

HOW CAN BANKS SOLVE
THEIR BURN-OUT?

Rudi Deruytter

FOREWORD

Hope. Optimism. Progress.

Things that are far-fetched in our current society plagued by political and economic turmoil. This is exactly what I want to cover in this, book.

My previous book, *Hoe gaat het eigenlijk met onze banken? Zijn ze nog te vertrouwen in 2020?*, in which I took a critical tone, revolved around raising problems and flaws. The financial crisis of 2008, which had clearly identifiable causes and culprits, was still fresh in the collective memory. At that time, there was little cause for cheerfulness.

Now the time for reproaches and criticism is over. The problems have been explained; the culprits have been exposed but unfortunately not punished. Now it is time for solutions and for a more sunny perspective.

And that is exactly what this book is meant for. I'm not going to attack anymore but I'm going to talk about healing and healing. It's time to treat the wounds that were sustained in the battle of ten years ago with gentleness and love.

While in my previous book I focused on the - albeit very recent - past, this time I am also going in the opposite direction. Now I will talk about the future, about possibilities. More specifically, the possibility of improvement, healing and in which the financial world should also play a crucial role. "For a better financial world" is a group of words that are unspoken throughout the text.

The cover of the book is black, which seems a rather - and forgive the banal wordplay - blackish colour, not immediately something that reflects the hopeful theme.

But what that same colour can also serve well is to create a neutral, not very intrusive atmosphere. A brighter colour would demand attention while the focus is on the central image on the cover.

A young lady directs her gaze into the distance; far away from the literal pessimism that surrounds her, towards the powerful light of hope that reflects an illuminating glance on her face.

She looks to the future, a rosy future.

And that is what I want you, as a reader, to do as well.

This is what I have started to do and I hope that reading this book will encourage you to do the same.



INTRODUCTION

Ideas for the banking world to become an engine of the economy of meaning

In my previous book I looked at the financial crisis, the people responsible for it and the lessons we should have learned from it. Meanwhile, the world has continued to change at a rapid pace. Five years after my book and after the many looks back ten years after the crisis of 2008 that once again posed the question of how things could have come this far and, above all, whether a new financial crisis can be postponed for a long time, it is time to take stock again. After all, it is becoming increasingly clear that there is a lot of sanding going on, causing more and more people to run into the wall. This also has an enormous impact on financial institutions.

Our current economic system is causing more and more people to drop out: the figures on burnout, depression, suicide are downright hallucinatory, but we often just ignore them and keep on going. Everything says that we can't really continue on the same path and that we should learn to think and work from a different perspective or that we should at least reflect on whether we can maintain this system. And yet we go on. Perhaps even more so than in other sectors for the banking world which, despite being a forerunner in the technological transformation, is still very firmly anchored in traditional and outdated structures. Innovation in the banking world is needed more than ever. Not only to take full advantage of technological developments, but in short to ensure that the banks can continue to play their role as lubricants in a possible new economy.

However, more and more people feel that things have to change. Nevertheless, almost everything remains subordinate to the classic - one-sidedly focused on growth and the creation of

shareholder value. At the same time, we are seeing a growing awareness that other possibilities and options may need to be considered: 181 U.S. CEOs recently signed a manifesto to place stakeholder value above shareholder value. Think also of New Zealand's latest budget, which focuses on welfare rather than economic growth, on the initiative of Prime Minister Jacinda Ardern, who had shown the world her best human side even after the Christchurch massacre. In Canada, too, following the October 2019 elections, which enabled Prime Minister Trudeau to extend his mandate, economist Mark Anielski made a passionate plea for a welfare budget as part of a new economy that is less focused on growth and more on welfare.

Ever since the 1972 report *The limits to growth* of the Club of Rome was published, there have been calls to redesign the economy. But little or nothing has happened in the last 48 years. We just kept working in the same direction. The renowned financial publications *The Economist* and *The Financial Times* are also beginning to ask out loud whether the time has come to make some changes in this area. They published special files with significant titles such as *The Next Capitalist Revolution* and *Resetting Capitalism*. In October 2019, the Organisation for Economic Cooperation and Development (OECD) presented the draft version of a report entitled *Beyond growth: towards a new economic approach*. That the OECD, which represents the strongest economies in the world, argues in favour of a new economic paradigm can, in my opinion, safely be called revolutionary. No wonder critics of capitalism have more momentum than ever. More and more renowned academics and authors at home and abroad, including Shoshana Zuboff, Amy Webb, Anand Giradharadas, Christian Felber, Kate Raworth, David Wallace-Wells, Fred Vargas, Aurélien Barrau, Philip Blom and others, point out that the narrow definition of growth that only looks at GDP growth in this rapidly changing world should no longer be the only common one. Not only because this leads to an alarmingly high number of personal crises, but inevitably also to a social, ecological, economic and democratic deficit.

