Can Design Thinking Help Enhancing Empathy in Finance?

Creativity Is a Bad Word

La science économique n’atteint queWhen used in the context of modern-day finance the word creativitiness invariably has very negative connotations. Creative accounting led to the downfall of corporate giants. Creative regulatory and capital solutions disguised arbitrage of regulators and regulations. Creative tax solutions blurred the fine line between tax avoidance and evasion. Creativity, as uttered by a financial service professional, is a very bad word indeed.

But beyond the narrow confines of finance, there exists a broader definition of the word creativity – a creative community of artists and designers, tech innovators and disruptors who seek new and innovative solutions to everyday problems.

Through the use of a pioneering approach called Design Thinking, they create solutions but only after engaging in a deep and empathetic dialogue with end-users. Design Thinking transforms their efforts into a human-centred approach to problem solving (Brown, n.d.).

In this paper, we seek innovative ideas for ethics in finance through the application of the principles of Design Thinking.

Working Thesis

At the heart of the arguments set forth in this paper is the incontrovertible fact that finance in general, and banking in particular, is a people business. Our world is built upon the foundations of human relationships. The hopes and dreams, fears and insecurities of individuals play a vital role in modern day finance,
and will continue to do even in the aftermath of the Great Recession. The flow of capital, long held as its traditional focus, is almost incidental to this world. Capital is an indistinguishable commodity transferred from one owner to the next. It is the people that make, or on occasion break, financial products, institutions and markets. Regardless of how numbers-based, technology-centric or money-oriented this world becomes, an examination of ethics in finance is essentially an inquiry into the modern human condition.

Next, we re-interpret ethics, ethical behaviour and ethical dilemmas with human-centred definitions. Ethics are a set of values by which an individual chooses to live. Ethical dilemmas are real problems faced by real people in the real world. Ethical behaviour is a personal response to a unique set of circumstances and stimuli.

The working thesis of this paper is as follows: Any attempt to devise a code of ethics in a vacuum, isolated from the inputs of the very people the code is meant to govern, and derived from an idealised state of affairs, is bound to fail. The ultimate consumers of a code of ethics are the all-too-human stakeholders of the industry. Therefore, reform and innovation that seeks to serve the industry in the future must begin with the human element at its core. It must begin with empathy.

A secondary thesis, scarcely less important than the first, is that any attempts at reform cannot be divorced from a system-wide analysis of culture. Ethics do not exist in a vacuum. Rather, ethical behaviour is heavily influenced by the cultural mores to which individuals are subjected. Therefore, any approach that we adopt to reform ethics must also be able to comment and improve upon the culture prevalent in the world of finance.

Defining the Objective and Success Parameters

The ultimate objective of this paper is not to devise an exact code of ethics for the banking industry. Instead, the objective is to codify the approach as a tool of analysis. The approach must yield unexpected insights into the industry and support clear conclusions that advance the process of reform in order for it to be considered valid.

Setting the Scope

The initial scope of our study is defined as a subset of the world of finance – publicly listed, non-governmental commercial banks. If the application of Design Thinking delivers results for this subset, we can incrementally expand its application to the broader world of finance.

A Word on the Author

I am a banker by background, with over a decade’s experience in Treasury and Capital Markets roles working primarily with institutional clients. Late in 2014, I decided to take a break from the industry. During my wanderings in unrelated
fields, I came across the concept of Design Thinking and was immediately struck by the simplicity of its approach and its applicability to innovation and reform.

**An Introduction to Design Thinking**

Let us begin by examining conventional problem solving approaches and highlight the reasons why these have worked well in the past. Following this, we will introduce the Design Thinking approach. We will explore the critical first step of *beginning with empathy*. Finally, we will set the scene for an empathetic evaluation of each of the stakeholders in the banking arena, leading into the analysis laid out in Section 3.

*Conventional Problem Solving Worked Well In the Past...*

Conventional problem solving can be largely aggregated into four major steps.

