

# THE GLISTENING BANK

Coutts may be 327 years old, but under CEO Peter Flavel it's as unstuffy and forward-thinking as any bank in the world

Words Christopher Silvester Photographs David Harrison

**QUITE OFTEN, SAYS** Peter Flavel, the half-Aussie, half-Kiwi CEO of Coutts, 'there's a gap between what clients expect of us and what we actually are. New clients come in expecting us to be cold and stiff, then discover that we're warm and friendly.'

This is reflected in the amount of work Coutts does to ensure that it partners with clients' families, something that was a hallmark of banking as practised by its founder, Thomas Coutts (1735-1822). 'He had great clerks,' says Flavel, 'which meant that the bank's partners could visit clients beyond the confines of the office. He also gave his employees job descriptions. All this was trailblazing in its day.'

'When people think of Coutts they often think of the landed estates and the House of Lords, and of course that's a big part of our heritage, but the core of our business is banking for entrepreneurs – helping entrepreneurs with working capital to grow their businesses, buy their dream home, and pass on that wealth to their family, or do a trade sale, whereupon we get involved with their philanthropy as well.'

The bank's clients today are as likely to be millennials and vloggers as industrialists or dukes with rolling acres. It hosted

an event for 300 e-gamers in its Garden Court atrium a few weeks ago, and another event for 250 landowners three days later. Coutts has always innovated, and Flavel is quick to point out that it was the first bank to have electric cash registers, the first to have a 'compotor' (as 'computer' was then spelt), and the first private bank with an app.

Flavel shows me the Skyline Garden at 440 The Strand, a roof garden in which they cultivate fruit, veg and herbs for client entertaining. There are even three beehives producing the bank's Three Crowns honey. On World Bee Day, Flavel invited clients to guess the number of bees; it turned out to be 50,059, though who audited that figure is not clear. 'Banking needs to be serious, because you're protecting people's wealth, but that's no reason it can't be fun as well,' he says.

When he arrived at Coutts in March 2016, private banking globally had been through a difficult period of increased regulation. 'Coutts had the best private bank brand globally and the best client base, and it had spent a lot of money getting one system to cover banking, lending and wealth. That's a big thing... Many private banks across the world just do wealth management and don't seek to deliver the banking transactions and the mortgages. We actually don't have a competitor that runs across everything that we do.' >>



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Flavel was born in Adelaide in 1960, where he played a lot of hockey in his youth. After an injury, he switched to coaching boys, then girls, then women, then men, and compares his experience of the different ways of coaching each group to the different ways of banking for particular types of customer. Meanwhile, he took a double degree in law and economics, and ended up at a leading commercial litigation firm. A couple of years later, after he secured one of his first big wins, one of the partners in the firm told him it didn't get any better than this – which he took as a cue to move on.

### AXA QUESTION

His next stop was management consulting, but that proved unsatisfactory because he never got to implement anything. 'I was doing a report for a wealth management business that became Axa, and the guy from the client side said, "Work with me." Wealth chose me, rather than me choosing wealth. I started coming to the UK and Ireland in the late Eighties because Axa had a British business. In the early Nineties, National Australia Bank, as it then was, was the largest commercial bank but the worst bank for wealth management... We were out of the top ten in terms of growing AuM when I joined, but within a couple of years we were in the top two.'

By the age of 40 he was running all NAB's personal financial services, in charge of 15,000 employees, when he met Mervyn Davies of Standard Chartered, who said to him: 'If you want to remain an Australian banker, stay where you are. If you want to be an international banker, move to Singapore and I'll teach you how to do it.'

At StanChart, as he calls it, he took on various roles – sales, marketing, commercial, running Singapore. Davies

asked him to restart its private bank (which had been sold into a non-compete). Flavel built it from the ground up, launching it in ten cities across the Middle East, India and Asia in just 20 weeks in 2007. Subsequently, he bought American Express Private Bank for its private banking platform and watched AuM rise to \$50 billion before JP Morgan invited him to work for it in Hong Kong and Singapore.

Flavel was reluctant to leave Asia when Coutts came calling, but the moment he got to London he loved it. 'This is the best role,' declares the cat who got the cream. During the three years of his tenure, AuM have increased by 42 per cent and the bank has revamped its product range across the board. 'Some of it had to be repriced,' he says. 'For example, on the investment side, 40 per cent of our investments are now passive investments – it was less than 10 per cent before. In investments we're top quartile for our main funds, certainly across three and five years. There is the Coutts House View, a multi-asset portfolio, but executed through passives, so the pricing on that is very competitive. For things like ISAs it's perfect.

'We have our Coutts 24, which is a 365-day, 24-hour telephony service with voice biometrics. We've introduced a range of self-serve online mortgage tools and e-sign technology. We have Coutts Connect, which is a sort of LinkedIn for Coutts clients – a virtual meeting place. We have Coutts Invest, for those clients who want to deal with us on an execution-only, self-directed basis. We've launched the first multi-currency debit card for private banking. And we do complex lending really well.'

Twenty per cent of the bank's new-client referrals come from the commercial bank. Eighteen months before an entrepreneur intends to sell their business, Coutts puts them in touch with other clients who've already been down the same path – a process they call 'The Long Goodbye'.

### HOPES AND DREAMS

Does Flavel want Coutts to be a digital or a personal private bank? The answer is both. 'Where we add most value is in having difficult conversations with clients about the meaning of their wealth, about their fears, their hopes and their dreams,' he says. 'I struggle to see how an algorithm is going to do that. However, it's not just about being a trusted personal adviser, it's got to be supported by digital enablement. We're investing over £25 million a year in our technology and that all needs to be supported by Coutts 24.' Nonetheless, clients love coming into 440 The Strand: 'One of the biggest value adds is joining the Coutts club or family.'

Unlike some private banks, Coutts is focused on the UK, though with a great many international clients. 'If you're Singaporean and you want to buy a hotel in Mayfair, a house in the Little Boltons and send your kids to Oxford, that's what we do very well. We know London property really well.

'We have a wonderful history. We need to nurture and nourish it, but not live in it, and not expect success in the future because we've had success in the past. We need to be modern and relevant and contemporary.' ●