

# BANKSIDE

A wide-ranging career in banks has provided **Paul Wilde**, group treasurer at Shawbrook and ACT council member, with a great vantage point on regulation and crisis management

Words: Liz Loxton / Photography: Louise Haywood-Schiefer

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Any individual working in banking treasury over the past 20 years will have witnessed a degree of turbulence. Paul Wilde's career is no exception. And it's fair to say that the varying fortunes of the financial institutions he worked in over that period have tested his treasury and his soft skills sets in equal measure.

Wilde started his treasury career very much on the front foot. After a physics degree, he joined N&P Building Society on a graduate programme and asked to join the treasury function on an early rotation. Expressing an early interest in treasury helped him secure a role there when a permanent position came up, and the attraction of treasury was immediate, he says. "The numerical aspect really appealed to me; it seemed very much the financial nerve centre of the bank. It also seemed quite exciting because of its dealing with external markets."

After five years at N&P, where he sat and passed his MCT, Wilde moved to Lloyd's of London, which was, at the time, on the verge of collapse. Complex negotiations designed to bring about what was referred to as the reconstruction and renewal of the famously overstretched, under-provisioned insurance market were under way. As a corporate finance manager, Wilde led a complex restructuring of the solvency position in the North American market. On one memorable occasion, he had a seat at the table at a meeting with Canadian regulators who attended mob-handed to take Lloyd's to task on its North American environmental and asbestosis liabilities.

Having played his part in the Lloyd's R&R – as well as finding time to study and complete an MBA at London Business School – Wilde moved on to Abbey National. From Abbey, he moved

to Egg, arguably the UK's first challenger bank. Prudential-owned Egg was based on an e-banking platform with a strong customer focus. Wilde spent five years there, setting up its securitisation programme and going out to market that to investors.

After that came his first supply-side experience. "I jumped to the other side of the fence and went to an investment bank, setting up securitisation for clients at Bank of America. And then the financial crisis hit and there was no securitisation for quite a long time," he says.

Bank of America responded to the crisis by getting rid of his whole team, so Wilde moved on to RBS as head of treasury integration, working on the restructuring of ABN Amro's group treasury. "Because it was a hostile acquisition and treasury was at the centre, they just imagined they would split [treasury] into thirds. But after the financial crisis hit, the value of everything was different."

ABN's treasury held a big investment and wholesale funding portfolio and some capital relief transactions. While the investment portfolio reduced in value, the funding and capital relief in a crisis was suddenly a prize worth having. "But we had a complex question around how you split up five- and 10-year liabilities. Someone has to pay back the debt, but the question was: how do you compensate each other for liquidity?"

Splitting treasury – assets, liabilities, people and systems – and then integrating the people and systems into RBS, was delicate enough. The asset-liability issue, however, was in a class of its own. "Treasury in a bank is a big consolidation area. You've got assets on one side, liabilities on the other and you mix them together. You don't finance one loan with a specific deposit. Treasury is the big pool where everything gets mixed together." >

## SHAWBROOK IN NUMBERS

**£4.9bn**  
in assets

**20%**  
increase loan book over the past  
financial year (December 2017)

**671**  
employees

**52**  
charities supported

**58%** male to **42%**  
female gender split





### WHAT I VALUE MOST ABOUT THE ACT IS...

**Its commitment to treasury education. Good treasury management is really important to the success of companies, and the best way to ensure the quality of treasury management is to set high standards of training.**

### MY MOST SUCCESSFUL RECRUIT WAS...

**That is like asking me to pick my favourite child! I have made some very good hires and a couple of not so good ones. I have learnt that if you make a good hire, even at the most junior level, it can transform the dynamics and performance of a team. I have also learnt not to hire just because you have a vacancy. A poor recruit is 10 times worse than no recruit.**

### WHAT I LIKE BEST ABOUT TREASURY IS...

**The reality that you have to deal with when you are the connection between the external market and the company's internal aspirations. I also love the mix of theoretical and practical, and being at the centre of the action.**

### THE WORK CHALLENGE I WOULD MOST LIKE TO FIX IS...

**I want to see everything optimised, running like a perfectly engineered machine: our operations, our financing and risk management. I know that it is an unobtainable ideal, and sounds a bit odd, but seeing everything work well makes me happy.**

While a straightforward three-way split of ABN's €30bn debt pool between RBS, Santander and Fortis seemed the obvious answer to some, as a solution, it was a non-starter. "That would have broken all the credit limits, so we had to structure our way around it. We lent them some money; they collateralised other parts and left some debt in."

The negotiation exposed the fact that, in the lead-up to the financial crisis, many operators had acted as if liquidity was an infinite pool they could draw on, a misconception that has since been put to the sword.

