

Private Banking – on the long Way to the “New Economy”

Since 2009, the entire banking sector is in the process of constant restructuring - triggered by the fall-out of the financial crisis. The traditional Private Banking is particularly affected: suffering from high cost and low organic growth or even shrinking volume, the new client expectations demand for innovation of the service model at the same time. The grooming of the strategic Human Capital pool capable to drive the innovation process remains mission critical.

The times of the "old economy" in Private Banking are definitely over: since 2009, there has been a constant need for action and adaptation at all levels. The ongoing consolidation process, already lasting for more than eight years, is a huge burden to the entire management and staff due to the additional workload, uncertainty and ever-changing requirements to be made under pressure.

“ *The strategic Talent Pool is linked to the Success of Transformation* ”

An enormous effort has already been made by de-risking client relationships and the strengthening of the risk- and compliance function. The most important milestones will be implemented in 2018 through the introduction of AIA, Mifid II and Fidleg. But over the same period, client expectations have also substantially changed, due to the new transnational regulatory frameworks as well as changing demographics. There is an urgent need to create a competitive business model that meets the expectations of the current- as well as the future clients.

Barely out of the regulatory resolution, banks are hence again forced to invest time and resources into a review of their competitiveness and into an alignment of their Private Banking business model, in order to meet future client requirements. There will be no return to a "new normal" anytime soon. Transparency on performance, digitalization and a comprehensive advisory- and service model taking into account the new, transnational rules are the components of the upcoming business transformation, which will take the next few years to complete.

The broad scope of these adjustments will again require full attention at all levels. The innovation towards the "New Economy" represents a major challenge for numerous banks, for which they may not be optimally prepared, as the successful positioning will only be possible through dedicated and skilled resources. In addition

to the resources required to secure the daily business (run-the-bank), there is a risk of over dependency on those stretched resources that have the capabilities to implement the necessary client innovation (change-the-bank). New skills are needed.

The ongoing identification and grooming of the strategic talent pool by means of a systematic human capital strategy is therefore of particular importance to secure a competitive level of innovation: a long-term human capital strategy helps to anticipate future, mission-critical requirements in due course, allows to identify gaps in the existing talent pool and provides the competencies at all levels. We are convinced, that human capital planning remains one of the most important, long-term priorities of senior management in order to successfully tackle the impending challenges in the realignment of the business model. Despite of these obvious supporting arguments, the awareness and readiness to build a strategic talent pool is not always present; the over-dependency on existing resources and the focus on short-term priorities could pose a serious threat to the success of such projects.

Creation of a Human Capital Strategy – a complex Undertaking

The implementation of a sustainable human capital strategy is a complex undertaking, that requires a structured approach: the initial step is the systematic analysis of the skills that are attached to the implementation of the business strategy. This skill map enables a targeted, early initiation of a development- and procurement process. The ongoing, systematic grooming of the internal- and external talent pool is thus - in conjunction with a forward-looking, concrete planning for «next generation» key positions - a mission-critical factor for the mastering of the impending innovation wave and the long-term securing of the company.

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The Consulting Partnership

Since 2001 we are active in the field of Private Banking as leading Management Consultants, dedicated to Human Capital Strategies and Executive Search.

As trusted partners, we consult decision makers in the planning and implementation of succession-, replacement- and growth strategies as well as Human Capital planning for next generation leaders and key people.

At the same time, we are business consultants for the Wealth Management industry.

Please contact Robert Hemmi for an initial situation analysis.