- **Propose solutions** – Seek expert opinion. Draw up alternative courses of action. Identify one course of action for implementation.

If this process sounds familiar, it’s because this was go-to approach for much of the Great Recession. For the most part, this approach worked well because there were discrete problems to be solved. Each crisis was quickly identified and sized up. Political will to impose regulations and reform was convened. The global regulatory and policy framework was strengthened like never before. The Dodd-Frank act, liquidity and leverage restrictions, capital requirements, significant fines and bans on errant individuals were just some of the consequences of this *will to action*. Genuine progress was made.

*... But it Breaks Down When We Look To The Future*

However, conventional problem solving approaches break down when we seek to shift our focus from crisis resolution to crisis prevention.

- We cannot jump into problem solving mode if there is *no clearly identifiable problem to solve*.
- There is growing belief that the next crisis is hardly likely to take place where the last one did. We are still fighting yesterday’s wars, almost obsessively so. The unwavering attention to the past blinds us to a build-up of pressure elsewhere in the system.
- The human angle has been missed. Vague, hard-to-decipher codes of behaviour handed down...
Le “Design Thinking” (“esprit design” ou pensée créative) est un processus centré autour de la personne qui a pour but de favoriser l’innovation à travers 4 étapes : l’Empathie (identifier et comprendre son environnement), la Définition (définir la problématique), l’Idéation (trouver le concept, l’idée qui permettra de la résoudre), le Prototype (concevoir un prototype) et le Test.

from up-on-high have a detached air of corporate speak about them.

The likely result of applying conventional approaches to innovation is a collection of academic proposals or regulations disconnected from the real world. As we shift our focus from the past to the future, we must shift our approach as well. The tendency towards urgency of preventative action must be replaced by thoroughness of analysis before formulating the objective. It is in this shift to the future that the principles of Design Thinking become especially relevant.

So What Is Design Thinking?

Design Thinking is a human-centred approach to innovation (Brown, n.d.). It draws upon the needs of users, the possibilities of technology and the requirements for business success in order to create new products and services that solve for the future. It has been deployed with great success in fields that rely heavily on innovation, ranging from as far back as Edison’s invention of the light bulb and the grid that carried electricity into the homes of its users (Brown, 2008), to modern day design powerhouses like Apple.

Increasingly, Design Thinking finds application in the broader corporate world, as companies seek to innovate within constraints and address multi-dimensional solutions (Turnali, 2013).

Design Thinking is commonly illustrated as a five-step process (Figure 1) (Plattner, 2010). For the most part, four out of the five steps largely correspond to conventional problem solving. For example, gathering evidence is to Define a problem; proposing solutions corresponds to Ideation and Prototyping; and post implementation measurement and analysis falls under Testing.

Crucially, one additional step conducted at the very beginning

Figure 1. The Steps of Design Thinking

(Source: dschool.stanford.edu/redesigningtheater/the-design-thinking-process/)
Design thinking starts with empathy. This step is the vital ingredient; the secret sauce that places humans and human problems at the centre of our analysis. Empathy gives voice to the stakeholders, allowing us to view the world from their perspective and formulate objectives accordingly. It is this big idea of ‘Beginning with Empathy’ that transforms the process into one that is multi-dimensional, forward-looking and empowering.

**Why Empathise (Or, Do They Deserve Our Empathy)?**

The importance of ethics in modern day banking is beyond doubt. Bankers are well aware of the mistakes of the past and acknowledge the values that society expects to see from those it entrusts to manage its wealth. A lack of awareness is no longer an issue. Yet hardly a day passes without the emergence of a new story, investigation or censure related to past or current practice.

We reject out of hand the blanket assumption that the entire industry is ethically challenged and only the extremely unfortunate get caught. So why, when given a choice between doing the right thing and the unethical but profitable thing, do some choose the latter, even at the risk of apprehension down the line?

