

SOCIETY matters



Women in Finance

Opinion

The responsibility of business and the business of responsibility

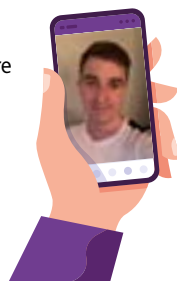
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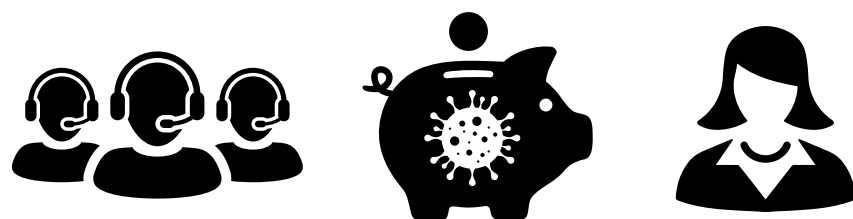
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Hello and welcome to the autumn edition of **Society Matters**



All change, everywhere.

Normality (in its new form) is resuming. The BSA would like to thank staff from across the sector who have kept the country going these past few months by serving members from head offices, call centres and in-branch. It's been inspiring to see.

There have been some understandable changes in financial services and consumer behaviour – some temporary and others perhaps longer term. Savers are burying away more rainy day funds, movers are taking advantage of the Government's temporary Stamp Duty threshold increase and as workforces slowly start to return to the office – or settle into a new working from home balance – we are all more actively conscious of one another's health and wellbeing.

So it's time to refocus on subjects that we have collectively worked on for some time. There is a lot to be done in the workplace diversity and inclusion space, particularly achieving a more balanced representation across different genders, races, the LGBTQIA+ community and beyond. It's good to see that conversations are already taking place in our sector, and I look forward to seeing how they progress into action. In this edition we shine the spotlight on female representation.

It's no secret that the financial services sector's leadership teams are lacking when it comes to representational equality for women. Thankfully, we already have some seriously strong leaders in the mutual financial services sector – some of them just happen to be women. In this special edition we take a look



at the Women in Finance Charter four years on from its introduction (P8), find out the driving force behind one society's decision to sign up to the charter (P10) and hear the perspectives of two "Women in Finance" and where they see the sector going (P11).

As we rebuild, now is the perfect opportunity for our sector to grasp real and positive change.

There will also be some adjustments on a personal level as I enter my own 'new normal' – this is the last edition I will be editing for a little while as I head off on maternity leave, leaving the magazine in the very capable hands of my colleague Jonathan Andrews. I'm looking forward to reading up on all our sector is getting up to in the coming editions!

See you next year!

AMY MCCLUSKEY
Society Matters Editor



The responsibility of business and the business of responsibility

The unstinting commitment to acting in customers' best interests has been a hugely positive feature that I have witnessed during the many roundtable meetings between senior bankers, regulators and government ministers and officials during this dreadful crisis. A national and global emergency has brought out the best of behaviours in seeking to support businesses and households through the economic shutdown, and now in seeking to navigate our way back out again into a new growing economy.



By **ROBIN FIETH**,
BSA Chief Executive

And we have seen great commitment too for the campaign to build back better, and greener, in that new economy. But how? How do we really build back better? How do we ensure that our society becomes fairer, more balanced, with greater opportunities for all? How do we encourage and reward businesses for behaving responsibly – and come down like a ton of bricks on those that don't? In the eagerness to rebuild our economy after the sharpest downturn since 1706 (according to the Bank of England), how do we avoid unfair exploitation of workers in the desperation for jobs, how do we avoid building the slums of

tomorrow in the desperation for more homes today? And how do we wean ourselves off the massive, but ultimately unsustainable, government interventions that have helped carry the whole country through the first stages of the crisis?

You'll note that I have said, "how do we" in each of those challenges. How do we, the business community, achieve all of this? Not government. Not regulators. But how do we achieve this? Because, with government and with regulators, this is our responsibility as the country's creators of employment and generators of wealth.

I am a firm believer that we should seek to create our own better futures. The underpinning of the BSA's strategy since 2014 has been to ask what we want the UK's financial services sector to look like in twenty years, and what do we need to do now to have the best chance of achieving that version of the future. The Apollo 13 astronaut Jim Lovell (aka Tom Hanks) spoke about true leaders as being those that make things happen, rather than watching the world go by and then wondering what happened. It seems to me that this question – what do we want the future to look like and how do we set about achieving that version of the future –

has never been as important in most of our lifetimes as now.

Two of the important components of a better society are featured in this edition of Society Matters – a focus on diversity and inclusion in the form of the Women in Finance Charter, and the BSA's latest research findings on the relationship between business form and purpose.

Many of you will recall the session led by Simon Fanshawe at the BSA's 2018 Annual Conference about overcoming unconscious bias in recruitment. Since first hearing Simon, I have often wondered about the curiosity that led the Boston Symphony Orchestra to put up a curtain between performers and selection panels back in 1952 – with such positive outcomes in terms of the proportion of female musicians making it through the auditions. That was 1952. Why is it that we seem to have made so little consistent progress in business recruitment in the intervening 68 years?

As the literature on the Boston Symphony Orchestra case study points out, instigating blind auditions did not remove the unconscious biases that existed among the members of the selection panel. Rather, the curtain created a system that mitigated those biases and prevented them from influencing decisions.

