

ZOMBIE BANKING IS REALITY

A close relative of mine made a telephone call to a bank in a European country seeking information about an account that was located there as part of an inheritance. She tried to reach her client advisor, but instead landed in a call centre. A mechanical voice announced, "Your call will be recorded for training purposes." And: "You may state your questions after the beep." That is rather presumptuous, thought the client, and said only that she wished to speak with her advisor. Instead, she was connected with a young man, probably a trainee, who wasted few words before coming to the heart of his concerns, namely the identification of the client. "Your code number?" No idea, what is that? "Your date of birth, first name, maiden name?" Since she was not listed in the system as a client, he unfortunately could not transfer her call. Did he have a manager she could speak to, my relative tried to counter. He could not connect her to that gentleman either, since he was only responsible for clients. Since he could not find her in the system, she was not a client.

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Somehow the desperate client did manage to have her advisor call her back, and after a good Kafkaesque hour, things were settled satisfactorily. The two ladies were able to arrange a meeting. Wonder upon wonder. "But what if I'm delayed in traffic? How can I reach you?" "It's very unfortunate, but only through the switchboard – we are no longer permitted to give out our direct numbers, for reasons of consumer protection."

This is what our once proudly client-friendly commercial banks have become: semi-governmental bureaucratic monsters. Every peep from a client or advisor must be recorded, ostensibly to

improve business processes. Under cost pressure, the processes are rationalised in such a way that robo-advisors would actually be a blessing. The clients turn elsewhere and, provided it is reasonably efficient, only use e-banking tools, which is probably the whole point. The staff is continuously thinned and those remaining are desperately unhappy because they are denied what to them is the elixir of life: direct client contact. And all this in the name of consumer protection! The world has gone mad.

No wonder that the banks, namely in MiFid-blessed Europe, have become dysfunctional. When the mere question about an account barely squeaks past the bureaucracy monster, how will a loan application from an SMU fare? We all know that the figures for European banks are down; the ECB is forced to find unusual and perhaps dangerous ways to pump liquidity into the economy. But no one in my former profession mentions that there might, just might, be a connection between the appearance of zombie banks and over-regulation. Meanwhile, people are satisfied with banks that make their profits on supposedly low-risk government bonds financed by cheap central bank money. In de facto terms, we are not far from a system capitalised by the state; the former Eastern bloc would thus be creeping into the free West. A reverse take-over, so to speak.

Under such circumstances, the strategy of a bank such as ours is clear. We use stable technology platforms to outsource expensive back office functions and concentrate on client business, doing things quite differently from everyone else. Would you like to wager that you can make an appointment with us in just one minute? Or that we take time for a discussion, with no ticker in the background to measure advisor productivity? In this sense, it is easy to be a good banker nowadays.

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KH, 30.09.2020

