The Demise of the Bank Branch Manager
The Depersonalisation and Disembedding of Modern British Banking

by

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Glossary

BIS – Department of Business, Innovation and Skills
BSA – Building Societies Association
CCC – Competition and Credit Control
CRA – Community Reinvestment Act
FCIC – Financial Crisis Inquiry Commission, bipartisan panel appointed by US Congress to investigate the financial crisis
FSA – Financial Services Authority
LCBs – London Clearing Banks
PIB – Pricing and Incomes Board
PPI – Payment Protection Insurance
ROSCA – Rotating Savings and Credit Association
SME – Small and Medium Enterprise

Abstract

This thesis looked at the development of the role of the bank branch manager since the 1960s with the purpose of shedding light on the nature, drivers and impact of the transformation of British branch banking in this period. The analysis was based on interviews with former branch managers and revealed that the role of the branch manager as a skilled, authoritative and autonomous craftsman balancing the needs of customers, staff and the bank was increasingly coming under threat from the late 1970s onwards. The branch manager lost a great deal of authority and responsibility for customer outcomes through the introduction of credit scoring and through the removal of business lending from branches. Further, the introduction and intensification of targets reduced his or her discretion and autonomy.

Although it is implicit in much of the literature, the original contribution of this thesis lies in its conceptualisation of the depersonalisation, the move from case-to-case judgements to rule-bound impersonal decisions, and the disembedding of banking, the detachment of service provision from social networks, by drawing on Weber, Granovetter, Giddens and Luhmann. Importantly, the agency of branch managers as gatekeepers, which lies at the intersection of skill, authority and autonomy, is central in making services embedded and personalised.

It is argued that the progressive liberalisation of financial markets had a dual impact on banking and the role of the bank branch manager. First, it led to the depersonalisation of banking and the disembedding of the bank branch from local communities and customers. Second, financial liberalisation deskilled and disempowered the bank branch manager. The demise of the traditional bank branch manager through these dynamics changed the role of branches from originators of financial services to retail outlets for centrally branded, designed and controlled products.

1. Introduction

1.1. A crisis of confidence in British banks

When Peter, a branch manager in London in the 1970s and 80s, heard that one of his previous customers had been driven to a premature death on account of a failed business venture financed by the bank, he was appalled:

> *The bubble burst, property went down, the borrowing went up, the bank lost probably two or three million, and at the end of the day, that guy died of drink, because the bank took all his assets, lost everything. He was a destroyed man*

The customer in question had been a successful property developer converting houses into flats and selling them on. Buoyed by his success, he decided to take out a large loan to buy a hotel, but ended up making huge losses when property values fell during the recession of the early 1990s. The bank in question liquidated his assets to recoup its losses and he lost everything. As his branch manager, Peter used to manage the account of the customer but in the 1980s the bank centralised all business lending into specialist centres to cut costs and impose uniformity in lending. Peter was particularly dismayed by the affair because he never would have allowed the customer to make such a decision:

> *Now, he's never run a hotel in his life. He's not an hotelier. You know, this man's not an hotelier. What does he want to do this… buy these old properties in [area of London] and do them up into a big hotel? No, I can't let him do that. Crazy.*

This episode illustrates the perceived increasing impersonal and remote nature of British banks. Whilst the old-style branch manager in this vignette would have acted based on his personal knowledge and relationship with the customer, and stopped him from starting a venture he had not background or experience in, the specialised lender did not have the personal or local knowledge to see the risks associated with that particular customer borrowing money to become an hotelier. Associated with the perception of banks as increasingly remote and impersonal, there has been a radical decline in the trust in British banks. Between 1983 and 2009 alone, the percentage of British people that believe that banks are well run fell from 90% to 19%. In comparison, the equivalent percentages for the press and trade unions increased from 29% to 35% and fell from 52% to 39%, respectively.[1] In other words, British banks find themselves at the heart of this crisis of public confidence in banking on two accounts.

First, there is a lack of public confidence in the competence and ability of banks to provide services without jeopardising the economy or the savings and investments of households and businesses. These concerns were particularly central in the reflection on the causes of the current financial crisis. Mullineux (Forthcoming, p. 1) argues that: "In the period leading up to the GFC [the Global Financial Crisis of 2007-09], bankers failed to exercise good stewardship and lost public trust in the wake of it." The interim report by the Independent Commission on Banking, appointed by the HM Treasury to consider financial regulation following the crisis, also placed a considerable burden of the blame for the crisis on the banks and other financial institutions:

> The crisis represented a spectacular failure by financial institutions and the market to manage risk efficiently. They amplified, rather than absorbed, the shock from the fall in property prices (Independent Commission on Banking, 2011b, p. 21)

The Financial Crisis Inquiry Commission (FCIC) (2011, p. xviii), the bipartisan panel appointed by the US Congress to investigate the financial crisis concluded that the "dramatic failures of corporate governance and risk management at many systemically important financial institutions were a key cause of this crisis." Similarly, Dayson (2009) argues that the financial crisis was brought about by the lack of craftsmanship exercised by bankers.

Second, questions have been raised about whether banks and their executive managers have the morals and values to serve households and businesses responsibly and fairly. The sale of Payment Protection Insurance (PPI) policies by banks to households and businesses that never would have been able to claim on them and the rigging of the Libor rate are both taken to exemplify and illustrate the lack of moral values in

[1] These percentages were taken from the British Social Attitudes Survey, which is undertaken annual by NatCen Social Research.

banks.[2] Another scandal that has affected the reputation of British banks is the claim that RBS, as well as other banks, is purposively destroying British small and medium enterprise (SMEs) in order to seize their assets. Lawrence Tomlinson (2013, p. 3), the entrepreneur in residence of the Department of Business, Innovation and Skills (BIS), described the practice as "utterly disproportionate at best and manipulative and conspiring at worst." In the US, the FCIC (2011, p. xxii) claimed that, in the run-up to the failure of the financial system in 2007, there was a "systematic breakdown in accountability and ethics" as banks lent to customers they knew could not repay, in full knowledge of the potential repercussions for the customers and the banks themselves.

1.2. The demise of the traditional branch manager

Much of today's discussion about the lack of public confidence and trust in banking is dominated by the role of the financial crisis (see e.g. Dayson, 2009; Springford 2011). This is not surprising given the spectacular and wide-reaching nature and consequences of the crisis, including spurring the worst recession since the Great Depression (Barrell & Davis, 2008), triggering a government-funded bailout of the banks and causing enormous losses to households, business and investors. Despite the dramatic and comprehensive consequences of the crisis, the behaviour of banks was taken to suggest that they had not fully appreciated its seriousness. The apologies issued by the banks were seen as disingenuous, displaying a lack of remorse (House of Commons Select Committee, Ninth Report 2009), and the continued payment of bonuses to bankers following the crisis was seen as a sign of greed, a perceived contributory factor to the crisis (Turner, 2009).

However, a risk associated with overemphasising the role of the financial crisis is assuming that the drivers of and remedies for the crisis and the loss of confidence and trust are synonymous. This may lead one to conclude that, as was the case with the financial crisis, the root of the issue of public confidence in banks is largely global and found in the immediate run-up to the crisis. Consequently, this may suggest that it

[2] For example, commenting on the mis-selling of PPI to one of his constituents, MP John Robertson stated that the bank in question had neglected "its moral duty to safeguard customers' money", who called the bank "a damned disgrace" (Dyson, 2013)

is best remedied in a similar fashion as the financial crisis; through restrictions, imposed by regulators and the banks themselves, on the use of complex financial instruments (Turner, 2009), such as derivatives and asset-based securities, and the financial incentives paid to bankers (Tomlinson, 2013), as well as greater consumer protection (Turner, 2009).

It is certainly possible that the financial crisis has been a contributory factor to the loss of confidence in British banks and that thus the same remedies may help increase trust in banking. However, it is argued in this thesis that the crisis of confidence facing British banks is primarily rooted in the on-going transformation of branch banking since the 1960s. The decline in trust precedes the financial crisis and dates back to the 1980s, as suggested by the figures quoted above. Further, research into the attitudes towards and views of banks suggests that alienation from mainstream banks is driven by people's encounters with and views of their local branch. Indeed, research into financially excluded households suggests that some households self-exclude themselves from banking, because they perceive banks to be remote, geographically and culturally, and impersonal (e.g. Collard, Kempson & Whyley, 2001; Fuller, 2006; Kempson, Whyley & Collard, 2000). When asked about the characteristics of a financial service provider they would use and trust, the financially excluded households participating in the research by Fuller et al (2006, pp. 265-266) in Newcastle stressed the importance of friendly, local staff being knowledgeable about the community:

> A further key requirement was for the premises to be safe and secure, with pleasant and friendly staff, who would live in the local area so that they would understand and be sympathetic to the kinds of issues and problems faced by their customers, and conversant in the languages used by all sectors of the local populations… In general terms many people stressed the need for any ideal service to be 'more than just a bank', outlining the need for it to be flexible and community based – 'needs to be more thoughtful'.

This is also substantiated by the fact that banks often seek to project an image of themselves as local, friendly institutions that invest in local businesses. An example of this would be the current TV adverts for TSB as well as the past advertising campaign by NatWest on its mobile branches in rural areas. Thus, to understand the demise of the standing of banks in Britain to, one needs to look at the radical change in the role, character and appearance of the local bank branch and in the user experience of banking since the 1960s. The demise of the traditional bank branch manager and his or her role has been at the heart of this transformation.

1.3. The transformation of British branch banking

There has been a shift in the cultural and professional identity and perception of the bank branch manager from prudent and paternalistic custodian of the money of middle and upper class households to salesperson of financial services to a mass market (Halford, Savage & Witz, 1997; Morgan & Sturdy, 2000). The intensification of competition in the domestic banking market in the 1970s and 80s forced banks to change the appearance and culture of their branches to make them more enticing (Halford et al, 1997). This involved projecting an image of bank branches and their managers as friendly, understanding and attentive rather than the prevailing image of the branch manager as a "remote, austere and judgemental father figure" (Halford et al, 1997, p. 74). As part of this shift, the previously dark and imposing banking halls were redesigned into brightly coloured, open-plan retail spaces.

Also, bank branches and their managers have lost a great deal of autonomy due to the standardisation of processes and enhanced central control. This has been an on-going process since the emergence of large banks with national branch networks in the early twentieth century (Stovel, Savage & Bearman, 1996), but the process has accelerated since the 1960s with advances in technology and actuarial sciences (Leyshon & Thrift, 1999; Wainwright, 2009). In particular, the introduction of credit scoring into retail banking throughout the 1970s and 80s (Wainwright, 2009) enabled a greater degree of central control of lending decisions (Leyshon & Thrift, 1999). The loss of autonomy has also led to a deskilling of the branch network and a centralisation of expertise in regional and national offices (Morgan & Sturdy, 2000). A further change has been the rise of remote-banking technology. Over the past 25 years, the use of remote banking technologies, such as Internet and phone banking, has increased (Office of Fair Trading, 2010). While the market share of internet-only financial service providers remains small, the proportion of transactions and applications processed online and through the phone has risen (Office of Fair Trading, 2010).

Consequently the branch network has become less central in the delivery of financial services.

There already is a rich body of literature covering this transformation of British branch banking across a number of disciplines. In the discipline of geography, there is considerable theoretical and empirical work on the restructuring of the financial sector and the implications for financial and social exclusion (Burton, Knights, Leyshon, Alteroff & Signoretta, 2004; Leyshon & Pollard, 2000; Leyshon & Thrift, 1995). There has been conducted research into the changing geographical footprint of the bank and building society branch network, the drivers behind the rationalisation of the network (Leyshon, 2006; Thrift & Leyshon, 1997) and the political discourse associated with this process (French, Leyshon & Signoretta, 2008). Leyshon and Thrift and their colleagues have written extensively on how the restructuring of the financial sector in the face of the international debt crisis, deregulation and increased competition has exacerbated social and financial exclusion in deprived communities (Burton et al, 2004; Leyshon & Pollard, 2000; Leyshon & Thrift, 1995). Their argument is that technological advances, disappearing international markets and increased risk aversion have enabled banks to more profitable targeting of areas to service, which in turn has led to deprived areas finding themselves excluded from accessing mainstream finance (Leyshon & Thrift, 1995).

Sociologists and other social scientists have written about the organisational, technological and cultural changes in the banking sector over the past few decades. Most notably they have looked at how these have changes have affected strategic discourse (Morgan & Sturdy, 2000), professionalization of the banking profession (Green, 1979; Seal & Croft, 1997), women in banking (Halford et al, 1997) and deskilling and industrial relations (Cressey & Scott, 1992; Storey, 1983). In their study of the financial services sector in the UK, Morgan and Sturdy (2000) look at the change in strategic discourse in banking since the 1980s. They argue that due to deregulation, increased competition and the recession of the 1980s banks have increasingly had to engage in the active marketing of their products. Seal and Croft (1997) focus on the standing of the bankers as a profession and argue that the weak position of the profession is due to a weak professional body and the inability to control expertise. Instead, banks have controlled expertise through technology (e.g.

credit scoring) and in-house training (Seal & Croft, 1997). Halford et al (1997) look at the relationship between gender, careers and organisations in banking, nursing and local government. They hold that not only was the bank branch manager role largely occupied by men, it was also gendered and based on perceived male and paternal qualities. Cressey and Scott (1992) argue that the 1990s saw a departure from paternalistic industrial relations and personnel management that had historically characterised banking, in which employees enjoyed long-term careers with above-average working and wage conditions.

Despite the depth and breadth of this literature, there has been no systematic academic account of the development of the role of the bank branch manager.[3] It is argued that this is a serious omission for three reasons. First, the development of the role of the branch manager was at the heart of the change to branch banking. Not only was the role subject to developments in banking, leading to its restructuring and eventually removal, the branch manager was also an agent of change as he or she was responsible for implementing bank policies. Second, the change in the role of the branch manager will have had a direct impact on the experience of banking. The reduced role of the branch manager in determining access to services meant that customers relied less on the branch manager to access products. The nature of the interaction and the relationship between customers and the branch manager will also have changed, as the scope for intervention by the branch manager would have been limited. Third, the traditional branch manager symbolises traditional banking and its demise. The depiction of the traditional branch manager through Captain Mainwaring in 'Dad's Army', Mr Dawes in 'Mary Poppins' and George Bailey in 'It's A Wonderful Life' captured the public's imagination and coloured their view of the traditional branch manager. Similarly, the sketch entitled 'the Computer Says No' in 'Little Britain' captures the perceived inflexibility of modern banking, and the bank manager character in the TV adverts for the Nationwide building society starting in 2004 depict the greed and self-interest thought to motivate modern branch managers.

[3] Journalists have written and broadcast on the development of the role of the branch manager. David Lascelles (2005), the former banking editor of the Times, wrote a book on the development of high street banking since World War II with considerable emphasis on the branch manager. Clive Anderson presented a programme entitled "What Became of the Bank Manager" on Radio 4 on September 11th, 2009, at 11 am where he examined the disappearance of the branch manager.

Nevertheless, despite the factors listed above, one may be tempted to question the relevance of focusing on the bank branch manager over other factors such as technology, regulation, globalisation and decisions taken by executive management. After all, is the role of the branch manager not simply dictated and determined by these broader and more powerful drivers? This thesis holds that there are a number of empirical, conceptual, ontological and epistemological factors that make the branch manager an appropriate subject for further study in its own right rather than simply as an incidental and inconsequential part of a larger story. From an interpretivist perspective, the viewpoint of the branch manager on developments in banking is important because it reveals meaning and provides important contextual information. The nature of the social world cannot be reduced to objective facts that can simply be collected but is subject to people's interpretations and definitions.

Conceptually, even in circumstances where branch managers or bank staff may have limited control and agency, they may play a role in conditioning the experience of users. Giddens (1990) argues that the demeanour of expert system representatives, such as judges and air stewards, is important to underpin trust in encounters between the users and expert system representatives. Finally, empirical studies demonstrate that the implementation of formal systems and procedures is affected and prevented by the resistance by frontline staff (e.g. Lipsky, 1980; Storey, 1983). In his study, Storey (1983) argues that the search for managerial control over the workforce is characterised by a dialectic of control and resistance.

An account of the development of the role of the branch manager rooted in sociology may be particularly appropriate because the discipline has the conceptual and theoretical tools to grapple with the perceived change that is implicit in much of the literature and more generally: that banking has become increasingly remote and impersonal (see e.g. Anderson, 2009; Collins & Baker, 2003; Lascelles, 2005). Especially, the work by sociologists on embeddedness (Polanyi, Granovetter, Giddens), rationalisation and bureaucratisation (Weber), and professionalization, craftsmanship and deskilling (Sennett, Braverman) may help specify this implicit notion.

1.4. Aims and objectives

To address this dearth in knowledge and research, the aim of this thesis is to explain the nature, drivers and impact of the transformation of branch banking in Britain since the 1960s by describing and analysing the role of the bank branch manager and how it developed. In particular, it will explore and explain the notion that banking has become less personal and less embedded in local communities, implicit in much of the literature on the transformation of British banking, and its implications. The use of the branch manager as a lens through which to grapple with developments in banking is not coincidental as he or she has not only been the victim of many of these changes but also in many ways an agent driving and spearheading some of them.

In order to fulfil this aim, the thesis will address the following research objectives:

Objective 1: Develop a theoretical framework that defines and conceptualises depersonalisation and disembedding

In order to investigate the notion that banking has become less embedded and personal, this thesis will need to develop an ideal type of embedded/disembedded and personal/depersonalised banking. This ideal type will define and clarify what is meant by these concepts, identify and specify the manifestation of these within organisations and service provision, and define and classify possible pathways between these states (i.e. personal to depersonalised etc.). The theorisation of these concepts will also have to specify the relationship between the concepts by addressing the possibility and circumstances of coexistence of various states (e.g. personal/disembedded etc.) and co-variation (e.g. changes in one affecting the other).

Objective 2: Track, describe and analyse historical developments in British branch banking

To enable the analysis the nature of the transformation of British branch banking, the thesis will need to identify and synthesise the most significant developments. This will include technological and financial innovation, regulation and policy, financial infrastructure, service delivery, cultural and social changes, and market conditions.

Such an account will also identify developments with pertinence for the role and perspective of the branch manager as well as for the depersonalisation and disembedding of banking.

Objective 3: Develop a definition of the traditional bank branch manager role

To analyse the apparent demise of the traditional bank branch manager, the thesis will need to identify and define the main features of this role. This will involve identifying his or her most important tasks and activities, his or her role and status within and outside of the bank and the source and determinants of this status, and the nature of and constraints on his or her authority and autonomy.

Objective 4: Track and analyse the development of the role of the bank branch manager

In order to describe and analyse the development of the role of the branch manager, the thesis will have to analyse if and the extent to which there was a departure from the role as per the definition under objective 3. This will involve identifying and analysing changes to his or her tasks and activities, his or her role and status within the bank, and in his or her standing in and among and relationship with the local community and customers. To fulfil this objective, the thesis will have to identify and analyse the immediate sources and drivers of these changes within the banks, such as the introduction of constraints on the branch manager's authority and autonomy.

Objective 5: Detect and analyse the nature and extent of depersonalisation and disembedding in British banking

If one is to address the aim of ascertaining the extent to which British banking has become less personal and more remote, one has to analyse whether developments in British banks are consistent with the features of the ideal type of depersonalised and depersonalisation and disembedded and disembedding. This, in turn, requires the thesis to determine: the extent to which British banking was personalised and embedded in the first place and if it has become less so through depersonalisation and disembedding; the role of the bank branch manager in personalising and embedding banking and the association between the changes in his or her role and the transitions between personalised-depersonalised and embedded-disembedded; and, consequently, the relevance and pertinence of the concepts developed.

1.5. Structure of thesis

The remainder of this thesis is organised into eight chapters. Chapter 2 discusses capitalism, rationalisation, bureaucratisation, embeddedness and disembedding, dynamics pertinent to the depersonalisation and disembedding of banking. It then further develops the concepts of depersonalisation and disembedding and discusses their application in banking and financial service provision.

Chapter 3 presents the research design and methodology used in the thesis. The methodology was primarily based on oral history interviews with people who were bank branch managers between 1960 and to-date. The chapter discusses the ontological and epistemological basis of the thesis. Further, it presents and discusses the overall research design, including sampling (sample, population etc.), and provides an overview of the sample. It also discusses the methods used, including their merits and implications, and how they relate to the research questions. Finally it outlines and discusses the implications of the methodology for the findings, especially opportunities and limitations in generalising and transferring the findings to other settings.

Chapter 4 provides an historical overview of the development of British banking. The chapter has a dual aim. One the one hand, it describes British banking anno 1960 and briefly accounts for the historical developments leading to the emergence of this system. In particular, it focuses on the factors leading to the emergence of a compartmentalised, oligopolistic financial sector in Britain. One the other, the chapter focuses on the disintegration of this banking model through deregulation, globalisation and technological innovation.

Chapter 5 is the first chapter focusing on the findings from the interviews with the branch managers. It examines and discusses how the interviewees experienced working in the banks by looking at their career development and at the banks as employers. It is important to understand this context in order to appreciate why and how the branch managers perceived their role and changes to it. This is because the context within which the interviewees entered banking and became branch managers may have shaped their expectations in terms of career prospects, discretion and autonomy.

Chapter 6 discusses the role of the bank branch manager within the context of the traditional branch structure. It explores both the formal role as defined by formal responsibilities and job specification, and the role as defined and perceived by the interviewees. Specifically, the chapter explores the role of the branch manager as a figurehead for the bank, the authority of the branch manager, his or her skills and training, and the balancing of the needs of the bank, the branch staff and the customers.

Chapter 7 explores and discusses the major changes to and developments in banking, the impact of these on the role of the branch and the branch manager, and how these were perceived and experienced by branch managers at the time. This includes exploring developments such as the centralisation of underwriting through credit scoring, moving business lending from branches to specialist business centres or clusters, and the intensification of performance targets.

Chapter 8 draws on the findings from the preceding three chapters to identify wider implications of the thesis for sociological theory on banking, and the empirical understanding of banking in a historical and contemporary perspective. This is important to ascertain the relevance and contribution of the thesis in the fields of sociology and the topic of banking. Beyond discussing the concepts of depersonalisation and disembedding in some detail, the chapter reflects on the deskilling and disempowerment of the branch manager through a discussion about Braverman's deskilling thesis and craftsmanship.

Chapter 9 concludes by discussing policy implications, highlighting limitations of the PhD, and identifying areas of future research. In particular, it focuses on the role and importance of agency of branch managers as service gatekeepers as a mechanism of embedding and personalising service provision.

The central argument of this thesis is that the progressive liberalisation of the financial services market and the ascent of neo-liberal policies had a dual impact on banking and the role of the bank branch manager. First, these changes led to the depersonalisation of banking and the disembedding of the bank branch from local communities and customers. Second, through the depersonalisation and disembedding of banking, financial liberalisation brought about the deskilling and disempowerment of the bank branch manager. The decompartmentalisation of financial services markets, the removal of controls on asset growth, globalisation and the introduction of price competition increased the pressure on banks to cut costs, especially related to the branch network, and increase market share. The greater political and economic pressures on banks to increase the proportion of banked households led to a great increase in scale which in turn put pressure on traditional methods and channels of financial service delivery and origination.

2. The Depersonalisation and Disembedding of Banking – Theoretical Framework

2.1. Introduction

The aim of this thesis is to explain the nature, drivers and impact of the transformation of British banking since the 1960s through tracking the development of the role of a character at the heart of many of these changes: the bank branch manager. At face value, this transformation has been characterised by the banks becoming increasingly impersonal and distant. This chapter will contribute to meeting this aim by developing a theoretical framework that defines and conceptualises depersonalisation and disembedding (Objective 1). The chapter develops the concepts of depersonalisation, based on the work of Max Weber on rationalisation and bureaucratisation, and disembedding, drawing on and, in part, departing from the work of Mark Granovetter, Anthony Giddens and Niklas Luhmann. The depersonalisation of administration and management involves the move from case-to-case approach to decision-making driven by human considerations and judgements to rule-bound, uniform and impersonal decisions underpinned by calculated and planned actions to achieve organisational objectives. Disembedding is a process by which service provision is detached from interpersonal networks between provider and user through technology and methodology of service provision.

The chapter is organised as follows. Section 2.2 introduces Max Weber's thesis of rationalisation and bureaucratisation, and also discusses capitalism, which plays an important role in Weber's work. Section 2.3 discusses the literature on embeddedness, disembedding and the closely related topic of trust. Section 2.4 summarises the literature reviewed and highlights the challenges and implications for the conceptualisation of depersonalisation and disembedding. Drawing on the literature review, sections 2.5 and 2.6 conceptualises depersonalisation and disembedding respectively. These sections theorise scenarios (i.e. depersonalised, personalised, embedded, disembedded) and explore possible trajectories between and within these scenarios. Section 2.7 gathers the threads by juxtaposing depersonalisation and disembedding. It also theorises possible combinations of scenarios (e.g.

embedded/personalised, disembedded/personalised etc.) and considers trajectories and direction of travel (i.e. embedded/personalised to embedded/depersonalised etc.). Section 2.8 discusses the application of the theoretical model, while section 2.9 briefly summarises the model and considers its strengths, weaknesses and limitations.

2.2. Capitalism, rationalisation and bureaucratisation

To fully understand Weber's concepts of rationalisation and bureaucratisation, one needs to examine the, in Weber's view, intimately linked phenomenon of modern capitalism. Weber (1992[1930]) stresses that capitalism does not in itself have anything to do with greed or the pursuit of gain. Indeed, he notes, capitalism "*may* even be identical with the restraint, or at least rational tempering, of this irrational impulse" (Weber, 1992[1930], p. xxxi). Instead, "capitalism is identical with the pursuit of profit, and forever *renewed* profit, by means of continuous, rational, capitalistic enterprise" (Weber, 1992[1930], p. xxxi-xxxii).

Capitalism exercises influence on societal developments through the "domination by virtue of a constellation of interests (in particular: by virtue of a position of monopoly)," which is different from the "domination by virtue of authority, i.e. power to command and duty to obey" (Weber, 1968[1920], p. 143). The purest form of constellation of interests is the "monopolistic domination in the market," while domination by authority is "patriarchal, magisterial or princely power" (Weber, 1968[1920], p. 943). Weber (1968[1920], p. 946) argues that the form of domination through the market may be felt more accutely relative other forms of domination:

> Indeed, because of the very absence of rules, domination which originates in the market or other interest constellations may be felt much more oppressive than an authority in which the duties of obedience are cut clearly and expressly

Weber (1968[1920], p. 636) sees the market as the very embodiment of the dehumanised rationality characterising his ideal type model of bureaucracy and bureaucratisation:

> The market community as such is the most impersonal relationship of practical life into which humans can enter with one another... The reason for the impersonality of the market is its matter-of-factness, its orientation to the commodity and only to that... there are no obligations of brotherliness or reverence, and none of those spontaneous human relations that are sustained by personal unions. Market behavior is influenced by rational, purposeful pursuit of interests. The partner to a transaction is expected to behave according to rational legality and, quite particularly, to respect the formal inviolability of a promise once given

More specifically, rationalisation, bureaucratisation and capitalism are linked in two ways. On the one hand, rationalisation and bureaucratisation can only fully unfold in modern capitalism. Weber (1968[1920], p. 956) argues that: "Bureaucracy... is fully developed... in the private economy only in the most advanced institutions of capitalism." Administrative tasks carried out by salaried workers is "not only more precise but, in the last analysis, it is often cheaper than formally remunerated honorific service" (Weber, 1968[1920], p. 973-974). On the other, capitalism is dependent on rationalisation as the rational pursuit of profit, through fixed capital and certainty of calculations, depends on a calculable legal system and formal rules (Weber, 1992[1930). This is because the execution of planned actions in the pursuit of organisational objectives depends on the predictability and stability of the legal framework within which it operates.

Weber is particularly interested in the "first origins of modern capitalism in Europe" (Giddens, 1976, p. xiv), an economic system which he sees as unique and distinct from elsewhere and at other times (Weber, 1992[1930). The uniqueness of modern capitalism in the West comes from its orientation towards "instrumental rationality... that is, deliberate planning" (Weber, 1968[1920], p. 63). Deliberate planning, in turn, requires predictability and calculability. Predictability is provided by written rules and laws and the uniform and rational interpretation and enforcement of such rules.

Calculability of returns and outcomes is important for planning as it determines investment and actions:

> Everything is done in terms of balances: at the beginning of the enterprise an initial balance, before every individual decision a calculation to ascertain its probable profitableness, and at the end a final balance to ascertain how much profit has been made... So far as the transactions are rational, calculation underlies every single action of the partners (Weber, 1992[1930], p. xxxii-xxxiii)

Weber (1992[1930], p. xxxiii) stresses that there may be a lack of accurate calculations and that the use of guesswork happens in capitalist enterprises but that this merely affects "the *degree* of rationality of capitalistic acquisition." Further, calculability "is only possible on the basis of free labour" (Weber, 1992[1930], p. xxxvi). Although capitalism and capitalist enterprises, as such, have existed in other parts of the world and at other times, according to Weber (1992[1930], p. xxxiv), it is only in the West and recently that such activity has been associated with "the rational capitalistic organization of (formally) free labour. Only suggestions of it are found elsewhere."

Weber identifies a number of reasons for why such a form of capitalism has only emerged in the West (Giddens, 1976). Rational capitalistic enterprise depends on separating household from productive enterprise. This is only fully achieved with the emergence of rational bookkeeping and the legal separation of the household from the enterprise, and rational bookkeeping is, according to Weber, only fully implemented in the West (Weber, 1992[1930]). The existence of Roman law, characterised by its greater degree of rationalisation of juridical practice than elsewhere, and the development of the Western city, with its large degree of political autonomy leading to its disembedding from the agrarian economy, also contributed to the development of the nation-state and Western capitalism (Weber cf. Giddens, 1976). The changes that paved the way for the formation a free mass of wage-labourers depending on sale of labour services on the market were another important driver (Weber cf. Giddens, 1976).

The most controversial assertion by Weber, however, is that Puritanism also was a contributing factor to the rise of modern Western capitalism. His emphasis on rational organisation of free labour implies two things, according to Giddens (1976): a disciplined workforce and a continual investment of capital. Consequently rational capitalism requires the combination of the desire to accumulate with living a frugal life, which, according to Weber (cf. Giddens, 1976), was made possible through Puritanism with its focus on calling. This moral obligation of the fulfilment of duties in worldly affairs injected religious morality into everyday life in an unprecedented way:

> But at least one thing was unquestionably new: the valuation of the fulfilment of duty in worldly affairs as the highest form which the moral activity of the individual could assume. This it was which inevitably gave every-day worldly activity a religious significance, and which first created the conception of a calling in this sense (Weber, 1992[1930], p. 40)

The emphasis that only some were chosen to be saved from damnation meant that it became obligatory to regard oneself as chosen and demonstrate this through good work:

> The accumulation of wealth was morally sanctioned in so far as it was combined with a sober industrious career; wealth was condemned only if employed to support a life of idle luxury or self-indulgence (Giddens, 1975, p. xiii)

Weber (cf. Giddens, 1976, p. xiii) saw Calvinism, then, as supplying "the moral energy and drive of the capitalist entrepreneur."

This assertion by Weber of the link between Protestantism and Western capitalism has provoked considerable debate and controversy. Criticisms of Weber's argument have included that he has misinterpreted both Protestant and Catholic doctrines,[4] that the supposed connections between Puritanism and modern capitalism were based on inadequate empirical data, that too sharp a contrast was drawn between modern rational capitalism and preceding forms, and that the nature of the causal relationship between Puritanism and modern capitalism was wrong (Giddens, 1976). This thesis will not delve further into the criticisms of Weber's controversial assertion. The

[4] This include that Calvinism was anti-capitalistic, Luther's calling did not differ from previous forms, Catholic doctrines were more pro-capitalist than Protestant and that the reformation was indeed in response to this pro-capitalist sentiment in Catholic doctrines (see discussion in Giddens, 1976).

claimed causal link between Puritanism and modern capitalism is of no relevance for this thesis or for the theorisation of bureaucracy per se. Further, although the claim that Weber makes too much of the difference between modern and preceding forms of capitalism may affect where and when bureaucratisation is applicable (i.e. is it really only applicable in Western Europe in the timeframe he claims?), it does not discredit rationalisation or bureaucratisation as ideal types themselves (i.e. they may still be relevant concepts even if they imply less of a paradigm shift). It is argued that it is important to note that a central point in relation to Weber's thesis of the orientation of Western capitalism is that it is not caused by technical innovation (i.e. technological determinism) or deterministic Materialism:

> Its rationality is to-day essentially dependent on the calculability of the most important technical factors. But this means fundamentally that it is dependent on the peculiarities of modern science, especially the natural sciences based on mathematics and exact and rational experiment. On the other hand, the development of these sciences and of the technique resting upon them now receives important stimulation from these capitalistic interests in its practical economic application (Weber, 1992[1930], p. xxvi)

Weber (1992[1930) stresses that calculation and algebra was invented and used elsewhere, but that it was only in the West where it was used to develop capitalism through rational bookkeeping. If this logic is extended to a more contemporary development, it follows that viewing credit scoring merely as a result of advances in technology and science would fail to appreciate more profound drivers. Indeed, the implementation of credit scoring was motivated by a rationalist drive to cut costs and impose greater central control over lending (Leyshon & Thrift, 1999).

Weber sees bureaucratisation as the main manifestation of the rationalisation, which he believes has shaped Western capitalism so profoundly. There are three salient characteristics of Weber's ideal type bureaucracy. First, bureaucratisation affects the organisation and distribution of tasks, activities and duties. In non-bureaucratic administrations, functions and duties are linked to "social, material, or honorific preferences and ranks" (Weber, 1968[1920], p. 983). In a bureaucracy, activities are distributed in a fixed way as official duties and there is a hierarchical organisation of offices and duties, whereby higher offices have authority over lower offices but in a stable way constrained by rules (Weber, 1968[1920]). This is linked to the abstraction of government, which leads to the separation of public and private. According to Weber, this first happened in urban communities with the introduction of periodic elections of office holders meaning that the office holder was no longer identical with the man possessing the authority in his own right. However,

> it was left to the complete depersonalization of administrative management by bureaucracy and the rational systematization of law to realize the full separation of the public and private sphere fully and in principle (Weber, 1968[1920], p. 998)

Second, it affects the execution of administrative task and decision-making. One of the most important aspects of bureaucratic administrations is that it breaks with non-rational interpretation of law prevalent in non-bureaucratic forms of administration. Bureaucracy accompanies modern mass democracy in that it is linked to equality before the law and a rejection of the case-by-case approach to decision-making, which according to Weber (1968[1920], p. 976) is characterised by “arbitrariness and lordly discretion”. The levelling of social differences is essential as it enables one to move from case-to-case judgements to rule-bound impersonal decisions (Weber, 1968[1920]). Bureaucracy is based on the rational interpretation of law. The result, according to Weber, is the dehumanisation of the execution of tasks and bureaucratic decision-making. In other words, decisions and actions are detached from personal, irrational and emotional aspects. Bureaucratic administration requires “the personally detached and strictly objective *expert*, in lieu of the master of older social structures, who was moved by personal sympathy and favor, by grace and gratitude” (Weber, 1968[1920], p. 975).

Third, bureaucratisation has profound effects on the role and disposition of those working in administration. Bureaucratisation is associated with the development of a disciplined and faithful workforce whose allegiance is to formal rules rather than to a person. According to Weber (1968[1920], p. 959):

> It is decisive for the modern loyalty to an office that, in the pure type, it does not establish a relationship to a *person*, like the vassal's or disciple's faith under feudal or patrimonial authority, but rather is devoted to *impersonal* and *functional* purposes.

The impersonal and functional loyalty of administrative workers in bureaucratic administrations underpins the levelling of social differences and the move from case-to-case judgements to rule-bound impersonal decisions, which is the essence of bureaucratisation. Bureaucratic workers execute tasks assigned to them by higher offices by following formal rules and procedures.

In return, bureaucratic professionals are rewarded with life long tenure, fixed remuneration and pension, and they are set for a progressive career within the hierarchy (Weber, 1968[1920]). They receive a regular and steady income rather than having to use their positions to gain favours and rents or relying on the office holder to do so. Therefore, Weber (1968[1920]) argues that the emergence of a money economy to enable the remuneration of officials is a pre-condition for a stable and continuous bureaucratic administration. Bureaucratic administrations have a set budget that they use for remunerating and equipping their workers.

Bureaucratisation is also associated with the professionalization of the workforce. The execution of tasks is governed by more or less exhaustive formal rules that have to be learned. In bureaucratic administrations there is also a functional and hierarchical specialisation of work. This combined with the desire to restrict the supply of workers for bureaucratic positions leads, according to Weber (1968[1920]), to the emergence of specialist education and examinations. The access to bureaucratic positions can then be limited to those with educational qualifications. This also means, Weber (1968[1920]) argues, that the investment in such qualifications becomes more important than talent (charisma).

Bureaucratic administration ultimately becomes the dominant form of rule. This dominance of bureaucracy is, according to Weber, underpinned by its superiority compared with any other form of administration:

> The decisive reason for the advance of bureaucratic organization has always been its purely *technical* superiority over any other form of organization… Precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs – these are raised to the optimum point in the strictly bureaucratic administration, and especially in its monocratic form. As compared with all collegiate, honorific, and avocational forms of administration, trained bureaucracy is superior on all these points. And as far as complicated tasks are concerned, paid bureaucratic work is not only more precise but, in the last analysis, it is often cheaper than even formally unremunerated honorific service (Weber, 1968[1920], p. 973-974)

The superiority of bureaucratic rule and the self-perpetuating and self-reinforcing nature of bureaucracy mean that it virtually cannot be overthrown by democratic institutions, the masses or by its employees. The "professional bureaucrat is chained to his activity in his entire economic and ideological existence" (Weber, 1968[1920]).

There are also other factors on which constant, continuous and complete bureaucracy depends. First, as a manifestation of rational domination, bureaucratisation may be less likely to embed itself in periods of great societal unrest and upheaval. This is because both bureaucratic and patriarchal structures are "institutions of daily routine" (Weber, 1968[1920], p. 245). Provisioning for demands beyond the daily routine is more likely to cater to charismatic authority.

Second, democracy unintentionally but unavoidably promotes bureaucracy for a number of reasons (Weber, 1968[1920]). Bureaucracy and democracy are both linked to equality before the law and a rejection of the case-by-case approach. It also removes feudal, patrimonial and plutocratic privileges in administration. Bureaucracy is further strengthened by the development of parliamentary institutions, increased scrutiny from the outside and increased publicity. This, according to Weber (1968[1920]), makes the ruler emphasise unified administrative leadership over thoroughness in the preparation of administrative decisions, and consequently abandon more collegiate forms of administration. Moreover, as discussed earlier, the move to election of office holders signals the separation between the person holding office and the prerogatives and powers of the office, a process referred to as the abstraction of government (Nisbet, 1967).

The third factor is “the specifically modern means of communication [which] enter the picture as pacemakers of bureaucratization” (Weber, 1968[1920], p. 973). On the one hand, Weber argues, infrastructure such as roads, railroads and telegraph requires a public bureaucracy to administer it. On the other:

> a certain degree of development of the means of communication in turn is one of the most important prerequisites for the possibility of bureaucratic administration, though it alone is not decisive (Weber, 1968[1920], p. 973)

Modern means of communication set the pace for bureaucratisation or, in other words, the extent to which bureaucratisation can be pursued or realised depends on the development of modern communication. One can think of several examples of how this may be. The emergence of modern communications such as the telegraph, the railroads and the telephone greatly strengthened the ability of central offices to monitor and control the activities of offices lower down in the hierarchy located in other geographic locations.

2.3. Embeddedness, disembedding, re-embedding and trust

On face value, embeddedness, like depersonalisation, is a concept that fits well with sociology as a discipline. The notion that activity and interaction is rooted in social links and structures, and kinship chimes with the concept of community and that of disembedding fits with the interest of sociologists in the expansion of society at expense of community. Therefore there is a large body of research and theory on the concept in sociology and related disciplines (Krippner & Alvarez, 2007). Despite this and the perceived coherence with the discipline, sociologists have struggled to develop the concept into a coherent framework to study social change (Gemici, 2008; Krippner & Alvarez, 2007). This section grapples with the attempts at unpicking, developing and applying the concept of embeddedness and the associated problems. The section will start with the discussion of the probably best-known approaches to embeddedness by Karl Polanyi and Mark Granovetter respectively. Then it will examine the concepts of disembedding and re-embedding by Anthony Giddens. Finally, it looks at the concept of trust, which is central to the work by Granovetter and Giddens on embeddedness.

It is argued in this section that the concept of embeddedness is, at least not yet, coherent as a large-scale theory covering societal or paradigm shifts as suggested by Polanyi, though it remains a powerful critique of neo-classical economics. The main problem is that economy and society are not distinct or separate elements that can be more or less embedded in each other. Instead, embeddedness is more useful as an analytical tool or concept for determining the extent to which transactions and service provision are embedded in social networks. Embeddedness is best seen, it is held, as a strategy to reduce risk as per the argument put forward by Granovetter. As such its applicability is limited to certain contexts and circumstances.

The concept of embeddedness dates back to the work by the anthropologist Karl Polanyi (1957). He uses the concept to argue that, throughout history, the economy has been embedded in society:

> The outstanding discovery of recent historical and anthropological research is that a man's economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end. Neither the process of production nor that of distribution is linked to specific economic interests attached to the possession of good; but every single step in that process is geared to a number of social interests which eventually will ensure that the required step to be taken. These interests will be very different in a small hunting or fishing community from those in a vast despotic society, but in either case the economic system will run on noneconomic motives (Polanyi, 1957, p. 46).

In other words, the economy has been subservient to and driven by societal needs and priorities. In premarket societies, the economy and production were based on reciprocity (family and kinship), redistribution (territorial by authority figure) and householding (production for sustenance). Above all, Polanyi (1957) argues, it was running on non-economic motives and to serve collective and not individual economic interests. This translates into the absence of the motive of gain, of the principle of working for pay and that of least effort, and of a separate and distinct institution based on economic motives.

Disembedding happens, according to Polanyi (1957), when the economy becomes detached from society and societal needs through moving to a market economy. A market economy is regulated, controlled and directed by markets alone. This means that, rather than being directed by societal priorities and principles, such as reciprocity, redistribution and householding, a market economy is controlled by market prices. In a market economy, all aspects of production must be produced for sale, including labour, land and money, and supply equals demand at a given price. Commodity prices, wages, rent and interest constitute prices in the markets for labour, land and money. Prices control production because those guiding production depend on the profit it generates. The distribution of goods also depends on price as prices form incomes with which goods are purchased.

An important implication of the role of prices is that there is no room for outside interference by government:

> no measure of policy must be countenanced that would influence the action of these markets. Neither price, nor supply, nor demand, must be fixed or regulated; only such policies and measures are in order which help to ensure the self-regulation of the market by creating conditions which make the market the only organizing power in the economic sphere (Polanyi, 1957, p. 69)

This means, according to Polanyi (1957, p. 69), that "a self-regulating market demands nothing more than the institutional separation of society into an economic and political sphere."

Another implication of the role of prices, which Polanyi (1957) takes particular issue with, is that labour, land and money are treated as commodities. However, Polanyi argues, labour consists of the human activity making up society, while land makes up the natural surroundings in which society exists. Therefore: "To include them in the market mechanism means to subordinate the substance of society itself to the laws of the market" (Polanyi, 1957, p. 71). They are, in fact, he holds, not commodities, as labour is human activity not produced for sale nor detached from rest of life, land is nature and, thus, not produced by man, and money is not produced but created through banking and state finance.

Central to Polanyi's (1957) argument is his forceful rejection of the assumption put forward by classical economists that the market economy emerges naturally or instinctively from human beings' natural propensity to, not only, barter and trade, but to strive for profit and chose lesser rather than greater effort and expect payments for labour. He rejects this notion by arguing that, historically, trade and barter has only occupied an incidental part in society. In other words, it has not been relied on to serve basic needs. Instead, Polanyi (1957, p. 140-141) points to two paradoxes:

> The road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism... This paradox was stopped by another. While *laissez-faire* was the product of deliberate state action, subsequent restrictions on *laissez-faire* started in a spontaneous way.

A number of criticisms have been levelled at Polanyi's conceptualisation of embeddedness (Krippner & Alvarez, 2007). Some have questioned whether Polanyi in fact intended to develop the concept of embeddedness given that he uses that term rather sparingly (Gemici, 2008). In agreement with Krippner and Alvarez (2007), it is argued that the theme of the embeddedness of the economy in society is very prominent in *The Great Transformation* regardless of whether he used the term very little or used other terms (i.e. submerged). There is also an inherent contradiction in Polanyi's argument (Jenkins, 1977 cf. Gemici, 2008). On the one hand, economies are always embedded because "all economic life is subject to the reality of society" (Gemici, 2008, p. 9). On the other, embeddedness is a gradational concept as society can move towards disembedded through the commodification of labour, land and money (Gemici, 2008).

Finally, anthropologists have increasingly criticised the empirical evidence upon which Polanyi bases his arguments (see e.g. discussion in Krippner & Alvarez, 2007). This thesis will not delve into the arguments concerning the validity and interpretation of the empirical evidence in Polanyi's work. This is because it does not intend to develop theoretical framework accounting for societal developments, but rather focus on developing the concept of embeddedness into a tool to analyse financial service provision specifically. Suffice to note if the empirical basis were indeed as weak as claimed, it would clearly weaken Polanyi's argument concerning the historical embeddedness of the economy in society.

In *Economic Action and Social Structure: The Problem of Embeddedness* published in the American Journal of Sociology in 1985, nearly 50 years after Karl Polanyi wrote *The Great Transformation*, the sociologist Mark Granovetter re-conceptualised embeddedness, inspiring a plethora of research in economics and sociology using the concept he developed. Granovetter (1985) argues that both structural sociologists and anthropologists, including Polanyi, and utilitarian economists make the mistake of atomising behaviour. In over-socialised accounts by sociologists, actors behave exclusively in relation to prescribed roles, whilst undersocialised views by economists see people acting exclusively in a purely rational, self-interested manner.

Conversely, Granovetter (1985, p. 482-483) holds:

> that the level of embeddedness of economic behavior is lower than in nonmarket societies than is claimed by substantivists and development theorists and has changed less with "modernization" than they believe; but... that this level has also been and continues to be more substantial than is allowed for by formalists and economists.

Instead, he (Granovetter, 1985, p. 487) argues that:

> Actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by a particular intersection of social categories that they happen to occupy. Their attempts at purposive action are instead embedded in concrete, ongoing systems of social relations.

Such relations, Granovetter (1985) asserts, are used to generate trust and discourage malfeasance. He notes that the fact that individuals generally prefer to transact with people of known reputation suggests that generalised morality is not sufficient. It is only rational, according to Granovetter, to rely on generalised morality to protect against fraud where transactors are previously unacquainted, unlikely to transact with each other again and information about the transaction is not likely to reach people the transactors are likely to transact with in the future.

He stresses that:

> Better than the statement that someone is known to be reliable is information from a trusted informant that he has dealt with that individual and found him so (Granovetter, 1985, p. 490)

This is because it is less costly and, as one trusts one's own information best, as it provides more detail and is more accurate. Also, people one has ongoing relations with are motivated to be trustworthy and continual economic relations often gain social content with a strong expectation of trust.

Although Granovetter (1985, p. 493) aims to thread a path between an "oversocialized approach of generalized morality and undersocialized one of impersonal, institutional arrangements," his approach still assumes that people are driven by gain and individual interests and that they act in a largely rational manner. The reasons for relying on social networks relate to costs, efficiency and motivation of other actors, which seem to suggest that they are used to overcome market failures. This would, in turn, indicate that if markets functioned perfectly, people might indeed be atomistic, as they are not driven by generalised morality or ethical considerations. Also, Granovetter does not seem to substantiate his claim that premarket or traditional societies were less embedded than suggested. He does for example not address the evidence used or claims put forward by Polanyi about premarket societies.

Krippner and Alvarez (2007) argue that there is a great deal of ambiguity concerning Granovetter's concept and its subsequent application and further development by other researchers. Embeddedness is used to refer to many kinds of relationships among different entities (individuals, firms, industry etc.). For some embeddedness refers to social overlay (e.g. church membership etc.), while for others it refers to ongoing exchange relationships as evidence of embeddedness. There is also a great deal of diversity and divergence regarding what actually flows across ties. Does social overlay do the work of embeddedness or are these affective relationships incidental, by-products?

Krippner and Alvarez (2007) assert that there is a more profound problem with the embeddedness literature within economic sociology, by which they mean the bodies of literature associated with Granovetter and Polanyi. While these approaches to embeddedness have proven to be powerful criticisms of the assumptions of classical economists, they are less useful in developing a positive research programme (Portes & Sensenbrenner, 1993). In particular, Gemici (2008, p. 26) argues that “it should be recognised that embeddedness in this capacity falls short of providing a theoretical alternative to mainstream economics.” Among its salient shortcomings is that it assumes a separation between the social and the economic (Gemici, 2008). Yet:

> Strictly speaking, economy and society as bounded ontic entities do not exist. As a result, one cannot be embedded in the other, nor can the embeddedness level change over time (Gemici, 2008, p. 26)

Another approach to embeddedness, not associated with economic sociology, is offered by Anthony Giddens. Giddens (1990) operates with the terms of disembedding and re-embedding, which relate to the emergence of large-scale society and time-space separation. In traditional society, local communities are in many ways integral (Durkheim, 1984[1893]). Due to the lack of modern means of communication, most production, interactions and transactions occur at a local level. In this context, interactions, transactions and production are concrete and specific in the sense that they often occur at the same time and at the same place (Giddens, 1990). The trust underpinning transactions and interaction in such circumstances are supported by what Giddens terms as facework commitments. This form of trust occurs when agents are in the same place and interacting directly with each other (Giddens cf. Kaspersen, 2000). This form of trustworthiness is between individuals who know each other and have substantiated credentials that render each other reliable (Giddens, 1990).

