Banca March: The Fundamentals of a Bank Linked to Its Customers and Committed to Society

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Abstract

Banca March’s history dates back almost a hundred years. It was founded in 1926 by Juan March Ordinas. We are the only family-owned bank left in Spain; 100 per cent of the bank’s shares are owned by the March family. We are an unlisted bank, with a unique business model that sets us apart from the rest. Our unique approach is rooted in our business philosophy, shared growth, which has remained unchanged since our foundation. This philosophy allowed us to weather the turbulence of the 20th century and to emerge stronger than ever from the last financial crisis. Our long-held motto is shared growth with all stakeholders.

Our shareholders have a specific, unique view of the banking business which is supported by four key pillars:

- shareholder commitment;
- exclusive products;
- outstanding quality service; and
- excellent professionals.

The first principle is ‘shareholder commitment’. Shareholder commitment means the unanimous, coordinated, unwavering commitment to a project that affords shared growth with all stakeholders, including shareholders, customers, employees and society as a whole, in line with our unique business model. Banca March is one of the few institutions that can say it has the full commitment of its shareholders, of which there are just four. They genuinely want to grow this project and see it grow from generation to generation. That commitment, which is not subject to stock market fluctuations or to short-term investors’ demands for returns, means we can do things our way; with no shortcuts, no unnecessary risks, and prioritising our business model and its sustainability over short-term profitability. Juan March de la Lastra is Banca March’s fourth Chairman. In 2016, he began a transformation process to prepare the bank for the challenges posed by technology, regulations and new competitors, all the while holding fast to our unique, 100-year-old business philosophy.

As well, of course, as safeguarding our specialist, low-risk business model; a model which is supported by a series of ratios measuring liquidity, capital adequacy and risk that are among the strongest in the European banking sector. Our robust capital adequacy ratio has meant sacrificing dividends and profitability to afford us a capital buffer which, during the critical period extending from 2007 to 2014, was the strongest in the European banking sector, at 26 per cent. Our shareholders’ willingness to sacrifice higher profits in order to protect the sustainability of the business – rejecting shortcuts and business opportunities which, in times like the present, can be highly tempting – has allowed the bank’s professionals to roll out our strategy in line with the guidelines designed by the board and within our clearly defined risk appetite framework.

The second of our four key pillars is ‘exclusive products’. Our shareholders invest alongside our customers. Our exclusive Joint Investment products mean that our customers are afforded the opportunity to participate in the investment projects chosen by our shareholders. That is how we guarantee shared growth.

The third of our key pillars is ‘outstanding quality service’. Banca March’s managers secure the best ratings from their customers in the entire Spanish banking sector. We are passionate about measuring the level of quality perceived by our customers and the internal quality of services provided between our various departments. Quality perception is one of the variables that is measured and reflected in the remuneration of all Banca March employees.
The fourth and final pillar supporting our business model is ‘excellent professionals’. Banca March aims at becoming the leader in the private banking and corporate advisory business in the Spanish market. Today, our firm boasts a team of professionals who are able to offer our customers the best possible investment advice.

In recent years, we have worked hard to build a team of talented professionals who not only excel in performance, but who also share our core value: shared growth with all stakeholders. We have completely eliminated broker-like networks from our structure, moving towards a model that prioritises internal promotion, and our professionals benefit from more than twice as much training time compared with the industry average.

We have fostered a participatory culture which is a meritocracy, prioritises internal promotion and has the lowest employee turnover rate in the sector.

In short, we believe that we contribute a unique model to the competitive landscape; a model which is based on the highest standards as far as Corporate Governance is concerned and on shared growth with all stakeholders. There is room for improvement in many areas at Banca March, and there is progress yet to be made in the fields of technology, operations and information. However, we strive to compete in our sector with a model that adds value not only for our shareholders but also for our team of professionals, for our customers and for society in general. We feel, therefore, that the greatest possible corporate responsibility is already deeply entrenched in our business philosophy, and lies at the very core of our activity. We are guided by ‘our customers’ best interests’, and by our commitment to ensuring that Banca March provides each and every customer the best possible advice for their investments and assets.

We deeply believe that the findings that the academic community can provide to our sector, so sorely in need of best practices and reputation references, are of the utmost value. We at Banca March wish to encourage your endeavours and give a voice to your contributions, in the hope that they will act as a beacon of light for a more sustainable, integrative economic system.

Author Information

Rita Rodriguez Arrojo is Executive Vice President of Banca March, she has been on the bank’s Board of Directors since July 2016. Until her appointment, she was General Director of Human Resources and Intangible Assets (Brand, Quality and External Communications). She started her professional career at Bankinter, where she was a member of the Executive Committee. Among other functions, she leads the digital transformation process at Banca March in order to address upcoming challenges in terms of technology, regulations and new competitors.