

The UK Big4 Bank Brands: Tomorrow's Own Label?

God might help them! That's the bold claim from the Church of England when considering how main UK bank brands are going to redeem themselves from the myriad of recent banking scandals.

The Church's Mission and Public Affairs Council recently stated that for the banks to achieve any restoration of trust within the general public, it was not just a matter of technical 'fixes', but may require public, corporate, contrition for past failings, demonstrably robust structures to ensure that old mistakes are not repeated, and possibly some symbolic steps to assure the public that the corporate culture has changed.

Of course they failed to say what these symbolic steps would be.



But with so many banking scandals virtually all adults in the UK have been impinged in some way or other. It is hard to imagine that anyone will forgive readily, with or without God's intervention. The depth and scale has been so severe that even Bob Diamond's ritual sacrifice at Stonehenge will have no effect, and indeed many now argue that they actually have no divine right to even exist any longer, such is the bad feelings towards them.

Robert Peston, respected BBC Business Editor even commented that the breaking up of the four bank monopoly was possibly in the country's best interest, as historically they had too much share of the nation's invested finances

The *Doomsday* scenario for the banks is stark. Without a rebranding exercise of sufficient weight and depth being implemented, the four major UK clearing banks of today could easily become tomorrow's *own label*. With hints towards David Ricardo's 1817 economic theories, these four banks could lose their comparative advantage to the supermarkets whose brands are much more trusted, much more consumer-facing, and whose opening hours and locations with free parking, suit the modern account holder more closely.



Barclays, HSBC, Lloyds-TSB and RBS/Natwest could become hollowed out companies by stealth and default, eventually having little or no retail arm, merely becoming processing plants for the new major banks just as the Bank of Ireland has been behind the UK Post Office Bank for many years.

One might imagine therefore, that Marks and Spencer's announcement on 26.09.2012 that they are creating 28 more bank branches should instil some sense of urgency. Because with both Tesco and Sainsbury already having full blown banks, the Co-Operative already riding the high morals wave, and Virgin Money now pitching for the 316 branch RBS portfolio

aborted sale to Santander, the public are far more likely to go to these latter, more trusted brands, than to Barclays or Natwest.

So with the sector clearly in a major state of flux, what marketing strategies and structural changes are available to the major clearing banks to restore their shredded brands? Remembering, of course, what the key components of a professional services brand are

- A strong brand should make the decision making process easier
- That brand should have a strong reputation for being seriously trustworthy, above reproach and an outwardly transparent ethical culture
- Approachable, affable and knowledgeable staff
- Leading edge processes
- Visible stability

BE QUICK TO INNOVATE SOLUTIONS

Tylenol, The Gold Standard

When Johnson and Johnson discovered Tylenol, their best-selling analgesic painkiller, had been tampered with in Chicago during early October 1982, J&J came out immediately with a clear and coherent response.

In addition to issuing a product recall, J&J established relations with the Chicago Police Department, the FBI, and the Food and Drug Administration. This way it could have a part in searching for the person who laced the capsules and they could help prevent further tamperings.

While at the time of the scare the company's market share collapsed from thirty-five per cent to eight per cent, it rebounded in less than a year, a move credited to the company's prompt and aggressive reaction. In November, it reintroduced capsules but in a new, triple-sealed package, coupled with heavy price promotions and within several years, Tylenol had become the best-selling OTC analgesic in the USA

So the analogy for the banks is clear. Don't try and deny anything, admit guilt and start to rebuild bridges with customers very quickly, even though positive results will probably take several years to come through.

Crisis can be an opportunity

If the company is getting headlines for bad things, then when good things are being done, like community projects, there is a heightened media awareness. This awareness can translate to media coverage for projects that ordinarily would not be noticed or stay under the journalistic radar.

REMAKE THE CORPORATE SYSTEM FIT FOR PURPOSE

No more scandals

The UK Public's tolerance is now zero and public hangings will surely follow any more revelations of wrongdoings.

