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# LEADERSHIP & CULTURE IN TIMES OF COVID-19
## OCTOBER 2020

## LEADERSHIP IN TIMES OF COVID-19: IT'S EARLY BUT HERE'S WHAT WE KNOW

**by Christoph Bauer, Innovation Leader at Societe Generale in Frankfurt, Germany**

The novel coronavirus has introduced the most impactful change of our working lives in recent history: the normalization of the home office and mobile working. But what does that mean for leadership? And what has been the impact of all these changes? Which tools help deal with this new reality?

Let's start with leadership: I'll go out on a limb here and say it didn't change anything on the strategy level. Good leadership is good leadership, no matter the location. But on the tactical level, aka the "how to make it work", many novelties and new requirements have popped up. From setting up video calls to distributing work efficiently, digital skills and especially the availability of the right tools played a major role in the speed of adoption. All this has changed the way teams interact and work collaboratively. From my experience: teams that were already leveraging agile principles and using task management tools had a much quicker recovery time than those that were still managed by "walking around". Micro-Management does not scale in remote setups, so trust, ownership and intrinsic motivation became the biggest drivers for successful transitions.

On the empirical side with a focus on Germany, we see lots of positive impact regarding concentration and relaxation, more time for hobbies as well as a **general happiness about not having to commute to the office every day**. The **number of stressed German employees decreased by 29%**. A third of employees have changed their view on the home office in a favorable way – only 6% say their acceptance of home office arrangements **has declined**. But there is also negative sentiment: German employees miss social interaction and those with families find it hard to structure their time. Half of German employees under 30 say it's **hard to distinguish between work and private life**. But remember: it's early and the long-term effects of isolation and lack of informal exchange will take time to be measurable.

Modern cloud-based productivity and communication tools can help reduce these negative side effects. Teams that still lack these as well as teams still working with paper-based processes faced the biggest hurdles when trying to stay productive. The most sought-after tools were (video) conferencing software with high audio and video quality as well as virtual whiteboards such as Mural, Miro or Klaxoon. Startups use these by default, but many corporates had to adjust. For events, a whole new category of tools popped up: providers such as **hopin** or **Run The World** deliver features for interactive online events such as fairs, conferences and other formerly analogue occasions. We'll see lots more activity in the realm of tools supporting remote work in the future – and we already have some **clear winners.**

# MOROCCO: THE CHALLENGE OF NEW EMPLOYEE-CLIENT COLLECTIVE INTELLIGENCE

**by Wadii Rhazi, Innovation Director, Societe Generale Morocco (SGMA)**

The COVID-19 crisis has favoured not only digital acceleration at all levels, but also the reappropriation of digital tools. From collaborative tools to virtual events, efforts to adapt to social distancing constraints have resulted in a continuous innovation process, accompanied by closer relations between clients and employees.

First example: the Fête de la Musique (annual street music festival) which coincided in Morocco with the initial easing of lockdown measures. **A mini digital festival was held on Facebook Live** inviting clients and employees to celebrate life through song and pay musical tribute to everyone contributing to the fight against the coronavirus.

The live chat between clients and employees during the live-broadcast concerts showcased a never-before-seen level of socialisation and solidarity. A few days later, **a webinar on "exiting the Covid-19 crisis thanks to innovation"** was organised for employees and clients alike. Nabil Hilali, one of Morocco's leading experts on open innovation, demonstrated for a wide audience the many opportunities offered by the crisis to rethink business models and ramp up the digital transformation. According to Mr. Hilali **"Business model innovation is the key to resolving this crisis, serving in the short term as a remedy and over the longer term as an opportunity."**

During the webinar, a committed employee also spoke about solidarity-based innovation, related to her experience doing volunteer work. The success of this event inspired the decision to set up a second webinar, this time aimed exclusively at corporate clients, with various and clients sharing practical avenues for resolving the crisis through frugal innovation. In response to the restrictions arising from IT security imperatives, a work-around solution was also designed using a collaborative tool called Klaxoon.

The solution was created to supervise the roll-out of electronic payment migration in Sub-Saharan Africa, organise client surveys and tests, establish in-house collective intelligence and offer gamified training programmes. Lastly, additional collaborative innovations have proved successful, including an e-brochure tool used independently by CRMs to create electronic sales brochures personally tailored to their clients' needs. The idea was suggested by a member of staff and then developed by two internal SG entities. Yet another example is the partnership between Ecole Centrale de Casablanca and Societe Generale Morocco, involving the school's students and researchers in R&D initiatives associated with business challenges relating to the Covid-19 crisis.

