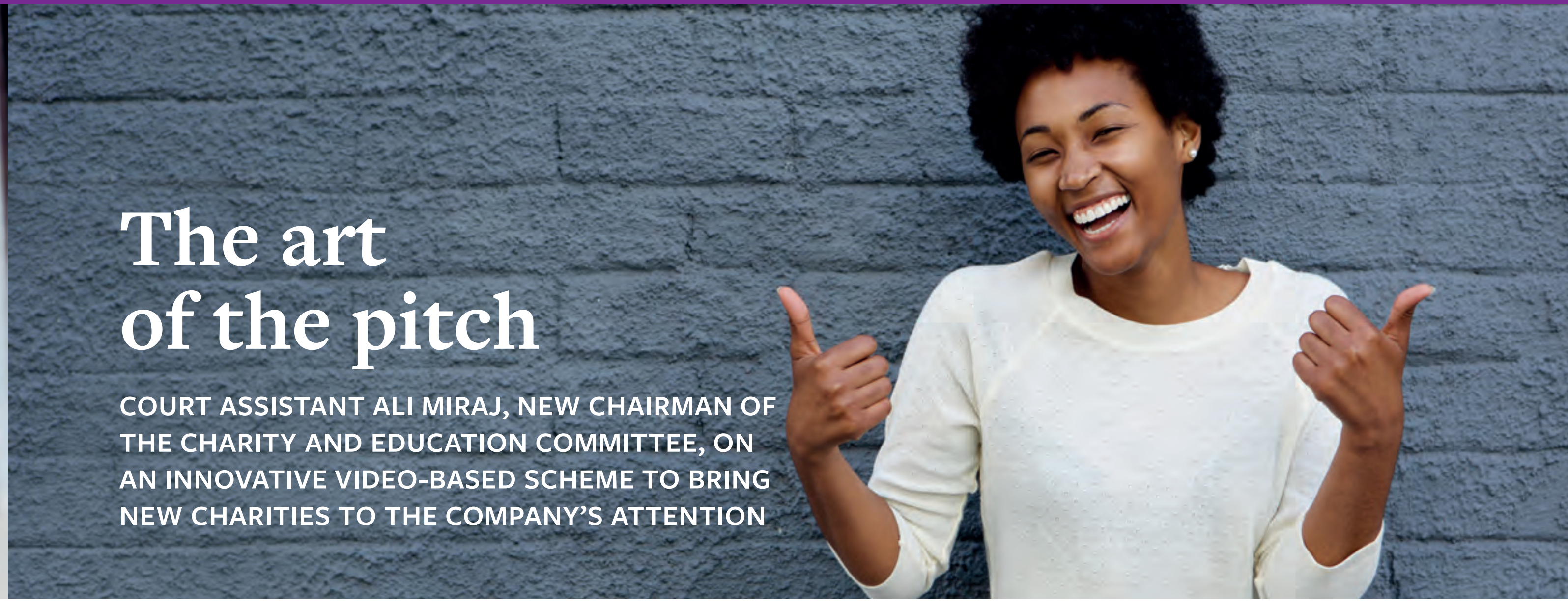
"I have learned about managing debt. I learned that credit cards and loans are more accessible options to me than I thought." - participant

"This project may make them think twice before committing themselves to spending." - staff

In these difficult times any help the company can provide to develop financial literacy that helps young offenders successfully resettle into society, has a huge payback.

Tom Newman

CHARITY & EDUCATION



The art of the pitch

COURT ASSISTANT ALI MIRAJ, NEW CHAIRMAN OF THE CHARITY AND EDUCATION COMMITTEE, ON AN INNOVATIVE VIDEO-BASED SCHEME TO BRING NEW CHARITIES TO THE COMPANY'S ATTENTION

It is a great honour to assume Chairmanship of the Charity and Education committee, which fulfils one of the fundamental aims of our Company. I must thank Tom Newman for all his hard work and first-class stewardship of the Company's efforts in this area over the past three years. He leaves big shoes to fill and I value his continued support.

One of my key objectives is to get members more actively involved in deciding which organisations we should donate to by inviting you to pitch for a charity you feel is worthy of the Company's support.

The International Bankers Charitable Trust donates over £100,000 to various charities every year. A sizeable chunk of this goes to the Brokerage, which we have had a relationship with for many years and provides programmes that support young people from disadvantaged backgrounds to enhance their career prospects.

