TRUST IN BANKING: EXPECTATIONS, ASPIRATIONS AND INNOVATION.

A one-day event to discuss how financial institutions can develop best practices to drive forward banking that is appropriate for the 21st century.
“The need to establish a relationship of trust between organisation and customer is not one that is unique to banking, but it is one that has been brought sharply into focus in recent years.

The financial services industry as a whole, and banking in particular, has had attention drawn to the way in which it delivers outcomes for both itself and customers. This has brought a greater understanding of the need to address the conduct, values and behaviours which underpin the manner in which financial services operate.

‘Trust’ is the space which has been invoked as the key issue, but one which is highly complex to overcome. As a catch-all answer it is easy to reach for, but as an actionable problem it is multifaceted – tactical and strategic, operational and cultural, formal and informal, internal and external.

The answer to these seeming dichotomies, and the route to establishing trust, lies not in looking to confront them in narrow functions or roles which follow established practices, but to instead look at the points of contact which cross boundaries, broadening the canvas we have to solve the problem. These areas of friction are reservoirs of potential risk but also the places where new perspectives and realisations are developed – and where the challenges which transcend job role and technical competence play out in the values, behaviours and practices which guide the way we conduct ourselves.

How we understand, manage and lead conduct within our firms has moved from being the question that has seemed too difficult to ask to one that is impossible not to answer. What we must ask ourselves is whether we can see the espoused values of the organisation manifest themselves in the way business is conducted every day, and how the leadership, culture and processes that we have in place constantly reinforce and reinvigorate positive behaviours.

While the conduct question has been asked of banking, the sector is not alone in having to address these issues. But where the sector stands alone is in the level of scrutiny which must be answered – for better or worse banks have become the lightning rod for all corporate ills. What now matters is how the question of conduct is answered and how the debate that has ensued since 2008 can be used as a platform for action within the industry to ensure positive outcomes for organisation, client and society.

We hope that the Trust in Banking Conference, and the work of the Centre for Compliance and Trust at Cambridge Judge Business School can be one part of the conversation which leads to a greater understanding of the ways in which the sector can be supported as a sustainable pillar of society, defining purpose, outcomes and underlying actionable values. We look forward to hearing your thoughts, comments and experience as we come together to define new ways of thinking about how banks can regain trust.”

Richard Hill
Executive Director of the Centre for Compliance and Trust
Cambridge Judge Business School
Making good use of innovations from the FinTech revolution is a great way for banks to restore customers' trust.

Smartphones, smart apps and smart entrepreneurs have the power to restore our trust in the banking industry – but only if the bankers are smart too. That’s the view of Cambridge Judge Business School professor Jaideep Prabhu, who says the financial technology (FinTech) revolution gives banks a great opportunity to regain the public trust.

“An app, for instance, makes banking engaging and fun and makes us feel we have more control over our money,” he says. “But the capacity for more innovative data collection, analysis and application also give banks the capacity to identify and meet individual customers’ needs.”

However, innovation cannot on its own restore the trust of a cynical public that still treats bankers with deep suspicion. And while the major financial institutions have even greater access to customer data than the FinTech companies, they are perceived as too monolithic to embrace and apply new systems quickly. But marry the innovation of the FinTech start-ups with the power and spread of the big banks and trust can be restored, says Professor Prabhu.

“Even prior to the financial crisis many people believed that banks really didn’t care about retail customers and were simply interested in making money at their expense,” he says, speaking ahead of Judge’s Cambridge Trust in Banking Conference. “That disillusionment led to disengagement, while at the same time a shift in the technology space meant start-ups were engaging people on their smartphones and digital devices.”

“Even though banks knew they had to find new ways to engage their customers and rebuild trust, they didn’t make the effort. It took them a long time to make the connection and realise just what a powerful relationship those customers had with their phones. Even being able to check your balance on a phone is more exciting than talking to a bank.”

But having found the connection, the banks still had a problem. “Banks want to set up these technologies themselves but their structures stymie this,” says Professor Prabhu. “R&D departments, planning, finance – all have rigid processes that must be followed, which takes their operations even further away from users. It’s very hard for a bank to innovate in-house. They find it very difficult to be relevant.”