# DEVELOPING A RESULT-ORIENTED CULTURE TO EMPOWER TEAM MEMBERS

**by the Group Innovation Division**

The Group Innovation Division is a recently renewed 30-member team with diverse profiles from within and outside the bank. Whatever their seniority, the team members are required to continuously adapt to evolving business priorities at a fast pace

**To maximize our team impact and also build consistency and a sense of belonging among members, we chose to co-build together our vision, shared objectives and team values and use those as a solid alignment and monitoring tool. Almost like a compass.**

As a first step, the team agreed on its key cultural foundation (mission and values) and a set of shared objectives and accepted the possibility of dropping lower impact topics. As a second step, each of us was invited to associate their individual contributions to the shared objectives.

- When the association was clear, project owners formulated a Key Result (from the OKR method). For instance: Digital Sales target set per country. They contributed to achieving said Key Result autonomously or as a team with business stakeholders.
- When the association was unclear, the team commonly agreed to give up engaged actions, re-prioritizing resources towards more directly contributive objectives. At some point, this led for instance to the decision to close our Tel-Aviv innovation Lab.

Key Result achievement leads to a systematic sharing session within the Innovation team heads and among business and service units stakeholders' community (Digital Leaders) to help boost a learning culture. Quite soon, though, we also realized that building a safe (i.e. benevolent) work environment was even more crucial to help team members give-up on some of their projects.

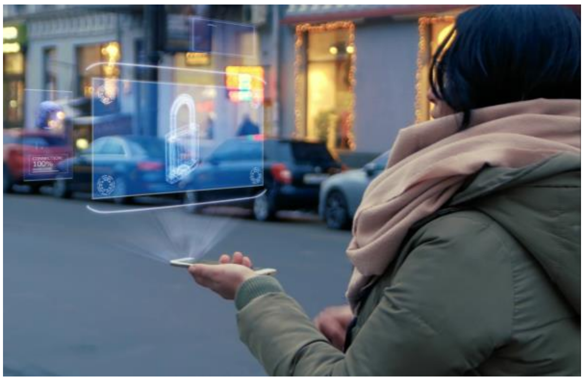
The Covid-19 context turned this approach fully digital through tools such as Slack, Zoom, Trello and others (Teams wasn't deployed at the time). Rituals became central and even more appreciated, further accelerating the adoption of visual management methods and requiring new joiners to jump-in with no delay. Six months down the line with continuous adaptation, the empowerment culture we're building is progressively becoming understood and appreciated by the team. Immediate next steps consists in updating the Innovation team heads' shared objectives with the current banking context. All in all, such a set-up has been pivotal in developing a result-oriented culture and a sense of ownership among team members. But of course, it's a long run and there is no finish line in such a journey.

# BANKING ON THE FUTURE
## NOVEMBER 2020

## TOWARDS A FULL CUSTOMER CENTRIC AND OPEN MODEL

**by Cécile Bartenieff, COO of Global Banking and Investor Solutions**

With increasing competition from Fintechs and BigTechs, finance is no longer the preserved area of banks. We are seeing the emergence of embedded finance such as with some of the Asian models of WeChat and AntFinancial, which combine a one-stop shop for consumer payments and merchants' marketplaces at your fingertips, providing a wealth of data that could then be used to develop new business models. Of course, there are different scenarios and our focus remains to serve our clients and colleagues with responsible and innovative solutions, but here is one view of what could happen tomorrow if we were to embrace some of these embedded finance models in Europe more largely.



For **individual clients**, banks will have to position themselves even more as "**finance coaches**" whose mission will be to **help their clients optimize all financial aspects of their life,** while being socially responsible. Banking activity can be grouped into three core processes: payment, credit and investment. Winners will be those who will make finance very simple to navigate for clients, with the right level of personalization and proactivity. This intimacy with the client, as well as a seamless journey, will retain brand loyalty. And we're proud today at Societe Generale to see strong client engagement through our different channels, with 50% digital adoption among our 31 million clients worldwide, and with 57% adoption and 34 average connexion per months through digital for French clients. Yet, new entrants are setting the bar and we must keep reinventing the customer experience to meet new customer needs in this increasingly digital world.

