

# Leadership in the Financial Industry

Value Over Money, Others Before Self

An Article by:

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Leadership is many things to many people; however, the universal agreement is that Leadership is not about you, but how one could help others achieve their very best. It is about empathy, passion, care, motivation, integrity and discipline. Leaders also needs to be fearless when it comes to vision. There is no progress unless one can dream. In the financial world the focus now needs to be shifted to how the “individual” is best served --how the “individual” is provided the very best service and opportunities in par with clients’ current and future needs. Our country is facing challenges as a result of COVID-19. We should all expect a new normal and that we must evolve to meet the current and future needs. Similar to what Steve Jobs accomplished with the iphone and the digital industry, financial institutions and businesses have the opportunity to set the playing field for everyone.

Leadership in the financial industry requires organizations to be transparent. One does not have to go beyond 2008 to understand how the established integrity and trust in our great banking industry can be brought to its knees. As one of the most advanced countries in the World, the United States not only needs to pave the road for innovation and services that satisfy the needs of the everyday consumer of banking but do it with a passion that provides the very best services that add value to small businesses instead of taking away a large chunk of their profit.

As an adult and young professional, my early formation of leadership started in the military. The military is far from a homogenous or monolithic society. The military consist of a diverse collection of organizations, roles, cultures, and people from all walks of life. Within the military there are a multitude of professions that

have their own culture and aspect of leadership. At the same time, there are deeply entrenched “codes” of behavioral order (deep structures) that extend beyond the official work environment.

Through generations of military training and customs, the same principles of leadership have sustained the test of time:

- Know yourself and seek self-improvement
- Be technically and tactically proficient
- Seek responsibility and take responsibility for your actions
- Make sound and timely decisions
- Set the example
- Know your people and look out for their well being
- Keep your subordinates informed
- Develop a sense of responsibility in your subordinates
- Ensure the task is understood, supervised, and accomplished
- Build the team
- Employ your unit in accordance with its capabilities

Many of these principles have been used through time by the most successful corporate leaders, but the difference is that they were referred to by different names or by the buzz or trendy word of the time. In my experience, I think that all the principles covered are equally important in the military but carry different weights of action depending on function, hierarchical level, and expected outcomes. In the corporate world, leaders need to additionally develop competencies around trust leadership, self-awareness, and transparency leadership.

In times past, senior executives and board of directors in mid-to-large size companies had a simple goal for themselves and their organizations: stability and very little change (this is the way we have always done it!). Stakeholders traditionally have been satisfied with modest growth. In times past, this was easily accomplished due to undeveloped markets and healthy margins. Prices stayed in check; people stayed in their jobs; life was good.

Market transparency, labor mobility, global capital flows, and instantaneous communications have blown that comfortable scenario to smithereens. In most industries, and in almost all companies, from giants on down - heightened global competition has concentrated management's collective mind on something that, in the past, it happily avoided -- CHANGE! Successful companies develop a culture that just keeps moving all the time.

This presents most senior leaders with an unfamiliar challenge. In major transformations of their enterprises, they and their advisors conventionally focus their attention on devising the best strategic and tactical plans to win market share. But to succeed, they also must have an intimate understanding of the human side of change management - the alignment of the company's culture, values, people, and behaviors - to encourage the desired results, this is most important with the current and constantly changing demographical composition of our workforce.

Long-term organizational or enterprise-wide transformation has four characteristics: scale (the change affects all or most of the organization), magnitude (it involves significant alterations of the status quo), duration (it lasts for months, if not years), and strategic importance. Yet companies will reap the rewards only when change occurs at the level of the individual employee. Many senior executives know this and worry about it. When asked what keeps them up at night, CEOs involved in transformation often say they are concerned about how the work force will react, how they can get their team to work together regardless of personalities and ego, and how they will be able to lead their people.

Today, and even in the midst of these challenging times due to economic impacts from Covid-19, organizations will not survive just by implementing temporary cost reduction solutions which involve eliminating personnel to add dollars to the bottom line. This approach is out of date and will not yield long term sustainable results. The successful companies of the future will ensure they have the right people in the right seats, developing and supporting their team members to ensure preparation and contribution to the overall success, fostering and developing leadership beyond technical skills, and a culture of continuous improvements. A culture of continuous improvement seeks to improve processes, eliminate waste, but most importantly, it seeks to innovate and create new ways to generate revenue. Today, companies must diversify their revenue streams,

become innovators, create value at every turn, have an up to date risk-reward business model, and focus on building relationships for life with their clients.

Community and regional banks must position themselves for the future ahead, which is being shaped by COVID-19. However, improving capabilities to better serve multi-generations of diverse cultures who have different expectations on accessing banking services, languages, and lifestyles is equally important. The growth in population and prospective future members will come from Millennials and Gen Z, also known as iGeneration. Gen Z processes information faster than other generations thanks to apps like Snapchat, Vine, and others. The new generation of bank clients will have very high expectations on technology and ease of access. Keeping this in mind, branch automation and seamless access through mobile technologies must become a top priority for community and regional banks.

Community and regional banks that want to remain relevant, competitive, valuable for their clients and profitable must rethink the future. Redesigning processes and establishing cross-industry strategic partnerships that optimize customer-centric technologies is critical. Things to keep in mind when investing in technology or choosing a technology ecosystem partner:

- Enhancement of speed and reliability of operations
- Easy-to-use and value-add to the customer/end user
- Enhancing automation of processes
- Compliant with regulations and extremely secure
- Capable of providing multi-functional and inter-connected platforms
- Seamless integration, implementation and customizable
- Value add and cost-effective
- The cool factor (Does it enhance the customer experience?)

The bank of the future needs to deliver easy and sophisticated banking access through innovative technologies that provide sustainable competitive advantages. Competitiveness and growth will be achieved through total engagement in actions such as:

- Leveraging a trusted brand
- Having a qualified team of professionals who can think outside of the box and truly take the bank forward by building something very special
- Building scale through active customers, networks, acquisitions and growth distributions

- Investing in disruptive innovations: Superior electronic solutions, easy and sophisticated banking access, offers and future developments based on customers' needs, and delivering value add solutions without physical presence
- Pursuing selected business vertical opportunities (niches) and establishing partnerships
- Managing operating leverage

In conclusion, the financial industry might have a different role to play than say a consumer industry, an automotive industry or an IT industry, but the objectives of leadership are always the same: Do the right thing, adapt – improvise – and overcome, people first before profits, integrity at all levels, and success never at the cost of compromising ethics. It is this approach and emphasis on leadership that will help financial institutions succeed even in the midst of these changing times.

#### **About Andrew Russell:**

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(<https://www.soundpayments.com>) Russell leads a team of innovators in offering the best in software development, state-of-the-art equipment, unparalleled technical and customer service delivery, advanced security and compliance, and training. Russell retired with the rank of Major from the United States Army Reserves after 34 years of service, and a veteran leader in the financial services industry holding key senior positions of CEO, EVP, and Head of various banking divisions.