We pursue our educational activities through our relationships with a number of inner-city London schools, the annual schools essay competition and the Lombard Prize in which 20 universities participate. But we also support other charities that meet the aims of the Company which have until now, either resulted from direct approaches from various organisations, or come from introductions by members.

PLAY YOUR PART AND MAKE A DIFFERENCE

This is where you can play a part and make a difference. If you would like to secure a donation for up to £2,500 for a charity that would benefit from support from the Company then this is your chance. Please record a short video up to a maximum of two minutes on your mobile phone outlining: what the charity does and why it is worth supporting; what the donation will be used for; any involvement that you have with the charity as a personal connection is preferable; and how the charity meets the objectives of the WCIB.

The charity you pitch for should operate in one of the areas in line with the Company's aims. We partner with organisations that work with young people in the areas of education, financial literacy, employability and raising aspirations. We also support charities that work with disadvantaged individuals with a clear purpose where the impact is measurable. All charities must carry out their activities within England and Wales. Nominations will close on 31 December 2020. Please do not worry about the editorial elegance of your video pitch. We are interested in raw engaging content rather than the Oscar-winning standard of your filming and production. Once you have recorded it please send it into the Clerk along with one-page briefing on the charity.

The two most compelling proposals will be put to a vote of all members and the winner will be announced early next year. So please get involved and have some fun.

We look forward to receiving your contributions to: clerk@internationalbankers.co.uk


Ali Miraj

Lockdown legacy: responding to the personal challenges faced by the young

HONORARY COURT ASSISTANT JEAN STEVENSON REPORTS ON THE ROLE OF MENTORING IN SUPPORTING YOUNG PEOPLE WHOSE LIVES ARE DISRUPTED BY THE PANDEMIC

I am one of the many lucky ones whose life was not materially affected by the recent and continuing challenges posed by the pandemic. I attend many meetings, participate in a number of fora, attend exercise classes and so on, and these seemed to transfer almost seamlessly to Zoom, Google Meet, Skype or Webex Events with the smallest of disruption to me - although I still prefer real rather than virtual interaction.

It was not so for school and university students, who were no longer able to go to school or college, take important exams, or look forward to work experience and internships. As chairman of the Schools Working Group, a subset of the WCIB Charity and Education Committee, I was particularly interested in how we could help school students and what would happen to the Gateway to the City Programme which was run by the Brokerage on our behalf.

The Brokerage was quick to respond to the challenge and started the process of moving as many of their interactions with students online; a number of our members participated in Master Classes online, speaking to and interacting with students on the programme. These Master Classes were recorded, and will be made available to the schools we work with to engage with future students on such varied City careers subjects as marketing and communication, leadership and resilience, green finance and, more generally, mainstream banking. The Brokerage also initiated a new structured mentoring programme to try to help students prepare for the world of work and new WCIB Freeman Scott Levy (featured on page 35) and I volunteered to be the first mentors to try it out.

Everything had to be virtual. We had an initial training session where we were given the rules of engagement and code of conduct, taken through the eight-week programme and had any questions or concerns we might have dealt with. The programme was for year 13 (last year of school) London state school students who had obtained good grades in English and Maths at GCSE, were interested in careers in financial, professional or related services, and had either been eligible for free school meals or whose parents had not been to a UK university.

We were introduced to the STACK skills assessment (self-awareness, teamwork, attitude, communication and knowledge) which each student was asked to complete before the first mentoring session. Based on this assessment, the mentor and mentee together mapped out the shape of future sessions. Each STACK heading had several topics associated with it, and there was guidance around each for both mentor and mentee and suggestions about what work should be done before each session.

In the past, I had a mentor myself, and I have children of my own, but I was not sure either experience qualified me to guide and encourage young adults in a period their lives of great uncertainty and with no recent precedent. However, nothing ventured, nothing gained and the Brokerage checked in with both mentee and mentor during the programme to make sure everything was going well.

I loved the experience and looked forward to our weekly sessions, and I believe the feeling was mutual.

I learnt how the week of my student panned out (one of the exercises was to share a week-long diary as background to a session we had on time management) and that led us completely off piste to talk about exercise, playing computer games, films and literature. As well as covering off the topics in formal sessions, my mentee told me that she had taken away a lot of tips from our more informal chats about life, and an appreciation of how to look at issues from different perspectives of which she would otherwise have been oblivious. The best news was that on the morning of the A Level results, I received an email from my mentee with the news that she had got into Oxford and that she wanted to keep in touch. We have a tentative plan to meet up in the Christmas holidays to discuss how the term has gone but, crucially, to meet in person.

