

Accelerating Change S1, E1: Managing change with Paul Compton

Paul Browning: Change is inevitable, but we've now entered the period in human history that the right of change is accelerating. What happens when the rate of change exceeds our capacity to adapt? Have we already reached, or perhaps past that point or in our language that we already use at St Paul's School, what is an education worth having in a world that is changing so quickly, welcome to accelerating change, a conversation about the future.

[00:00:30] I'm Paul Browning Headmaster at St Paul's School. And today I'm speaking with Paul Compton, CEO of Barclays Bank in New York. Well, Paul, it's a, it's a great pleasure to actually talk to you, but I guess listeners are probably thinking straight away. Yeah. How does Paul Browning know Paul Compton, the CEO of Barclays bank in New York? Gosh, he's well connected. Yeah. Paul, do you want to tell us a bit of your story? You're like, how do we actually know each other? Yeah, yeah.

[00:01:00] Paul Compton: So, absolutely. So, um, so by way of background, Paul, I was born and raised in, uh, in Brisbane, in, uh, in Aspley, uh, on the, the north side of Brisbane. Um, I, uh, went to St Paul's School. So I've started at St Paul's in 1977 and, uh, graduated in 1981 where the School overall was probably only 300, 3 50 pupils, uh, that, um, uh, following, uh, St Paul's School. I went on to, uh, the University of Queensland where I did two degrees. I did a Bachelor of Commerce and a Bachelor of, uh, of Economics. Um, and with that,

[00:01:30] Paul Browning: That would have been unusual in those days to do two degrees. It was unusual. Yeah, there wasn't sort of a combined degree. You had to sort of literally do two degrees separately. You've got credit for certain subjects, but I sort of had to go through the, the process of doing two completely separate degrees. Um, and I, um, uh, then I went and worked for Ernst and young, which I have an accounting firm in Brisbane, um, became a chartered accountant, did what was called the professional year. Back in those days, became a chartered accountant, uh, worked there for about three and a half years before I put my hand up and said, I wanted to do an international assignment, uh, and, uh, quite propitiously. I thought they were going to send me to Columbia, but quite propitiously, an opportunity came up to go to, uh, the New York office events and Yarn. So I was actually only supposed to go for, uh, a year and a half, but I went and met who is now my wife.

[00:02:30] Paul Compton: And, um, we did come back to Brisbane briefly, but I've pretty well been in the United States pretty much for the last sort of 30 years. So a while. So I've been in the United States. I worked for JP Morgan for over 20 years. Um, and, uh, most recently, um, I've worked at, uh, Barclays where, uh, I joined Barclays as the COO of the company then became president of Barclays Bank. And then now on the global head of, uh, banking.

[00:03:00] Um, so, uh, so that's, uh, that's the whistle-stop tour of what's happened in the last 56 years. It's a

Paul Browning: Pretty impressive career. So congratulations to you, Paul, because I know too downstairs on the, on the honor board there 1981 School Captain Paul Compton. So you left here as school captain and then have ended up in New York. So congratulations to you, Paul, I guess one question I'm really fascinated about, and I'm sure our listeners are as well, is the contrast between Australia and America in terms of its approach to COVID

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what's it been like in New York and what's been the impact on business and the economy.

Paul Compton: Yeah. So, um, you went through some very dark periods, uh, with the COVID pandemic. Uh, I mean, I think back to last March and April, where really the city just came to a grinding halt and people would just, I'm not going to work commerce stopped. Um, you know, just to add all of the public transport and the city was shut down and you would look at you in the back of those days, sort of March, April of 2020. And it was like something out of a science fiction movie, even like in Midtown Manhattan. Yeah.

