

# Leadership in the banking and finance markets

## What makes a great leader?

By Dr Anton Franckeiss, Managing Director, ASK Europe plc

In highly-regulated industries, leaders will require higher levels of industry-specific skills and knowledge than might be expected in more 'generalist' sectors – internal and external credibility as well as functional effectiveness. But skill and knowledge alone are not sufficient for leadership – they are only elements in the leader's toolkit.

While banking and finance are – to an extent that has become a matter of serious public debate – regulative industries, they are also highly competitive and increasingly globalised industries. The great banking and finance leader of today needs an informed and regularly updated grasp of national and international marketplaces and regulatory frameworks so that they can support and guide their organisation in developing and delivering the innovation in products and service delivery that will enable its competitiveness to be retained.

In the context of these industries, great leaders need to be conscious of avoiding two pitfalls of leadership style and the organisational culture that it can engender: on one hand, an over-emphatic adherence to risk management that can become overly rigid and stifling and, on the other, an autocratic approach that can have two negative consequences – a remoteness of leadership from the organisation that depresses employee engagement and a distancing from the counsel of operational managers that can blindside the leader to both business and regulatory risk.

### Working in a regulatory industry, how does this affect management and performance?

It is probably a cliché to note that living and working within any regulatory environment is ultimately a question of interpretation, although in terms of management and performance, the interpretation perhaps applies more to the spirit of the law than the letter (in which case, compliance is rather more cut and dried).

The requirement for compliance in regulated industries highlights a further leadership requirement – the ability to

inspire others. Compliance is not commitment – at least, not beyond a literal commitment to comply: it is closer in spirit to obedience. Observing the rules and regulations – and making sure others do likewise – has to be done, but it is only part of the story. Managing people as people and handling them with skill and intelligence is what generates commitment, and without commitment there can be little hope for innovation. After all, why should people bother to improve something that means little to them?

Leadership in this type or organisational context requires not just an encyclopaedic knowledge of the body of regulatory documentation but also the skilful handling of an organisation-wide network of working relationships. Without this, the leader's input and guidance may be appreciated, but their presence may not. For those whose engagement and commitment are central not just to current performance but also to maintaining a talent pool for succession planning, it is not enough simply that the letter of the law is followed meticulously. The spirit of the law must also be observed, along with the spirit of an organisational culture.

### Creating tomorrow's leaders from today's graduates

Developing future generations of leaders from today's graduates – regardless of their discipline – requires a broad curriculum. A firm grounding in the skills and knowledge directly relevant to the sector itself is no less a pre-requisite for its leaders than for its operational managers and staff: it is not only operational efficiency



Dr Anton Franckeiss

and effectiveness that depend on this foundation, but also internal (and increasingly, external) credibility and respect. A broader commercial and business awareness and skill must also be developed – banking and finance may have distinctive characteristics, but they remain businesses nonetheless.

As service industries, the development of an understanding of what comprises high-quality customer service and relationship management is also critical, along with a broader cultural sensitivity and awareness that equips the future leader to operate in a range of cultural as well as geographic contexts. The increasing dependency of banking and finance on IT and online delivery behoves the next generation of its leaders to develop more than a superficial acquaintance with the capabilities – and risks and potential consequences – of services whose delivery and operation is likely to become ever more dependent on technological platforms: the rise of mobile platforms is particularly important at present, but maintaining an awareness of social and technological change will remain vital. As other major organisations – at present, most visibly the supermarkets and telecoms sector – increasingly offer elements of the traditional service offering, leaders who can identify and build on services and elements of customer relationship where the financial sector can retain a distinctive and attractive advantage will benefit – and benefit their organisations.

But above all, the ability to build and maintain relationships - and to engage and inspire a workforce - will be critical: an engaged and committed workforce can deliver the engaged, trusting and committed customers that the sector will need not just to retain through inevitable changes ahead, but also to acquire and keep.

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