Meanwhile, FinTech platforms have taken the banking industry by storm. From cardless payments, cash transfers to smartphone contacts, P2P lending, market intelligence – they were not only innovating but, crucially, creating products that the banks’ disaffected customers liked and were willing to trust.

“A great way back for the banks, then, was to actively engage with FinTech firms, identify FinTech startups to incubate and build their business models further. This is good for the banks, who can bring all that knowledge and data application in-house, and good for start-ups, who gain the experience and contacts of working within a big bank but retaining their independence.”
Barclays incubates such FinTech businesses for three months in its own accelerator programme before giving them an opportunity to pitch for a long-term partnership – and the innovators’ presence is positively changing its customers’ view of the bank, says Elisabetta Osta, who is Barclays’ Managing Director, Information, Insights and Innovation.

“The FinTechs’ involvement has made us change our innovation process,” she says. “A lot of our innovation was based in relationships with other huge organisations with lots of processes – we had to change the way we did this to work with smaller start-ups. The challenge is the co-existence of different generations of technology. We almost have to learn to speak different languages. It’s been a fantastic learning experience.”

So how do these partnerships actually make customers trust the bank again? “You lose engagement if you are not relevant, or not seen to be serving the customer,” says Osta. “The role of the banker was always an established one in communities – it was a figure you always wanted to talk to for advice, even if it was only once a year. We lost that position and now we need to reinvent that relationship using technology.” And it’s working, she says. “Since we launched our BMB (Barclays Mobile Banking) app we found it actually made our customers more responsible, because of its fast feedback. Learning immediately that they, for example, can’t afford something meant they didn’t buy it. It is actively helping them in real time – just as that community banker always did. We need to use that technology to play that role we always had. That increases trust in us.”

Banks, of course, retain a major advantage in the loyalty of their customers – but conversely, innovation in the industry may ultimately help consumers to trust them more. “Strangely, customers still put their money in banks they otherwise hate,” says Prabhu. “Very few people switch banks – either because of inertia or out of fear for the security of their money. By contrast, in the phone industry, where new technology is at the very heart of the customer experience, consumers switch all the time and know it’s always worth looking for that better deal. The phone companies always have to be innovating because they know the right product will lure someone away from their rivals. Failure of the customer to do the same with their bank makes the banks complacent.”

“Regulators are currently very concerned by the reluctance of the banks to lend to start-ups. As a result, they may look to open up the whole sector to alternative, innovative ways of banking and other types of firms, including those whose core business is something other than banking such as retail or telecommunications. Ultimately, if given enough choice, and enough motivation to move, customers will go to financial institutions that serve them best – and the ones they can trust. Banks need to embrace innovation to make sure it’s them.”

Professor Jaideep Prabhu and Elisabetta Osta will be participating in the panel discussion ‘How can innovation help restore trust in banking?’ at 13:15 in the Forum.

### Agenda at a glance

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10:00 Opening remarks
Richard Hill, Executive Director of the Centre for Compliance and Trust

Speaker biography
Richard Hill is the Executive Director of the Centre for Compliance and Trust, developing and delivering activities which lead to greater insight and understanding of the ways in which regulated industries can respond positively to the frameworks in which they must operate. Building partnerships with institutions within the financial services industry the Centre for Compliance and Trust works with firms to create the skills, knowledge and capacity to deliver conduct-driven outcomes across the lines of defence.

Richard has worked within the University of Cambridge since 2006, and since then has led a range of high profile programmes, projects and partnerships with public and private sector organisations. Prior to joining the University, Richard worked at the British Council developing and delivering activities globally to overcome cross-cultural and community barriers, with a particular focus on the Middle East and North Africa.

10:15 Opening keynote
John Griffith-Jones, Chairman, Financial Conduct Authority
Cambridge affiliation: MA Economics, Trinity Hall (1972)

Speaker biography
John became Chairman of the new Financial Conduct Authority in April 2013, and Chairman of its subsidiary, the Payments System Regulator, in April 2014.

He previously joined the FSA Board as a Non-Executive Director and Deputy Chairman on 1 September 2012. John worked at KPMG from 1975 to 2012. He spent 11 years in Audit and 15 years in Corporate Finance before becoming CEO of KPMG’s UK firm and subsequently Chairman and Senior Partner of the UK in 2006. In 2007 John became Joint Chairman of KPMG Europe.