For **SME and large corporates**, we expect clients to continue to **value their bank as a partner,** able to accompany them in their growth as well as during more difficult times. To meet client expectations, banks will have to complement their traditional offer through solutions providing **environmentally and socially responsible finance**, as well as **providing an integrated digital experience**. B2B clients are working on the centralization and industrialization of their treasury processes, as well as the digitalization of their offer. They expect to have an almost real time view of all the business they do with a given bank, regardless of the country or the type of activity. Being multi banks for most of them, they will expect to operate in a fully seamless ecosystem, encompassing their banks but also the market players. It will require banks to integrate with the clients' systems, be it TMS (Treasury Management System), ERP (Enterprise Resource Planning) or trading ones. They also expect banks to move away from proprietary standards and embrace as much as possible the market standards, multi-dealer platforms and utilities, and developing mutualized solutions across banks. We are actively working on this through our API-based SG Markets platform.

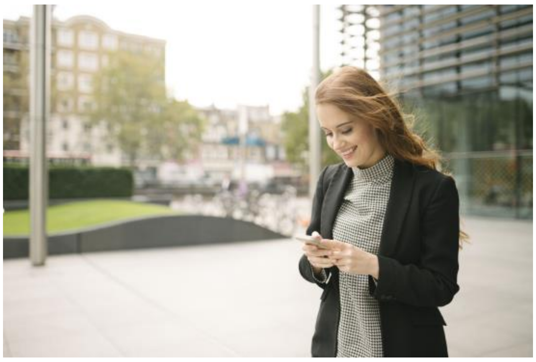
Last but not least, **the key asset in this journey is our People**. As the supervisor of operations and IT, I make sure we can offer new skills for our staff, put emphasis on new roles through the organization such as UX, CX, Data Science, API developers and to implement an environment where they can thrive with Agile practices – a long term commitment!

# THE FUTURE OF CONSUMER CREDIT

**by Joseph Emmanuel Trojman, Franfinance**

The health crisis has simultaneously intensified the dynamics of the consumer finance market and brought new expectations to the forefront, especially from distribution partners.

**In the retail client segment**, the sector is seeing a sharp uptrend at work. With more and more behaviours going digital and consumers taking back power, there is growing demand for expertise, instant gratification and a seamless experience. In such an ultra-competitive sector, increasingly converging with the payment industry, credit firms are expected to deliver an ever-shorter **"time to decision"** and **"time to cash"**.



While clients have certainly set the bar high, technological barriers have come down, making it possible to meet their expectations in tight market-timing deadlines. In fact, the Open Banking competitive ecosystem has reached maturity, encouraging rapid synergies between major financial institutions and the expanding community of fintechs. If we look at the widespread adoption of technologies, the expanding use of digital identities, PFMs, data and AI by clients, and the near-total automation of credit approval processes form the pillars that will underpin the new consumer finance experience.

**For distribution partners** predominantly operating their business at POS or directly in the client's home, social distancing rules have generated an additional complexity to overcome. Against this backdrop, credit institutions are tending to see their role change dramatically. Instead of merely funding sales, they are becoming more holistic providers for distributors, from the standpoint of helping them develop their business and navigate omnichannel distribution.

In both the B2C and B2B2C segments, business expertise, technological maturity and the ability to rapidly put new innovations to work are and will continue to be key differentiation drivers on the consumer finance market.

# TOMORROW'S PRIVATE BANKING IN FRANCE

**by Valérie Bokobza & Carole Rigattieri, Societe Generale Private Banking**

The Covid-19 crisis has ramped up the use of digital media by our clients and employees, while not only reaffirming the central role of private banking institutions in client relations but also underscoring the importance of the ties between private banking advisors, portfolio managers and digital tools. The sales teams have taken the time to help our clients learn how to use the various available features, sparking an increase in the volume of digital transactions in terms of credit transfers and stock market orders **(3x more stock market orders placed in self-care mode in April/May compared to 2018/19**). Clearly, self-care has taken on a whole new dimension in the different client segments (Private Banking, Wealth Management and 29H), spanning all age brackets.

We have successfully increased our contact points thanks to our digital solutions:

- SYNOE offers regular access to market analyses and financial advice, with the possibility of validating each transaction and accessing a platform of experts **(22 publications sent year-to-date, 13 of which generated financial advice);**
- **6,800 clients have activated** MON PATRIMOINE, which gives clients a comprehensive view of their financial and non-financial assets, simulations on the various asset classes (solution based on asset aggregation and the Dialogue & Asset Allocation method)

New ways of interacting with our clients have been set up: videoconferencing, economic podcasts, etc. Most of our employees have been given digital tablets, and the adjustments made to our operating processes have helped keep the business up and running, with **97% of our teams** teleworking during the initial lockdown period. Clients expressed great satisfaction with the service provided by their Private Banking branch.

