

# Chartered Banker

Leading financial professionalism

A year ago you transferred to become manager responsible for corporate banking relationships at a branch with a history of under-performance. Since then you have pushed hard with several initiatives but, with a weak local economy, progress has been slow. Other banks present tough competition for any attractive opportunities that do arise. Fortunately, despite pessimism as to rationalisation and closure prevalent at work, you (and your family) have settled well into the local community.

Then, two months ago, you got your longed-for break. The FD of 'Fictional Construction (1850) Plc' ["Fictional"] contacted you about submitting a non-competitive tender for all the group's banking services. Fictional is a major local enterprise, now in its third generation of family ownership. It has proved shrewd in developing landbanks for traditional building projects and dynamic in pioneering new techniques. These include the design and pre-fabrication, at its local factory, of specialist modules that are used not just throughout the UK but, increasingly, are being exported. Particularly successful has been its range of robust, fully fitted laboratory and computer suites that are ideal for use in extended field studies.

As a prospective banking client Fictional seems ideal, with a sound record for prudent management and profitability together with substantial asset backing. Increasingly too it needs an interesting mix of foreign exchange and more sophisticated banking requirements. The business plan for progressive expansion of its prefabricated modules forecasts sustained growth and good margins. Funding would be from your bank and several grant-awarding bodies, adept at securing useful wider publicity.

This will be Fictional's first change of bankers for decades but you have not been told of the rupture's precise cause. It seems to have stemmed from a careless breach of confidentiality that had infuriated Hamish, Fictional's CEO, controlling shareholder and family patriarch. Known throughout the business as 'the Boss', Hamish enjoys the reputation of 'forceful' as chair of various community and industry bodies.

'Stubborn' might be another term, so that while he seems firmly resolved change banks, he has been equally determined in negotiating tougher terms for the prospective transfer. However, as Fictional's FD has encouragingly pointed out, Hamish's willingness personally to invest time and energy in discussions, means he takes you seriously and wants a stable, long-term banking relationship. Nobody needs tell you that being known to be one of Hamish's chosen business partners will significantly enhance the respect in which you, and your bank branch, will be held.

So, with advice from your line manager, you have overcome all major difficulties, except one. This could be the 'deal-breaker' but you retain a fair scope for flexibility while still able to exceed your branch's, and your own, Key Performance Indicators.

This afternoon the FD called at your office to drop off documentation ahead of tomorrow's meeting when the final terms should be hammered out. As you got her coat, you saw her take from her briefcase an odd instrument that looks like a mirror with an extendable pole. Curious, you enquire what it is. She explains briefly that it is to check under her car for explosives. Noting your puzzlement, she explained that some years ago there had been threats of arson against Fictional because some purchasers of its modular laboratory units conduct experiments using animals on behalf of bioscience companies. These threats had extended to the possibility of violence against directors and their families necessitating personal security measures.

All had been quiet for some years and the security measures had been discontinued. Then, last weekend, there had been a break-in at Fictional's solicitors. Not only had significant documents regarding its business affairs and plans had been stolen, the burglars had left, mysteriously but deliberately, a message that senior staff not just at Fictional but at any of its business suppliers could also expect to be targeted for 'revenge'. The police had therefore advised renewed vigilance however inconvenient or unlikely the circumstances seem for an attack.

You asked if Financial would now discontinue its modules business and revert to traditional building. She responded, with a nervous laugh, that Hamish's reaction had been unequivocal. Nobody would ever intimidate him from conducting legally permitted business, especially when he believed that customers were creating more benefits than harm. Indeed, he had proposed making an immediate public statement about the group's plans to double investment for production of the controversial units. While Hamish had been temporarily dissuaded by advice that customers would much prefer that the subject received a low profile, he seemed determined to make some form of announcement once investment arrangements are confirmed.

Returning to your office, you mentioned this new situation to your line manager. He was dismissive of the issue, pointing to the remoteness of the link with bioscience companies and emphasising the commercial and reputational benefits to the branch in becoming exclusive banking provider for Fictional. Assuming success, he added that he, personally, is pleased because when he retires shortly it will be on an 'up-beat' note with the branch's medium-term future secure. He mentioned the prestige and financial bonus benefits you should receive. He hinted at expecting your promotion to his own post. Tomorrow should be a big day for your career.

Returning to your home, the immediate news is of how a neighbour, who works for Fictional's solicitors, has had to start checking under the family car before each use and taking other precautions. This has both excited but perturbed the children living nearby. This conversation ends with a close family member saying, *"I hope that we never, ever, ever need to live with anything like that"*.

After supper you flick through office e-mails. One is from your opposite number at Fictional's current bank who has forwarded police advice on recommended steps for personal security by senior staff at Fictional's main suppliers. Apparently, the warnings of future attacks showed significant local knowledge; were of a macabre nature and implied reprisals over the longer term if any of the prospective perpetrators were prosecuted. The seriousness of the risks is uncertain but detailed and overt personal precautions will need to be exercised for a protracted period.

You get out the draft banking agreement and think again about the critical outstanding issue. If you insist on your position, concede nothing to Hamish and ignore the scope you have for flexibility, it could indeed still be the 'deal-breaker'.

### **What do you now do?**

*This case study was originally written by David Molyneaux for the Institute's Hutton Prize for Professional Ethics.*