Society and charity work
- Vice-Chairman, National Numeracy Trust, whose role is to promote numeracy across all parts of society
- Council Member, Heart of the City
- Former Chairman, Every Child a Chance Trust, a special purpose charity which in collaboration with the Government completed a major project on numeracy in primary schools

11:00 Presentation: Developing an ethical strategy for banks
Professor Alex Oliver, Faculty of Philosophy, University of Cambridge

Seven years after the last global financial crisis, banks and regulators have made progress in addressing its immediate causes. The intervening years have shown as well, however, that the ethical issues that banks face run deeper. As such formulating a corporate strategy that understands the role of social purpose is one of the most important challenges that banks will face in the coming years.

In this session, Professor Oliver will lay down the challenge of how to build and rebuild trust, trustworthiness and a true sense of purpose in the industry. Professor Oliver will not attempt to provide readymade solutions to the ethical problems that banks face. Rather, he will describe the key concepts for developing an ethical strategy which can inspire forward thinking in an industry ready to respond to the world around it.

Speaker biography
Alex Oliver is Professor of Philosophy at the University of Cambridge, and a Professorial Fellow of Gonville and Caius College. He read Philosophy at Clare College, then at Yale on a Mellon Fellowship, returning to Cambridge to write his PhD on the metaphysics of set theory. After a year of a Research Fellowship at Caius, he joined Cambridge's Faculty of Philosophy where he has remained since. He works mainly in metaphysics, logic and the philosophy of mathematics. He was awarded a Leverhulme Major Research Fellowship (2002-4) and the Mind Association's Senior Research Fellowship (2012-13) for work in logic. His book on Plural Logic, co-authored with Prof Timothy Smiley, was published in 2013. In 2014 the University of Cambridge awarded him the LittD degree.

Professor Oliver has a strong interest in philosophy and public affairs. He is a Fellow of Cambridge Judge Business School, where he has taught an MBA course on philosophical issues in business. He has undertaken consultancy work in the public and private sectors, and was recently Principal Investigator for a project – ‘Trust on the Internet’ – sponsored by Microsoft. With Prof Boudewijn de Bruin (Groningen), he is now running a large research project on trusting banks.
Panel discussion: ‘What can banks do to meet our expectations?’
Facilitated by: Professor Dame Sandra Dawson, KPMG Professor Emeritus of Management Studies, Cambridge Judge Business School

The issue of trust in banking has many faces. At a macro level the conversation is one of systemic risk, distrust and widely held distaste for the way industry actions have impacted the global economy – a severe and ongoing story about a failure of public trust.

But on a day-to-day level there is an expectation, even a certainty, that any given bank can be trusted to live up to the transactional expectations consumers have of them. There are many external forces which can be brought to bear on this challenge, such as regulatory reform, public activism or systemic change, but what is obvious is the need for banks and the industry in general to change trust attitudes through their own actions.

Professor Dame Sandra Dawson, KPMG Professor Emeritus of Management Studies at Cambridge Judge Business School will moderate a panel of experts exploring their views on the purpose of banking, how banks can fulfil consumer expectations and if trust is playing a part in shaping their organisational culture.

With panel:
Julia Dunn, Group Director, Chief Compliance Officer, Nationwide
Michael Roemer, Group Head of Compliance, Barclays Bank
Charles Roxburgh, Director General of Financial Services, HM Treasury

Speaker biographies

Dame Sandra is KPMG Professor Emeritus at Cambridge Judge Business School. She was Director of Judge Business School from 1995 to 2006, Master of Sidney Sussex College from 1999-2009 and one of the Deputy Vice Chancellors of the University 2008-2012. She writes and consults on organisational behaviour, leadership and innovation.

In 2004 Dame Sandra was invested as a Dame Commander of the British Empire as part of the UK national honours system in recognition of her contribution to higher education and management research. In 2006 she was inducted into the International Women’s Forum’s International Hall of Fame in recognition of her achievements in business education and leadership development including being an outstanding role model for women who aspire to lead in the commercial, educational and not-for-profit sectors.

