



The Heart of the Matter

Over the past five years, the banking world has changed dramatically. While pundits and others speak of the need for risk management, other voices are increasingly demanding more financial conscience in the banking business.

Sita Mazumder and Gabrielle Wanzenried

Traditional and well known financial institutions are falling apart or even ceasing to exist, and a whole industry of investment bankers is waking up to find itself in a brand new situation – no longer whooped up, but instead looking for jobs and on the wrong end of pointed fingers. The world is struggling to prevent the worst and trying to keep the financial system up and running.

And governments are willing to pay yet another extraordinary price to solve this financial crisis. How this crisis is going to end and what the future will look like remain two unanswered questions. Any attempts to find a solution produce a broad range of scenarios and opinions. Clearly, a different set of values is needed in the banking business of the future to ensure that we do not end up in the same situation again 30 years from now.

Incalculable values

How did we end up in this situation in the first place? Looking back, the ticking bomb must have seemed evident: the various growth strategies, based on short-term approaches, combined with the current incentive schemes and compensation models in the banking sector, are equivalent to a pact with the devil. For a while, the deal was working out, generating tremendous profits. The success

then triggered an even higher appetite for risk. But suddenly, the pay-out failed and what was a short-term hype rapidly turned into a disaster with extreme losses in the long run. It turned our markets on their heads and started raising many questions, notably: "Where was the financial conscience in all this?"

We must ask ourselves: What is a financial conscience? Oddly, there is no clear-cut definition of this expression, which leaves room for a vast range of personal interpretations. Keywords like values, ethics, sustainability, risk management, security, responsibility and trust are usually associated with financial conscience. In order to find out more about this topic, the Institute of Financial Services Zug (IFZ), part of the Lucerne University of Applied Sciences and Arts, organized the "3rd Women's Finance Conference, with special topic financial conscience" to take

place on November 4, 2008, at the Hotel Park Hyatt in Zurich. During this one-day conference, a broad range of speakers will discuss the various aspects of financial conscience, what it means and how it can be implemented, particularly in view of today's changing world. As usual the Women's Finance Award 2008 will honor an outstanding woman who has significantly contributed to financial conscience in Switzerland.

In the future, different values must prevail, and along with them will come different compensation and incentive models as well as human assets, which are needed to prevent the eradication of another CHF 1,000 billion. The key to sustainable success not only in banking, but in any other business as well, will be to live with awareness and a sense of social responsibility and acting accordingly.

3rd Women's Finance Conference

Topic: Wanted: Financial conscience

The conference offers a broad range of presentations and insights by well known speakers from the private sector, academic institutions and the administration. Moreover, it is a day-long networking opportunity. The highlight to close the conference will be the awarding of the Women's Finance Award 2008, followed by a cocktail.

Date and time

November 4, 2008, 9 am–6 pm

Location

Hotel Park Hyatt Zurich, Ballroom

Fee: CHF 350 including all meals and handouts

More information and program:

www.womensfinance.ch

Registration: with email to info@womensfinance.ch or via www.womensfinance.ch

Men and women are welcome.

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Hands-on Sustainability

The challenge of implementing a “financial conscience” is being met with varying degrees of intensity by Switzerland’s banks. Learning by doing is of course a great part of the process, thus every project becomes a kind of case study. Bank Coop was one bank that started early on. Anja R. Peter, responsible for the eva program at Bank Coop, describes some of the strategies devised. *(Interview: Marton Radkai)*

bg: The project, if we might call it that, is headed “fairbanking.” What does that really mean for the bank, or is it a nice slogan?

Anja R. Peter: Finding the right headline is necessary to any successful operation. Since 2007, Bank Coop has used “fair banking” as a tagline to express its values in a concise manner. It means fair play and a respectful partnership with our customers and employees. It is a leitmotiv we would like to foster in all layers, because we are convinced that values associated with “fair banking” are the basic values needed for any kind of partnership based on trust.

So what does fair play mean for a bank besides taking good care of the customer’s assets?

Well, for one, we do our best to take the customer seriously. We deal with them in an open and respectful way and offer them quality service at a fair price. More importantly perhaps, especially in light of the current turmoil in the industry, we avoid taking risks, as far as humanly possible and predictable. This means we are always in a position to give safe and sound advice to our customers regarding products and services.

Focusing on sustainability in financial matters strikes me as a particularly female trait, if I might say so. Men might appear more risk-prone. Is this so?

Women do have a different approach to finances. In 2001 we started a program called “eva” for female clients because we wanted our customers to clearly understand their financial situation and to know exactly what they were doing. We wanted to handle the financial needs of women with the same care as the financial needs of men. Women account for more than 50 percent of the Swiss population and they take care of their own individual financial situation, so we found it very important to support them. It was a win-win situation, no doubt.

That would seem to be a step towards networking as well...

Actually, we cooperated with several women’s associations at the same time to make this subject available to every woman and equally important: to make women visible in our society. That’s why we sponsor the “Lena Award,” a prize awarded every two years together with BPW to spotlight these powerful yet unknown women who can be role models in our society.

Sustainability and care for your customers, but what about your internal work? Is your financial conscience reflected in the bank itself?

I must say, yes, unequivocally and it has been rewarded for doing so as well. The bank works hard to support employees in reaching their goals in a propitious environment. This is why we were the first bank in Switzerland to be certified as a “familienbewusstes Unternehmen” (family conscious company). That certification can only be earned if a com-

pany takes work-life-balance into full consideration and gives full support to family and professional life.

What about sustainability in general, when it comes to nature and the world at large?

We really make a big effort to train and sensitize all our employees regularly on this subject, starting with how to be energy-efficient, how to recycle paper, batteries, plastic, and so forth, how to reduce water consumption and how to become aware of all these issues. We were able to start a “Beirat Nachhaltigkeit” (Advisory Board for Sustainability). The members of the Board actively support us in making social, ecological and ethical decisions. We even let them check our banking products regarding the sustainability factor. They must give their approval to new products before they can be added to our “sustainability products list.”

Many large companies, banks, watchmakers, even, do good works as well. Do you fund any organizations?

Our social responsibility is shown in our support of the Swiss Cancer League, for instance – an organization which has been working for almost 100 years in cancer prevention, education and research. We just had our first events on this topic, inviting our customers to become more aware of how to live in a healthy manner. “Spenden mit Herz” is an organ donation that is getting more and more important and too many people never even think about it. That’s why we decided to inform all our employees and customers on the subject. We consider it our responsibility to use our position in society and business to reach people and call their attention to these ethical issues. And it all ties into the subject of “financial conscience,” which is complex and hard to define. And we are willing to learn and to spread the information and encourage others to start or intensify their work on the same topics. ■



Anja Peter supports a different approach to banking