A deficit that also affects the banks, as a result of which the situation in which they find themselves in the year 2020 actually has a lot in common with the illness of time that affects so many individuals: a burn-out. How can they do that? This was then reinforced by the impact of Covid-19, about which you can read more in my epilogue. In a new economic system that we are undoubtedly evolving into, how can they regain their long-standing role as a trustworthy institution and once again become the engine that helps to create a new kind of growth and a better world? I'm sure we're at a turning point in history. And I also believe that in the transformation to a new economy, the banks have a huge opportunity to eliminate the negative perception that exists about financial institutions, which has increased after the 2008-2009 crisis.

As journalist Glenn Greenwald, the man who revealed the NSA's espionage activities leaked by Edward Snowden, points out that it is everyone's role to initiate reflection by pointing out what goes wrong, I think bankers shouldn't be afraid to attack holy houses either and take the lead in radically different thinking. With this book, I would like to briefly touch upon the fact that far too little has changed in the financial world since the crisis of ten years ago to be able to talk about the new wind that is needed to sustain the future of financial institutions.

That, as I said in my previous book, we learned too few lessons from what happened then. Above all, however, I want to map out in a positive way the means available to the banks to reinvent themselves and to play a meaningful role in the transformation that is clearly underway and that will force companies to think differently. It is time for the banks, with positive stories, to resume their traditional role as engines of a new and different economic system, a new and different form of capitalism. After all, various studies show that paying attention to positive stories can also be the fuel and inspiration to look for new and future-oriented solutions, away from the beaten track. Thanks to people like the Norwegian climate psychologist Per Espen Stoknes, there is a growing awareness of the importance of communicating small successes and steps in particular.

Because small steps may seem unimportant in themselves, but in the end they show the way to change. After all, as an old Chinese proverb says, a new path is created by walking it.

With CKV, I've been writing such a positive story about a bank that is future-oriented and humane banking for ten years now. With this book I want to show that it is possible for all financial institutions to become a "healing organization" that, by also paying a lot of attention to social and societal value, can play a meaningful role in the new meaning economy and in the consciousness capitalism preached by Raj Sisodia.

It is my intention to provide a number of tools for banks to make a positive contribution to a better world as a "healing organisation". Because I think this is also the only way they can perpetuate their own future.

Lots of reading pleasure!

Rudi Deruytter

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Make it simple.
Make it memorable.
Make it inviting to look at.
Make it fun to read.
Leo Burnett



1 Banks in a world of optimists and pessimists

1.1 *Mozart had grown older in our time*

It looks more and more like the world has reached a tipping point. The optimism for progress that arose in 1989 after the fall of the Iron Curtain as a result of the apparent global triumph of the free market economy, which already suffered its first major blow with the financial and economic crisis of 2008 and 2009, now seems to be completely out of the question.

Optimists such as the Swedish globalist Johan Norberg and the Canadian psychologist Steven Pinker still claim in their respective books *Progress* and *Enlightenment* that the world has never been better. The Flemish philosopher Maarten Boudry also says in his books *De redelijke optimist* and *Waarom de wereld niet naar de knoppen gaat* that doom-thinking shouldn't be an issue. These thinkers justify their optimism by listing a large number of achievements: there is more democracy and more equality than before, less extreme poverty and more people get an education. Prosperity and leisure time have also increased, the work people have to do is physically a lot less strenuous than before, and in general the air is cleaner than before.

If Mozart had lived today, medical technology would have made him a lot older so that he could compose much more beautiful music. And wars take place a lot outside Europe for the time being. From such facts, these optimists deduce that the 'good old days' never existed and that we have always been able to solve all problems, so they see no reason why this should be any different now. The motto of optimists is that people find a solution to all problems. It is also that motto that many use to rightly point out the protesting and truant climate youngsters.