Julia Dunn, Chief Compliance Officer (CCO), Nationwide
Julia joined Nationwide in September 2013 as a Group Director, from the Financial Conduct Authority (FCA), where she has spent 13 years in Supervision and Enforcement, latterly as Director of Retail Banking Supervision. Prior to this, Julia spent 12 years at PriceWaterhouseCoopers, in Financial Services Audit, Forensic Accounting and Litigation after having qualified as a chartered accountant.

Michael Roemer is the Group Head of Compliance at Barclays Bank.
He joined Barclays in January 2012 as the Head of Barclays Internal Audit. He has a BS degree in Accounting from St. John’s University and completed the Tuck Executive Program at the Tuck School of Dartmouth College in 1998. Michael joined Barclays from CIT Group where he was the Chief Auditor, reporting directly to the Board Audit Committee and having global responsibility for CIT Group’s internal audit function.

Michael has 27 years’ experience in internal audit, with 23 years of that time spent at JPMorgan Chase. Michael currently serves on the Advisory Board of the Make-A-Wish Foundation of Metro New York where he is Audit Committee Chair. He also serves on the Board of Directors of Ronald McDonald House of New York, Inc. where he is also Audit Committee Chair.
Panel discussion: ‘What can banks do to meet our expectations?’

Charles Roxburgh, Director General of Financial Services, HM Treasury
Cambridge affiliation: MA Classics, Trinity College (1978)

Charles Roxburgh is the Director General of Financial Services at Her Majesty’s Treasury. He took up this position in February 2013. In this role, he is responsible, at the Treasury, for all issues relating to financial services, financial regulation and financial stability. He is also a member of the Executive Management Board at the Treasury. Charles represents HM Treasury on the Bank of England’s Financial Policy Committee, and on the Financial Stability Board.

Prior to joining HM Treasury, Charles spent 26 years at McKinsey & Company. In his consulting work, he focused primarily on serving clients in the financial services sector. He was based in London for most of his career, but also spent seven years working in McKinsey’s New York Financial Institutions practice. His client work spanned retail banking, corporate and investment banking, insurance and asset management.

He held a number of leadership positions at McKinsey, including: co-head of the Global Strategy Practice; head of the UK Financial Institutions Group; and leader of the Global Corporate and Investment Banking Practice. In 2009, he became the London-based Director of the McKinsey Global Institute (MGI). At MGI, he led research into global capital markets, the impact of deleveraging on economic growth as well as a number of research projects into growth at the country and regional level. In 2011, he was elected to the global board of McKinsey & Company.

He holds an MBA from Harvard Business School.
When it comes to building trust, the British Army could hold some valuable lessons.

What do banks and the British Army have in common? Not much on the face of it, but as banks battle to restore trust, there may be one or two things they can learn from the men and women serving their country at home and abroad.

“Trust is the very DNA of the British Army and at the heart of everything it does,” says Tim McEwan, a former British Army Officer and leadership instructor at the Royal Military Academy Sandhurst. “And that trust operates from the very bottom rung not only to the top of the military, but to the wider nation beyond.”

It’s a lesson that banks could well take note of, but the first thing to understand is why trust is important. McEwan points out that a platoon of young soldiers, led by an equally young officer straight out of Sandhurst, is implicitly putting a lot of faith in the institution that trained them, on the basis that they are trusting their leader to be competent and do the right thing.

“Most of all, they are trusting that person to create a robust plan – so that when they get deployed on a dangerous operation in a hostile environment, they know that plan is sound. Those soldiers trust that their leaders have their best interests at heart, knowing that they have fought your corner, questioned, challenged, had conversations with their superiors on your behalf.”

But trust goes both ways. A commander trusts those soldiers to use their initiative and do their job to the best of their ability, says McEwan. “You have to trust that the soldiers will do the right thing – you can’t be everywhere, all the time,” he says. “And as that two-way relationship extends all the way up the chain of command the principles remain exactly the same – just with increased numbers and a more complex environment.”

Trust also extends outwards to other players – in the Army’s case, to NGOs, aid organisations and communicators such as CNN or the BBC. It goes further still to what is referred to as the ‘military covenant’ between the Army and the nation. As McEwan says: “The British people trust the Army to defend our shores and what we stand for. The quid pro quo is that the nation will look after the services’ men and women and their families, the notion being: ‘you are protecting us, so we will protect you.’ The Armed Forces need to trust that this covenant will be upheld.”