I hope that by next summer the pandemic and its impact will seem like a distant memory. What I will remember vividly is my mentoring experience which I would certainly be happy to repeat and would encourage any reader to do the same. Eight weekly sessions plus training seems like a long time and a big commitment but goes by in a flash and it can be done at a time to suit you. The benefit that you and your mentee can derive is potentially immense. Legacies come in many forms but this one is a two-way street.

The Membership Committee's virtual summer

COURT ASSISTANT TIM SKEET, CHAIRMAN OF THE MEMBERSHIP COMMITTEE

This has been a very odd time to chair a committee of any kind. When I took over the Membership Committee late last year, I thought that this would be a reasonably straightforward task. With our strong membership and enthusiastic band of committee members eager to help, I saw myself settling down to chair some meetings, attend events and support committee members beavering away on a multitude of initiatives. What could possibly go wrong?

We all know the answer to that question. Like most of you I have grappled with Zoom, struggled with the mute button and have had to rethink my modus operandi. It is one thing meeting people, and promoting ourselves as a great place to network, socialise and pursue vital charitable activities, but quite another to sit at home, locked-down, attending hastily reconfigured virtual, online events. I certainly reached for a plan B, as of course did every other committee chair and others besides.

Hats off to everyone who rallied round to keep the show on the road. I am pleased to report that our membership numbers have held up well, a testament to the essential character of this Company and its people. But we cannot take anything for granted, and my crystal ball does not tell me when some semblance of normality might return. Interestingly I have found that people sitting at home, not spending money and with, in some cases, perhaps a little more time to manage their own affairs, can prove more amenable to filling in forms and getting their applications sorted. Moreover, the Company is actively offering some excellent networking, even if we can't meet physically. Clearly this fills an important need when people can easily feel isolated or seek diversity of company. The lure of walking the dog or doing the washing up eventually loses its sparkle. Thank goodness my colleagues at the Events Committee and Communications Committee have not been idle.

During the lockdown two initiatives have been launched under this committee's auspices. The first, already reported, is the successful creation and launch of the Diversity and Inclusion sub-committee under the capable chair of Angela Greenough. The second is the launch of the 'buddying scheme', described elsewhere, which is designed to connect with newly joined members of the Company and foster a sense of belonging. While the D&I sub-committee is already working hard on a raft of initiatives, the latter initiative is still in its early stages.

BUDDY, WELCOME TO THE COMPANY- A NEW INITIATIVE LAUNCHED

The Membership Committee finally launched its 'Buddying scheme' over the summer. This scheme is designed to mobilise a team of seasoned Liverymen to offer new members a personalised welcome to the Company and help them navigate their way. Of course, this is a strange time for all of us. Arguably offering new members some direct contact with the Company just when we are all stuck largely at home, is an important aspect of the Company's community spirit.

Armed with whatever we learn from the launch of this programme, we will continue to welcome new members and explore ways of engaging effectively with them. Whatever our children might say as they surf effortlessly across social media and peer endlessly at their screens right through lunch, direct human conversation and contact are still essential elements of private and professional life. Naturally companies such as ours foster their sense of community through personal contact and fellowship. Indeed, this has been underlined by the lockdown experience, and confirmed by many younger bankers, who suddenly found themselves cut off from those watercooler moments and camaraderie of the office. With this in mind, we at the Company must be ready to warmly welcome the returning refugees from home and lockdown, and work hard to bring new members quickly into the fold, whenever that might be. This initiative is one aspect of this.
As the buddying initiative will hopefully continue to be a feature of the Company's outreach to members, we on the Membership Committee would of course be most pleased to hear from any Liveryman who might wish to help and offer their services as a buddy.
Naturally, I would like to thank all those members, including my deputy Mary Foster and stalwart secretary Robert Owen for their support and enthusiasm. Maintaining our sense of community spirit in the face of unforeseen challenges is an important priority for all committee chairs.

What I did in lockdown – Tim Skeet is featured (left) with one of his lockdown projects. Read about this, and more, on the Company's LinkedIn group.

Communications, communications...