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Paul Browning: Never sleeps. The city does not asleep, just has slept. They

Paul

Compton: Did that. It was a. And, um, uh, and so that was a, that was a very dark period. Um, uh, and then, then we sort of started to climb our way out of that through the summer, but then lapsed back into it during, uh, during the window, very sort of knock on wood, happy to say, now that the incidents, the new incidents in the city on a daily basis have dropped precipitously and the high and the, uh, the rollout of the vaccine is starting to get real traction to the point that as a 56 year old, I will probably get better vaccines at some point in the next six weeks, I would say. Um, so they're really getting good momentum around that. So you can sort of see a pop out, but it definitely, especially in that sort of second quarter of 2020 pool had a very dire impact on the economy, uh, on unemployment business restaurants, just everything just stopped.

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Paul Compton: Um, and, uh, uh, you know, I think one thing that did surprise a lot of us, you know, as I mentioned earlier, I work at Barclays bank. You know, we very, very quickly took 80,000 employees and had them all set up and working from home within the space of weeks. And that was everything from traders who were, you know, buying and selling securities from the lounge room to call center operators who were talking to people who had credit card questions and doing it all from their home. So it was really quite a remarkable feat, the way that we, um, moved to working from home. And then since then the company of 80,000 people, we've probably really only had 10 to 15% of the staff back in the office and the company has functioned extremely well. In fact, the wholesale bankers set record revenue levels, judo volatility in the appetite for a financing. So it's actually been really quite remarkable. The fact that we can get billion dollar IPO's done with everybody operating from, from home, um, in terms of the contract for us to Brisbane, um, Australia sort of from somebody sitting 10,000 miles away has taken a very, very conservative approach to, um, to, to COVID. And then I've often joked with my sisters who will say, you know, there's been a case identified in Melbourne,

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Paul Browning: One case and Brisbane's closed down,

Paul

Compton: Shut down the city. I would say, look, Robin, I'm looking at my window. And there's like 15 people who would kind of, and it's just, it's, it's, it's, it's really quite surreal. The difference in terms of the way in which the different countries streets have approached, um, uh, the, the response, um, uh, but it seems now that the Israelis are leading the world in terms of the way in which they've approached and they're, they're sort of

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[00:07:00] reopening up their economy now. Um, and it was sort of COVID, uh, in the rear view mirror. So, um, it's really quite fascinating.

Paul Browning: Paul, we were talking about accelerating change and we've ended appeared in human history where change is obviously inevitable and just accelerating. And our ability to keep up is, is really questionable. I'm interested, first of all, Barclays bank, you know, this was a critical incident, a pandemic had Barclays actually considered that and it's forward planning with this possibility.

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Paul Compton: Yeah. So let's, you know, we do do a great deal of resiliency planning on the company, and I've worked through all sorts of different scenarios around liquidity crises and cyber incidents and, uh, um, uh, fundamental sort of, uh, technology challenges and data centers, et cetera. So there is a plethora of resiliency planning that's done, I pandemic is on the list, but there was, there was not, um, envisaged in anywhere near the scale and severity that, you know, the world has been true. So, um, uh, you know, I would say, yes, it was part of the resiliency playbook, but, you know, we were not prepared for what actually happened. And one of the, some of the challenges we had were, you know, we relied very heavily on some third parties to provide call center capabilities in places like India and the Philippines, and some of those institutions like literally shut down overnight. And so we really had to scramble to, uh, be able to provide the appropriate level of service to the customers when, you know, what are your partners, um, uh, is unable to continue to operate

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Paul Browning: And, and quite a different sort of circumstance to the GFC. And I guess in Australia, a lot of people were expecting a similar sort of result, uh, from the pandemic has not been the case. We've been really lucky here. Unemployment is going down, the economy is extra bouncing back very quickly. It's, it's shown some resilience there. What do you, what do you think Barclays have learned from this experience? What will stay the same? What will change, uh, are there opportunities at Barclays are going to grab hold of now and, and what messages are there for the economy and other people entering the workforce in general?

