

A New Year with Ebenezer Scrooge by Charles B. Wendel

The beginning of a New Year always serves as the opportunity to rethink the past and set goals for the future. But very quickly both on the personal level and from a business perspective we usually fall back into our old comfortable habits, as if we are chained to the past. That's why, in pre-pandemic times, gym attendance increases in January and then falls off in the months following.

On the personal level we need to change our processes and maybe our way of thinking to avoid returning to past bad habits. My seemingly eternal goal to lose 10 pounds (now approaching 15 due to the pandemic, not my fault, of course) will fail unless I change my patterns and my actions whether related to diet, exercise, or better discipline.

For a company the challenges are significantly greater. Corporate culture permeates an institution. Culture is unseen and often unspoken but impacts all employees. The stated corporate culture- respect for our people, customer service, ethics, etc.- is often belied by reality. The pronouncements of the top execs often sound shallow to those two, three, or even one level down the bureaucracy. Top execs may be in denial about the state of their true culture, protected by managers who are either too afraid or lack the confidence to communicate a negative message to a CEO. That is one reason why consultants may provide value, but ironically, some big consulting firms know senior management, those who pay the bills, do not want to hear tough messages, and they become part of the problem. McKinsey and its involvement with OxyContin provide the worst example of this.

With Christmas just past, it is unfortunate that an Ebenezer Scrooge experience cannot transform executive management. Dicken's *A Christmas Carol* presents the tale of a banker with ghosts taking him through the past, present, and future.

For today's banker, the happy past might feature customers being greeted by name as they enter the door, a pianist playing a carol, and coffee and cookies available for all. The Ghost of Banking Past might show a small boy entering a bank holding his mother's hand and proudly presenting his Christmas Cub booklet to the teller with his weekly savings, happy to have his little book stamped and receiving a lollipop as well. The past would also include more recent events and unhappier events, such as mortgage holders naively overleveraging themselves and having to sell their homes.

The present? The Ghost of Banking Present shows CEO Scrooge that branches are emptying of customers and often feature for lease signs. The retail customer, no longer recognized except by a number, enters a branch sheepishly and exits quickly. When Scrooge visited businesses, he would see small companies bemoaning the responsiveness of their bankers and larger company execs discussing how they will dictate terms to their bankers, playing one off against another. Scrooge would also see experienced relationship managers packing up their personal items and going out the door, replaced by someone decades younger wearing a headset. Scrooge would finally beg for mercy as the Ghost flies him over row after row of regulators.

The Ghost of Christmas Future terrifies banker Scrooge as much as the ghost in Dickens' story.

The Ghost takes him to the downtown area where Scrooge and other bankers had their headquarters. His bank is gone, but the Ghost takes him onto another banking floor where the employees sit in cubicles and tap into their computers, analyzing mounds of data. No interaction with customers as the bank now insists on self-service only. Some of the once bank towers have been converted into condos while others feature the names Facebook or Google on the building's facade. All Scrooge had worked to create, had sacrificed so much to achieve is gone, replaced by digital everything, busy small credit union offices, and Fintechs now operating from his bank's *former tower*.

Banker Ebenezer having finally learned the harm his actions and indifference have caused asks the Ghost, "Assure me that I yet may change these shadows you have shown me by an altered life?" The old story has a happy ending because Scrooge dealt and learned from his mistakes and, whether by a Christmas miracle or a life spark that reignited in his heart, he changed his ways.

Happily, unlike the historic Scrooge bankers are not "Squeezing, Wrenching, Grasping, Scraping, Clutching, Covetous, Old sinners." At least not most. Still, many need to transform their thought processes and determine what their banks will stand for in the future.

Over the weekend, I was reading a column by editor Tyler Brulé in his *Monacle* Magazine: "I met with my banker. He tried to sell me on online banking, yet again. I like speaking with him and have told him before – no passwords, no codes, no nonsense. Would it be more convenient? Maybe. Would it be cheaper for me? For sure, the service charges are significant. Would it make me feel more attached and loyal to my bank?" He thinks not.

Many banks have already lost their humanity in dealing with customers. If the Ghost of Banking Future spoke, it might say: "Beware a culture that over-relies on AI and all things digital." That ghostly thought is worth considering as economic pressures mount on the industry and vendors of various types swarm over your executive offices.