COURT ASSISTANT TIM JONES, CHAIRMAN OF THE COMMUNICATIONS COMMITTEE, ON HOW LOCKDOWN MEANT ANYTHING BUT

Monday 30th March sticks in my mind. It was just a week after the publication of The International Banker Spring Magazine and the Communications Committee had to hold its meetings by Teams. What a lot has happened between then and now. Normally Comms Committee would meet once a quarter but just two weeks later we were meeting again, debating the merits of Zoom as a virtual platform and whether the Company should adopt it, or another, in order to maintain member interactions. How much 'the norm' Zoom now is – indeed our Annual Installation Court had to adapt to that very format. That so many of us now take it for granted, there is little doubt that such technologies and approaches to meetings are with us to stay.

Comms Committee has continued to meet at very much more frequent intervals as a variety of topics, not least C-19, have been variously topical and needing to be disseminated via our various digital means. Mental wellbeing and the Green Ribbon Campaign, ethnicity issues and the Black Lives Matter movement, LGBT issues and Pride Week, climate change and London Climate Week. And an array of fascinating webcasts – Talk and Toast, Bank Balance Sheets and the Virus, even a virtual Rum Tasting to name a few.

On behalf of us all can I offer our sincere thanks to the Clerk for his sterling work in ensuring our website and social media platforms remain superbly updated, to John Thirlwell for his editorship of eUpdate, to George Littlejohn for stepping up to the editorship of this magazine, to Alex Jones for humouring, organising and minuting the affairs of the Committee and to all its members for their continued support and enthusiasm. Whatever will the Spring edition bring?

Court Assistant Tim Jones

WCIB Accessories

BOWTIE £20

CUFFLINKS £50

TIE £20

PEWTER BADGE £20 – CAN BE USED AS A BADGE OR PENDANT (chain not included)

Order and pay via the Shop in the Members Area of the WCIB website www.internationalbankers.org.uk

Prices for all items incl VAT but do not include P&P.

New Freemen

JOHN THIRLWELL WELCOMES TWO NEW FREEMEN TO THE COMPANY

ELENA NOVOKRESHCHENOVA

My journey to the heart of the City of London financial services and eventually becoming a member of the WCIB started when I received a Mansion House scholarship. The scholarship aims to forge positive links between the UK and other countries and support young aspiring professionals in advancing their career. It helped me to partially fund my MBA studies at the London Business School and opened the doors to the Mansion House and Livery Companies.

Through this connection, I have received impactful mentorship, participated in annual events, and ultimately established my career in the financial industry. In fact, it was during one of these events that I had a chance to meet Nicholas Westgarth, an Adviser to the Trustees of the Mansion House Scholarship Scheme and learn about the WCIB.

I've started my financial career in the banking sector and I am currently leading an international arm of a digital remittance company serving underprivileged segments of our society and expanding financial services to those underserved. Financial inclusion is a passion of mine and aligns with the WCIB charity work that focuses on underprivileged young people, particularly in the areas of education, financial literacy and employability.

It is remarkable to see the WCIB continue to hold its wonderful traditions, while bringing together leaders from various financial services firms. I'm incredibly excited to be part of an organisation that focuses on educating its members and also see it as a way to continue to advocate for diversity and inclusion in the financial sector. I am particularly interested in contributing to the WCIB's new Diversity and Inclusion Sub-committee.

I look forward to discovering new ways I can contribute

SCOTT LEVY

I know the Chinese like to say "may you live in interesting times" but to be honest, enough is enough. On the positive side, it has been an interesting introduction to the Company and its activities. I joined the Company because I wanted to devote some of my spare time and energy to the Company's objectives to make a difference through education for young people.

In a strange way, the recent past has allowed me to experience more than if I was in and out of the City. I jumped at the chance to mentor a young man through the Brokerage. This is an excellent programme and I can heartily recommend it; one hour a week for eight weeks (on Zoom) goes by all too quickly. This was as much a challenge for me as I hope it was a benefit for him. Partly because during the months of June and July I returned to business travel in Europe, I had to actually prepare for these sessions (which was interesting for me) and I spoke to my mentee from not only London but also Estonia, Lithuania and Switzerland during those eight weeks which gave him as well some insight in to what life might be like as he ascends (I hope) the corporate ladder.

The virtual events (including the excellent rum tasting) were easier to jump in to then they would have been 12 months ago and for that, these interesting times have been a benefit. I do, however, feel a little odd at having my installation on Zoom. I congratulate the Company in adapting to this strange world, but relationships are built face to face. I dearly hope we return to some kind of old normal sooner rather than later, and life as we used to know it returns.