In order to attempt reform, we must explore and understand why individuals act the way they do, not just monitor and remedy how they go about doing so. We must empathise with them. We must experience the constraints they face in the conduct of their duties and the limitations that hold them back. We must face their pressures and identify the conflicts they must resolve without the benefit of hindsight. Only then can we begin to explain the whys and address the unspoken human element.

Offering empathy to all stakeholders addresses another common complaint – the failings of the system. As we have established, banking is a people business. The system is nothing but the nebulous and interconnected web of human interactions that spreads all around the world. Any regulation or innovation that targets one particular set of stakeholders is likely to have unintended consequences for another set. Therefore, any attempts to reform the system must incorporate all stakeholders, not just a select few. Holistic reform cannot be accomplished by advancing a few at the expense of others.

If we wish to build a more sustainable industry that benefits society and its stakeholders we cannot overrate the importance of empathy. An empathetic code that understands and guides the individual is the only way to future-proof reform and prevent relapses in the future. Only an empathetic code will be robust enough to enable even a solitary stakeholder to make an impact through individual action. Empathy for all is the only way forward.
Se mettre en empathie signifie que l’on place l’acteur humain au cœur de notre analyse. Il faut commencer par identifier chaque acteur et créer des grilles d’observation empathique sur chacun.

La “Mind Map” (“topogramme” ou carte mentale)1 remplace une étude à l’échelle de l’ensemble du secteur d’activités par les expériences vécues par l’auteur dans le monde bancaire et utilise les perspectives des parties prenantes telles qu’elles sont rapportées par les médias financiers et populaires et les rapports et analyses des régulateurs. Nous examinerons tour à tour le cas de chaque partie prenante.

The Process As Much As the Results

Design Thinking places a lot of emphasis on process, and with good reason. The process yields insights (Plattner 2015). The first step, Empathise, requires the designer to engage with end users, observe their behaviours, watch and listen. It taps into human abilities of intuition, pattern recognition and idea generation that are often overlooked in conventional problem solving (Brown, n.d.). From these insights arise the ideas and solutions that make a real and lasting impact.

Properly conducted, we would expect our own process of examination to yield the following:

- A bottom-up, not top-down, code of ethics
- An acceptance of the current culture as a starting point
- The treatment of stakeholders as partners, not untrustworthy delinquents that need stringent policing
- A voice given to all stakeholders; listening just as much to the silent ones as the prominent ones
- Patient analysis that addresses the complexities of the real world
- Broad, not narrow perspectives; holistic, not piecemeal analysis
- An inclusive, participatory code, far easier to internalise than hollow values
- An adaptive, evolving code that offers solutions for the future; an early warning indicator that identifies pressure build-up in the system
- Identify the gap between what is and what can be; in the process gaining valuable insights into resourcing, staffing, IT spend and regulatory monitoring.

Step One – Begin With Empathy

In this section, we embark on the first step of a Design Thinking journey – Empathise. We begin by placing the human element of the banking industry, its stakeholders, at the core of our examinations. Next, we construct a mind-map that systematically and empathetically explores each stakeholder’s perspective, yielding insights into their motivations and constraints. In the following segments (Define and Ideate), we will re-organise the insights gained in Empathise into common themes, formalise problem statements and devise innovative solutions that reform ethics in finance.

Identifying the Stakeholders

We begin by identifying the major stakeholders of the banking industry:

- Customers – institutional and retail
- Rank and file staff
- Bank Management – senior (CEO level) and middle
- Regulators
- Shareholders
- Taxpayers
- Culture – a disembodied stakeholder, representing the sum total of shared norms, beliefs and behaviour.
The next step is to explore the mini-universe that each of these stakeholders inhabit, and understand their perspectives on ethics and ethical behaviour.

Design Thinking introduces us to a tool of empathetic exploration called mind mapping (Kelly & Kelly, 2013). A mind map is constructed through a process of observation and interaction. It allows a designer to document human interactions and emotions in depth, expressing and exploring each in turn. Two mind maps are constructed for this paper. Mind Map 1, attached in Exhibit A, documents what each of the stakeholders may feel about ethical behaviour in banking. MindMap 1 replaces an industry-wide study with the real-life experiences of the author in the banking world and draws on stakeholder perspectives as reported in financial and popular media, regulatory reports and analyses.