And as part of building back better after this crisis, we too must commit anew to pinpointing where bias is affecting our own talent recruitment and development in our own organisations, and develop our

equivalent curtains. As Albert Einstein put it, "the world we have created is a product of our thinking; it cannot be changed without changing our thinking."

"The past is never a guide to the future, but as someone said, you do seem to meet old friends along the way."

Staying with the theme of previous BSA Conference speakers, back in 2016 we heard from Professor Colin Mayer of the Saïd Business School in Oxford. Colin has remained a strong advocate for purpose driven business and I was delighted to catch up with him again at a Chatham House conference on responsible business earlier in the year. Three key phrases from that conference are worth pondering on (non-attributable of course, it being a Chatham House event):

"Profit is like breathing. It is essential for life, but not why we get up in the morning."

"The real question of purpose is not so much about why we are here, but how we are making our profits."

"The purpose of business: solving the problems of people and planet profitably AND not profiting by creating problems for people and planet."

Here we have the business of responsibility in a nutshell: focusing on the purpose of

business in society, in meeting the needs of society, in benefitting society. Here also, I would argue, we have the foundations on which to build back better. And, of course, so much of this resonates with our own history and foundations as co-operatives and mutuals created with a social purpose that underpins so much of what we do today.

That is not to be complacent or arrogant. We do not have all the answers. But we have the opportunity to lead the country's recovery strongly from the front, nationally and in our own local communities. We will continue to provide a safe home for the nation's savings. We will continue to support the housing market through responsible lending – and through helping existing borrowers who find themselves in difficulties to get back on an even keel.

The past is never a guide to the future, but as someone said, you do seem to meet old friends along the way. Past recessions have taught us that businesses that invest through the cycle come out faster and stronger the other side, perhaps most famously with the DuPont case study from the 1930s. I really hope that we will see the UK's building societies and credit unions continue to invest in recruitment and talent development through this recession, improving the diversity (in the widest sense) of our workforces and leadership teams, laying the foundations for future generations of leaders that reflect our ambitions for the better society that we all hope to build.

Next steps:

You can follow Robin on Twitter [@bsaceo](#)



This is the future of volunteering

Already, 2020 has been a year like no other. Faced with huge social and economic uncertainty, one thing for me that has stood out that is how people have come together in ways like never before.



By **STUART MILLER**,
Customer Director,
Newcastle Building
Society

Our region has become even more passionate about supporting local communities and this has led to some new and innovative ways to help one another.

For us, it was the ideal time to try something new around volunteering, finding a safe way to enable our colleagues to connect with our communities and help those in most need of support. In partnership with the National Innovation Centre for Ageing (NICA) based in Newcastle, and a 'tech for good' company called onHand, we have brought an innovation in volunteering to Newcastle, making it the first city outside London to experience the onHand volunteering app.

onHand's app links volunteers with those who need help with simple tasks such as shopping, prescription pick-ups or even companionship calls. Referrers can ask for help for themselves or for someone they know. Volunteers can pick up tasks via the app from their mobile.

NICA are trialling the app with their VOICE Panel, a unique research network who will be among the first to benefit from the help of the Society's team of colleague volunteers.

Samantha Martlew, our West Denton Branch Manager, completed one of the first volunteering tasks delivered through the app when she helped an older person, Julie, with some gardening.

"I was delighted to be one of the first Society volunteers to take part in the onHand pilot! Despite the wet weather, I brought along my own tools and started clearing sections of the overgrown garden for one of the onHand users, Julie, an older, less mobile lady in Newcastle whose garden had got the better of her. I was in such a frenzy to do as much as I could in the hour and a half I was there. But, it was all worth it to see the smile on Julie's face! It was great to have a little chat and if she needs more help in the future I'll definitely go back to help again."

With many people feeling increasingly isolated, I'm sure that a sense of companionship and a new connection with someone is just as important as the help received.

With colleagues across the North East, North Yorkshire and Cumbria, we're in a great position to offer help with a range of tasks over a wide geography, or provide something as simple as a companionship phone call. Iain MacLeod works at our Head Office but like many others, is currently working from home. He was one of the first of our colleagues to sign up to the onHand app and has thrown himself into the role of a companionship volunteer.

"Anyone who knows me knows that chatting is my area of expertise so I was really happy to sign up to make companionship calls!"

"onHand's app links volunteers with those who need help with simple tasks such as shopping, prescription pick-ups or even companionship calls."

"A simple conversation can have a huge impact. One of the people I spoke to said he had tears in his eyes when we were chatting because it meant so much to him, and to be honest it meant just as much to me."

I'm so proud of our colleagues for helping to provide a sense of connection that people in our region may be missing due to the pandemic and beyond.

The onHand app has great potential to revolutionise the way we volunteer and we'll continue to share progress of the pilot on our social media pages, so keep your eyes peeled. After all as one of the app users already said to us: "This is the future of volunteering".

Next steps:

Follow Newcastle Building Society on Facebook and Twitter [@NewcastleBSoc](#)





By **PETER TOOLE**,
Strategic Relationship
Director, Paragon
Customer
Communications

Developing the digital infrastructure for an evolving member mindset

How are building societies implementing new innovative approaches to communications and enhancing the customer experience?