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Paul Compton: Yeah. Yeah. So I think the thing that I think the pandemic has accelerated a number of trends in banking. So the most notable would be digitization. So we were already, uh, moving our customers from using branches to sort of doing digital banking. We were, um, moving customers from calling call centers to sending queries through chatbots and other forms of technology. Um, what the pandemic did was it's really accelerated the need for banking to become, um, appropriately digitized and the way in which we interact with, uh, with our customers. And so that has been a big change. I think the, the necessity to sort of have anywhere near the same number of branches service in communities, um, has reduced pretty significantly.

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Paul Browning: There's like fewer people will be employed by Barclays as a result.

Paul Compton: No, look, I think what, you'll see Paul as you'll see a change in roles. So obviously the technology organization is growing all the time. Um, and, uh, it's truly an arms, race and banking, um, staff that have traditionally worked in branches are getting redeployed

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- [00:10:30] into other forms of customer service. For example, you know, through the pandemic, obviously the two legged customer, um, uh, especially those that have sort of had financial difficulties as a result of the pandemic have, um, meant that, uh, operations like collections and, and, and, um, financial assistance have become incredibly busy. So we've been able to sort of redirect those resources from branches. So things like financial assistance, which, which is very good because, you know, we've been very low
- [00:11:00] to, um, uh, reduce any resources through the course of the pandemic. Um, and actually I've sort of prided ourselves on redeploying resources to the greatest and highest need.
- Paul
Compton:
- [00:11:30] Um, I think what gets really interesting call is, um, as people come back to work, um, how much flexibility will there be in the new working arrangement? So it's sort of very clear that people no longer need to go to work from nine to five, five days a week. Um, and so I think there'll be a much greater level of flexibility for people. Um, and I think that, uh, uh, you know, you're also gonna find that, um, as people start to think about their sort of their, the work practices, um, people I think are going to, and I think a lot of them have become very well set up to operate out of their home. Um, and I think that will a sort of a normal part of doing business on a daily basis that people will have that flexibility. And I think that's, that's a very good thing. And
- [00:12:00] Paul
Browning:
- [00:12:30] Certainly for me personally, last year was a great year in the sense I didn't have to travel as much. So I wasn't driving into the city for a meeting on a weekly basis. I wasn't traveling anywhere in the state and I've got a lot of time back, uh, and that flexibility that you're talking about, people that have got a lot of time back. So how are they going to use that time is going to be interesting here when computers were actually brought in, in the eighties, we're going to have so much leisure time, but we actually filled up with work. Are people going to become more productive? Do you think, and work harder? Do you see any changes in the, in the way we interact with each other and socialize as a result of having the opportunity to work from home?
- Paul
Compton:
- [00:13:00] Yeah. Yeah. Look, I think, um, you raised a very interesting point about, um, uh, you know, the commute and what have you. I like one of the things that I think we've all learned through this experience is, uh, probably the amount of travel we were doing. The amount of business travel we were doing was excessive. And that there's very little that can't be done through video conferencing and sort of doing sort of from a distance.
- [00:13:30] Um, um, I'm not going to say something that's sort of slightly sponsored except point, which is, I do believe in conducting business. Um, there is no replacement for face-to-face contact when it comes to developing trust and when it comes to teams developing the ability to collaborate. So I think what you'll find is, um, there will be a lot less trouble travel. You will however need to bring teams together with some frequency. And then I think you sort of surround that with a very high level of, uh, uh, flexibility. Um, but I do think business travel is going to very rapidly, um, uh, that I started year on year. I think there'll be sort of nothing like what we would have done back in 29 days. For example,
- Paul
Browning:
- [00:14:00] AI is the other thing that I guess people are all talking about when we're talking about change and what's happening there, AI and the impact in banking is Barclays looking at that and what's happening in that space.