From breakfasts to podcasts to webcasts in six weeks - Zoom to the rescue in the pandemic

After lockdown, the Company's physical events slammed to a halt. But thanks to new technologies, the fellowship continued with more than a dozen online events. These have been high-profile interviews and discussions to support the finance profession as well as providing members with as much interesting insight as possible into the effects of the pandemic. Here is a selection.

More detail on many of these is available on the Company's website: Whats New Webcast

26th March – Virtual Talk & Toast: Xavier Rolet and Nicole Sierra-Rolet

First event after lockdown; recorded as a podcast.

Dame Inga Beale DBE

20th May – Talk and Toast: Dame Inga Beale and Antonio Simoes

The latest Talk & Toast power couple were Dame Inga Beale, former CEO of the Lloyds insurance market and now a NED, and Antonio Simoes, former head of Global Private Banking at HSBC who had just moved to become CEO of Europe for Santander. As part of the then Master's Open Door, Open City theme for her year, they discussed the future of the insurance and banking industry, the new type of leadership needed post-Covid, London's future as a mega-City and why we should use 'uncomfortable' words like gay and lesbian.

5th June – Professor Scott Moeller, City, University of London's Business School

Professor Scott Moeller, formerly a senior banker at Deutsche and Morgan Stanley, amongst many other leadership roles, addressed key issues facing our sector in this special event, which had more than 500 viewers – a standout number in these days of non-stop video delivery. He was hosted by Robert Merrett, then Senior Warden and now Master. This interview examined some of the implications of the Covid crisis for banking and financial services, as well as for higher education and other sectors. Scott Moeller is the Director of the M&A Research Centre at what was formerly Cass Business School, and its former CEO and Director of Executive Education.

29th June – The Global Cyber Alliance: action not words

Cyber risk is a global challenge that requires non-traditional collaboration. The Global Cyber Alliance (GCA) focuses on less talk and more action. It brings the global community together to collaborate and develop practical solutions that deliver measurable results in the fight against malicious cyber activity. GCA is backed by a shining army of major organisations including law enforcers like City of London Police, London's Metropolitan Police, the Manhattan District Attorney's Office, and the United States Secret Service. It is hosted in UK by the City of London, and chaired by Scott Charney, head of security policy at Microsoft. Andy Bates is Executive Director of GCA in UK, Middle East and India. A chartered engineer, he most recently served as CTO of Verizon EMEA. He discussed the key themes – and practical steps to stop the crooks - with the then Master.

Alderman William Russell, the Lord Mayor

13th July – The Lord Mayor, live from the Mansion House

William Russell has over 30 years' experience in the financial and business City including holding senior positions in the national and international banking sector. In 1987 he went to work for First Boston Corporation before joining Merrill Lynch in 1992 as an Investment Banker in Institutional Equity Sales, working in Asia, New York and London. William is currently Chair of CDAM, a London based Asset Management business, and Senior Advisor to STJ Advisors. He was also on the Board of Innovate Finance, the industry body for the UK based FinTech community.

27th August – Virtual rum tasting

The Virtual rum tasting event was hosted by the Whisky Exchange and the person talking us through the tasting experience was Mitch Wilson the Black Tot Rum Global Brand Ambassador from Elixir Distillers. The tasting took us the origins of rum, how it is made and the differences in production methods in the main rum producing countries.

Alex Rottenburg

8th September – Inter-Livery Clay Shooting Competition

This competition was held at the Holland & Holland shooting grounds in Ruislip. 82 teams competed over the 2 days - the Horners won but the Gunmakers had 3 teams in the top five. This year was the WCIB's 8th attempt at covering themselves with glory. We fielded 2 teams - neither team was at the bottom but the A Team was not far off; the B Team did better (just) but all of us (including the 4 members who were new to the event) had a most enjoyable day. It was warm and sunny, and the organisers did a first class job in producing an excellent day in spite of all the Covid restrictions.

Report by Alex Rottenburg.

Moor Park Golf Club

16th September – Lord Mayor's Golf Day

The International Bankers Golfing Society ('IBGS') participated in the first Covid restricted City and inter-livery event of the year on 16th September 2020 - The Lord Mayor's Charity Golf Day. Following on from our hosting of this excellent event in 2019, the Pavior's Company did a fine job organising the day, held on the High Course at Moor Park Golf Club in Rickmansworth, Hertfordshire - pictured.