Due to the growing scale of production, technological innovation and increased mobility, an increasing proportion of interaction and transactions occur at different places and different times (Giddens cf. Kaspersen, 2000). Social interaction and economic transactions in this context are supported by what Giddens (1990) calls faceless commitments, which refers to trust in abstract systems. Trust in such systems is based on faith in the principles of that system and not in the good intentions of others (Giddens, 1990). Abstract systems consist of symbolic tokens – media of exchange independent of specific interactions in co-presence – exemplified by money

(Giddens cf. Kaspersen, 2000), and expert systems – "systems of technical accomplishment and professional expertise that organise large areas of the material and social environments in which we live today" (Giddens, 1990, p. 27) – such as credit scoring systems.

Abstract systems change the nature of interaction from being the source of trust (i.e. facework commitments) to the re-embedding of trust (Giddens, 1990). Giddens (1990, p. 84) argues that the encounters between the public, and expert systems and their representatives, which he calls access points, are "peculiarly consequential." Although the trust of the individual in question is in the principles of the system, one looks to the expert system representatives for reassurance (Giddens, 1990). Hence facework in the form of demeanour and business-as-usual-attitude is important, particularly where dangers are obvious. "The grave deliberations of the judge, solemn professionalism of the doctor, or stereotyped cheerfulness of the air cabin crew all fall into this category" (Giddens, 1990, p. 85). The abstraction of trust and its removal from the immediacy of context is also linked to the emergence professional institutions and their quality standards, as these constitute abstract systems to replace trust once generated in face-to-face interactions and embeddedness (Giddens, 1990).

Giddens, then, adds an important dimension to the concept of embeddedness by linking the concept to time and place by defining disembedding as the lifting of social relations out of the local context of interaction. The mechanism for such disembedding is abstract systems, such as symbolic tokens (e.g. money) and expert systems. According to Giddens (1990, p. 24): "Money provides for the enactment of transactions between agents widely separated in time and space." One of the main difficulties with Giddens' conceptualisation is the notion of re-embedding, which he (1990, p. 88) defines as "processes by means of which faceless commitments are sustained or transformed by facework." Examples of this would be how trust in abstract systems are underpinned by expert system representatives' demeanour and attitude and how civil inattention, a concept developed by Erving Goffman, "is a fundamental aspect of trust relations in the large-scale, anonymous settings of modernity" providing "the backdrop of the formation and dissolution of encounters" (Giddens, 1990, p. 88).

The implication is that transactions and relations become embedded again. This thesis disagrees with Gidden's argument on re-embedding. It may be that certain expert systems require facework in the form of demeanour to underpin trust or confidence in the system. However, this does not change the nature of abstract systems, which is that they operate on the basis of abstract principles rather than on trust in individuals. Therefore, if facework does not change the nature of abstract systems and such systems are a disembedding mechanism, then transactions under such systems remain disembedded.

The issue of trust is an important aspect of both Granovetter's work on embeddedness and Giddens' notion of disembedding. Granovetter views embeddedness as a strategy to create trust between market participants, while Giddens argues that both social connections in co-presence and abstract systems serve to generate trust between interactors or transactors. But what is trust? There is a plethora of empirical and theoretical work on trust in sociology and other disciplines (Möllering, 2001; Welter, 2012). The literature on this topic is wide-ranging and diverse in a number of aspects. Different authors treat trust as an outcome of networks or social capital, an element of cognitive social capital or, more commonly, as an expectation of future behaviour (Giddens, 1990; Möllering, 2001; Welter, 2012). There are also a number of different views on the role of trust, including lowering transaction costs and risks associated with business transactions (Welter, 2012), increase cooperation (see Möllering, 2001) and reduce social complexity (Luhmann, 2000). Finally, various parts of the literature suggests that trust can exist on a personal (e.g. person, interpersonal relationships), collective (e.g. communities, organisations) and institutional level (e.g. government, regulation infrastructure) (Welter, 2012).

This diversity points to a key problem of much of the existing literature on trust. In many studies, trust is not sufficiently clearly defined. In his review of the use of trust in the entrepreneurship literature, Welter (2012) argues that trust is often taken to refer to any form of non-contract-based collaboration. Möllering (2001) criticise the literature for too often focusing on the functional properties of trust and by extension its rational behavioural components. In particular, he argues that much of the literature reduces the explanatory power of trust by reducing it to "a state of favourable expectation regarding other people's actions and intentions" (2001, p.

404). This definition, he asserts, neglects the leap of faith required to establish trust, which is quasi-religious in nature rather than purely rational. Conversely, he proposes the following definition:

> In the interest of conceptual clarity, albeit at the risk of using overly figurative language, trust can be imagined as the mental process of leaping – enabled by suspension – across the gorge of the unknowable from the land of interpretation into the land of expectation (Möllering, 2001, p. 412)

This thesis recognises, in agreement with Möllering, that trust is not only arrived at through logic (e.g. rational proof, personal observations) but may also rely on faith or non-rational elements. It is therefore argued that, although informed by non-rational aspects, trust concerns some level of reliability in the face of contingent outcomes as per the definition by Giddens (1990). He defines trust as:

> confidence in the reliability of a person or system, regarding a given set of outcomes or events, where that confidence expresses faith in the probity or love of another, or in the correctness of abstract principles (technical knowlegde) (Giddens, 1990, p. 34)

However, unlike Giddens, this thesis argues that the concept needs to be more context-specific by making explicit the settings and contexts in which trust is relevant. To do this, the thesis will rely on the definition of trust in the work by Niklas Luhmann (2000). He distinguishes between trust, on the one hand, and confidence, on the other. This distinction is important, it is argued, as embeddedness is only relevant in situations of trust. There are two important distinctions between trust and confidence as defined by Luhmann (2000). First, the application and relevance of these concepts depend on the level of agency and control perceived to be exercised by the person in question. Where the person perceives that he or she has no control over the situation and its potential outcomes, the person will not consider alternative actions. This is because he or she has a level of confidence (as opposed to trust) that a car will not hit him or her when out walking or that the airplane will arrive safely at its destination. In other words, the person will not generally make a choice to travel by plane because he or she trusts the pilot. According to Luhmann (2000, p. 96): “You cannot live without forming expectations with respect to contingent events and you have to neglect, more or less, the possibility of disappointment.” Conversely, if the person has a level of agency or choice, then he or she will consider and chose one action over another, in which case it is an issue of trust. In this case, the person has to decide if he or she trusts that the other person will keep his or her word (e.g. repay money, exercising discretion etc.).

A second aspect that distinguishes trust from confidence is the person's perception of the situation, specifically whether it involves danger or risk. Confidence is relevant in situations characterised by danger, while trust applies in circumstances characterised by risk. The situations cited in relation to confidence, i.e. a plane falling out of the sky or a person being run down by a car, clearly involve danger of death or injury. However, it does not involve risk in the sense that it does not "indicate that unexpected results may be a consequence of our decisions" (Luhmann, 2000, p. 95) as opposed to a sign by a god or nature. In explaining the emergence of risk as a modern semantic innovation, Luhmann (2000, p. 95) argues that:

> This discovery of 'risk' as a general feature of life - roughly replacing what had previously been known as fortuna - does not facilitate the task of religion, but it adds another dimension to human experience. It becomes every more typical and understandable that decisions cannot avoid risk.

In other words, risk presupposes some element of agency rather than elements that are outside of a person's control (i.e. nature, gods etc.). Therefore, by making a choice the person faces certain risks and may end up regretting his or her trusting choice. It is important to note that trust is only relevant where the potential downside is greater than the upside (Deutsch, 1958 cf. Luhmann, 2000), because otherwise it is simply a rational choice. "Trust is only required if a bad outcome would make you regret your choice" (Luhmann, 2000, p. 96). Embeddedness is, as will be explored, only relevant in situations of trust that, in turn, are characterised by risk (perceived or actual) and where one or more parties in an exchange or interaction exercises agency and thus choice.

2.4. Implications of literature review

There are two important issues highlighted in the preceding literature review that the theoretical framework developed in this chapter will need to address or be mindful of. First, bureaucratisation and rationalisation leads to a depersonalisation or dehumanisation of administration through its orientation towards instrumental rationality or deliberate planning. In turn, this requires predictability ensured through rational and standardised interpretation of written rules and calculability of returns and outcomes to determine investment and actions. Under such circumstances, business is conducted in a purely objective and rational manner without regard for persons. It is also important to note that capitalism determines the extent to which rationalisation and bureaucratisation can unfold or be pursued. Second, the concept of embeddedness and disembedding is problematic in the sense that it does not constitute a coherent theory of change to the same extent as rationalisation. Sociologists have struggled to convert the concept from a critique of classical economics to a programme of research. One of the difficulties faced, especially by the economic sociology literature, is being caught up in the terminology and rationales of economics (i.e. market failures, imperfect competition, rationality etc.). In particular, the conceptualisations of embeddedness have been criticised for treating economic and social spheres as distinct and separate entities (Gemici, 2008, p. 26). Gemici (2008) argues that they are not and that, as a result, "one cannot be embedded in the other, nor can the embeddedness level change over time."

2.5. The depersonalisation of banking

This section develops the concept of depersonalisation, which draws extensively on Weber's ideal type of bureaucracy, the principal manifestation of rationalisation. This concept is different from, notably, Ritzer's (1996, p. 29) concept of McDonaldization, which is "an amplification and an extension of Weber's theory of rationalization." Ritzer (2001) uses his concept to account for developments across a number of sectors and aspects of society, including education, casinos and the credit card industry. Conversely depersonalisation is intended to explore and elaborate one aspect of Weber's theory of bureaucratisation with the purpose of understanding developments in banking. Although depersonalisation is not conceptualised specifically for banking, in part because of Weber used the ideal type of bureaucratisation to grapple with the development large private and public organisations operating within the Western European capitalist system, the subsequent analysis of its applicability is exclusively focused on British banking.

The essence of bureaucratisation is, according to Weber, that it dehumanises management and administration:

> Bureaucratization offers above all the optimum possibility for carrying through the principle of specializing administrative functions according to purely objective considerations... 'Objective' discharge of business primarily means a discharge of business according to *calculable rules* and 'without regard for persons' (Weber, 1968[1920], p. 975)

This section details and discusses the meaning of implications of operating "without regard for persons" through developing a typology for personalised and depersonalised organisations. It also discusses how it is that management and administration become depersonalised.

Under personalised administration and management there is consideration for those persons who are directly or indirectly affected by or involved in the execution of tasks. There is a dual aspect of such consideration. On the one hand, it can involve concern for the person, such as his or her perceived character (e.g. industriousness, thriftiness etc.), perceived status or standing (e.g. class, profession etc.), appearance (e.g. physical traits, clothing etc.) or association (e.g. kinship or family ties, dependency relationships etc.). On the other, the consideration may be for the circumstances in which the person finds him or herself, such as plight, desperation, comfort or strength. These two aspects are clearly interlinked, as, for example, a person's circumstance may be presumed based on his or her appearance. It is important to stress that in a personalised setting, considerations for the person and his or her circumstances are defined in a subjective manner. In a depersonalised organisation, such factors are taken into account only when concomitant with organisational objectives. In such a case, these would be defined in an objective and rational manner.

The implication of such consideration is that people may act out of loyalty, fear, admiration or other feelings towards the individual or out of sympathy, pity, envy or empathy for the circumstances in which the person find him or herself. This means that it is possible to have decisions driven by solidarity, loyalty and compassion, but also of nepotism, discrimination and favouritism. An important observation here is that where one uses own one judgement, one may be influenced by one's own worldview and values. This may apply even where one is judging seemingly objective aspects of a case such as capability and effectiveness. It opens up for exercising morality-driven judgements, including of propriety, thrift, and types of people and circumstances that are deserving and capable.

The reference to worldview, values and morality is not incidental, as personalised administration may often be linked to tradition. According to Giddens (cf. Kaspersen, 2000) there are five characteristics of tradition: it is a medium of collective memory; it involves rituals or practical actions embodying tradition; it involves formulaic truth which cannot be challenged without dissent; there are guardians who are responsible for interpreting tradition and; it has a moral and normative content giving it a binding character. Weber (1968[1920], p. 976) notes that "non-bureaucratic forms of domination display a peculiar co-existence of strict traditionalism and of arbitrariness and lordly discretion." He (1968[1920], p. 1006) argues that patriarchal domination, the most important form of pre-bureaucratic domination, "is based not on the official's commitment to an impersonal purpose and not on obedience to abstract norms, but on strictly personal loyalty." He adds:

> The master wields his power without restraint, at his own discretion and, above all, unencumbered by rules insofar as it is not limited by tradition or by competing powers (Weber, 1968[1920], p. 1006-1007)

In other words, unlike bureaucracy, the ability to give orders, execute tasks or make decisions is not determined by expertise, specialist training or legal jurisdiction, but rather by tradition.

This brings the discussion to another element of great importance for the concept. Personalised administration requires discretion, the freedom and ability to use one's judgement, on part of the person executing the tasks and making the decisions. If one is to take into account a person and his or her circumstances, then one needs to consider each case on its own merit. These also need to be considered independently of each other, so there is no precedent or uniformity in how one deal with seemingly similar cases.

In a depersonalised administration, conversely, the decision-making and execution of tasks is dehumanised. There is a uniform treatment of cases – based on Weber's emphasis on the levelling of social differences – and a standardised execution of tasks. The criteria on which decisions are made and tasks executed are uniform and calculable. Administration and decisions are rational in the sense that they are planned activities, or at least conducive to planning, to achieve organisational objectives, namely profit and cost reduction, but also possibly regulatory compliance. In turn, planning depends on a number of aspects. It requires control, which involves the ability to determine what people do and often involves the use of non-human technology (Ritzer, 1996). Calculability is an important element of planning as it enables ascertaining likely profitability (Weber, 1992[1930]). Finally, planning requires a certain level of predictability, which depends on fixed or set expectations and positions, hierarchy in the sense that it is fixed who gives and takes orders, and tasks and procedures are normally documented (Ritzer, 1996).

Depersonalised organisations seek to limit the authority and autonomy of their workers as it limits the degree of central control and planning they can impose over administration or production. Generally, individual discretion is curtailed to the extent allowed for by the availability and possibility of accurate calculations. It is only allowed to the extent it achieves results concomitant with organisational objectives. To enable control, discretion in depersonalised banking is exercised within the confines of monitoring and set parameters. There are, thus, no room for human considerations such as solidarity, empathy or morality.

Weber's theory of rationalisation suggests that institutions move from personalised to depersonalised administration. Given Weber's emphasis on the near-indestructibility of bureaucratic structures, it would be difficult to envisage circumstances under which the move from depersonalised to personalised would be possible bar a major upheaval or revolution. The move from depersonalised to personalised banking is made more difficult by the increasing scale of organisations and the required speed of transactions. Further, it is driven by rationalisation. This is not the pursuit of gain per se or economic activity based on a comparison of income and expenses, as this will have taken place in all civilised countries (Weber, 1992[1930). Rather rationalisation involves moving towards a situation in which tasks are executed in a rational, predictable and planned manner based on exact calculation (Weber, 1992[1930]).

Associated with rationalisation, there is a combination of developments that drive depersonalisation. First, standardisation, through the issuing of detailed guidance and the use of non-human technology, means that tasks and outcomes are executed and arrived at in the same way (Ritzer, 1996). Second, the centralisation of decision-making or terms of activity by setting parameters for operations (e.g. targets, indicators etc.) limit discretion at lower levels in an administration to take human factors into consideration. Third, abstraction is important in driving depersonalisation because it involves the creation of objective legal rights linked to a position, rather than rights embodied in a specific person based on tradition or divine right (Weber, 1968[1920]). The person occupying the position exercises authority based on legal guarantees for rules and occupational specialisation (Weber, 1968[1920]). As discussed in Section 2.2, Weber (1968[1920]) argues that this first happened in urban communities with the introduction of periodic elections of office holders separating the authority associated with the office from the individual possessing the authority in his own right. The depersonalisation of administration is also driven by wider societal changes. As argued by Weber democracy and associated attitudinal changes underpin bureaucratisation with its emphasis on equal rights and privileges for all people. Further, the growing complexity and scale of transactions and administration necessitates greater speed in executing administrative tasks.

2.6. The disembedding of banking

This section develops the concept of disembedding by building on and, in part, by departing from the existing literature on embeddedness. Unlike depersonalisation, which was developed and conceptualised in a broad way that, at least in principle, may apply to a wide range of organisations, disembedding is developed as a concept that applies specifically to financial service provision and is only relevant in certain circumstances (i.e. of trust and risk). In agreement with Gemici (2008) it is acknowledged that treating economy and society as separate entities and thus viewing one as being more or less embedded in the other is problematic. However, it is argued economic transactions and service provision can be embedded in and become delinked or disembedded from social networks and links through abstract and expert systems (as per Giddens). Consequently, disembedding does not suggest a process by which the economy is separated from the social realm, as Polanyi argues. Rather, embeddedness indicates that a service (or good) and the provider of the service is linked to the recipients or users through interpersonal links in the sense that interpersonal links are used in determining access to and enforcing compliance with terms of service, as per the argument put forward by Granovetter. It is a way of generating trust between transactors, using Luhmann's concept of trust as distinct from confidence.

In this thesis, then, a transaction or an exchange is defined as embedded when interpersonal links and networks – family, kinship or other group or social ties – between the user and provider determine the access to and the terms of access to services or goods. Embeddedness is a mechanism to generate trust between transacting parties by rooting the service provision or transaction in social networks. Embedding a transaction may generate trust in two ways. On the one hand, exchanging parties interlinked through social networks may share privileged information, not available through public channels or documents, directly or indirectly, thus reducing information asymmetries between the parties (Collins & Baker, 2003; Uzzi & Ryon, 2003). On the other, transacting parties may have someone who can vouch for them with the disciplining effect that the person will not do this again if his or her trust is betrayed. Where interpersonal links and networks determine access to resources, there are strong incentives for the parties to uphold their obligations (Biggart, 2001). Given the importance of networks, individual and family or group reputations are important sources of social collateral or resources to the extent that obligations may be collective rather than purely individual (Biggart, 2001). Thus embedding services or resources constitutes a way of dealing with risk and uncertainty associated with certain transactions. It does this by generating trust between the parties.

Embeddedness, then, only applies in situations concerning trust as opposed to confidence. The reason for this lies in Luhmann's (2000) distinction between the two concepts. Trust is relevant where one makes a conscious choice of one action over another and where there may be a risk that one will live to regret one's trusting choice. Embedding the transaction in interpersonal networks constitutes a way of reducing the risk of malfeasance. Conversely, in situations of confidence, one does not consider the alternatives, but forms a set of expectations to contingent events which outcomes one has no control over. Embedding in such circumstances does not make any sense because the parties do not conceive they have any influence over the circumstances, but perceive these to be the outcome of forces that are external to the transaction. Given that embeddedness only applies in circumstances relating to trust, any discussion of the embeddedness or the disembedding of banking must be preceded by a clarification of which aspects of banking and banking services that relate to trust. Thus, the subsequent paragraphs discuss three important banking services: note issuing or money printing, deposit services and credit.

Historically, one of the main roles of the banks has been to issue notes and coins as means of payment. Prior to the introduction of the monopoly on issuing notes of the Bank of England in 1833, banks outside of London issued their own notes. Because money – defined by Carruthers (2005, p. 356) as "*generalized immediate, and transferable legitimate claims on value"* – are not in themselves valuable, they are seen to be intimately linked to trust (Carruthers, 2005; Ferguson, 2009). Carruthers (2005, p. 361) argues that it is only accepted because of the belief that it is accepted by others and, thus, users "need to trust money and that trust is built around their beliefs about how users view money." However, one could argue that money is more related to confidence than trust. People do not, with very few exceptions, make a conscious choice about whether to engage in the money economy or not. Instead, it is likely taken for granted that the money people have will be accepted as a means of payment in the near future. It is possible that there may be a sharp devaluation or other systemic failures that may affect money holders, but these would largely be perceived as external forces that one cannot affect rather than the outcome of trusting choice.

Savings is another important service offered by British banks since their foundation in the seventeenth century. Savings are not only about the safekeeping of deposits, but also about producing returns to depositors. The ability to pay out deposits is crucial to the image and solvency of the sector. Thus, trust is often mentioned in relation to savings, as depositors' faith in banks is essential (Heffernan, 2001). Yet, it is argued, savings is mainly associated with confidence, though there have been and will be circumstances in which trust have been relevant. Bank customers in eighteenth and nineteenth century Britain assessed safety of their savings through direct knowledge of bankers' personality and public display of wealth (size house, carriages etc.) (Collins, 1988). This changed over time, as large banks became associated with an image of security and was among the factors driving market concentration in British banking in the latter half of the nineteenth century (Collins, 1988). More informal ways of saving, such as giving money to a friend, colleague or family member for safekeeping, also relate to trust. One has to consider the risk that the person one deposits money with will not run away with the cash or spend it, in which case one would regret entrusting that person with one's savings. However, in the context of modern banking, savings is a question of confidence. One does not, generally, consider the alternatives to saving with formal depository institutions. Rather, it is taken for granted that one's savings will be safe. Furthermore, state guarantees for deposits up to a certain amount also limit the downside with savings, making it possibly a purely rational choice (see Luhmann, 2000), but not of trust.

Credit and lending are intimately linked to savings, as the income from lending is used to give returns to depositors. Although it is today seen as the perhaps most important function of a bank, lending, at least to the public and certainly to households, has historically been less important than deposits and the provision of means of payments. Credit is more complex in that the relevance of trust depends on the nature and characteristics of the credit service in question. In its original form, credit concerns trust. Unlike money, which involve "*generalized immediate, and transferable legitimate claims on value*", credit is non-generalised because it is from a particular debtor to a particular creditor (Carruthers, 2005, p. 356). Trust in relation to credit involves both vulnerability and uncertainty (Helmer, 2001 cf. Carruthers, 2005). The lender is uncertain of whether the borrower will repay and is also vulnerable depending on the size of the loan. Thus the overriding concern in underwriting is the extent to which the debtor can be trusted to repay in a specific timeframe (Carruthers, 2005). The lender may end up regretting extending credit to the person in question. However, there may be circumstances under which credit may be more related to confidence than trust. An example of this would be negotiability.

Under negotiability, the original creditor can transfer debt to a third party and use the claim to satisfy obligations to others (Carruthers, 2005). This allows debt to be more like money, making debtor-lender relationships more impersonal (Mann, 1987 cf. Carruthers, 2005) and, crucially, making it more related to confidence.

One can then return to the concept of embeddedness having established which banking services and under which circumstances it is relevant. It is argued in this thesis that there are two distinct forms of embeddedness. First, there is what is termed traditional embeddedness. The cardinal trait of traditional embeddedness is that interpersonal networks and individual and group reputations are used as a form of social collateral. One gains access to resources through belonging to a particular familial or social group or network. The group or network has strong incentives to only vouch for dependable individuals as otherwise their group reputation is at stake. Indeed, obligations may even be collective, as a group would compensate for the disloyalty of its individual members to preserve its reputation (Biggart, 2001). Similarly, there is a strong incentive for individuals to adhere to rules as the collective controls access to resources. Such a form of embeddedness can only exist in cultures characterised by weak individualism and where the collective controls social and economic resources. Furthermore, a degree of social and geographical isolation is also likely to be required to underpin traditional embeddedness. “Low rates of geographic mobility make reputational maintenance an important factor – people who perceive no alternative than local residence must sustain their reputation” (Biggart, 2001, p. 144).

The second form of embeddedness is what Carruthers (2005, p. 366) terms as “rational embeddedness”, or what one could call instrumental embeddedness. This form is instrumental in the sense that it uses social networks to overcome market failures, namely information asymmetries. This form of embeddedness has been used particularly widely in bank lending to SMEs (Berger & Udell, 2002; Uzzi & Ryon, 2003). Social networks and relationships between lenders and borrowers enable lenders to access information about the borrower they would otherwise not be able to access, i.e. private knowledge not found in company reports or audited accounts (Uzzi & Ryon, 2003).

According to Uzzi and Ryon (2003, p. 384):

> These relationships create behavioral expectations that are considered irrelevant in the atomistic view of transacting and market learning because they shift the logic of opportunism to a logic of trustful cooperative behavior in a way that creates a new basis for knowledge transfer and learning across firm boundaries.

This is often called relationship lending in which banks invest considerable resources in monitoring clients and acquiring privileged information not readily available to other lenders on the performance of the client firm under the assumption that the relationship will be long-term (Collins & Baker, 2003). It should be noted that rational embeddedness still requires interpersonal links between lender and borrower rather than simply depending on the length of the business relationship per se, which is often used as a proxy for embeddedness (Krippner & Alvarez, 2007). This form differs from traditional embeddedness in the sense that it is not predicated on social structures in which the collective controls access to resources.

Due to the nature of banking, both forms of embeddedness have been applied as a strategy in financial service provision and in banking, as per the previous discussion, in particular in the case of credit. Some banking and financial services are characterised by contingency and risk. There is a lag between the first and subsequent parts of the exchange – from the deposit to the withdrawal of savings, from the payment of premiums to the claim and from lending to repayment (Carruthers, 2005; Carruthers & Ariovich, 2010). This means that, in the cases where trust is relevant, the party commencing the exchange or transaction has to trust that the other party will complete the exchange.

The concept of embeddedness, as developed in this thesis, indicates the service provision changes from being embedded to becoming disembedded. As argued above, Giddens (1990) is right in identifying abstract systems as drivers of disembedding, but expert system representatives' demeanour does not constitute re-embedding of transactions. This is because they do not change the nature of abstract systems. If facework does not change the nature of abstract systems and such systems are a disembedding mechanism, then transactions under such systems remain disembedded.

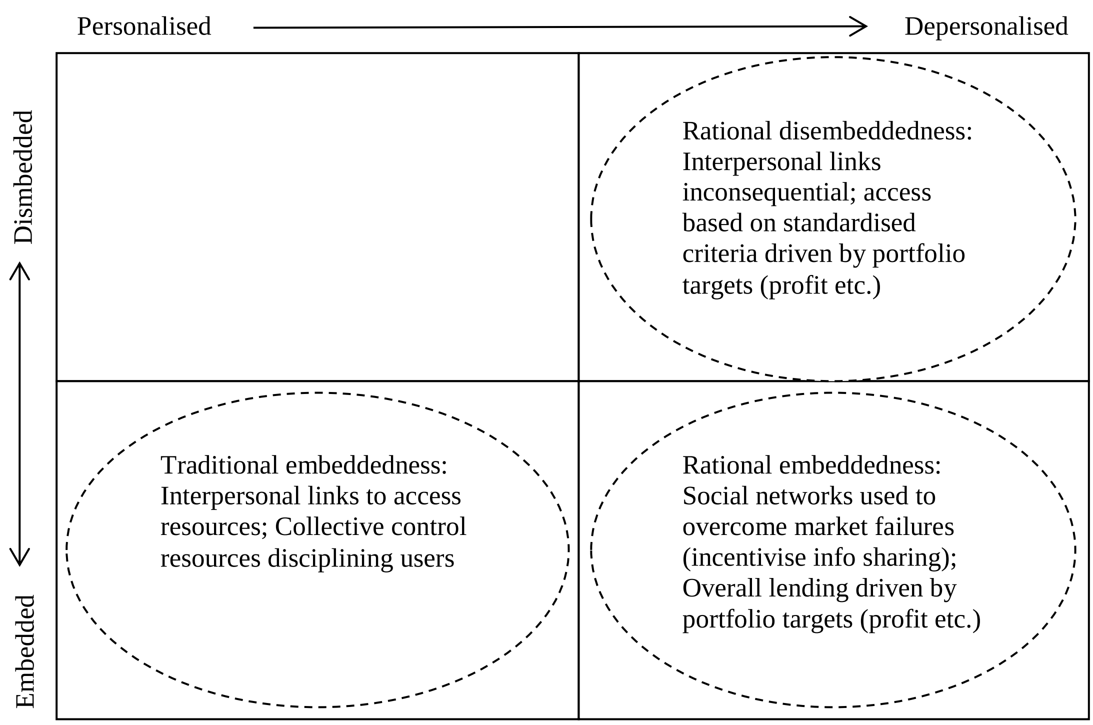
Therefore it is difficult, if not impossible, to move from disembedded to embedded banking, as it requires the departure from expert systems. Disembedding, then, is a process of detaching the access and terms of access to services and resources from these interpersonal links and networks. In disembedded banking this means that every loan or transaction is judged on its own merit and any kinship, social or community ties between the parties are inconsequential. In other words, they are not drawn on in determining the trust or –creditworthiness of individuals or organisations, disciplining users as a form of social collateral or in setting the terms of access.

The disembedding of banking is also driven by the lending methodology and technology used. As discussed above, in relationship lending interpersonal links and relationships are used to create trust between lender and borrower, thus facilitating the exchange of information and creating disincentives for delinquency. The opposite of relationship lending is transaction lending. Transaction-based lending methodologies are financial statement lending, asset-based lending and credit scoring technology (Berger & Udell, 2002). Common to all these methodologies is that each loan or product is seen as a separate transaction and it's judged on its own merit in which no regard is paid to long-term bank-client relationships (Collins & Baker, 2003). Instead, trust and creditworthiness is determined by using public information on the applicant known to influence the probability of repayment. Uzzi and Ryon (2003, p. 384) term such relationships as arm's length exchange relationships and describe them as "cool, impersonal, atomistic, and actors are motivated by instrumental profit seeking."

2.7. Depersonalisation and disembedding – Towards a theoretical framework

The preceding sections have conceptualised depersonalisation and disembedding separately. This section pulls these dynamics together in one theoretical framework, which is illustrated in Figure 2.1. Figure 2.1 develops these concepts along two separate axes. The figure contains four boxes – personalised, depersonalised, embedded and disembedded – and indicate the possible combinations along these two axes.

Figure 2.1: Embedded/disembedded and personalised/depersonalised banking



There are two boxes at opposite ends of the axes (embedded/personalised and disembedded/depersonalised). The box in the bottom left corner outlines a scenario of an embedded and personalised organisation. A personalised administration implies that the execution and distribution of tasks is not formalised, but based on considerations for the persons concerned and their circumstances, whilst service provision is embedded in social and kinship networks. In this form of embeddedness – called traditional embeddedness – such networks are more important in discouraging malfeasance rather than screening participants. Such a form of embeddedness is only likely to exist in cultures where the collective control resources and advancement. The box in the top right corner details the combination of depersonalised and disembedded banking. In such a scenario, the execution of tasks and decision-making is uniform and completely detached from any considerations for people and their circumstances unless these are concomitant with the organisation's objectives. There are detailed guidelines directing processes and extensive use of non-human technology. The service provision is detached from any social networks and links, as the access to services is determined by standardised criteria.

The two remaining boxes illustrate circumstances under which the four scenarios can coexist (i.e. personalised/disembedded or depersonalised/embedded). In the bottom right corner, embedded and depersonalised banking coexist. In such a situation one may screen applicants by acquiring information through interpersonal links, but still adhere to centrally set targets concerning the development of the overall portfolio (e.g. profit, bad debt ratios etc.). The top left corner is empty as it is not possible for personalised and disembedded banking to coexist. An administration that is completely personalised and operates on a case-by-case basis relying on considerations for people and their circumstances to execute tasks and reach decisions, do not have and cannot produce the tools necessary to disembed service provision (e.g. guidelines, expert systems etc.). Indeed, disembedded banking is the outcome of depersonalisation: the organisational drive to cut costs and impose central control. The disembedding of a service requires that the terms of access are rational and detached from interpersonal links.

Weber's theory of rationalisation suggests that institutions move from personalised to depersonalised, whilst the concept of embeddedness, as developed in this thesis, indicates service provision changes from being embedded to becoming disembedded. This is particularly the case for rationalisation given Weber's emphasis on the near indestructibility of bureaucratic structures. This notion combined with the increasing scale of organisations and required speed of transactions, makes it difficult to envisage a move from depersonalised to personalised banking. In terms of embeddedness, it is argued that Giddens (1990) is right in identifying abstract systems as drivers of disembedding, but that expert system representatives' demeanour does not constitute re-embedding of transactions. The move from disembedded to embedded banking requires abandoning the use of the lending methodology that disembedded service provision in the first place (i.e. transaction-based lending, credit scoring etc.).

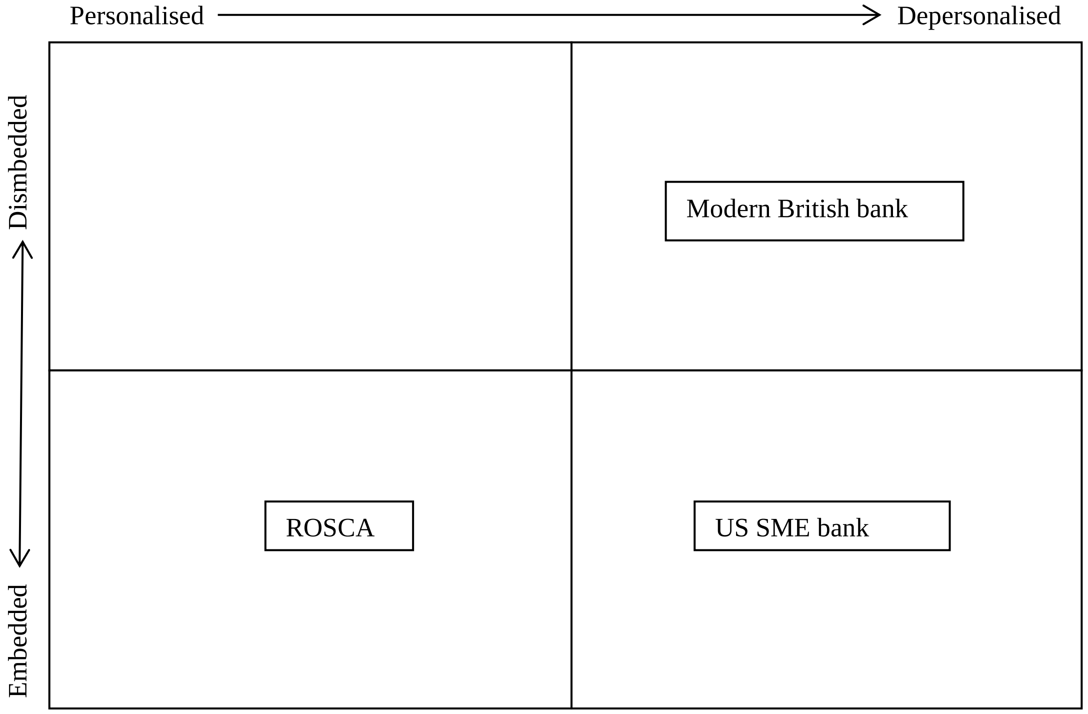
Although depersonalisation and disembedding are intimately linked, they are distinct concepts. Depersonalisation accounts for, by using Weber's theories of rationalisation and bureaucratisation, how administration and management are depersonalised by decreasing discretion and judgement and moving to rule-bound impersonal decisions. Depersonalisation is a process affecting financial service providers as organisations because it is a manifestation or an outcome of a rationalist drive for greater central control, standardisation and efficiency within an organisation. Although the concept of depersonalisation is used to analyse developments in banking, namely the notion that British banks have become less personal and more remote, the concept is likely to be applicable more widely, as is the case with Weber's ideal type of bureaucracy.

Disembedding, on the other hand, concerns the provision of services and detaching it from social, kinship and community networks. Disembedding and embedding explain how financial services may be embedded or not in social networks, and circumstances under which services may become disembedded from such networks. In this sense, disembedding and embedding condition the extent to which depersonalisation can be realised. However, disembedding and embedding is affected by depersonalisation. For example, the introduction of credit scoring disembeds lending from social networks and the knowledge and trust these generate, and it is also the outcome of an organisational drive to cut costs and impose central control. It is important to note that unlike depersonalisation, disembedding and embeddedness have been developed as an analytical tool specifically with banking in mind. As such, these concepts are more context-reliant and circumstantial. Embeddedness applies only in circumstances characterised by trust and risk, where there is a lag between the first and subsequent parts of the exchange, and where social networks can be used to instil discipline and acquire information used in decision-making.

2.8. Application of model

Whilst the preceding sections conceptualise depersonalisation and disembedding, this section considers the application of these concepts. Figure 2.2 juxtaposes embedded and disembedded, and personalised and depersonalised, and suggests three types of financial service providers that fit into three of these boxes. As explained above, the disembedded, yet personalised institution cannot exist, because personalised administrations do not produce the tools needed to disembed banking (e.g. guidelines, expert systems etc.).

Figure 2.2: Application of depersonalisation and disembedding



In the bottom left corner, the embedded and personalised financial service provider, is the Rotating Savings and Credit Association (ROSCA), defined by Ardener (1964, p. 201 cf. Biggart, p. 132) as "an association formed upon a core of participants who agree to make regular contributions to a fund which is given, in whole or part, to each contributor in rotation." ROSCA is highly personalised in the manner of its administration and management. Its members are selected on the basis of personal considerations, as ROSCAs show a clear preference for selecting members of a similar social status (Biggart, 2001). This is because it may be more difficult to control more powerful members through the informal means by which ROSCAs discourage malfeasance (Biggart, 2001). ROSCAs are also informal and non-legal in that they “seldom maintain written records, much less formal contracts, and do not have collateral agreements to materially mitigate against default” (Biggart, 2001, p. 134).

Instead, ROSCAs deal with malfeasance through embedding the transactions in social and familial networks. In addition to being of a similar status, members often belong to the same community, or family or kinship group (Biggart, 2001). This enables better screening of participants and it also discourages malfeasance. Members use their interpersonal ties as a form of social collateral to access credit and instil payment discipline in the other members (Biggart, 2001). According to Biggart (2001, p. 142):

> In many communally-based social orders, families feel an obligation to pay off a family member's failed debt rather than besmirch the family name... Reputation is an important source of social collateral and all members of a dishonoured family are damaged by the default of any one member. In communal settings, then, obligations tend to be diffuse and not limited by contract, either real or implied. Familial reputation, as much as individual reputation, can serve as assurance against malfeasance.

Therefore, Biggart (2001, p. 134) concludes that:

> Although roscas [sic] are found in many differently organized societies, they only exist where social structure is built on strong communal ties. Roscas are found in societies organized by kinship networks, clan membership, and common identification with a native place or place of cohabitation

The modern British bank is the almost opposite of a ROSCA as indicated by its positioning in the top right corner scenario of a depersonalised and disembedded institution. Already by the end of the nineteenth century, there were characteristics of depersonalisation in British banks. Faced with growing scale and complexity of operations, British banks undertook an extensive programme of professionalization and bureaucratisation to ensure that decisions taken on a local level were in line with the goals and objectives of the bank (Collins & Baker, 2003). To this end, British banks had, by the end of the nineteenth century, “standardized the rules on lending, formalized the methods of record keeping, formalized and standardized paperwork associated with the lending process” (Collins & Baker, 2003, p. 163). This process has continued and, even, accelerated over the past few decades (Leyshon & Thrift, 1999).

Perhaps as a result of this rationalist drive to ensure that activities are concomitant with organisational objectives, British banks have also sought to centralise, standardise and automate lending decisions resulting in the disembedding of service provision. Although banks issued guidance and metrics in an attempt to standardise the lending process and the resulting decisions already in the nineteenth century (Collins & Baker, 2003), the complete disembedding of lending came first with the comprehensive introduction of credit scoring in the 1980s (see Wainwright, 2009). Credit scoring erases any significance of social networks in underwriting as lending decisions are determined by a set of scores, which in turn are driven by consumer socioeconomic and behavioural indicators.

Finally, the scenario in the bottom right corner, that of an embedded, yet depersonalised institution, is occupied by the US SME bank, though one could also potentially place German, Italian or Japanese banks in this category (Bofondi & Lotti, 2006; Collins & Baker, 2003). There is a wealth of empirical research on SME bank lending in the US that finds social networks and relationships to be important determinants of the access to and the terms of access to finance (Berger & Udell, 2002; Deyoung et al, 2008; Uzzi & Ryon, 2003). According to Berger and Udell (2002, p. F32):

> 'Relationship lending' is one of the most powerful technologies available to reduce information problems in small firm finance… Under relationship lending, banks acquire information over time through contact with the firm, its owner, and its local community on a variety of dimensions and use this information in their decisions about the availability and terms of credit to the firm.

Yet, unlike the ROSCA, the form of embeddedness displayed in US SME lending takes place in the context of formal and rational management structures. US SME banks are still depersonalised as they involve the execution of planned activities, or at least conducive to planning, to achieve organisational objectives, namely profit and cost reduction (Berger & Udell, 2002). Further, lending is governed by targets and standards concerning bad debt, profitability and costs (Berger & Udell, 2002).

2.9. Strengths, weaknesses and limitations of theoretical model

This chapter has sought to develop the concepts of depersonalisation – the move towards rule-bound impersonal decisions – and disembedding – the detachment of service provision from interpersonal links and networks. In depersonalised administrations, the basis and process for decision-making are uniform and the circumstances and perceived character of those involved or affected is not taken into account. Depersonalisation is driven by Weber's concept of rationalisation, as the drive for greater central control and predictability lead to standardisation and dehumanisation of decision-making. Embeddedness is a strategy to deal with risk and uncertainty, and involves the embedding of financial service provision in social networks to generate trust between exchanging parties. It does this by ameliorating information asymmetries and instilling payment discipline. Disembedding happens through the use of abstract systems, such as credit scoring and formal lending methodologies.

These two concepts will play a central role in the analysis and discussion in this thesis. It is important to make some observations concerning the application of this model. Exact placement within the different scenarios may be difficult, especially concerning embedded. Because embeddedness concerns service provision, disembedded and embedded services can coexist within the same organisation, though not within a personalised administration, as disembedded and personalised cannot coexist. For example, one may envisage an institution in which small business lending is embedded and consumer lending is disembedded. Further, although much of the discussion in this chapter has centred on exemplifying the three possible boxes or scenarios, the analysis and discussion will focus much more closely on trajectories. In other words, is banking undergoing a process of disembedding and depersonalisation? Are bank branch managers' experiences, careers and perspectives coloured by these dynamics? Furthermore, the focus is not only on movements between the boxes, but also within them. For example, even though British banks were, in many ways, highly bureaucratic and impersonal organisations by the end of the nineteenth century, there are likely to be developments that further accentuate depersonalisation.

It is also important to stress that embeddedness has been conceptualised to analyse developments in service provision in British banking specifically. Therefore, this conceptualisation of embeddedness is not all encompassing in the sense that it may not apply in all societal settings or organisations. This is in part because it is only applicable to situations relating to trust. Given that trust and risk are modern semantic innovations (Luhmann, 2000), embeddedness may be of limited applicability in analysing premarket societies. Hence this thesis cannot and does not intend to claim to have solved the puzzle of turning embeddedness from a critique of classical economics to a positive research agenda. Instead, it is intended as a specific analytical tool to understand the development of financial services within certain societal and organisational parameters (i.e. where trust and risk are relevant concepts).

3. Methodology

3.1. Introduction

The aim of the thesis is to explain the nature, drivers and impact of the transformation of British banking since the 1960s through tracking the development of the bank branch manager. In particular, it is interested in exploring the increasing sense of detachment from communities and customer that is implicit in much of the literature. To do this, Chapter 2 developed the concepts of depersonalisation, which refers to the move from case-to-case judgements to rule-bound impersonal decisions, and disembedding, which relates to the detachment of interaction, service and activity from interpersonal and social networks.

This chapter presents and discusses the methodology used in order to meet these aims and objectives. It discusses the overarching framework covering the philosophical and scientific basis of the research in addition to methods of data collection and analysis. The chapter is structured into six sections. Section 3.2 details the research questions and the focus of the thesis. Section 3.3 covers the overarching philosophical grounding of the thesis through a discussion of its ontological and epistemological perspectives within which it operates and its implications for the focus and methods of the thesis. Section 3.4 outlines the main method applied to fulfil the aims of the thesis: the oral history interview. Section 3.5 discusses the analysis of the interview transcripts. Section 3.6 considers the issue of relevance, and wider resonance and transferability of the findings to other settings. To fully explore the issue of generalisation or transferability, the section also discusses the sampling strategy and the make-up of the sample in relation to the population in question. Section 3.7 provides a brief conclusion.

3.2. Research questions of thesis

The thesis aims to answer the following research questions:

- How has the role of the British bank branch manager developed since the 1960s?
    - What was the role of the bank branch manager?
    - How did the branch managers define and view their role?
    - How has branch banking developed?
    - How did the bank branch managers experience these developments?
    - How did they affect their role and identity as bank branch managers?
    - To what extent have these developments been consistent with sociological theories concerning disembedding and depersonalisation?

The thesis seeks to explain the nature, drivers and impact of the transformation of branch banking in Britain since the 1960s by describing and analysing the development of the role of the bank branch manager. The focus of the thesis is, therefore, to borrow from Mason (2002), on solving a developmental puzzle as it focuses on how and why the role of the bank branch manager developed. This puzzle requires unwrapping and dissecting to fully understand its implications and meaning.

First, how does the thesis propose to answer this question? There are two components of the puzzle posed. On the one hand, it concerns the nature, drivers and impact of the transformation of British branch banking. It is theorised that this transformation is characterised by a process of depersonalisation and disembedding. The thesis addresses this aspect through describing and analysing developments and changes in banking practice. On the other, the puzzle concerns the development of the role of the bank branch manager both in banking and in local community. This thesis addresses this aspect by examining the development of the role of the branch manager through an exploration of their experiences, narratives and perspectives.

Second, how does the development of the role of the branch manager shed light on wider developments in banking? The bank branch manager has, perhaps more than any other group within banking, been at the epicentre of the transformation of British banking. On the one hand, few have felt the changes in banking more acutely than the branch manager. The job of the branch manager was subject to numerous changes designed to curtail his or her authority and increase his or her profitability. In a number of cases, the branch manager was also a victim of job cuts, as he or she found himself restructured out of a job. In addition, the considerable status and prestige associated with the position was disappearing. On the other, those branch managers who remained would epitomise the new era of banking, characterised by an orientation to sales, targets and cost cutting, as they once epitomised the old era of authority, status and patriarchialism. Thus, the development of the role constitutes a microcosm of wider development and a prism through which these can be grappled with.

Third, why do the perspectives of bank branch managers matter? How do they feature in the thesis? How do they contribute to explaining the transformation of British banking? The perspective of the branch manager is important because he or she can influence banking practice through obstructing, resisting, facilitating and accelerating changes. In a broader sense, from an interpretivist perspective, the meaning given to and interpretation of practices and systems affect actions. This is discussed below.

3.3. Research philosophy

The research philosophy or paradigm to which a researcher prescribes profoundly impacts upon the focus and research questions, the methods used to collect and analyse data, and, perhaps more significant, on the claims made for wider resonance and generalizability. The definition by Guba and Lincoln (1994, p. 107-108) highlights the importance of the research philosophy:

> A paradigm may be viewed as a set of *basic* beliefs… that deals with ultimates or first principles. It represents a *worldview* that defines, for its holder, the nature of the "world," the individual's place in it, and the range of possible relationships to that world and its parts

In other words, it shapes what the researcher perceives to be the "form and nature of reality and, therefore, what… can be known" (ontological perspective) (Guba & Lincoln, 1994, p. 108) and what might represent evidence or knowledge about this reality (epistemological perspective) (Mason, 2002). It is therefore important to be conscious and explicit about the particular philosophy to which one subscribes.

This thesis fits broadly within an interpretivist as opposed to a positivist framework. It is held that views and perceptions matter because they reveal meaning and contain important contextual information. Man, it is recognised, is self-conscious and acts accordingly. However, the thesis does not subscribe to constructivist or postmodernist notions that nothing can be known and that the validity or strength of a study rests on convincing or appealing to the reader, as suggested by Guba and Lincoln (1994). Instead this thesis subscribes to subtle or analytical realism (Altheide & Johnson, 1994; Hammersley, 1992). Accordingly, it is acknowledged that interpretations are important in research and there are no objective facts about social phenomena that can simply be collected. It is important to note that this observation does not suggest that there are no concrete properties of any component of social phenomena. It may be that the research focuses on views of a certain technology that may have some very concrete characteristics (i.e. functionality etc.), which the researcher could collect. Rather the argument is that interpretations and perspectives shape the use and impact of the technology. Hence, subtle and analytical realism recognises the importance of perspectives of the researcher and the researched. However, it does not subscribe to the view that everything is relative and that no credible can be made by the researcher as it is ultimately based on someone's interpretation. According to Altheide and Johnson (1994, p. 489):

> Analytical realism is an approach to qualitative data analysis and writing. It is founded on the view that the social world is an interpreted world. It is interpreted by the subjects we study. It is interpreted by the qualitative researcher. It is based on the value of trying to represent faithfully and accurately the social worlds or phenomena studied

Thus, the thesis will strive to represent accurately the phenomena studied in a methodical manner allowing for scrutiny and criticism. This will be sought achieved through transparency, explicitness, well-defined scope as well as reflexivity concerning the role of the researcher in the research process.

Within an interpretivist framework, this thesis has a dual ontological focus. First, it analyses the changes in banking practice and structures drawing on theories of bureaucratisation, rationalisation and embeddedness. Practice and structures consist of processes and procedures for the productive activities related to banking, such as underwriting, client interviews and administration. Second, it analyses the experiences, narratives and the perspectives of bank branch managers in relation to these changing practices and the development of their role more widely.

As per the discussion above, there is an important distinction between aspects of the thesis' focus characterised by concrete properties and those that are relative and dependent on perspective. If one looks at the two components in the focus of the thesis, the role of the bank branch manager and the development of banking practice, they both contain concrete and relative elements. There are some concrete elements of the role of the branch manager, including formal roles specified by job specification, job title, remuneration and discretionary limits. At the same time there are aspects that rely on the perspectives of the branch managers, such as the most important aspects of the role, the expectations and intentions of the banks with the role, and how staff, customers and the local community viewed the role. Similarly there are specific and tangible properties (e.g. time introduced, functionalities etc.) related to banking practice and its development, particularly technology (e.g. credit scoring, ATMs) and rules and procedures (e.g. targets, credit manuals etc.). Yet the perspectives of the branch managers also play an important role, as they are vital in understanding the impact and implementation of new banking practices. Indeed, although the concrete components are important, they are subservient to the relative aspects, as captured by the perspectives and views of the branch managers. As noted by Mason (2002, p. 56): "Interpretive approaches… see people, and their interpretations, perceptions, meanings and understandings, as the primary sources."

