

The sale of our wealth management business last year bolstered our reserves and enabled us to focus on our core banking business.

This focus is very desirable both internally and externally. Internally, the more we look, the more we realise we need to update, streamline and modernise our processes. Externally, it is now clear to the market that Hoares Bank is a bank, and not competing with a wide range of other market participants. This in turn has encouraged lots of helpful referrals of new customers to us.

No sooner had we bolstered our reserves than we discovered our first serious compliance hit. Over several years we conducted perfectly satisfactory lending business with our customers under the Consumer Credit Act. The Act specifies annual statements we had to send to customers. Somehow we failed to include a couple of standard sentences on these statements. The impact of this omission was a statutory requirement to refund over £12m of interest we had earned on all such advances. Thank you to those customers who elected to redirect their refunds to the Golden Bottle Trust and other charities.

The sad truth is that the day of the gifted amateur is well and truly over, and the bank is compelled to look increasingly like all other banks in terms of processes, controls and bureaucracy. We will try to rise above homogenisation with an overlay of personal relationship and intelligent service. This is not an easy challenge and it involves an amount of internal reorganisation.

Customers and the bank are under escalating fraud attacks. Please do not be fooled into drawing out cash by people impersonating police officers or giving payments details to people impersonating bank staff or anyone else you do not know. Please do not give away any banking information in an unsolicited enquiry; if in doubt, call your Relationship Manager. Again, I regret the direction of travel is more inconvenience and less flexibility for customers and staff.

This month Rennie Hoare was appointed Head of Philanthropy Services. My last letter listed some of the things the bank does in this field, and we hope that he can turn them into a more co-ordinated and accessible range of skills and activities. We remain pleased with the Master Charitable Trust, a donor-advised fund, run out of Messrs Hoare Trustees, through which customers have given £28m and invested £39m in a relatively short space of time.

The long-promised update of our online system is finally on trial with staff. It will be integrated with our mobile app and provide the same look and feel. It will enable the app to do things currently out of scope. Sadly electronic statements are not in this release, but work on them is under way.

It is an urban myth that Einstein said, “Not everything that counts can be counted, and not everything that can be counted counts”, (more likely W.B. Cameron in 1963). However, in 1914 Charles E. Schaeffer did write on behalf of the Reformed Church, “Money is not what really counts, though it must be counted”.

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