It is no secret that customer loyalties are becoming increasingly fickle, none-more-so than in the financial services sector where non-traditional, digitally-driven competitors continue to disrupt the market. Faced with stiffer competition, it has become clear that those building societies that are failing to deliver an accessible and frictionless digital banking experience face the very real prospect of losing customers.

A recent survey of bank and building society customers revealed a direct correlation between digital services and customer loyalty, with 86% of respondents saying they would consider leaving their bank or building society if they couldn't manage their account easily online. While, 82% of those surveyed said they expect every digital experience to be equal to or better than what they receive from other technology providers¹.

Digital transformation

As a result, 'traditional' businesses in the mortgage and savings market are evaluating their communications strategies, moving away from legacy processes and technologies and embracing futureproof solutions as they vie for business.

Key players in the sector have already been laying the foundations for digital transformation across the industry: Yorkshire Building Society (YBS) introduced its digital transformation programme² which embraces initiatives from automation to agile methodology with the customer in mind, Nationwide plans to open a new digital innovation centre in London³,



"In a changing market where building societies are faced with such a considerable generational gap between customers, creating an exceptional user experience (UX) is the single most important differentiator to both improve customer retention and attract the next generation of members."

and The Nottingham Building Society announced a multi-million pound investment in digital technology.

Unfortunately for many building societies, gaining a comprehensive understanding of the strategies to futureproof their operations remains a significant challenge. This is amplified by the need to serve a broad array of members whose ages span multiple generations.

Driving positive user experience through technology

In a changing market where building societies are faced with such a considerable generational

gap between customers, creating an exceptional user experience (UX) is the single most important differentiator to both improve customer retention and attract the next generation of members.

Technological advancements, including developments in intelligence platforms such as artificial intelligence (AI), cloud technology and machine learning, mean financial organisations are well-armed for delivering market-leading UX.

Deploying innovative technologies, however, is purposeless if it does not positively transform the UX, so carefully and methodically investing in the

most appropriate core solutions is imperative.

Nonetheless, the tools required to manage such an intricate and complex transition expand far beyond the technologies themselves. Creating an effective digital organisation requires building societies to gain a comprehensive understanding all areas of their organisation, their requirements, and fundamentally adapting how they operate and deliver value to customers.

Only by capitalising on the most suitable technologies, skills and capabilities, can organisations have a positive influence on both the UX and the operational efficiency and performance of all business areas. For this reason, a critical understanding of aspects such as the customer journey, experience and behaviour should be carefully considered before investing in the technology or business processes to drive any transformation.

It is crucial that any adaptations to business processes, microenvironments, or digital innovations, reflect market changes and react to evolving customer demands – as opposed to customers having to adapt to new processes. Such forward thinking is more likely to reflect back to new customers and the 'digital native' younger generations in a positive manner.

While the route to futureproofing your digital infrastructure is clearly complex, digital transformation is what members want.

Next steps:

For more information, visit:
paragon-cc.co.uk

Introduction to the Women in Finance Special

It is clear that pretty much nothing in life will remain untouched by the fall-out from Covid-19. Beyond the real need to continue to battle the virus, I am hugely hopeful that some positive changes can be derived as we move towards a post-Covid environment.



By **HILARY MCVITTY**,
Head of External
Affairs, BSA

Our special in this edition looks at just one part of a very important topic, where the need and opportunities for change right now abound: workplace diversity and achieving a better gender balance in financial services. Although measurement tends to be at senior level, the reality is that balance generally comes at the end of a long chain which starts with education and recruitment and includes progression, representation and culture. Leaders are not born they are developed.

One of the Government's current three word mantras is "Build back better". This must go beyond infrastructure and bricks and mortar to include a fairer, more equal society. Set this alongside the female talent that could be developed, and the benefits that would bring to employers, and diversity makes good business sense too.

That said the World Economic Forum and a number of other bodies have predicted that the social and economic fallout from the pandemic may well turn out to be worse for women than for men. Commenting on this, Oliver Wyman is of the view that in general women are more likely to be made redundant in an economic downturn, and quit their jobs or reduce their hours as greater care responsibilities arise. All of which means that now is a good time to put more emphasis on measures to improve and safeguard gender balance.

"One of the Government's current three word mantras is "Build back better". This must go beyond infrastructure and bricks and mortar to include a fairer, more equal society."

Some of the measures they suggest include ensuring that the Covid-19 response is itself shaped by a diverse group of staff; and embedding remote and flexible working practices. For many firms and employees the pandemic has proved that homeworking, not long since regarded as impossible, can be both productive and beneficial.

Charters too have a role to play in effecting change. They stimulate new conversations and change attitudes and working practices. There are now 16 BSA members – plus the BSA itself – signed up to the Women in Finance Charter, sponsored by our Minister, the Economic Secretary to the Treasury, John Glen MP. We are fortunate to have two building society representatives on the Charter Board, including Becky Hewitt, Director of People at the Leeds as Chair. On the next couple of pages our sector representative, Carole Barlow, Divisional Director – HR at the West Brom, talks about the Charter, progress, achievements and more.

On page 10, we hear from one of the sector's newest Charter signatories as Tracey Johnson, HR Director at the Leek United discusses why the Leek decided to sign up to the Charter now and what they hope to achieve.

And finally on page 11 we check in with two of our sector's enthusiastic and innovative leaders – who just happen to be women. Carole Charter, Chief Commercial Officer at the Cambridge and Caroline Domanski, CEO of No1 Copperpot.