3.4. Data collection methods

Given the centrality of people and their perspectives as the prime source of evidence, the method used to collect or generate data is interviews with retired bank branch managers who worked as managers of bank branches in the period 1960-to-date. In principle, there are a wide range of methods and participants that could have provided perspectives and views on the role of the branch manager. In terms of participants, the thesis could have drawn on interviews with bank customers, community representatives, experts, members of the public, and bank staff. Interviews with these participants were considered but ultimately discarded because it was uncertain and questionable if they would have generated the data required for the analysis. Interviewing other bank staff and experts may have generated useful insights into the developments in banking and secondary views on their impact on the branch manager but would not have provided views and perceptions of how the branch managers experienced these. Whilst the views of customers, community representatives and members of the general public may have generated interesting perspectives on how branch managers are viewed, it was considered that there was too much uncertainty both concerning the data and the recruitment of participants. Beyond ascertaining general views on banking and branch managers, the author was not convinced that they would necessarily be aware of or have reflected on developments in banking and the history of the role of the branch manager. There were also questions in terms of who and how to recruit for such interviews. It was felt that the inclusion of these participants would require extensive piloting and was beyond the scope of this thesis.

Similarly, there were also alternative methods of data collection that could have been applied. First, one could have conducted a survey or asked participants to fill in a questionnaire. Given the interpretivist approach used in this thesis and the centrality of interpretations and context, surveys or questionnaires were deemed as inappropriate. Second, the thesis could have been based on existing biographical material by branch managers, such as published memoirs by former branch managers (e.g. Drury, 1994; Sherringham, 2000) and transcripts of interviews held in bank archives.[5] However, there was too little material to generate sufficient data and the content was not necessarily adjusted to the focus of the thesis. Third, the interviews could have been conducted over the phone rather than face-to-face. Although this method would have been less costly, time-consuming and may have allowed for a greater number of interviews, face-to-face interviews were deemed more appropriate and effective in establishing a rapport and trust between the participant and the researcher. Practically it is also more difficult to record telephone interviews. Finally, an alternative to individual interviews could have been focus groups or group

[5] For example, the archive of Barclays contains a number of recordings and, in some cases, transcripts from interviews with retired bank staff.

interviews. Again the issue of establishing rapport and trust meant that individual interviews were deemed most appropriate. Further, focus groups tend to be used on topics that participants may not have reflected over in which case participants' contributions may spur further comments from other participants. Conversely, it was considered likely that bank branch managers would have thought about a reflected on their careers and developments in banking.

It is important to stress that the opportunities to use archival material instead of or in addition to the interviews with the bank branch managers were limited. Visits to the archives of three of the banks in the study – Midland/HSBC, Lloyds and Barclays – revealed that there were few documents describing existing banking practice and reorganisations (e.g. introduction credit scoring, banks' assessment of role of branch and need for change etc.). Furthermore, there were limitations on access to such material through the application of an embargo of 30 years on access to documents held in the bank archives. This meant that it was not possible to access a number of documents from the 1980s onwards, arguably the period of greatest change in banking.

3.4.1. Oral history interview – bank branch managers

Hence, ultimately face-to-face interviews with former branch managers were seen as the most appropriate method. This method, it was concluded, was the most appropriate given that the branch manager was seen as the key protagonist and it was thus important to capture his or her perspectives. The face-to-face component was identified as best suited to establish rapport to encourage the branch managers to share their perspectives and views. The interviews with the retired bank branch managers focused on the nature and extent of changes in banking practice and systems over this time period and how these developments have affected the role of and how the branch managers experienced them. The focus of the interviews is historical or non-contemporary as the interviewees were asked to reflect on events and aspects of their working life, which sometimes happened as long ago as 50 years.

In other words the method constitutes an oral history interview. According to Starr (1977 cf. Seldon & Pappworth, 1983, p. 234): "Oral history is primary source material obtained by recording the spoken word – generally by means of planned, tape-recorded interviews – of persons deemed to harbor hitherto unavailable information worth preserving." Seldon and Pappworth (1983, p. 4) note that the information transmitted should "of a kind likely to be of historical or long-term value." It is argued in this thesis that it should be added that the information should be worth analysing rather than necessarily preserving per se. In addition to covering a worthwhile area of research, one would also have to consider the validity and reliability of the information and perspective transmitted through such an interview. There are a number of potential weaknesses and criticisms of the oral history interview that need to be considered when using this method. Seldon and Pappworth (1983) list a number of criticism of which three seem particularly relevant.

First, the data produced may be unreliable as it depends on recall and memory. This is especially seen as the case for the sequence of events, dates, people and locations. In survey research, there is a similar effect referred to as backward and forward telescoping, whereby respondents have a tendency to perceive significant events to be more recent then they are and insignificant events to be further back in time than they actually are (Converse & Presser, 1986; Schuman & Presser, 1996). The interviews in this study focused on the perspectives, narratives and biographies rather than on detailed and strictly factual or objective accounts of banking practices. In light of this weakness, the need for more detailed chronological and exact evidence on changing banking practices will, to a greater extent, draw on secondary material.

Second, what and how people remember events and experiences will be coloured by their current views and by events and experiences that happened subsequently. One can, for example, imagine that retired bank branch managers view and define their work experiences in light of modern branch banking or the financial crisis. For most sociologists this is not necessarily that problematic in that the interest is in how people interpret events and phenomena, and the construction of narratives to make sense of their lives. A related and potentially more problematic aspect relates to the current circumstances in which respondents find themselves. In the case of elderly interviewees, which many oral history interviewees are, Thompson (1978 cf. Lummis,

1998) argues that their interpretation of past events are affected by the physiological and social processes of aging. For example, it may be that the respondents perceive that friendliness and community were stronger in the past due to their failing physiological condition and isolation rather than actual decline in friendliness and community (Thompson, 1978 cf. Lummis, 1998).

A third potentially problematic aspect with oral history interviews is that the interviewees may find it difficult to differentiate their recollections of events from events they have heard or read subsequently. At least two bank branch managers have published memoirs from their working life (Drury, 1994; Sherringham, 2000) and Radio 4 aired a programme on the disappearance of the bank manager (*What became of the Bank Manager?* 2009). It is entirely possible that material written and published on the bank branch manager may influence what interviewees talk about and their perspectives. In his study of Anzac veterans,[6] Thomson (1998) actively used such public memories in his interviews to explore interactions between public and private memories.

There are also advantages of the oral history interview (Seldon & Pappworth, 1983). Events, the interpretation of events, relationships and personal roles may often not be recorded in documents. While the development of organisations and policies may be documented, the motivation for such developments and the extent to which they were followed may not be. In this case, even if it would be possible to map changing banking practices purely through reviewing archival documentation, the documentation would not offer branch managers' interpretation, underlying assumptions and motivations, and relationships and personal roles. Further, documentation (maybe especially corporate documentation) is likely to convey a particular viewpoint, a formal narrative of an organisation.

Thus, on balance, it is argued that the use of the oral history interview is warranted. The perspective of the branch managers constitutes an important way of grappling with the structural changes in the financial sector. At the centre of this issue is the notion that the consideration of community needs is peripheral for banks and that this

[6] Anzac is an abbreviation for Australian and New Zealand Army Corps (ANZAC) whose members fought in Turkey during World War I.

distance reinforces social and financial exclusion. However, the bank branch manager only offers a partial perspective, one that is influenced by hindsight and inaccurate recollections. These important limitations of the oral history interview need to be taken into account in the analysis and use of the interview transcripts.

3.4.2. Recruitment and overview of sample

The interviews with the former branch managers were conducted between May and December 2012. The interviews lasted between 50 minutes and two hours, though most often the interviews lasted between an hour and an hour and a half. The duration of the interview tended to reflect the length of the career and the degree to which the respondent had reflected on his or her career or on banking more generally. Some interviewees clearly had reflected a great deal over developments in banking, as evidenced by their extensive reading on the topic and by the fact that they had presented papers and written reports on banking. Generally, the interviews with more senior managers lasted longer as these interviewees often wanted to discuss strategic and sector-wide developments at some length. In such cases, it could be challenging to get interviewees to reflect on their own experiences as opposed to what they had read. Conversely, the interviews with less senior managers contained the perhaps most interesting perspectives because they were embedded in biographical and contextual details, though these participants often expressed concerns about the relevance of their personal experiences.

The interviews were conducted face-to-face normally in the homes of the interviewees. In some cases, interviews were conducted in coffee shops or libraries. The interviewee always chose the place of the interview. There was generally a sense that interviewees were more relaxed in their own homes, possibly because these interviews were preceded or broken up by a lunch or tea break. It also gave the opportunity to show and share documents and photos from their time in banking. A more practical difficulty with the interviews in coffee shops was that the background noise sometimes made it difficult to listen to the tape subsequently.

The interviews were semi-structured. There was an interview guide (see Appendix B) that outlined the main topics to be covered. Overall the interview guide worked well as a cue for the researcher. However, in most cases, the interviewees preferred to talk about their careers chronologically, addressing specific changes in banking practice and in their career in connection to this. On reflection, the interview guide and the interviews would have benefited from more questions concerning the background of the interviewees. Although most participants covered this when they explained how they entered banking, the researcher could have asked more questions on this topic. It was felt that the least productive interviews were in the cases where participants asked to see the questions beforehand. In these cases, the participants talked only concerning the topics identified by the researcher rather than focusing more generally on their experience and what they perceived to be most important. The interviews were recorded using a digital recorder and the researcher transcribed the interviews during, but mainly after, the fieldwork was completed.

The sampling strategy was designed to produce a sample containing the experiences of branch managers from across the different banks operating in Britain and across the time period. However, it is important to note that the aim was not to produce a sample that was representative to use to draw inferences for a wider population of branch managers. Consequently the sample size was not pre-determined but was instead dictated by the social process under scrutiny (Bertaux & Bertaux-Wiame, 1981 cf. Mason, 2002). Drawing on the approach of Bertaux and Bertaux-Wiame (1981 cf. Mason, 2002), the recruitment of interviewees continued until it had produced a solid understanding of what was going on and the researcher felt confident that an explanation could be generated. Mason (2002, p. 134) refers to this as the "theory-saturation point." It was driven by a desire to understand a process rather than represent a population in some probabilistic manner.

Practical aspects and considerations also conditioned the sampling. Especially, the presence of clubs, networks and magazines for retired bank staff proved essential in recruiting interviewees. The vast majority of the respondents – 27 out of 32 – were recruited through the pension clubs of HSBC and Barclays. The editor of Barclays Connection, its retirement magazine, issued a call via email to the chairs of the local pension clubs, who in turn distributed it among its members (see Appendix E). A brief article about the PhD with a call for participants was published in the HSBC retirement magazine 'Pensioner Today' in September 2012 (a copy of the article and the call can be found in Appendix F). Three former branch managers from Lloyds, a smaller bank and a building society, respectively were recruited through friends and acquaintances. Finally, two interviewees, from Lloyds and HSBC, were recruited through snowballing from existing interviewees. The remaining British banks, including Lloyds and NatWest, do not have a network of local retirement clubs or a retirement magazine without which it has proven difficult to recruit participants. A call was also issued through the Women in Banking Network, but did not result in any interviews.

The bank archivists and the editors of the retirement magazines were the most important gatekeepers for accessing the interviewees. They showed an interest in the topic and also generally had experience with cooperating with academics. They were therefore satisfied that the research would not seek to acquire or disclose commercially or otherwise sensitive data. The same did not apply to the local retirement clubs that were generally more reluctant to issue calls to their members and often wanted approval from head office prior to issuing such a call. This thesis did not seek such approval, as it was not deemed necessary for two reasons. On the one hand, the thesis did not seek to acquire or disclose commercially sensitive, proprietary or customer data. On the other, given the focus on the perspectives and views of the individual participants, the emphasis was on ensuring that they were in a position to give informed consent as opposed to that of the head office of their banks. The approach to ensuring this is detailed in Appendix A.

Table 3.1 breaks down sample by the bank, the number of respondents, the branch manager tenure covered and geographical coverage.

Table 3.1: Overview of sample

Bank	*Number respondents (branch managers)*	*Branch manager tenure covered (career)*	*Areas covered*
Barclays	10 (7)	1971-1995 (1953-2000)	Midlands, North Wales, Yorkshire, North West, South West. London, Central South
Midland/HSBC	18 (16)	1968-2004 (1938-2010)	North East, Yorkshire, London, North West, North Wales, South East, South West
Other banks*	4 (3)	1975-1997 (1960-2004)	North West; Midlands, Yorkshire; London; South East

*Not reported by individual banks to protect the identity and anonymity of the respondents

Out of the 32 former bank employees interviewed, 18 were from Midland Bank or HSBC, 10 were from Barclays, two were from Lloyds and the remaining two were from a smaller bank outside of the Big Four (Barclays, Lloyds, NatWest and HSBC) and a building society. Twenty-five of the interviewees were former bank branch managers, whilst one was a branch manager of a building society. With two exceptions, all the branch managers were male. Seven of the bank branch managers worked for Barclays, 16 Midland or HSBC and two from Lloyds and the smaller bank.

Six of the respondents did not work as branch managers. Two of these respondents worked for Midland or HSBC, one for Lloyds and three for Barclays. The respondents that had not worked as a branch manager had become assistant branch managers, operations managers, focusing on management of non-lending aspects – branch managers were largely focused on lending – or surpassed branch management into regional management. In the thesis, the analysis of the changing role of the branch manager largely draws on the interviews with the branch managers given the interpretivist framework of analysis. The interviews with the non-branch managers were predominantly used in the analysis of changing banking practices. In some cases, these interviewees, as members of regional management, also have an insight into the thinking and reasoning behind changes to the role of the branch manager.

The tenure of the interviewees as branch managers covers the period of 1968 to 2004, with tenures varying from a year to 18 years. The 1960s is almost not covered at all with only one interviewee having been a branch manager at the tail end of the decade. This is not surprising given that many of the branch managers of the 1960s will be of a very advanced age or deceased. The 1970s is better covered, though only four of the interviewees were branch managers in the first half of the decade. The majority of the interviewees were branch managers in the 1980s and 90s. Finally, only four interviewees were branch managers in the period since 2000. This uneven coverage in terms of time periods is an important limitation of this study and is discussed in greater detail in Section 9.3.

In terms of total careers the first entered banking in 1938, whilst the last left in 2009. The majority entered banking in the 60s and left in the mid to late 90s, and typically enjoyed a career of around 35 years. The majority retired early or were made redundant. The tenures of the respondents as branch managers covered much of England and Wales with the exception of South Wales and the most South West of England (Cornwall and Devon) and with a predominance in the Midlands, the heartland of the then Midland Bank.

3.5. Analysis of interview transcripts

The analysis of the transcripts consisted of three broad steps. First, the transcripts had to be treated in accordance with data protection and research ethics. In particular, the identity of the participants had to be protected. This was ensured through storing the transcripts and the recorded interviews securely on password protected computers only accessible by the researcher. Consent was sought from interviewees for depositing the transcripts to a non-specified research database (see consent form in Appendix D). To date, no decision has been made as to which database to deposit the transcripts. Part of the reason for this is that the researcher wants to liaise with the bank archivists to identify the most appropriate database in order to maximise the availability and use of the transcripts. The researcher also had to ensure that the thesis would not reveal information enabling readers to identify individual respondents and their views. To this end, the participants were given fictional Christian names followed by the title, the name of the bank (with the exception of Lloyds and the minor bank and building society) and the period in which the person was a bank branch manager (i.e. Barry, branch manager, Barclays, early 80s to mid-90s). The quotes used were made anonymous by replacing place names with generic place descriptions (e.g. London branch, city branch North West) and by removing other revealing information. Also, the names of individuals were replaced with generic titles, such as 'name of customer' and 'name of branch manager.'

Second, following a process of careful reading of the transcripts, the researcher identified and developed a number of codes. A separate word document was created for each code. Some of the codes were informed by the interview guide, such as for example entry into banking, which described the circumstances under which the interviewee entered the profession. Others were identified on the basis of theory. This included targets and credit scoring, which are developments characteristic of depersonalisation and disembedding. The remaining codes emerged from the interviews. For example, the interviewees raised the centrality of skills and training as defining traits of the role of the branch manager independent of the questions of the researcher.

After allocating anonymised segments of the transcripts to the different codes, the third step involved the analysis of the codes. The codes were analysed to identify dominant themes. For example, the analysis of the code entitled underwriting revealed that business lending skills and authority were associated with considerable status within the banks. Indeed, those in jobs with lending authority were seen as the real bankers whereas the people in jobs not associated with such lending were seen as failed bankers. The segments of the transcripts quoted in the thesis are, in the main, intended to illustrate dominant themes and topics. To ensure that the write-up of the findings accurately reflected the views of the participants, the three findings chapters were emailed to all participants for their comments. The comments made by the interviewees are listed in Appendix H.

3.6. Relevance, transferability and generalisation

Ultimately, the detailed description of any group, including branch managers, and their perspectives are not, in of themselves, of intrinsic value for the advancement of academic and disciplinary knowledge (Hammersley, 1992; Mason, 2002). Rather any academic study or thesis should make generalisations or inferences with relevance beyond its immediate setting. Given that this thesis is qualitative in nature, such generalisations would be of a theoretical rather than empirical nature (Brewer, 2008), as is most typical for quantitative studies. The extent to which and the type of generalisations one can draw depends on the rationale for selecting a setting (e.g. pivotal case, atypical case etc.) (Mason, 2002). Generalisations or wider inferences should be specified to a particular category of phenomena, time and place (Hammersley, 1992; Mason, 2002).

Apart from generalising to a wider population, which she does not recommend, Mason (2002) identifies four main forms of generalisations that qualitative researchers can make. First, researchers can draw out lessons for other settings based on analysing processes in specific settings. Such an approach may, at the very least, demonstrate that such processes can work in a specified way and there thus may be lessons for other settings. This form of generalisation "is based on the idea that you can use your detailed and holistic explanation of one setting, or set of processes, to frame relevant questions about others" (Mason, 2002, p. 196). The limits of generalisations depend on the similarities of the other settings one is generalising to. Second, researchers may seek to explain extreme or pivotal cases or set of processes. This may include explaining or describing processes that are key to a particular set of theories or to social change, or account for extreme or unusual cases relevant to a larger body of theory and research. Third, one may make an argument for wider resonance based on the rigour of the analysis. To make such a claim for resonance, the methods need to be accurate and demonstrate validity in method and interpretation. Fourth, a researcher may seek to explain processes and phenomena in a strategically selected range of contexts.

According to Mason (2002, p. 197):

> This is a particularly strong way of generalizing from qualitative data because it is based on a logic of demonstrating how context and explanation are intimately connected, and which uses rather than glosses over specificity and difference.

This thesis' claim to wider resonance is through developing a rich and holistic account of the development of the role of the branch manager between 1960 and to-date, and by drawing out lessons for similar settings. These other settings have to share some of the same characteristics. The findings of this thesis may be relevant for service providers in which local gatekeepers have the authority and autonomy to determine access to services and are known to do so by service users. Further resonance may arise where technological, economic and ideological factors are driving service providers to seek to limit the role of such gatekeepers. Specifically, the findings of the thesis may offer lessons to such settings concerning the relationship with users and the impact of limiting the authority of such gatekeepers. In particular, the findings will have resonance within the body of theory and research on financial service provision and banking.

Although the thesis does not make a claim to generalise to a wider population, it does want to say something about British banking as a sector. Further, the characteristics of the particular banks may also affect the experience, career and perspectives of the branch managers. Therefore, a discussion about the representation of British banks in the sample is warranted. There were four major British banks in the period in which the interviewees were branch managers (1968-2004). These are Midland Bank (later HSBC), Barclays, NatWest and Lloyds, and are often referred to as the Big Four. Thus, in terms of the representation of the experiences of branch managers from the major British banks, one needs to consider the impact of the over-representation of branch managers from Midland Bank and HSBC, the under-representation of interviewees from Lloyds and the absence of managers from NatWest.

The Lloyds banking group, for which there are only two interviewees and one branch manager, has historically been the smallest of the Big Four (Rogers, 1999). Having suffered great losses from Latin American and commercial real-estate loans following its early entry into international banking, the bank largely focused on the UK market from the late 80s onwards (Rogers, 1999). Whilst Lloyds was very much a specialist and focused bank, Barclays, the bank second best represented in the sample, was a conglomerate and a universal bank following the Big Bang in 1986 (Rogers, 1999). Since the 1950s, Barclays and NatWest alternated between being the largest bank in the UK (Rogers, 1999). Barclays was the most family-dominated banks of the Big Four (Ackrill & Hannah, 2001) and up until the 1970s the founding families of the banks constituting Barclays were still dominant (Rogers, 1999). NatWest, the only bank of the Big Four not represented in the sample, has traditionally been similar to Barclays in size and strategy as they are both seen as the "giants of British banking" (Rogers, 1999, p. 122). The banks also have a similar product mix (Rogers, 1999).

The greatest proportion of the sample worked for Midland Bank, now HSBC, thus warranting greater consideration. Once thought to be the largest bank in the world (Holmes & Green, 1986), Midland Bank experienced a long period of decline since the 1940s and, by the late 90s, it was the smallest of the Big Four (Rogers, 1999). According to Rogers (1999), this was because of a number of characteristics including its large centralised bureaucracy, continuing link to provincial roots and heavy industry in Manchester and Birmingham, provincial and non-competitive approach to international banking, the dominance of retail bankers who had worked their way up in the system, and a fragmented management team. However:

> Though the serious decline had been building for at least a decade before, it accelerated with Midland's acquisition of Crocker Bank of California in 1980, followed by its sale of Crocker in 1986 to Wells Fargo at an estimated loss of $1 billion (Rogers, 1999, p. 177).

This eventually led to HSBC taking over Midland Bank in 1992. The long-term decline of the bank, the ill-judged acquisition of Crocker and the take-over by HSBC led the management of the bank to pursue a series of reorganisations. Sir Kit McMahon, the deputy governor of the Bank of England who was appointed as CEO of the bank in 1986, pursued a "strategy of computerization and centralization" (Rogers, 1999, p. 177). Brian Pierse, who took over as CEO of Midland in 1991, reversed this strategy and sought to delegate more responsibility down to branch managers (Rogers, 1999). Finally, the HSBC take-over of Midland led to an increased pressure on cost cutting with Purves as the new Chair and CEO (Rogers, 1999).

The nature and character of the banks of the respondents will have impacted on their experience as branch managers in a number of ways. The strategy and product mix of the bank may have affected the type of customers they were dealing with and the activities they engaged with as branch managers. The banks' culture and structure may have influenced the level of autonomy of the branch manager. Finally, the speed and magnitude of change and reorganisations, brought about, at least in part, due to the perceived need and the state of the bank, may have affected interviewees' career prospects and their role as branch managers. This is because more comprehensive and radical reorganisations, particularly centralisation or decentralisation of authority, will have affected the roles of the staff subject to these reorganisations. Ultimately, more radical reforms within banking have often been associated with cost cutting and redundancies that may have impacted on how the respondents viewed the bank (i.e. cold, non-caring etc.).

3.7. Summary and implications

As this thesis is rooted in an interpretivist tradition, the perspectives and experiences of the branch managers concerning their role and developments in banking play a vital role as the social world is not made up objective facts that are out there waiting to be collected. These perspectives reveal meanings attached to events and processes and provide rich contextual information. The thesis aims to capture these through oral history interviews with people who worked as bank branch managers from the 1960s until to-date. The claim for wider resonance of the findings of the thesis is based on the ability to highlight lessons for other settings based on a detailed and holistic account of processes, depersonalisation and disembedding, in particular settings, specifically service providers where the authority of frontline staff to determine access to services is under threat.

4. Historical overview of British banking

4.1. Introduction

The preceding chapter concluded that interviews with former branch managers was the most appropriate method given the centrality of their perspectives in providing a context-rich account of developments in banking. This chapter underpins the perspectives of the branch managers by reviewing and discussing the literature on historical developments in British banking. It contributes to the thesis by tracking, describing and analysing historical developments of British branch banking (Objective 2). It is important to understand this context in order to analyse and interpret the perspectives and experiences of the branch managers from the late 60s onwards. Further, the sectoral or meso-level developments accounted for in this chapter may constrain, facilitate or accelerate the disembedding and depersonalisation of banking. For example, regulation aimed at curbing discrimination in lending facilitates or even accelerates depersonalisation as it forces banks not to lend based on personal characteristics not deemed to objectively affect the ability to repay (e.g. ethnicity etc.).

This chapter will focus on the transformation of British banking since the 1960s. The chapter is organised into three sections. Section 4.2 will shortly describe British banks anno 1960. Section 4.3 accounts for the emergence of banks as conglomerates serving domestic mass consumer markets and global capital markets by examining financial deregulation and liberalisation (4.3.1) and the rising demand for personal financial services (4.3.2). It also explores the subsequent restructuring of branch banking in response to the increased competition and scale of retail banking (4.3.3). Section 4.4 summarises and concludes.

4.2. British banking anno 1960

In 1960, the British financial sector was highly compartmentalised, with institutions delivering one or a handful of products, and uncompetitive, with prices and interest rates being set by cartels. The market structure that emerged from the wave of bank mergers in from the 1850s through to WWI remained unaltered. The financial market was highly compartmentalised and banks provided the same services as previously and did not venture into providing insurance, investment products or mortgages. Banking practices also remained largely the same and bank employees had predictable and stable tasks and career progression. The banking sector retained its oligopolistic structures and the domination by cartels. Indeed, the process of consolidation continued and there was an expansion of the bank branch network until the 1920s (Collins, 1988). From the 1860s to WWII, governments largely accepted bank oligopoly and cartels (Collins, 1988). There were no serious anti-trust attempts until after WWII. Bank of England also accepted it and may even have preferred it, as the banks were allowed interest rate cartels in exchange for close and informal cooperation with the Bank of England (Morgan & Sturdy, 2000).

Up until the 1960s, the British financial market continued to be characterised by a clear functional demarcated system (Heffernan, 2001). Housing finance, insurance and commercial banking were considered separate markets to be served by different types of institutions (Heffernan, 2001). Banking and transaction services and, to a lesser extent, deposits were also the preserve of separate institutions. There was very limited crossover between these markets. Banks, or more specifically the London Clearing Banks (LCBs), operated with a near monopoly on transaction services and business lending. Up until the 1960s, personal loans were not very common and were largely provided for through hire purchase. Building societies enjoyed a near monopoly on the provision of mortgages (Hamnet, 1994) and were also the main providers of savings products, together with the savings banks (Collins, 1988). Insurance was, by and large, provided solely by insurance companies.

The barriers between these markets were maintained by a combination of market structures and regulation. There were a number of monopoly structures in operation that made it difficult for institutions not forming part of such structures to enter the market. The LCBs owned the clearinghouse, which meant that they operated with a near monopoly on transaction services. There was also a lack of alternative money transmission services (Hamnet, 1994). Similarly, the fact that the Building Society Association (BSA) recommended interest rates prevented competition in this market

(Hamnet, 1994). There was also stock exchange cartel preventing clearers from entering capital markets (Lascelles, 2005; Leyshon & Thrift, 1997).

In addition, there were a number of regulatory barriers between and restrictions on entry into the different markets. Up until 1986 there was, for example, a legal requirement that building societies and savings banks should only offer term accounts requiring notice of withdrawal and not current accounts or develop cheques (Collins, 1988). More generally there were a number of government controls on asset growth and limited access to wholesale markets that prevented banks and other institutions going into other markets. The clearing banks involvement in the retail sector was limited by restrictions on asset growth. Instead the clearing banks focused their attention on the corporate sector (Howcroft & Lavis, 1986).

The combination of compartmentalisation and price cartels restricted competition within and across different markets. The financial sector was characterised by the absence of price competition (Howcroft & Lavis, 1986). Instead banks and building societies competed for retail deposits and customers through expanding their branch networks (Howcroft & Lavis, 1986; Collins, 1988). In each of the segments of the market, price setting was dictated by cartels. The mortgage rates were controlled through the Building Society cartel recommended price scheme. The LCBs were allowed interest rate cartels in exchange for close and informal cooperation with the Bank of England (Morgan & Sturdy, 2000).

4.3. The transformation of British banking, 1960s-onwards

From the 1960s onwards a combination of political, societal, cultural, economic and technological factors coalesced to transform British banking. In 1960, British banks provided mainly banking and transaction services to middle class households, generated their income from the provision of business loans and operated in highly compartmentalised markets characterised by cartels and a lack of price competition. In the late 1960s and the beginning of 1970s this model started unravelling in the face of deregulation, globalisation, the emergence of a mass market for personal financial services and increasing competition. By the late 1980s and early 90s, they had become conglomerates selling a wide range of financial products to domestic mass consumer markets and major players in global capital and securities markets. According to Mullineux (1987, p. 115):

> The general picture is, therefore, one of major commercial banks developing into financial conglomerates, participating in investment and merchant banking business with the corporate sector and international banking business, on the one hand, and providing a whole array of retail financial services through financial supermarkets on the other

This section accounts for this process by discussing financial deregulation and liberalisation, the rising demand for personal financial services, globalisation and international pressures, and advances in technology. To facilitate this discussion, Table 4.1 lists key developments in British banking since the late 1950s.

Table 4.1: Timeline British banking

1958	Midland introduced simple personal loan as one of earliest concerted forays by a bank into consumer lending
1959	Radcliffe Report concludes that credit market should be viewed as one market
1966	Barclays launches UK's first credit card and among earliest centrally designed and controlled banking products
1967	First ATM put in use by Barclays in branch in London reducing public's reliance on branch for cash and transaction services
	Companies Act Sect. 127 breaks banks' monopoly on deposits
	Introduction Database Management Systems paving way for automation of systems
1968	National Board for Pricing and Incomes Report into banking charges published arguing for breaking up banking cartels
	Monopolies Commission' investigation of merger of Barclays, Lloyds and Martins advocates for end of banking cartels
1970	Banks disclose profits for the first time increasing emphasis on costs and targets
1971	Competition and Credit Control (CCC) introduced leading to clearers losing right to collude over prices
1972	Fixed exchange rate abandoned
1973	Secondary banking crisis caused by a crash in property prices and risky lending leads to introduction of credit controls
	Credit controls introduced in form of Supplementary Special Deposit Scheme referred to as corset
1974	Consumer Credit Act introduced allowing for easier terms of consumer credit for customers
1976	Government controls on Trustee Savings Banks (TSBs) relaxed allowing them to lend to public

1978	Price Commission review of money transmission services arguing for open membership of clearing system
1979	TSBs allowed to lend to corporate customers
	Exchange controls removed enabling stock exchange to participate in international shares markets
1980	Corset abolished due to removal of exchange controls allowing for greater participation by banks in consumer and housing finance markets
1981	CCC ended and replaced by monetary control with a wider monetary sector
1982	International debt crisis triggered by Mexico's unilateral declaration of a debt moratorium
	Hire Purchase (HP) controls abolished leading to boom in personal credit
	Term and other controls on consumer credit lifted
1983	The Building Societies recommended rate abolished
1984	Midland Bank introduces free bank accounts
	Building society tax advantage for interest rates extended to banks
1985	The TSB act passed enabling TSBs to be floated and putting the under the provisions of the 1979 Banking Act
1986	Series of reforms to Stock Exchange known as Big Bang introduced leading to transformation of City of London
	Building Society Act passed enabling building societies to borrow on wholesale market, offer unsecured loans and demutualise
1987	Barclays launches UK's first debit card
1989	Midland Bank launched First Direct, UK's first telephone banking facility reducing customers' reliance on branch network
	Abbey National becomes first building society to convert to plc status
1997	Royal Bank of Scotland is first bank to introduce an online banking service reducing centrality of branch
	Building Societies Act removes further restrictions on operation of building societies
1999	Smile is launched as UK's first internet-only bank
2003	Chip-and-pin cards issued in UK
2007	Start of global financial crisis with large losses in mortgage-backed securities caused by falling US house prices and rising foreclosure rates
	Bank of England announces liquidity support to Northern Rock triggering first run on British bank for almost 150 years
2008	Northern Rock nationalised
	Lehmann Brothers file for bankruptcy and American Insurance Group collapse triggering panic sales in stock market

It should be noted that although the timeline below lists events relating to the recent global financial crisis, the chapter will not discuss the financial crisis. This is because only one of the interviewees worked during the crisis and as such it had no direct impact on the sector within which the respondents worked. However, as the interviews were conducted after the financial crisis, the impact of the crisis on the standing and status of banking may have affected how the branch managers viewed their careers.

4.3.1. Financial deregulation and liberalisation

The deregulation of the financial sector, which increased domestic competition, took place in a particular political context that is important to understand. In the 1960s and 70s, British banks and the financial sector as a whole were subject to considerable criticism. The sector was seen as highly inefficient and secretive about its costs resulting in the over-charging of customers for banking services. Particular criticism was aimed at the banking cartels and that, as a consequence of the cartels, "the clearers were wastefully 'duplicating' branch offices that remained underused" (Collins, 1988, p. 415). The Pricing and Incomes Board (PIB) 1967 report into banking charges illustrates the mood well. The PIB concluded that banks made excessive profits, were overstaffed, had too many branches, were secretive and did not stay open long enough (Lascelles, 2005). A central argument in the report was that the interest rate cartel diverted competition into wasteful investment in unnecessary branches (Moran, 1986). On the back of this report, a number of initiatives were undertaken to increase competition in the banking sector. There were also signs that the view of the compartmentalised nature of British financial services was changing. The 1959 Radcliffe Report argued that the credit market should be viewed as one market, with the implication that all credit providers should compete with each other (Lascelles, 2005).

Following pressure from the Government the banks started disclosing their profits for the first time in 1970, which led to a greater emphasis on costs and an intensification of competition between banks. The year after, Competition and Credit Control (CCC) was introduced ending the banks' interest rate cartels (Gentle, 1993; Howcroft & Lavis, 1986; Moran, 1986). Up until then, the Bank of England and the Government had allowed banks to act as a cartel in price setting in exchange for subjecting themselves to stricter controls by and closer cooperation with the Bank of England (Morgan & Sturdy, 2000). Later, in 1983, the building societies also abandoned their interest rate cartels. However, this arguably had a less profound impact as it was largely in response to than a driver of increased competition (see e.g. Howcroft & Lavis, 1986; Morgan & Sturdy, 2000). The departure from cartels for banks and building societies led to the intensification of competition and, more importantly, the rise of price competition (Howcroft & Lavis, 1986; Mullineux, 1987). Up until then both banks and building societies had competed for customers on the basis of the expansion of the branch network (Howcroft & Lavis, 1986).

In the 1980s the functional compartmentalisation of the financial market started to disintegrate. The abolishing of the corset – a supplementary special deposits scheme introduced in 1973 in the wake of the secondary banking crisis[7] – in the 1980s enabled banks to move into the mortgage market (Gentle, 1993). Banks rapidly gained a considerable market share forcing building societies to offer market interest for savings and mortgages to attract funding (Gentle, 1993), leading to a considerable decrease in the margin between deposit and lending rates (Drake, 1989 cf. Gentle. 1993). The banks were also facing greater competition from building societies, Trustee Savings Banks (TSBs), secondary banks and foreign banks for retail business from the 1970s onwards (Mullineux, 1987). Relaxation of government controls on the activities of the sector in the latter half of the 1970s allowed TSBs to lend to the public and to corporate customers. Consequently the TSBs diversified in the 1970s and 80s, introducing credit cards, insurance brokering services, mortgage lending, investment management and other retail financial services (Mullineux, 1987).

There were also a series of reforms enabling building societies to compete in markets traditionally preserved for banks. Building societies began to offer money transmission services in the late 1970s and interest-bearing cheque accounts in the early 1980s, areas that had traditionally been the domain of the banks. To stimulate competition between banks and building societies, and to enable the latter to cross-sell, the Government introduced the Building Society Act in 1986 (Mullineux, 1987). This enabled building societies to enter into estate agency, real estate investment, unsecured personal lending and the issuing of cheque guarantee cards. The Act also enabled building societies to access wholesale markets and convert into PLCs. The ability of building societies to demutualise and convert themselves into banks was a significant contributor to the erosion of the market position of the sector in the 1990s onwards (Stephens, 2001). Whilst in 1995 the building societies held two thirds of

[7] Under the corset, banks had to place non-industry earning deposits with the Bank of England if interest bearing eligible liabilities outgrew the rate set by the state (Collins, 1988)

residential mortgage assets and half of all short-term savings, in 1997 this had fallen to a quarter and a fifth respectively (Stephens, 2001, p. 336). This was largely caused by the conversion of five major building societies to banks after 1995 (Stephens, 2001).

Another major reform transforming British banks by leading to their greater involvement in global capital markets was the Big Bang, a series of changes to the Stock Exchange introduced in 1986. Up until the lifting of exchange controls in 1979, the Stock Exchange was prevented from participating in the international shares market in the 1960s and 1970s (Mullineux, 1987). When these were lifted, the City found itself at a competitive disadvantage vis-à-vis its foreign competitors due to the exchange-floor based, single capacity and fixed-commission system it operated with, which threatened the long-term attractiveness of London as an international investment outlet (Leyshon & Thrift, 1997; Mullineux, 1987). The UK system was more compartmentalised compared with other financial centres (Leyshon & Thrift, 1997). The Big Bang was introduced to address this and essentially involved three main changes to the Stock Exchange: the end of the single capacity system, the abolishing of fixed commissions and the opening up of the Stock Exchange membership (Mullineux, 1987). These reforms transformed the market for domestic securities and served as a catalyst for the wider reorganisation of UK financial institutions (Leyshon & Thrift, 1997) by allowing major clearing banks to enter capital markets in a major way (Lascelles, 2005; Leyshon & Thrift, 1997).

4.3.2. Emergence of mass consumer market for financial services

Although providing a powerful stimulus through enhancing competition, ultimately deregulation and liberalisation not sufficient to explain transformation of British banking and, in particular, its reorientation towards the personal sector since the 1980s. As noted by Mullineux (1987), there has to be a market to ensure that the opportunities associated with increased competition can be exploited. An important driver of the reorientation of banks towards the personal sector was the increase in demand for financial products among the UK population.

Mullineux (1987, p. 156-157) argues that:

> The persistent rise in consumer spending has had the additional benefit of creating a rising demand for consumer credit, which is traditionally a high margin and, therefore, profitable business. With growing opportunities in the domestic retail market and declining profitability in the international syndicated loan market… the major clearing banks switched emphasis in the first half of the 1980s. They attempted to recapture their share of the savings market… They also began to diversify their retail services, by moving into home loans market in particular

The historical underpinnings of the rising demand for personal financial products are long-term and associated with the rise of consumerism. Although the exact timing is disputed, Britain has transitioned to become a consumer society over the last couple of hundred years or so (Benson, 1994). Consumerism arose amidst the demise of mass industrialisation and full-scale conscription (Bauman, 1998). The emergence of consumer society in Britain since the middle of the nineteenth century was underpinned by a number of factors, including, growing incomes[8], increased spare time, demographic changes and an expanding middle class[9] (Benson, 1994). Bourdieu (2010[1984]) argues that consumption is a means of claiming distinction and is closely linked to class. He further considers how new patterns of consumption may be linked to the emergence of a new middle class. However, Longhurst and Savage (1996) criticise Bourdieu's concepts for being too closely aligned to out-dated views of class driven by occupation. This in turn, they claim, leads one to question how innovative and new these concepts are. Indeed:

> Bourdieu was taking up a well-worn theme in claiming that such liminal fractions of the middle classes played a crucial role in developing new forms of consumerist culture (Longhurst & Savage, 1996, p. 281).

Instead they argue that looking at consumption in everyday life would be a more fruitful approach, as this would be more sensitive to the "interplay between individual subjectivity and context" (Longhurst & Savage, 1996, p. 289).

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[8] In real terms, household incomes in Britain doubled between 1851 and 1901, grew by 50% between 1901 and 1951, and almost doubled again between 1951 and 1981 (Benson, 1994).
[9] The middle class grew from around 12% of the population in the middle of the nineteenth century to 40% by the beginning of the 1980s (Benson, 1994)

Bauman (1998) stresses that consumer society is not about consuming in some trivial sense of the word (i.e. satisfy need, destroy). Rather, it concerns the way modern "society engages its members – again *primarily* – in their capacity as consumers" as distinct from producers (Bauman, 1998, p. 24). Consumerism is about desire and not about fulfilling needs:

> Ideally, nothing should be embraced by a consumer firmly, nothing should command a commitment forever, no needs should ever be seen as fully satisfied, no desires considered ultimate (Bauman, 1998, p. 25)

In other words, there is a transient nature of consumption. The possession of the good is not what is sought. Rather it is about desiring the item:

> That all consumption takes time is in fact the bane of a consumer society and a major worry of the merchandiser of consumer goods. Ideally, the consumer's satisfaction ought to be instant, and this in a double sense. Consumed goods should bring satisfaction immediately, requiring no delay, no protracted learning of skills and no lengthy groundwork; but the satisfaction should end the moment needed for their consumption is up, and that time ought to be reduced to a bare minimum (Bauman, 1998, p. 25)

In consumer society, this continual cycle of consumption becomes an engine of economic growth with the expectation of people to consume. Hence, society relies on people as consumers as rather than as workers (Bauman, 1998). This growth is fuelled by credit and is dependent on that "the consumer's desire to buy on credit is strong enough to outweigh their fear of insolvency" (Bauman, 1998, p. 26).

Since the 1950s and 60s, there were also a number of specific developments that laid the foundations for a mass consumer market for financial services (Morgan & Sturdy, 2000). Incomes rose as well as the propensity to save leading to an increase in the need for savings and investment products (Morgan & Sturdy, 2000). Further, an increasing proportion of employers started paying wages electronically, increasing the demand for bank accounts. The proportion of employees paid in cash fell from three quarters in 1969 to 23% in 1988 to 18% at the beginning of the twenty-first century (Kempson et al, 2000). There was also an increase in homeownership, which gave rise to the demand for mortgages and a range of ancillary products (Ferguson, 2009). In 1971, fewer than half of British homes were owner-occupied. In 1981, this had increased to 54% and to 67% in 1997 (Ferguson, 2009). It should be noted that controls on asset growth, compartmentalisation and credit rationing meant that banks would and could not take advantage of these conditions to mass market their products (Howcroft & Lavis, 1986). In 1967, only 28% of over-16s in Britain had a bank account (Monopolies Commission, 1967 cf. Ackrill & Hannah, 2001) and in 1975 only 45% of UK adults had a current account (Kempson et al, 2000). In 1998, between 80 and 85% of UK adults had a current account (Kempson et al, 2000). Today, according to the 2011/12 Family Resources Survey, 93% of UK households have a current account (Department of Work and Pensions, 2013).

The rise in banked households also heightened the sense of exclusion of those on the outside of or on the margins of the mainstream banking sector. When relatively many where on the outside of the banking sector it mattered less to be on the outside. As a growing proportion and number of households were banked, however, there were greater disadvantages of being on the outside. Employers increasingly preferred to pay salaries electronically (Kempson et al, 2000). Retailers, utility companies and other service providers started offering discounts for customers paying via direct debit. This sense of exclusion was further deepened by the debt crisis and the recession of the 1980s. Technological and, mathematical and actuarial advances enabled banks to act out on their risk aversion. Leyshon and Thrift (1996 cf. Leyshon & Thrift, 1999) argue that the combination of GIS technology and credit scoring has enabled the identification of areas of financial super-inclusion, areas rigorously courted and targeted by the financial sector industry.

The increased importance of the personal financial market was also associated with a wider political project to expand the use of financial services. Since the 1950s onwards, banks were perceived to be not active enough in trying to serve the whole of the population. In 1958, the Bank of England governor, Cameron Cobbold, encouraged banks to widen the access to banking:

> If each bank in its own way can encourage the banking habit in wider sections of the community, they will be helping to strengthen the economy (cf. Lascelles, 2005, p. 66).

Expanding financial service provision through deregulation was an important part of the project of the Thatcher government for reducing the welfare state and promoting individualism (Morgan & Sturdy, 2000). Banks had to offer innovative products to entice people to embrace agenda by using financial services to buy their own homes and prepare for life cycle events and external shocks (Morgan & Sturdy, 2000). New Labour also subsequently pursued this project. Midgley (2005, p. 278) argues that the policies pursued by New Labour to promote financial inclusion were based on the idea that:

> financial product ownership would be a prerequisite for individuals, as responsible citizens, to provide for their own financial security, with the state providing welfare support as a last resort.

A final driver of the reorientation towards the personal market was the international debt crisis of the 1980s. The deregulation of the financial sector led banks to invest heavily in developing countries, leaving them vulnerable to the international debt crisis in the 1980s. The loosening of reserve ratios as part of CCC enabled banks to plunge into international markets and national housing markets (Morgan & Sturdy, 2000).[10] This led to speculative booms and busts in property market that ultimately caused the secondary banking crisis in the mid-1970s. In the 1970s the LCBs invested heavily in lending to developing country governments. The unilateral declaration of debt moratorium by the government in Mexico on August 12 1982 triggered an international debt crisis with important implications for the UK banking sector. UK banks had to write off principals and interest rate payments as loans were restructured following intervention by the International Monetary Fund. Leyshon and Thrift (1995) argue that the international debt crisis led the UK financial sector to seek out markets in developed countries, which in turn led to a massive expansion of financial services in Britain in the 1980s.

4.3.3. Restructuring of branch banking

However, an expanding market was not sufficient to compensate for the drop in income brought about by the introduction of free banking and competition from other

[10] For the clearing banks this meant a fall in minimum liquidity ratio from 28% to 12.5%.

banks and financial service providers. Thus, from the late 1970s and 80s onwards, British banks were searching for ways to reduce costs and increase revenue. As a result, British banks increased the number of products they offered in addition to providing banking and transaction services to a larger number of customers. Historically, banks had been offering a small number of services, namely current accounts, cheques, money transfers, business loans and short-term deposits. The banks also offered personal loans, but only significantly so in the 1970s (Howcroft & Lavis, 1986). The removal of barriers separating markets and of general constraints on growth enabled banks to offer a wider range of products and the intensification of competition forced banks to pursue these opportunities. Hence, by the 1980s and 90s banks offered a wide range of mortgage, insurance, pension and investment products. For example, in the 1980s, Barclays offered over 300 centrally designed and branded products (Ackrill & Hannah, 2001).

The expansion of the product range eroded the independence of the branches as they were now more inclined to sell customers their own products, rather than referring them to appropriate services offered by other financial service providers. The fall of barriers previously separating markets put these providers into a situation of competing with each other rather than directing potential customers to each other. Over time, the introduction of new products eroded the importance of the core banking services. Following the introduction of free banking in the 1980s, there was no direct payment for current accounts, which previously had constituted an important part of the income of banks (Lascelles, 2005). Over time, the income generated from interest rates diminished in importance of the total earnings of British banks. Today, non-interest income constitutes more than 60% of earnings of banks in Britain (Davies, Richardson, Katinaite & Manning, 2010).

The intensified domestic competition combined with the loss of income associated with the introduction of free banking and the increased scale of the market led banks to look at was of cutting costs. The recession of the late 1980s, early 90s, put further pressure banks to cut costs. This led to increased scrutiny of the branch networks of the banks. The move from competition based on function to competition based on economics and price meant that there was an increased focus on the financial performance and efficiency of individual branches (Howcroft & Lavis, 1986). There was an end of cross-subsidisation of unprofitable branches and it was no longer necessary to attract deposits via branch location, as market penetration was possible through other means (Howcroft & Lavis, 1986).

Up until the wave of consolidations starting in the mid-1800s, banks traditionally had few branches (Collins, 1991). Country banks rarely had branches (Cameron, 1967) and as late as 1850 the average joint-stock bank only had five branches, which rose to 156 in 1913 (Collins, 1991). Banks had few and geographically proximate branches in order to retain central control of activities (Cameron, 1967). However, from the 1820s to the 1920s there was an on-going expansion of the branch network until it stabilised around 10,000, or one branch per 4,000 population in the late 1930s (Collins, 1988). The number of building society branches continued to grow until the 1970s (Collins, 1988). From being an exception rather than the rule, the bank branch came to occupy a central role in banking. Leyshon and Pollard (2000, p. 205) argue that, up until the early 1970s, the branch was the "foundation stone for retail banking" for three reasons. First, it was the medium for gathering information on the market and on the bank's customers. Second, the branch constituted the gateway to accessing and purchasing products and services. Third, the branches processed and settled the preceding day's business. The branch network was also "the most efficient and prudent means of accumulating vast deposits" (Moran, 1986, p. 42). According to Howcroft (1993, p. 26):

> Branch networks evolved to attract relatively cheap retail deposits through the convenience of branch locations and branch-based payment systems. Traditionally, they provided a highly effective barrier to entry and an equally though increasingly costly, mechanisms for administering, collecting and delivering cash. They also simultaneously provided an extensive range of associated lending and ancillary services.

Under pressure to cut costs, banks made considerable cuts to their branch networks. Between 1983 and 1989 the number of bank branches fell from 36,788 to 34,535 (Howcroft, 1993). Between 1995 and 2003 alone, British banks closed 22% of their branches, while converted building societies and building societies closed 19% and 5% of their branches respectively (Leyshon, 2006). The acceleration of branch closures after 1995 was influenced by the normalisation of remote banking technologies, such as telephone and Internet banking (Leyshon, 2006). The use of remote banking technologies, such as internet and phone banking, has increased over the last 20 years or so with the proportion of transactions and applications processed online or over the phone rising considerably (Office of Fair Trading, 2010). The implication of this has been that bank branches have become less important in delivering financial services.

Beyond enabling delivery of financial services outside of branches and thus allowing banks to close branches without losing market access, the advent of remote banking technologies was a signal of a more profound threat to the importance and centrality of the branch network: credit scoring. Credit scoring – "computer-based management tools which rely upon multivariate statistical analysis to predict the credit performance of consumers" (Leyshon & Thrift, 1999, p. 444) – is arguably one of the most defining and profound technological innovations to have been introduced in banking. Credit scoring predicts the probability of an applicant repaying a loan with greater accuracy and at greater speed and capacity (in number of applications it can process and in terms of geographic area).[11] In turn, this helps underpin rationalising and cost-cutting, reduces the need for technical capacity at branch level and facilitates central control by enabling national or regional head offices to quickly adjust lending policy.

