

CEOs turn the tide on COVID-19

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

The repercussions of COVID-19 are continuing to ricochet through the global banking industry. Nevertheless, glimmers of optimism are slowly emerging, encouraging CEOs to look ahead, as Egon Zehnder found out in its latest calls with industry leaders.

The US still sees itself as being “in the eye of the hurricane”, admits one banking leader. However, he is working out measures to protect his bank, issue more convertible loans and provide additional capital to support businesses. “But is there enough liquidity to do this in a synchronous way?” he asks. After Corona subsides, he predicts low growth, inflationary flare-ups and more consumer debt.

Other banking executives are trying to address questions such as who to let back into the office and who to keep at home once lockdowns ease, and which equipment, such as masks and thermometers, to invest in.

In Italy, one of the countries worst hit by COVID-19, the government is starting to talk about life “after” the crisis. “You can tell people are tired of being in full lockdown” during this unprecedented situation, says Jean Pierre Mustier, Group Chief Executive Officer of UniCredit, and that they are looking for the light at the end of the tunnel.

Whilst planning for the “day after” the immediate focus of all banks in Italy is shifting towards identifying potential future bottlenecks, such as moratoria on one side and credit guarantees on the other, new credit rules, and how to mitigate and manage a potential increase of defaults towards the end of the year when the moratoria expires, continues Mustier.

Lessons from Asia

For sure, we can all learn from those countries at a later stage of the crisis. Singapore handled the first phase of the virus well, says Piyush Gupta, CEO of DBS Bank in Singapore, with branches in China and elsewhere in Asia.

As a small country with under 5 million people, Singapore “comes together well in times like this”, says Gupta. For example, all Singaporean banks have agreed on certain measures, including principal and interest moratoriums and changing to five-year installments at low interest for consumer credit.

At the bank level, internal tracing and tracking tools are helping identify which employees need to be tested and go into quarantine. With health and safety as a priority, DBS has additionally put together a supply chain to deliver essential equipment, such as masks and sanitizers to its regional branches. And it has turned to digital capabilities to enable nearly all employees to work remotely while endeavoring to understand the behavioral implications of working from home. Following the example of Hong Kong, it’s offering online engagement tools such as virtual parties and games to help employees “keep their spirits up”.

On a sobering note, Gupta reminds us, “it’s not over until it’s over”. The country and the bank has found the second phase of the pandemic, when students from the UK and US returned to Singapore, more difficult to control. “This is an important lesson – as we remove lockdown and reopen economies, we need to realize that this is a virulent epidemic.”

Some expect a further relapse of COVID-19 in future. If so, next time, we should be better prepared.

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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Our leadership solutions cover individual, team and organizational effectiveness, development and cultural transformation. We work with world-class partners including Sinequanon (SQN), a firm we have invested in that uses AI and advanced analytics to improve workplace culture and performance, and Mobius Executive Leadership, a transformational leadership development firm. In addition, we have partnered with Paradox Strategies, co-founded by Harvard University Professor Linda Hill, to develop the Innovation Quotient (IQ), a proprietary culture diagnostic.

Our goal is that the work we do contributes to successful careers, stronger companies – and a better world.

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