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Paul Compton: Yeah, we do a great deal in, in AI. Um, and this is again, pull one of those phenomena that I would say was already happening and possibly the pandemic was just an accelerant of an existing trend. Um, and you know, we use AI a lot in things like cybersecurity, where, um, you know, we're sort of looking at patterns of data and sort of learning from patterns of data and looking for unusual behavior. Um, and you sort of, there are tools that you can use that get very good, um, uh, and increasingly efficient at identifying have normal behavior by people or by data that points to potentially, um, cyber. So, um, and there was also a lot of work being done on AI, around what we refer to as chat bots, which are tools that can interact with customers. Uh, when customers are asking more basic questions like what's my balance, or where's the nearest branch to where I live. You can have chatbots sort of answer those questions and maybe they get better and better with, uh, through AI with the frequency of, um, uh, the questions I get asked. So

Paul Browning: [00:15:30] What you're saying really is the shape of work is changing and COVID has accelerated the shape of work, uh, flexibility, the impact of AI, uh, closing the branches, people then transitioning to different roles, having to re skill, you know, and there's a whole range of things that they need to learn to be able to adapt to that. So dispositions, so to speak the ability to do a deal with ambiguity, the ability to actually change and adapt to different circumstances. And that kind of speaks into education. Doesn't it like, are we actually adequately preparing our young people, uh, what should we be focused on to actually support their, their ability to actually enter a workforce and be this type of employee that you're talking about?

[00:16:00] Paul Compton: Yeah. So, you know, Paul, one of the things that I would say is, um, what we've really centered, the pandemic is an acceleration of what I would call the dispersed economy, right? So, uh, if you sort of think about, um, uh, what a company does in terms of its core offering the dispersed economy is really about taking that core offering and moving it directly to the consumer and cutting out the more traditional challenge at the more traditional channels. And so, you know, I think as young people are thinking about careers and thinking about where the opportunities lie, I think having a lens towards the disperse, the economy and the evolution of it as first economy, which again, is one of those things that was happening in the world, but I think the pandemic really accelerated it. So just to use, you know, a really basic example is sort of watching movies, um, in, uh, prior to the pandemic, um, people were still going to move into cinemas, but in the background, people like Netflix and Disney POS were starting to roll out streaming capabilities.

Paul Compton: [00:17:30] What you've seen is a dramatic reduction in the number of the amount of foot traffic in the cinemas, but the subscriber ship of Netflix and Disney plots and these other streaming services has just gone through the roof. All of these things, I think are all part of a dispersed economy. And I think what you don't want to do is just sort of thinking about which way you want to take your career is to find yourself, um, in the middle of a supply chain. Um, but probably you want to be sort of at the, at either end of that supply chain, um, you know, either the last mile logistics or sort of in the creation of the, of the, um, of the core value proposition, the first instance. Um, and I think we've seen

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that throughout, and it's only happening in the banking industry as well.

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Paul Browning: It worries me a little bit, your comments there about online learning, particularly universities, and certainly a lot of universities in Australia moved to online. And, and I really felt for the first year students last year, because university first year is a great year. [inaudible] almost like a rite of passage now. Uh, and one thing we did notice that, uh, they didn't really enjoy the online learning and even our students when we were in isolation for five weeks, uh, the kids, interestingly, when we surveyed them, when they came back, they learnt more than they might've done while they're at school because of the online systems that we had put in place at St Paul's. But when they came back, they actually said they really missed school and would rather be here and rather be here because of the social interaction, uh, the direct feedback from teachers, the instantaneous, uh, opportunities to interact with people and get that feedback.

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Paul Browning: So I guess just because we can, uh, and those realizations that we can actually work from home and change the way we do work, should we actually do that? Yeah. And that's an interesting proposition for an educator is what is the role of education these days moving into a world that is going to be very different? Is it about knowledge acquisition, or is it about those soft skills, the dispositions, the, in our humanity, how we interact with each other and look to make the world a better place in which we live and he comments on that, those sorts of thoughts.