If all of this piques your interest in relation to workplace diversity and inclusion more generally – and let me be clear, gender is just one of a number of critical areas of diversity which require urgent attention – any BSA members are welcome to participate in our Workplace Diversity and Inclusion working group. Diverse representatives a benefit.

Next steps:

If you are interested in participating contact
Hilary.McVitty@bsa.org.uk





By **CAROLE BARLOW**,
HR Director, the
West Brom & Women
in Finance Board
representative for
Building Societies
and Credit Unions

The Women in Finance Charter: Four years on

What is the Charter and what does it mean in practice?
The Women in Finance Charter, launched back in March 2016, is a commitment by HM Treasury and signatory firms to work together to build a more balanced and fair financial services industry

Dame Jayne-Anne Gadhia, the government's Women in Finance Champion, led the 2016 "Empowering Productivity" review into women in financial services that provided the foundation of the Charter. The focus of this review was on the Executive pipeline and 'mid-tier level' of organisations, on the basis that too few women were progressing to the top level, despite more women than men working in the sector, and too many were leaving.

Over the past four years, over 370 organisations have signed up to the Charter, including 15 building societies. The Charter reflects the government's aspiration to see gender balance at all levels across financial services firms, quite simply because a balanced workforce is good for business.

By signing up to the Charter, firms are pledging to promote gender diversity by:

- having a member of the senior executive team taking responsibility and accountability for gender diversity and inclusion;
- setting internal targets for gender diversity in its senior population;
- openly publishing the progress made against these targets on an annual basis and reporting this on the website; and

- having an intention to ensure there is a link between delivery of these targets and the pay of the senior executive team

Annual Report 2019

The third annual review of the Charter, launched in June 2020, monitors progress of Charter signatories against the four 'pledges' detailed and this year provides a greater level of insight than ever into that progress.

Clearly our world has changed enormously since the submission of the data in September 2019, and our remote/ flexible working capability and ability to 'meet' virtually has been tested fully. Indeed the launch of this review itself was a great example of how effective remote meetings can be, with over 400 participants to the webinar hosted by New Financial in collaboration with HM Treasury.

A third (33%) of the 187 signatories analysed in the review have now met or exceeded their targets for female representation, however our sub-sector outperformed this and 60% of building societies analysed in the review have either met or exceeded targets.

Building society signatories to the Charter have built steadily since 2016. Seven building societies were in the first cohort of signatories in 2016, four then signed up in 2018, followed by



The Economic Secretary to the Treasury, John Glen said:

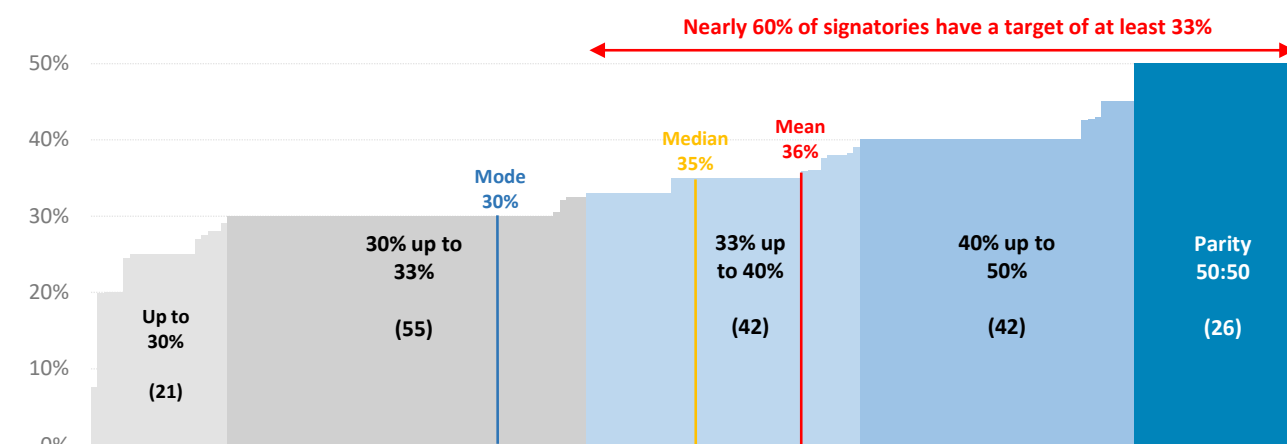
"Championing the Women in Finance Charter and getting better gender balance in the financial services sector is a priority for me as City Minister."

"The evidence shows that firms with diverse top teams perform better. And for building societies, there is an imperative for your staff and leadership to reflect the communities you serve, on gender and other measures."

"I am pleased that 15 building societies have already signed the Charter. I encourage societies which have not yet signed up to make this public commitment to create a diverse and inclusive workforce."

Figure – The full range of signatory targets from the report

Distribution of all signatories by headline* target for female representation in senior management



n=186 excludes one signatory without comparable headline target

*This analysis is based on headline senior management targets, see appendix for further methodology notes

two in 2019 and a further two signatories have been added this year, bringing the total to 15.

Two-thirds of the 187 organisations in this category have a target of at least 33% (including 9 achieving parity), however targets do vary and range between 5% and 50%, with an average of 36%.

Changing circumstances may also require a change in targets or in the definition/ scope of 'senior management'. This year a number of organisations raised the bar in their aspiration towards senior female representation.