But how do you build that trust in the first place? Put simply, you behave in a way that demonstrates you are worthy of it. The Army does this by living and breathing its values.
“Everyone fails sometimes, and people must be given the chance to try again, to develop,” says McEwan. “But the one thing guaranteed to get you kicked out of training at the Royal Military Academy Sandhurst is to breach its values – if your integrity is brought into question or you’re in it for yourself rather than the team, you’re out. Trust in itself isn’t a value but it does build from people adhering to values. Anywhere I go in the world, even now, and meet someone in the British Army, a bond of trust immediately exists because I know they have a shared set of values.”

“Sandhurst’s motto is ‘serve to lead’ and engendering trust also means, as a commander, you put your soldiers’ every need ahead of your own. You empathise with their situation, you make sure they understand the context, and purpose, of what they are doing, and you give them the technical means and all the personal support they need to do it. The fact that officers always eat last – having ensured all their soldiers have enough food – is not just a nice tradition, it reinforces the very real belief that leaders put their people first. As Plato said: ‘He who is not a good servant will not be a good master’.”

McEwan, who now runs his own leadership consultancy and is a CJBS fellow working with the School’s Executive Education function, believes that trust needs to be rebuilt in financial services organisations and that the public should support them in their efforts to do so. And he points to the compliance function as a great place to start to rebuild that trust. “The compliance officer should be a trusted adviser, but has in the past been seen as a rule-based policeman who is always an afterthought.”

“But you can’t make that journey to trusted adviser overnight. Compliance in general has to create a culture that demonstrates not only competence, which should be expected, but also confidence – confidence to take on the role of a trusted advisor and all that it entails, so that people can see that compliance has the best interests of the organisation at heart and is prepared to work in different ways to prove it.”

“Once again it’s about doing the right thing,” he says. “There’s a world of difference between doing the right thing – using your judgment – and doing things right, which means following the rules.”

Whether in the Army, the banking industry, or in any organisation, trust doesn’t just happen. “You have to demonstrate that you are worthy of people’s trust through your actions. Trust builds from individuals into an organisational culture where trust is in its very DNA, as the British Army has. If our banks and financial institutions can build that culture and demonstrate their worthiness then we will get back to a place where the bank manager is once again a pillar of the community’s trust.”

General Sir Peter Wall GCB CBE, Director, Amicus and former Chief of the General Staff of the British Army will elaborate upon the theme of what banks can learn from the Army in the panel ‘The role of leadership in building trustworthiness’ at 14:15 in the Forum.
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Speaker biographies continued

**Helena Morrissey CBE**
CEO, Newton Investment Management, Chair, The Investment Association (IA) and Founder, 30% Club

Helena joined Newton in 1994 as a fixed income fund manager and was appointed CEO in 2001. Newton manages over £50bn for pension funds, charities and through funds available to individuals.

In June 2014 Helena was appointed Chair of The IA, the UK’s industry trade body whose members manage £5trn. Recently, Helena was appointed by the Chancellor to the UK’s Financial Services Trade and Investment Board.

In 2010, Helena founded the 30% Club, a cross-business initiative aimed at achieving 30% women on UK corporate boards.

Helena has been named one of Fortune Magazine’s World’s 50 Greatest Leaders. In 2013 and 2014 she was voted one of the 50 Most Influential People in Finance globally by Bloomberg Markets. She was appointed CBE in the 2012 New Year’s Honours list.

A Cambridge philosophy graduate, she began her career with Schroders in New York.

**Professor Christoph H. Loch,** Dean of Cambridge Judge Business School, Professor of Management Studies

Director of the INSEAD Israel Research Center (2008-2011) and Dean of the PhD Programme (Sep 2006-Aug 2009), INSEAD, Fontainebleau, France. Associate (client consulting team member), McKinsey & Company, San Francisco, USA, and Munich, Germany (Oct 1991-Dec 1993). Strategic Analyst (competitor and industry analyses), Siemens AG, Munich, Germany (Summers 1986-1989). Lecturer (evening MBA course on Management Science and undergraduate course in Operations Management), University of Tennessee, Knoxville, USA (Jan-Jul 1987). Non-executive Director of educational software start-up company Prendo (2000-present).