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Paul Compton: Yeah. Look, I think, I think it's a very interesting set of questions. Paul, I look at it. One of the things that I, um, do worry a little bit about the dispersed economy, to your point about people sort of being educated from their homes, as opposed to the experience scandal hitches, and what have you is there is sort of an isolation aspect to it. Um, and I think one of the things that also drives the dispersed economy a little bit in the United States is, you know, there's sort of security element and sort of, you know, your home become Chicaso becomes your fault. And I think there, there is a part of that about people sort of, um, increasingly sort of shrinking back into there are residents and, and I don't think that's good for society at all. I mean, I think that, you know, people's ability to sort of empathize with their neighbors and communicate with their neighbors. I think it was a very important part of what society is. So there are aspects of this dispersed economy and the points that you're raising, which, which do trouble me, and I don't think they are good for, uh, you know, sort of a well functioning society. I

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Paul Browning: Think what's going to be really interesting as an indicator is the rental space in CBDs. Yeah. As you talk about people working from home more, and that's more than likely going to be a continuing change is what's going to happen to CBDs. And the spaces that we built for workers are going to be, have to be transformed. Uh, our CBDs can become, you know, quiet it, will you, New York actually sleep during the night or will it,

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Paul Compton: I think it's an excellent point, Paul. And I think what, what you're got to see I think is, um, people are gonna sort of refashion, you know, what they need in terms of, um, their, their head office in terms of what it means to their people. And a little bit of what you're going to see that, that, that I think is gonna happen is, um, you know, just that

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[00:21:30] every CEO that I speak to, um, is talking about how they currently have too much space. And then they're all sort of talking about sort of getting rid of 30, 40% of the space they have now, you know, we're at this point and whether we're at this point in the pandemic, and maybe that will change as people start to come back to work. But I think what you will be is a lot of, um, real estate and CBDs, both from a retail perspective and from an office perspective, I think again, a need to be repurposed and used for other purposes. And I'm like, whatever that might be logistics or whatever, but I, but I think you are going to see, um, a pretty significant transformation in a lot of the biggest cities in terms of commercial real estate.

[00:22:00] Paul Browning: I've got a couple of questions from some students, if that's okay with you, Paul, the first one that one of our students wants to ask is what were the biggest challenges that you overcame when choosing your career path and how do you think those challenge challenges might differ in the future for young people?

Paul Compton: Yeah, that's a very good question. Like, oh, I'm going to say something poor, which I hope I don't shock you and shuck. Um, some of your Alyssa is, which is, I actually think, um, uh, when you're in sort of a latter part of high school, early university, um, there's, there's a lot of, um, pressure around people saying, look, go and find your passion, go and find your dream job, um, and settle for nothing less. I actually think that puts a great deal of pressure on students and sort of creates a reasonable amount of, uh, anxiety around, you know, what's my passion and, you know, and, and, and many of us really, you know, have no idea, um, that are willing to sort of professional careers as to what it is we really want to do. Um, and so I'm sort of, I'm a big advocate of, you know, you know, um, find a role where, you know, you're learning where you have some autonomy, you feel like what you're doing is making a difference and then sort of throw yourself at it.

[00:23:30] Paul Compton: And if you work hard, throw yourself at the role and you're open to opportunities that might present themselves, that good things will happen. I think careers are very mysterious things. If I think myself and I started as a chartered accountant in Brisbane and ended up in banking in New York, it was not a path that I had charted out. I was really just by working out of the job that was in front of me and, and being open to the art of, um, of opportunities that present themselves. And so I've got a more an advocate of, you know, let your passion kind of follow you and find you as opposed to sort of go out and find your passion. Because I think what that does is it causes a lot of young people. I think the hop from job to job thinking they need to find their passion.