The Nottingham Building Society has increased its minimum target for female leaders from 30% to 35% having exceeded this target since 2016, in addition to widening its definition to include all direct reports of ExCo members in its leadership team.

Principality Building Society also changed its senior management definition to reflect the introduction of a new grading structure that includes all key decision makers.

Similarly the West Brom is reviewing its definition of senior management for 2020, and in line with a new grading structure, will redefine this population to one that is much more representative of the leadership/ decision makers of the organisation, and the pipeline for the executive level roles of the future.

So, what can we do to help achieve a better gender balance in senior management?

As the Women in Finance (WIF) Board representative for Building Societies and Credit Unions, I hear many requests for case

studies; practical examples of actions others have taken that have had positive results. Our building society representatives for the WIF are a very collaborative group, always willing to share ideas and in turn learn from others.

The annual report itself provides many examples of activities organisations have taken to support their targets, focused on recruitment practices, retention plans and development activity to name just a few.

However just focusing for now on our own sector, building societies are taking a range of proactive steps to support diversity and an inclusive culture in its broadest form. Becky Hewitt, Director of People at Leeds Building Society, has instigated recruitment practices for senior roles to focus on the personal attributes required:

"Over the past four years, over 370 organisations have signed up to the Charter, including 15 building societies."

"At Leeds Building Society, particularly for more senior roles, more focus is now placed on the actual requirements for the person and role over the next 2 or 3 years. The personal attributes take precedent, with an underlying base of the technical and experience requirements, which directs the recruiting manager to the differentiating factors of candidates and moves beyond the typical scanning of CVs for job titles and delivery outcomes.

"Candidates can be asked to submit specific evidence of how they meet the key criteria, based on what the role is specifically required

to deliver in the short-to-medium term, which can be used to shortlist candidates without reference to the CV".

At the West Brom we have established a new talent programme, the 'Career Development Review', adding much more objectivity to talent assessment and succession planning for senior positions. Candidates have undertaken a range of activities to help a Talent Panel (including members of ExCo and the Board) to assess readiness for more senior roles, and to focus bespoke development where it's most needed. Initially six of the Society's mid to senior level females attended this programme, supporting them in their career planning aligned to their own aspirations.

Having worked in financial services for over 35 years, I'm proud to be part of the Women in Finance Charter and work towards more gender diversity in senior roles. Throughout my career, I've seen many changes in the sector's approach to diversity, and seen first-hand the benefits it can bring to organisations that get it right.

The Charter has helped shine a spotlight on the extent of female representation in senior positions, however whilst some progress has been made, the challenge is how to accelerate that progress and make a real step change.

Next steps:

For further information visit the WIF pages on the Government website: gov.uk/government/publications/women-in-finance-charter





By **TRACEY JOHNSON**, HR
Director, Leek United
Building Society

Leek United: Now is the time to build a diverse and balanced workforce

Leek United is one of the latest building societies to sign up for the Women In Finance Charter. Here, the society shares what influenced its decision and why now is the right time.

As businesses and governments across the world look to plan their route back from the coronavirus pandemic, there is a growing appetite to build back better – and particularly, to focus on diversity and inclusion. The acceptance and reset of flexible working during the pandemic has meant that the sector is rethinking its approach in an area which has historically been a barrier to diversity.

While most businesses are committed to ensuring they are equal opportunities employers and have policies in place, there is a real sense that now is the time to turn attitudes into actions.

At Leek United Building Society, as an important step towards meeting our gender diversity aspirations, we are proud to have signed up to the HM Treasury's Women in Finance Charter.

In June 2020, Leek United Building Society joined nearly 500 people on the virtual launch of the third HM Treasury Women in Finance Charter Annual Review. The success of the Charter since its launch in March 2016 has had a much bigger impact than originally thought possible, with a third of signatories having met or exceeded their targets for female representation in senior management already.

The Women in Finance Charter is a pledge for gender balance across financial services. Signing up to it is a commitment to work together, across the industry and with Government, to build a more balanced and fair financial services industry.

Our society signed the Charter, making a clear commitment to



"Committing to the Women in Finance Charter is just one of the many steps we're taking towards achieving our vision of creating a working environment that is diverse and inclusive."

improve diversity, to ensure that women are able to progress into senior levels, to set targets to support this work and to regularly report on our progress. Not only is it important to improve the gender balance, but in addition, through the Charter framework, existing and proposed activities can be designed to support BAME targets.

On 23 June 2020, Leek United Building Society became an official signatory to the Charter, committing to:

- Having a designated member of the senior executive team responsible and accountable for gender diversity and inclusion. This is our CEO, Andrew Healy;

- Setting internal targets for gender diversity in the Board of Directors and Senior Management. We have stated our commitment to achieve, and maintain, a minimum of 33% Board and 38% Senior Management representation of females by 2023;
- Publishing progress annually against these targets on the society's website, supporting the transparency and accountability needed to drive change

A spokesperson for Leek United Building Society comments: "Committing to the Women in Finance Charter is just one of the many steps we're taking

towards achieving our vision of creating a working environment that is diverse and inclusive. We want everyone who works for us to feel engaged, valued and respected and to experience that their potential is not in any way limited by their background, gender, age, race, disability or sexual identity. There is always more we can do – learning new things, developing and challenging the status quo".

The society is also looking at other ways to positively promote diversity and inclusion, including Race at Work, Stonewall and Disability Confident.