Prior to joining the Cambridge Judge Business School, Professor Loch was the GlaxoSmithKline Chaired Professor of Corporate Innovation (2006-2011), Professor of Technology and Operations Management (2001-2011) and Assistant and Associate Professor (1994-2001) at INSEAD, Fontainebleau, France. From 2009 to 2010 he was Visiting Professor of Operations Management at the Stockholm School of Economics in Sweden, and in 2002 and 2003 was Visiting Professor in the Information Dynamics Lab at Hewlett Packard Labs in Palo Alto, California.

**Elisabetta Osta,** Managing Director, Information Insights and Innovation, Barclays Bank

Elisabetta Osta is Managing Director for Data Value Creation and Insights in the Big Data Centre of Excellence at Barclays. Her role is to create value by leveraging data for customers and clients to help them grow their finances and their business. Elisabetta joined Barclays in 2008 and has held several roles across a number of different business units in the Bank, from Retail to Cards to Investment Bank, underpinned by a passion to serve clients and customers and leveraging innovation, digital, mobile and data to do so in a better way.

Prior to Barclays Elisabetta worked for McKinsey in Europe and The Gillette Group in Germany.
Panel discussion: ‘The role of leadership in building trustworthiness’
Facilitated by Peter Hiscocks, Chief Executive Officer, Cambridge Judge Business School Executive Education

Achieving trustworthiness is at the heart of the challenge the banking industry faces today. Drawing on perspectives from within the industry and beyond, this panel will explore the importance of good leadership in building trust throughout organisations not just in terms of implementing a moral code, but building confidence and establishing an environment of mutual interest and shared values. Focusing on real solutions this session will showcase methods, values and behaviours which can be brought into the industry to challenge longstanding practices and attitudes which have caused detriment to both firms and customers.

With panel:
Professor David De Cremer, KPMG Professor of Management Studies
Cambridge Judge Business School
Iman El-Marashly, Doctoral Researcher in Financial Stability and Islamic Finance, University of Cambridge
General Sir Peter Wall GCB CBE, Director, Amicus and former Chief of the General Staff of the British Army

Speaker biographies

Peter Hiscocks, Senior Teaching Faculty in Entrepreneurship & Innovation Management, Chief Executive Officer, Cambridge Judge Business School Executive Education, MBA (Imperial College London), DIC

Research interests
Innovation management; entrepreneurship; investment financing of new business ventures.

Professional experience
Peter Hiscocks has spent a number of years in the private sector working in product development in large companies before starting his own businesses. Peter has founded eight new ventures of which three have been sold, one has closed and he is Chairman or Director of the others. These businesses include Integral Inc – a $50 million consulting company; Ecurie25 – a supercar club; and Pod Point – an EV recharging business. He is the Chairman of a £20 million seed-fund that helps fund new business start-ups and is on the advisory board of a large venture capital company. He is also an active business angel.

Peter teaches innovation management and entrepreneurship on the MBA and many senior executive client programmes at Cambridge Judge Business School. He also teaches entrepreneurship and business finance for other departments within the University of Cambridge, including Engineering, Biochemistry, Biotechnology and Physics. He is actively involved in supporting the School’s Executive Education programmes.

Professor David De Cremer is the KPMG chair of management studies at Cambridge Judge Business School, University of Cambridge, and a fellow at the Ruihua Innovative Management Research Institute (a think tank on Chinese companies), at Zhejiang University (China). He is the founder of the Erasmus Center of Behavioral Business Ethics at Rotterdam School of Management and in 2009-2010 he was named the most influential economist in the Netherlands. His specific expertise lies in the fields of leadership effectiveness, trust as a business asset, China business, and ethics and compliance in the corporate and financial world. He has considerable experience in executive teaching and corporate consultancy to companies like Novartis, AB Inbev, IBM, Barclays, Rabobank, ING, Cisco, Bayer and Huawei.


Previous appointments
At the University of Cambridge Peter was Director of Cambridge Enterprise (the commercialisation arm of the University of Cambridge), and prior to that was the first Director of the Cambridge Entrepreneurship Centre. Peter was Visiting Professor of Entrepreneurship at the University of Auckland from 2001 until 2006; he is a Visiting Fellow at IST, University of Lisbon, and also a Visiting Lecturer in Entrepreneurship at Technical University, Delft.