**RESPONSIBLE PRIVATE BANKING**

Responsible Private Banking rests on **4 pillars**: reducing our own environmental footprint, providing our clients with positive and sustainable investment solutions, acting responsibly and being a driving force for societal trends.

For example, we remodelled our Boulevard Haussmann offices with the goal of meeting environmental standards and **thus cutting our water and energy bill by 70%.**

Our asset management company, SG29, just signed the UNPRI (United Nations Principles for Responsible Investment) and has its sights set on expanding its range to include five SRI funds, with a target of **investing 30% of AuM in SRI** over the next few months. Our philanthropy centre of expertise helped our clients **seeking a higher purpose for their wealth** to create more than 15 foundations. Private Banking France just entered into a partnership with **Philanthro Lab**, which promotes community outreach programmes.

**The current health crisis has proved that people will continue to be the main focus of attention in the coming years.**

## WHY ENERGY TRANSITION IS REQUIRING A SPECIFIC SKILLSET, COLLABORATIVE WORK AND INNOVATION?

**by Eric Bonnin, Head of Oil and Gas Industry Group and Hacina Py, Head of Export Finance at Societe Generale Corporate and Investment Banking**

The world is facing climate challenge and cannot afford the same business model going forward without irreversible consequences on our planet. The question to address is then how to grant access to affordable and reliable energy to a growing population while being aligned with a sustainable environment?

The required Green Industrial Revolution is probably the biggest challenge to be addressed during this century. It also represents a tremendous business opportunity. To seize it, we need new skills, new technologies and trillions of investments.

Energy transition is impacting all sectors of activities and countries: energy producers switching from fossil fuels to low carbon activities and adapting to a much more complex client driven approach, distributors of energy which need to integrate new type of gas (Hydrogen, biogas) and intermittent renewable power generation as well as decentralized energy assets putting pressure on existing grids, consumers (industrials, transportation, buildings…) which have to change their demand patterns into greener and more efficient energy systems, financial institutions, private equity firms, public entities, sovereign wealth funds impacted through evolving regulations (Taxonomy, European Green deal, other local regulations) and new client requirements leading to a need for new services and product offerings (partnerships, off balance sheet solution, third party equity…).

**New skillsets are to be developed as energy transition is complex, has local implications and impact all sectors/industries**: understand newly developed business models which sometimes are disruptive and the impact on existing ones: risks of new technologies and their obsolescence, right evaluation of stranded assets, competitiveness of new energy vs fossil fuels…are all new and need to be properly evaluated with the right skillset requiring technical and market knowledge.

**Collaborative work and partnerships are becoming the new norm:** new technologies and new business models associated with energy transition are requiring open source data and R&D large investments. Collaborative work is needed to accelerate transformation, reduce costs associated to such developments and lastly, be an enabler for deployment at scale. Partnership across industries and with universities is a way to find viable and more innovative solutions. More and more JVs are being set up between energy players and industrials (battery gigafactories or large scale hydrogen production and newly developed industrial and mobility applications), infrastructure funds and developers (EV charging infrastructure) …

**Innovation is a prerequisite** and will be key to achieve our goals: in energy production/transport/usage (decentralized generation, new applications of Hydrogen, more efficient batteries, biogas and biofuels…) as well as in new financing schemes. The challenge is to finance trillions of new capex and obviously smart financing solutions will be necessary in particular off balance sheet structures and third party equity to avoid too much impact on financial ratios and share risks. Another key milestone to achieve is how to standardize billions of investments in small scale assets (electric vehicle recharging infrastructure, heating and cooling systems, smart meters deployment…) to avoid too costly and too complex solutions. How do we finance energy efficiency which is not creating revenues but savings? How do private and public debts or incentives need to be combined for new technologies in a ramping phase to be financeable?

To better understand all these risks and opportunities across sectors and countries, Societe Generale has decided to launch a transversal initiative across the Group to look more holistically at energy transition and its impact on the business models of our clients operating in various sectors (energy and non-energy players) and regions as well as better measure impact on our own business model.