Remove cash bonuses

Cash bonuses and sales commissions from the staff employment contract. Investment bankers were tempted into creating potentially hugely ruinous contracts by the thought of a massive short term annual cash bonus. Patently there still needs to be some form of reward for enterprising and productive staff, so why not consider share options and other longer term incentives

Unhitch retail from investment banking

There is near universal agreement that investment banking should be unhitched from retail banking. It will stop bankers taking un-necessary risks with the public's money and ameliorate the media's appetite for reporting the greedy behaviour of investment types.

Restore Integrity in a Known Quantity

Less than twenty years ago, your branch manager was known in the community, a person of honour who would sign your passport application with pleasure and authority. He or she stood for high moral integrity and they were almost above reproach. Nowadays, you would be pushed to find a manager in a branch and very rarely know their name.

Denounce Corporate Greed

The Gordon Gekko days are dead – greed isn't remotely good. Banks need outstanding leaders who will espouse good virtues and come down hard on those not seeking to create a new positive consumer-centric culture.

SHOW OVERT CONTRITION

City penalties to help those in need

George Osborne announced on Tuesday 9th October 2012 that the £35m in fines meted out by the FSA on City wrongdoers such as Barclays, should go to war wounded. Others, such as the elderly should be considered too.

Investigate all suspicions

Just like the IPCC are going to investigate up to 200 policemen from Chief Constables downwards for their alleged parts in the cover up of the Hillsborough scandal, then the banks must do the same. Anyone suspected of rogue actions must be investigated, and if appropriate, prosecuted.

Make examples out of wrongdoers

Those convicted of *having their hands in the till* should be given long jail sentences. They should be made examples of to ensure that the general public now know that the banks are truly on their side.

PUT THE CUSTOMER FIRST

Improve Customer Satisfaction

The clearing banks came out bottom of the pile in a recent Which? survey of banking customer satisfaction and patently can learn a lot from their smaller, but more customer-centric rivals. Sadly, the major banks have always put profit first in the past and that now has to change forever.



More managers and decision makers in branches

The customer must be made to feel 'king' again. Many banks have put split shifts into operation, which means that many senior staff are not around when you need them. This practice is strange seeing as banking hours are still only 9am - 5pm. If they exchange 37.5 hour contracts for 40 hour ones, then presumably there won't be any problems?

Relationships of trust

Andreas Whittam Smith, ex-city editor of The Guardian and The Daily Telegraph newspapers, wrote in September this year of the need for a relationship of trust. He is absolutely right - customers don't want to be seen as a sales target, they want a relationship available to them. Even if senior managers were to become more freely available, would you trust them? Probably not.

Livechat

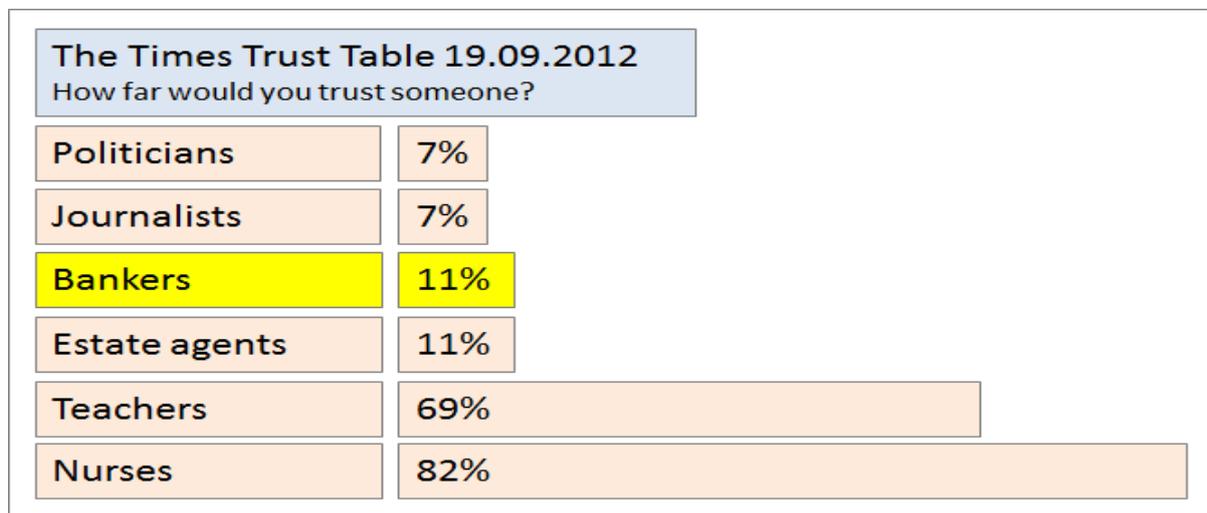
Internet banking is highly popular with all age groups today, customers who are used to the concept of 'Livechat'. This is an internet based system whereby there is a real person at the end of the wire, probably managing 5 or 6 real-time conversations at once. The banks could implement something similar, managers taking it in turn to operate their system? The concept that you should always have to *present* yourself in front of a live person in order to get matters resolved is surely dead?