Let us examine each stakeholder in turn.

**Customers**
- Lack trust in their banking relationships – bankers are seen to serve themselves and their bonus pools.
- Complain about lack of price transparency in products; exorbitant charges for products.
- Accuse of front-running and conflicts of interest due to the lack of transparency in some markets (e.g. dark pools, trading in OTC instruments, new issue allocations).
- Sales pitches are misleading, designed to sell products instead of solve client problems.
- Fees lead to transactions, rather than the other way around.
- Mis-selling scandals abound, as banks hide real risks and costs of complex instruments in opaque legal fine print.

**Rank and File Staff**
- Fatigue – exhibit symptoms of burnout; industry-wide censure of banking as a profession as a result of a few bad apples’ results in increased pressure from oversight functions (HR and Compliance).
- Distrustful of management pronouncements on culture when the unspoken emphasis is on revenue.
- Weary of constant rephrasing of values and re-interpretation of firm’s “culture”.
- Face performance pressures – the “do what it takes to win” attitude is pervasive; targets are increased year-on-year regardless of market conditions.
- Calendar year evaluation cycle heaps inordinate pressure to perform to artificial deadlines, often to detriment of customer interests.
- Cynicism increased by opacity of reward structures.

**Bank Management**
- Lack of transparency concerning everyday operations; cannot be expected to know each individual’s role.
- Does not exercise complete control – profitable divisions may be run as personal fiefdoms; acquired subsidiaries maintain distinct culture.
• Prioritisation – other activities take precedence (e.g. activist shareholders, board of directors, regulators). As the crisis mounted, emphasis moved to survival. Ethics were considered a luxury afforded only to “stable and profitable firms”.
• Limited personal culpability – rarely face personal criminal liability or sanctions; can afford to apologise and move on.
• Lack time & energy – constant fire-fighting takes it toll; global empires necessitate a jet-set lifestyle and contribute to limited attention span.
• “If it ain’t broke...” - reluctance to look too closely at ‘golden goose’ divisions that yield valuable revenue streams.

Regulators
• Transparency – bank level data notoriously difficult to mine and invariably out of date.
• Banking systems are non-standardised, leading to multitude of metrics, acronyms and approaches.
• Regulators are carefully “managed” by those they monitor; to paraphrase Heisenberg’s uncertainty principle, the act of measurement alters that which is being measured.
• Whistle-blowing is infrequent and only as a last resort.
• Under-resourced, under-staffed.
• Lack frontline industry experience; career “compliance specialist” skill-set rapidly out-dated as industry practices evolve.
• Caught between twin traps – accused of being too close to banks by politicians and popular press; too remote or ignorant by bankers.

Shareholders (via Board of Directors)
• Frustration with lack of clarity of the businesses they are meant to supervise.
• Increased complexity of business lines.
• Dysfunctional relationship with their executives – anywhere between a lack of trust to active collusion.
• Conflict of interests with other businesses.
• Lack of actual, frontline banking experience limits some directors’ usefulness.
• Misaligned risk (incurred by shareholders during bailouts, reduced or withheld dividends etc.) and reward (bonus payouts even in lean years).

Taxpayers
• Frustration with seeming lack of real reform in banking industry.
• Bankers lack remorse – reversion of bonus payments; innovation in bonus structures (market or one-off allowances) to get around pay rules is common.
• Lack of access to real-time information; opaque markets manipulated by insiders.
• Lack of transparency in risks taken by bankers that have asymmetric risk/reward profiles.
De l’Empathie, nous passons au stade de la définition de la problématique et à la recherche d’idées.