## ESG AND SUSTAINABLE FINANCE IN ASSET-BACKED PRODUCTS

**by Emile Boustani, Head of ABP UK, Asset-Backed Products**

The structural shift of focus to environmental, social and governance factors by both companies and investors and its extraordinary acceleration witnessed over the last twelve months has until recently been driven primarily by their integration in equity investments and bond investments, as well as renewable infrastructure projects.

Asset-backed products (understood here to include granular securitisation, fund finance and collateralised funding) have traditionally been less of a focus but are increasingly being transformed as well - with ESG and sustainable finance already well established in certain areas, first successes in others and more generally increasing recognition of the key role to be played by this sector in supporting the energy transition for example. These tools help large corporates, financial institutions and financial sponsors raise liquidity and manage risks in a way that can support their ESG agendas, and at the same time caters for investors with their respective investment strategies based on ESG integration, alignment or impact by providing appropriate investment opportunities which are complementary to equity or bond investments.

Granular securitisation or asset-backed securities (ABS), for example, have a key role to play in supporting sustainability by helping large corporates raise liquidity against trade receivables related to activities such as renewable energy, green buildings, energy efficiency, clean transportation or waste and water management. The same is true for financial institutions, where we are seeing an increasing number of transactions aiming to support the energy transition through the securitisation of energy efficient residential mortgages, electric or hybrid cars, solar panels (particularly in the US) and energy efficient renovations of homes for example. Granular securitisation also has a key role to play in the aggregation of small-scale assets related to the energy transition (such as mini grids for example) to enable fund raising on a large scale.

Capital call financing, as a form of fund finance for financial sponsors investing in companies through either private equity or private debt, increasingly integrates incentives for financial sponsors to use their position as a shareholder or lender to encourage positive change in environmental, social or governance aspects among the companies they invest in. The year 2020 has witnessed an impressive increase in relevant financings implemented and further financial sponsors intending to do so.

Collateral financing, which covers a range of different financing forms, is also increasingly being used to support ESG agendas of financial institutions and financial sponsors. Capital relief transactions, by way of example, traditionally a means of managing risk weighted assets for banks, generate balance sheet capacity for banks which is now increasingly dedicated to originate new financings with a specific focus on supporting the energy transition or positive impact finance more generally.

Overall, the year 2020 has demonstrated that asset-backed product financing is no exception in the general structural shift toward ESG and sustainable finance and has a key complementary role to play in view of the specific sectors and clients types whose ESG agendas it helps support.

## DIGITAL: AN ACCELERATOR OF IMPACT FINANCE

**by Olivier Houdaille, President of Lumo, the crowd funding investment platform serving the ecological transition**

In a locked-down world, the use of digital is creeping into entire areas of everyday life, including the field of impact finance. It is therefore no coincidence that its acceleration is happening at the same time as its digitization.

The real objective of impact finance is to put the purpose of the project or the recipient of the funds, whoever they are, at the center of the reflection, and then the financing or investment decision. By doing that, this finance recreates a vital and meaningful link between people and the benefits generated by the recipient of funds, services or infrastructure, of which they are often the end users. It thus makes it possible to orient society towards a desirable form to which the general public already drawn.

At **Lumo**, an online investment platform dedicated to ecological transition, we are convinced of the relevance and effectiveness of this approach.

**Digital is at the heart of this innovative model and continues to grow**. It brings two fundamental elements to the building of impact finance.

**First of all, it operates as a vector of information**, thanks to the elimination of borders, thus bringing together investors and funders with a positive pressure on transparency. And it also makes it possible to form a community around the major issues of this finance. Finally, digital contributes to putting impact finance in its own place: that of a tool, a means, rather than an objective in itself. It therefore popularized and humanized this discipline which was up until now very institutional.

In the field of savings, this is still a real disruptive practice! But the practices are not fixed. Any change is a form of disruption that will last if conditions remain stable. Partly thanks to digitization, citizens are more informed and attentive to their investment choice: security, diversification, return but also responsibility, sustainability and the common good. Lumo makes it possible to combine these objectives.Proof of this is with the 8,000 new registrants on the platform in 2020, or the enthusiasm used during the latest "Eaux d'Ariège" collections for hydroelectricity projects with 1 million euros collected in 55 minutes! Or the current "Ambition 2024", dedicated to accelerating the development plan for solar technology, a French gem in the renewable energy sector.

Whether it is for individual clients or companies investing in impact funds or through an online impact platform such as **Lumo,** or for financial institutions to build new impact assessment models when constructing their financing offers, digital technology – a vector of information and a tool for transformation – is essential.