The runaway back to back winners were the City of London Police with 88 stableford team points who brilliantly navigated a very testing course with fast greens. The Makers of Playing Cards were runners up with 78 points. The Farrier's Company won the yellow ball competition with a total of 29 points. Andrew Lee (C), Jason Van Praagh, Tom Dissen and Michael Bowles represented for the International Bankers, no silverware for us this year but the team mustered a respectable mid-table performance. Given the limited capacity and general social distancing restrictions eliminating the charity luncheon, the Paviors' will again be hosting this event at the same venue on 15th September 2021.

Golfing prizes aside, the real winner was The Lord Mayor's Appeal who were not expecting the golf day to go ahead this year and for whom the event raised £1,600.

Angela Knight CBE (right)

19th September – 306 Hospital Support Regiment (306HR)

Angela Knight CBE, now Junior Warden, joined 306HR in their Virtual Training Period and delivered an online presentation entitled 'Covid, Brexit and banking - and the impact on you, the customer.' An informative and interesting romp through the origins of banking, the challenges of the pandemic and the opportunities of the post-Brexit world – this was a welcome respite in a day of clinical presentations covering a range of paediatric, obstetric and gynaecology topics.

21st September – The future of global trade negotiations

This panel discussion examined the current global trade environment and its implications for geopolitics, covering the UK's post-Brexit trade negotiations, the US trend towards isolationism, Chinese tariffs and trade pacts, and free trade in the EU. Speakers were Richard Burn, Her Majesty's Trade Commissioner for Europe, and John Ryan. Richard previously served as Her Majesty's Trade Commissioner for China. Professor John Ryan is a Fellow at LSE IDEAS at the London School of Economics and Political Science and a Network Research Fellow at CESifo, Munich, Germany.

30th September – Green finance with Past Master Sir Roger Gifford and Laura Sandys CBE

See page 11 for a full report on this event, organised by the Associates, and the background.

1st October – International Bankers Golf Society

Following the cancellation of the Spring and Summer meetings, the Golf Society was extremely grateful to Swinley Forest Golf Club for hosting our Autumn meeting on in a very safe environment. Sandwiched between days of very wet weather, the day was bathed in sunshine and great golf was enjoyed by all. Charles Burrows won the De La Barre trophy with a magnificent 38 points, closely followed by Mark Stevenson on 35 points. The Korts Salver awarded to the highest scoring member aged over 60 was won by David Potter with 33 points. Noel Harweth won the nearest the pin prize with a great shot on the 17th par 3.

The Master

7th October – WCIB Installation Evening
This year's Installation Evening took place over Zoom, was very well-attended by properly-attired members from their homes, and was a great success. Following a short speech by the then Master on the year behind us, with some lively Q&A, and oath taking, there was a short speech by the then Master-elect. This was followed by a superb musical interlude given by students from Guildhall School of Music and Drama, then a speech by Alderman and Sheriff Michael Mainelli, summarised on page 6 of this edition. A lively discussion followed.

Alderman and Sheriff Michael Mainelli

15th October – Path to Master – being on a Committee, navigating the Company
The Master and Standing Committee Chairmen hosted an evening to enhance members' enjoyment of and success within the Company. This was the first in a series of events. The aim of this one was to get fellow members to hear how they can participate in the various Committees and get their ideas adopted so they are ready for being a future Master. The Master was assisted by the Standing Committee Chairmen, who outlined what their Committee is doing and took questions.

Aleida Moore

22nd October – Kickstarting diversity and inclusion: who is the D&I agenda for?
This unique webcast, part of Black History Month, aimed to make the conversation around diversity and inclusion clearer by sharing the genuine, lived experiences and perspectives of the diverse panel. It built on the awareness of why diversity and inclusion is important and how it can work in practice. Aleida Moore from the Bank of England chaired the session magnificently, with a superb panel: Simona Paravani-Mellinghoff of BlackRock; Kalm Paul-Christian, RBS; and John Winter, Ruxley Ventures

29th October – Welcome to the City
On-line event for younger members of the Financial Services Group of livery companies, and prospective members, under the wing of the Associates section

11th November – The Financing and Engineering of Space Technology
This joint event with the Engineers Livery Company explored the strategic significance of the space industry, its technical maturity, investment horizons and risks. Space technology is fundamental to all aspects of everyday life, from weather forecasting, remote sensing, GPS and broadcasting, to everyday applications in electronics, telecommunications and gaming to hospitals, traffic lights and even white goods. We brought together a panel of UK experts to present the opportunities and challenges to the UK manufacturing base, supply chains and the economy.

