

COVID-19: Planning for an unknown future

Third digital gathering with CEOs from the banking world, hosted by Egon Zehnder's Financial Services Practice

As COVID-19 continues to massively impact banks worldwide, leaders' thoughts are turning to what will happen after the crisis and how banks can already prepare for it, as banking CEOs and CHROs revealed to Egon Zehnder during our latest rounds of weekend calls.

The problem is that there are no reference points showing us the best way forward. As one French female banking executive put it, "We're in uncharted territory at the moment. Nobody has been through this before." In the words of another female banking leader, "We're changing the tyres as we're going."

The big question is how long the situation will last. The biggest challenge, meanwhile, is shifting mindsets: banks need to realize that this isn't a temporary hiatus but a situation that could last for a significant amount of time, according to the head of HR at a global insurance company. "Some companies are living in the dark ages. I feel alone, like Kate Winslet standing at the front of the Titanic shouting 'There's an iceberg!' and everyone's ignoring me."

The worst is yet to come, predicts one Irish bank's leading executive, although Ireland is already suffering a 25% reduction in GDP. "We're going to have to be very nimble as I don't think we've had the full impact yet in Ireland."

On a practical level, Jean Pierre Mustier, Group Chief Executive Officer of UniCredit in Italy, is already considering solutions such as additional social distancing measures, revised layout of branches and staggered opening hours, after the lockdown. The bank will actively encourage its customers to keep using remote and digital services wherever possible as "moving from where we are today to a "new normal" is going to be challenging – we are hard at work to define how to do that."

UK banking executives also conceded that they're switching to "trying to think forward" mode. They see two key concerns for the future: firstly, how to manage the expectations of consumers and small businesses currently demanding funds to bail them out while not yet realizing that this isn't free money, but a debt they'll have to repay. The second problem is how this debt can be repaid, as "you're just creating a bigger bubble as you exit out of this."

A new reality

There is general recognition among CEOs that the banking world will change permanently in terms of how banks communicate with their customers and in view of the normalization of remote working for office staff. For now, however, containment while working from home is clearly dampening employee morale. "Longer lasting confinement could easily start to wear people down, so it's key to create and maintain positive, deliberate and frequent interaction to keep up morale," points out Mustier.

To boost mental, physical and financial health, one Irish bank has introduced a well-being app, available on all employees' mobile devices.

Onur Genç, CEO of Spanish multinational financial services company BBVA, spoke of the need to communicate consistently and repeatedly with his employees. Management has set up so-called "war rooms", which meet twice daily and reiterate the bank's top two priorities, namely health and safety, and secondly the continuity of its operations. "We provide an essential service for clients out there. We have to ensure that our bank continues to run."

In addition, BBVA has set up global and national task forces to coordinate the bank's response, looking at how to communicate with customers and help them meet their financial needs. Moreover, senior executives meet daily to monitor risks and discuss liquidity and cash flow.

Under the motto "anticipate the worst and then plan for it," Genç says he's managing the crisis like a business – "you need KPIs and numbers" – and otherwise focusing on keeping communication calm, positive and frequent.

Sadly, customer aggression towards staff in branches is rising, with more banks introducing armed security guards, while stress levels among call center operatives is high.

One bank has just reached an agreement with its unions regarding its plan to offer voluntary early retirement to 5,500 employees in Italy. At the same time it will be hiring 2,500 younger people and offering them perks such as life insurance. In a country where 25% of businesses are expected to permanently close, this is a welcome positive note for the future.

To read more about UniCredit's activities, please visit: <https://one.unicreditgroup.eu/>

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Covid-19 Micro-Website

We have launched a micro-website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

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