Peter has advised several European governments and has chaired European Commission committees on matters of innovation strategy; commercialising university intellectual property; and improving the effective transfer of research programmes into commercial innovations.
Panel discussion: 'The role of leadership in building trustworthiness'

Speaker biographies continued

Iman El-Marashly, Doctoral Researcher in Financial Stability and Islamic Finance, University of Cambridge, Master in Finance (MFin) at the Judge Business School, University of Cambridge (2009/10)

Iman’s PhD thesis discusses whether structural changes (rather than solely regulatory measures) are necessary to avoid another devastating financial crises like that of 2007/8. It aims to present a structurally different financial system, based on risk-return sharing structures that are deduced from the Islamic Economic theory, as an alternate to the current debt-based financial system. And would aim at analysing whether such a system can offer solutions to some of the current financial system anomalies.

Iman’s last professional position was Deputy Corporate Banking Director at Barclays Bank Egypt. She led a team of 54 employees in successfully achieving the Corporate Banking targets in all fronts; Income targets, utilization, control measures and acquisition of new corporate customers.

She successfully led an initiative that reduced the turnaround time and simplified the process of providing corporate loans and services in coordination with the bank’s supporting functions (control, risk, legal, securities and trade).

She designed a weighted-average score-card model for the consistent assessment of the corporate relationship managers, which was diffused throughout Barclays Africa as a common assessment tool.

She is deeply involved in social responsible activities and was nominated for the Barclays Chairman’s award.

Currently, along with her PhD studies, she is the course coordinator of Corporate Finance for the EMBA in Cambridge University, and the teacher assistant in Accounting for the MPhil in Management.

General Sir Peter Wall GCB CBE has recently completed his 40 year career in the Army, commissioned into the Royal Engineers in 1974, and finishing as its Chief from 2010 to 2014.

He has served all over the world, including operational command tours in Rhodesia, the Balkans, Iraq and Afghanistan. He has extensive experience of Whitehall, and at the top of Government.

Following the 2010 Defence Review he led the Army through its most significant restructuring for a generation to reduce costs and optimise operational effectiveness.

He is now Director of Amicus, a strategic leadership consultancy, specialising in imparting his military command experience to the corporate world, with emphasis on strategic planning and execution, development of senior leaders, reputation, and building resilience and trust.

He has played his fair share of sport and follows it avidly.
Closing keynote with Paul Pester, Chief Executive Officer, TSB Bank plc on “Can bankers be trusted?”

Speaker biography

Paul Pester, Chief Executive Officer, TSB Bank plc

Paul was appointed as an Executive Director of TSB Bank on 31 January 2014. Having joined Lloyds Banking Group (LBG) in 2010 he was appointed Chief Executive Officer of the Verde programme in 2011 through which he led the development and establishment of the new TSB Bank within LBG. In 2013, Paul was appointed Chief Executive Officer of TSB Bank plc and led the launch of the bank, its separation from LBG and its listing on the London Stock Exchange. More recently, in June 2015, TSB was acquired by Sabadell Group and Paul became a member of the Group’s Global Management Committee.

Previously, Paul spent six years as the Group Chief Executive Officer at Virgin Money and two years working at Santander UK where he led the acquisition of Bradford & Bingley and the subsequent integration of Abbey, Alliance & Leicester and Bradford & Bingley to create a single UK business. His early career was spent in management consultancy, principally at McKinsey & Company.

Why banks must put social purpose at the heart of their strategy

Banks that fail to adopt fully an ethical agenda will be vulnerable to long-term decline. That is the stark warning from researchers Jens van ’t Klooster and Marco Meyer, whose new study argues that the banking sector needs to embrace an ethical strategy to retain the support of society.

“There is a disconnect between what society thinks the role of banking should be and what bankers actually spend their time doing,” says Meyer, a doctoral researcher at the Philosophy Department at the University of Cambridge. His colleague and fellow researcher van’t Klooster agrees: “We feel that an important part of what is going wrong in banking is a failure to consider the social value of financial products.”

Meyer and van’t Klooster argue that addressing the ethical challenges banks face requires a change of strategy to both reflect the way banks do business and which puts a social purpose at their core. “We have been looking at what would allow industry professionals to connect their day-to-day activities to the public debate about banking,” says van’t Klooster.