Chairman: Guy Saxton, Liveryman, WCIB

Speakers:

- Sir Martin Sweeting OBE Executive Chairman SSTL chairman Surrey Space Centre

- Dr Alice Bunn International Director UK space agency (UK research)
- Will Whitehorn President UK space (trade association of UK space Industry) and former CEO Virgin Galactic
- Nick Shave Inmarsat Vice President Strategic programmes
- Mark Boggett CEO of Seraphim Capital

From the Clerk

THE COMPANY DEMONSTRATES RESILIENCE DURING THE PANDEMIC CRISIS

Every spring I update the Risk Registers for the Company and the International Bankers Charitable Trust (IBCT) and they are discussed by the Finance Committee before being presented to Court. High on the Risk Registers is the risk of disruption to our operating systems without which I wouldn't be able to support the Master, Court and membership. I am very glad that we have been rigorous about doing this over the past few years.

When the first Covid lockdown was announced in March the then Master (Karina Robinson), Sean Lo (who looks after our finances) and I reviewed our working practices and decided we could carry on operating the Company with little disruption.

We have a powerful CRM system (CiviCRM) on which I run all membership and contact records, generate all bulk mailings to members and which supports the WCIB website. This is a Cloud-based system (with servers near Manchester to ensure all our data is kept within the UK) so it was straightforward to log on from my sitting room at home and continue to access our membership data, update the WCIB website and keep everyone informed about the many Company initiatives and activities members were involved in as lockdown progressed.

In addition to the CRM Sean Lo had already moved our Company accounts onto Xero, a Cloud based system, so he, I and our accountants could access it remotely. We only had one area of weakness which is that the accounts for the IBCT were (and still are) held only on a desktop computer in the Clerk's Office at Furniture Makers' Hall; Sean Lo did sterling work travelling into Furniture Makers' Hall whenever necessary to work on the IBCT accounts. I am also very grateful to Past Master Michael Llewelyn-Jones for always being on hand to sign cheques for the IBCT as and when we needed to send funds to the charities we are trying to support through this enduring crisis.

In common with many other livery companies we have found new ways of doing things whilst keeping our traditions alive, I think particularly of fellowship and philanthropy.

As I write this piece we are just starting our second period of lockdown in England. It is reassuring to see that so many members have already renewed their membership for 2020/21, are taking part in our various on-line events and have made or are making donations which go to the IBCT; we have set up a page on Virgin Money Giving to make this even easier, search for IBCT and you should find the page. Our charities have never needed our support as much as they do now and we have all probably never needed each other as much as we do now. Thank you for all your support for your Livery Company.

WCIB – live through lockdown

EVENTS SCHEDULE INTO 2021

DATE	EVENT
23RD NOVEMBER 2020	'CHAMPIONING THE UK'S FUTURE SUCCESS AS A GLOBAL HUB FOR FINANCIAL AND PROFESSIONAL SERVICES' : WEBCAST WITH DAMIAN NUSSBAUM, CITY OF LONDON CORPORATION, AND SENIOR WARDEN
24TH NOVEMBER 2020	FREEDOM CEREMONY
1ST DECEMBER 2020	FINANCIAL SERVICES GROUP ANNUAL PANEL
19TH JANUARY 2021	COURT AT GOLDSMITH'S HALL
20TH JANUARY 2021	PAST MASTER INTERVIEW: JANE PLATT CBE AND ANGUS MACLENNAN
1ST FEBRUARY 2021	WCIB LIVERYMEN COMMON HALL
9TH FEBRUARY 2021	PATH TO MASTER SERIES: MENTORING AND NETWORKING
17TH FEBRUARY 2021	PAST MASTER INTERVIEW: BOB WIGLEY
SPRING 2021	WCIB SCHOOLS AWARDS CEREMONY
20TH MAY 2021 TBC	20TH ANNIVERSARY COURT AND COURT DINNER
17TH JUNE 2021	FUND RAISING DINNER AT MERCHANT TAYLORS' HALL
14TH JULY 2021	WCIB ELECTION COURT AT IRONMONGERS HALL
30TH SEPT 2021	INSTALLATION COURT DINNER AT DRAPERS HALL

Please check website for latest information.