

## History of Stress and Frustration

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The first cause of increasing human risk in private banks is the "invasion" of new regulations. We saw how the "automatic exchange of information", arrangement between foreign and Swiss regulators has been imposed on Swiss wealth management institutions. These extra territorial new regulations are at the origin of well-known scandals (e.g. data sold to foreign governments) and an overall loss of trust between wealth managers and clients and between employers and employees as banks are reporting their employees and clients to foreign authorities.

This is the conclusion of our survey conducted by students of the Diploma in Risk Management HEG during the period from September 2013 to February 2014. Our study was qualitative (based on semi-structured interviews): what kind of human risks are Swiss private banks facing now? We surveyed 35 people in several Swiss financial institutions, occupying the full range of private banking key positions in Switzerland.

Our results showed a disruption in the running of private banks, resulting in a drop in business margins. Merging, outsourcing or cancelling activities, hiring freezes and downsizing are other consequences to such disruptions.

Our research shows turmoil, significant increase in burnouts and even suicides. Managers don't have enough time to listen to employees and detect early signs of exhaustion and cannot act accordingly. Interviewees believe that neither HR nor RMs nor middle managers have methods to solve this issue. Consequently, employer-employee relationships deteriorate, remunerations and promotions freeze.

Respondents reported a significant increase in frustration, a constant stress and fear of losing their jobs. During interviews, they used many warlike expressions such as "employees who remain become

mercenaries." The working atmosphere in private banks becomes toxic.

What is even more worrisome is that our respondents admit that they find themselves in situations conducive to fraud: fewer staff to carry out controls over financial pressure, stress, long-term frustration resulting in many opportunities to "steal money" or cause damage to others. "As frustration increases, we are creating kamikazes of tomorrow" reported our respondents.

Many respondents talk about "stealing money" to customer, to the bank itself through an accounting fraud mechanism or other damage that would deeply impact the company's reputation.

There are solutions, however. To prevent fraud risk from increasing, respondents propose to apply a careful selection when hiring new staff, do cross checks on applicants with multiple interviews and contact previous employers. Human resources departments should also keep up-to-date files on key employees. Employees should be forced away from work with a mandatory two-week vacation per year, IT accesses should be adapted to each employee's profile, abnormal use of IT should be tracked, strict application of the four-eyes principle should be applied to all cash/securities settlements on internal or clients' accounts. These methods can be used to lower risks. Finally, respondents proposed to reengineer processes on a regular basis adapt the internal control system to the size of the company. Internal control systems that are too complicated increase pressure and frustration.

Respondents promote better communication in teams and establishing a relationship based on mutual trust, which would allow managers to understand their employees' ethics. Respondents also promote applying responsible and ethical business management, forcing local managers to organise team meetings

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outside work. Respondent recommended a close watch on changes in behaviour, colleagues' lifestyles, changes in physical appearances and mood swings and tracking anomalies, incidents, and checking if employee put in their hours. In case of suspicion, it is important to inform people outside the team (e.g. audit department, risk department, security department, human resources...).

In our survey we also analysed methods of treatment of confirmed fraud cases. When a case of fraud is discovered, some banks do not file a lawsuit against the wrongdoer in order to protect their reputation but this creates a feeling of injustice. Other financial institutions prefer to fire wrongdoers immediately, which often generates important audit costs to identify the actual damage. Other employers prefer to work things out by collaborating with fraudsters.

Respondent said that burnouts are mainly due to new regulatory constraints but are also generated by bad working atmosphere, disrepute employees, pressure from the management, middle management problems such as mobbing, recruitment issues and work overload. In order to prevent burnout cases, respondents suggested, inter alia, working with health professionals to measure stress trough indicators and educate teams via classes on this topic. They also proposed to impose training on stress management, integrated governance to protect employees, adapt the task list of employees under too much pressure and to organise a healthy job rotation; test the skills of job applicants, not only focusing on their degrees; propose telework arrangement, or childcare solutions were also mentioned.

Respondents also insisted on the need for managers to be attentive to early warnings: observe reasons for a decline in performance and quality of work, delays, absence for various reasons and increasing

errors. Signs of tiredness are often visible: behavioural changes, people can close themselves to others or express frustrations.

Fatigue, health problems, fear of losing their position or presenteeism. These signs may be observed in organising good vertical and horizontal communication and discussions within the teams in order to get to know better employees.

In our survey we also analysed methods that have been used to treat confirmed cases of psychosocial risks. Some financial institutions seek external help (health professionals), some others ask the employee at risk to leave the company, operate changes in the management or force the employee to change position within the company.

In the final part of our investigation, we surveyed some elements of futurology. The majority of respondents believe that human risk in private banks will increase in 2014 and 2015. Thereafter, respondents believe that the situation will get back to acceptable levels.