Next steps:

Learn more about the Women in Finance Charter here: gov.uk/government/publications/women-in-finance-charter



Around the sector: leading the way

Our sector is brimming with enthusiastic and innovative leaders. Here, we check in with two of them.

CAROLINE DOMANSKI MBE,
CEO, No1 Copperpot Credit Union



1. What do you enjoy most about your role?

I very much enjoy working with, and developing people, in particular young leaders. I've also been lucky to be part of a global movement in the sector, in which I've played a large part in the youth programmes over the years. Providing support has given young people the drive and confidence to progress their careers to a higher level.

2. What are you most proud of during your time at No1 Copperpot, both in terms of in your role and the wider company's achievements?

As a Credit Union for members of the police service in the UK, many of our members provide front line services day in and day out to protect us. I am proud that we are able to be there for our members, financial wellbeing. Providing a high level of service that makes dealing with their finances as stress free as possible, because you never know what a member has had to face that day.

3. What is the biggest development you see happening in the next 10 years in financial services?

I think the biggest change we are seeing and will continue to see is increasing digitalisation. Over the next ten years the way we undertake business with service providers will continue to change and the way we interact with people will change. Social interaction will be reserved for the things we want to do and the people we want to spend time with. While we look for ways to digitalise the day-to-day things that we have to do.

4. And finally, what do you think our sector can do to achieve a better gender balance, particularly at senior levels?

I'm a great advocate of "you can be who you want to be and achieve what you want to achieve" regardless of gender. For the sector to achieve a more representative gender balance we need to stop fishing in the same pools during the recruitment process. We need to look for talent that can be nurtured and grown instead of always looking for the finished article to fill our senior positions.

CAROLE CHARTER,
Chief Commercial Officer,
Cambridge Building Society



1. What do you enjoy most about your role?

Working with a great group of people to seek out opportunities and solve problems. Although I've been with The Cambridge 17 years I've only recently moved into my current role so it's given me some new challenges to get my teeth into and a wider team of people to work closely with.

2. What are you most proud of during your time at the Cambridge, both in terms of in your role and the wider company's achievements?

The rebranding we undertook about 10 years ago, from a wider company perspective it has to be the investment we've made in our stores, mobile app and face to face proposition to make us a contemporary financial services brand that appeals to members today as well as those of the future.

3. What is the biggest development you see happening in the next 10 years in financial services?

I'd like to think it will be a reduction in the jargon used to make financial services more accessible to everyone, but I suspect the biggest change will come from the acceleration of open banking and the opportunities and challenges it presents. AI, enhanced data usage and greater automation will then all follow.

4. And finally, what do you think our sector can do to achieve a better gender balance, particularly at senior levels?

We have to keep listening to those in junior positions – if they are not applying for senior roles, why not? What can we do differently to allow them to reach their potential? The current pandemic is likely to have long-lasting effects on how, where and when we work and may provide a good opportunity achieve a better gender balance.

Next steps:

Keep up with the latest from around the sector @BSABuildingSocs



By **ANDREW GALL**,
Chief Economist, BSA

From a moment of truth to a movement of trust

The BSA's latest report, *Rebuilding business for society* – co-authored with Association of Financial Mutuals (AFM), Co-operatives UK, the Employee Ownership Association and Social Enterprise UK – explores our sector's purpose. Here we explore some of its findings and recommendations.

Covid-19 has been described as "a moment of truth" for businesses, as how they behave through the pandemic will reflect on them for a long time to come.

As the country went through lockdown, building societies, credit unions and banks maintained services for customers to enable them to access their money, and gave payment holidays on mortgages and loans to those affected by the pandemic. The Economic Secretary to the Treasury, John Glen MP, has written an open letter to recognise the great contribution of financial services workers in delivering essential banking services.

Building societies and credit unions have also helped the people around them with financial support for affected local charities, as well as in a number of other ways. These range from leveraging supply chains to support PPE manufacture (Coventry Building Society), to launching a Covid financial and mental wellbeing guide (Cumberland Building Society), to competitions and events to support members and employees in keeping children busy at home (Newbury and Darlington building societies and Glasgow Credit Union).

As well as businesses helping people, the Government has provided unprecedented support to households and businesses across the country. More joint effort will be required in the months ahead.

The Covid crisis has clearly demonstrated that any idea that businesses stood apart from the State or from their communities is mistaken.

Opinion had already started to shift in this direction in the corporate world. It was becoming less accepted that the only social purpose of business was to increase its profits, as Milton Friedman had proposed several decades ago. The growth of ESG (Environmental, Social and Governance) criteria and a louder promotion of corporate purpose over recent years are evidence of this change, and the effect of the Covid pandemic will be to accelerate the spread of such ideas.

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Although there is a growing acceptance that businesses should have a wider purpose than maximising profits, bringing this about is much more difficult than simply encouraging businesses to re-write their corporate mission statements.

The British Academy has been conducting a programme of work on the principles that

make businesses purposeful. They identify that purpose needs to be embedded across ownership, governance, measurement, performance, finance and investment, with law and regulation to enable and require it where necessary.