First used in mail order industry in the 1970s, it was not introduced extensively in retail banking until the 1980s when decision-making in consumer lending was transferred to centralised processing centres (Wainwright, 2009). The diffusion and uptake of credit scoring has been uneven and conditional on product and institution type. The use of credit scoring was not common place among British mortgage lenders until the 1990s and it is still not used by all providers or for all products or markets, such as by small regional building societies or for sub-prime lending (Van Dijk & Garga, 2006 cf. Wainwright, 2009). By 2006, though, it was used by 95% of prime lenders and 62% of sub-prime lenders (Van Dijk & Garga, 2006 cf. Wainwright, 2009).

[11] The accuracy and reliability of credit scoring technology is not uncontested (see discussion in e.g. Coats, 1988; Leyshon & Thrift, 1999)

The background for the introduction of credit scoring into banking was the expanding market served by banks. By the mid-1980s, the costs of broadening and increasing market share were noticeable in the form of increased bad debt and defaults (Leyshon & Thrift, 1999). The use of the face-to-face interview method in underwriting was blamed for these problems (Leyshon & Thrift, 1999). They were seen as costly, time-consuming and inaccurate, and to be obstructing centralised control in ensuring compliance (Leyshon & Thrift, 1999). The introduction of credit scoring had profound effects on banking. It led to a loss of the tacit knowledge about the local market that previously had been embodied in staff (Leyshon & Thrift, 1999). Credit scoring technology also led to a lessening in importance of the branch network as lending could now more easily be done via remote banking technologies.

4.4. Summary and concluding remarks

This chapter has accounted for two main developments in the history of British banking. First, it briefly described the compartmentalised, consolidated and oligopolistic nature of British banks up until the 1960s. It concluded that the consolidated and oligopolistic nature was largely brought about by the removal of restrictions on joint-stock banks in the first part of the nineteenth century and the subsequent government permissiveness towards bank mergers. The compartmentalised nature of financial service provision can be explained by the numerous regulatory barriers between the different sectors, the historical development of groups of providers and general restrictions on asset growth. Second, it explored the disintegration of this sector, which was brought about by a combination of globalisation, deregulation, technological advances, the emergence of a mass consumer market and the intensification of domestic competition. Deregulation, the increased demand for personal financial services and the global debt crisis of the 1980s led to an intensification of competition for the British retail finance market. In turn, this contributed to the expansion of the banking habit and an increased focus on income generation and cost minimisation with profound implications for the branch network.

What are the implications of the above-described transformation of banking for those working as bank branch managers in this period? The majority of the bank branch managers interviewed entered their respective banks in the 1960s and 70s with expectations formed by the predictable if expansive nature of banking in the interwar and post-war period. In terms of their own career prospects, they would have had expectations of a job for life as they entered a sector that was constantly hiring new recruits up until the 1970s. Many would also progress steadily along a career path taking them to the post of branch manager and, for some, even beyond, at least for male entrants. For those without an inclination or the necessary skills for promotion, banks were paternalistic employers that would keep poorly performing employees as long as they were loyal.

By the late 60s, this model of banking was disintegrating under increased competition, technological innovation, deregulation and globalisation. There were a number of changes that may have, to differing degrees, affected their careers and, possibly, perspectives and experiences. The wave of branch closures starting in the 1970s and 80s and the staff cuts may have affected them directly or indirectly as they may have been made redundant or they may have had to make other staff redundant. As branch managers from the 1970s onwards they will have experienced an expansion of the product range of the branch and an erosion of the importance of the core products. The introduction of credit scoring may also have undermined their independence as branch managers. Finally, their experiences and narratives may also have been coloured by the public perceptions of the banks, such as the view of banks as inefficient and secretive prevalent in the 60s and 70s or the more recent public outrage over the financial crisis, public bailout and bankers' bonuses.

5. The career and employment of the traditional bank branch manager

5.1. Introduction

Chapter 4 described British banking anno 1960, which was characterised by oligopolistic market structures, inertia and a lack of competition. The chapter then accounted for the breakdown of this system through deregulation, globalisation, technological innovation and increased competition. This chapter further delves into the context in which the interviewees entered banking and became branch managers. It examines and discusses how the interviewees experienced working in the banks by looking at the nature and structure of the traditional bank branch, the career development of the interviewees and at the banks as employers. It is important to understand this context in order to appreciate why and how they perceived their role and changes to it. This is because the context within which they entered banking and became branch managers may have shaped their expectations in terms of career prospects, discretion and autonomy. Specifically the chapter will contribute to the tracking, describing and analysis of historical developments in British branch banking (Objective 2).

Unless otherwise specified, the chapter focuses on the nature, structure and context of the traditional bank branch characterised by autonomy and authority to originate and manage financial services. The traditional branch structure remained in place in Barclays and Lloyds until the 1980s, while the then Midland Bank made considerable changes to the branch structure in the late 1970s.

The remainder of this chapter is organised into four sections. Section 5.2 outlines the nature and structure of the traditional bank branch. Section 5.3 details and discusses the development of the careers of the branch managers, including entry to banking (5.3.2), typical career trajectory (5.3.2), and factors affecting career progression (5.3.3). Section 5.4 considers the banks as employers, while section 5.5 summarises and concludes.

5.2. The traditional bank branch

To appreciate the changes taking place in banking and in the role of the branch manager, one needs to consider the nature and structure of branch banking into which most of the interviewees entered in the 60s and 70s. According to the interviewees, the traditional branch structure remained in place in Barclays and Lloyds until the 1980s, while the then Midland Bank made considerable changes to the branch structure in the late 1970s. This is corroborated by historical and empirical accounts of developments in the banks (Ackrill & Hannah, 2001; Rogers, 1999).

Traditionally, branches were the main providers of and gateways to financial services for households and businesses. The only exception to this might be very large public companies and highly specialised services, such as factoring and export finance. Telephone banking was not introduced until the 1990s and centrally controlled and issued products were the exception rather than the norm. One such exception was the Barclaycard launched in 1966, the access to which was promoted by and largely controlled centrally. The branches were miniature versions of their banks:

> *A critical thing to remember about the branch, again right up until the 1980s, was that it was a microcosm of the bank. It was self-accounting… It had its own branch identification number. It kept a profit and loss account and a balance sheet and it was, in all respects, a microcosm of the bank.*
> Carl, bank manager, Barclays, mid-70s to late 90s

In addition to operating their own profit and loss accounts, branches managed themselves in all aspects, with the exception of staffing and equipment. Beyond offering basic transactional services such as cheque cashing and cash withdrawals, branches underwrote and originated loans, opened bank accounts, issued new chequebooks, were responsible for monitoring and managing delinquent loans, and determined the nature and extent of representation and involvement of the bank in that community (i.e. sponsoring local sports clubs, representation on boards etc.). In larger towns and cities, branches even engaged in local clearing in which the branches issued cheques to each other to balance payments between them.

The autonomy of branches may be related to the limited complexity of products. Up until the late 1970s and early 1980s, branches operated with a limited range of products offering mainly banking and transaction services, such as bank accounts and cheques, and business loans. Customers paid a fee for bank accounts depending on the nature and extent of the use, which more than covered the costs for the bank and the branch in managing these (Lascelles, 2005). Not only was business lending the most important income generator for branches, it was also, according to the interviewees, one of the few aspects that branch managers could influence:

> *Yes sure there were some branches where there were large credit balances but the perception was that you couldn't, it was very difficult, perhaps impossible to influence the level of your credit balances because, let's face it, the banks were paying pretty much the same rates of interest, so what was the added value you could give somebody who brought a nice juicy deposit account to you. You could smile at them, but that was about all. That was the perception then.*
> Lance, branch manager, Barclays, early 70s to mid-90s

The lack of competition, limits on asset growth and other regulatory restrictions dis-incentivised banks from attempting to increase their market share and gain new business, especially in relation to the personal sector (see e.g. Howcroft & Lavis, 1986). Savings accounts and mortgages were largely the preserve of building societies, while personal loans were mainly, at least until the 1960s and 70s, provided by hire purchase companies. As one of the main levers to improve the performance of the branch, the interviewees tended to see business lending as the most important aspect of being a branch manager. As discussed in Section 6.3.2, being seen as a successful and skilled lender was important for career development as well as a source of status and prestige.

Above the branch there was the national head office and associated departments, and, since the 1960s, regional or local head offices. Bank branches operated with a degree of autonomy within the bank. Branch managers had a lending discretion up to a set amount for personal and business loans, above which they would have to put the application with a recommendation to the regional or local head offices and, more rarely, the national head office. A manager had greater discretion for secured lending and for renewals of well performing loan facilities and loans. The amounts a branch manager could approve increased with his or her seniority and the size of the branch, two aspects which often went hand in hand. As discussed in Section 6.3.2, the level of discretion was closely associated with the status of the manager within the bank as greater discretion was often equated with greater skills and being entrusted by the bank.

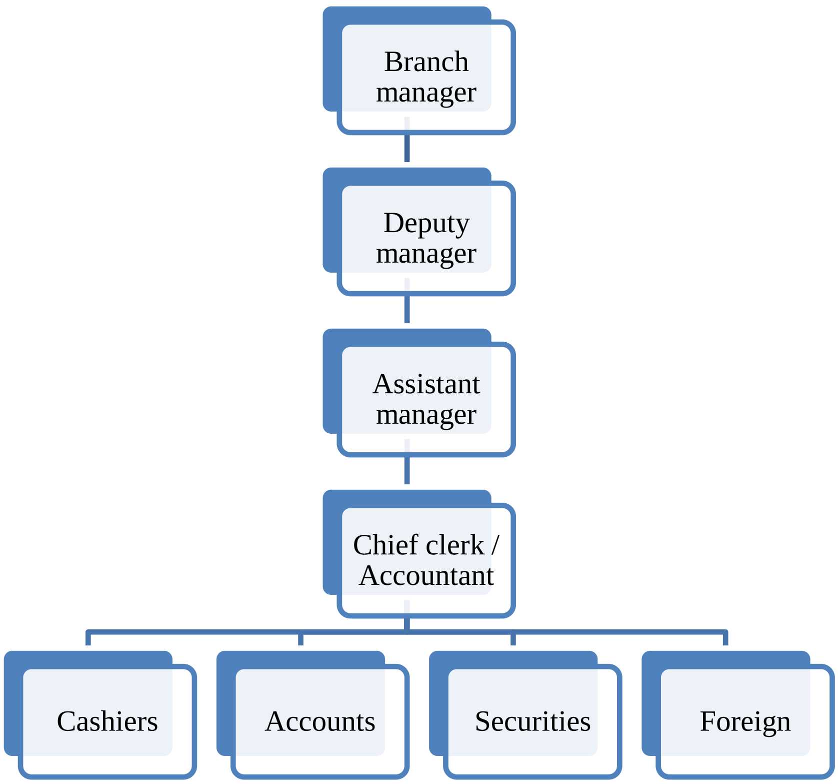
In addition to limits on lending by branches, the banks had an extensive inspection structure to detect deviance by branches from rules and procedures. There were regional inspection teams under a head office department that conducted regular and, both announced and unannounced inspections. These investigated a wide range of aspects of branch operation, including checking key holders, security held for loans and compliance with lending and administrative procedures. The inspections principally sought to ascertain whether the proper rules and procedures were being followed. Robin, who worked for the inspection team, explains the purpose of the team:

> *I suppose really we were like the police force. We had to insure that all the checks and controls were taking place… We looked at the cases were there were security for a bank loan. We looked at that to make sure that everything was as it should be: that the procedures had been carried out as they should have rather than managers saying well it's not there. I am not trying to imply we were a fraud squad. Someone might have, what shall we say, dipped into the till or whatever, that was very rare. It was really an audit function to make sure that the bank's rules and regulations were being carried out.*
> Robin, branch manager, Barclays, mid-70s to late 80s

Some aspects were completely decided by a central department, such as staffing, equipment and improvements to premises. The activity level of the branch determined staffing levels and the personnel or HR department decided the move of staff between branches centrally. A central premises or equivalent department determined improvements to premises, whilst the equipment of the branches was often determined in a formulaic manner based on the size of the branch.

Figure 5.1 provides an overview of the basic structure of a typical branch up until the late 80s in Barclays and Lloyds, and until the late 70s in the then Midland Bank.

Figure 5.1: Traditional branch structure



All branches, with the exception of sub or satellite branches, had a branch manager. Although the branch manager had the overall responsibility for management of the branch (e.g. staff appraisals, reporting etc.) the role tended to focus on business lending and on attracting new business accounts. The management structure below the manager depended on the size of the branch. Small branches only had a branch manager supported by a chief clerk or accountant,[12] whilst larger branches had assistant managers or even a deputy manager. The assistant and deputy managers were also largely business-lending roles.

The chief clerk or the accountant – also referred to as the first officer – was mainly responsible for the operational and administrative aspects of branches, in other words all the non-lending aspects. This included managing the cashiers, ensuring that the tills were appropriately staffed and being responsible for the maintenance of the

[12] The term accountant was a colloquial term used in Midland Bank for the most junior managerial position in the branch and is unrelated to the accounting profession

branch. Below the chief clerk, there were four departments. There was an accounts department or equivalent – sometimes called the mech room – that dealt with the processing of cheques and kept books of account and other back-office operations. The cashiers were the customer-facing part of the branch cashing cheques, giving out account balances, and taking all cheque and cash deposits. Securities dealt with the administrative aspects of secured lending. This included registering and storing stocks and shares, life policies, land and assets used as security for loans. Finally, there was the foreign department issuing foreign currency and traveller cheques, and paying foreign bills of exchange.

There was a hierarchy of branches ranging from flagship branches, such as the Midland Pall Mall branch, to satellite or sub-branches. In Barclays:

> *there were eight different, nine or ten more different sorts of branches, sizes of branches, you know. The smallest branch would be what you call BM1 and the biggest was BM9*
> Carl, bank manager, Barclays, mid-70s to late 90s

The ranking of a branch was largely a function of the scale of its operations, especially of its business portfolio, the main generator of income for branches. Satellite or sub-branches only offered a limited number of basic banking services, such as cheque cashing and cash withdrawals, and might have limited opening hours and be staffed by a couple of cashiers. These branches did not have their own manager and could not underwrite lending but were under the control of a full-service branch. Larger branches generally had managers of greater seniority, greater lending discretion as well as perks such as company cars. The small village branch managed by Roy was just below the threshold for qualifying for a company car:

> *What annoyed me about the bank was that they had a rule which if you were a manager of grade BM4, BM5--. I was grade BM2. If you were a manager of BM4 or 5, you managed to have a car provided by the bank to do your duties regardless of where you lived. So a manager who lived in [village in South West of England], travelled up to London everyday into Piccadilly, worked in Piccadilly branch, had a car, but of course he couldn't use it in London. His wife used it. But if I had to go out to anywhere, I had to use my car. But I got a mileage nothing else.*
> Roy, branch manager, Barclays, early 70s to mid-80s

In sum, the traditional branch was largely autonomous and self-contained in the sense that it originated, processed and managed most of the services that businesses and households could access from the banks. This autonomy was curtailed by a hierarchical set of limits on lending depending on the size of the branch and the seniority of the branch manager. Further, there were also centrally determined rules limiting its autonomy and an extensive inspection regime aimed at detecting poor performance, rule breaking and fraud.

5.3. Branch managers' career development

It is within this context that the interviewees entered branch banking and became branch managers, though some would have become branch managers at a point when the traditional branch structure was disintegrating, which will be discussed later. In this section, the career of the interviewees is explored, including their entry into banking, aspirations and factors affecting promotion.

5.3.1. Entry banking

The vast majority of the branch managers interviewed entered banking between the mid to late 50s to late 60s, early 70s. At the time, banks were expanding their branch networks and their customer base so they were recruiting a large number of people to cover these needs. It was not uncommon for a medium-sized branch to take on four to six junior entrants a year. Laurence recalls when he started in Midland Bank in the mid-60s:

> *I remember there was probably half a dozen of us starting at the same time… we didn't have such things as graduate schemes… We all started on a flat playing field basically doing the run-of-the-mill stuff.*
> Laurence, branch manager, Midland/HSBC, early-90s to early 00s

Typically the branch managers entered banking at the age of 16 or 17 after completing O levels or equivalent. Some started in banking after short-term employment elsewhere, though the norm was to start straight out of school. Only two of the branch managers had university degrees, both of whom joined after 1975. A further two branch managers had to abandon their studies for financial reasons. This fits with the general trend in banking in the 1960s and 70s. Graduate recruitment into banking was limited, as the banks historically preferred to recruit staff at a young age to shape them into a loyal workforce (Lascelles, 2005).

Very few of the interviewees joined banking for vocational reasons, beyond some choosing the sector based on their aptitude for dealing with numbers. Most interviewees joined banking because of the ready availability of jobs, good career prospects and a good pension. An advantage of joining a bank was that it did not require any unpaid or very low paid training, as was the case with accounting and teaching:

> *I'll teach. But of course you have to go to teacher training college and you weren't earning… I couldn't become a lawyer, because again you had to study for a year and do your law degree whatever. I couldn't become an accountant because you had to go into articles on three pounds a week and obviously I had to earn more than that… My father was looking for me to earn at least 10 pounds. It came down, really, in those days… to banking and insurance.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

In some cases, especially for entrants from working class backgrounds, the parents saw banking as a decent white-collar profession and suggested that the interviewees should seek such a profession. Parents also thought entry into banking constituted a move up on the social ladder:

> *My father was a baker's rounds man delivering to people's doors. I think his idea was he wanted me to do something better than he'd been able to do… He was of the opinion, because he was out in all weathers, he delivered bread when it was pouring with rain, snow on the ground or whatever it might be, whereas he thought probably that I ought to be indoors somewhere. So I think generally it was probably his wish and perhaps mine that you want to try to do a bit better than what dad did and so that's how finance came along.*
> William, branch manager, Barclays, mid to late 80s

Hence, banking was seen as a sector enabling social mobility through the access to a white-collar profession. This reinforces the notion that class and social mobility has traditionally been seen to be associated with employment and occupation (Savage et al, 2013). The choice of the specific bank often came down to the experience at the interview, pay and pension, location and the family's link to the local branch. In many cases, the interviewee applied for and was offered employment with the branch where the parents banked and where they knew the manager.

5.3.2. Typical career trajectory

The careers of the interviewees differed considerably in terms of the speed of promotion, time and roles outside of branch banking, tenure as branch managers, geographical areas covered and type of branches managed. Table 5.1 provides an overview of careers of the interviewees.

Table 5.1: Overview of interviewees

Branch managers				
Career	**Area**	**Branch manager**	**Type branches**	**Time outside branches**
Early 50s to late 80s	Central southern England	Mid-70s to late 80s (3 branches)	Affluent market towns & villages	Yes (inspection team and head office department)
Mid 50s to mid-90s	Midlands and East of England	Early 70s to mid-90s (3 branches)	Mining town, city with industry	Yes (local head office, head office department, merchant bank)
Early 60s to late 90s	Midlands and North Wales	Early 80s to mid-90s (5 branches)	Industrial towns in North Wales	Yes (local head office)
Early 60s to late 90s	Midlands	Late 80s (1 branch)	Market town	Several (Export and Finance, merchant bank, head office department)
Early 40s to late 80s	South East of England	Early 70s to late 80s (1 branch)	Large village	Not known
Mid-60s to early 00s	London	Mid to late 80s (1 branch)	London suburb	None
Late 50s to late 90s	Yorkshire and Midlands	Early 80s to mid-90s (2 branches)	Market town	Yes (inspection team, local head office)
Mid-60s to mid-90s	East of England and Yorkshire	Early to mid-90s (2 branches)	Market town	Yes (regional head office, area office)
Mid-60s to mid-90s	Midlands and Yorkshire	Early to mid-90s (2 branches)	Market town & medium-sized city	Yes (inspection team, head office department, computer centre, processing centre)
Late-30s to early 80s	North West	Late 60s to early 80s (2 branches)	City centre branches	None
Early 50s to late 80s	Yorkshire and London	Mid-70s to late-80s (2 branches)	City centre branches	Yes (training branch, head office department)
Mid-70s to late 00s	North East and North West	Early 00s (1 branch)	Market towns	Yes (regional head office, secondment)
Mid-60s to late-90s	North West and Yorkshire	Late 70s to late 90s (4 branches)	Affluent market towns	None
Late 60s to late 90s	London	Late 80s to early 90s (1 branch)	Large city centre branch	Yes (regional head office, head office department, area office)
Early 60s to late	North West and North Wales	Late-80s to mid-90s (4 branches)	Affluent suburb & poor	None

90s			urban areas	
Early 60s to late 90s	London	Early 70s and mid to late 90s (2 branches)	Southern market town, large branch urban area	Yes (head office department, regional head office, area office)
Early 70s to mid-00s	Yorkshire and Midlands	Mid-90s and early to late 00s (3 branches)	Declining industrial towns	Yes (head office department, area office)
Early 60s to late 80s	Yorkshire and Midlands	Late 70s (1 branch)	County town	Yes (regional head office, area office)
Mid-70s to early 10s	Yorkshire and South East	Early to mid-00s (1 branch)	Village with elderly population	Yes (International Division, audit department, area office)
Mid 60s to mid-90s	North West, Yorkshire and South East	Mid 80s to early 90s (3 branches)	Large village, suburb and large coastal town	Yes (area office)
Mid 60s to early 00s	Midlands	Early 90s to early 00s (1 branch)	Market town	Not known
Early 60s to mid-90s	North East	Early 80s to mid-90s (2 branches)	Large towns	Not known
Not known	Greater London	Mid-70s to late-80s (3 branches)	Residential area branch	Not known
Early 70s to late 90s	London and South East	Mid-80s to late 90s (4 branches)	Mainly affluent market towns	Yes (inspection team, regional head office)
Early 60s to mid-00s	North West and Midlands	Mid-70s to mid-80s (2 branches)	Market town and city	Yes (head office department)
Mid-80s to early 00s ('86-'00)	North West and Yorkshire	Early to mid-90s (1 branch)		Yes (call centre)

Non-branch managers				
Career	**Area**	**Career description**	**Type branches**	**Time outside branches**
Mid-60s to early 90s	Midlands and East of England	Assistant branch manager	Commercial/manufacturing centre	Yes (head office department, regional head office)
Mid-50s to mid-90s	Crown dependency, Midlands, South England	Operations and administrative management	Various	Yes (area office)
Early 60s to late 90s	London and South East of England	Assistant branch manager	Seaside city	Yes (head office department)
Late 60s to late 90s	South Wales, North East, Midlands and London	Regional management		Yes (head office department, regional head office, local head office
Mid-60s to late 90s	North West	Operations/admin management		Not known
Not known	North West and Wales	Operations/admin management		Not known

The branch managers interviewed had managed branches in a wide range of locations, with a slight prevalence of market town branches. As discussed in Section 3.4.2, most parts of Britain were represented, apart from the very South West of England. There was a predominance of branches in the midlands, the heartland of the then Midland Bank. In aggregate, the careers of the respondents spanned the late 30s to the late 00s. As will be noted in Section 5.3.2 and discussed in greater detail in Section 6.3.3, the majority of the respondents worked outside of branch banking for periods.

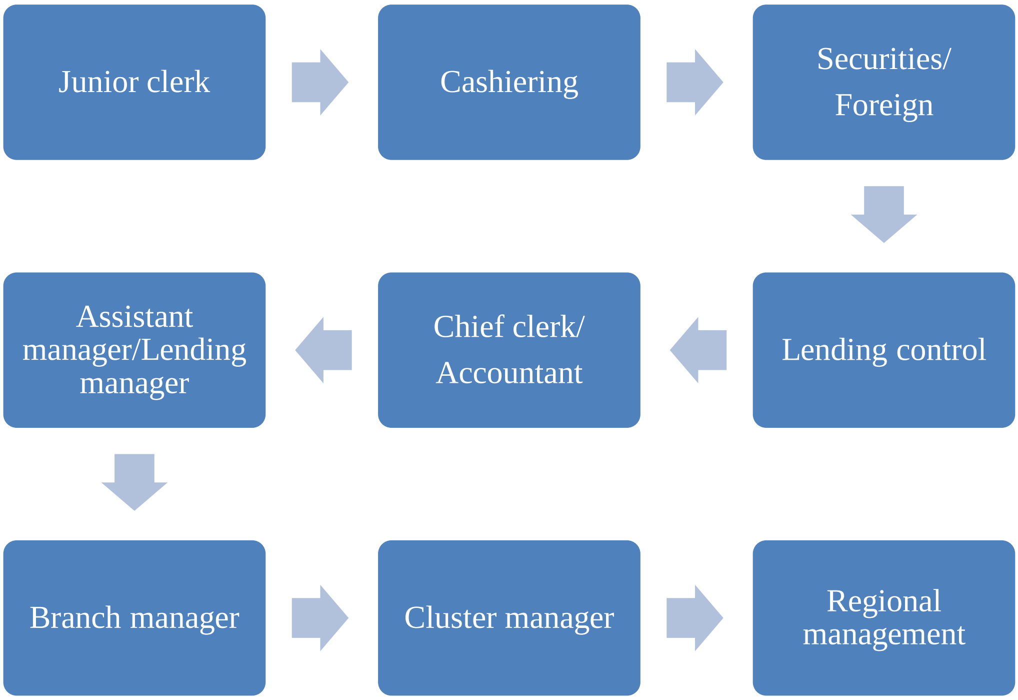
In terms of the tenure of the interviewees as branch managers, there were two main groups. First, there were respondents who had been branch managers for less than five years. This group tended to become managers towards the end of their careers. In some cases this was due to slow career progression. In other instances, it was because the interviewees' careers had largely been outside of branch banking. The second group consisted of branch managers with tenures in excess of 15 years. Generally this group consisted of specialised business lenders who had spent the majority of their careers in business lending or lending control. Few fell between these two groups.

An important distinction between these groups is that the first group tended to enter banking slightly later than the second. This meant that by the time they reached the level of seniority required to take over a branch, there would have been fewer opportunities due to the closures, downgrading and merging of branches. Indeed, while the vast majority of the first group became branch managers in the late 80s onwards, all the interviewees from the second group had become branch managers by the mid-80s.

The length of time to become a branch manager varied from four to 30 years. On average it took the interviewees around 20 years from entry to the bank to their first position as branch manager. Those that became branch managers in less than 10 years tended to become manager of a small branch, as service branch managers and for building society branches. In the late 1970s, a number of branches, especially in Midland, were retitled as service branches and their managers as service branch managers. These branches had limited authority to originate services, especially business loans, as these were dealt with by a specialist business-lending centre or by credit scoring. This is discussed in detail in Chapter 7.

Despite these differences, most careers followed the same broad trajectory. This is illustrated in Figure 5.2.

Figure 5.2: Typical career trajectory



With the exception of graduate entrants, of which there were few, most bank staff entered banking as a junior clerk at the age of 16 or 17 and worked their way up towards position of branch manager. From the position of junior clerk, further career progression typically went from securities via cashiering. The next move tended to be to a role as a senior clerk or accountant. In most cases, branch positions were interspersed with periods in lending control at local or regional head office appraising loan applications above the discretion of bank branch managers, or working on the internal audit of branches as a team member of a national or regional inspection team. The position of branch manager tended to be the peak of the career for many and they got there via positions as business lenders in branches or area offices or as assistant or deputy branch managers. Others moved on to become managers of clusters of branches, or into area or regional management.

Promotion to higher positions generally happened by movements between branches, which, according to Brian, were frequent:

> *Every 18 months. It was called the spring and autumn manoeuvres… It was for promotion. Each move was a leg up the ladder.*
> Brian, branch manager, Barclays, early 80s to mid-90s

The type and nature of the moves was taken to indicate the health of one's career. Frequent and vertical placements to higher positions or larger branches were seen as sign of a strong career trajectory. Conversely, interviewees took horizontal and infrequent moves to mean that a career was stagnating or declining:

> *I was there six years until 1980. Up until here, if you were going up the ladder, two years was about it. If you were there longer than two years, and this was my nemesis. That was the end of the road for me.*
> Andrew, branch manager, Midland/HSBC mid-70s to late 80s

There were some exceptions to this, however. Interviewees spent as much as four to six years working for the inspection team. In addition, managers of flagship branches were also expected to work more than two years:

> *You will have noted that I didn't do more than two years in any job… That's generally what happened unless it was [a flagship branch], which is four years and that's the flagship of the bank. You can't go in and out of [flagship branch] in 18 months.*
> Martin, branch manager, Midland/HSBC, late-80s to early 90s

Further, once they became branch managers, interviewees could also influence their career progression by growing the business of the branch:

> *At [market town branch] that was Grade Five Management. And I developed the business there to a Grade Six branch… The branches were graded on… certain quartiles, volume of lendings, volume of credit balances, numbers of accounts you'd got, profit that you made, number of staff you had. They all, sort of, as a business developed, the number of staff were--. Requirement increased. So you would have another member of staff on the compliment as those quartiles gradually came up, then that would hit another benchmark… I was upgraded to Six and then to Seven eventually.*
> Barry, branch manager, Barclays, early 80s to mid-90s

This was because the size of the portfolio and the customer base determined the ranking and seniority of a branch and consequently of its manager. Not only were these moves between branches as well as other parts of the bank suggestive of the health of a career, but the bank also expected its employees to move within and often across their region. In return, the bank provided housing loans at low rates to enable their employees to move:

> *But the jobs weren't advertised and you didn't have to apply for it. I mean they were generous when we moved. The allowances were very generous… The housing loans were very generous.*
> Robin, branch manager, Barclays, mid-70s to late 80s

Posts were not advertised, but the banks decided where their employees were needed and it was not advisable to decline:

> *Anyway, he sat me down and said I've had a call from personnel this morning. They want you to go down to [city branch in Midlands] to be Senior Assistant Accountant and sort the branch out… I don't want to go… And my boss said to me we'll speak to him [personnel manager]. Put him on speakerphone. Sir, I've just had a word with Mr [Surname interviewee]. He's not very happy about going out there and he really sees his career going into lending. Well it's not his choice. He can [inaudible] get his bloody arse down there otherwise I'll lose his card, which meant card for promotion… and he can bloody stop in [Yorkshire city branch] until he retires.*
> Tim, branch manager, Midland/HSBC, early to mid-90s

The dislike by the bank and its senior managers of staff rejecting job opportunities is indicative of the hierarchical nature of banking and, in that context, the premium placed on obedience.

Starting in the 1980s, posts were advertised internally and candidates were selected on the basis of an interview. However, in a number of cases the bank still effectively decided where their employees moved.

In other words, employees were encouraged to apply for certain posts based on its perceived suitability for that person and vice versa, and in some cases the job interview could be a mere formality:

> *And then in 1988, when I got my, what I call my first proper manager role. I went to [town in Yorkshire] and I was lucky. That was a case of being pushed up the ladder, because my area manager at [city in Yorkshire] went to [town in Yorkshire], well he was a deputy manager, went to [town in Yorkshire] as manager and he advertised the job and everybody knew I was going to get this job. So they interviewed six people, but I was always going to get it.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

This also suggests that, despite an overarching framework emphasising merit and formal job criteria based on formal legislation in the form of employment law and equal opportunity legislation, as per depersonalised administration, there was still an element of personalised judgements of senior managers of the suitability of staff for jobs as in personalised administrations.

In sum, for entrants into banking in the 1960s and 70s, the sector offered the opportunity for long-term careers with great opportunities for promotion to management jobs. Banks recruited a large number of junior entrants, without requirements for higher education degrees, many of whom could, at the time, look forward to promotions up to management level.

5.3.3. Factors affecting career progression

The speed, nature and end destination for career progression depended on a number of factors. To have any possibility of progressing beyond clerical positions and into management in the first place, it was seen as essential to pass the Institute of Bankers' exams:

> *The men, particularly so, were very loosely encouraged to study for the Institute of Bankers' examinations… It wasn't emphasised enough at the time, that if you didn't qualify for your Institute of Bankers' examinations, the probability of you getting a managerial position of any sort would go out of the window*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

As noted in the quote above, it was mainly men who were encouraged to study for the exams as women were not expected to progress beyond clerical positions. This will be discussed below. Most interviewees studied for the exams on a part-time basis, mainly through evening classes, while working in clerical roles. Passing these exams was seen as essential for managerial appointments, especially as branch manager, and with two exceptions all the bank branch managers did. According to Anthony, the pressure was greater to pass the exams in the North than down South:

> *In the North you've got to get your exams, if you want to become a manager… most men joined Midland bank with the idea to pass the Institute of Bankers' exams… In the South of England, completely different, it's a numbers game and you could get by without your exams*
> Anthony, branch manager, Midland/HSBC, early 90s to mid-90s

This was largely because, according to interviewees, of a greater number of jobs in the South. This is corroborated by the study by Lascelles (2005). Nevertheless, all the branch managers in the sample working in South England passed the exams with one exception.

Some interviewees also found that their career progression was hampered by a display of a rebellious attitude. As will be discussed in detail below, the banks were hierarchical organisations and put a premium on managers who followed the rules and edicts passed down by superiors or in the form of formal guidelines. As a young clerical staff member in a large city branch in the 1970s, Harry asked a question of the branch manager at a staff meeting, which was not expected nor perceived to be acceptable behaviour by a junior staff member. He later found that his career progression was affected by this incident:

> *And he leaned back and said we've been pleased with you the last year. He said, prior to this we considered you a trifle brash. I said sorry? He said a trifle brash. And the main thing they had… Seriously, this went back to the question I'd asked at that meeting. He admitted it afterwards. When I saw him afterwards at a do, he said don't get too upset about it. You know you upset [name branch manager] at that meeting. And this is what he was like. He would have put that on your file.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

Although Harry was promoted shortly after and eventually became the manager of a fairly large branch, promotion beyond that was, according to him, blocked, at least in part due to this particular incidence. Clearly, due to employment laws, senior management were not formally allowed to base promotion decisions on such incidents. According to Harry, they were able to circumvent this by operating with loose leafed notes in the personnel files:

> *They had them loose leafed so all they had to do when they were having a question or an audit, the staff files, they just took out, because you weren't allowed to put something like that on. That's what they did. It was great. My mate who was in personnel told me how they did it.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

This is another example of the existence of informal and personalised practice within a framework of formal rules. James was another interviewee that could be characterised as a rebellious manager, as he turned down appointments, and questioned edicts and policies from above. He believed this slowed his career progression because he upset his superiors:

> *I came back and my report came through to the bank that I was rather outspoken… I was good enough for them, but although I was outstanding in some respects, I was a little bolty hole whatever… I was very good at being controversial. I am a bit self-opinionated and I knew what I was doing and I wasn't wrong.*
> James, branch manager, Midland/HSBC, late 60s to early 80s

Breaking rules, overriding credit scoring and circumventing discretionary limits were also considered rebellious and could severely affect career progression. This is discussed in greater detail in Section 6.3.2. There may be two possible explanations for the emphasis on obedience. First, as discussed in detail below, the hierarchy and the source of authority of senior managers were linked to their qualities as fatherly figures (Halford et al, 1997). Indeed, several interviewees made reference to the bank as a family:

> *Essentially we were talking about being the ethics of a family and, you know, does a family have a rulebook? We don't have a rulebook. The kids know how to behave because they see the parents' example and that's the way a family works.*
> Carl, bank manager, Barclays, mid-70s to late 90s

As within a family, the source of the domination is personal loyalty rather than obedience to abstract norms (Weber, 1968[1920]). Second, the emphasis on following rules and obeying senior managers can also be traced back to the bureaucratised nature of banks since the late nineteenth century with its emphasis on control and uniformity (see e.g. Collins & Baker, 2003).

A small minority of the interviewees were selected to be on what was called special grade in Midland and the management development programme in Barclays. This was a fast-track promotion programme for staff the bank considered particularly talented. Getting on this programme would not only get you on a faster career track, it could also lead to promotions beyond the post of branch manager:

> *There were a few who were going places… Eventually the management development programme as it was called, er, encompassed those that joined at 16 or 17 provided they showed the right, er, qualities, so managers who were going places would then move outside their local head office area and would go to another local head office for a more senior job or would move to head office.*
> Carl, bank manager, Barclays, mid-70s to late 90s

> *You're then identified for particular roles. For example, to work in the regional head office as an assistant, you've got to be special grade. To go to [flagship branch], you've got to be special grade*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

Staff were selected by the bank for special grade following the recommendation or nomination by a senior manager. There were often no known criteria for entering such programmes:

> *there was then a thing called special grade, which was a very mysterious organisation but certain people were selected to go on… I don't think you could even apply for this thing. It just happened that somebody would say would you like to have a special grade interview? To which, of course, you said yes… It was all very hidden. People worked in branches and people didn't know that some staff were on special grade. It was not something that was advertised… It was like being part of the masons or something. It was, you know, not something you talked about.*
> Wayne, bank manager, Midland/HSBC, late 60s to early 90s

When enquiring about special grade, Harry found he could not enter if the management in the bank did not consider him a suitable candidate:

> *I asked him what about special grade? ... He said, well, if we put you on special grade Mr [respondent surname], we have to feel that we can send you anywhere in the area as a manager. I said yes? He said, well, we consider you perhaps a trifle North [Northern city]. He actually said that to me!*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

Wayne was called in for a special grade interview and found himself being subject to a peculiar form of social test:

> *a very long wooden table and the four senior people that interviewed you sat at one end and you sat at the other… and they asked if you wanted a cigarette… And so the mistake was to say yes… because you would take a cigarette and then you would twig that your end of the table… there was no ashtray… At the other end there was a large ashtray that they were all using, so you either had to… keep hiking up to the other end of the table to, sort of, drop ash, or go and pinch their ashtray.*
> Wayne, bank manager, Midland/HSBC, late 60s to early 90s

In many ways special grade exemplify personalised administration. There were no fixed or transparent rules or entry requirements, though a university education facilitated entry into such programmes. Instead, entry depended on the judgements by senior managers on a case-by-case basis of the perceived ability and promise of candidates.

Interviewees working in Barclays found that certain career paths were closed for all but the so-called banking nobility. According to interviewees, most if not all local directors in the bank came from the old banking families – the families running the banks subsumed by Barclays. These were referred to as the blue bloods:

> *They were known as the blue bloods and the blue bloods always got rapid promotion… They would arrive, er, the nephews and sons of the founding families and they would come out of Eton, Oxford, the Guards Regiment typically… But these blue bloods, they would come in late teens, early 20s, perhaps if they go through the guards regiments, and they would become local directors, you know, in early 30s.*
> Carl, bank manager, Barclays, mid-70s to late 90s

It should be noted that one of the interviewees, who was not from one of the founding families, did become a local director, though this was not considered common by the interviewees. There was generally little resentment of the perceived monopoly by the blue bloods in relation to the job as local director, in part because interviewees respected the hierarchy and enjoyed good career prospects themselves:

> *And, er, no one was jealous of them because there was tremendous respect in those days for, er, background. We were much more respectful society in those days.*
> Carl, bank manager, Barclays, mid-70s to late 90s

> *And so you might have thought that somebody like me, who came in from the sticks so to speak, might feel that was unfair, and sure it was unfair but I always regard, I could see that, nevertheless, I had a prospect of a good career in front of me.*
> Lance, branch manager, Barclays, early 70s to mid-90s

The role of the so-called blue bloods is a sign that banks were not fully bureaucratised as per Weber's (1968[1920]) ideal model. This is because full bureaucratisation, with its emphasis on uniform treatment of cases, is based on the levelling of social differences and the preferential treatment of this group suggests that such social background affected career prospects.

A broader obstacle to promotion, especially to the position of branch manager, was gender. There were very few female bank branch managers, even as women started entering bank management more generally in the 1980s. There were only two female branch managers out of 25 in the sample. This was typical for the banking sector more generally (see e.g. Halford et al, 1997; Lascelles, 2005). According to one branch manager, there was a perception in the banks that the branch manager had to be a man:

> *And even when I retired you could count the number of female branch managers like that really [shows one hand]… They didn't think the customers would accept a woman as the branch manager no matter how good she was. And it was still this perception we couldn't do that. We still had to have this image of the man in a suit as the branch manager*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

It is also interesting to note that the perception of customers of the ability of the branch manager was important in the sense that the banks could only hire managers who were perceived to have the right qualities rather than purely based on skill and merit. The notion that the branch manager embodied male qualities and could only be filled by a man is also supported by the study of women in banking by Halford et al (1997, p. 262) who argue that:

> organisational hierarchies were traditionally anchored in familial masculinity and femininity. Thus the bank manager's role was linked to his fatherly qualities, and women were barred from promotion of such jobs

In the 60s and 70s, and slightly less so in the 80s and 90s, only men were expected to progress into management. Women were discouraged from taking the banking exams and from seeking promotion to management positions:

> *R: having had this challenge set down to me from Mr [name branch manager] who was the manager at the time [both laugh]…*
>
> I: Who said you shouldn't bother with exams
>
> *R: No exactly… I was not the person to say that to because it was like throwing a challenge down and I was definitely up for a challenge*
> Lucy, branch manager, Midland/HSBC, mid 80s to early 90s

Similarly, Susan found the bank to be less than welcoming when she wanted to re-enter the bank after maternity leave:

> *I went to work in the corporate banking centre. This was a bit of an eye-opener, really… because of the chauvinist men that you had to work with… I mean, at the interview he asked me… things that he should never have asked me about having a family and was I having any more… I mean you just wouldn't believe the questions that they asked you… This is in the 90s, you know. He was living in the dark ages.*
> Susan, branch manager, Midland/HSBC, early to mid-00s

The quote by Susan suggests that men did not only dominate corporate banking but so did their masculine discourse and values. This is corroborated by Halford et al (1997) who found that management in banks continued to be dominated by men despite the introduction of gender-neutral management and organisational discourse in the 1980s and 90s. Despite this male dominance, some female entrants, such as Lucy and Susan, managed to become branch managers. Lucy was appointed as a manager of a very large branch by a progressive manager:

> *R: The area manager was a Welshman and… he appointed me to [Southern city branch] and he appointed another lady… to the main branch in [Southern town]*
>
> I: Ah, so quite a progressive chap
>
> *R: Yeah. I think he'd said that he wanted--. He was making a statement to the men that you had to, you know, they needed to pull their socks up a bit*
> Lucy, branch manager, Midland/HSBC, mid-80s to early 90s

Harry could be classed as one such progressive manager. As a branch manager, he promoted a number of female staff members and he also pressed personnel to promote female staff to higher posts outside of his branches. He found personnel managers to be very reluctant to promote women:

> *I rang up and said she's been at the bank three years. She's still a junior. You've got to give her a job. And the guy actually said to me, and this was in, well, early 80s, he said I wish you wouldn't go around encouraging these women. She'll be up the duff in a few years and she'll leave.*
> Harry, branch manager, Midland/HSBC late 70s to late 90s

The role of such progressive managers suggests that the introduction of equality legislation banning gender discrimination in banks in the 70s was not sufficient to secure promotion for women. In particular, women might find promotion blocked by senior managers with the discretion and leeway to do so on an informal basis. For example, women were, informally, discouraged from taking banking exams, without which they would not be able to progress to management grades.

5.4. Banks as employers

The banks as employers – how they viewed and treated their employees – impacted on the careers and perspectives of the interviewees. For example, the way in which the respondents perceived their treatment by the bank may have influenced their level of appreciation and understanding of the necessity of the changes undertaken by the banks. Further, how they treated their employees also says something about the prevailing culture of the banks, which, in turn, help explain how the banks responded to developments in banking. Interviewees most commonly described the banks they worked for as paternalistic:

> *They were very paternalist I think would be a good word*
> Robin, branch manager, Barclays, mid-70s to late 80s

Although the quote above is from a manager from Barclays, this equally applies to Midland as illustrated by one of the quotes below. There were two sides to this paternalism. On the one hand, the banks were seen as caring and taking an interest in the welfare and career of their employees. The banks offered low-cost mortgages and generous grants to enable their employees to move to take up jobs in different locations:

> *We had cheap mortgages and they were very kind. If we moved house, as we did, we'd have grants for new carpets and curtains, one thing and another. The fact that you had to stay in a hotel for six months with the family left behind didn't matter*
> Brian, branch manager, Barclays, early 80s to mid-90s

There was also a great emphasis on social and sporting activities within the banks. The staff magazines of Midland, Lloyds and Barclays in the 1960s to 80s are full of articles of and references to such activities. The banks often funded and facilitated social and sporting activities:

> *It was very much a paternal thing and they looked after you… We had all sort of sports. I used to belong to the sailing club. Went sailing on a 32-foot yacht in the Solent. We had sports grounds at Norbury and Ealing… I used to go rifle shooting for the bank. I went up to Scotland to shot at Edinburgh for the bank, the district. My fees paid and everything, fares paid and everything.*
> Roy, branch manager, Barclays, early 70s to mid-80s

Beyond offering allowances, sport facilities, and career prospects and pension schemes perceived to be good and generous, the banks always found a place for their employees, even the underperforming ones:

> *There was a saying in the bank in those days that as long as you kept your nose clean, there'd always be a good job for you. There was always some little niche somewhere that anybody who didn't make the grade workwise could be put to see their days out, like working in a clearing department or stationary department or one of these inverted commas dead end jobs.*
> Robin, branch manager, Barclays, mid-70s to late 80s

In other words, people entering the bank would have expected to have a job for life. Again the quote above is intended to illustrate a sentiment common in Midland as well as Barclays, as detailed in the discussion in Section 6.3.2. It was therefore a great shock to many when the banks started making staff redundant due to rationalisation of the branch network in the 1980s onwards:

> *When I was in [Northern city in late 80s], without my knowledge, the manager wanted to cut the resources, the staff, and I was called into the area manager's office and told I was to be made redundant. I would be on redundancy, which is six months. If you hadn't found another job within six months, you would be out. Clear your desk… I was stunned. I considered myself a career person. At that time I don't think I had heard of anyone being made redundant.*
> Anthony, branch manager, Midland/HSBC, early to mid-90s

> *I was very, very unhappy with the way the bank were treating their staff… And I was told on one occasion if that person can't do the job, get rid of him. I thought that was totally unacceptable when that person was aged about 45 and he had been doing the same job for 10 years quite satisfactorily, and he was very loyal, but the job had changed and he couldn't cope with the modern pressure.*
> Marcus, branch manager, Midland/HSBC, mid-70s to late-80s

This was most felt by employees of Midland as this bank was undertaking the most radical restructuring of the branch network out of the banks in the sample. Struggling with the losses associated with the long-term decline of the bank and the ill-judged acquisition of the US bank Crocker, Midland Bank restructured its branch network and sought to cut costs associated with this since the late 1970s, but especially following the purchase of the bank by HSBC in the early 90s (Rogers, 1999).

On the other hand, in return for taking care of their employees, the banks had a number of expectations of their staff. Like any patrician, the banks and their senior managers expected loyalty and obedience, and meted out punishment to those swaying from the prescribed path. Harry describes the relationship:

> *It was a very paternalistic system. He [the branch manager] was a patrician. He regarded us all as his children and even though it was patronising, he was trying to be--. He was a nice guy and he regarded that if you worked hard, the bank would look after you. It was very paternal like that. You did as you were told. That was the system. But if you worked hard and you earned it then you would get a promotion eventually.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

The banks made judgements about the skills and qualities of their employees and expected them to take up the career path prescribed to them. Generally, interviewees felt they had limited agency in this regard, though few felt this was an undue imposition:

> *You didn't choose your job. It chose what job you got. You joined the bank and they decided what jobs you were going to do. You didn't apply for promotion. You were given it if they thought you needed it and they wanted you in that particular job and if that particular job happened to be 100 miles away shift him.*
> Harold, branch manager, Barclays, late 80s

The judgements by the banks concerning their employees were not limited to strictly professional elements. They were also concerned that employees managed their own finances prudently and lived within their means. The banks carefully monitored and had to approve any borrowing by employees:

> *it was a condition of service for every bank employee that you did not borrow at all from anybody except with the bank's consent and if you got into difficulties or you needed a loan to buy a car, then you went to your manager and you threw yourself on the bank's mercy.*
> Lance, branch manager, Barclays, early 70s to mid-90s

Employees were not allowed to go overdrawn and were not given loans for cars and consumer items until their managers in the banks judged that they had reached a suitable age and salary:

> *You were not allowed to go overdrawn. And until you were of an age and receiving a suitable salary, you were not allowed any lending facilities, such as staff personal loans or what have you to buy things like cars and that sort of thing. You were kept on a very strict financial tightrope. And your accounts--. Everything had to go through your bank accounts and your statements were examined very closely by the branch managers. That applied to all staff.*
> Oliver, bank manager, Midland/HSBC, mid-80s to mid-90s

The banks also discouraged staff from getting married at an early age. Staff members wanting to get married in their early 20s had to seek permission from the branch manager, the reasoning being that they were not deemed to have the financial resources or reached the maturity to undertake such a commitment:

> *Marriage at an early age was discouraged… I was married at the age of 23 and that was considered much too young… Both in terms of financial resources and in terms of whether or not at that age you were suitable for getting married… And undertaking family responsibilities. It was very much--. Banking was very much old school… You had to ask permission of the bank. Usually they gave permission anyway, but they gave--. They were very guarded in their permission and, I mean, in my case, I had to attend an interview with the Regional Personnel Manager… And inevitably, you had to tell the bank anyway when you got married for pension and other reasons… the given age for getting married was in the area of about 27, something like that. Any younger was frowned upon.*
> Oliver, bank manager, Midland/HSBC, mid-80s to mid-90s

Similarly, writing on post-WWII Barclays in the official historical account of the bank, Ackrill and Hannah (2001, p. 343) argue that:

> Early marriage, unless backed up by parental guarantees of financial support, was frowned upon, while an appropriate partner chosen at the right time was a symbol of solidity

The emphasis on appropriate and respectable behaviour may have historical roots. In their study of career development in Lloyds from 1870 to 1950, Savage et al (2001, p. 289) argue that the perceived respectability of staff was seen as important to promote the local credibility of the bank:

> Throughout Lloyds' history, bank employees were expected to be well regarded locally: bank clerks were to be visible and respectable, and managers were to be upstanding men engaged in civic activities… The concern with respectability and position was linked closely to the perception that only staff who knew customers personally would be able to bring profitable business to the bank… Lloyds' efforts to monitor and punish bank employees who evidenced "moral lapses" indicates the seriousness with which Lloyds viewed local reputations.

