

Impact of remote working arrangements on banks' liquidity management





Who led your digital transformation?

A. CEO

B. CIO

C. COVID-19



HSBC France experience

➤ Timeframe and organisation pre-lockdown

- Team was split between normal site and BCP site very early, with no subsequent contact between teams.
- Regulatory approval was obtained for home-working, and also EMMI due to EURIBOR Contribution.
- Tests took place over time of individuals working from home to verify their systems accesses. Not totally smooth!
- Ultimately all the Treasury team was able to function effectively from home.

➤ Timeframe and organisation post-lockdown

- All employees in the team had the ability to reach one of the 2 sites inside half an hour.
- New online chat groups established and encouraged utilisation. Implementation of Zoom, with recorded access via separate dial-in. Team meeting daily for the Treasury team and sub-teams.
- A range of additional controls implemented, including partner conflict-of-interest checks etc.
- Frequent HR communication concerning COVID internal policies.

➤ Market-Making teams

- Not all market-making teams were able to function adequately from home, and many retained a material presence on-site through-out the lockdown.
- Perception was that WFH did have an impact on ability to trade and quote efficiently, and partially impeded market liquidity.


Remote working feedback – Treasury

Pros

- Improving use of chat tools, video calls and other technology went a long way to addressing the deficits.
- **Personal flexibility**, for example able to square USD nostros without having to stay late in an office, or ability to take other appointments as necessary.
- **IT challenges getting progressively better.**
- **Building a more diverse and robust BCP** for any kind of future emergency
- **Avoid lengthy commutes and enable better work-life balance.** This could diversify future hires.
- **Different distractions** than in an office environment. Particularly good for certain types of tasks.
- Environmental benefits from reduced commuting.
- Potential corporate real estate savings.

Cons

- **Reduced exchange of information** despite daily team meetings. For example, **the inability to listen-in** on conversations and learn/contribute in an unstructured way.
- More difficult to progress certain **time-critical conversations** easily.
- Difficult for a manager to immediately take the mood of the room, or spot necessary interventions.
- **Need to balance mental well-being**, and ensuring that it remains “work from home” and not “sleeping at work”.
- **Connexion problems** are not entirely unresolved.
- **Higher non-financial risk**, for example human errors, fraud or information control deficiencies



Will home working become the new norm post COVID-19 in the banking industry ?

- “It’s an extraordinary thing that technology has allowed us to keep this bank so functional, given the fact that 70,000 people are doing it from their kitchens.” “I think the notion of putting 7,000 people in a building may be a thing of the past, and we will find ways to operate with more distancing over a much longer period of time.” *Jes Staley, Barclays CEO, 29 April.*
- Last week, JPMorgan co-president Daniel Pinto said that staff could work from home on a rotational basis more permanently, in line with the bank’s future vision of work. In addition to the aforementioned positive reasons for working from home, corporate executives recognize the potential savings they’d realize by not needing to house all of their people in highly-expensive skyscrapers in overcrowded cities. They recognize that corporations can do their part in helping improve the environment by cutting down the time spent by their workers driving or taking buses into work, while simultaneously affording their employees a better quality and balance of work and life. *Forbes 11 May.*



My personal conclusions

- Firstly this exercise was *not* flexible working. Need to draw a distinction between what we've experienced and what we want from the future. E.g. not having to home-school at the same time, and not being constant.
- The exercise has shown that flexible working is possible and productive for teams that were never previously in scope. There are significant benefits to this which should not be lost. It also improves the scope for diversity in those teams.
- We're not yet at the point where market-making teams are fully effective working from home, but that could be remedied and it should still allow for some element of flexibility.
- The control environment has worked well.
- For me the future would probably see perhaps 25% of the team working outside the office at any point in time. For most teams in the bank that figure could be much higher, for some teams in Markets, it will probably be lower.