Culture

- Short-termism abounds – bankers do not consider banking as a ‘calling’; rather a sequence of short-term contracts.
- Jumping ship heavily incentivised through pay rises, buyouts, promotions and sign-on bonuses.
- Lack of multi-year and through-the-cycle appraisal emphasises short-termist thinking.
- “Take it and run” approach in most good years.

Next Steps

The first step of Design Thinking has yielded the desired result. As we read through the branches of Mind Map 1, key themes and trends begin to emerge. The construction of a single, composite mind map enables us to abstract out these linkages in a way that would not be possible if the analysis were conducted in isolation.

We are ready to move forward to the next steps – Define & Ideate.

Define

The second step of Design Thinking, Define, brings clarity to the process. It unpacks the results of Empathy. The designer reframes the empathetic explorations in light of stakeholder responses and of the context. The goal here is to create meaningful and actionable problem statements for which we seek solutions in the subsequent stages (Ideate, Prototype and Test). We devise a second mind map (Appendix B) to assist our evaluation.

Ideate

The third step is Ideate. Ideation is the process of transitioning from identifying problems to creating solutions. We “go wide” in brainstorming mode, collecting as many feasible potential solutions as possible.

The process of ideation is represented by the end points of each branch of Mind Map 2. The emphasis here is to draw upon the experience of the designer and upon the available technological toolkit. We must create something new by utilising all the technological advancements of recent years. We must strengthen where something works, or tear down and reconstruct what needs to be changed.

Laying Out the Analysis

The following sections are organised in order to facilitate an easy reading of the analysis. We identify common themes and for each, draft constituent problem statements. Innovative solutions are proposed for each problem.

We adopt an uncompromising attitude – which tough questions is no one asking? Which tough decisions is no one taking to reform ethics in Banking? In other words, as dispassionate, external examiners, can we discern problems and solutions that the industry itself is shying away from?

The questions we frame may be open ended, difficult or without immediate answers. That is to be expected. Having come this far, we are
Dans les sections suivantes, pour chaque thème commun identifié au stade Empathie, sont agrégés la Définition des problèmes et l’Idéation des solutions.

Nous pouvons reformer la culture du secteur bancaire en exerçant une pression sur les points sensibles. Nous proposons entre autres choses la création à l'échelle du secteur d'activité d'une surveillance pluriannuelle et multi compagnies de la performance ; envisager dans le long terme un système de rétention/ rémunération de la performance individuelle ; et réaliser des études sur le burn out au niveau de toute l'industrie.

not interested in the low-hanging fruit. Our aim remains to introduce lasting reform.

Let us begin with the most commonly identified theme – a reform of the culture itself.

**Innovation 1 – Reform the Culture of Banking**

- **THEME** – It is beyond doubt that the culture of banking needs immediate reform. Several stakeholders identify it as a primary cause for concern. Let us examine the major problem statements under this broad theme.
  - **DEFINE PROBLEM** – Bankers are accused of short-termist, individual-centred thinking and decision-making. This attitude is seen as the root cause of ‘black-swan’ rogue trading events. How can we reform this approach?
  - **IDEATE SOLUTION** – Careers in banking are viewed as a fragmented sequence of roles, rather than an integral journey. We need to find a way to encourage long-term planning of careers. Create an industry-wide, multi-year, multi-firm persistent performance-tracking network, thereby encouraging a long-term view of one’s career and not just to the next bonus cycle. The technology now exists to track individuals through their career paths even as they move across firms and roles. The knowledge that past performance will follow an individual through her career will act as a strong motivation to do right every time.
  - **DEFINE PROBLEM** – Do staff “escape” their past by switching firms? Claw-backs are relatively infrequent and seldom exercised. Banks actively bid for talent by cashing out vested stock (or replacing it at a similar schedule with their own) subverting the rationale behind the original deferment. How can we hold bankers accountable to past performance from previous firms?
  - **IDEATE SOLUTION** – The industry-wide personnel network, mentioned above, solves this problem. Even after an individual leaves a firm, s/he does not disappear from firm’s payroll. Persistent reward linkages mean an individual will continue to be paid deferred compensation by previous employers and therefore remain “on the hook” for performance rendered when at the firm.
  - **DEFINE PROBLEM** – The psychological toll of a long, hard recession on banking staff has been overlooked. As the Great Recession enters its eighth year, how may we alleviate some of the everyday pressures felt by the rank and file?
  - **IDEATE SOLUTION** – Society has little sympathy for the ‘overpaid bankers’, when in reality the vast majority have had a miserable time of it. Most exhibit classic symptoms of burnout, which lies somewhere on the Post Traumatic Stress Disorder spectrum. Conduct industry-wide analysis of individual behaviour, checking for symptoms of burnout. Treat the human element of banking as just that – human.
Innovation 2 – Aligning Compensation With Risk