In the case of the findings of this thesis, rule breaking, whether of administrative or lending rules and procedures, was indeed also frowned upon:

> *So you were expected to have a clean inspection report, a clean inspection report in relation to administration, ditto in relation to lending*
> Lance, branch manager, Barclays, early 70s to mid-90s

As detailed in Section 5.2, the banks had an extensive inspection structure to detect deviance from rules and procedures. The banks generally sought to bring wayward managers back into the fold by sending managers to rein them in:

> *He [the branch manager] circumvented the limit. So I was called in as an additional manager on top of the managers that were there to try to sort and put him back on the straighten narrow because as a result of his lending there was a loss of bad debts*
> Herman, branch manager, Midland/HSBC, early 70s to late-90s

> *He [Rupert's manager] said they've got this manager who is a bit free with his lending. But if you can go in and keep an eye on him, you can sort of control him*
> Rupert, bank manager, other bank, early 70s to late 90s

Managers whose transgressions were deemed very serious, especially fraud and dishonesty, were demoted or fired.

5.5. Summary

This chapter has highlighted three important aspects relating to the context within which the interviewees entered and worked in banking. First, the attractiveness of banking as a career was that it was seen as a job for life with many opportunities for promotion. Respondents and their parents often recognised the social mobility associated with a career in banking, as entrants without any form of higher education background beyond secondary school could progress to management positions. Furthermore, due to the labour intensive nature of banking at the time, British banks recruited a high number of junior entrants every year throughout the 1960s and 70s to keep up with demand. Second, the traditional branch enjoyed a high level of autonomy in the sense that it originated, processed and managed most of the services that businesses and households could access from the banks. This autonomy was curtailed by a hierarchical set of limits on lending depending on the size of the branch and the seniority of the branch manager. The self-contained nature of the branch also contributed to the many opportunities for promotion and career development as most branches required staff to deal with all aspects of banking, including accounting functions, service provision and origination, and account and delinquency management. Third, banks were highly hierarchical and patriarchal institutions. There was a hierarchy of authority associated with the size of the branch and the discretionary lending limits. Further, the banks placed great emphasis on its staff and managers to follow rules and edicts issued by head office or senior managers. The banks were paternalistic and patriarchal in two ways. On the one hand, the branch manager role was closely associated with perceived male qualities and, as such, was largely reserved for men, at least up until the 1980s and 90s. On the other, the bank and the senior managers acted as patriarchs, expecting obedience and loyalty, showing an interest in the wellbeing of staff and severely punishing purposive deviance from rules and norms.

One of the key implications of the findings of this section, which is worth bearing in mind for the following chapters, is that the expectation of the branch managers in terms of authority and autonomy is likely to depend on the time of entry. In particular, the breakdown of the traditional branch structure is likely to constitute a watershed as this structure would inherently infer a great deal of autonomy on the branch and the manager. This is because the traditional branch was a gateway rather than simply a retail outlet for financial services. The perceived conservative and unchangeable nature of banking will have further contributed to the importance of the date of entry of the interviewee, as it may have affected how dramatic changes are perceived.

Furthermore, although the literature suggests that the British banks have been highly bureaucratised and hierarchical organisations since the late nineteenth, early twentieth century, the findings of this chapter suggests that banks were in many ways still personalised organisations in the 1960s and 70s. Senior managers and the interviewees themselves clearly took staff members' character and circumstances into account when making decisions. For example, senior management in Barclays took candidates' standing into account when promoting people to the post of local director, as the vast majority of local directors were recruited from the families of the founding banks of Barclays. There were also suggestions that even where a formal, depersonalised framework existed, practices were personalised. The use of loose leafed notes on the perceived character of staff members and the fact that interviews were a mere formality as the bank determined the jobs of its employees based on the judgements of senior management are both examples of this.

6. Defining the traditional branch manager

6.1. Introduction

The previous chapter established that the traditional branch was largely autonomous and self-contained executing all the tasks of the bank, including service delivery and origination, account and loan portfolio management, and performing of accounting functions. Within the context of few if any centrally controlled products, the branch was the main gateway for accessing services for the local community, as it originated loans and opened new accounts. This chapter develops a definition of the traditional bank branch manager role (Objective 3). It does this by discussing the role of the bank branch manager within the context of the traditional branch structure. It focuses in particular on the respondents' views and perspectives of what constituted the essence of the role of the branch manager.

It is important to note that, because this chapter largely focuses on the views and perspectives of the respondents as opposed to formal processes and procedures, it is difficult to place it in a specified time period. Where applicable and relevant, the time periods are specified. Overall the perspectives described in this chapter were offered by respondents who were bank branch managers in the 70s and 80s. Generally, the role of the bank branch manager as defined by the respondents was the subject to considerable change mainly from the 1980s onwards.

The remainder of the chapter is organised into four sections. Section 6.2 develops a typology of the different types of bank branch managers. Section 6.3 attempts to define the role of the branch manager drawing on the perspectives and views of the interviewees. The section explores the role of the branch manager as a figurehead for the bank (6.3.1), the authority of the branch manager (6.3.2), and his or her skills and training (6.3.3). Section 6.4 considers the role of the branch manager in balancing the needs of the bank, the branch staff and the customers, while Section 6.5 summarises the findings and concludes.

6.2. A typology of bank branch managers

This section develops a broad typology of the bank branch managers based on the type of activities he or she engaged in and the activities emphasised (e.g. business lending etc.). This thesis found there to be four broad types of branch managers. First, there was the traditional branch manager whose role was as a generalist banker to the local community. He or she was the gatekeeper for access to most if not all of the services offered by the bank and personally underwrote personal and business loans, and interviewed people wanting to open up new accounts. This was probably the most common role in the 60s and 70s, except for some of the larger branches. However, with the increasing number of customers and the perceived need for more specialist knowledge, this role became increasingly rare and was mainly found in smaller branches in villages and small towns. This is probably also the type most closely epitomising the branch manager in the mind of the public and as portrayed in popular culture by Captain Mainwaring and other characters. Susan is an example of a traditional branch manager:

> *Some very, very wealthy people live down there, and the bank manager is hugely respected. You know, you are a fine upstanding member of their community and they come to you for everything. And you have to be available for them at the drop of a hat. So when they come in and they ask to see the manager you can't fob them off, even if they just want to cancel a standing order they want to see the manager to do it. And, you know, I was always being called out to see them. Could I go round to their home? Could I go to a funeral? You know, it was… really old-fashioned banking.*
> Susan, branch manager, Midland/HSBC, early to mid-00s

As suggested by the quote, customers expected the generalist banker to cater to all their needs, personal and business, as opposed to being a specialist business-lending or high-value personal-lending manager.

Given the limited emphasis on business lending and the importance of such lending in underpinning the status of branch managers (see discussion in Section 6.3.2), branch managers generally viewed this type as less prestigious than those focusing on such lending as suggested by the quote below:

> *That was a really suburban branch and that was just basic, you know, cashiering and, er, the manager was a dear old soul sort of thing, no lending worth speaking of, but a lot of credit money. So he had to go out and about and be nice to the little old ladies in the area and keep his credit balances.*
> Herman, branch manager, Midland/HSBC, 70s and late 90s

Second, there was the lending branch manager. His or her main focus was on business lending, though he or she also had the overall responsibility for the branch. This reflected the importance of business lending in terms of income generation and the need to specialise in this to build and maintain the necessary skills to underwrite business loans. To some extent, at least up until the 1980s, there was less need to have branch managers focusing on selling personal financial products by ensuring that staff met targets. This was because the personal side was financed through bank account fees as well as because of the limited competition and the segmentation of the market. This was the most common role among the interviewees. Lucy and Lance were lending branch managers:

> *It was a lending role. Obviously as a branch manager your primary is lending. So, you know, you're looking for business opportunities to make income for the branch. You're looking at propositions that are put to you, submitting them because you have limits.*
> Lucy, branch manager, Midland/HSBC, mid-80s to early 90s

> *I said earlier that the managers' function was to lend. He did not have much of another function but to lend. That was seen as the function that generated the money.*
> Lance, branch manager, Barclays, early 70s to mid-90s

Business lending was also associated with a great deal of prestige and status as discussed in Section 6.3.2. Therefore, the interviewees generally perceived the position as the business-lending branch manager to be the most sought after role.

Third, there was the service branch or office manager. As will be discussed later, this was not perceived to be a proper branch manager role by the respondents given the lack of authority to lend. This type of branch manager largely focused on staff and premises management, and he had little to no authority to lend. The business lending of these branches tended to be delegated to a specialist enterprise centre or area office, or larger branch, be subject to credit scoring or a combination of the two. Compared with other the other types, more junior and younger staff filled this role. This role was especially common in Midland Bank:

> *He was the office manager and if you'd used that term he might have reflected on it, that he became the office manager, he looked after what was happening within the four walls of the branch, and if it came to it, then he would be the first point of contact. The lending manager was encouraged to go out and speak with customers*
> Anthony, branch manager, Midland/HSBC, early to mid-90s

> *To the traditional bank branch manager I was a service branch manager and they looked down on me… You know, if you saw a guy in another area or whatever, there was no doubt that we were regarded as the sort of not proper managers because we didn't have the proper lending authority or status.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

These types of branch managers exercised the least amount of agency in defining their roles compared with the other types. This role was largely the result of structures imposed on the interviewee (i.e. limits on lending discretions, imposition of credit scoring etc.). In such circumstances, the interviewees could not choose to lend more or greater amounts. This is discussed in Section 7.3.

The final role was the coordinating and delegating branch manager. Although he or she had considerable discretion to do business lending, this type of branch manager tended to delegate most lending to assistant managers or sector specialists. Instead he or she focused on managing staff and ensuring that the branch met its objectives and targets. This role became more common in the 1990s with increased focus on sales and targets, and was more usual in larger branches or clusters of branches. The focus on management over lending was also a product of the interests and strengths of the individual branch manager.

Tim and Matthew exemplify the coordinating branch manager:

> *I was responsible for it all, but I only looked after the top bit. So I did have a bit of lending, but I delegated some of that to my lending team. I'd got lending managers. I'd got a lending team of about nine so it was really a case of making sure of that they did ok. But as a branch manager you're responsible for the lot.*
> Tim, branch manager, Midland/HSBC, early to mid-90s

> *And so you'd have corporate managers or lending managers… And their focus was totally on providing lending facilities to clients. I had a pretty significant lending limit, if you like, and I could lend, but my main role increasingly was to coordinate, if you like, the pulling together of the branches and ensure that both the retail and the corporate worked together to provide the quality of service that we were able to do in those days.*
> Matthew, branch manager, Midland/HSBC, early 80s to mid-90s

The type of branch manager the interviewee became was in part a product of structures, such as rules, job descriptions and other aspects determined centrally. For example, bank rules and technology determined whether an interviewee had the authority to engage in business lending, as underwriting might have been based on credit scoring or done by a specialist lender in an area office (see discussion in Chapter 7). These differed from bank to bank and for different time periods. There was also an element of agency, though not for all roles, in deciding the type of branch manager one was going to be. For example, having been determined to become a lending manager, Tim found that, when he became a branch manager, he was better at and more interested in managing and coordinating his staff than business lending:

> *So, yeah, lending was nice to do and I enjoyed doing it when I was a branch manager on the bigger accounts. I used to walk around factories, again, try to understand how the processes work, how the finances work and how you could help them to improve their profitability. That was quite fun, but the biggest kick was always get the team working, let's show them we are best at something.*
> Tim, branch manager, Midland/HSBC, early to mid-90s

Hence, the type of branch manager the interviewees were could be an outcome of a combination of factors, including the time period, the bank, the type of branch, and the expertise and interest of the branch manager.

Although it is interesting in of itself, the typology of the different branch managers may also help explain and provide contextual information to the perspectives of the interviewees presented in the next sections. The particular role held by the interviewee may have affected what that person perceived the essence of the role of the branch manager to be. As will be discussed in Section 6.3.2, the fact that the majority of the interviewees were business-lending branch managers may help explain the salience of business lending authority in defining his or her role. Further, it may have affected the way in which the person viewed the nature and magnitude of changes in banking. This is because the role may have inferred a degree of agency and control over the person's future. The degree to which the different types of branch managers were also affected by changes in banking varied. For example, the office manager and the traditional branch manager may have been more affected by changes than, say, the coordinating manager, given the seniority of the latter.

6.3. Defining the role of the branch manager

Although the interviewees had a degree of agency in defining and determining their role as branch managers, the types of roles detailed above were to a significant extent conditioned by formal responsibilities and roles as imposed centrally by the banks. Hence, keeping this typology and its impact on perspectives in mind, this section focuses on the perspectives and views of the branch managers. Specifically, the section attempts to define and discuss what the respondents considered as the essence of the role of the branch manager. The interviewees identified three main components of their role. First, he or she filled the role as the figurehead of the bank. Second, the role of the branch manager depended on having the authority to act on behalf of the bank. Third, he or she had to have the appropriate skills and training to fulfil the role. The following sections discuss these components in turn.

6.3.1. The branch manager as the figurehead of the bank

One of the most important aspects of the role of the branch manager for interviewees was that he or she was the figurehead of the bank in that particular community. He or she was the public representative for the bank and acted on its behalf:

> *Well, you were very much the figurehead, the representative of the bank in the district… I think we still had a certain standing and we were expected to belong to the local rotary club and the chamber of trade and perhaps the golf club or whatever it might be. The function of the manager was, as I said, to be the focal point in people's mind of the branch.*
> Robin, branch manager, Barclays, mid 70s to late 80s

As will be discussed later in Sections 6.3.2 and 6.3.3 respectively, the ability to act as a figurehead for the bank depended on having the authority to make decisions on its behalf and on having the skills and training to exercise such authority. Community participation was an important aspect of the role of the bank branch manager to project his or her image as a representative of the bank in that community. The purpose of such participation was to ensure that the community, maybe especially business owners and professionals, knew the branch manager to be the representative for the bank. It was also to convey an image of the manager as a figure of authority and status as well as a display of feelings of care towards the community through participation in key positions in local public life. According to Savage et al (2001, p. 286) "the creation of a national bank structure involved a complex balancing act between winning local credibility in local communities and centralizing effectively." As part of building local credibility in the case of Lloyds in the late nineteenth century and up until the 1960s, staff members were encouraged to maintain the bank's local reputation by participating in local status community (Savage et al, 2001).

This thesis identified three main forms of such community involvement. First, branch managers were expected to engage with the local professional community, which consisted of accountants, lawyers, estate agents, and building society and bank branch managers. Such engagement generally took the form of roundtables, breakfast meetings and business lunches.

The main purpose was to find out about new businesses, get business referrals, raise the profile of the manager and collect local market intelligence:

> *The importance of building relationships with solicitors and accountants was absolutely fantastic and that did then lead to a lot of business being introduced to us… either businesses or individuals who were moving into the area or businesses that had fallen out with their own bank and needed to move. So we picked up some very good business that way.*
> Sean, branch manager, other bank, mid-80s to late 90s

This was generally seen as the most effective form of community engagement, producing the most useful leads and business introductions. Beyond producing useful intelligence, it also enabled branch managers to ascertain the trustworthiness of local professionals. This appeared to be recognised by the bank as branch managers were appraised on their engagement with the local professional community. The notion that participation in local community networks and organisations were important and effective in acquiring new business is not new. In the case of Lloyds up until the 1960s:

> The concern with respectability and position was linked closely to the perception that only staff who knew customers personally would be able to bring profitable business to the bank (Savage et al, 2001, p. 289)

Second, branch managers often participated in local public life. They often took up positions in charities, such as treasurers and trustees of local charities (Citizen Advice Bureau, Scouts Association, Agricultural Society, Rotary Club etc.) and did their accounts for free. They also acted as school governors, magistrates and sat on parole boards and many were involved in school enterprise clubs. The rationale behind it was in part to raise profile of the branch and the manager as branch managers seen in status positions strengthened the credibility of the bank and the branch:

> *But yes we were targeted to do things like that, just so that people would know who the branch manager was. So all that's gone by the board now. They're not interested anymore.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

Some became JPs… and that was encouraged by the bank as well… Justice-of-the-Peace, a magistrate… [The purpose was to] increase status in community. They… have the initials JP Justice-of-the-Peace after your name, so it was good for profile. And magistrates are respected members of the community just as branch managers… were at one time.
Barry, branch manager, Barclays, early 80s to mid-90s

As suggested by the quotes above, the purpose behind the participation in local public life was twofold. On the one hand, it was simply to enhance the visibility of the branch manager and the local branch. On the other, it was to increase the authority of the branch manager through occupying high-profile positions associated with status.

However, some branch managers saw the purpose of participation in community networks and organisations beyond generating business. Branch managers participated in such activities and forums to contribute to local community:

You were just contributing to local society. It was… social responsibility… It's your time but you're expected to do it. If you didn't do you were expected to have a bloody good reason not to… It was part of your job.
Michael, branch manager, Midland/HSBC, late 70s

Participation in such community activities was not as widespread as engagement with the local professional community. The participation in the latter was generally seen as essential to generate new business, whilst participation in the former was dependent on the outlook and preference of the individual branch manager. Those with a proclivity to sit on committees and volunteer participated. Other managers were less inclined to do so. The banks initially encouraged community participation:

We were targeted to go out into the community and join the Rotary and the local business club and the local breakfast club
Jonathan, branch manager, Midland/HSBC, early to mid-00s

However, it fell out of favour with some banks in the 80s and 90s due to the time commitment involved by staff and few perceived benefits. Some interviewees did agree with the bank in this:

> *Before the benefit was seen that the bank manager, you know, doing what bank managers always have done, treasurer of the local spastic [sic] home or whatever it might be. Then they realised this takes up a lot of time and what benefit is there for the bank. And the answer was: very little.*
> Robin, branch manager, Barclays, mid-70s to late 80s

Other branch managers felt that, on balance, such activities contributed to developing the business:

> *And then that was all knocked on the head sometime in the late 80s… They [the bank] said we don't see any need for this anymore… We don't think it develops any business and we all said yes it did. And they said, well, you know, did it develop good business. We said, well, it developed some good and some bad business but you have to, sometimes, take the bad on the chin.*
> Barry, branch manager, Barclays, early 80s to mid-90s

A third community activity consisted of branch managers socialised with customers and potential customers more broadly. This happened through membership of golf and rotary clubs, and by attending weddings, luncheons and similar events. The people in these forums were a mix of local professionals, friends and acquaintances, and customers. Branch managers were generally more apprehensive about such engagement. They felt that too close links to customers might blur their judgement and make it more difficult to offer sound advice and say no to lending propositions. Several interviewees thought that such relationships with customers were the cause of bad lending decisions by some managers:

> *And the other thing that a lot of bank managers did, which I never did, was to become a member of the Rotary club or the roundtable. My second branch was the one that convinced me you should never join the Rotary club or roundtable and I didn't… I very quickly realised that almost all of the difficult accounts were Rotarians, almost without exception… And they wanted me to join and I thought no, one becomes too close to people and then, when they want to borrow it's less easy to say no.*
> Sean, branch manager, other bank, mid-80s to late 90s

In sum, the interviewees generally saw community participation as a double-edged sword. Whilst they saw the potential benefits of engaging with the community, they felt it was necessary to maintain a distance to preserve their independence and integrity. The banks initially encouraged such engagement by paying for subscriptions, but later on they came to question the benefits of such activities.

6.3.2. Authority of the branch manager

Acting as the figurehead for the bank depended, according to the interviewees, on having the authority to make decisions on its behalf. Without such authority, many interviewees felt one could not call oneself a branch manager:

> *So branch managers effectively ceased to exist in HSBC, 2004. There are branch managers there in name only. They have no authority… They're in title only. They're just activity managers.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

The branch manager had the authority, within discretionary limits, to determine access to services, at least for most products, and the terms of access. In particular, any discussion on the authority of the branch manager has to address the issue of business lending. This is because the position as branch manager was largely about business lending, whilst many of the jobs above related to lending control. Therefore getting promoted to jobs focused on lending was seen as important to have a successful career:

> *I wanted to be an area manager, at least… And, without that, unless you got really good lending skills, you wouldn't be able to go out to people with any confidence, are you?*
> Tim, branch manager, Midland/HSBC, early to mid-90s

> *I wanted to get my head around lending, which was the key to having a good job in the bank*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

Hence, being a successful lender was seen as important for the purposes of promotion. Not only was it perceived to be important in order to become a branch manager, but also more senior positions, such as regional director and area manager, were largely about lending or lending control. Further, lending signified authority and prestige as it meant that the bank trusted the individual to act on its behalf within certain limits. The greater the amount a person was allowed to lend, the greater his or her status and standing was:

> *I was given a personal lending authority of £100,000. So, in other words, I could see a customer, I could lend up to £100,000 without having to go anywhere else for approval, and at that time in [East Midlands town] there was [a number of other banks] and I could lend £100,000 and the nearest to me was [name other bank] and he could lend £30,000, but only if it was credit scored*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

> *I don't say this in a self-satisfied way, but when I retired I had a discretion of a million pounds. I could lend a million pounds to anybody I chose. There were conditions, but I could do that.*
> Lance, branch manager, Barclays, early 70s to mid-90s

Thus the devotion to developing skills in the area of business lending was a mechanism for social differentiation. As suggested by the quote by Jonathan, there was a status associated with having a greater discretion relative to other branch managers. Similarly, Sennett (2009) argues that craftsmanship is based on a "relentless pursuit of excellence as a badge of distinction." He further cites Bourdieu in arguing that the craftsman uses quality to claim status. This may be transferable to the case of the branch manager.

Hence, the authority to lend was important for promotion and claiming status. It is interesting to note that the extent to which this authority was used was not necessarily the most important aspect about it:

> *My limit there, my personal limit was £500,000. I never used it, because everything that I dealt with was more than 500,000. The only reason they gave me the limit was if, on an odd occasion, they needed an approval*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

This is because the amounts one was authorised to approve indicated the level to which the bank trusted the branch manager to act on its behalf and thus the extent to which one was entrusted to act for the bank:

> *the individual was entrusted. I was trained. I had very good training and I was trusted to lend*
> Brian, branch manager, Barclays, early 80s to mid-90s

The removal of such authority was normally the result of poor performance or disobedience. In particular, poor lending decisions within discretionary limits, circumventing such limits through multiple loans to same household or group of people, and bad loans resulting from overriding credit scoring were all likely to lead to demotion to a smaller branch or, worse, removal of lending authority and being moved to a peripheral head office department:

> *If you were a manager who lost lots of money, you know, particularly within your discretion, as it was called, then, er, you were likely to be in big trouble and would never be promoted again. You'd be probably moved to a less challenging branch or moved out of branch banking all together and sent to a remote corner of stationary department [laughs]*
> Carl, bank manager, Barclays, mid-70s to late 90s

> *They couldn't say he has broken the rules [by giving out multiple loans to the same household] because there wasn't a rule saying you can't give him another one… So this guy got a slap on the knuckles and he wasn't promoted*
> Anthony, branch manager, Midland/HSBC, early to mid-90s

Because it was common knowledge among employees that the loss of lending authority was a punishment for disobedience and poor performance, it was associated with certain stigma:

> *I mean we used to have a phrase 'transfer to duties where his signature is no longer required.' It was a circular that came out every day, which listed all the appointments. 'Mr Smith has gone to Brown's branch and Mr Brown's gone and then you find so and so branch, Mr Smith has been transferred to duties where his signature is no longer required.' Having your signature cancelled was very serious, because you're back to being, as you say, a clerk in a back office. If you worked in one of the head office departments, like coupon office, that's because you besmirched your career*
> Martin, branch manager, Midland/HSBC, late-80s to early 90s

> *if you were really bad you got moved to unclaimed balances in London. That was the end. The lowest depravity you could hit… It was sad, unclaimed balances department*
> Michael, branch manager, Midland/HSBC, late 70s

As a result of the stigma attached to losing one's authority to lend and the centrality of business lending in terms of status and promotion, people working in non-lending roles were often seen as less able:

> *It wasn't seen as a professional way of earning a living, was human resources, say, or administration. They were failed lending bankers, or perceived as. So lending was what it was all about… you could go… in the real world lend money, then go out into a head office job to control the lending of money, then come out and lend some more money, and… that was the career path. There were no others that were worth speaking of because everything else wasn't regarded as being that important.*
> Wayne, bank manager, Midland/HSBC, late 60s to early 90s

The centrality of business lending for the bank branch manager role is corroborated elsewhere (see e.g. Fletcher, 1995; Lascelles, 2005). The role of the quality of the person's business lending skills in determining his or her status is further underpinned by the stigma associated with having one's lending discretion removed.

In sum, the ability of a branch manager to determine who could access services and products was the main source of his or her authority. This was seen as especially important for business lending. Succeeding as a business lender was therefore important for promotion and as a mechanism to claim status. The ability to determine access to personal loans was seen as less important because the access to such was increasingly determined centrally and with the growing scale of operations, many branch managers felt they did not have the time to underwrite such loans. This is discussed in greater detail in Section 7.3.3. In order to fully understand the status and authority associated with the business lending, one needs to consider how branch managers exercised their authority in the determination of access, including the role of social networks and judgement of character.

It is important to note that, up until the 80s and 90s, banking was characterised by customer loyalty to the banks and few people changed banks. This meant that in most cases, loan applicants had banked with the branch for some time. Interviewees noted that few customers came in to branch that they did not already know:

> *Generally speaking one was always dealing with customers one had already in one's books, so they were existing clients of the bank and of course the longer one had known a customer, the longer they'd been there, the more information you had about them*
> Sean, branch manager, other bank, mid-80s to late 90s

Therefore, the branch managers first examined the track record of the applicant. This came from the applicant's account and memorandum cards in which the branch managers made notes about previous lending and related aspects (i.e. loans agreed, overdrafts). This included looking at whether they had kept up with payments and whether they had gone overdrawn. The branch manager also made other inferences about the trustworthiness and prudence of the applicant:

> *See, mostly in our time, you had customers with you for many years. So it's the past record, how reliable they'd been, what they were like with keeping records, organizing their lives. Were they successful? Were they achieving things?*
> Marcus, branch manager, Midland/HSBC, mid-70s to late 80s

> *Personal accounts in those days, of course, not towards the end, but earlier, we had a narrative on the statement. You didn't just have cheque numbers and things so you could see that the person who was making cheques out to the bookie or the strip club and you might think I don't think we'll lend to him. He was more prudent and what have you, you could see the level of salary is, what other lendings he has, if any, so you make an assessment really.*
> Robin, branch manager, Barclays, mid-70s to late 80s

There were also central systems in place to help managers appraise proposals. One such system used in several banks was the three Cs and PARTS. The three Cs stood for character, capability and capital, whilst PARTS stood for purpose, amount, repayment, term and security.

An equivalent system was PARSERS:

> *We used to call it PARSERS… the anachronism was Person, Amount, Repayment, Security, Expeditious, Remuneration, which was all about the rate of interest etc., and Services on the end of it. So it was PARSERS. So you would have a business plan or you might have somebody that's come in, and you would structure the discussion along those lines… If the company failed or if the business failed then we'd just turf you out of your house or whatever the security was.*
> Matthew, branch manager, Midland/HSBC, early 80s to mid-90s

The systems focused on the capability of the applicant to carry out proposed business plan and on the reduction of risk and liability for the bank through the use of security and guarantors. Taking security was often seen as especially important:

> *always make sure your avenue of escape is clear. In other words, he meant make sure you've got some security. If you're not sure… if they're 100% kosher you're OK, but if they're not, make sure you're covered. And I always remembered that. Didn't always do it, I'm afraid to say, but I always remembered it.*
> Barry, branch manager, Barclays, early 80s to mid-90s

Branch managers had a higher discretion for secured lending and historically British banks have made extensive use of secured lending compared with their counterparts in continental Europe (Collins & Baker, 2003). This is significant given that asset-based lending is an important mechanism for disembedding lending from social networks. This is because there is no longer a need to use social networks to vouch for someone's trustworthiness provided the asset has been valued accurately and can cover any losses for the bank.

However, objective indicators and measures of business performance were not deemed sufficient to judge creditworthiness. The character of the business owners was seen as equally important if not more so:

> *There were never two lending propositions the same… There was always a twist, the difference in the character if the individual, their ethical thinking. Some people would move heaven and earth to repay a loan. They'd rather go without a meal. They rather their children go without a meal in order to make sure that they were doing the absolutely honestly thing as far as the bank loan was concerned, whereas there were other people who'd say the bank can wait. The children get fed first and so do I. There's a multitude of different attitudes.*
> Sean, branch manager, other bank, mid 80s to late 90s

As suggested by the quote above, customers and businesses with similar characteristics may have very different attitudes to repaying the bank and other aspects. Hence, many interviewees relied on judgement and instinct to judge his or her character:

> *am I comfortable with… the person? Because if you didn't get past P, if you were sitting there and you didn't convince me that you could do what you said you were going to do, the interview would be a lot shorter… Because I could make my mind up. Because it's all about people. It's about you. And then, the rest of it, repayment…*
> Matthew, branch manager, Midland/HSBC, early 80s to mid-90s

As suggested by the quotes by Sean and Matthew, judgements about the applicant as a person centred on his or her trustworthiness in terms of capacity to carry out the project (i.e. knowledge about project etc.) and his or her attitudes to repaying the bank, especially when faced with competing priorities. However, it is important to note that this did not necessarily equate to amicable relations with the applicant:

> *I can think of a few customers that I didn't particularly like as individuals, but it didn't stop me doing business with them. Professional relationship, I don't think there's anything wrong with that at all.*
> Kieran, branch manager, Midland/HSBC, early 00s

Indeed, as suggested by the discussion in Section 6.3.2, the branch managers felt that it was important to keep a certain distance to customers to objectively assess lending proposals.

The nature of the underwriting and the relationship between customers and the bank, as described above, is suggestive of relationship lending. In this form of lending, social networks and relationships between lenders and borrowers enable lenders to access information about the borrower they otherwise would not be able to, i.e. private knowledge not found in company reports or audited accounts. Nevertheless, there appeared to be limited sharing of such privileged information between borrowers and lenders:

> *I wouldn't say deliberately share things, but you did hear things. You didn't learn it from the customers yourself. It was what other people said about that customer. That's the way it worked.*
> Michael, branch manager, Midland/HSBC, late 70s

Instead, most market intelligence and valuable information came from people with past dealings with the business owner in question.

> *R: Networking exactly and you'd get to hear all the local gossip from estate agents about property and don't touch that property and don't touch this or I have problems selling in that area. You gather masses of information and you know who to be careful with and who has a good account with Lloyds bank or Midlands, they're not very happy with him. You'd hear all this gossip.*
>
> I: And would you use that information when making decisions about lending?
>
> *R: It would be good intelligence, yeah*
> Brian, branch manager, Barclays, early 80s to mid-90s

In their review of the literature on relationship lending, Berger and Udell (2002) find that proprietary information about applicant businesses is gathered through a number of sources, including firms' suppliers and customers. In this context, the sources of such information were local professionals. It should be noted that few managers reported relying on such information in assessing the proposal. In general, the focus was on getting good quality referrals from professionals rather than privileged info about applicants:

> *accountants, solicitors, Welsh development agency, local government, anybody who could tell us or find out about new business coming into the area or people who could introduce business to us. So it is essential that you got to know these people socially as well as business point of view*
> Brian, branch manager, Barclays, early 80s to mid-90s

In order to do get such referrals, the branch managers had to invest considerable time in building strong relationships with local professionals.

In sum, the determination of access to business loans, an important source of authority for branch managers, was based on a balance of objective factors determined by formal lending guidelines (e.g. return on investment, assets etc.) and judgement of character (e.g. attitude to repayment, ability etc.). The local professional community played an important role in business lending by supplying the branch managers with market intelligence, though not always proprietary information, as well as new businesses.

Although business lending was an important source of status and authority, it was not the only one. More broadly, authority was seen to be associated with being able to determine the priorities of the branch:

> *I tell you another good thing. You were your own boss. In the branches, if you ran the branch properly, and you lent properly, and you didn't make mistakes, you were left alone.*
> Marcus, branch manager, Midland/HSBC, mid 70s to late 80s

Hence, the branch managers exercised a certain level of autonomy within the branch. The branch was his or her to manage and direct as he or she saw fit provided rules were not broken and the branch did not lose money. This included deciding on which products and parts of the business to focus on and on the nature and extent of participation in community. As will be discussed in detail in Section 7.4, this autonomy came under threat from the increasing scope and scale of centrally determined targets and objectives.

A final component of authority concerned signatory powers. Branch managers were authorised to countersign passport applications, witness wills and provide references:

> *It's going to get a bit class bound, but it was perceived as a position of responsibility in the community and the group of people who could countersign passport applications was solicitors, accountants, police officers and bank managers. Now, I'm sure that's all completely changed, but you were treated as someone whose signature or whose reference--. Bankers' reference, we don't bother with them nowadays. It's all credit agencies, but a banker's reference was an opinion. Is so and so considered good and trustworthy for that commitment?*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

> *You could witness wills. You could sign for passports… I think you could sign things for a shotgun.*
> Marcus, branch manager, Midland/HSBC, mid 70s to late 80s

This emphasises the importance of the signature for the branch manager. He or she was a trusted professional in the local community by government departments and other public bodies.

It was not sufficient for the branch manager to have authority to act on behalf of the bank. The local community also had to perceive the branch manager as the representative for the bank. To achieve this, branch managers participated in local community activities, such as roundtables, boards of charities and public committees. It was seen as important that the local community perceived the manager to have authority, whether that was the case or not. Clearly there was some relationship between actual and perceived authority. However, it was not always immediately clear to the public where the branch manager had lost his or her discretion:

> *I was expected then… to fulfil the old role of being the local bank manager, who was known in the town and everything… In those days, I don't think the public had twigged that we'd all been downgraded. They just thought that they had a younger, perhaps more approachable bank manager, but I don't think that personal customers would realise that we didn't have the lending authority. They would deal with somebody at [town in Yorkshire] or [town in Yorkshire], but the personal customers still regarded you as the manager, because you seemed to do everything the manager had done*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

Indeed, the banks often sought to convey an image of the branch manager as an authority figure, even where this was not the case. Harry, who was promoted to the position of service branch manager when Midland removed the authority to lend from the branch manager in the late 70s, was given a small lending discretion to underpin the idea that he was a manager with authority:

> *In other words without paying me to do it, they were trying to convince all the customers that I was actually the branch manager. And I was, again, the contact for the local accountants or whatever and I was keen to do that. It was hard work, but I was keen to be seen as the manager. I didn't just want to be seen as this junior guy and credit scoring was still, again, just on personal loans, pretty much in those days.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

The great emphasis on projecting an image of the branch manager as an authority figure suggests that the banks were apprehensive and aware of how the local community would react to the perceived downgrading associated with losing a branch manager with the authority to make decisions. As noted in Section 7.3.2 in relation to the conversion of branches into service branches, customers reacted negatively to the perceived downgrading of their branch.

Another example of hiding the loss of authority relate to the use of credit scoring. As discussed in Chapter 7, the interviewees did not reveal to customers that they were using credit scoring to assess their applications. This may be related to the notion that such technology has come to epitomise the impersonal and inflexible nature of modern banking.

6.3.3. Skills and training

As per the discussion above, being seen as an accomplished bank branch manager was a function of his or her authority, namely the size of the loans he or she could authorise often relative to other managers. In order to exercise such authority, interviewees saw it as essential that the branch managers had the appropriate knowledge, expertise and skills, especially in business lending. This section discusses and explores the nature of the skills and training needed by branch managers and how these relate to the essence of the position as branch manager.

An important part of the role of the bank branch manager was that he or she was skilled and trained to exercise the authority associated with the post. Hence, it was a source of authority and autonomy as well as a precondition for it:

> *You were told that if you'd want to get on in the bank you had to get your AIB or AICB as it is now.*
> Brian, branch manager, Barclays, early 80s to mid-90s

This is another similarity between the branch manager and the craftsman. Sennett (2009, p. 54) argues that "the skills of the master can earn him or her the right to command." The relationship between skills and authority is well illustrated by the comment by Martin concerning present branch managers:

> *It was then deskilled and at present time branch managers are really supervisors. They don't have independent authority because they haven't had the training and the experience which fits them for that responsibility.*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

Hence, authority required skills, but in the absence of authority there was no need for investment in skills and training. The implication of this is that once you have deskilled a job and not invested in training, it may be difficult to reverse centralisation as there is no skill base to support local autonomy.

There was a combination of technical and codifiable as well as tacit and soft knowledge and skills that were essential to the role as a branch manager. The technical skills covered a variety of aspects of banking. They included skills perceived to be more menial and junior, such as the operation of accounting machines, the physical act of taking security and completing ledgers. Although less challenging, interviewees nevertheless saw these as an important grounding in banking:

> *at 16… you go on a… course down to London for four weeks. They'd teach you all the basic in banking, how to operate these accounting machines… all the jobs that you were learning to do... So there was a lot of grounding there*
> Barry, branch manager, Barclays, early 80s to mid-90s

> *one of the advantages of banks in those days was that most staff was trained in most things so by the time you got to a certain level you could put them in any job.*
> Michael, branch manager, Midland/HSBC, late 70s

The skills and knowledge required also concerned the operational and procedural aspects of branch banking, including filing, the storing of security keys etc. Some interviewees also acquired non-branch specialist expertise, including in factoring, litigation and bankruptcy cases, though these were considered less important for the role as branch manager. Arguably the most important skills related to lending, especially business lending:

> *I was a lender. I was a banker, a qualified banker. We had area manager and the area managers were older guys, but probably a bit like me, who were qualified bankers. They can take a balance sheet, look at a company, call on the company, look at the production line or whatever.*
> Herman, branch manager, Midland/HSBC

As discussed in Section 6.3.2, becoming a skilled business lender was the most common route to the position of branch manager and beyond, as well as a source of status.

Business-lending skills were principally related to the analysis and appraisal of lending propositions. Interviewees received training in the analysis of balance sheets, lending methodologies, the valuing of assets, budgeting and cash flow projections. In some cases, interviewees were sent on courses to acquire specialist knowledge in a particular sector:

> *I was then sent off on six months secondment to… [Name] Agricultural College because some of my customers were big farmers… you had to be able to understand a farmer's statement, and you had to be able to walk a farm with the farmer and, you know, ensure that… they weren't trying to rip the bank off.*
> Lucy, branch manager, Midland/HSBC, mid-80s to early 90s

However, not all knowledge and skills were formal or possible to codify. Some skills and knowledge were tacit and were particularly relevant to business lending. Although there may be absolute standards for lending (e.g. profit, bad debts), it is difficult to come up with absolute measures or standards for how to do a good quality appraisal of a lending proposal:

> *Reading a balance sheet is a fairly fine art… business lending is definitely a much finer art… As I said you never have two lending propositions are the same and in business or enterprise lending that is even truer.*
> Sean, branch manager, other bank, mid-80s to late 90s

Such tacit skills were not the product of training as the knowledge is not codifiable and explicit in the same manner as technical aspects of lending appraisals (e.g. cash flow projections etc.). Rather, it was a skill or capacity partly innate and partly developed through on-going practice:

> *The problem is that profit and loss are back-to-back brothers on a very thin line and if you get judgement right, you can make some serious money when other people won't. If you get judgement wrong on that line, you can lose some serious money and I always used to think that it was experience that enabled you to operate in that environment.*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

The interviewees thought that that judgement was difficult to exercise at a distance. It was essential, they believed, to visit the business and interact with the business owner. Ultimately there was an instinctive element of the decision-making that was difficult to describe:

> *I used to go and see customers in their place of work, and you get a feel for it. You get to meet the people who work for them. You get an idea of what sort of an environment these people work in and whether this person's a good person to work for or a bad person to work for, and how he runs his business. You just get a feel for it. And I can't--. I can't describe or I don't know what gives you that feeling that it's right or wrong. Might just be down to experience, I don't know. I don't know.*
> Susan, branch manager, Midland/HSBC, early to mid-00s

In his book on the craftsman, Sennett (2009) explores the notion of the tacit nature of certain skills and knowledge. He argues that craftsmanship is subject to embedding: "the conversion of information and practices into tacit knowledge" (Sennett, 2009, p. 50). The implication of this is that craftsmanship is based on a certain degree of autonomy of the craftsman as the standard of his or her work cannot be judged by absolute standards alone and as the knowledge and skills cannot be transferred only through formal training (Sennett, 2009). Instead, it requires the on-going practice of skills and learning from more experienced craftsmen (Sennett, 2009).

The interviewees acquired these tacit and technical skills in a number of ways. The interviewees undertook extensive training. As previously mentioned, the Institute of Bankers' exams were vital to progress beyond clerical positions, as they were seen as an important source of knowledge and skills in banking:

> *But at least, when you pass exams, it assumes a certain basic knowledge, particularly of law. I mean I can still quote the year of various acts of Parliament because you learn them*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

In addition, interviewees attended a number of in-house courses throughout their career:

> *And we were sent on various courses to, well, strengthen our knowledge. There were basically three courses. One when you came in to just teach you what banking was. One when you went on to sort of looking at securities and things, they'd teach you what deeds were, what shares were, whatever--. And then another as you became a manager to--, basically teach you [inaudible]. They were four week courses, quite wide-ranging, basically to teach you how to lend, what you should do and what you shouldn't do, and when what I was brought up here, equally, there were courses on farming finance.*
> Robin, branch manager, Barclays, mid-70s to late 80s

A few also received external management training, though this was most common for those on special grade or equivalent fast-track career programmes. Formal training was particularly important for the development of technical skills and knowledge of processes.

Further, mastering the skills of the profession and especially of the lending was not only about acquiring theoretical or formal knowledge. It was also important to enhance their skills and knowledge through applying them at the various stages in their careers:

> *I think it's worth looking back and acknowledging how they prepared you for this role. And you went through the branch as a junior, and then as you got older, in your early 20s, mid-20s, you went on the security desk, the foreign desk. Then you got involved… in a little bit of lending but not very much. But you were gaining a lot of experience, and you saw how the branch was operating, and you picked up skills… then as you were being prepared for your, say, first appointment which was… a chief clerk, a number two in the branch. You were then training in the skills of lending, dealing with people, running a branch… It was a good stepping stone to prepare you for your first managerial appointment.*
> Marcus, branch manager, Midland/HSBC, mid-70s to late 80s

The careers of the interviewees were typically a mix between branch posts and jobs outside of branch banking. Working for the banks' inspection teams was seen as useful in learning about the rules and procedures under which the branches operated as well as the banks' expectations of the administration and operation of branches:

> *I was moved onto the bank's inspection team. So that was--. That was a good move, and that was a superb learning ground, learning about all internal controls, lendings, reporting*
> Barry, branch manager, Barclays, early 80s to mid-90s

> *So that was an interesting job [inspection team] and, also, it kind of developed one's understanding of the need to follow proper procedures.*
> Sean, branch manager, other bank, mid-80s to late 90s

Although not all of the branch managers had worked for the inspection teams, it was considered an important pathway to promotion to management jobs. The banks may have felt that staff that worked for the inspection teams would be more obedient and more prone to follow rules than those that did not, as suggested by the quote by Sean.

Given the centrality of lending for the role of the branch manager, working on lending control for regional offices was an important part of the careers of most of the interviewees. Typically interviewees worked as credit analysts appraising lending proposals from branch managers that were above their lending authority. The reports compiled by the analysts were sent to senior management within the regional office for review and sign-off:

> *Then I was called to work in our regional office as a--. Well, today the title would be credit analyst. So you'd look at all the advances which had come to the local head office. The big ones you'd take down to the directors with your comments and your analysis and then they'd frequently tell you to do the report and you'd do the report and they'd sign it. So that was a great place for training and learning the skill of banking which is quite complex*
> Brian, branch manager, Barclays, early 80s to mid-90s

The importance of this interplay between working in branch banking and in regional offices or teams lay in the difference in perspective it offered. The experience in regional offices and teams offered an overview of branch activity and an insight into the formal expectation of such activity. Conversely, when working in a branch one was practicing how to implement these expectations on a local level:

> *So all the time through my career, I felt that by being in branches, going into regional head office, coming out to branches, move back into regional management centres, coming back out, there used to be this on-the-job education process whereby you went in, you got some expertise, you came out and applied it in a branch. Then you went back into the centre and you got more overall experience and then you came out and applied it in a branch… So all these things were helped greatly by do it in a branch, go and get experience in a regional centre, come back out, apply the knowledge, then go back in and get some more knowledge, then come back out again.*
> Kieran, branch manager, Midland/HSBC, early 00s

It was also seen as important to get a detailed understanding of all aspects of branch banking in order to manage one effectively. Hence, all interviewees started in a junior role and worked their way up through to senior clerical and, eventually, management roles:

> *The five years I spent there I did every job bar the manager. In those days that's how you were trained. Even if you were a graduate, you still had to do every single job and lot of it was banal and boring, but you had to have an understanding of it*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

The implication of this is that there was a long maturation process involved in becoming a branch manager, as the skills acquired through a long and varied career could not be replaced by short training:

> *I think a failing of modern day banking is exactly that. That they do not qualify. You hear nowadays of people joining the bank from different retail companies, etcetera, and after five years they are called bank managers. I'm sorry, but that is where banking went very wrong. In the old days, you were brought through the tradition of banking and you went through the ranks. Each branch had its own full process and therefore you'd have a junior. I'll always remember the first job I had was to stick stamps on envelopes and write the address on the envelopes. And so early banking, and we were trained in traditional ways of banking. You'd go through the different stages, becoming a Cashier, and then you went on to qualify.*
> Matthew, branch manager, Midland/HSBC, early 80s to mid-90s

As discussed in Section 5.3.2, it took the average interviewee 20 years to reach the post of branch manager.

Finally, learning and acquiring skills under the tutelage of more senior managers significantly contributed to the development of the skills of the interviewees. Through long and varied careers, the interviewees were exposed to branch managers and other managers that were more senior and experienced. Learning under these managers was an essential component of the training:

> *But you were under the wing of the manager, who would be very senior and it was a wonderful experience to work with somebody like that. You could gain a hell of a lot of knowledge and skill from discussing things with him, and if he was a good manager he would wish to discuss things with you as to what he was doing. Now, he would be dealing with very big lending, and he would involve you in the way he had made decisions and if he was lending larger amounts than his authority, then he would do applications to regional head office, which he would discuss with you so you had a wonderful opportunity of gaining experience in all sorts of lending… You could learn a lot from looking around, reading files, reading the manager's applications. For example, at the end of the day, all the correspondence files would be sent round in a folder which you had to initial so you would read the letters that the manager had written and if he had done applications to head office you would read his remarks, how he thought this proposition should be viewed and why he was recommending it for sanction.*
> Marcus, branch manager, Midland/HSBC, mid-70s to late 80s

As suggested by the quote above, there were a number of ways in which the interviewees could learn from their managers. They could learn by reading the lending applications to regional offices and the associated correspondence. Their managers could also transfer knowledge to junior staff by discussing lending decisions and the reasoning behind these. Finally, interviewees could learn from their managers through the receipt of advice and feedback. In some cases, the managers the interviewees worked under were also used as role models:

> *I knew my sort of, who I worked for as branch manager, and they were in some ways my models. I learnt from them and I would model myself on them as well how they were successful*
> Ray, branch manager, Midland/HSBC, late 80s to mid-90s

Nevertheless, there was a sense that the entrants into banking in the 1960s and 70s were uniquely well trained compared with both their predecessors and successors. Whilst the branch managers the interviewees were working under in the 60s and 70s were often perceived to be authoritative and possess strong people skills, they were often thought to lack the skill and training that the interviewees had received:

> *They were far less trained than I was and I might be 20 years younger than them… And the manager was… old school… his technical training hadn't been all that good… He went on to become a branch manager quite successfully, but he had limitations as well, because of his lack of training*
> Barry, branch manager, Barclays, early 80s to mid-90s

This was especially seen to be the case for managers of small branches. There was a sense that the banks increased investment in training at the time when the interviewees entered banking in response to the perceived increased complexity of business lending and banking. Specifically, new entrants reported learning about concepts that were new to branch banking, such as management accounting and cash flow forecasting:

> *They retired the other chap [laughs]. He was lending badly and he himself had grown up in the old school and he didn't actually understand a term that came into being in the early 80s of management accounting. He understood his balance sheet and he got that at the end of 12 month' training. He didn't understand management accounting*
> William, branch manager, Barclays, mid to late 80s

Similarly, their successors, the branch managers interviewed thought, were deskilled as a result in the shift in the orientation towards sales:

> *Everybody's lending authority was being slashed because HSBC suddenly or relatively suddenly decided that removing all lending authority on the frontline, the customer facing managers, to a central approval office. My personal view of why they did that was that they had forgotten to keep on training managers as I had been trained in order to lend money. Everything became a sales-focussed organisation as opposed to a service organisation. So that for about 14, 15 years, they had been hiring people to sell things, some of which was successful, a lot of which is still coming out now.*
> Kieran, branch manager, Midland/HSBC, early 00s

Further, with the concentration of business lending in larger branches or specialist centres, and with the introduction of credit scoring, there was also less need for training (see Section 7.3). This is because the authority, skills and authority of the branch manager were inextricably linked to business lending.

6.4. Balancing contradictory interests and expectations

So far this section has discussed the definition of the role of the branch manager offered by the interviewees. However, the way in which the interviewees perceived their role as branch managers will also have been influenced by the expectations on the role by the bank, the customers and, perhaps to a slightly lesser extent, by the branch staff. According to the interviewees, creating a sustainable branch required branch managers to weigh up and balance these interests. For the bank, branches had to be profitable. Otherwise, the banks would close them. Customers required access to services on terms on which they could survive and thrive. For their part, branch staff had to be trained and motivated in order to serve customers and the bank effectively.

Ultimately, the interviewees thought their main responsibility as branch managers was to enable the bank to pursue its objectives. There were three dimensions to this. First, the interviewees had to ensure that the branch they managed produced a profit for the bank:

> *My main role was to increase the profits of the bank. That was my job.*
> James, branch manager, Midland/HSBC, late 60s to early 80s

> *I suppose the overall activity was to make sure that the branch ran smoothly and that ultimately made a profit*
> Robin, branch manager, Barclays, mid 70s to late 80s

This became increasingly important as price competition between the banks intensified.

