

**Keynote Maurice Oostendorp INSEAD**

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**Banking with the Human touch, when stakeholders have a shared value**

Maurice Oostendorp. CEO de Volksbank

It is my pleasure to be here with you tonight and to share some of the dilemmas and lessons from our journey to re-humanizing our corporation. And in particular to hear your views on the stakeholder versus shareholder discourse.

**- Some inspiration: banking with a human touch -**

Allow me to take you slightly back in time, to somewhere early last month. To an off-site gathering with over 300 de Volksbank managers, including ASN, BLG Wonen, RegioBank and SNS.

This is a key moment. Because as de Volksbank we find ourselves in an huge acceleration in what we call 'reversing the bank model'. We want to put our managers primarily in the 'can do' and 'take responsibility' mode, instead of the 'let's see' mode. During our management day, I had the opportunity of giving the opening remarks.

So I started off by fast-forwarding everyone virtually to 2028. The scene? Me welcoming our King and the Crown Princess. In the framework of the training period of the Crown Princess, they jointly made a series of working visits to organizations that play an important role in our society. And, naturally de Volksbank was one of the main organisations they came to. This so-called welcoming address gave me the opportunity to discuss with our managers some of the difficulties in the preceding decade up to 2028. Difficulties surrounding the tremendous transformation into a bank that stands with the people. A bank that does what is right for its customers, for society, for employees and for our shareholders.

How hard can it be, right? Convincing your people that they can use their own moral compass to guide their actions. That they must - in order to fulfill our mission 'banking with the human touch' - think and act first and foremost as a person and with room for emotions.

**- 'My moral compass? Think as a person?' -**

You can imagine the doubt and confusion throughout the organisation. Sometimes people would ask: "what does it mean, to use my own moral compass, to think, feel and act as a real person?" Why? Because they find it a challenge to work within the frameworks as laid down in our manifesto, about our mission and vision. A framework that expressly leaves room for the moral compass.

That struggle, to follow your own heart and common sense, rather than only rules, and how to convince employees to start working with that regained freedom to act. That is dare I say, one of the biggest changes that we are going through as de Volksbank today.

Re-humanizing the cooperation, isn't something you can do alone. You need all your stakeholders. It also has everything to do with training, with the public debate about how we want to tackle and regulate matters in our society.

I feel free in that spirit, to share with you my personal experience. To openly say that sometimes I find it hard to break away from certain deeply rooted patterns. Regulators, rating agencies, analysts, financial markets do not always appreciate this intangible approach. Sometimes it is even perceived as a high risk. Banking with a human touch. You know, 'the human touch' sounds so low-key and it is. However in practice we have to put a lot of effort into making it our guiding principle. And that, fortunately, is my personal mission and my firm conviction.

**- bottom up governance -**

The traditional way of thinking, often attributed to banking, although I think it works in all large corporates, is rooted very deeply. We derive a false sense of security from systems and rules. Although studies continually show that the more rules there are, the less responsible people feel for their own actions. But we're stuck in those rules and systems, we want even more ...

And that is a challenge if you are the CEO of a bank that wants to actively and genuinely close the gap between the corporation and the customer. Who wants to reverse the bank model by not measuring via the usual return norms, but along the yardstick of human returns. A bank that has made the shared value principle guiding. From a deep conviction that every organization, and certainly banks, can only exist in the long term if we have a clear added value. If we play a role in the daily lives of people. If we are there in good times, and in bad times. To give the umbrella when it rains, not take it away at that most vulnerable moment. If we are there for them and not the other way around. That we do not act by doing transactions but by building and maintaining relationships.

That is why I am convinced supervision starts at the workplace! That every employee works from his own sense of norms guided by clear frames. During our session early last month, I asked my managers the following about this set of ethics. What is easier than the human touch? We've all got it built-in. It's time we dare to listen to it and trust it. To look with sincere interest at people, at customers. Ask yourself, how would my mother find this? What about my uncle, my neighbor, or my children? Can I explain this to them? Are they better off, will this service make them financially healthier? I asked our managers to take these as guiding questions in how they organize their work and inspire their teams. And to do that in every small action (calls, sending emails), in big decisions (like ending contracts with debt-collecting agencies), in yourself (where can you engage) and together (contributing instead of benefiting).

And I can assure you, with this approach to banking we have already achieved big and small successes in recent years. We are on the right path. Now all I want is to go faster.

**- a true people's bank -**

Naturally, our DNA as de Volksbank helps a great deal. For over 200 years, our strength, that which absolutely sets us apart from others, is the fact that we are visible and close to our customers. Literally at the heart of villages and cities across the Netherlands. With our stores and our advisers. We are continuously in discussion with our customers and are always looking for what works best for them. We are very much the bank of the people. And if you ask me the sum of ASN Bank, BLG Wonen, RegioBank and SNS, what de Volksbank means to our society, then I say; we want everyone in the Netherlands to have a financially sound life. We have a role to play there, we can and we do it too.

**- Shareholder is key -**

Let it be very clear that making choices between traditional returns and human returns can also be a choice for extra investments or for settling for less returns for our shareholders. In that context, let me give you another tangible example. Our decision to no longer hand over debts of our customers to debt-collecting agencies. That decision has financial implications for us. But we felt that it was necessary. Because when people find themselves in a period of financial distress, we have a responsibility to hold on to such customers and help them. Another example is our decision for 'the main switch'. A way to give customers the choice of whether to share their financial data. This means a substantial IT investment. But again, we are convinced it is worth it.

We can make such decisions because we believe in people first and transforming our business accordingly. We are in a constant dialogue with our shareholder, about the shared value-principle. The state finds diversity in banks very important and we see it as our mission to provide such diversity. So, our shareholder encourages us to act from the shared value principle. And to invest in technology that benefits our customers. So that's what we do.

**- We have a dream -**

Re-humanizing, making people the core of your business. It's not as easy as it sounds. It is a long-term goal that requires different measures of success. You can only maintain such a course by conviction. By daring to address your moral compass and, more importantly, show it. This starts with me, with my fellow executives. It is de Volksbank's mission and it is my personal mission. And it is something we can only continue to pursue with shareholders who strongly support this. And with stakeholders like you (bridge to the room), if we share experiences, continue to learn and continue to apply the latest insights. We need our education to challenge people differently, so thank you INSEAD for taking this bold step. Let us together, and I am quoting Jaap Winter here, find the people we lost again, put all the people we saw in the video I showed you earlier on back at the core of the corporation. Only when we continually do that, can we proudly proclaim that we stand by the people and share value. That, ladies and gentlemen, is my dream and hopefully that of us all.

Maurice Oostendorp, CEO de Volksbank NV