- THEME – The process of performance appraisals and rewards has remained largely unchanged through the crisis. This is surprising, given that the misalignment between underwriting long-term risks and assessing and rewarding annual performance is often cited as an incentive for unethical behaviour.
- DEFINE PROBLEM – This misalignment encourages unethical behaviour if employee is “under budget” towards end of the year. How can we alleviate these artificial performance-year pressures?
- IDEATE SOLUTION – Conduct performance appraisals on a more frequent basis (e.g. quarterly). Overall reviews, whilst still backward looking, should be conducted on a rolling basis (e.g. previous twelve months, eighteen months etc.). This allows employees to average out bad spells with prior or subsequent performance, relieving unnecessary pressures and encouraging a sustainable return to performance. Rating agencies attempt to assess creditworthiness “through the cycle”. There is no reason why this approach cannot be applied to evaluating a bank’s most precious resource – its staff.
- DEFINE PROBLEM – Is stock vs. cash split a significant or relevant contributor to ethical behaviour? Do stock rewards truly work?
- IDEATE SOLUTION – Compensation in the form of stock rewards or penalises an individual for firm-wide performance. Research has shown that at CEO-level, stock rewards engender extreme performance (excessive profits or losses) (Hambrick & Sanders n.d.). At lower levels, it simply creates a disconnect between individual performance and reward. Instead, create direct linkages between an individual’s performance and that of the sub-division within which s/he works. Encourage divisional level revenue and P&L reporting transparency within the firm. Some linkage to aligned divisions and firm-wide performance can be retained.

Innovation 3 – Increasing Management Accountability

- THEME – The ultimate accountability for a firm’s performance lies with its top executives. Banks are no different. Culture, values and attitudes are set at the very top. CEOs are expected to lead by example and demonstrate a no-compromise approach to ethical behaviour through their actions.
- DEFINE PROBLEM – Most CEOs simply apologise and keep their positions even after scandals and missteps. Are top-level executives too valuable to lose? Is there no alternative to retaining them and trusting them to change their ways?
- IDEATE SOLUTION – Foster a culture where lack of awareness is no longer an excuse. Create a regulator-overseen, board of directors-whetted CXO bench that stands ready to step...
in on contingency basis. This bench can cover all mission-critical roles, down to individual business lines.

• DEFINE PROBLEM – How can we introduce greater accountability for mid-level executives who are responsible for specific business lines?

• IDEATE SOLUTION – Treat annual appraisals and promotion evaluation of mid- to senior level executives as external audits. Accounting firms maintain arm’s length separation in assessing balance sheets. Similarly, HR consultancies can be brought in to perform truly independent assessment of management successes and failures. Reports can be filed directly with the Board or regulators, should escalation be required.

Innovation 4 – A Holistic Overhaul Of Banking Systems and Controls

• THEME – It is quite extraordinary that in these times of ceaseless technical innovation and disruption, banking systems are still mired in the worst technologies of the twentieth century. Banking abounds with manual overlays in settlements, operations and accounting. Adjustments, reconciliations and excel sheets are the norm, not the exception.

• DEFINE PROBLEM – Banking systems are slow to change and inflexible to new demands placed upon them. This leaves little time for control functions to exercise any real control over risks.