Second, as discussed in Section 6.3.1, branch managers were responsible for promoting the name and reputation of the bank and not bring it into disrepute through the loss of high-profile customers, fraudulent behaviour or lending to disreputable businesses:

> *You know, I was Mr HSBC in that town and if HSBC got a bad reputation in that town that was my fault. If it got a good reputation in that town, again that was, you know, I'd done that… If I made a lending decision and I thought that was the right lending decision, but it went wrong and we lost money, yes I'd be criticised for it, but if I'd actually done something that had an adverse effect on the reputation then, er, they would think far worse of me than losing a pot of money.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

As argued by Savage et al (2001) in the case of Lloyds, building and maintaining local credibility was seen as essential for a successful and profitable bank.

Finally and related to the first point, branch managers were expected to manage the capital of the bank prudently by not making too risky loans:

> *I would always look at security being an alternative source of repayment. So if the original plan for repayment didn't work, was there a fall-back position? Did they have something in the background they could use to repay the loan? Banks did not lend in those days to lose money. It was never the function of the bank to lend money that was risky.*
> Sean, branch manager, other bank, mid-80s to late 90s

The conservative and prudent nature of British banks is rooted in a historical reliance on short-term deposits as opposed to investment capital. This made banks less prone to make long-term loans seen as more risky.

It should be noted that, up until the 1980s, the organisational objectives were defined in a very broad sense. As long as managers produced a profit without recurring to overly risky lending and without jeopardising the name of the bank, they were largely free to develop the business as they saw fit:

> I: When you came to [market town in Midlands] [early 80s], there wasn't, sort of, like, this is what we expect you to do, these and these areas and this is something about things you are expected to do?
>
> *R: No. Just develop the business, Barry… Yeah. We expect you to do well. We think you can do well. Good luck. And that was it… I was left to my own devices how I developed the business. Whether I looked to lend more money or get credit balances or sell insurance*
> Barry, branch manager, Barclays, early 80s to mid-90s

Within these broad parameters, the interviewees sought to develop the branch business through exercising a duty of care towards its customers and more broadly the community in which it was based:

> *Main role of the branch was to serve the community. I very much believed that banking should be a community thing… You've only got cash in, cash out branches now, whereas in those days you looked after all of the customers as far as you could.*
> William, branch manager, Barclays, mid to late 80s

I think that, you know, bankers and branches should serve communities they represent and where they're positioned.
Daniel, branch manager, other bank, mid-70s to mid-80s

Beyond making a contribution to the local community through participation in local public life as board and committee members in charities and public bodies as discussed in Section 6.3.1, the branch managers believed they served customers and the community by providing good advice and considering the long-term interests of the customers:

So that was the objective of the exercise, to be there for the long term with customers and give them advice that would be good for them for the long term. Not just a quick fix. I'll lend the money today and get the benefit of the interest rate and it'll sort itself out, probably, in a few years' time.
Barry, branch manager, Barclays, early 80s to mid-90s

This statement stands in stark contrast to the assessment by FCIC (2011), the cross-party committee appointed by the US Congress to look at the causes of the financial crisis, in which it claimed that US banks knowingly lent to customers that would not be able to repay the loan.

The care for customers, sometimes involved acting in customers' best interest even in cases where the customers themselves did not want that outcome:

I mean I saw my role [as an assistant branch manager] to help people and in some way I was helping, because I mean there was nothing--. It was not a good thing to let people running up debt all the time. It doesn't do them much good, really. Sometimes you've got to be sort of hard on them to stop them borrowing.
Rupert, bank manager, other bank, early 80s to late 90s

Hence, as per the quote above, branch managers saw their role as restraining profligate spending by customers and preventing or discouraging them from making decisions that were not in their own interest. This control over customer borrowing spending that branch managers exercised was, according to the interviewees, undermined by the introduction of competition:

You are managing director of a small electronics company on an industrial estate in Milton Keynes. You've got a £40,000 overdraft facility. We're going back to 1978. Your profit margins are not that great and as your bank manager I think £40,000 is, er, about all I can let you have and because I'm lending against your debtor book, which stands at £30,000, you've got £10,000 of capital in there. You're geared up three to one. I think that's as far as I'm going. Sorry. But you say I've got an almost full order book. I need £100,000 overdraft facility. I say no way. Alright. Ok. Now we have Competition and Credit Control I'll go down the street to Westminster bank. They're looking for new business. And you go to the National Westminster Bank and true enough, yes, they find they're willing to lend you £100,000, which is highly risky, but they wanted the business. Now there's enormous pressure on me, as the bank manager, to give you what you want, because if I lose you, your business, I've lost one of my portfolio of accounts. I make less profit and I am less likely to get promoted [laughs] because I've lost business, but the guy who've just taken you on-board as a new bad customer, boy, he's taken on a big risk, because it was not sensible to lend you £100,000.
Carl, bank manager, Barclays, mid-70s to late 90s

Whereas previously the lack of competition, and controls on asset growth limited the options for customers, increased competition meant that they could simply go to another bank if their branch manager declined their application. As suggested by the quote, the increased competition enticed branch managers to take greater risks to avoid losing customer accounts. As discussed in Chapter 7, this development combined with credit scoring curtailed the authority of branch managers to exercise such social control.

Furthermore, the interviewees recognised that the relationship between the bank and the branch, on the one hand, and the community, on the other, was a symbiotic relationship. The success of customers was seen to be essential to increase the profits of the bank and the branch:

I suppose there were very difficult times, especially the building trade just before I packed up. Quite a lot of my customers were having difficulties, but I managed to help them in many ways… and my profits went up all the bloody time. That was the idea.
James, branch manager, Midland/HSBC, late 60s to early 80s

I very much enjoyed working with the clients and getting to know the clients and seeing the clients succeeding because if the client succeeded then the chances are, we were going to make more profits and therefore we would succeed
Sean, branch manager, other bank, mid-80s to late-90s

Finally, interviewees had to balance customer needs and the objectives of the bank with those of the members of staff. Lucy found this particularly challenging with the introduction of targets for individual staff members:

> *it was the balance between keeping the customers happy and keeping the staff reasonably happy… the staff all have targets and... so, you know, everybody that you converted from this type of account to that type of account was for the branch was worth so much in points. But you have to balance that with it being right for the individual, for the customer.*
> Lucy, branch manager, Midland/HSBC, mid-80s to early 90s

In addition to balancing the desire by staff to meet targets and acting in the interest of the customers by selling them products appropriate for their circumstances, there was also a need to ensure that one did not act in the interest in the bank at the expense of staff. As discussed in Section 5.4, this particularly involved protecting staff members from the consequences of not meeting targets.

6.5. Summary

This chapter found that there were different types of branch managers. The traditional branch manager of the 1960s and 70s was a generalist banker serving business and personal customers, typically in smaller communities. The majority of the interviewees were business-lending branch manager, more prevalent in larger branches. The coordinating manager worked in larger branches or clusters of branches managing sector specialists (personal, business etc.) rather than engaging in lending him or herself. Finally, the office-managing branch manager, most common in Midland from the late 1970s onwards and enjoyed the least amount of authority and autonomy focusing instead on managing staff and focusing on achieving targets.

The interviewees saw the essence of the role of the bank branch manager as threefold. First, it was characterised by the authority to lend and act for the bank, in particular business lending. It was also important that the local community perceived the branch manager as authoritative. A second defining feature of the branch manager was that he or she exercised a certain degree of autonomy to decide the priorities and activities of the branch. Finally, the interviewees thought that the role of the branch manager had to be filled by an individual that was skilled and trained to exercise the authority associated with the position. The branch managers used their authority and autonomy to balance the needs and interests of the bank, the customers and the staff.

The next chapter will examine how changes in branch banking from the late 1970s onwards affected these three aspects. Meanwhile, it is worthwhile to make a note of the centrality of the authority and autonomy of the branch manager in embedding and personalising banking. Through exercising this discretion and freedom, the branch manager could ensure that the service provision was, in his or her view, adjusted to the context of the local community and appropriate for the customer in question. Indeed, the findings of this chapter are indicative of both personalised and embedded banking. Business lending appeared to have been embedded in social networks as the interviewees used their links with the local professional community to get quality business referrals as well as information to assess the creditworthiness of applicants. Elements of administration and decision-making were also personalised. As branch managers, the interviewees used their judgements of the character of individuals in decision-making, especially in lending.

7. The Demise of the Traditional Bank Branch Manager

7.1. Introduction

The previous chapter established that there were three components of the role of the branch manager. First, it was characterised by the authority to lend and act for the bank, in particular for business lending. It was also important that the branch manager was perceived as having authority, whether or not this was in fact the case. A second defining feature of the branch manager was that he or she exercised a certain degree of autonomy to decide the priorities and activities of the branch. Finally, it was perceived that the role of the branch manager had to be filled by an individual that was skilled and trained to exercise such discretion and be a figure of authority.

This chapter will explore and discuss the major changes to and developments in banking, the impact of these on the role of the branch and the branch manager, and how these were perceived and experienced by branch managers at the time. This will contribute to the thesis by tracking and analysing the development of the role of the bank branch manager (Objective 4). The chapter is organised into six sections. Section 7.2 discusses the centralisation of back-office operations previously conducted by branches. Section 7.3 focuses on three mechanisms for taking the origination of services out of branches: moving business lending to specialist centres (7.3.1); centralising business lending authority in larger branches (7.3.2); and introducing centrally-controlled underwriting, especially credit scoring (7.3.3). Section 7.4 discusses the introduction and intensification of targets, while Section 7.5 considers the impact and implications of specialisation and segmentation of lending. Section 7.6 discusses the impact of regulation on developments in banking. Finally, Section 7.7 summarises the findings and discusses their implications.

Table 7.1 provides an overview of the timing of the developments described in this chapter.

Table 7.1: Overview of main developments

Development	Timing	Banks
Centralisation of back-office operations	Late 70s for Midland/HSBC; 80s and 90s onwards for the other banks	All
Introduction specialist business lending centres	First introduced in late 70s; Removed and re-introduced several times in 90s and 00s	Mainly Midland/HSBC; Also used in RBS and Clydesdale Bank
Clustering	1980s onwards	All
Credit scoring	1980s onwards for personal lending; 1990 onwards for business lending	All; Midland/HSBC made most extensive use of business credit scoring among banks in sample
Targets	Gradually introduced from early 80s; Intensified during 90s	All
Specialisation and segmentation	Mid-80s onwards	All

7.2. Taking back-office and processing out of branches

Up until the late 1970s and 80s, branches executed almost of all of the back-office operations associated with the provision of banking services. This included all the processing and administration associated with the management of the branch (accounting etc.), the provision and underwriting of services (taking securities etc.), and management of customer accounts (standing orders, loan delinquency management etc.). However, from the late 1970s onwards the banks started taking these tasks away from branches and putting them into regional and national processing centres.

There were two main considerations behind the centralisation of back-office operations. First, given the limited automation of banking processes, administration was a labour intensive process. With the expansion in the number of customers, branch premises were getting crowded. By centralising back-office operations, banks were attempting to reduce the congestion of the branches without having to expand and improve existing premises:

> *I suppose one of the main advantages of [centralising back office operations] was to take as much staff as they possibly could out of the branches to alleviate pressure on space and premises. Now, area office took most of the more senior clerical staff. Operations centre took the more junior staff from the branches… who were involved with accounting transactions at the branches.*
> Oliver, bank manager, Midland/HSBC, mid-80s to mid-90s

Second, with the introduction of price competition between banks in the 1970s, the intensification of competition in the 80s onwards and the introduction of free banking, the banks were also looking for a way to reduce the costs of their branch networks. By concentrating back-office operations in a few processing centres, they could reduce staff numbers by capitalising on economies of scale:

> *The important thing about area offices is the amount of work you can bring together at a branch level… The last thing I heard of it, think there was five of them and they were doing 20 branches*
> Anthony, branch manager, Midland/HSBC, early to mid-90s

Crucially it enabled the banks to reduce the number of managers as there was no longer need for administrative managers in branches. It also enabled the banks to impose a greater degree of central control of and uniformity in administration.

The process of removing back-office operations from branches was a gradual process and the timing varied across the banks in the sample. Generally, the banks started by taking out account management and administration, such as daily transactions, pre-authorised payments, monitoring missed payments and the issuing of chequebooks. They then moved on to taking the administration and processing of securities, (e.g. customers' deeds, guarantees etc.), the administration of counter transactions (cheques, cash etc.), secretarial support (letter typing services etc.) and accounting functions (balancing payments etc.). Eventually, all back-office processes were taken leaving only customer-facing staff in the branches.

Out of the banks in the study, Midland bank was the first to centralise back-office tasks. In the late 70s it created what was known as area offices and associated operations centres. These units were smaller than regional offices and took the underwriting of business loans and a number of administrative tasks out of branches in designated catchment areas respectively. These were first piloted in two geographical areas and then rolled out across the country from the 80s onwards. The other banks started this process in the 80s and 90s. Lloyds started in the 90s. By the early 00s, all the banks in the sample had taken out all of the back-office operations.

Centralisation of back-office operations did not have an immediate impact on the main role of the branch and the branch manager. It did not remove the authority of the branch manager, as he or she was still able to determine the access to services. Similarly it did not signify the removal of any autonomy of a branch. Instead, the implications of this change were subtler, gradual and interlinked with wider changes in banking. For example, the centralisation of back-office tasks facilitated clustering, as there was no longer a need for operations managers and senior clerical staff:

> *I had two branches under my control with an assistant manager in each because by this time [early 00s] there was no branch processing involves. It was just dealing with customers.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

The removal of back-office operations and staff also allowed for greater specialisation of remaining branch staff and facilitated a greater emphasis on sales in branches:

> *All the back office processing was taken out to a big centralised processing… a lot of these processes being removed freed up a lot of staff time to be selling to the customers*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

As a result, the role of the branch manager became increasingly focused on ensuring that the remaining staff members were indeed selling. Further, over time, stripping out back-office operations undermined the position of branches as gateways to financial services. Given that the administration and management associated with customers' accounts was done elsewhere, the branch and its manager would not be able to sort out problems associated with the account administration and there would therefore not be any reason for customers to approach the branch to deal with these problems. Consequently, the link between the customer and the branch was weakened. As such it affected the banking experience of customers. Over time the removal of the back-office administration and processing from branches contributed to the erosion of the traditional career pathway, as there were fewer entry-level and management positions at branch-level.

7.3. Taking the origination of services out of branches

In the late 1970s a much greater threat to the authority and autonomy of the branch and the branch manager than the centralisation of back-office operations presented itself, as the banks started taking the authority to underwrite and originate loans and other products out of branches. They did this in three ways. First, some banks created enterprise or corporate centres, called area offices in Midland, which were staffed by specialist business lenders (often former branch managers) that did all the business lending and underwriting for the branches in their particular catchment area. Second, an approach similar to the transfer of business lending authority to specialist business lending centres was the clustering of branches. Under this approach, several branches in the same area were grouped together in clusters. Generally, though this was not always the case, the smaller branches had their business lending and, in some cases, their manager removed or transferred to the largest branch in the cluster. Finally, banks introduced centrally controlled, generally through the introduction of some form of credit scoring. Although all these developments had similar implications for branches (i.e. taking authority away from branches), they are worth exploring separately given the difference in how they were implemented and how the branch managers experienced them.

7.3.1. Transfer of business lending to designated specialist centres

Apart from large and perhaps highly specialised firms, branches underwrote and originated loans to businesses themselves within their discretionary limits. However, in the 70s, the banks started questioning the effectiveness of leaving business lending with branch managers. In the first place, they were concerned that many branch managers did not have the skills to attend to the perceived increasingly complex and specialist needs of businesses:

> *Customers were becoming much more demanding in terms of the expertise and services they demanded from banks at that time… And also, in the traditional branches, branch managers, shall we say, lacked a lot of the expertise that customers at that time were increasingly demanding.*
> Oliver, bank manager, Midland/HSBC, mid-80s to mid-90s

By concentrating lending in specialist centres, the banks hoped to improve the quality of the lending. This use of such specialist centres were most common in Midland/HSBC as the other banks in the sample tended to transfer lending to larger branches to achieve this. According to Fletcher (1995), the Royal Bank of Scotland and the Clydesdale Bank introduced similar specialist centres in the early 1990s. The introduction of business centres was also a response to the perceived lack of initiative and pro-active attitudes among branch managers at the time:

> *The manager would spend about 10% of his time actually dealing with customers and lending money. The idea was you took him out. You put him in a central office, give him a secretary and say, right, speak with your customers, go and see them, don't get your customers to come and see you, go and see customers. So you're in a central office and you've got a secretary, get on and get out there and start lending 99% of the time*
> Anthony, branch manager, Midland/HSBC, early to mid-90s

This perception of the lack of initiative among many branch managers was also widespread among the interviewees. Interviewees frequently described the branch manager under whom they worked early on in their careers as aloof characters, who rarely left their office, let alone to visit customers. As a junior staff member in a small branch in a Northern city, Harry was astonished when he was asked to give the branch manager directions to the premises of its most important business customer:

> *I said yeah, of course I know where they are. My cousin was an apprentice there. Oh well… he [the branch manager] said he needs to go and see them. They're threatening to move their account… He said he needs you to show him where it is. It was our biggest customer! He'd never been there. But that wasn't unusual in 1965. I mean, it'd never happen now.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

It was felt that this was especially prevalent among managers of smaller branches and of the 60s and 70s. Hence, an important part of the reasoning behind centralising lending in specialist centres was to impose central control. It was felt that leaving lending at the discretion of individual branch managers was undesirable because they lacked the skills and attitude to make the activity profitable.

Another concern of the banks was the high cost of business lending through the branch network. By gathering lending in area offices, the banks were able to reduce costs by capitalising on economies of scale and by getting rid of a layer of management:

> *in taking it out and putting it into an area office, we hoped to achieve economies of scale*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

This was because by specialising in lending, the area offices managed to process a greater number of business loan applications with a smaller number of staff members than when it was conducted by the branches.

According to the interviewees and out of the banks in the sample, Midland Bank, and later HSBC, was the bank that most vigorously pursued the strategy of transferring business lending to specialist business centres. In the late 1970s, the bank undertook a radical restructuring of its branch network by introducing area offices, specialist business centres operating outside of the branch network. The area offices were first piloted in two regions of Britain, the North East and the South East, and then rolled out across the country. These centres were staffed by specialist lenders and often more senior managers, and took over all the business lending done in branches, except for some very small lending. The managers of the affected branches were transferred into such a centre, made redundant or given early retirement:

> *Most of the existing branch managers were given either redundancy, early retirement or the most proficient of them, offered positions either elsewhere as traditional managers or within area office.*
> Oliver, bank manager, Midland/HSBC, mid-80s to mid-90s

In the branches, senior clerical staff or assistant managers replaced the branch managers:

> *The old style branch managers were taken out of the branches, largely made redundant, and their former second officers were re-designated as service branch managers.*
> Oliver, bank manager, Midland/HSBC, mid-80s to mid-90s

The replacement of branch managers constituted a deskilling of his or her role, as will be discussed below. It also enabled the banks to reduce the staff costs associated with the running of the branch. Harry, an assistant manager in a small branch in a town in Yorkshire at the time of the introduction of area offices, relates the shock with which they were received:

> *Part of it, which we didn't realise until a couple of months later when they dropped the bombshell, was all the managers were being retired and all the assistant managers, including me, were being made into branch managers*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

The reaction to the conversion of the branches into service branches has to be understood in the context of banking at the time. As discussed in Chapter 5, up until the 1970s British banking had been characterised by inertia and limited changed almost since the end of World War II.

However, the introduction of specialist business lending centres was not an unqualified success. In particular, business customers were often perceived to be unhappy with the centres:

> *customers did not like it. They wanted their business managed at the branch where they banked. Just how it was.*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

A possible explanation for this may be that many customers may have felt that they were going from being a large business customer in a small branch to a relatively small customer among a bigger pool of business customers. Further, customers may have preferred to bank with a branch manager that they had an existing relationship with.

In part because of this, Midland closed the business centres down in the early to mid-90s and put business lending back into branches. Throughout the 90s and 00s, Midland, and later HSBC, alternated between centralising business lending in specialist centres and devolving it to the branch network:

> *take them [branch managers] out and put them in the centre and leave juniors in charge and then we put them back in and then we take them back out again. This continual swing back and forth.*
> Kieran, branch manager, Midland/HSBC, early 00s

As discussed in Section 3.6, a possible explanation for this may be that Midland was attempting to address the long-term decline of the bank vis-à-vis its competitors. In early to mid-00s, enterprise centres were reintroduced and lending was taken out of branches again.

The concept of specialist lending centres was arguably one of the most profound changes to the role and status of the branch and the branch manager. Business lending was at the heart of the perceived role of the branch manager as well as central to the ambitions of aspiring managers. It also involved the creation of new units, as opposed to the re-branding and re-focusing the activities of existing branches. Hence, it involved a considerable change for business customers whose borrowing needs were no longer serviced by the branch. It also implied a separation between the personal and the business needs of business owners, as they would have to go to the branch for personal loans and accounts, whilst they had to deal with the business centre in relation to their lending facilities. The creation of the specialist business centres also involved a downgrading of the branch, as this could no longer determine access to services. The manager of the affected branch would have reduced authority:

> *1980 through to 1983, the bank was reorganising the whole network… lending was taken out of branches and this is a significant change for you. Lending was taken out of branches and centralised in an area office. You left the branch manager there, but he only did very small personal lending and take operational responsibility. You deskilled his job. That, I think, was significant.*
> Martin, branch manager, Midland/HSBC, late 80s to early 90s

In other words, the introduction of dedicated business lending centres affected the essence of the bank branch manager role, as it reduced his or her authority and the associated skills. It follows that the branch managers in the sample were affected by the introduction of such enterprise centres. Some interviewees, such as Harry, were, as mentioned above, promoted as service branch managers following the introduction of business centres. Other interviewees, such as Anthony, worked as non-lending branch managers later on in their careers:

> *R: So when I went there I was the branch manager who looked after the personal customers and any business customer who wasn't borrowing any money, and, perhaps, half a dozen business customers who were borrowing, perhaps £5,000, something like that.*
>
> I: And the lending was done by the area office?
>
> *R: Yes, the area office in [market town in Yorkshire]. At that time the manager of [market town in Yorkshire] had two, it was the business lending manager for [village in Yorkshire], and also he had everything in [market town in Yorkshire].*
> Anthony, branch manager, Midland/HSBC, early to mid-90s

However, none of the branch managers interviewed directly experienced how the role had changed. This is because few, if any, of the branch managers at the time were allowed to remain in the branch the introduction of specialist enterprise centres. Affected managers left the bank or were moved to these centres.

In that sense interviewees were more directly affected by the decentralisation of lending to the branch network, as it increased their authority and re-orientated their role towards business lending:

> *And after I'd been at [small town in Midlands] only for about twelve months [early 90s], in one fell swoop the bank decided to close all these business centres right across the country… And I remember the day when the Securicor arrived with how many boxes of customers' business files, which I'd never seen before, and I basically had to take on just about 200 business relationships. Of which I knew very little, other than that they… came into the branch, you know*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

As suggested by the quote, managers that were affected by the decentralisation of lending authority had to develop knowledge of and relationships with local business customers. For managers such as Laurence, this also presumably implied a greater degree of status.

7.3.2. Clustering of branches

Whilst Midland tended to focus on business centres, Barclays and Lloyds focused more on clustering of branches than on creation of specialist business centres (though Barclays did rename large branches as business centres and branch managers as business centre managers). This was, at least in part, a reflection of more deep seated differences between Midland and the other banks from the 70s through to being taken over by HSBC in the 90s. The attempts by Midland to restructure its branch network were more radical and comprehensive than Barclays and Lloyds that tended to prefer to opt for more gradual approaches. Clustering tended to be applied in a more gradual manner with branches being incorporated into clusters as and when the branch managers retired.

As mentioned before, the traditional bank branch was a so-called full-service branch. This meant that it underwrote personal and business loans, did its own profit and cost accounts as well as managed and administrated customer accounts. In the 1980s onwards, branches started being grouped into clusters and some of the functions were taken out of the smaller branches and transferred to the larger branches in the cluster.

Perhaps the most important function that was taken out of branches was the capability to make business loans. The branches that were relieved of these responsibilities were referred to as satellite or sub-branches. Sub-branches were not a new concept in banking as banks had operated with these throughout their history (Cameron, 1967; Collins & Baker, 2003). However, the large-scale downgrading of full-service branches to sub-branches on a systematic basis to rationalise the branch network was a new development. This enabled banks to cut costs by removing branch managers and replacing them with clerical staff:

> *it was a way of taking managers out of the branches and in their place were people who were our appointed clerks.*
> Marcus, branch manager, Midland/HSBC, mid-70s to late 80s

This shift constituted a deskilling of the branch manager role and a downgrading of the branch in the view of the local public, as discussed in Chapter 5. Technology was a major driver and enabler of clustering, as computerisation and credit scoring reduced the need for managers in branches to underwrite lending:

> *They were non-managerial and they didn't have experience of business lending. Their main lending activities was personal loans, which by then were credit scored so it was a simple procedure, and they ran the branches.*
> Marcus, branch manager, Midland/HSBC, mid-70s to late 80s

> *It was part of the reorganisation. Basically cutting costs by taking managers out of branches and because of computerisation… now technology was really taking over and computerisation was coming in place, which is a great aid to the manager… All this information was there by the click of your fingers… You didn't need managers in situ in small branches lending small amounts of money. They might have been great characters in the town but they were a great cost and a lot of this could now be done by computerisation.*
> Brian, branch manager, Barclays, early 80s to mid-90s

The deskilling associated with the clustering of branches also made it possible for the banks to recruit branch managers that did not have a background in banking. As the branches in a cluster did not lend, the new branch managers did not need a background in banking. This represented a significant shift as the role of branch manager required, as per the discussion in Section 6.3.3, extensive training and experience.

Clustering, then, had two main impacts. First, the affected branches no longer served as gateways for accessing financial services. This was perhaps especially felt by communities who saw the downgrading of their branch from full-service status as indicative of how the bank looked at their community:

> *This is how important they considered a bank manager to be in a place like [seaside town in South East]. And then when they took away the bank manager, that was--. They got so many complaints, because they turned it into a service branch with no manager in it, you see… But they still expected that, you know, a business customer would still have expected a bank manager to have been in the branch.*
> Susan, branch manager, Midland/HSBC, early to mid-00s

Second, the downgrading of branches affected the career prospects of aspiring branch managers as there were fewer branches to which they could manage. Clustering did not affect the branch managers interviewed directly because if their branches were downgraded to sub-branches, it happened after they moved on to another branch or retired.

7.3.3. Centrally controlled products

Centrally controlled products constituted another way in which banks took origination of services out of branches. Up until the 1980s, centrally designed, branded and controlled products were the exception rather than the norm. Branches operated with a handful of products and they determined who would be able to access these. Banks issued often detailed, guidance to assist and direct managers in screening for products. Introduced in 1966, Barclaycard was one of the few exceptions. The access to this card was determined by a centrally designed scoring system and branches had very limited influence on the process. However, in the 80s onwards the number of such products increased considerably. Some of these were in new product areas, such as insurance and mortgages, while others were products already offered by branches, including business and personal loans.

The rationale behind centrally controlled products centred on cutting the costs associated with the branch networks. Given that the criteria for access to services were already specified and defined centrally there was less reliance on discretion on part of branch staff. Consequently there was less need for skilled and higher paid staff to underwrite these services. The standardisation implied by centrally set criteria also meant that underwriting could be done via remote banking technology, such as telephone and internet banking. Further, centralisation of underwriting access to products was a means to improve the quality of lending in the branches, often perceived to be patchy and of poor quality. Common to centrally determined products was that they were made possible by some form of credit scoring.

The introduction of credit scoring was gradual and uneven in a number of ways. Some banks such Midland Bank implemented and used it to a greater extent than the other banks, especially for business lending. Credit scoring was also introduced gradually across the product range. It was first introduced for personal lending in the 1970s (Wainwright, 2009). Given the increasing number of personal bank customers in the 80s onwards, there was a strong incentive to introduce credit scoring to cope with the number of loans. It was also easier to predict lending outcomes for personal customers due to larger sample sizes, more data and as the repayment for personal customers was easier to predict. In the 1990s, the banks started introducing credit scoring for business loans. The first recorded introduction of business credit scoring for business lending out of the banks in the sample, was Midland which introduced a manual score card in the early 90s. In the mid-90s, the bank introduced a computer-based form of credit scoring:

> *they were just beginning to introduce a manual score card for business lending in 1990… The software was called the Business Lending System and it asked the questions and put the answers in and it would give you a score at the end of it and the score would either reflect whether it was a pass, a refer or a fail… This was introduced in '94, '93, '94.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

As suggested by the quote and as discussed below, at that stage there was still an element of manual assessment required.

Barclays introduced a form of business credit scoring system in the mid-90s called Lending Advisor:

> *For corporate customers they brought in a facility called Lending Advisor… It wouldn't give you a credit score. It would say no. I could override that but if I did override it and it went bad, you'd be in trouble. So you didn't override it… Lending Advisor was brought in '94.*
> Brian, branch manager, Barclays, early 80s to mid-90s

There was an emphasis on reducing overrides as these would limit the effectiveness of the system and prevent the imposition of central control and uniformity in lending, which was among the reasons for introducing it in the first place.

A further aspect of the introduction of credit scoring that was gradual concerned the amounts. It was first introduced for small loans and then gradually larger amounts, as the banks grew more confident in the predictive power of the system:

> *So the whole range of junior managers that were lending up to 30,000, 50,000 and then the next level that was going into 100,000, they were all cut at a stroke because HSBC was then confident the business credit scoring system was robust enough to cope with businesses of up to 100,000 pounds lending.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

A final aspect of the introduction of credit scoring that was staggered was in terms of the degree of compulsion in using the system. It started out as an advisory system to aid branch managers. Then the banks increasingly frowned upon overriding of credit scored lending decisions until eventually there was no possibility for managers to override decisions:

> *Now, at the beginning, business credit scoring was purely in an advisory role, but gradually as the data become more reliable and as HSBC became more aware of the benefits of credit scoring… it got to the stage where… if the credit scoring system said you couldn't lend, you couldn't lend even it you took it to a manager with the authority you weren't allowed to override the credit scoring system*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

The move from advisory to compulsory was in part due to the perceived enhanced robustness of the system. It was also a reflection of the quest for greater central control as suggested by the theories of bureaucratisation and depersonalisation outlined in Chapter 2. This claim is supported, in the case of Lloyds, by an internal report on the role of the branch manager, which explicitly identifies credit scoring as a means of centralising decision-making and delegating lending to clerical staff:

> A system of credit scoring should be introduced as a means of scientifically assessing requests for consumer finance. Initially we see credit scoring used in branches as a means by which personal lendings can be delegated to senior clerical staff. Ultimately it will be the means by which personal lending can be centralised (Anonymous, 1979, p. 6).

The extent to which the branch managers interviewed were directly affected varied. Some branch managers, like Kieran, were not affected because their lending was always above the thresholds for credit scoring:

> I: What about credit scoring? Was that ever introduced for business lending?
>
> *R: Well, to a large extent it was, but I was always above that.*
> Kieran, branch manager, Midland/HSBC, early-00s

The managers that were the least affected were specialist business-lending branch managers. Other managers, like Laurence, had a reduced portfolio as a result of the introduction of credit scoring, as suggested by the quote further down.

A number of branch managers were no longer required following the increasing amounts covered by business credit scoring:

> *How they were able to cut those managers at that time in 2002 was because the business credit scoring system had been improved, allegedly to the extent where it could cope with business loans up to £100,000. So the whole range of junior managers that were lending up to 30,000, 50,000 and then the next level that was going into 100,000, they were all cut at a stroke because HSBC was then confident the business credit scoring system was robust enough… So that's why they got rid of a whole swathe of management, myself included.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

This enabled banks to cut the costs associated with the branch network. The interviewees generally accepted the need for it for personal lending as vital in servicing a larger client base with greater propensity to lend:

> I: What did you think of credit scoring when it was introduced [for personal lending]?
>
> *R: That we couldn't survive without it. It's all down to the cost dynamics and the scale. Remember, more people now have got bank accounts. More people have now got loans, credit cards--. The system couldn't cope without charging people money-lending rates.*
> Daniel, branch manager, other bank, mid-70s to mid-80s

Also, beyond recognising the necessity of credit scoring for personal loans in light of the scale of demand, most branch managers showed little interest in underwriting personal loans. Hence, the introduction of credit scoring for personal lending was generally not perceived by the interviewees to be a threat to their authority as this was related to business lending. Some branch managers who were coordinating managers rather than primarily business lending managers, like Laurence, also saw the benefits of business credit scoring:

> *But basically, once the scoring system came in, that took a chunk… away of the small business which could be done on the credit scoring system and done much quicker to free up my time to spend on, you know, other things, really.*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

In particular, some interviewees thought that the introduction of credit scoring for smaller business lending freed up time for sales, staff management and underwriting larger business loans. Further, even some branch managers who were apprehensive about business credit scoring, recognised the predictive power of computer statistics in business lending and its implications for the traditional branch manager:

> *The small branch manager just doesn't exist. Not required anymore… because of computer statistics, you could analyse and maintain databases on how individual type of businesses worked and what sort of gross profit they made, what gross profit in percentage a particular business was getting on average through the country and what the range was. So that when you got an application from the company that was outside of that range, there had to be a reason why it fell outside of that range.*
> Harold, branch manager, Barclays, late 80s

Hence, as per the quote above, there was a recognition that science and statistical packages were more powerful than the knowledge of individual branch managers.

However, for the most part, the interviewees were deeply sceptical of the application of credit scoring in the underwriting of business loans. There were several reasons cited underpinning this scepticism. Some of the managers interviewed expressed concerns about the accuracy of the system for business lending:

> *But business lending is definitely a much finer art and I defy anyone to say that it can be done on a pure credit-scoring basis.*
> Sean, branch manager, other bank, mid-80s to late 90s

In particular, as discussed in Section 6.3.2, interviewees felt that the underwriting of business loans required judgement and was based on tacit knowledge.

Consequently, the introduction and extension of credit scoring led to a deskilling of the business lending process by enabling the banks to remove more managers in the branches as clerical staff could now do the lending. Branch managers, like Harry, were concerned about the poor lending decisions that could result from delegating business lending to staff without business lending experience:

> *The clerks could then do business lending for the first time, which frightened me to death… A builder would come in, who'd say I need an overdraft of £1,000. I've got this big contract… And they put it in a computer and say that's fine Mr Hudson… So you could interview a small businessman without asking him any questions about his business and tell him whether you were going to give him an overdraft.*
> Harry, branch manager, Midland/HSBC, late-70s to late-90s

The concerns about poor lending decisions highlighted by the quotes above suggest that interviewees saw the skills and learning used in and derived from the manual underwriting of loans, through examining accounts and by visiting or interviewing the owner, as essential to good business lending. Similarly, Sennett (2009, p. 52) argues that the separation of hand and head degrades the quality of craftsmanship, which he says is "particularly evident when a technology like CAD [computer assisted drawing in architecture] is used to efface the learning that occurs through drawing by hand."

The lack of expertise also caused problems in terms of explaining decisions, especially rejections of applications, to customers:

> *If… you're just a clerk and if you haven't had the experience, you don't know why the computer said no. So when the customer says why can't you lend me the money, and this is a problem today, you can't tell then, because you don't know. You've not had the experience.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

Even some branch managers found it difficult to understand the reasoning and operation of the credit scoring technology:

> *In those days credit scoring had been introduced so there was this magical credit scoring system, which we knew nothing about other than the fact that we fed it in and it came out with an answer.*
> William, branch manager, Barclays, mid to late-80s

As suggested by the quote above, credit scoring gave banks greater central control over activities in the branches through monopolising the knowledge about working practices. As argued by Braverman (1974), this leads to deskilling as it separates the conception from execution of tasks meaning that the people executing the tasks can be less skilled as no specialist knowledge about the process is required.

A final concern of branch managers in relation to credit scoring was that they thought it changed the relationship with their customers. For managers having to rely on credit scoring, they had to be careful in what they told customers, as they could not guarantee the outcome

> *What you've got to look at is the way the whole system is going. So you're no longer responsible for personal lending. That's gone… You can only sanction if Lending Advisor says yes this looks all right. So you could see the way things were going, but the days of the manager having discretion to say to you right now, that's not a problem, after having a chat with you or a meeting with you accountants or solicitors saying shall we do something here. Now I had to be careful with what I say because I had to go through Lending Advisor and it might say no.*
> Brian, branch manager, Barclays, early 80s to mid-90s

This removal of authority to decide outcomes meant that affected managers could no longer effectively manage relationships with customers. On the one hand, credit scoring could result in the end of long-term customer relationships by rejecting the loan applications of longstanding customers:

> *So if it didn't credit score and the lending was less than 100,000 pounds, you couldn't lend the money despite the fact that that business may have been a customer of the bank for 30 years, and, all of a sudden, the bank said no, because, you know, the business credit scoring system was sacrosanct.*
> Jonathan, branch manager, Midland/HSBC, early to mid-00s

As explored in Chapter 2, credit scoring is an important disembedding mechanism as it renders the social networks and the social content of the relationship between the lender and the applicant inconsequential. The judgement by and the relationships of the branch manager were no longer important where access was determined by such technology. On the other hand, credit scoring sometimes prevented branch managers from acting, as they saw it, in their customers' best interest:

> *On the personal side we started credit scoring personal loans in 1982-ish, I think… And I got told off for overriding some of the credit scoring positives… For the personal lendings and saying… we know this chap's history, we've looked at it. We don't think, you know, he can afford this. Think this might be too much of a burden for him… I was told that's not relevant. I mean, the bank actually said that.*
> Barry, branch manager, Barclays, early 80s to mid-90s

As suggested by the quote, credit scoring brought an element of unbalance to the branch manager role. In particular, it meant that customers' interest, as perceived by branch managers, was subordinated to the banks' objectives and views of risk.

In part in recognition of the potential negative impact of credit scoring on relationships with customers and the perceptions of customers of the bank, interviewees did not inform customers about the use of credit scoring to appraise their applications:

> *I told him to stick strictly to the credit scoring, never say the system won't do it, refer to me if in doubt and it worked very well.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

By removing authority, it also removed branch managers' responsibility for outcomes for customers. Under discretionary lending, there was an incentive for branch managers to be prudent lenders and, ultimately, at least as perceived by interviewees, act in customers' best interest by not letting them overstretch themselves. As discussed in Section 5.3.3, poor lending within discretionary limits was frowned upon and could seriously hamper one's career. Credit scoring, conversely, removed the responsibility for the outcome away from managers and protected them from the consequences of defaults and poor outcomes:

> *And if the loan went into default, you were, sort of, from the branch point of view you were protected because it was credit scored and it passed the credit score at the time.*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

Interestingly, one of the major selling points that the management of the Bank of Scotland Group put forward when they introduced credit scoring into one of its subsidiary banks was that the staff would not be accountable for any bad debts caused by it (Edelman, 1992).

7.4. The introduction and intensification of targets

A development that did not remove, at least not directly, the authority of the branch manager to underwrite services but instead curtailed the autonomy he or she exercised in setting the priorities for the branch was the introduction of targets. Historically, and as discussed in Chapter 6, the branch manager was largely free to develop the business of the branch as he or she saw fit. There had been a loose focus on profit, costs and performance throughout history of banking, though banks were, according to the interviewees, generally more concerned that procedures and rules were followed. Apart from that, branch managers were free to decide what activities to prioritise within the branch. However, from the 1980s onwards, the activities of branch managers were increasingly subject to targets concerning origination of new products, performance of portfolio and branch performance.

Targets were introduced in the 1980s. They were initially soft and informal in a number of ways. The number of targets was initially low, but slowly increased over time:

> *I think they crept in insidiously, bit by bit, so you didn't notice them. First one and then another one and then over a period of time, between '79 and '85, I think, targets came in.*
> Michael, branch manager, Midland/HSBC, late 70s

The gradual introduction of targets suggests that British banks did not re-orientate themselves towards sales in response to the intensification of domestic competition in one sweeping move. Instead, the banks appeared to have introduced targets gradually over several years possibly reflecting an increasing sophistication in the measuring and monitoring of performance.

Initially targets were also not linked to pay or into staff appraisals. Missing targets did not in itself have an impact on career prospect or staff appraisal:

> *At first it was very informal and it really didn't matter whether you'd got your target or not.*
> Marcus, branch manager, Midland/HSBC, mid-70s to late-80s

In other words, the targets were initially designed as guidance and not pursued rigorously. There was also an element of flexibility in the setting of and hitting targets. It was not deemed necessary to meet all targets, but one could compensate for missing one target by over-performing on another:

> *If you don't meet that target, they said in years, but you make the other target, that balances itself out.*
> Barry, branch manager, Barclays, early 80s to mid-90s

Moreover, the monitoring of targets was generally very loose. There were no or little infrastructure and staff dedicated at sales and monitoring targets:

> *You were encouraged and your area manager would, again, take very little notice of what you were doing. And they had no sales managers in area offices in those days.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

As per the quote above, there were no dedicated staff members to monitor and manage the targets set for staff. This may indicate that whilst the banks started recognising the importance of sales, there was not yet an infrastructure in place to support the monitoring and directing of staff time to achieve this. Further, the targets were based on a certain measure of consensus as regional managers agreed the targets with the branch managers:

> *When he [area manager] was setting my targets, he said well, I need you to do this, this and this so we can achieve the area's plans… I can't do that, but instead if you reduce that, I can deliver more in here.*
> Tim, branch manager, Midland/HSBC, early to mid-90s

This indicates that local circumstances mattered as the banks seemed to have recognised that it may not be possible to sell a set number of products in certain communities. Instead the focus was on the overall performance of the branch as opposed to whether it was meeting specific targets.

From the late 80s, early 90s onwards, however, there was an escalation and intensification of targets:

> *the bank, at this stage [late 90s], was going, quite ferociously, into targeting, targeting for selling insurance, attracting new customers, delivering loans, personal loans insurance, the PPI, and the business loan repayment insurance, very very much pushing it*
> Sean, branch manager, other bank, mid-80s to late 90s

As suggested by the quote above, there was an increasing emphasis on cross selling as well as a greater focus on the personal sector. This intensification manifested itself in a number of ways. The number and sophistication of targets increased.

This was, in part, linked to the growth in ancillary products:

> *Targets really came in when we started to sell ancillary products. Instead of just doing lending and deposits and personal loans, once you introduced mortgages, once you introduce endowment or insurance policies with mortgage policies, once you have an investment section, you got to do insurance, you got to do investment, you got to find people… who want to invest it and get your advisors in and you get personal insurance to sell as a side line*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

The increasing emphasis on the sale of products that were not traditionally provided by banks, especially insurance, was a result of the decompartmentalisation of the financial services industry in the 1980s onwards.

Another sign of the increased sophistication in the setting and monitoring of targets was that banks moved on to point systems rather than simply number of products. This allowed for more detailed capturing of information about activities, stages and individual staff members:

> *a point system for targets. So, for example, if a member of staff spoke to a customer… and they basically handed out a leaflet that they might have put their own code on so the customer comes away with the leaflet. They might score one point for that, ok. Customer comes back in with leaflet, perhaps to ask some more questions and to find out some more information, and the member of staff sees them and actually signs them up with the product, the member of staff that gave out the leaflet originally probably gets another point but the girl or guy that sells them the product probably gets three points.*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

Based on the detailed breakdown of the labour process and the analysis of trigger points and profitability, banks were able to monitor, direct and reward individual staff members and branches according to their relative contribution to generating profits. Furthermore, pay and performance started being linked to meeting targets, and missing targets became a disciplinary issue that could ultimately lead to the staff member being made redundant:

> *We had about 12 key indicators and if you didn't hit most of them, your job was at risk or your bonus was at risk.*
> Michael, branch manager, Midland/HSBC, late 70s

Thus there was also much greater emphasis on the monitoring of targets. Technological advances and the growing sophistication in targets in which one could more easily monitor the activities individual staff members facilitated this. What had started out as a loose and infrequent monitoring regime, had by the late 90s increased in frequency and intensity:

> *You had daily phone calls towards the end of my time at [Southern sea side town, mid-00s]. What have you done today? Oh, what have you sold? ... How many investments have you done?*
> Susan, branch manager, Midland/HSBC, early to mid-00s

> *The area director, I'd have him probably on the telephone almost every day saying, right what's going on. What are you selling? What's going well? What's not going well? What are you doing about it?*
> Sean, branch manager, other bank, mid-80s to late 90s

The daily contact suggests a desire by the banks to monitor and control branch activities to ensure that these were in line with organisational objectives. This in turn suggests that the banks were undergoing a process of further bureaucratisation as per Weber, as they were seeking to increase central control over local activities.

Not only was there a greater level of monitoring, there was also an accompanying change in culture to one of increasing competition between branches and branch managers. At least two of the banks in the sample introduced league tables:

> *And there was a league table produced within the area and with names as to--. Not just the branch, it was the branch and then it was broken down to names. So everybody in the group could see who had sold what, who hadn't sold what. It was very uncomfortable*
> Rupert, assistant branch manager, other bank, early 80s to late 90s

> *You had leagues… I can't remember how often they were published, but you were terrified to see yourself towards the bottom*
> Simon, branch manager, other bank, early to mid-90s

Another new aspect of the intensification of the targets regime was that they were reviewed and adjusted, almost exclusively upwards, on a continual basis as opposed to annually, as used to be the case:

> *There was a time when targets were set on January the first and then, unless there was something fundamental that happened in the year, that was it. That was your target. Three months down the line they increased the target or something and six months down the line they changed them again… Especially if you had a big mortgage early in the year, they said oh that target's too low. We'll give you another one [laughs]. Oh we loved it [laughs].*
> William, branch manager, Barclays, mid to late 80s

This indicates a loss of trust in the branch manager, as the banks in this instance did not believe that the branch manager would have continued to seek out new business once he or she had met his target. Being entrusted was, as discussed in Chapter 6, an important aspect of the branch manager role.

The level of flexibility evident in the early phase of targets was starting to disappear in the late 80s onwards. Branch managers could no longer compensate for missing some by over-performing on others, but had to meet all targets regardless. According to some interviewees, targets became increasingly inflexible and insensitive to contextual factors, such as nature of local economy and national economic cycles:

> *when we pitched into the recession in 89, 90, 91, those targets suddenly became unattainable and I had one lending… The property was valued at one and a half million… went into recession and suddenly the valuation came out at 500,000 pounds… So that hit my figures very badly for that year… What control have I got over that?*
> Barry, branch manager, Barclays, early 80s to mid-90s

> *My argument would be with the bank on bad debt [targets]. If I was sitting as a manager in [county town in Midlands] and a farmer went bust, you were still sitting on 500 acres of land… If somebody went bust in [industrial town in Wales] I got nothing so I should be allowed a higher financial debt ratio than say a rural, agricultural branch.*
> Brian, branch manager, Barclays, early 80s to mid-90s

The inflexibility of the targets, as per the quotes above, heightened the sense of the disembedding of banking from local communities. Considerations such as local asset values, business cycles and nature of businesses were no longer significant as the promotion of the profitability of the bank was the overriding concern.

The experiences of branch managers with targets differed. Some never experienced any difficulties in meeting targets and did not see any adverse impacts of them:

> *You know, they wanted me to bring in results and I had my own targets to produce… I'd have a shopping list of products and services up here I would want to talk to that customer about… If I didn't sell them to this customer, somebody from outside would come along and sell them.*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

> *You always had to be aware of them, because at the end of the day, you're going to be judged against them, but the only sure-fire way that I knew to be able to tick off the key performance indicators was to keep staff happy and keep the customers happy and have a good profile, be available, be approachable.*
> Kieran, branch manager, Midland/HSBC, early-00s

Some, like Laurence, even saw the targets as positive in the sense that it opened up for more effective staff management:

> *Those [targets], sort of, whittled down to each member of staff, so they each had their own set of targets to achieve, and that's how we then eventually, we had a more effective way of measuring staff as to what they were actually doing, what they were producing, you know. Were they just standing there not promoting the bank's products and services or were they actively going for it, you know, to get the numbers on the books and income for the bank?*
> Laurence, branch manager, Midland/HSBC, early 90s to early 00s

It enabled, as per the quote above, a more precise analysis of the contribution of individual staff members to the performance of the branch. Branch staff could be monitored and directed to the most profitable activities.

A more common stance though, was that the early targets were acceptable and appropriate but that the intensification of the target regime and its perceived inflexibility of this regime were highly problematic in a number of ways. First, many interviewees thought the intensification of targets signalled that the bank no longer trusted branch managers to do their job:

> *We thought we were reasonable, if not more than that, at getting business and we really didn't like these targets. A lot of targets were in some respects a waste of time.*
> Marcus, branch managers, Midland/HSBC, mid-70s to late 80s

> *What I objected to… is the fact that it reduced your flexibility… You will do this and you will do that and that went against my personality really… Leave me alone and I will produce whatever you want, but the system couldn't cope with that.*
> Brian, branch manager, Barclays, early 80s to mid-90s

This is important given that being an entrusted representative for the bank was, as established in Chapter 6, seen to be at the heart of the role of the branch manager.

Second, several interviewees also thought that targets pressured branch managers into making poor lending decisions and abandon prudent lending practices because they tended to emphasis getting in new business:

> *I took over from branch where the manager had achieved all his targets and he was known as a brilliant manager, the best manager in the region. When I took over the branch it soon became apparent that he was dishonest and, all right, he'd achieved all these targets but at what cost. And the borrowing was diabolical. I can vaguely remember in the first year I probably got rid of well over a million pounds worth of borrowing, which I didn't wish to have and some of it was bad debts but most of it was unsatisfactory*
> Marcus, branch managers, Midland/HSBC, mid-70s to late 80s

In other words, there was a danger that the pursuit of targets was done at the expense of prudent lending. Interviewees felt that targets were unrealistic and inflexible so exceeding them, if not meeting them, inevitably involved taking more risk. This had previously not been the case as the bank historically expected its branch managers to lend prudently and not take undue risk, as discussed in Section 6.4.