In their report, Ethical Banking, published by Cambridge Judge Business School, they identify trust, organisational culture and social purpose as the key concepts that banks must use in reflecting on an ethical strategy, arguing that banks must strive to be worthy of trust rather than treating trust as a marketing tool. Banks should ask themselves what they want to be trusted to do, in what way, and by whom.

Ethical banking

In the wake of the global financial crisis and a series of scandals such as the rigging of foreign exchange markets and the manipulation of the LIBOR, banks have so far not sufficiently responded – if at all – to the public outrage over their behaviour, say Meyer and van’t Klooster. But, they argue, if banks are to weather high levels of distrust among customers, citizens and regulators, they must integrate ethical goals into their corporate strategy, or in other words, ‘address ethical problems in ethical terms’.

Getting the organisational culture right is important as it means employees share the practices, hierarchies, rules and incentives that help develop the right methods to deal with organisational problems. For all this, it is essential that banks identify their social purpose – what makes their existence desirable from the perspective of society. An account of social purpose must be built on a product-by-product basis and adapted towards the different needs of its stakeholders – whether customers, citizens or regulators.

“We were hoping to find ways for bankers to address what goes on in these big societal debates in their design of products and contact with customers,” says van’t Klooster.
The return of ethical banking

“The report gives banks an idea of how to make banking more ethical. Being ethical is not about doing charity on the side, but in the first place about selling products that make sense and actually benefit customers and society.”

Social purpose
One positive example highlighted in the paper involves Royal Bank of Scotland and NatWest. In 2014 the banking giants ended their credit card teaser rates – initial zero or low rates that rise dramatically after a certain period – saying they wanted to ‘earn back our customers’ trust.’ “It is clearly possible to do this,” says van’t Klooster. “The strategy depends on finding a social purpose and thinking about the social benefit of the product rather than just looking for profit.”

Meyer warns that banks need to take these lessons on board as they are under pressure from tougher regulation and greater hostility from consumers and citizens in the wake of the crisis and the scandals. “If you don’t learn these lessons then you probably won’t be around for much longer,” he says. “The upshot will be that not only will the banks lose out but so will everyone else, because banks have a positive role to play.”

Your copy of the Ethical Banking white paper can be found in your delegate pack at The Cambridge Trust in Banking Conference at the London Stock Exchange on 20 October 2015.
Cambridge Judge Business School Executive Education

The team at Cambridge Judge Business School

Peter Hiscocks
Chief Executive Officer

Javier Marcos
Head of Custom Programmes

The Centre for Compliance and Trust

Richard Hill
Executive Director

External Affairs and Corporate Relations

Nathalie Walker
Director of External Affairs at Cambridge Judge Business School

Matthew Walkley
Corporate Relations Manager

Conference Management

Rabia Dada-Oughton
Programme Manager

Kate Johnston
Programme Manager

Marketing and Press

Charles Goldsmith
Head of Media Relations

Tim Landucci
Marketing Director

Christine Kinally
Head of Marketing

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The Centre for Compliance and Trust (CCT)

The Centre for Compliance and Trust is an independent platform within University of Cambridge Judge Business School established to work with the financial services sector to develop best practice and drive forward banking that is appropriate for the 21st century.

The guiding principles and purpose of the CCT:

- **Learning**: create capacity development and learning programmes to support financial institutions to deliver effective compliance
- **Research**: develop a research programme to create knowledge which enhances understanding of challenges faced and ways of overcoming them in the financial sector
- **Outreach**: act as a platform for engagement, conversations and knowledge dissemination across all relevant stakeholders

Supported by a leading international business school

Cambridge Judge Business School brings forward the latest thinking from academia and professional practice, offering a unique perspective into the challenges faced in industry. The Centre for Compliance and Trust recognises that the nature of the market challenge is organisational, rather than technical.

Bringing together world-class academics and practitioners we will work alongside businesses to develop an understanding of how financial institutions can deliver the response that is needed to build trust and confidence in sector practices.

Sitting within the Executive Education function of Cambridge Judge, one of the key goals of The Centre for Compliance and Trust is to lead the effective development of skills and behaviours of those who lead and drive practices which impact on these critical areas.

www.jbs.cam.ac.uk/cct