• IDEATE SOLUTION – The only resolution to system-wide problems is system-wide innovation. Create end-to-end automation in accounting, trade reconciliation and settlement systems, inter-bank OTC transactions, exchanges, clearing houses, intra-day liquidity markets. These can all be automated and linked together.

• DEFINE PROBLEM – How do we fund such developments?

• IDEATE SOLUTION – The answer is stunningly obvious – banks pay billions of dollars in legal fines each year, directly as a consequence of missteps arising from unsupervised manual processes. Create the political will to plough all those fines back into the industry, to create a virtuous circle of improvement and innovation to drag the industry into the modern technological era.

Innovation 5 – Enriching the Banking Ecosystem

• THEME – Fallen bankers, subject to regulatory sanction or reprimand, disappear from the public eye. They are relegated to footnotes in bland compliance presentations, the nuances of their experiences blurred and their lessons lost. There are parallels in the real world (e.g. South Africa’s Truth and Reconciliation commission, which set the benchmark for rehabilitation). The potential for such rehabilitation does not come up very often in the analysis of stakeholder pronouncements.

• DEFINE PROBLEM – Is there a better way to keep these fallen stars as part of the community?
• IDEATE SOLUTION – The regulator should take a leading role in creating a ‘Truth and Reconciliation’ type commission. Provide the fallen a platform to tell their story as a cautionary tale to others. Create the opportunity to return to the industry upon completion of X hours of “community service”. Incorporate these individuals in compliance trainings. Their version of events will be far more relevant to business-line professionals than a compliance instructor abbreviating their missteps.

Other Notable Themes

Several other notable themes emerge in our analysis.

• HR departments face conflicts of interest – insulate HR akin to control functions. In extremis, external consultants to adjudicate personnel disputes.

• Control Functions – improve remuneration, financial literacy (e.g. markets-related training, perhaps with development of business-line training modules in association with the CFA, ACT etc.); empower control functions to ask the right questions.

• Whistleblowing – Conduct truly external, anonymous surveys to detect problems without the involvement of the bank’s oversight (HR or Compliance). Increase regulators’ sensitivity to whistle-blower concerns.

Prototype and Test

The final steps in the process of Design Thinking are to take the results of Define and Ideate and prototype them. We introduce these prototypes to selected stakeholders and observe their interactions and experiences. Finally, we progress towards a final solution that is then broadly implemented.

In order to implement lasting change on the banking industry, we will ensure the buy-in of the relevant stakeholders into our solutions. Our starting point of empathy towards stakeholders will guarantee immediate acceptance of any innovations in ethics that we propose. By starting with empathy, we start from a position of strength.

The final two steps, Prototype and Test, are beyond the scope of this paper. We will therefore end our analysis here and examine the results that we have achieved.

Conclusion and The Way Ahead

SWe can look back at our application of the Design Thinking process and appreciate the success of its ways. We have uncovered insights into the banking industry and asked difficult questions. Importantly, we have devised forward-thinking and forward-looking solutions.

We can be confident in enlarging the scope of our analysis to the broader world of finance. Asset management firms, pension funds, sovereign wealth funds, supranational banks, accounting firms and consultancies are all subject to similar stresses as banks and deserve an empathetic evaluation. Applying a human-centred ethos will enable us to identify...
problems in these areas long before they fissure and erupt. We can identify industry-wide trends that may not be immediately obvious to managers or risk functions monitoring individual firms, the true scale of which may be underestimated.

The immediacy and urgency of a credit, capital and liquidity crisis has waned. With each passing day, there are fewer fires to put out. The lull in the storm presents us with an opportunity to enact significant and lasting change in the culture of banking within which a stronger ethical code can thrive. A few bad apples do not disguise the fact that a majority in banking wish to do good and do it the right way. We must equip this silent majority with the tools to incorporate higher ethical standards into their behaviour.

References


CAN DESIGN THINKING HELP ENHANCING EMPATHY IN FINANCE