The third and perhaps most deeply felt objection among interviewees to the increased focus on targets was that it put the bank's interest above that of the duty of care towards the customer. Generally interviewees did not see it as problematic to sell a greater number of products to customers:

> *I took to doing it when it was right for the person I was doing it for… I mean, it was a very good product. Anyone who didn't have it, in my mind, was off their trolley… I found that terribly easy to sell to people because I would have bought it myself. So at [market town in South West] there was this transition into the way of selling products to people, but still very much on the basis that it's the right thing for you. It's the right price.*
> Sean, branch manager, other bank, mid-80s to late 90s

The interviewees felt that as long as it was in the interest of the customers, they should sell the product to them. However, they objected to the increasing pressure to sell products to customers regardless of whether it was appropriate for and in the interest in the customers:

> *So this was, you know, really starting to get to the point where, even though I still enjoyed the job there were parts of it now that I wasn't comfortable with, which had never happened when I first joined. I'd always been comfortable with everything I'd done… the thing that really impressed on me when on my first lending course went, was… when you lend money you have a duty of care, obviously, to the bank to get the money back, but you have duty of care to the customer to only lend the money that is in their interest. If you lend somebody money just because they've asked for it and they can't pay it back you are not doing… him or her a favour. You have a duty of care to your customer. And that was starting to go. At this stage, that duty of care to the customer in lending, because as soon as you got the targets to do more personal loans and you get one that passes the credit score--… I got to the point where I genuinely felt and I don't know whether people have said this that instead of I was protecting, my job was protecting the staff from my customers from the bank. Instead of being the bank's representative passing down policy I was almost trying to shield the customers and the staff from what the bank was doing and it was frustrating fight. It was a losing battle because I was told that wasn't my job, to get on with it and there was more and more things that I just wasn't happy with.*
> Harry, branch manager, Midland/HSBC, late 70s to late 90s

The introduction and intensification of targets for branches and branch managers has a number of characteristics of Weber's concept of rationalisation. Through the collection and analysis of detailed data on staff time use, and the monitoring and control of staff use, the banks could ensure the optimum use of resources to pursue profits. Some branch managers, like Harry and Marcus (see Section 5.4), sought to protect customers and staff against the rationale pursuit at profit. The quote also indicates that banks used to see it as their moral obligation to act in the interest of their customers. This stands in stark contrast to the banks' perceived immoral treatment during the financial crisis and the mis-selling of PPI (FCIC, 2011; Mullineux, Forthcoming; Tomlinson, 2013).

7.5. Specialisation and segmentation

A subtler change to the role of the branch manager and the branch was the segmentation of banking. The traditional branch manager was a generalist banker, or that was at least how he or she was perceived. He or she opened bank accounts, undertook business loan interviews, witnessed wills and chased missed payments, maybe all in the course of the same day. The same could be said for assistant managers. In the late 80s onwards, there was a trend towards segmentation and greater specialisation. The branch and the bank more widely were split into retail and business. Business was later on split into enterprise and corporate covering small and larger business respectively. These divisions had specialist staff dedicated to that particular activity.

There were two main reasons for splitting the branch and bank in this way. First, the banks perceived that there was an increasing complexity of financial services, and of the customers and their needs, especially business customers. To fully attend to these needs one required greater specialist skills:

> *And therefore we would be giving a better service to customers… the corporate area was more complex and therefore the brighter people at that time, because they had to have banking training, they needed the banking exams and they needed to understand the law and foreign exchange and reading balance sheets, and not everybody was capable of doing all those things.*
> Barry, branch manager, Barclays, early 80s to mid-90s

There was, as suggested by the quote above and as discussed in Chapter 5, a sense that the generation of the branch managers interviewed were especially well trained.

This training and specialisation underpinned the transition to the role as a specialist business-lending manager, with the associated status and skill.

The need for greater specialist skills was also the rationale for splitting business into enterprise and corporate:

> *And then we decided to, in the late eighties, split all lending into Corporate, and what was called Enterprise, which was the smaller lending. And the marketing behind that was actually quite true because if you were any good at lending, you were, kind of, as you went up the… chain in the bank you dealt with bigger and bigger customers.*
> Wayne, bank manager, Midland/HSBC, late 80s to early 90s

An important aspect of the reorganisation into retail and business was that it signalled to the customer that the bank had specialist expertise and dedicated staff to take care of their interests. To emphasise this, Barclays renamed some larger branches business centres, whilst Midland renamed their branches as service branches:

> *'84, '85, I suppose, '86 perhaps, instead of being a branch manager I became a business centre manager… Everybody was retitled in the larger branches… I had a Manager who was specifically in charge of the private business, the personal business… It was to heighten the profile. It was to tell customers that we now had… specialists who were developing the business side, specialists who were developing the personal side. They would look at all the range of products on the mortgage side for personal customers, lending side, personal lendings, savings facilities*
> Barry, branch manager, Barclays, early 80s to mid-90s

> *Because they then started merging them, the branches, under an area and I--. And then after that they started changing the manager's title from manager to a service branch manager. And this… was really the start of the concept of splitting the bank into two sections, the retail section and the corporate section.*
> Matthew, branch manager, Midland/HSBC, early 80s to mid-90s

The quotes above highlight the importance of perceptions in banking. The retitling of the branches and the branch managers suggested an elevation of some groups as more important and that the banks recognised that these groups had specialist needs.

Second, the segmentation of banking was associated with the increasing importance of the personal sector. As detailed in Chapter 4, the introduction of free banking, deregulation, the rise of consumerism and the increased focus on the domestic market following the international debt crisis led banks to focus more on the personal banking market. The introduction of personal bankers or personal sector managers was intended to increase sales and signal to the consumers that they were being taken seriously by the bank:

> *I went on to become a personal sector manager, because they then said oh these personal customers are very important to us and we don't look after them and they invented the personal sector at the end of 1987 and 1988 I went to [London branch] as the personal sector manager, responsible there only for all the personal sector customers.*
> William, branch manager, Barclays, mid to late 80s

If one looks beyond the perceptions and views of the branch managers interviewed, and one places this trend in a wider context, the move signalled a greater cultural shift in banking. Segmentation introduced a new way of looking at the bank, the branches and their customers, that was prevalent across all the major British high-street banks (Fletcher, 1995). It constituted "a move away from the traditional hierarchical structure to a specialized approach, splitting corporate and retail (personal and very small business) customers" (Fletcher, 1995, p. 39). Segmentation and specialisation involved a reorientation from productive and organisational units to customer groups (Ackrill & Hannah, 2001). This was linked to a greater focus on increased sales and profits by responding to the demands of the customer groups.

7.6. The impact of regulation

So far the discussion in this chapter has focused on developments the banks instigated in the pursuit of their own strategic objectives (e.g. increased uniformity, reduced costs, increased central control etc.). However, there were also factors external to the banks that will have affected developments in the sector. The perhaps most important external factor will have been government legislation in areas such as employment law (equal opportunities legislation etc.) and consumer protection (e.g. 1974 Consumer Credit Act etc.). Equal opportunities and consumer protection legislation were intended to level social differences, which, according to Weber (1968[1920]), contribute to bureaucratisation through its focus on uniform treatment of employees and customers.

Compared with other developments in banking, generally the interviewees did not talk at any great length about government legislation and regulation and how it affected banking. There may be two main reasons for this. First, it may be because they were not specifically prompted or asked about it. It should be noted that, as discussed in Chapter 3, the interviewees were not generally asked about specific developments but were instead asked to talk around topics more generally (e.g. about underwriting as opposed to credit scoring specifically). Second, given that the interviewees were generally not involved in developing policies it may have been difficult for them to distinguish between developments in banking determined by government legislation from those driven by the strategic objectives of banks (e.g. reduce costs, reduce unevenness in lending etc.).

To the extent that government legislation was discussed in the interviews, it mainly focused on consumer protection legislation, especially the Consumer Credit Act of 1974. Interviewees thought that the Act had a dual effect on banking. On the one hand, it led to a dramatic increase in the documentation associated with the lending process:

> *He [the branch manager] might make a little note on what we call information card: agree John Smith can have another 2000 pound overdraft to buy a knitting machine and that was it. That was the contract. There was no sort of great legal documentation to it all. But that changed. That changed dramatically with the 1974 Consumer Credit Act… the level of documentation increased dramatically. Now the banks found this rather a burden and branch managers and everybody found this a burden, because it was a complete change from the way we'd operated. You suddenly had to start [inaudible] writing letters.*
> Harold, branch manager, Barclays, late 80s

This formalisation of the lending process, then, led to an increased bureaucratisation of the process.

On the other, the formalisation associated with the act changed, according to the interviewees, the nature of the relationship with customers. It led to a stricter separation between the social and the business sphere, because it prohibited branch managers from canvassing business premises:

> *One of the key ones for banks was section 49 [of the 1974 Consumer Credit Act], which meant that you couldn't canvass premises. Now up until then, branch managers had a very big social aspect, social integration aspect to the job. They went out with customers. They spent a lot of time on customer premises and generally socialising… Because of this section 49, you weren't allowed to canvass of or agree business of trade premises… It had to be done within the branch or, occasionally, in their own trade premises.*
> Harold, branch manager, Barclays, late 80s

The formalisation of the lending, as per the quote above, may also have contributed to making banking perceived to be more impersonal, as customers and branch managers could not agree informally outside of the branch but had to go through a formal process.

The Act also prevented branch managers from providing advice and from exercising social control through informal means:

> *One of my principal lending philosophies was community banking. So if a debt went bad… I used to go and know on their door. Now, in a small community, whether you got your money back by knocking on the door wasn't the important thing, but the word went round to the pubs and clubs that hey if you owe this bloke 500 pounds, he knocks on your front door. You've got to stop in coming in and doing that in the first place… We used to take what a customer believed was security. When you buy a car, you have a log sheet, ownership. In [London borough] we used to lend money to somebody to buy a car, we'd take their log sheet. Again, you can't do it nowadays. It's illegal. You have no charge over it. But the customers believed, especially in [London borough], believed that you had. Therefore we always had a hold over them and that was a very, again, some sensible practices, which nowadays you can't do, because of rules and regulations.*
> William, branch manager, Barclays, mid to late 80s

As per the quote above, some branch managers used such informal practices to exercise social control and underline their authority. Many of these practices were banned under the Consumer Credit Act of 1974.

7.7. Summary

This chapter has explored how the role of the skilled branch manager with authority and freedom to run an autonomous branch, as detailed in Chapter 6, came under threat and eventually disappeared in the late 90s, early 00s. Consumer protection legislation introduced in the 1970s limited the scope for branch managers to intervene in what they perceived to be the interests of customers by prohibiting the provision of advice and agreeing loans without extensive supporting documentation. The centralisation of back-office operations radically reduced the number of staff under the branch manager and also cut the branch management structure. It eventually undermined the role of the branch in terms of sorting out problems, issuing cheque books and controlling and monitoring customers' actions, thus severing the link between customers and their branch.

A more fundamental threat to the branch manager role was the removal of the authority to underwrite and originate services, especially business lending, as this struck at the heart of the authority of the branch manager. Banks did this in three ways. First, they introduced centrally controlled products, primarily through credit scoring, originally only for personal loans and then for small business loans. Second, banks created enterprise or corporate centres (area offices) staffed by specialist business lenders (often former branch managers) that did all the business lending and underwriting for the branches in their particular catchment area. Third, several branches in the same area were grouped together in clusters, and the smaller branches had their business lending and, in some cases, their managers removed and transferred to larger branches.

The introduction of and the intensification of targets in the 80s and 90s further imposed central control over the activities of branch managers, reducing their autonomy. It also changed the nature of the relationship between branch managers and their customers by undermining the duty of care for customers, thus threatening the balance that the branch managers sought to maintain between the interests of the bank, customers and staff members. A final change with profound implications for the role of branch managers was the segmentation and specialisation of banking. It signalled a cultural shift towards selling because it shifted the focus of the bank from organisational or productive units (branches, divisions) to customer groups (personal customers).

The combination of these factors threatened the role of the traditional branch manager in a number of ways. First, they curtailed the authority of the manager and autonomy of the branch. Second, they changed relationship with customers and local community through greater emphasis on selling and the decreased importance of local knowledge. Third, they reduced the authority of branches and downgraded certain communities that were not serviced by full service branches.

These developments were also all aimed at promoting greater uniformity, calculability, predictability and central control of the activities of branches and their managers. This is important because it meant that the discretion of the branch manager, a precondition for exercising emotional judgements, was strongly and increasingly so curtailed by the bureaucratisation and standardisation characterising depersonalisation and driven by the developments outlined above.

8. Discussion

8.1. Introduction

The analysis in Chapters 5 to 7 established that the banks in the 1960s and 70s were conservative and paternalistic institutions that had changed little since the interwar period. In this context, the branch managers defined their role as authoritative, skilled and trained figures that were empowered to act on behalf of the bank, and sought to balance the interests of their employer, their staff and their customers. However, the role of the branch manager came under threat from the 1970s onwards. Banks imposed greater control and direction over the activities of the branch manager through the introduction of increasingly stringent targets. They also removed authority from and deskilled the role of branch managers by introducing credit scoring and by taking business lending out of branches. The increased focus on sales and targets also threatened the balance between the interests of the customer and the bank by subordinating all other interests to the organisational objectives of the bank (i.e. increased profit, reduced costs etc.). This chapter draws on these findings to identify wider implications of the thesis for sociological theory on banking, and the empirical understanding of banking in a historical and contemporary perspective. This is important to ascertain the relevance and contribution of the thesis in the fields of sociology and on the topic of banking. Specifically, the chapter will detect and analyse the nature and extent of depersonalisation and disembedding of British banks (Objective 5).

The central argument of this thesis put forward in this chapter is that the progressive liberalisation of the financial services market and the ascent of neo-liberal policies had a dual impact on banking and the role of the bank branch manager. First, they led to the depersonalisation of banking and the disembedding of the bank branch from local communities and customers. Second, through the depersonalisation and disembedding of banking, financial liberalisation brought about the deskilling and disempowerment of the bank branch manager. The decompartmentalisation of financial services markets, the removal of controls on asset growth, globalisation and the introduction of price competition increased the pressure on banks to cut costs, especially related to the branch network, and increase market share. The greater political and economic pressures on banks to increase the proportion of banked households led to a great increase in scale which in turn put pressure on traditional methods and channels of financial service delivery and origination.

The original contribution of the thesis lies in its conceptualisation of the depersonalisation and disembedding of banking rooted in the agency, or loss of agency, exercised by the traditional gatekeeper to banking services: the bank branch manager. The role of agency of branch managers as gatekeepers is vital in embedding and personalising banking through the reliance on judgements and discretion in decision-making. The liberalisation of financial markets is a disembedding and depersonalising mechanism because of the imposition of greater central control to cut costs and to direct efforts to the most profitable activities. It is held that the erosion of the role of the branch manager through the centralisation of underwriting and the imposition of greater central control of staff activity, under the framework of Weber's concept of rationalisation and in the context of the liberalisation of the banking sector, is at the heart of the conversion of branches from originators and providers of services to a community to retail outlets of centrally designed and controlled products.

The remainder of the chapter is organised into three sections. Section 8.2 considers the theoretical contribution of the thesis by discussing the relevance and application of the concepts of depersonalisation (8.2.1) and disembedding (8.2.2) to British banking and more widely. Section 8.3 considers the implications of the deskilling and disempowerment of the role of the branch manager, while Section 8.4 summarises and concludes.

8.2. The depersonalisation and disembedding of banking

This thesis attempts to grapple with the transformation of British branch banking, in particular the growing sense of detachment and dehumanisation of banking. Chapter 2 tried to do this through developing the concepts of depersonalisation and disembedding. The depersonalisation of administration and management refers to the move from case-to-case judgements to rule-bound impersonal decisions, whilst disembedding relates to the detachment of service provision from social networks. This section seeks to answer three main questions to ascertain the implications of these two concepts beyond this thesis. First, to what extent are developments in British banking since the 1960s consistent with those conceptualised in depersonalisation and disembedding? Second, to what extent did depersonalisation and disembedding shape the experiences and perspectives of the bank branch manager? Third, what new light do the concepts shed on our understanding of banking and on the concepts themselves?

8.2.1. Depersonalisation

In a personalised administration, those executing tasks show consideration for the people affected by or involved in the decision-making. Such consideration may be for the person, including his or her perceived character, status, appearance and association. Alternatively it may be for the circumstance in which the person finds him or herself, which the decision-maker may deduce from the person's appearance. In other words, the decision-maker may be acting out on emotion (e.g. pity, jealousy etc.) rather than in a purely objective, detached and rational manner. Depersonalisation, the move from personalised to depersonalised administration is a process driven by Weber's concept of rationalisation. Rationalisation is the increasing orientation towards the execution of planned actions to achieve organisational objectives, the rational pursuit of profit in the case of private enterprise. Rationalisation drives depersonalisation as it encourages a move from a case-by-case approach with the opportunity to take emotional judgements about persons into account to a uniform treatment regardless of the person or his or her circumstances. Depersonalised organisations, then, seek to ensure that all activities are run according to a uniform set of criteria and that all activities are planned to achieve organisational objectives. This, in turn, requires that the organisation is able to control the actions of its staff through detailed guidance and the use of non-human technology, and predictability in terms of fixed and set expectations and roles (Ritzer, 1996).

The analysis of the interview transcripts revealed that, up until the 1980s, there were distinct elements of a personalised approach to administration in the banks. Branches had a great deal of autonomy in deciding their priorities and determining access to services. As discussed in Section 6.4, although there were organisational objectives that the branches had to meet, these were generally defined in a very broad manner (e.g. in terms of overall profit, bad debt etc.) and branches were free to determine their focus (i.e. type products sold etc.). Consequently, there was little uniformity in how customers were dealt with. Although there were guidance and training on the appraisal of lending proposals, the analysis in Chapter 6 revealed that the branch managers relied heavily on judgements of the customers' perceived character (i.e. perceived prudence, thriftiness etc.), attitude and circumstance. Several managers stated that if they could not get passed the P for Person in the lending appraisal, they would be unlikely to approve the loan. The findings also suggest that the banks and their senior managers relied on their judgement of the individuals and their circumstances in dealing with staff matters. One of the perhaps clearest examples of this was that the position as a local director in Barclays was, according to several interviewees, largely reserved for the so-called blue bloods, the descendants of the families running the banks taken over by Barclays. Further, the extent and speed of the career progression of those that were deemed to have a rebellious attitude and character was slower than those of more loyal staff. The findings also suggest that the banks and the bank managers showed a great deal of consideration for their employees, and that they, in some instances, acted out of a paternalistic compassion by keeping poorly performing staff.

However, there also appeared to be manifestations of depersonalised administration in banking in this period. As discussed in Chapter 2 and 4, British banking was largely bureaucratised and depersonalised already by the end of the nineteenth century, let alone by the time when the respondents became branch managers. In the latter part of the nineteenth century, British banks undertook a programme of bureaucratisation and formalisation of operations due to the increasing scale of banking (Collins & Baker, 2003). By the end of the century, British banks had become hierarchical and bureaucratic organisations that had a professionalised workforce, were governed by standardised rules and regulations, and were operating with detailed lending guidance to standardise decision-making (Collins & Baker, 2003; Savage et al, 2001).

From the 1980s and 1990s onwards, as shown in previous chapters and as will be discussed, the pace of depersonalisation increased. However, also between the early 1960s and the period of intensification, there were elements of depersonalised administration. There were detailed rules on some aspects that were applied in a fairly uniform manner. According to the interviewees, the number of staff members per branch was determined in a formulaic manner based on the number of transactions and the size of the portfolio. In turn, the seniority of the branch manager, his or her lending discretion, and the perks associated with the branch was determined by the size of the branch in a hierarchy of branches (see Section 5.2). There was generally a great emphasis on staff, and branch managers in particular, following rules and guidance. As revealed in Chapter 6, the banks had an extensive inspection routine in place to ensure that rules were followed and the banks frowned upon branch managers circumventing discretionary limits and overriding credit scored lending decisions.

Banks were generally highly hierarchical organisations in which subordinates knew their place. It should be noted that the hierarchical nature of banking and the premium banks placed on the following of rules also reflected the paternalistic and patriarchal nature of the organisational culture rather than manifestations of depersonalisation. As such, they were manifestations of personalised rather than depersonalised administration. The banks showed a care and interest for their employees that went beyond staff management to achieve organisational objectives. As discussed in Chapter 5, the bank took an interest in their personal lives by discouraging early marriage and promoting prudence in their finances. Lascelles (2005) also found this to be the case in his study of the development of high street banking in Britain since the 1960s. Like any patrician and as showed in Chapter 5, senior managers within the banks would find a place for even poorly performing staff. There were other suggestions of the coexistence of personalised and depersonalised administration and decision-making.

Although the overriding organisational framework was increasingly depersonalised, especially from the 1980s onwards, there were elements of personalised administration and decision-making, maybe especially by the interviewees. It was felt by some interviewees that there was a greater need to intervene as the banks had lost sight of the duty of care towards customers. One example of personalised decision-making was that branch managers were overriding credit scored lending decisions out of concern for the circumstances of the individual (e.g. he or she would not be able to afford it; he or she deserved a chance etc.). This was discussed in Section 7.3.3. There were also a high number of overrides when credit scoring was introduced in the Bank of Scotland Group in the 1980s (Edelman, 1992). Another example of this would be the practice of keeping loose leafs in personnel files, as described in Chapter 5. This allowed managers to make comments about the person of the individual staff member and his or her circumstances, which formally and legally they may not have been allowed to use for staff appraisals, because they could be taken out in case of an inspection of the personnel files.

From the 1980s and 90s onwards, the pace of depersonalisation quickened and the last remnants of personalised administration appears to have disappeared. There were a number of developments contributing to this. There was the intensification of the target regime in banking in the 1980s and 90s, described by the interviewees in Chapter 7. The combination of the increased scope and scale of targets and the increased intensity with which they were monitored had two effects. First, it paved the way for a more systematic and uniform approach to monitor and assess individual staff members and branches. As reported in Section 7.4, employees failing to meet their targets were at risk of losing their job. Second, the introduction of a greater number of and more sophisticated targets enabled banks to monitor the activities of individual staff members and their contribution to the generation of profit for the branch. This also made it possible for the banks to direct and control activity at a branch level to much greater detail.

A further development indicating that the banks were undergoing a process of depersonalisation was the centralisation of back-office operations (Section 7.2) and business lending (Section 7.3), which had previously been conducted by branches, into regional centres. This was instigated in part to address the unevenness of business lending in branches. It was also driven by a desire to capitalise on economies of scale and reduce the costs associated with the branch network. Credit scoring was another development that was characteristic of depersonalisation. It was introduced to impose greater central control and greater uniformity in lending. The way in which it was implemented was also very rationalistic as it was gradually expanded to new products and greater amounts as it was proven to improve lending within certain parameters. Finally, the increased sophistication of computer systems allowed for the progressive introduction of greater controls on, for example, credit scored lending. Eventually, as illustrated by the analysis in Section 7.3.3, it was not physically possible to override credit scored loans. This strengthened the ability of the banks to control the activity of individual staff members and ensure that the rules and procedures were followed.

The common denominators for all these developments were that they were aimed at promoting a greater level of uniformity, calculability, predictability and central control of activities of the branch. These are, as discussed in detail in Section 2.2, the hallmarks of bureaucratisation and the rational pursuit of profit. This meant that the discretion of the branch manager, a precondition for exercising emotional judgements, was strongly, and increasingly so, curtailed by the bureaucratisation and standardisation characterising depersonalisation. It is argued in this thesis that the liberalisation of markets was a major contributing factor to the quickening of the pace of depersonalisation in the 1980s and 90s. From operating in compartmentalised and oligopolistic markets up until the 1970s, banks in the 90s onwards were operating in a highly competitive single financial services market. The implementation of the principles of depersonalisation allowed banks to cut costs and increase profits from the branch network. The uniformity imposed on decision-making through credit scoring enabled banks to standardise and deskill the lending process, and replace costly managers with cheaper labour in the form of clerical staff. The greater calculability achieved through quantitative targets for staff and branch level activities made it possible to identify the most profitable activities. Through the combination of technology and targets, the banks could plan and direct the activities and efforts by staff and branch accordingly and ensure that the activities were carried out as directed.

It is argued in this thesis, therefore, that depersonalisation has been a defining feature of banking, in particular since the 1980s, and that Weber's concepts of rationalisation and bureaucratisation are relevant to understanding contemporary issues in banking. However, to what extent were the experiences and perspectives of branch managers at the time shaped by these concepts? The views and experiences of the interviewees were multifaceted and not unified. Nevertheless, there was a general sense of acceptance, if somewhat grudgingly by some respondents, of the need for a greater focus on cost, profitability, technology and greater standardisation in the face of the increasing number of customers, the greater complexity of businesses and the intensified competition. However, the interviewees objected to the uniformity, the lack of flexibility, and the lack of consideration for the circumstances of customers and staff associated with the intensification of targets and the extension of non-human technology (i.e. credit scoring etc.). Further, the interviewees were particularly critical of the deskilling implied by greater control and standardisation of processes.

The point about deskilling seems to run counter to Weber's (1968[1920]) assertion that bureaucratisation is associated with the professionalization of banking due to increased specialisation of tasks and the desire to control the intake of workers. Indeed, deskilling would seem to be the natural consequence of bureaucratisation and depersonalisation as it enhances central control rather than professionalization. This is explored in some detail in the next section. It is important to note that other studies have also found that branch staff and managers reacted negatively to developments threatening the autonomy and authority of the branch and the branch manager. Lascelles (2005) found that the automation of statements in the late 1950s triggered concerns among branch managers that it would take away authority as it involved transferring account keeping to regional processing centres. Research in other banks also finds branch staff to be critical of the reduced authority and control resulting from the introduction of credit scoring (Edelman, 1992).

How, then, do the findings and their immediate implications shed new light on the understanding of banking? As indicated by the numerous references to similarities and differences of the findings in relation to existing studies, there is an extensive body of literature on the transformation of British banking since the 1960s. This literature has detailed and described the political (French et al, 2008; Moran, 1986), financial (Gentle, 1993) and geographical (Leyshon & Thrift, 1995; Leyshon & Thrift, 1999) dimensions of this process of financial restructuring. Researchers in the field have identified a number of factors driving this process, including technological innovation (Consoli, 2003; Leyshon & Thrift, 1999), the Third World debt crisis (Leyshon & Thrift, 1995), political and ideological pressures (French et al, 2008; Lascelles, 2005), and the globalisation of financial markets (French & Leyshon, 2004; Leyshon & Thrift, 2007). Further, much theoretical and empirical work has been conducted concerning the impact of financial restructuring, including on the access to financial services and financial exclusion (Burton et al, 2004; Kempson et al, 2000; Leyshon & Pollard, 2000), the level of competition, the reorganisation of banks (Howcroft & Lavis, 1996; Morgan & Sturdy, 2000), the restructuring of the branch network (Leyshon, 2006; French et al, 2008; Howcroft, 1993), industrial relations (Cressey & Scott, 1992) and on various other aspects.

Part of the additionality of this thesis in relation to the existing literature is that it conceptualises and analyses the changes in British banking within a theoretical framework rooted in sociology. According to this framework, the transformation of British banking since the 1960s is not rooted in technological innovation alone, nor is it rooted in capitalism or the pursuit of profit per se. Rather the argument is that the financial liberalisation of the 1970s onwards allowed for and drove the rationalisation of financial service provision as per Weber's concept of rationality. This in turn dehumanised and depersonalised banking. Weber (1968[1920]; 1992[1930]) argues, as noted in Chapter 2, that enterprises in Western capitalism are distinct from other parts of the world in the degree to which they engage in the rational pursuit of profit as opposed to their use of technology or the pursuit of profit per se.[13] This is, according to Weber, based on the separation of enterprise and household finances, the rational and stable interpretation of law, and a salaried workforce offering its services in a market place. All of these aspects were in place well before the 1960s and contributed to the bureaucratisation of British banks in the latter half of the nineteenth century.

However, this thesis argues that the deregulation and liberalisation of the financial sector allowed banks to and indeed led them down the route of further rationalisation and bureaucratisation. The literature on the restructuring of the banking sector since the 1960s has demonstrated that the restrictions on asset growth and the regulatory and monopoly barriers between different markets prevented British banks from expanding into personal banking, housing finance and investment products (Collins,

[13] Weber (1992[1930], p. xxiv) characterise those engaged in non-rational pursuit of profit as "speculators in chances for pecuniary of all kinds." He goes on to state that this "kind of entrepreneur, the capitalistic adventurer, has existed everywhere. With the exception of trade and credit and banking transactions, their activities were predominantly of an irrational and speculative character, or directed by acquisition by force, above all the acquisition of booty, whether directly in war or in the form of continuous fiscal booty by exploitation of subjects."

1988; Gentle, 1993; Howcroft & Lavis, 1996; Morgan & Sturdy, 2000). The lack of disclosure of profits and thus of competition meant that there was no incentive for banks to expand into these markets or indeed to become more efficient (Howcroft & Lavis, 1996; Moran, 1986). The lifting of these restrictions encouraged and led banks to the rational pursuit of profit to a much greater degree than before.

This, it is argued, is evidenced by the developments in banking highlighted in the analysis in Chapter 7. Banks put greater emphasis on the development and implementation of credit scoring to impose greater uniformity and central control in order to decrease costs and increase scale (Section 7.3.3). Similarly, the banks in the study implemented and increased the scope of targets and the intensity with which they were monitored in order to better monitor, control, plan and direct staff time to the most profitable activities (Section 7.4). The resulting pursuit of profit was more rational than before because it meant that staff would only be directed to those activities that, on balance of costs and revenue, were most likely to fulfil the organisational objective.

The rationalisation and depersonalisation of British banking is also underpinned by the expansion of the bureaucratic state. According to Weber (1968[1920]), the levelling of social differences and equality before the law both promote bureaucracy. This is because they require the departure from the case-by-case approach in favour of a uniform treatment of all cases. For example, in the 1970s governments introduced equal opportunities legislation banning the gender discrimination, which forced British banks to restructure grading systems (Halford et al, 1997). Up until then, women had been confined to clerical posts, often barred from promotion and not receiving as high salary as men (Halford et al, 1997). Also in this study and as discussed in detail in Section 7.6, government regulation was found to drive depersonalisation and bureaucratisation. It led to the bureaucratisation and formalisation of the lending process and a stricter separation between the social and the business sphere.

Ultimately it is difficult to discern the exact contribution of the expansion of the bureaucratic state as opposed to liberalisation and deregulation on bureaucratisation and depersonalisation. However, there are strong indications that market forces were more important. The introduction and development of credit scoring, targets and the centralisation of back-office operations, which were all identified as key drivers of depersonalisation, was largely in response to the new pressures to rationalise the branch network and the opportunities to enter new markets associated with liberalisation. This is borne out of the analysis in Chapter 7, but also corroborated by in-house banking reports and the existing literature (see e.g. Ackrill & Hannah, 2001; Anonymous, 1979; Edelman, 1992; Fletcher, 1995; Leyshon & Thrift, 1999).

8.2.2. Disembedding

Embeddedness is a mechanism to generate trust between transacting parties by rooting the service provision or transaction in social networks. Embedding a transaction may generate trust in two ways. On the one hand, exchanging parties interlinked through social networks may share privileged information directly or indirectly, and thus reducing information asymmetries between the parties. On the other, transacting parties may have someone who can vouch for them with the disciplining effect that the person will not do this again if his or her trust is betrayed. Social networks, then, may condition both the access and the terms of access to products and services. This thesis operates with two forms of embeddedness. First, there is traditional embeddedness in which interpersonal networks are used as social collateral. This form of embeddedness only exists in communities characterised by social control and a strong collective. Second, there is rational embeddedness in which social networks are used to overcome market failures as providers use them to acquire private knowledge about the recipient. In banking this form of lending is often referred to as relationship lending. Disembedding is a process of detaching service provision from social networks. In banking, so-called transaction-based lending methodologies are important disembedding mechanisms. Credit scoring replaces the trust in individual applicants with confidence in the abstract principles on which the scoring system is based. Financial statement lending substitutes private information with publicly available information, thus reducing the needs for social networks providing privileged information. Asset-based lending means that there is no longer a need for someone to vouch for the individual provided the asset has been valued properly.

The analysis of the underwriting by the branch managers suggests that social networks did play a role in lending, at least up until the late 1990s and early 2000s. In particular, the interviewees reported drawing extensively on links with the local professional community (e.g. lawyers, accountants etc.) in business lending. They relied on these links in screening and targeting new business, by relying on the referrals and recommendations from local professionals. Branch managers also used these networks in the underwriting of loans as they relied on character references from networks to assess the creditworthiness and more generally to access local market intelligence. This mirrors findings elsewhere. In their review of the existing literature on relationship lending, Berger and Udell (2002) find that proprietary information, on which decisions in relationship lending are largely based, is gathered through a number sources, including through contact with a firms' suppliers and customers with specific information about the firm or more general information about the business environment in which the firm operates.

The importance of the ties to the local professional community also appears to support Granovetter's argument concerning the strength of weak ties (Granovetter, 1973). Granovetter (1973) argues that the strength of a tie in a social network is a function of amount of time, emotional intensity, intimacy, and the reciprocal services linked to it. Weak ties act as bridges out of networks connecting one to a wider network, whereas strong ties are denser and less likely to introduce one to new people (Granovetter, 1973). In a study of the labour market in a Boston suburb, Granovetter finds that weaker ties are more effective in job searches. The ties between the branch managers interviewed and the professional networks appear to be weak, as per Granovetter's definition. They would meet in strict professional settings (networking lunches etc.) and appeared to have limited contact outside of these settings. These ties were, according to the interviewees, important in identifying new business opportunities and in accessing local market intelligence.

Whilst links to local professionals were prevalent, direct links between customers and branch managers and the use of these relationships to screen applications or instil repayment discipline was less common. By having had a business on the books for a number of years, the bank and the branch manager would possess information about that business that other banks would not have. However, they did not acquire privileged information through their relationship with the applicant. In other words, there is little evidence of the applicant purposively sharing information because of the relationship with the bank and the branch manager. There are three possible explanations for this. First, the interviewees thought that being too close to customers might cloud their judgement and jeopardise their objectivity. Furthermore, it made it, respondents thought, harder to decline loan applications. Poor lending, it was felt, was often the result of cronyism and lending to personal connections in the golf or Rotary club (Section 6.3.1). A second reason for the limited sharing of privileged information may be the prevalence of short-term lending, namely in the form of overdrafts. This is an important observation given that relationship lending tends to be underpinned by long-term contractual arrangements (Berlin & Mester, 1997). Hence, although most business customers in the 60s, 70s and, to a slightly lesser degree, the 80s were long-term customers and not prone to changing banks, the actual lending relationship tended to be short-term and reviewed on an annual basis. German and Japanese banks and their business customers shared long-term relationships underpinned by long-term loans. These would encourage customers to share non-public information with their bank and the banks would stick with their customers in bad times in exchange for their loyalty. Finally, the branch managers interviewed as part of this thesis were also prone to use so-called transaction-based lending methodologies, such as asset based lending. Security was, as highlighted in Chapter 6, one of the key considerations in the guidelines issued by the banks for the underwriting of business loans. Branch managers were also given higher discretions for secured lending.

The observation above that embeddedness is strengthened and underpinned by co-dependence between provider and user created through long-term contractual obligations in the form of long-term loans suggests that embeddedness is context-driven. This is supported by Mizruchi, Stearns and Marquis (2006) who argue that effect of inter-firm social networks on firm behaviour is historically contingent and dependent on factors internal and external to the firms. Embeddedness is contingent on other links between users and providers that in turn are driven by the historical nature of financial service providers and their relationship with customers and local communities. This indicates that the length of time a business has been a customer of a bank, though possibly indicative of embeddedness, is not necessarily the best proxy for embeddedness, as the structure and nature of the financial relationship also conditions embeddedness. Although greater lengths of bank-customer relationships are often found to be associated with lower costs (e.g. Berger & Udell, 1995; Berlin & Mester, 1997), this may not be driven by social networks. Further, examining 80,000 loans taken out by very small firms within continental European bank-based system, Degryse and Van Cayselle (1998) find that the length of the relationship in fact increases borrowing costs. Conversely, cross-buying and selling decreases costs, suggesting that the nature and depth of the relationship is more important than length of relationship per se.

The findings suggest that from the 1980s and 90s onwards there was a process of disembedding lending from social networks. In particular, credit scoring led to the disembedding of business lending in the 1980s onwards (Section 7.3.3). Increasingly, no longer in the position to determine access, the knowledge acquired by branch manager through social networks was no longer consequential in underwriting. This led to the replacement of trust in individuals to confidence in the principles on which the system was based. Hence, the thesis agrees with Giddens (1990) that abstract systems constitute important mechanisms for disembedding, though it disagrees that re-embedding can occur through demeanour of expert system representatives and without departing from the use of abstract systems. As the discussion in Chapter 7 suggests, the banks were extending the application of credit scoring as they became more confident in the robustness of the systems. The introduction of credit scoring resulted in the ending of long customer relationships. It also injected uncertainty into relationships with customers as branch managers had to be careful about saying anything about the decision, as it had to be credit scored. There were therefore also great efforts to hide the use of credit scoring from customers. Nevertheless the analysis also suggests that for those that remained above the threshold for credit scoring, the role of professional networks and the information gained through it remained important in the business lending process.

Whilst the states of embeddedness and depersonalised administration can co-exist, an important argument put forward in this thesis is that the process of disembedding is driven by depersonalisation. The ability to base lending decisions on information acquired through social networks requires a certain level of authority and autonomy.

According to Berger and Udell (2002, F39):

> Relationship lending requires that more authority be given to the loan officer, who has the greatest access to the soft relationship information... If relationship lending is based in substantial part on the loan officer's relationships with the firm, its owner, and the local community, then important organisational issues arise within the bank. We argue that banks offering relationship lending must delegate more lending authority to their loan officers than banks focusing on transactions-based lending, since the soft relationship information known by the loan officer cannot easily be observed, verified, or transmitted to other decision makers within the bank.

In turn, discretion and autonomy of branch managers goes counter to the increased control and uniformity sought by depersonalised administrations. The implementation of credit scoring, the main driver of disembedding in British banking, was driven, in part, by a desire to address the unevenness of lending through reducing the discretion of the branch manager. As the findings in Chapter 7 indicates, as the system was perceived to be more robust, overrides were increasingly discouraged until, eventually, no overrides were allowed. This is corroborated by research on the Bank of Scotland (Edelman, 1992).

In sum, this thesis has contributed to the embeddedness concept by linking it to the organisational framework of rationalisation and depersonalisation and by incorporating Giddens' conceptualisation of abstract systems as disembedding mechanisms, thus including space and time separation into the model. The thesis conceptualised embeddedness as a mechanism of reducing risks associated with market transactions. As such it operates with the concept in the tradition of those within economic sociology or new institutional economics (e.g. Berger & Udell, 1995; Granovetter, 1985; Mizruchi et al, 2006). It is argued that this is warranted because ultimately banks are service providers operating within a market place. Consequently, embeddedness, as developed here, constitutes a mechanism through which banks may be embedded or not in local communities. Indeed, analysis suggests that banks were embedded to communities through interpersonal links between local professionals. Therefore, the concept has served its purpose.

However, it is recognised that there are other possible facets of embeddedness that have not been captured by this conceptualisation and which may have been applicable to banks. Notably, banks may have been embedded outside of market exchanges. Indeed, the thesis found that branch managers maintained links with the community independent of the underwriting process (Section 6.3.1). Branch managers volunteered extensively for local charities and schools, doing their accounts and sitting on their boards, and serving as magistrates and on parole boards. In part, interviewees participated in such activities to raise the profile of the branch and the bank. These activities were also intended to enhance the status and perceived authority of the branch manager in that community. Finally, several interviewees participated in such activities purely to "do good" and contribute to local community. The implication of this observation is that social links and embeddedness cannot be reduced to pure rational behaviour. Beckert (2003, 769) proposes a wider definition of embeddedness by arguing that:

> *Embeddedness* refers to the social, cultural, political, and cognitive structuration of decisions in economic contexts. It points to the indissoluble connection of the actor with his or her social surrounding

He further argues that economic sociology should place greater emphasis on developing an alternative to rational actor theory posited by neo-classical economics. This thesis theorises embeddedness as a response to market failure and thus does not develop an alternative to rational behaviour theory called for by Beckert.

Although this thesis recognises that embeddedness may be a wider phenomenon or concept, it views, in agreement with critics such as Portes and Sensenbrenner (1993), Gemici (2007), Krippner and Alvarez (2007), embeddedness as insufficiently coherent as a body of theory describing large-scale, societal developments. Especially, theorists have tended to dichotomise economy and society (Gemici, 2007) and over or under-emphasise the role of social context in constraining and determining action (Granovetter, 1985). Further, it is also argued that depersonalised/personalised typology may capture some of these non-rational links between providers and users by allowing for emotive decision-making.

8.3. The deskilling and disempowerment of branch manager

The preceding sections have argued that banking has undergone a process of depersonalisation and disembedding. This has had a dual impact on banking. First, the authority of the branch manager has been curtailed, in particular through business credit scoring, in an attempt to reduce costs, cope with increasing scale and achieves uniformity in service provision. Second, the autonomy of the branch and the branch manager has been reduced through the intensification of targets and technology aimed at imposing greater control and direction over the activities of branch staff. This section explores how these developments have led to the deskilling and disempowerment of the branch manager, and the theoretical and empirical implications of that.

Weber (1968[1920]) argues that bureaucratisation and rationalisation tend to be accompanied by professionalization. Weber (1968[1920]) argues that the combination of the functional and hierarchical specialisation of bureaucracies and the desire to restrict the supply of workers lead to the emergence of specialist education. The process of bureaucratisation and formalisation contributed to the emergence of the Institute of Bankers and its examinations emerged in the nineteenth century. Nevertheless, this professional body never managed to control the numbers, entry and training of bank workers (Seal & Croft, 1997). This was in part because there had been a lack of development of banking as an academic discipline compared with other liberal professions such as medicine and accounting (Seal & Croft, 1997). Furthermore, the analysis of the transcripts suggests that professionalization and the influence of professional bodies have declined with rationalisation rather than expanded (Section 6.3.3). Professional examinations and skills appear to have become less important as banks have deskilled the role of the branch manager through credit scoring and targets.

Professionalization is also believed to be associated with the growth in the scale and formalisation of the economy in order to establish trust between users and providers. According to Dingwall (1999), there is a need to ensure consistency in standards and delivery of services with the emergence of large-scale society and economy, especially for liberal professions (medicine, law etc.). It is not possible to verify this standard as individual users even if the information to do so is available (Dingwall, 1999). Therefore, there is a need for intermediaries in the form of professional bodies and accreditations (Dingwall, 1999). “The professional is our means of reducing uncertainty about important things that we cannot easily or economically verify for ourselves” (Dingwall, 1999, p. 138).

Whilst some products provided by banks and branch managers may be tangible, such as loans, the underwriting process for these products may have been less clear. Thus, professional bodies and accreditations may, in theory, have played a role in generating trust by customers in the skills of their branch manager. Indeed, as the analysis in Section 5.3.3 suggests, professional qualifications in the form of the Institute of Bankers’ exams were important, as passing them was a precondition for moving into management positions in banking. However, in the case of the branch manager, the membership of a professional body did not appear to be the main source of trust by customers. Instead, the analysis suggests that the trust by the local public rested on the perceived authority of branch manager (i.e. that he or she was a ‘proper’ manager that could make decisions), as indicated by the negative reactions to converting branches into service branches and taking business lending out of branches (Section 7.3). This may be because there may have been limited public awareness of the training and accreditation. Instead, the interviews suggested that it was equally if not more important to be trusted by the bank. In other words, it was important for the managers that they were trusted to act on behalf of the bank in order to maintain their independence and discretion. As shown in Section 6.3.3, training and qualifications were important in this regard as evidenced by the emphasis on employees passing the Institute of Bankers’ exams to move into management and the general emphasis and investment by the banks in in-house training.

Furthermore, it is argued that, in the case of British banking, the early wave of bureaucratisation in the late nineteenth century facilitated a degree of professionalization, in the form of specialist training the banking profession becoming a full-time salaried occupation. This was important in order to encourage staff to follow rules and approach decisions on based on facts and on the interpretation of rules (see Collins & Baker, 2003). However, unlike Weber himself (Ritzer, 1975), this thesis argues that, in the longer run, professions and professionalism are at odds with his ideal type of bureaucracy. This is because technological and scientific advances allow banks to impose virtually complete central control over decision-making, facilitating the rational pursuit of profits. The use of judgement and the control over skill development implied by professionalism means that there are elements outside of the central control of an organisation. This in turn inserts an element of uncertainty that is not conducive for the planned and rational pursuit of organisational objectives.

Indeed it is argued in this thesis that rather than spurring professionalization of the banking profession, the rationalisation, bureaucratisation and depersonalisation of banks eventually led to the deskilling of the branch manager in a manner consistent with Braverman's theory of deskilling. Braverman (1974) argues that capitalist forms of production deskills workers and reduces costs of labour by breaking work processes into smaller, simpler and unskilled tasks. This enables companies to replace skilled workers with unskilled labour (Braverman, 1974). Braverman (1974 cf. Edgell, 2006) argues that there are three principles of Taylorism, an important tool in the deskilling of labour: the gathering and development of knowledge of the labour process; the concentration of this knowledge among management; and the use of this monopoly of knowledge to control each step in the process and its execution. Edgell (2006, p. 50) argues that:

> Implicit in these principles is the separation of conception from execution, namely the transfer of all mental labour from the worker to the manager whilst simultaneously simplifying the task that the worker is instructed to perform.

Although this doctoral research project focuses on the change of the role of management, albeit at a lower level, rather than that of workers, its findings are relevant for Braverman's deskilling thesis. Indeed, the findings are largely supportive of Braverman's argument. It is argued that the centralisation of decision-making in British banks in the 1980s and 90s clearly contributed to the deskilling of the role of the branch manager through the mechanisms described by Braverman. The introduction of credit scoring, enterprise centres and clustering all implied separating the conception from the execution of tasks. The intellectual and analytical aspects of the underwriting, i.e. the analysis of the risk and rewards of the proposition, were taken over by more senior managers in enterprise centres or determined by a computer system on the basis of parameters set by central management in the bank. In particular in the case of credit scoring, the loan interviews and the applications were still conducted, collected and processed in the branch. Consequently the remaining tasks in the affected branches were being simplified. Rather than underwriting loans, the staff members were required to fill in forms on computer programmes or make referrals. In turn, the branch managers skilled in business lending could be and were replaced by junior staff, mainly by clerical staff, with lower level of training and skills, at least in the tasks removed from the branch, as well as lower pay (Section 7.3).

An aspect that possibly increases the resonance of the findings with the deskilling hypothesis is the similarities between the role of the branch manager, as viewed and defined by the interviewees, and that of the American craftsmen, on which Braverman's definition of skilled worker heavily draws (Edgell, 2006). Like a craft, banking cannot, according to the interviewees, be reduced to pure science. The interviewees saw good lending, in particular, as an art as well as a science, and they relied on intuition and instinct as well as knowledge about risks, costs and rewards. Consequently, the skill of banking could not be acquired through training or education alone but also depended on learning by doing, often under the tutelage of a more senior manager in a manner akin to the apprenticeship for craftsmen (Sennett, 2009). The similarities between the role of the branch manager and that of the craftsman, and the implications of these are discussed in greater detail below.

Another similarity between Braverman's craftsman and the branch manager is their reaction to change. Braverman observes that the initial opposition to Taylorism among craftsmen was not the study of the use of time "but… its attempt to denude the craft workers of their knowledge and autonomy" (Edgell, 2006, p. 50). As found in Sections 7.3 and 7.4, this is similar to the view by the branch managers. They largely accepted, and even argued for, the need for and the consequences of an increased focus on profits, the introduction of targets, and the increased use of science and technology in lending. However, they tended to object to interventions aimed at curbing their authority, autonomy and skill. This included the extension of credit scoring to business lending previously determined by branch managers, the removal of business lending from branches and the introduction of comprehensive targets reducing the discretion of managers in setting the priorities for the bank. Branch staff members in NWS Bank viewed the introduction of credit scoring in the 1980s in much the same way. Their three main objections were the reduced control over lending, the reduced authority of the branch and the change in lending rules (Edelman, 1992). This objection also manifested itself in the form of, in the view of management, a high number of overrides (Edelman, 1992).

Critics of Braverman have argued that there is no evidence to suggest that the workforce as a whole is being deskilled (see e.g. Edgell, 2006). It is important to stress that this thesis cannot conclude, and indeed never intended to investigate, if the process of deskilling applies to the workforce in banking as a whole, as it has not looked at the skill levels and composition across bank staff. It is possible that the loss of skills among branch managers may have led to an increase in skills in other parts of the banks. Indeed there is evidence to suggest greater specialisation and training of senior business lenders in the bank (see discussion in Section 7.3.3). Instead, the argument posed is that there has been a deskilling of the role of the branch manager that is important and relevant in shaping the role of branches and banks in local communities. It is also recognised that there is an inherent gender bias in the deskilling thesis through overemphasising technical skills at the expense of social skills, not acknowledging skills not learned at the workplace and by assuming that the job is low-skill simply on the account that it is done by women (Edgell, 2006). Clearly, the technical skills in the areas of lending and underwriting were replaced by other skills, such as interpersonal and sales skills. However, the removal or replacement of these technical skills were important as they changed the role of branches from being originators and providers of financial services to retail outlets for centrally branded, designed and controlled products.

The combination of the deskilling of the branch manager and the branch, the removal of back-office operations from branch banking, the expansion of graduate recruitment programmes for management roles and the recruitment of senior managers from outside of banking led to the disappearance of the traditional career path that branch managers had followed. It was no longer necessary or indeed possible to start at the lower levels of branch banking to move into management. Chief executives and regional managers were increasingly recruited from other industries, as other skills such as sales were becoming more important than banking knowledge (Lascelles, 2005). In response to the perceived need of greater specialist skills, banks also recruited more graduates and putting them into specialised jobs following short training programmes.