ABN Amro negotiations complete, Wilde moved on again, this time to

derivatives broker Newedge, owned by Credit Agricole and SocGen. The focus of treasury had shifted in that period, and it was now all about catching up with how regulation had moved. Huge swathes had been put in place, and a lot were focused on treasury. The Financial Services Authority rewrote the liquidity rule book and gave everyone a year to comply – a massive effort for financial organisations.”

Next came a spell at Itaú BBA, a Brazilian investment bank – a more entrepreneurial experience. “Treasury was a profit centre there. I had a profit target I had to hit. That’s very different to how UK institutions are generally set up. That said, after the crisis, it starts to make more sense for treasury to be a profit centre, because we are supposed to charge for risk. All that liquidity risk accumulates in treasury. If you’re not charging for it, there’s something wrong.”

While the experience of Itaú BBA’s very different culture was useful, his stint there ended in his second experience of redundancy, a feature of his career that has notably failed to faze him: “Really, your security lies in your skills,” he says.

In 2016, he joined Shawbrook as group treasurer. “I had done my homework and knew that I would be a good fit for the role. My interviewer was great and he and I formed a strong rapport. By the end of the interview, he was discussing terms.”

And life at Shawbrook is good. The bank has grown from £4.1bn to £4.9bn of assets in the past year. “We have ambitious growth plans for the next few years,” he says.

The term ‘challenger bank’, he explains, is broad, with different strategies within it. “Some are replicating what the large banks do, but trying to do it better or with a more customer-friendly face. Shawbrook is slightly different in that we’re more of a specialist lender and we’re focusing on particular areas of the market where the very large banks have chosen not to play any more.

“When you’re a very large bank you almost need to be very systematised in how you underwrite loans. If anything doesn’t fit the scorecard, you don’t lend because you have to mass-produce everything you do. At Shawbrook, we actually look at the loans and the particular circumstances, and make a human decision. And for that reason we’re looking at a very underserved

segment and the margins on it are better – and margins are hard for banks to come by these days.”

With a balance sheet of £4.9bn, Shawbrook is comparable in size to Metro, Aldermore and some of the medium-sized building societies. But new operators keep coming and the Prudential Regulation Authority is granting licences at a rate of one every couple of months. “It’s quite refreshing – a new wave of banks trying to reinvigorate the market.”

Wilde operates with a team of six and is pleased with the level of development opportunity that the challenger bank affords. “The nice thing about an expanding company is there is room to grow and there is room for people to develop and grow in what they do. People come into treasury because it’s numerical and analytical. What they find is that it’s quite people-orientated. You have to develop relationships with other people within the organisation and within other banks, so it’s actually quite a people-orientated role. I’ve enjoyed that side.”

After two decades in the business, he still regards treasury as the heart of an operation. “In a bank, even more so. It’s the centre of the action at a bank. So it fits by being that bridge between assets and liabilities, bringing them together and ensuring they operate together. Treasury is an important part of the business for the board – and they’re all aware of their regulatory responsibilities now.”

He enjoys it also for its mix of theoretical knowledge and real-life practicalities. “It’s a very real area to

“Treasury is the big pool where everything gets mixed together”

work. It’s where the rubber hits the road. Management might like to raise debt at a certain rate. We might have to introduce that cold, hard reality of people saying no. You have to speak truth to power. That doesn’t always make you popular.”

Along the way, he’s enjoyed the company of fellow treasurers, and finds them bright and switched on. He’s been keen to ‘give back’ to the ACT, offering career advice at further education institutes and ACT events, as well as serving and now chairing the

## CAREER PATH

### 2016-present

Group treasurer, Shawbrook Bank

### 2011-2016

Treasurer, Itaú BBA International

### 2010-2011

Deputy group treasurer, Newedge Group

### 2008-2010

Head of treasury integration, RBS

### 2006-2008

Head of EMEA FI securitisation, Bank of America

### 2001-2006

Head of corporate treasury, Egg plc

### 2000-2001

Manager, group market risk,

Abbey National plc

### 1996-2000

Manager, corporate finance,

Lloyd’s of London

### 1989-1996

Treasury risk team leader,

N&P Building Society

## QUALIFICATIONS

Executive MBA (2000)

MCT (1995)

BSc Physics

ACT’s membership development forum, and being elected to council last year (he is incoming deputy president).

Serving on the council is akin to being a non-executive board member, he says. “You help guide the strategy. You’re a critical friend of the executive. And then you’ve got an oversight responsibility to ensure the organisation is being run prudently – very much like being a non-exec.”

Treasury has been, he says, a good hedge, career-wise. “If you work in a place that’s growing like Shawbrook, they need a lot of treasury skills to put financing in place to develop interest rate hedging and FX hedging. Or if things are really difficult, like in the financial crisis, they need treasury skills to try and resolve the problems. It’s really when it’s quiet and stable that people neglect treasury.”

Liz Loxton is editor of *The Treasurer*