

Global banking CEOs hammer out the details of a safe return to the office

Highlights from digital gatherings with CEOs from the banking world, hosted by Egon Zehnder

Global banking CEOs are discussing the practicalities of a phased transition back to the workplace as lockdowns are gradually relaxed worldwide, they revealed to Egon Zehnder in recent digital gatherings. But they've yet to determine if compassion or hard economic reality should win the upper hand in the long term.

Companies are being forced to work out in microdetail how their return strategy will pan out, while at the same recognizing that they will never return to their old operating model in a changed new world. It's no easy task to attempt to return to business as usual when "the world has changed, and will likely remain changed", points out Jean Pierre Mustier, Group CEO of UniCredit.

And it becomes even more difficult if employees are scared of even walking through the office door. In the US in particular, an environment of fear and a lack of government guidelines are strongly prohibiting employees from wanting to return. As some US States have opened up, one bank CEO said that despite having thousands of employees, not one single person has asked to come back to the office.

Thin line to follow

Overall CEOs are advocating a slow and steady return, which might take far longer than some boards expect: one predicts a phased re-entry period with two years of social distancing. By asking employees what they would like to do differently, CEOs are gaining their trust, as well as numerous helpful suggestions.

UniCredit has introduced health and safety rules, such as the mandatory wearing of masks and sanitizers, provided by the bank, for those employees who are being invited to return, says Mustier. Those employees who prefer to continue working remotely can do so. Mustier is trying to be sensitive to both individuals' and countries' needs, and do the right thing."

Italy's biggest bank has re-opened its branches in Germany, Austria, and Italy, with customers allowed in via appointment that can be made by its new UBook system, with plexiglass dividers in place in all open branches. Customers don't always welcome the temperature checks, performed by guards, but Mustier maintains, "I'm not giving in to peer pressure or local sensitivities – we need to be super strict in protecting the health and safety of our team members and our customers."

Non-branch employees are being invited, but not forced, back into the office. "If they don't feel comfortable for any reason, they can continue to work remotely."

Data, not dates

Another bank is devising a three-tiered approach to re-entry, led by data not dates, taking into account local government guidance, testing and medical aspects and hopes this will reassure employees that it is putting their health and safety first. Stage one is for those employees who have a compelling need to be in office, less than 5% of the workforce. Phase two will expand to about 30% of employees, namely those whose effectiveness can be demonstrably improved by being on site. The final stage will include split teams, with 50% working at any one site to cater for social distancing requirements.

Commuting, particularly on public transport, remains a big concern among employees. Moreover, there's a danger of a divide between the haves and the have-nots: managers can drive into work in their own car, while other workers need to brave public transport.

The art of the possible

Otherwise, banks are trying to innovate HR processes, looking at how they train, how they recruit, which jobs they will need more of in future, and which jobs they will no longer need – despite this being somewhat of a taboo topic.

For now, helpful measures include employees carrying forward holiday entitlement to be used over the next two years, mortgage holidays, with staff on furlough, and overdraft holidays.

There's one thing for sure – the future will bring greater flexibility for both employees and their organisations as banks establish a flexible framework for a new normal and examine the art of the possible.

Creating a level playing field

Remote working will play a large role in the future, for sure. For some CEOs, home working is boosting productivity, enabling them to pitch faster to clients and customers. What's more, digital technology is proving to be a great social leveller, with everyone occupying the same real estate on the screen. As a result, meetings are shorter and more efficient, silos are disintegrating and banks are naturally becoming more agile, without having to force through the changes.

Other CEOs aren't so sure, however. One leader admits that remote working might boost productivity in the short term but queries whether it is indeed better in the long term – we still don't know. And as Mustier points out, video calls can be draining. "Yesterday I had 15 hours of back-to-back one-hour meetings, and it was just exhausting."

Putting in the hours

Remote working also wields a double-edged sword when it comes to gender diversity. For the moment, the burden of juggling childcare, home schooling and job responsibilities is likely to land firmly on working mothers' shoulders and place them under great strain. In the long term, though, remote working should offer more flexibility and therefore help open up greater career opportunities.

There are other more strategic issues related to remote working, namely, how to assimilate talent in a remote environment, and how to embed corporate culture from afar for new joiners. Ensuring the right level of commitment when not in the same office can also be a challenge, with some employees not working very hard, and others too hard.

UniCredit is therefore encouraging managers to focus on employee productivity in terms of delivering objectives and not waste time policing their hours. After all, working 9-to-5 might no longer be feasible for those caring for children during the day, but these employees might catch up on work later in the evening, for example. And that's ok.

Painful discussions ahead

Some in the sector are eyeing job cuts, with numerous painful discussions up ahead. While compassion is key right now, how long should that compassion last, asks one leader: how many months should go by before CEOs start to think, they can no longer afford this.

UniCredit agreed on a “socially responsible” plan before the crisis, whereby slightly below 10% of the workforce takes early retirement over the next four years, says Mustier. What we are seeing is that “People are now more willing to retire than they were two months ago.”

Moving forward, banks have the opportunity to be portrayed as either the hero, or the villain in this crisis. There are big decisions to come about capital allocation and who gets the credit or who doesn't. CEOs only hope that the government will step in and take the decision out of their hands. However, this time around, banks need to be part of the solution to the crisis.

Money matters

From a financial perspective, liquidity is in the market and systems and processing capabilities have somewhat caught up but there are clearly more peaks and troughs in demand ahead.

UniCredit set aside an additional €900 million in provisions for the first quarter as it “decided to take a conservative view about provisions as macroeconomic estimates got worse”, says Mustier. Italy's largest bank also changed its cost of risk, increasing

it by 50% for 2021. The moves received positive feedback from long-term investors and didn't affect stock. "This had no impact on share price. Possibly the market was expecting something worse," says Mustier, who personally has cut his own overall 2020 compensation by 75%.

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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