Given that the vast majority of back-office operations had been taken out of branches, there were also fewer junior positions in which entrants could gain knowledge of branch banking. The disappearance of the traditional career pathway removed a path for young men and women from a working class background with limited interest and ability for higher education into a middle class profession that did not require a university degree. The analysis in Chapter 5 found that the vast majority of the branch managers interviewed came from a working class background and did not have a university degree. In his study of the transformation of high street banking in the UK since World War II, Lascelles (2005, p. 233) also concluded that the career path that the traditional branch manager had followed had disappeared:

> For the lower grade banker, though, banking offers rather less than it did before. Careers have become more narrowly focused, short-term and even static in that they present little scope for development… The challenges of the generalist banker are now available only to the select few who make it into the high-flying management grades

The disappearance of the traditional career path may also be associated with the reduced importance of employment and occupation to social stratification and class as well as social mobility (Savage et al, 2013). Based on an analysis of the BBC's 2011 Great British Class Survey, Savage et al (2013) argue that although the established middle class (based on the service professions) and the traditional working class remain large and significant, there are five other classes that fit less well with the traditional view of class as linked to occupation.

The representation of the branch manager as a craftsman also serves a purpose beyond supporting Braverman's theory of deskilling as it helps explain how and why the role of the traditional branch manager was at odds with depersonalisation and rationalisation. Sennett (2009) identifies a number of key aspects of craftsmanship that were also seen as important aspects of the role of the branch manager. According to Sennett (2009, p. 20): "All craftsmanship is founded on skill developed to a high degree." Sennett (2009) further argues that the development of this skill is driven by dedication to good work for its own sake and, drawing on Bourdieu, as a tool to claim status and distinguish oneself from others (as more skilled, more diligent etc.). The craftsman's skills are also "a source of legitimacy of command" as they can "earn him or her the right to command" (Sennett, 2009, p. 54). Similar to Sennett's craftsman, the role of the bank branch manager also centred on the development of a skill to a high degree: that of business lending (Section 6.3.2). Succeeding in business lending was seen as key for promotion to larger branches and doing so was closely associated with status in the form of greater discretionary lending limits. Conversely, the removal of the authority to lend as a result of poor lending was associated with certain stigma.

Sennett (2009) argues that there are a number of tensions between craftsmanship and modern organisations. One of the main sources of these tensions is in the nature of the skills of the craftsman and how they are acquired. The standards by which the craftsman's skills can be judged are not absolute, but embedded and based on an interchange between tacit and explicit knowledge (Sennett, 2009). "Embedding stands for a process essential to all skills, the conversion of information and practices into tacit knowledge" (Sennett, 2009, p. 50). This also applies to the business lending skills described by the branch managers interviewed. Branch managers would not only rely on explicit knowledge acquired through formal training programmes but also on tacit knowledge acquired and embedded through repeated application of business lending skills.

The nature of the skills on which craftsmanship is based and the process by which they are acquired are at odds with modern, bureaucratic and rationalistic organisations in two main ways. First, craftsmanship poses a challenge for such organisations through the authority and autonomy of the craftsman implied by the ownership and control of knowledge and skills development. The skills of the craftsman cannot be easily codified and inserted into formal training manuals but require the passing down of knowledge through face-to-face interaction between a master and an apprentice. The branch managers interviewed frequently referred to having learnt a lot about business lending from more senior managers. Second, the fuzzy and tacit nature of knowledge and skill development in craftsmanship poses a challenge for organisations to monitor and control performance and quality standards. Similarly, the business lending skills of branch managers were, at least in part, non-codifiable and fuzzy (Section 6.3.3), thus challenging central control over knowledge and processes.

The comparison of the banker with the craftsman is not new. Drawing on Sennett (2009), Dayson (2010, p. 8) also likens the banker to the craftsman and traces the causes of the financial crisis to a lack of craftsmanship:

> All these questions point to a view that their biggest crime was a lack of craftsmanship. A craftsman doesn't just make something, he or she dedicates a lifetime to making minor adjustments in their work to improve the finished product. They pride themselves in this activity. A craftsman keeps abreast of developments in their field and wants to learn new techniques. The bankers were not craftsmen.

The argument posed in this thesis differs from that of Dayson (2010) in two ways. First, it is about branch managers rather than chief executives. Second, the argument put forward here is that the craftsmanship associated with branch banking declined with depersonalisation and the liberalisation of the financial markets. The thesis does not argue that this led to the financial crisis, though it does not necessarily doubt that that may be the case.

Alongside and driving the deskilling of the branch manager was the removal of his or her authority. This was brought about by the liberalisation of financial markets, the introduction and intensification of competition, and the increasing scale of banking operations in lieu of the higher number of banked households. As detailed in Chapter 4, the literature established that these developments put increasing pressure on banks to cut costs and increase income associated with the branch network (Gentle, 1993; Howcroft & Lavis, 1986). This increased pressure was also evident in the findings of this thesis. The introduction and extension of credit scoring enabled banks to cut management costs by replacing branch managers with cheaper labour in the form of clerical staff. The centralisation of lending and back-office operations enabled further cuts in staff and management, and also freed up time for remaining staff to focus on sales. The intensification of targets directed staff to focus on the most profitable activities.

As a result of these changes branch managers lost the authority to determine access, and the autonomy and flexibility to determine the priorities of the branch and the composition of products to sell. It is argued that this changed the nature of the branch manager from a prudent, cautious and conservative character reigning in profligate spending and generally acting in the perceived interest of the customer, to a more pro-active character pursuing new business and greater profit for branch. The prudent nature of the branch manager was the result of a dual pressure (Section 7.3.3). On the one hand, branch managers who made poor lending decisions within their discretionary limits risked stagnating, or being demoted or even fired. On the other, the authority and autonomy of the branch manager translated into a responsibility for client outcomes. It was in both their interests that the customer succeeded. Credit scoring is an example of the removal of responsibility and accountability, as it appears to have altered the relationship between the branch and the customer. Not only might it lead to the rejection of loan applications from long-term customers, thus possibly ending a long-standing relationship, but it also prevented branch managers from acting in customers' best interest by curbing perceived excessive indebtedness of customers. Although the increased competition also contributed to this trend, as customers could simply go to another bank to get a loan if the branch manager said no (see Section 6.4), credit scoring was an essential driver as it removed the responsibility for customer outcomes, because branch managers were not affected by any bad debt of lending that was credit scored. In other banks, branch staff have been told that they would not be held responsible for bad debts resulting from credit scored lending (Edelman, 1992).

It is important to stress that the argument posed is not necessarily that irresponsible lending and bad debt rates increased as a result of the removal of the authority and autonomy of the branch manager. This thesis has no basis to make such a claim. Instead it is argued that the disempowerment of the branch manager led to the loss of a local representative interpreting bank policy and guidelines and translating them into practice at a local level. This is why the perspectives of branch managers matter in understanding the role of banks in local communities, especially prior to the late 1980s and 90s. Their perspectives and motivation would have affected their actions and decisions as branch managers. Indeed, this thesis has highlighted numerous examples of cases where branch managers used their judgement of an individual and his or her circumstances to override a credit scored lending decision to approve or reject it (Section 7.3.3), or to protect staff members from redundancy (Section 5.4). It may be that the same decisions would have been made with central decision-making, but the basis of the decision was different. The depersonalisation and disembedding of banking, and the associated centralisation and standardisation of service delivery, make such local interventions unnecessary and even impossible. This is because there is little or no room for interpretation of bank policy. In such circumstances, clients' circumstances and outcomes matter only as far as they objectively affect risks, costs, rewards and the balance between these.

There are a number of implications drawn from the analysis and treatment of agency of frontline service gatekeepers. The findings have shed light on the composition and definition of agency as a concept that lies at the intersection of skill, authority and autonomy. The branch managers as gatekeepers of banking services have to have the authority to make decisions and determine access, and the autonomy to determine priorities and the organisation of efforts. Further, they have to possess the skills and training to exercise the necessary judgement and be trusted by the provider. In turn, agency, or more precisely its removal, drives the depersonalisation of banking, and the disembedding of branches from local communities. This is because of the loss of a local gatekeeper with the necessary authority, autonomy and skill to interpret, translate and amend centrally developed bank policies to circumstances of individual customers and the local context. The centrality of agency of frontline staff or gatekeepers has a number of potentially important implications for the understanding of and research on the relationship between service providers and users.

The first implication is that the loss of agency of frontline delivery staff may help explain deterioration in levels of customer satisfaction and trust. In the case of British banks, the autonomous and authoritative branch manager could act as a local translator of bank policies, and could intervene to ensure that these were executed in a sense he or she deemed to be sensible in the local context and for the particular client. This is particularly relevant in cases where customer complaints concern the inflexibility of banks. This loss of a local interpreter and translator of bank policy may explain part of the public perception of banks and the loss of trust in British banks. The perceived remoteness and inhumanness of banks, it is argued, is, at least in part, due to the lack of an empowered interpreter and translator of bank policy in a way that takes into account people's circumstances, for better or worse. The Little Britain sketch with the dour bank staff saying 'the computer says no' suggests that the public see through the demeanour of expert system representatives claimed to be so important by Giddens (1990).

A second implication is that the loss of agency of service gatekeepers may result in the loss of a mechanism of exercising social control. Historically banks have been seen as conservative and cautious institutions (Lascelles, 2005). Referring to the role of central banks in raising interest rates in economies peaking following the depression, the then Chairman of the US Federal Reserve System, William McChesney Martin, likened the role of the central banker to that "of the chaperone who has ordered the punch bowl removed just when the party was really warming up" (Martin, 1955, p. 12). Similarly, the branch managers interviewed saw their role as acting in the best interest of their customers, often by declining loan applications and discouraging what they saw as excessive spending. It is argued in this thesis that the prudential, conservative and risk-averse nature of branch banking lies in the dual pressure of negative consequences for poor lending by branch managers for their career prospects and a responsibility for client outcomes. However, this was eroded by credit scoring, which removed responsibility for outcomes, and the intensification of targets, which set organisational objectives above the interests of the customers.

Third, the loss of agency changes the nature of exclusion from access to services and discrimination in service provision. Where gatekeepers are empowered to use their judgement in determining access, the exclusion from accessing services may be coloured by their perceptions of the applicants, including their character and circumstances (e.g. worthy, capable etc.), as well as more objective aspects. The findings of this thesis suggest that branch managers relied extensively on such judgements of character in underwriting loans, the implication being that access and the terms of access to services may differ depending on the individual gatekeepers. Weber (1968[1920], p. 976) notes that the case-by-case approach to decision-making associated with non-bureaucratic forms of domination is characterised by a "peculiar co-existence of strict traditionalism and of arbitrariness and lordly discretion." Whilst the reliance on judgment may lead to exclusionary experiences characterised by arbitrariness, the removal of the agency of gatekeepers through the move to centralised and standardised approaches to determining access leads to a more systematic form of exclusion. Leyshon and Thrift (1996 cf. Leyshon & Thrift, 1999) argue that centrally determined underwriting through credit scoring combined with directed marketing, GIS and geo-demographic analysis has simultaneously produced areas of super-inclusion and areas of entrenched financial exclusion. This is because the reliance on at-a-distance credit assessments and databases means that borrowers pay interest rates that more closely reflect perceived risks increasing costs for smaller, less well-established borrowers and reducing them for larger borrowers (French & Leyshon, 2004).

Finally, the centrality of agency and autonomy of frontline staff suggests that consumer choice in isolation is not sufficient to ensure that outcomes are personalised or adjusted to the individual. This may particularly be the case for specialist services for which expert judgement is required to assess suitability. Access to services and products will take less consideration of personal circumstances and character where the expansion of choice is realised through the introduction of a greater number of centrally designed and controlled products and services. This is because the bundles of products between which customers can choose are designed centrally by the provider in market segments selected by the provider based on an analysis of demand and profit. Further, the findings in this thesis suggest that the lack of autonomy through the strict application of targets for activity limited the opportunity for branch managers to balance the interests of customers and the bank. Indeed, it often led, the interviewees felt, to the subordination of the customers' interest to that of the bank.

To what extent are these implications relevant for service providers and settings beyond British banking? In broad terms, the service providers, settings and sectors to which these lessons are applicable are those where frontline staff have or have had authority to make decisions about access, and where that agency or the loss of agency of frontline staff affect relationships between providers and users. More precisely, the lessons may apply to service providers that are involved in the delivery of services or goods based on a screening of potential users based on any combination of their ability (i.e. can beneficiary make use of service etc.) and circumstance (i.e. is recipient deserving, worthy, in need of service etc.). This is because such screening is likely to involve or have involved the use of judgements by frontline staff and such agency or the lack of it may have affected relationships between users and providers. Further resonance from the analysis of agency in the case of the branch manager can be found where this screening is or will be affected by the use of technology or centralisation of screening.

In such contexts, this thesis may contain important lessons and implications in terms of the effect of market liberalisation on the relationship between providers and users through its impact on the autonomy of local gatekeepers. Free markets, it is held in this thesis, depersonalise and disembed services by compelling providers to centralise and standardise service provision. The reason for this is twofold. On the one hand, authority and autonomy of frontline gatekeepers are important to take personal and local circumstances into account in decision-making. On the other, as per Weber's ideal model of bureaucracy, the rational (i.e. calculated and planned) pursuit of profit requires central control.

8.4. Summary

On face value, British banks have become more impersonal and distant from the communities they serve since the 1960s. A key contribution of this thesis, as argued in this chapter, is that it has furthered the understanding of the transformation of British banking through developing and applying a theoretical framework to make explicit the depersonalisation and disembedding of banking. The central argument of the thesis is that the depersonalisation of banking has been driven by financial liberalisation through Weber's concept of rationalisation, rather than technological innovation or capitalism per se. In turn, financial liberalisation has had two impacts on banking and the role of the bank branch manager. On the one hand, the financial liberalisation and the restructuring of the financial sector has depersonalised banking and disembedded the bank branch from local communities and customers. On the other, through the depersonalisation and disembedding of banking, the liberalisation of financial markets has contributed to the deskilling and disempowerment of the branch manager. The decompartmentalisation of financial services markets, the removal of controls on asset growth, globalisation and the introduction of price competition increased the pressure on banks to cut costs, especially related to the branch network, and increase market share. The greater political and economic pressures on banks to increase the proportion of banked households led to a great increase in scale which in turn put pressure on traditional methods and channels of financial service delivery and origination.

9. Conclusion

9.1. Introduction

This thesis aimed to explain the nature, drivers and impact of the transformation of British branch banking since the 1960s through tracking the development of the role of a character at the heart of many of these changes: the bank branch manager. In particular, it wanted to explore and explain the notion that banking has become less personal and less embedded in local communities, implicit in much of the literature on the transformation of British banking, and its implications. In the immediate aftermath of a global financial crisis that has had profound implications for banks, national economies and households, it may seem irrelevant to focus on the colloquial and seemingly obsolete role of the bank branch manager. However, it is argued in this thesis that such a micro level account of British banking can help account for the long-term decline in the trust in and standing of banks. Indeed, the use of the branch manager as a lens through which to grapple with developments in banking is not coincidental as he or she has not only been the victim of many of these changes but also in many ways an agent driving and spearheading some of them.

The remainder of the chapter is organised into three sections. Section 9.4 focuses on the policy implications of the research. Section 9.5 discusses the limitations of the thesis, whilst Section 9.6 considers areas of future research.

9.2. Policy implications

There were two central findings of the thesis regarding banking that raise some fundamental questions about the expectation and purpose of banks. First, the role of agency of branch managers as gatekeepers is vital in embedding and personalising banking through the reliance on judgements and discretion in decision-making. Second, the liberalisation of financial markets is a disembedding and depersonalising mechanism because of the imposition of greater central control to cut costs and to direct efforts to the most profitable activities. Furthermore, personalised/embedded and depersonalised/disembedded are distinct and mutually exclusive models, though there are differences of degrees within the models, of banking that involve a series of trade-offs. Depersonalised/disembedded banking involves an emphasis on consumer choice between bundles of standardised products or services, whilst personalised and embedded banking emphasises tailoring services to customers based on the gatekeeper's judgement of customers' character and circumstances. The tailoring of services based on judgement is also at odds with transparency because it involves backstage negotiations between lenders and debtors rather than third party involvement through at-a-distance credit assessments (French & Leyshon, 2004). Further, the emphasis on the tailoring of services in the personalised and embedded model leads to greater unevenness in user experiences and outcomes given the reliance on judgements by individuals, whereas the focus on central determination of access within depersonalised and disembedded models of banking produces uniformity in experiences and outcomes. In turn, tailoring services to individual users requires skilled and trained gatekeepers to screen users leading, ceteris paribus, to higher costs compared with standardised underwriting that can be done at greater scale, through remote banking technology or by less skilled staff.

These trade-offs imply that a single model of banking, whether personalised/embedded or depersonalised/disembedded, cannot deliver on all the expectations that have been put forward, including low cost, convenience, personal, local, high returns on investment, transparency, uniformity, contribution to exports, source international competitiveness, small business support, non-judgemental and inclusive. Thus society – users, the public, governments and legislators – have to consider and make a decision about the role it wants banks to play. Drawing on the typology above, there are two main models of banking: There is the narrow definition of banking dominant in UK banking and policy-making circles, and there is the broader view of banking more prevalent on the continent and, though decreasingly so, the US.

According to the narrow view banks should deliver financial services enabling them to contribute to national competitiveness and exports, and produce high returns to shareholders (HM Treasury, 2011). Governmental expectations and thus state intervention is limited to preventing systemic failure, outright discrimination and fraudulent behaviour vis-à-vis customers, and general unlawful behaviour (e.g. tax evasion etc.) (HM Treasury, 2011). The systematic exclusion of groups and geographical areas (Marshall, 2004), branch closures (French et al, 2008), and responsible and ethical outcomes for customers (Reifner, 2007) are not included in the expectations of banks and thus not a basis for state intervention. Distinguishing UK banking from its counterparts in Europe, Reifner (2007) argues that UK consumer credit legislation aims to ensure that the process in which the borrower enters is fair and transparent. The implication of this is that if the process and contract fulfils these criteria, the borrower is responsible for the outcome, including if the loan is too big to repay and the borrower falls into arrears. Conversely, in European consumer credit legislation the emphasis is often on that the outcomes of such processes and that contracts should be responsible, placing a greater burden of responsibility on the financial institutions (Reifner, 2007). Whilst producing profitable and internationally competitive banks serving mass consumer markets at low costs, such a model of banking cannot result in personal, in the sense of using judgements of users' character and circumstances, and local service provision, by taking local circumstances into account in delivering services. A possible exception to this might be large companies and high net individuals where margins justify it and circumstances require it. This is because of its emphasis on central control to cut costs and direct activities.

The second view of banking is broader in the sense of the societal expectations of the behaviour of banking. Rather than only expecting banks to be lawful and efficient service providers in the marketplace, there is a wider array of expectations in terms of ensuring responsible outcomes for customers (Reifner, 2007; Schweikart, 1997), serving communities in an equitable and fair manner (see Dayson et al, 2012), contributing to industrial development (see Collins, 1991) and making long-term commitments to local businesses (Collins & Baker, 2003). Hence the scope for state intervention is greater. For example, historically US regulators have been more prone to intervene on a more piecemeal basis and on a wider range of issue than in the UK (Heffernan, 2001). The same is true for Germany and France (Collins & Baker, 2003). Compared with the UK, there are more restrictions on merger of banks in the form of, for example, restrictions on cross-state banks in the US (Schweikart, 1997). Another example of such intervention is the Community Reinvestment Act (CRA) in the US. Introduced in the 1970s, the CRA was "designed to discourage redlining and to encourage banks to lend, invest, and offer retail banking services in all communities, including low- and moderate-income communities, consistent with safety and soundness" (Dayson, Vik, Rand & Smith, 2012, p. 17). The wider scope and prevalence of intervention and regulation has, combined with a range of wider contextual factors (e.g. history, culture etc.), produced financial systems characterised by the prevalence of long-term lending relationships (Collins & Baker, 2003; Gerschenkron, 1966) and greater embeddedness through greater local financial infrastructure through more local banking, though less internationally competitive (Davies et al, 2010). Measured as a proportion of GPD and exports, and in many cases in absolute terms, UK banks contribute more to the country's competitiveness than their counterparts in the US and in the rest of Europe (Davies et al, 2010).

9.3. Limitations of research

Although it is argued that this thesis is robust and has made a contribution to original knowledge, it is not without its limitations. Specifically, there are two main limitations of this thesis. First, it has not made extensive use of triangulation. Interviews were not conducted with other groups that might have shed light on and challenged the perspectives of branch managers, namely bank customers and other bank staff. In particular, triangulation of the findings using such testimonies may have challenged the views and perspectives of the branch managers on their relationship with customers, and views of developments in banking and their impact. Further, the lack of archival material due to the 30-year embargo placed by banks on such material and a general paucity in archival documents describing developments in banking and their impact meant that it was not possible to use such material in triangulation to any systematic degree. Instead, the thesis relied on the existing literature and the non-branch managers in the sample to critically engage with the statements by the branch managers. It is important to stress that the main aim of this thesis was to give voice to the branch manager as an actor rarely heard and important in explaining and accounting for developments in banking. Second, the perspectives presented in this thesis are not fully representative for the population of branch managers. Not all British banks are represented in the sample. Notably branch managers from NatWest are not represented in the sample. Hence, the thesis cannot claim to capture the experiences and perspectives of branch managers in other banks, though the findings reveal striking similarities across the banks represented in the sample. This issue is explored in detail in Section 3.6 in the methodology chapter. There is also a lack of branch managers in the sample from the early period in question, the 60s and early 70s. The explanation for this is that there are fewer former branch managers from that time that are in a position to participate.

9.4. Areas of future research

This thesis has made a substantive and original contribution to both theoretical and empirical knowledge on the transformation of British banking since the 1960s. It has accounted for the development of the role of the bank branch manager and showed how this has profoundly affected the relationship between banks, local communities and their customers. Nevertheless, the thesis has inevitably raised questions and issues that it has not been able to fully address because these have been beyond its scope or its empirical data. Specifically, there are three broad areas of research that merit further investigation in the future.

The first area of research concerns the analysis and testing of the transferability and relevance of the concepts of depersonalisation and disembedding beyond the specific context of British banks. An obvious setting or context to test relevance of these concepts would be the banking sector elsewhere, such as in the US and in Europe. Such research could be literature-based, at least at an exploratory level, or empirical in nature, and would consider whether these concepts help account for developments in banking elsewhere. In particular, it could consider if they apply in different historical and cultural settings and in contexts where market forces are more constrained by regulation. One could also consider the relevance of depersonalisation and disembedding in other service sectors. This could include public service sectors such as social and health care. It is known from previous research that these sectors have been subject to reforms to privatisation and marketization (see Ellis, 2011; Sennett, 2009), which would allow for rationalisation. However, unlike banking, these sectors provide services that are supposed to be universal, constraining their ability to externalise problems (by not serving certain client groups), and often serve vulnerable users as opposed to the wealthier individuals that banks compete for. Therefore, it would be interesting to see whether and the extent to which depersonalisation and disembedding would unfold within such constraints. Further analysis of transferability could be conducted in the case of British banks by including more banks, a greater coverage of the time period and more categories of staff (e.g. for example by interviewing relationship managers in banks).

A second topic for future research is embeddedness. As discussed in Chapter 2, there are a number of difficulties associated with the concept, preventing a positive programme of research, as opposed to a critique of classical economics, from emerging (Gemici, 2008; Krippner & Alvarez, 2007). Although this thesis has contributed to the understanding of the role of social networks in British branch banking, notably that the nature of embeddedness is rooted in the historical and organisational context of British banks, it has by no means addressed all the problems facing the concept of embeddedness. Therefore, it is argued in this thesis that there is a need for highly contextualised accounts of embeddedness aimed at understanding the nature and extent of embeddedness in settings characterised by different market conditions, historical backgrounds, financial infrastructure and provider-user links. Such research could clarify the exact role social networks play in embedding service provision beyond and in conjunction with the nature of long-term financial ties and local financial infrastructure. This could include addressing the role and importance of social networks relative to long-term financial service connections. In other words, given that long-term bank-customer relationships incentivises customers to share privileged information, are interpersonal connections between customers and bank managers necessary? Are social networks a prerequisite to or a result of the access long-term loans and other services? Are such ties necessary in order for customers and bank managers to establish a relationship in the first place? If so, what is the nature of these ties (i.e. familial, community etc.) and how are they used to underpin long-term financial transactions (e.g. used in screening, instilling discipline etc.)? Similarly, where there is local financial infrastructure empowered to determine access to services, what need is there for social networks? Where there are local financial institutions dependent on and connected to the local economy are social networks between customers and bank managers simply incidental (i.e. they know each other because of the local element) rather than instrumental in underpinning service provision? In sum, future research could attempt to answer whether social networks are merely incidental and outcomes of the particular context (i.e. long-term customer relationships etc.) or play some important part in embedding service provision.

The third area of future research that emerges from the thesis is to develop a complete micro-level account of the development of British banking since the 1960s. As was demonstrated in Chapter 4 and Chapter 8, there already is an extensive body of literature focusing on the macro dimension of the transformation of British banking, such as bank and sector-wide developments, and their implications and drivers (e.g. Leyshon & Thrift, 1995; Leyshon & Thrift, 1999; Morgan & Sturdy, 2000). These aspects are strategic in nature and driven by executive management, governments and markets. The micro-level dimensions of the developments of banking have been much less covered. Many of the accounts from the perspective and based on the oral accounts of bank customers and staff have been non-academic (e.g. Drury, 1994; Lascelles, 2005; *What became of the Bank Manager?* 2009). Academic research that has emphasised this perspective has often focused on those excluded from mainstream finance (e.g. Collard et al, 2001; Fuller et al, 2008). Further, the studies that focus on the perspectives and views of users of financial services focus often do not take into account biographical and contextual factors (e.g. historical relationship between customer and provider etc.) and how these may shape attitudes (see e.g. Edelman, 1992; Fletcher, 1995). An example of a contextualised micro-level account would be the historical study by O'Connell (2009) of sub-prime lending in Britain.

As a micro-level account of the transformation of British branch banking since the 1960s through the lens of the branch manager, this thesis has already made a contribution in this respect. However, it has also raised a number of questions that are beyond its scope and empirical data to be able to fully answer. How do bank customers perceive their bank, branch and branch manager? To what extent are these perceptions shaped and formed by customers' biography and history with the bank? How do customers and communities perceive developments in banking (e.g. re-titling of branches, credit scoring, closure of branches etc.)? How do customers experience what Giddens terms as access points (i.e. encounters with expert systems and expert system representatives)? Did branch managers seek to exercise control on spending by customers? If so, how did branch manager attempt to do this and how did customers view and experience this? Future research could address these questions through the analysis of oral history testimonies of personal and business customers, branch staff and community leaders, taking into account a wide range of contextual factors (e.g. historical links between customers and the branch, historical presence and view of branch in local community etc.).

In sum, then, this thesis has gone full circle. It started with a story provided by Peter, a bank branch manager in London in the 1970s and 80s, about a failed business ventured financed by the bank in the late 1980s with severe consequences for the customer. Peter felt that the failure was brought about by the lack of personal knowledge about individual customers inherent in modern banking. The decision to lend was not taken by a local branch manager with a longstanding relationship with the customer but by a lending manager sitting in a centralised lending centre with limited knowledge about the customer. This thesis has shown that the centralisation of business lending in specialist centres was part of a wider process of depersonalisation and disembedding of British branch banking from the 1980s onwards. The combination of targets, credit scoring and centralisation of lending reduced the agency of branch managers as gatekeepers, which lies at the intersection of skill, authority and autonomy, thus preventing him or her from basing decisions on personal and local circumstances of customers. The increased competition in banking following deregulation was a major contributor to this trend, as the developments identified as key drivers of depersonalisation and disembedding were implemented largely in response to the new pressures to rationalise the branch network and take advantage of the opportunities to enter new markets associated with liberalisation. These dynamics changed the role of branches from originators of financial services to retail outlets for centrally branded, designed and controlled products.

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A. Securing informed consent

People that respond to the calls were given a full explanation of the project through a participant information sheet (See Appendix C) and oral information. The information sheet and the oral information explain the focus of the project, what information would be collected, how the information would be collected and how it would be used. It was also stressed that the participant could withdraw their consent at any point without having to provide any explanation and that if they chose to do so the data would be destroyed immediately. The potential participants were also be given the opportunity to ask any questions and request further information. If the potential participant was willing to participate, he or she was asked to sign a consent form (see Appendix D). The participant was also informed that the interview would, with his or her consent, be taped. In cases where the interviewee was still working, it was made clear that the employer would not be informed of their participation nor would any information be shared.

B. Interview guide

How and why did you go into banking? What was your motivation?

Which branches were you branch manager of? *Also ask for time periods*

(For each branch) Can you tell me a bit about the branch, the local area and the nature of business of the branch?

Overall

What did you see as your main motivation or driver as a branch manager? Is that how you saw it then?

What were your role and responsibilities? What type of activities were you involved in? Did this change over time? If so, in what way?

What was the relationship with national and regional offices? *Prompt for use of performance indicators.* Did this change over time? If so, in what way? *Prompt for nature and frequency of contact with, reporting to and supervision from national and regional offices etc* What was the impact of these changes? How did you experience those changes? It's that how you felt at the time?

What was the nature and extent of your interaction/relationship with customers? *Prompt for familiarity with customers and relatives* Did this change over time? If so, how? How would you determine credit worthiness of customers? What info would you use? How would you get that info? Did this change over time? If so, how? Ask about credit scoring

What was the nature and extent of your involvement and participation in local communities (as branch manager)? *Prompt for positions on local boards etc* What was the view of the bank on this? Was it encouraged/discouraged? Did this change over time? If so, how? How did you experience these changes? It's that how you felt at the time?

C. Participant information sheet

Study title:
The development of the role of the bank manager

What is the issue?
It is argued that the British bank branch has undergone a series of profound changes to the way in which they operate and appear for customers since the 1960s. There has been a rise in remote banking and new technologies such as credit scoring have affected how services are delivered. This doctoral research project focuses on the development of the role of the British bank branch manager since the 1960s against the backdrop of the transformations of the sector.

What will the project try to achieve?
This project seeks to achieve two aims. First, it seeks to ascertain the nature and extent of changes in banking practice and systems over the past fifty years. Second, it seeks to understand how these developments have affected the role of and how they have been experienced by bank branch managers.

Do I have to take part?
It is up to you to decide whether or not to take part. If you do not want to participate at this stage you only need to decline to sign the consent form. If you decide to take part you will be given this information sheet to keep and be asked to sign a consent form. If you decide to take part you are still free to withdraw at any time, without needing to give a reason.

What will happen to me if I take part?
You will take part in an interview lasting around 60-90 minutes. The interview will be conducted face-to-face and will cover your entry into and career in banking, the nature of the branch(es) that you were manager of and the surrounding area, any changes in your role and that of the bank branch, and how you experienced these changes. The interview will be recorded using a digital recorder and transcribed.

How will the info be used?
The information you provide will, together with the information collected in other interviews, be used to gain an understanding of the development of the role the bank branch manager 1960-to date. This in turn will be used to discuss the development of the role of the bank branch in context of wider sectoral and societal changes. The information you provide will be anonymous and will be treated in strictest confidence.

Contact for further information
Pål Vik, University of Salford, M5 4WT, telephone: 0161 295 2841, email: p.m.vik@salford.ac.uk. If you have any concerns or would like to make a formal complaint, please contact Prof. Karl Dayson, Director of Sociology, University of Salford, 841 Maxwell Building, Salford, M5 4WT, telephone: 0161 295 2827, email: k.t.dayson@salford.ac.uk

D. Participant consent form

The development of the role of the bank branch manager 1960s onwards

Pål Vik
Department of Sociology
University of Salford

Please Tick Box

1. I confirm that I have had the aims and objectives of the above study explained to me and had the opportunity to ask questions and had these answered satisfactorily ☐

2. I understand that discussion I enter into will remain confidential ☐

3. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving reason ☐

4. I understand that the discussion will be taped and transcribed ☐

5. I agree to take part in the above study ☐

	Yes	No
6. I agree to the use of anonymised quotes in outputs including (1) public report and (2) resultant publications	☐	☐
7. I agree that anonymised transcripts from interview can be kept in a social research database once the project is completed	☐	☐

______________________	__________	__________________
Name of participant	Date	Signature
____Pål Vik____________	__________	__________________
Name of researcher	Date	Signature

E. Call for participants (Barclays)

Were you a branch manager or a secretary to one at any time in the period 1960 to 2010? If so, I would like to hear your story and views. My name is Pål Vik and I am a PhD student in Sociology at the University of Salford. As part of my PhD I am looking at the development of the role of bank branch managers in the UK since the 1960s. As part of that research I am interviewing people who worked as bank branch managers in the period 1960-2010. I am specifically interested in the nature and magnitude of the changes in banking practice and how these developments have affected and how they have been experienced by bank branch managers.

In relation to this research, I would like to hear your views and experiences from your time as a bank branch manager or as a secretary to one. The interview would be conducted face-to-face and would take place at a time and place of your choosing. The interview will take around 60-90 minutes and will be confidential. The interview will be taped and transcribed for research purposes.

If you are interested, please contact me for further information by phone, mail, email or fax:
Pål Vik, University of Salford, Room 843, Maxwell Building, the Crescent, M5 4WT, telephone: 0161 295 2841, fax: 0161 295 2835, email: p.m.vik@salford.ac.uk.

F. Article for Pensioner Today (Midland/HSBC)

My name is Pål Vik and I am a PhD student in Sociology at the University of Salford. I am writing my PhD on the development of the role of bank branch managers in the UK from 1960 to 2010. Over this period, the bank branch manager has been at the heart of a series of profound changes in the retail banking sector.

First, there has been a shift in the cultural and professional identity and perception of the bank branch manager from prudent and paternalistic custodian of the money of middle and upper class households to salesperson of financial services to a mass market. In the 1950s and 60s, there was less need for banks to attract customers as a number of factors worked to their advantage, such as rising incomes, increased propensity to save and electronic payments of wages, making customers come to them. The intensification of competition in the domestic banking market in the 1970s and 80s, forced banks to change the appearance and culture of their branches to make them more enticing. This involved projecting an image of bank branches and their managers as friendly, understanding and attentive

Second, bank branches and their managers have lost a great deal of autonomy due to standardisation of processes and enhanced central control, such as the introduction of credit scoring and a centralisation of skills in regional and national head-offices. This has, in some respects, been an ongoing process since the emergence of large banks with national branch networks in the early 20th century but the process has accelerated since the 1960s with advances in technology and actuarial sciences. In particular, the introduction of credit scoring into retail banking in the 1970s and 80s enabled a greater degree of central control of lending decisions, which was an area in which bank managers in particular had exercised a great deal of discretion.

A third change has been the rise of remote-banking technology. Over the past 25 years, the use of remote banking technologies, such as internet and phone banking, has increased. While the market share of internet-only financial service providers remains small, the proportion of transactions and applications processed online and through the phone has increased. The implication of this has been that the branch network has become less central in the delivery of financial services.

This doctoral research project focuses on the development of the role of the British bank branch manager since the 1960s against the backdrop of the transformations of the sector. More specifically, I am interested in the nature and magnitude of the changes in banking practice and how these developments have affected and how they have been experienced by bank branch managers.

As part of that research I am interviewing people who worked as bank branch managers in the period 1960-2010. Were you a branch manager at any time during this period? If so, I would like to your views and experiences from your time as a bank branch manager.

The interview will be conducted face-to-face and will take place at a time and place of your choosing. The interview will take around 60-90 minutes, and will be taped and transcribed for research purposes.

The interview will cover your entry into and career in banking, the nature of the branch(es) that you were manager of and the surrounding area, any changes in your role and that of the bank branch, and how you experienced these changes

The information you provide will, together with the information collected in interviews with other former bank branch managers in British banks, be used to gain an understanding of the development of the role the bank branch manager 1960-to date. This in turn will be used to discuss the development of the role of the bank branch in context of wider sectoral and societal changes. The information you provide will be anonymous and will be treated in strictest confidence.

If you are interested, please contact me for further information by phone, mail, email or fax:
Pål Vik, University of Salford, Room 843, Maxwell Building, M5 4WT, telephone: 0161 295 2841, fax: 0161 295 2835, email: p.m.vik@salford.ac.uk.

G. Review email

The researcher emailed the three findings chapters to the participants on 17th of February 2014. The following accompanied these documents:

> Dear all,
>
> I hope this email finds you well. I am emailing you concerning my PhD thesis on the development of the role of bank branch managers in Britain from 1960 to to-date. I interviewed you as part of the PhD between April and December in 2013.
>
> I am now in the final stages of writing up the thesis and I am submitting it in the end of next month. In relation to this, I am emailing you the findings of the thesis for your comments. The findings are divided into three separate documents:
>
> - *Findings part 1:* This document provides an overview of banking at the time when most interviewees started, 60s and 70s, including the nature of branches, typical careers etc.
> - *Findings part 2:* This part tries to define the essence of the role of the branch manager drawing on the views and perspectives of the participants.
> - *Findings part 3:* The final part looks at key developments in banking (e.g. credit scoring, area offices, targets etc.) and how the participants viewed and experienced these changes.
>
> I have attempted to represent as accurately as I can, the combined views and experiences of the people I have interviewed. However, if you have any questions, comments, clarifications or suggestions for improvements, please let me know by Friday the 14th of March. You can make comments by email, phone or post (contact details below). You may also provide comments after that date, as I can use these to improve subsequent outputs (articles etc.).
>
> I would like to take this opportunity to thank you all for taking part.
>
> Regards,
>
> Pål

Following discussions with several participants via email, the researcher sent out the following email on the 18th of February with Chapter 4 of the Thesis:

> Dear all,
>
> In case you have looked for any of your quotes in the text, I would like to make a clarification. I have given all the participants a false Christian name to protect their identity and anonymity. This is standard practice in academic research. Indeed, otherwise the University would not have allowed me to conduct the research.

If you are interested in knowing which are your quotes, please contact me and I can supply you with the name you were given. I would like to stress that the quotes are mainly used to illustrate the aggregate views of the respondents. This means that even where I have not quoted you directly, your contribution will have still been used in the analysis.

For those of you, who may be interested in the history of banking, I am attaching the chapter that will precede the findings from the interviews. This goes through the development of banking since the eighteenth century through to the financial crisis.

Regards,

Pål

H. Comments by participants

Laurence, branch manager, Midland/HSBC, early 90s to early 00s

I think you have done an incredibly good job and you must have been burning the midnight oil!!

There are just one or two very minor comments - hope you don't mind me making them.

In the Findings Part 1 Doc Section 5.1 13/78 you make a footnote reference to the term "Accountant" in Midland Bank. You say that this was a term used for the most senior clerical staff. It was actually an appointed managerial position and referred to as a "Second Officer" (not first). In later years this gradually changed into the name "Assistant Manager" and in smaller branches in place of an Assistant Manager there became a Senior Clerk, and this indeed was a clerical member of staff.

In section 14/78 you refer to the role of the Cashier as "cashing cheques & giving out balances". The role was far greater than this. The cashier would take all cheque and cash deposits across the bank counter, including large amounts of coin in some cases. eg My first branch was in the West Midlands where we held the account of the local bus company and Monday morning would bring several hand truckloads of coin. Really time consuming. In later years these were taken by a security carrier directly to a cash centre. At this time as well there were no Cash Machines. The role of the cashier was an amazingly busy job. I remember my first branch with 16 cashiering positions, all occupied and still queues out into the street.

As an aside cashiers had to balance their till at the close of business each day. Any discrepancies were subject to a full cash analysis of every item that they had dealt with, even if the cash difference was a few pence!!! Totally ridiculous in this day and age!

Lance, branch manager, Barclays, early 70s to mid-90s

I found Chapter 7, in particular a most thoughtful and accurate appraisal. It stimulated some further thoughts on my part and, although I am unsure how helpful they will be, I attach some comments on two aspects of the discussion.

In addition, I offer the following very minor suggestions affecting terminology:

5 p. 2 line 6

One such exception was the Barclays Card launched in 1966

7 p. 12 para. 2 line 6

Introduced in 1966, Barclay Card was one of the few exceptions.

In both these cases, I suggest that you might consider either using the words Barclays credit card or its trade name, Barclaycard.

6 p. 7 para. 2 lines 6 & 8

including the number of Key Business Influences or KBIs:

The ethos was very much to get involved with the community and we had what we called KBIs. To provide a list of KBIs – Key Business Influences: accountants, solicitors, Welsh Development Agency,

I believe the word is Influencers.

7 p. 30 para. 3 line 10

This was linked to a greater focus on increased sales and profits by responding to the demands of the customer groups.

The choice of word here is yours, of course, but I just wonder whether **needs** might be more accurate.

Relationship with the customer

Chapter 7 identifies very clearly the change in the relationship between the customer and the bank. Delivery of service through a personal relationship between the bank manager and his customer was, by definition, individual and non-standardised; it was also expensive. These personal relationships and their development had served the banks well by building up customer-loyalty and trust, but delivery of service through thousands of individuals inevitably caused unevenness, resulting in variable experiences for both customers and the bank.

Branch managers who had been trained to take their own decisions were naturally dismayed when the qualities they had developed at their employer's behest over decades were no longer needed. Although, as you say, for a time managers were able to shield their customers from an understanding of how greatly the delivery of service had changed, it eventually became evident customers that they were no longer dealing with a person but with an organisation.

The bank, on the other hand, had far greater control of the implementation of its policies. For example, it could direct the sale of its products and control their pricing more effectively; it could control risk far more evenly than before; and it could do all this more cheaply.

Yet, for all these advantages, central control has not been a panacea for efficient and profitable management. The profligate sale of PPI insurance and interest rate protection has led to huge compensation claims and penalties. That does not negate the justification for the transition from local to centralised management of banks; indeed the causes of these failures would need to be analysed in order to determine to what extent the excessive risk taken was caused by policy or by implementation. In any case, it may well be outside the scope of your dissertation, although it is a consequence of the introduction of centrally controlled sales.

A reflection on Personal Sector services

In 7.3.2 (p. 13, para. 1) you mention "increasing number of personal bank customers in the 80s onwards". I do not have statistical evidence on which to base my opinion, but my own recollection is that the growth (one might almost describe it as an explosion) of personal bank accounts began rather earlier.

As early as the 60s when some employers were keen to gain the benefits of economy by paying employees through the banking system, a standard tariff (known as "ICI terms") was introduced. Although originally negotiated for employees of that company and (I believe) offered by all the banks, the tariff was also offered increasingly to employees of other companies. I recall, as the manager of a branch in the [town in Midlands] in 1972, setting up my stall at 6 o'clock one morning in the canteen of a local colliery to sign up miners going on and coming off shift. It was about the same time that the "Barclayloan", Barclays' first credit-scored branch-based product, was introduced; I found that this was highly attractive to the mining community, as a (slightly) cheaper alternative to hire-purchase.

The expansion in personal banking followed swiftly on these and other developments. Again, I have no statistics to support me, but I guess that when I joined the bank in 1957 no more than 20% of the population had a current bank account, a proportion which escalated to almost universal banking (here I include current accounts with building societies) within about 20 years. Quite apart from other reasons to centralise control of operations, it seems to me that the management of such an escalation in personal banking presented tremendous a challenge to the banks, and one which they were slow to address. For example, even up to the late 80s I don't think we changed the way we confirmed the identity of new customers: traditionally, it had been by personal introduction and even then an employer's letter sufficed. Thereafter, documents evidencing identity and place of abode were required.

Certainly, the banks made some changes (eg the introduction of "personal bankers", a small career step up from cashier) but until the 90s we continued to try to serve the wage-earner in much the same way we served the wealthy businessman. Furthermore, from an early stage the banks became enmeshed in a free-banking-if-in-credit strait-jacket. This meant that sector profitability depended heavily on the sale of other products and, sometimes, excessive charges for minor delinquency. The basic product was thus perceived to have no value, so that the banks had no incentive to offer more than a basic service. In the 90s there were attempts to offer a superior service in exchange for a small monthly fee, but the service still seems to have been sales-led and staffed by junior people.

Here I digress to express a personal view – admittedly developed with in hindsight - that the tide of universal banking was inevitable, and that the principle of attaching a price to it would have been better retained during its growth period. Of course, there were competitive pressures, but that might have opened the way to differential pricing for a superior service in later years for those who needed it.

Michael, branch manager, Midland/HSBC, late 70s

Thanks for letting me see those, Pal. They brought back many fond, and some not so fond memories. Very well written, and a useful bibliography. One or two points I noticed in passing:
The plastic card introduced by Barclays in the 1960s was "Barclaycard", not Barclays Card. Page 25 of Part 1(Chapter 5) refers to "fairs paid" for a trip to Edinburgh-that should read "fares paid Page 20 of Chapter 6 refers to the banking qualification "AICB"-it should read "ACIB", the Associateship of the Chartered Institute of Bankers. When referring to branch managers' personal lending limits, most banks, and particularly Midland, distinguished between secured & unsecured loans, so a manager might have a limit of £750k fully secured or £350k unsecured (i.e. no collateral held). Otherwise, that all makes very good reading-well researched, written and presented. Your comments on the introduction of targets in Chapter 7 are very apposite-the beginning of the slippery slope. It was good to be reminded of the times when banking was a (reasonably) respectable profession, before those times-targets, leading to mis-selling and loss of reputation. Fortunately we managers were well trained and learned a wide range of skills (social, management, accountancy, law, marketing etc) though, and rarely had trouble finding employment elsewhere when necessary, often through contacts made in the bank with clients or other staff. Great days, mostly!

Carl, bank manager, Barclays, mid-70s to late 90s

Many thanks for sending these findings. They come as no surprise but, as a Barclays man it is interesting to learn from the "vox pops" that all other banks went through a similar change process albeit at different speeds.
You may recall that I joined Barclays in 1968 which was just about the apogee for the classic branch which in Barclays had an average staff of about 25, a Branch Manager

and under him a Manager's Assistant (aka Chief Clerk) the latter having no lending responsibility. 1500 borrowing accounts was the trigger for the appointment of an Assistant Manager. There are a few points about "classic" Branch management that I should like to emphasise:

1. Branch Managers in the countryside and market towns were "on duty" 7 days a week. One could not slop around unshaven in dirty jeans at the weekend as you were more than likely to run into one of your customers in Tesco or the leisure centre. In fact one of my overdrawn customers once crashed into my car in the High St one Saturday morning. By contrast London and big City managers were commuters and could easily disappear into the anonymous suburbs at evenings and weekends.

2. 1500 borrowing accounts may look a heavy workload for one man .And indeed it became so as the number of products increased. That said the focus was really on only 20% or less of these who were "out of order" i.e. beyond their assigned credit limit and thus featured on the daily "Refer List"

3. Until the early 70s the customer only had one Bank and a Manager, with his wits about him, thus had a pretty clear picture of the customer's financial position and was well placed to give advice in the classic Captain Mainwaring style. However the advent of separately managed credit cards soon put a stop to this supportive relationship. Pre 1970s multi banking was seen by bankers as highly suspect except for big companies like Shell or BP. Post 1970 multi banking became the norm and the classic and cosy Banker/Customer relationship came to an abrupt end. It is also worth noting that up until 1970 Bank accounts were only for the middle class /middle income group which by and large shared or at worst tolerated the low risk/low reward ethic of the Quaker/Calvinist banker. With active encouragement from the Government of the late 60s /early 70s the banking habit was dramatically widened to all classes of earner and indeed non earner who often saw the bank as simply getting in the way of their weekly wage packet which many of them drew all of (and a bit more if they could get away with it) just as soon as they could. I spent many a happy evening on the local council estate trying to get back 10 or 20 pounds. It is not just Banks who have changed and possibly diluted their ethical stance; so have many of their customers! Another interesting side issue is that of the Overdraft product which

is a peculiarly British phenomenon ,ties Banker and customer together inextricably and can be very labour intensive and unprofitable for the Banker unless he charges the earth for it and then risks accusations of gouging and sharp practice. I know of some customers who see the overdraft as one of their human rights!!

4. Barclays (being founded by Quakers) set particular store by their staff, particularly their Managers, undertaking Social and Community service which had to be detailed on their Annual Staff Report form.. This was not the purest form of altruism but it was enlightened self-interest in that it gave the employee valuable leadership training (at no cost to the bank) whilst adding to the Banks positive local market profile.

5.Derek Weyer ,Barclays Senior General Manager in the early 70's and the man who introduced marketing to the UK banking community told me two things about branches and their Managers: 1 Given the broad spectrum of personal and business customers Managers needed to be Polymaths. 2. The Clearing Banks return to shareholders was no better in 1968/9 that the return on Government stocks, to which one of his subordinates added that the Clearers only made a profit because they charged interest 7 days a week but only opened between 10 and 3.30 5 days a week!! So even in 1968 one knew that the days of the classic branch bank were numbered and the many changes that followed over the next few decades were above all else facilitated by the rapid advances in information technology. In the pre computer world the distributed data processing that so characterised the microcosmic Branch was to all intents and purposes the only credible way to do banking pre 1960/70. Banking /Financial Services is an arm of the information industry.

And so where does this leave us. I think it is fair to say that the Branch (being a bank in microcosm) was right for its times which were characterised by low tech information gathering in a regulated oligopoly, a limited middle class customer base, a limited product range and a low risk/low reward business profile. What this scenario spawned was the classic Captain Mainwaring who by and large was not the fictional caricature but a valued member of the Community like the Local Policemen, the School Teacher of the little village school, the Vicar of the little local church, the local newspaper editor, the family doctor etc. etc.….all of whom have for their various reasons disappeared and with that the respect in which they were held. The

2008 Banking crisis brought calls for Captain Mainwaring to be in some way brought back. But to bring him back would really entail bringing back most of the world and the times in which he lived. I for one do not wish to bring back the 1950s ,the 1960’s and certainly not the 1970s. We are materially much better off than we were in those far off decades; we have been rewarded as a Society but what is often forgotten by our political leaders is that in this world there is no reward without risk and as the rewards grow so do the risks which so dramatically crystallised in 2008. This revealed a stark decline (or change if you are generous) in the ethical standards of our financial services industry and the call for the return of Captain Mainwaring was really a call for the return of his ethical standards. This is just what the Banks, or some of them are now trying to do. It remains to be seen how long this will take because it took a good 30 years to get into this state or indeed whether such changes are possible in a global economy. In my view most professions are going through something of a crisis but, unlike bankers, accountants, solicitors, journalists, politicians, policemen, doctors, nurses, even academics cannot singlehandedly bring a country to its knees. In my view society gets the professions it deserves, or wants and is prepared to pay for. It is a moot point whether our so called professions change society or whether society and its growing and changing aspirations changes the professions. With the benefit of nearly 50 years’ experience as a banker and Civil Servant I favour the latter.