1.2 Why an ex-minister becomes a farmer

At the same time, the voices of other authors and academics, who can be seen as the opposite of these optimists, are becoming louder and louder. The Israeli historian Yuval Noah Harari reached a wide audience with his book (1) and got a lot of people thinking. Other authors remained more under the radar but often had an even more pessimistic message. These include the German historian Philipp Blom with *What is at stake*, the French futurologist Pablo Servigne with *How everything can collapse* and the American journalist David Wallace-Wells with *The Uninhabitable Earth*.

Former French minister of ecological transition Yves Cachot has even withdrawn to a self-sustaining farm in Brittany because he is convinced that the world will perish within ten years. In a frankly apocalyptic interview with *Le Point*, as the figurehead of what people in France have come to call *Les collapsologues* (2). He points out that we will have no choice but to help each other or kill each other off in order to survive.

Not to mention authors and thinkers like Anand Girardharadas and Amy Webb who, in *Winners take all* and *The Big 9*, denounce the enormous power that tech companies like Google, Microsoft, Amazon, Tencent and Baidu have acquired. The subject also returns in *The age of Surveillance Capitalism* by Shoshana Zuboff. Like Kate Raworth in *Doughnut Economics* and Thomas Piketty in *Capital and Ideology*, all these authors are convinced that the freedom of neo-liberalism mainly benefited those who, because of their financial-economic position, were able to make use of deregulation and globalization.

Inequality increased as capital outweighed labour. As in a meritocratic 'performance society' citizens are held accountable for themselves, solidarity diminished and we ended up in a world where it is every man for himself. Globalisation, automation and robotisation destabilised the labour market. Due to a lack of control, involvement and meaning, more and more people are struggling with a burnout or a bore-out.

Many companies and also financial institutions that used to be a beacon of certainty are confronted with it and are launching programmes to tackle these "diseases" without daring to tackle the real cause. In any case, it is becoming increasingly clear that the current business model is too often one-sidedly money-driven and too little focused on the creation of other values. The social status in society is still largely determined by possession, diploma or social position. The economy is running on consumption and is rapidly depleting our planet's natural resources. Because insecurity, fear and hatred are strong motives, a not insignificant group of 'displaced' citizens seeks refuge with autocratic, nationalist political leaders. As a result, the democratic system is also under pressure. The growth of the population and prosperity places a heavy claim on climate, raw materials and living space.

1.3 Wealthier and healthier but restless and depressed

Pessimists do not see the fact that some problems have been solved in the past as proof that this will be the case now and in the future. They take into account that we are reaching a fatal *point of no return* in all sorts of areas, from the melting of the polar ice to the disappearance of social security under the power of capital.

If automation eliminates half of the jobs, as some predictions show, the fact that many new jobs will be created at the same time is not a reason for everyone to be able to sleep on both ears. If Internet giants are manipulating public opinion - who would have thought ten years ago that today we would be talking a lot about *fake* news, the influence of Facebook on elections and even *deep fake* videos? - and wealthy autocrats govern us, it is by no means certain that democracy will be able to vote away people who think badly and think only of their own interests.

Optimists still say that doom and gloom are of all times and thus put the current unease into perspective. But pessimists interpret this differently: they think that every increase in prosperity in the past has been accompanied by a deterioration in other areas. For example, urbanisation has affected health and articles about "air refugees" appear in the media today. It is not only in China that people are moving out of the metropolises because the air quality is so bad, we are gradually seeing it happen more and more.

We are wealthier and healthier, but we are also restless, stressed, addicted and depressed. What the optimists have in common with the pessimists is that they both emphasize one side of things, and both are partly right. Using the 'verification principle' - an assumption supported by an observation - each party will always find sufficient facts to confirm its own right. For example, optimists sometimes say that we will develop new energy resources without having to change consumption patterns.

Pessimists particularly stress the importance of reducing consumption and the need to shrink rather than grow the economy. They have less confidence in innovative energy technology. Another example: optimists believe that despite automation, as many new jobs are created as disappear. Pessimists stress the large number of jobs that are being lost and believe that people's creative ability to create new jobs is too limited to provide an equal number of new jobs. Automation is indeed a real threat, but the labour force that is freed may be deployable to improve society.

1.4 Golden opportunity for banks to build bridges

The polarization of zero-hero we see everywhere. I am convinced that banks therefore have a golden opportunity in the coming years to create added value by linking pessimism and optimism. And by transcending the omnipresent black and white contradictions and searching in the grey zone that lies