Nous Ne Sommes Charlie
by Charles Wendel

We do not expect or want our bankers to be like the artists and writers of *Charlie Hebdo.* Their work was often profane, angry, anarchistic, and sometimes sophomoric. But, those men also stood for something. Given a prior attack on their offices and their required police protection, they knew the danger around them. However they continued to create, driven by a mission they believed in, one part of which involved the need to highlight and attack what they viewed as the dangerous and silly beliefs they felt many held, often tied to various religious beliefs.

The phrase " Je Suis Charlie" is meant to show solidarity with the dead and, in effect, poke a finger in the eye of those who would destroy freedom of speech and thought. The massive rally in Paris served as an inspirational rallying point for the French.

We know what those artists and writers stood for and why they died.

While, even today, the dangers of banking are far from what *Charles Hebdo* faced, that tragedy does raise the question, "What do bankers stand for today?" Recent years have seen the prestige and the professionism of the commercial banker being eroded. A combination of internal actions and external forces has undercut banks with their customers, regulators, and employees. If the industry fails to address this situation, it risks falling into a downward spiral from which it may never emerge.

To begin, several years ago many of the largest banks blew up the banking industry. Industry leaders from community, regional, and even larger banks (with the exception of Dick Kovacevich) did a miserable job of differentiating their individual banks from the few who should have disappeared. (Interestingly, ten years later, two of those banks, Chase and Citi, are the frequent focus of stories suggesting they be broken up and that they are "too big to manage.)" During this period and since bank leaders seemed to fold their hands and accept being pummeled by the press.

The economic downturn further awakened the sleeping beast of regulation. Of course some smaller banks made mistakes, but regulators were part of the problem (think OTS). However, the pendulum has swung too far over to the side of regulation from laissez-faire. This hurts the banking industry and, more important, the end customer and the economy. Alternative lenders take up some of the slack, slowly taking bank share but that competitive initiative remains under development and has become an emerging challenge for the industry.

Yet, where is the banking industry and its leaders in articulating to the public why the regulatory stranglehold needs to be loosened? Unfortunately, hiring more lobbyists has become a necessity. At the same time, the public remains unaware of the constraints under which banks operate, with the industry allowing itself to be defined by groups like the CFPB, not a good thing. Leaders need to be more outspoken rather than appearing cowed by regulators who seem to focus on the last crisis rather than anticipating new ones. Regulators and the government also now appear to view banks as piñatas and ATMs for funding a variety of social projects.

In some cases economic pressures and regulatory demands have destroyed the trust that once existed between management and its employees. Previously, the best relationship bankers operated with a healthy tension between themselves and their management. They seemed to view themselves as the customer's representative and facilitator at the bank rather than simply the bank's man. That sense of quasi-independence is now long gone.

Conversations with a cross-section of commercial bankers suggest many now see themselves as having a job rather than representing a profession, as so much of their independence and, in some cases, dignity has been stripped away. This involves a huge change and may be indicative of an era in which management is less connected to its people, and job security on all levels of a bank has become increasingly tentative. A slow growing economy also does not help, as banks continually struggle to do more with less, increasing pressure on staff.
Nothing on the horizon indicates that the situation will improve for banks or bankers. For example, at the same time as the need for banks to work with third-party providers increases, the government adds addition hurdles to do so.

While our consulting work often emphasizes spending more time with customers and prospects, top management must organize bankers and support staff roles, responsibilities, and compensation to allow this to happen. Most lack the will to do so. Again, unfortunately, management takes comfort in paying for safe name brand consultants like McKinsey that sometimes sell one-size-fits-all recommendations that remain on the shelf versus rolling up their sleeves and committing to tough implementation and specific execution steps.

The good news is that around the world a handful of managers "get it". Some are at their country's biggest banks while others are from regional or community players. And, no correlation appears to exist between size and innovation or even speed to action. The best managers are restless, driven by the belief that they have something to offer and that their colleagues can provide customers with a distinctive solution. The industry needs to "man up" against the regulatory, competitive, and business challenges it faces.

At all levels too many bankers are just putting in their time. Not only does this lead to bad banking, but more important to an unworthy way to live.