

# A bank with a Christian ethos

*Richard Higginson interviews Alexander Hoare, partner and former Chief Executive of C. Hoare & Co.*

**Hoare's is a very old well-established bank. Can you give us a brief summary of its history?**

The bank takes its founding date from when Richard Hoare completed his apprenticeship as a goldsmith and opened his own accounts in 1672. In that decade it was wise to deposit valuables in secure safes, and the goldsmiths had the best safes. The goldsmiths became deposit takers, payment providers, and lenders almost by chance. We have carried on doing it for eleven generations so far. We now employ about 400 staff providing private banking services to about 10,000 customers.

**Was there a family expectation that you would succeed many generations of Hoares in working for the bank?**

The founder had 17 children and the bank only needs a few cousins from the thousands alive at any time. I never expected nor initially wanted to join the bank. There had not been a partner in my line for 5 generations and I was happy being a management consultant in information technology.

**What positions have you held in the bank?**

I trained in all areas of the bank, but have always led for the family on IT and investment management. I was Chief Executive from 2001 until 2009, and am now one of the eight partners.

**What distinguishes C. Hoare & Co from other banks?**

The ownership. The partners are not interested in short-term profit maximisation; our mission is to perpetuate a profitable family business. We own it with unlimited liability. Both the mission and the unlimited liability lead us to concentrate on long-term quality rather than growth.

The continuity of ownership is also important, with numerous advantages like learning from the mistakes of past and present generations, behaving consistently and maintaining temperate teamwork.

The average spell of ownership of a large public company is now measured in hours, not days. Such public ownership enables the unacceptable face of capitalism: greed and short-termism.

**What happened during 2007-9 when so many other banks ran into severe financial difficulties?**

In the decade running up to 2008, many people told us we were mad to trade with unlimited liability, but when the storm hit the people looked around for honest bankers with a clean and sound balance sheet, and money poured in. We had no

use for it, so it went straight on deposit at the Bank of England – who did need it to bail out failing banks.

Subsequently we have demonstrated that it is worthwhile in the longer run to avoid mis-selling complex products, money laundering, rigging benchmarks and other bad practices.

**Would you say you are a 'Christian' bank, a bank with a Christian ethos or a bank run on Christian principles?**

Not all our partners or customers are Christians and a significant proportion of our IT department is Hindu – It is a bank with a Christian ethos, acting in the global economy. The bank is attractive to Christians and to principled customers of any faith.



### **How does your Christian faith have an influence or impact on your day-to-day work?**

In our family tree there are surprisingly few, if any, military men – and a lot of bankers and priests. We come from a solidly Anglican tradition but there were troubles in the 19th century between a high church and a low church partner who divided their time in management because they couldn't stand one another! I am a church-going Anglican but not especially evangelical. My prime business motivation is to show how practising Christian values can give great business outcomes, and a secondary motivation is to generate significant sums of money for the common good in our charitable trust. I was glad that my successor as Chief Executive, Jeremy Marshall, has turned out to be a more muscular type of Christian but he does not force his faith on the business any more than I did.

### **What are the key values you seek to inculcate in your staff?**

The ethos we promote to all staff is to treat others as you would wish to be treated. We emphasise doing the right things, rather than things that would be most profitable in the short term. Our remuneration system penalises all manner of poor behaviour and rewards true professionalism in looking out for customers' interests. We always support our staff in turning away customers who do not share our values.

### **How important is it that you remain a family firm?**

It is clearly important to the family, but it matters also to the customers and staff who are well aware that our ownership gives rise to better quality banking relationships than available from public banks. Relationships matter particularly in banking, and trust is only truly earned over time.

### **How will the family perpetuate a profitable family business?**

Each generation does it in its own way. My generation aim to build a small, simple, but strong business, and hand it on to the best of the next generation. It is not for us to determine how they manage it in response to future business conditions.

### **Does the fact that you have unlimited liability keep you awake at night?**

On the contrary – it keeps me working so diligently in the day that I am exhausted by nightfall. The work is to know the staff, the customers, and the riskiness of the business they are doing together. It is because of the discipline of unlimited liability that we thrived in 2008 – and the crises of previous centuries.

### **What are the most difficult decisions you find yourself making as banker?**

The hardest banking decision is to decline further support to a customer to prop up his business and livelihood. Ordinarily we delay it as long as possible, and sometimes our patience is rewarded, but other times we lose more money than we would have if we had acted quicker.

Another routine difficult decision is to decline profitable ideas or opportunities which are outside our niche. We are clear that we need to focus on the needs of people, and in the places, we know best.

### **How does a venerable firm approach change?**

The business of taking deposits and lending money does not change much and our values remain firm. What does change is the technology with


which we do it, and the pace of this change is accelerating. Not changing with the times would be a disaster. Despite having trained in all areas of the bank, I could barely do a single job now without retraining but the continuity of owner-management has given deep experience of managing change. The risk in change is as much about people as it is about technology.

### **What is your approach to philanthropy?**

The bank has a record of building schools, hospitals and churches dating back to the seventeenth century. We now practise a form of tithing, whereby our charitable trust benefits in line with the partners. The trust then donates according to agreed criteria, supports the staff in their give-as-you-earn system, and also practises social investment with a large part of its endowment. The social investment portfolio is encouraging, and I hope in time it will become the major part of all investing.

### **Do you think the reputation of banks in the UK has been seriously damaged, and what are the prospects for restoring it?**

I think there is little or no prospect of the clearing banks recovering the public's esteem and trust. I am not convinced that government, regulators or other pundits can do much to help. The brightest hope comes from new entrants, new technologies and a new generation of customers and

service providers, probably in the form of non-banks. People place a lot of trust in Pay-Pal, peer-to-peer lenders, and other e-commerce providers. 



Alexander Hoare