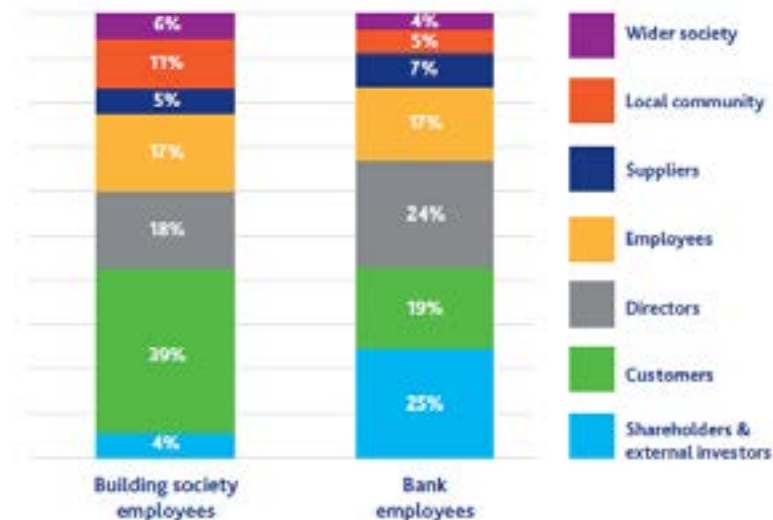
The BSA is one of a group of five organisations representing consumer and employee owned businesses and social enterprises that have jointly explored how fundamental the first of these principles, a firm's ownership, is to its pursuit of purpose. Over 5,000 people working in various types of business – from Plcs to the public sector – were surveyed about how they saw the purpose of the organisation where they worked.

The results show significant differences in employee perceptions across ownership types.

In financial services specifically, 87% of employees at shareholder-owned banks agreed that their employer's main goal was to maximise profits. This compared to just 30% of employees at customer owned building societies.

In addition, bank employees thought that while the bank's shareholders got 25% of the value created by the business and its customers got 19%, building society employees thought that shareholders and investors got 4% and customers 39%. Local communities were also believed to do better by building societies employees than was the case for banks.

How is the value created by the organisation where you work shared between these groups of stakeholders?



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Of course specific forms of corporate ownership don't guarantee certain outcomes – effective delivery of a broader purpose depends on good leadership and management to generate, implement and deliver the strategy.

However, the results in financial services, which are also replicated in other sectors, indicate that there are often substantial differences in who or what employees think they are trying to achieve in their workplace, depending on the ownership structure.

Customer-ownership can help to deliver a distinctive purpose because it is a structural

feature that shapes various other aspects of the business, from arrangements for governance and accountability, to the metrics and key performance indicators against which success is measured and rewarded, to which firms and investors are sought as partners.

As a result of these features, claims to support a group stakeholders, such as customers, can benefit from added authenticity, and a consistency of purpose as conflicts of interests with shareholders don't arise. Encouraging member engagement and democratic participation can give a sense of customers being valued. All of these factors support the development of trust in an organisation and its purpose.

This is demonstrated by 95% of building society employees and 91% of building society customers agreeing that their building society is trustworthy, compared to 72% of bank employees and 61% of bank customers when asked about the bank.

Broadening corporate purpose beyond maximising value for shareholders can help to address some of the significant future challenges we face as a society, such as climate change and inequality across generations, by better incorporating the views of various groups of stakeholders.

Enabling a diversity of organisational forms could help to deliver this. To achieve this the report *Rebuilding Business for Society* recommends that:

- the frameworks to facilitate different types of firm are strengthened and policymaking processes made more inclusive. In financial services, this means regulation is made more proportionate and appropriate for different types of firm;
- businesses recapitalising after Covid-19 can enable groups of customers or employees to take on ownership via a deferred payment plan; and
- Community Economic Development, an approach applied in Canada and the US, for bottom-up local economic regeneration is adopted in the UK as part of the Government's levelling-up agenda.

The response to the Covid-19 pandemic shows how interdependent businesses, the State and local communities are reforming the corporate landscape in a way that can help to make a more sustainable future for all.

Next steps:

View the full report, *Rebuilding Business for Society*, at bsa.org.uk





By **SIMON LYONS**,
Head of Ecosystem
Engagement,
Open Banking
Implementation Entity

Open banking for good: How building societies can benefit

Open banking is changing the way we engage with financial institutions: lowering the barrier between building societies and their members. While large corporates benefited from high-end, complex solutions that enabled tailored advancements, customers did not qualify for this privilege. Now, they can.

Sector relevance is crucial when considering open banking. Building societies trade on the strong and trusted relationship with their members. Open banking improves the interaction between those two parties to the benefit of both. Simple premises were always the most challenging to implement. Can my customer see my savings product alongside their current account? Can I improve the quality of data that my customer submits in a payment? Can I use my customer's banking data to help them improve their financial health and tailor my offerings? All of these statements are now possible.

Joining open banking – either directly or through a third party – can allow building societies to have the same visibility as a high street bank. Cost-effective APIs can increase customers' access to societies' accounts or products without the high overhead of new digital channels. As customers' financial lives extend securely into a broad ecosystem of apps and services, open banking removes the need for new, onerous authentication methods.

The benefits are two-fold. Societies gain new methods of collecting payments and engaging with customers on-demand, rather than in the batched cycles of today. Customers benefit through instruments and products that are no longer siloed or seen as separate to their own daily banking and financial needs.

Collections

A building society can now contact a customer via text, email, or other digital channel, requesting that they submit a prepared payment. The message is hard coded with the correct reference and amount – solving the issue of incorrect reference on the payment. No more suspense accounts.