Clarity of products

When you buy from the value range of a supermarket you generally know exactly what to expect – basic commodity like rice, cheap and cheerful packaging. Many bank accounts are a bit opaque; unclear and lacking in definition – if I pay bank charges, what do I actually get for my money? This is seriously unhelpful. If things were more obvious - a known expectation of service level and costs – this would cut down the angst.

COMMUNITY, COMMUNITY, COMMUNITY

After behaving so badly towards the public, banks need to be transparently seen to be doing good things within our communities, and in the bigger picture, nationally. To restore trust and show that the customer does truly come first, they need to start talking new mantras such as - we care about your community, we care about your finances. And they need to refocus their marketing budgets on things that really matter.



Use marketing money more wisely

Banks need to redirect marketing money to the community, not Formula One or football. Lewis Hamilton gets £10m a year for 20 two hour races. That's £250,000 per hour - what madness! And the banks have habitually fuelled this nonsense; Santander is currently spending many millions; RBS and HSBC have done so in the recent past.

Barclays are paying £40m per year sponsorship of the Premiership Football League from 2013 to 2016. Footballers at the highest level are obscenely overpaid, and banks should not be encouraging this.

Accept less profit

What is this short-termist, Anglo-Saxon notion of ever increasing profits all about. It is plainly ridiculous to think that irrespective of whatever economic cycle we are in, that profits should go up and up.

Legal liabilities from the Deepwater Horizon explosions of 2010 have caused BP to sell its US Texas City refinery for \$2.5bn this week. These monies will help BP reach its requirement of distributing \$38bn in compensation payments by the end of 2013. Its yearly need for profits have become secondary to the survival of the BP brand.

So why can't the four clearing banks, who have all behaved appallingly over so many years, do something similar to BP? Let them make just one pound of profit for the next five years say. Based on previous figures ranging between £2bn – £8bn that could provide around £20bn each year for community projects.

Not just playgrounds

Although children are important, the bank community funding should be more than just playgrounds. This huge £20bn potential pot should go towards several *statement* projects such as

The creation of more National Forest; more Lake District acres for the National Trust; more study centres for wildlife centres; more funding for AgeUK. The list of *statement* projects is limitless.

Pro-risk entrepreneurship funds

Banks should give money to a pro-risk enterprise fund. Funding start-ups can be risky and banks are generally not at all interested in newly founded businesses. Let us use £1bn of the profit now agreed that will not be kept to match fund Government funds of £1bn to create a truly entrepreneurial pot of pro-risk money.

That's not to say that any money is made available for some madcap scheme that has no structure or business plan. No, it's for companies with high potential but with high risk too. The fund should accept more failures than usual, but the upside is that no more hovercraft manufacturing is lost to someone else with more money.

In summary, the wrongdoing banks have to

- React quickly and innovatively
- Not deny any blame; investigate and prosecute offenders
- Create a corporate culture that puts customers first, profits second, and has overtly transparent ethical standards
- Improve customer service multi-fold
- Improve the clarity of products
- Restore trust and make real people available for relationships just like the old bank manager of 20 years ago
- Bring in Livechat for Internet banking customers
- For several years accept a token profit only
- Spend billions in the community and on national *statement* projects
- In essence, be highly visible in doing things right

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