



Suzan Revell

Deputy Chair and General Counsel,
EMEA, BNY Mellon

Why purpose matters

This EuroFi conference was going to focus on key challenges for European financial services and beyond – chief amongst them was to ensure sustainability plays a central role in financial services and to leverage digitalisation and technology to help future proof the European financial services sector, in particular in its delivery to consumers and clients. Whilst the Covid-19 crisis may have diverted our attention temporarily, these concepts remain central to the future of financial services.

In looking to tackle them, we cannot lose sight that financial services – despite the advent of algos and AI, Machine Learning and DLT – remains a people business. The human element is critical in determining how our industry can meet these future challenges. Ensuring that our firms remain sustainable, that they stay ahead of the curve within an environment of ever accelerating pace of technological change, requires dedicated individuals, working collaboratively and being attune to the corporate Zeitgeist. In turn, as leaders we need to ensure our industry continues to attract talent in the face of competition, particular from the tech sector, and enable them to reach their full potential.

It is here that the recent Corona crisis comes into sharp focus. It has and is challenging us to find new ways to interact with each other, to work at physical distance to each other including the closest co-workers, to understand the personal circumstances of colleagues and family members – the human element has taken centre stage. And it is the individuals, up and down the organisation, that we rely on to continue to serve clients and deliver services across the various parts of our organisations.

A lot of research has been conducted in how companies can succeed in such challenging circumstances. Through our work on corporate purpose, including by participation in AFME and UK FCA working groups, we have explored how critical individual employees' perception of their personal connection with the organisational purpose can be in setting a framework for all the other corporate objectives that we collectively work towards. A corporate purpose that is focused on serving all of its stakeholders - in addition to shareholders also customers, employees and the community - can help to transform a short term focus on profitability into a longer term focus on sustainability. It is key in setting corporate culture and in turn shapes governance processes and decisions - both in business-as-usual circumstances, but particularly in challenging situations where formal governance structures may need to

adjust to meet the needs of the organisation, such as the current Covid-19 crisis.

It is therefore critical that companies can embrace a corporate purpose which individuals can align to and rally around. This can take different forms – whether a mission statement, a set of company goals, shared perspective on tackling global challenges. And that corporate purpose can be relevant in multiple different facets – purpose can be a benefitting factor for motivation of the wider workforce but also for wider company alignment. But crucially, being able to internalise a purpose, to harness a purpose which drives performance and profitability, allows companies to compete with a distinct competitive advantage. As the E&Y Beacon Institute has found “companies who clearly articulate their purpose enjoy higher growth rates and higher levels of success in transformation and innovation initiatives”.

Whilst purpose is primarily an internal driver, a purpose that permeates into corporate strategy and product development can also be a key success factor with clients. As an example, a company that sets itself a clear purpose to be sustainable may be better able to launch products with a sustainability angle – against the backdrop of growing investor interest in sustainable investment products this can be a crucial success factor.

But there is also a risk in communicating a corporate purpose if such mission statements are not followed up by actions. If they are perceived by the own workforce or externally as mere campaign slogans. In that sense, acting against a stated purpose can bear significant risk for the corporate. A disconnect between the purpose that is being communicated widely and the action undertaken by the firm, can lead to a breakdown in authenticity which, in turn, can lead to a breakdown in trust and ultimately longer-term reputational damage.

These risks aside, I believe the industry and the wider ecosystem, including policy makers, need to embrace corporate purpose as a key factor for our industry in the years to come. To meet the many challenges that lie ahead, only an engaged, talented and inspired workforce can deliver success – and leading by example, embracing a purpose is not only a means to that end but a critical ingredient. ●