"Naming individual sectors as 'having the most to gain' from open banking can appear arbitrary – but when it's an accurate, credible assessment, it becomes worthwhile."

Withdrawals

Society accounts generally see large value withdrawals compared to banks – the impact of abuse is high. Open banking-enabled account identification reduces time consuming paperwork or the need for customers' hard details. Mitigating this beneficiary fraud risk has a high impact.

Affordability

Open banking data can enhance credit files with recent spending behaviour, supporting suitability assessments for lending instruments. Finally: accurate Income/ Expenditure Statements that can be as up to date as this morning. As Covid-19 progresses and unemployment sadly increases, assessing members on real behavioural data will be key.

As open banking evolves into open finance, the argument for leveraging technology to bring members closer has never been clearer. Moving engagement from monthly or quarterly, to an inclusive customer-supplier relationship enhanced by digital means.

Many sectors are benefiting from open banking, including financial services, government, and industry.

Developing relationships that building societies have always strived for, with minimal internal change and maximum customer impact. Societies' unique advantage is trust – matched only by Credit Unions in terms of their common bond.

Naming individual sectors as 'having the most to gain' from open banking can appear arbitrary – but when it's an accurate, credible assessment, it becomes worthwhile. And while the precise sub-sector of financial services that will get the most from open banking may be arguable, it's no doubt that building societies are close to topping the list.

Next steps:

More information at openbanking.org.uk



A cautionary tale

The lending sector is working hard to mitigate the impact of the Coronavirus pandemic on the lenders, brokers and consumers that work within it. While lenders are maintaining a responsible lending approach, they are also keen to meet the pent-up demand that the lockdown has created.



By **NICK LAWLER**,
Head of Business
Development, DPR



Much has been written about the state of flux in the types of borrowers that lenders will consider. A quick glance at best buy tables highlights a race to the bottom of the charts, with high LTV products carrying a very short shelf life.

The mortgage and property markets have numerous challenges ahead. The recent Bank of England (BoE) Credit Conditions Survey showed that banks and building societies expect activity in the housing market and LTV availability to improve in Q3 2020. The stamp duty holiday is expected to provide a further boost to the market and should hopefully boost activity over the next few weeks and months. Recent research from Legal & General found that 93% of first-time buyers report that they are still considering buying a home in 2020, with 51% saying they "definitely" will.

Risk appetites have changed and the economic effects of Covid-19 is causing lenders to reflect on their lending strategies. Lenders and brokers are balancing

the needs of borrowers and the demands on them to lend responsibly. This current picture is boosting the opportunity for lenders to meet the demands of borrowers in areas outside of the mainstream arena. These more specialist lenders can operate outside the more rigid criteria base that mainstream counterparts use.

The mortgage market will see huge changes to borrowers' credit histories, rising numbers of self-employed and ongoing credit issues while criteria will have to be adjusted to allow for furloughed staff and borrowers on mortgage holidays will also be under the microscope. Knowledge Bank's mortgage criteria activity tracker show brokers' searches up by more than two-thirds (68%) with 'Covid-19: Temporary Maximum LTV Restrictions' and 'Furloughed Workers' featuring heavily for the third month running. The 'Temporary Maximum LTV' term was also strongly represented in broker searches in the buy-to-let, second charge and bridging categories.

Commenting, Matthew Corker, lender relationship manager at

Knowledge Bank, said: "Brokers cannot expect to keep up with the huge number of criteria changes without deploying technology". Furthermore, research from online broker forum, Cherry, outlined that almost half of intermediaries are currently finding it difficult to place cases involving the self-employed.

"Brokers cannot expect to keep up with the huge number of criteria changes without deploying technology."

The mortgage market is ever evolving and the last four months has led to an increase in opportunities for some, and witnessed a step change in the use of technology for most. The key for brokers and lenders moving forward is to embrace automation and a modern digital broker offering. There is a clear demand in the market and a trusted technology provider such as DPR can highlight the choices that are available.

The need to provide automated responses and decisions to help manage the numerous changes has never been greater. Digital onboarding is essential and will drive the application process incorporating customer relationship management tools, automated product recommendation, form filling capabilities and eligibility and affordability calculators. Providing accurate consumer qualification ensures that new clients are quickly comfortable with the broker and satisfied with the vitally important first contact. The more streamlined the approach, the more that digital onboarding can be tailored to the client from beginning to end.

By working with an established technology platform such as DPR, lenders can best meet the needs of all borrowers. Lenders and brokers that use technology to differentiate and improve the customer experience will be the ones that ultimately come out ahead.

Next steps:

For more information visit dpr.co.uk

Dates for your diary

BSA events have moved online. View the latest schedule and register at bsa.org.uk/events



Risk, regulatory, audit and accounting update 7-8 October 2020, webinar

This popular event, in conjunction with KPMG, provides a convenient annual update across a range of risk, regulatory, audit and accounting matters. To optimise member benefit, the scope has widened from audit / accounting only.

Provisional content:

- Overview of the UK's economy and markets
- Operational resilience
- Update on current prudential regulatory issues
- Overview of current technical accounting issues
- Internal audit issues in the current environment

Who should attend?

This event is primarily designed for building society delegates (finance, risk and regulatory staff and non-executives) but some content will also be relevant to credit unions.

Information & registration: bsa.org.uk/audit-acct2020

The BSA events programme is regularly updated. Keep up to date and sign up for notifications at bsa.org.uk/events

