

## Companies | UK

## FTSE 100 directors' club not so incestuous after all



**Louise Lucas**  
LOMBARD

It's enough to make a career director choke on his sherry. The clubby nature of FTSE 100 boards turns out to be something of a myth: according to a survey by Resources Global Professionals, just 9 per cent of FTSE 100 directors reappear on other FTSE 100 boards.

This is reassuringly modest; especially since virtually all those who do boardroom-hop restrict themselves to just two (although the hyperactive John Buchanan, chairman of Smith & Nephew, flits between four). True, there is no word on how many spread themselves across other FTSE companies. But those who like to grumble about old boys' networks and city grandees spreading themselves too

thin have one less arrow in their quiver.

In fact they ought not to be grumbling at all. Cross-fertilisation is good. A director who has experienced, say, the benefits and pitfalls of slashing wages rather than the workforce at company A has a better sense of what to do when it comes to trimming the payroll at company B. Experience across different sectors pays off by making it less likely that directors get bogged down in minutiae. This beats fulfilling quotas from diversity honchos.

Balance is key – which is where the focus on minimum time commitments from the Walker Review on financial institutions comes in. Broadening these guidelines out to non-financial institutions would allow directors to take on multiple directorships only in so far as they do not compromise competence. But as the RGP survey shows, 21st century boardrooms are already well ahead of those overly chummy coteries that blighted Victorian capitalism. The board that presided over the fateful railway enterprise in Anthony Trollope's *The Way We Live Now* presumably fulfilled the day's diversity

quota – containing “a gentleman of Jewish persuasion” – but the composition of the whole was sufficiently flawed to bring about a truly riveting downfall.

### Narrow banking

John Kay wants to cut the banking industry down to size. In his latest paper, for the Centre for the Study of Financial Innovation, Mr Kay – economist, iconoclastic author and Financial Times columnist, as the CSFI describes him – calls financial services “the most powerful political force in the UK and the US”.

His conclusion: “It is time to turn masters of the universe into servants of the public.” His method: break them up, creating low-risk “narrow banks”, with a state-backed deposit protection scheme, and the rest left to different institutions.

The idea, though extreme, has merit. It might even have legs. Narrow banking – especially with the concession that there would be nothing to stop such institutions being part of a broader bank holding company – chimes with current thinking

in political and regulatory circles.

Only yesterday, Alistair Darling, the chancellor, gave further impetus to the concept – backed by Mervyn King, the Bank of England governor, and Lord Turner, chairman of the Financial Services Authority – of “living wills”. Such wills, outlining a financial group's plan for its own demise, could now, it seems, be compulsory by law and could also result in smaller or less complex groups.

For some, that would be relatively straightforward. HSBC, for example, is structured as a central holding company with regional subsidiaries that are separately capitalised. But two of Britain's more successful banks of recent times – Standard Chartered and Barclays – could find their profits, or at least their sanity, tested by such an overhaul.

### Long shot

A year after investors lost their shirts on a bank, Standard Chartered is putting its money into – shirts. The UK lender is to become Liverpool football club's main

sponsor in a multi-million-pound deal that will see its name emblazoned across players' shirts and beamed on millions of TVs across the globe. (It does not, sadly, guarantee success on any more basic measures as the benighted AIG, sponsor of Manchester United, now knows.)

The numbers are superbly compelling. LFC has 60m fans in China; to put that into perspective, it is almost 200 times as many retail customers as the four biggest foreign banks – Standard Chartered included – have in the country between them. Turning football fans into banking customers in China, however, would appear to be tougher than Liverpool usurping Manchester United as Premier League champions. When you already have your choice of four government-controlled banks, why risk putting your money in a foreign lender with a penchant for footie?

**louise.lucas@ft.com**  
**banks: patrick.jenkins@ft.com**  
**To comment, visit [www.ft.com/lombard](http://www.ft.com/lombard)**  
**Andrew Hill is away**