[00:24:00] Paul Compton: And I also think it becomes at times an excuse or, you know, if they sort of they're in a role and it sort of becomes a little tough, it's too easy to be like, you know, that's, this is not my passion I'm out of there. So I'm going to go try and find something else, um, where, you know, time is the better thing might've been to knuckle down and learn something. So, um, I, you know what I would say to the young people thinking about their careers is sort of, you know, like let your passion, uh, find you, um, and, you know, in terms of, um, uh, how do I think sort of seeking a role, uh, today versus, um, uh, you

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[00:25:00] know, when I went through the education system, I think just the, the options that, uh, young people that I have are so more, um, diverse and broad then, uh, when I went to the education, I'm constantly an aura of, you know, the children of my friends and the courses that they're doing in Australia in the United States and the, the opportunities that they, uh, that, that affords them. Um, uh, I think a very exciting, and I'm often times very envious. When I hear about some of the, uh, degrees that young people are doing today, Paul,

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Paul Browning: You didn't, you didn't really shock me. I think it was a really wise and salient advice there. And some words that jumped out at me is continually learn, uh, commit, uh, looking to make a difference, grow and let your passions actually find you a word you didn't mention. There was resilience. And I think you probably did mean it in the sense that knuckle down and actually deal with the blows that might come rather than just opting out and looking for a different job at a different opportunity, because resilience is a great indicator of success and it kind of leads onto the next question that another student have actually asked is how do you maintain a positive mindset while coping under pressure?

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Paul Compton: Yeah, so I, um, I just recently read a book, which I think is excellent by a lady by the name of Carol De Whip.

Speaker 3: Yeah. Yeah.

[00:26:30] Paul Compton: And so I think there is the tyranny of positivity, you know, in that, you know, there's, there's, it's okay to fail as long as you're learning from those failures. And I think that, um, this book of Carol, the Wix, I think is all about, um, uh, you know, whatever life challenges are thrown at you. Um, we're looking at them as opportunities to learn. Um, it oftentimes there's, there, there is an opportunity to lurking in, you know, the, and, and sort of things that may be very difficult, but to present it to you in your life. Um, and I think, um, a lot of the work that, that she talks to, um, I am a very, very big fan of, and I think that, um, uh, the, one of the challenges that I think, you know, we all have is as we sort of think about, you know, um, the failure value of that we might endure in life, that it's, um, some sort of personal sense, some sort of reflection of our capabilities, our prowess, as opposed to looking at it as a way to, um, to learn and to become more skilled at what it is that you do or to become a better person.

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Paul Compton: And, um, uh, I'm a very big advocate of that.

Paul Browning: And life is tough really, isn't it, we all do actually go through difficult times and real challenges. And yeah, it isn't easy sometimes, but as you say, we can always learn from that experience and Charles Brooks, I think it is road to character, a really great book as well. It's about becoming yeah. About using those opportunities to become the person. Uh, and we'll, we'll be remembered for who we were rather than our careers and what we actually did. You know, the type of person we actually were. Paul, the last question I'd like to ask you this morning, or this evening for you is, you know, what's your two minute answer on how parents can best help their kids be future ready?

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Paul
Compton:
[00:28:30] Yeah. Look, you know, I'm going to talk from a very personal experience, which is, um, growing up in the content household. Um, my father, uh, travel, traveled a great deal for, uh, for business and, uh, would constantly return home with kiss and great stories about the places he'd been, the people he had met. And he really created this real desire for myself. And I think for my sisters as well, to travel and to see the world and to see traveling as a wonderful opportunity to get a diversity of, uh, of experiences. And I think that's what we've all ultimately ended up doing. And I think, you know, we travel a lot with our parents when we were, um, when we were younger. And so, you know, just, I, I I'm, I'm the last person who wants to start sort of handing out, uh, parenting advice.

Paul
Compton:
[00:29:30] Um, but what I can say from my own heart is that I found, um, uh, the, the experience of traveling both domestically and internationally was, um, uh, really character building. And I think, um, gave me a ton of excellent experiences. And even to this day, you know, sort of, I still love to travel. I love to travel on business and to see different cultures, different parts of the world, different ways to do business. Um, and, uh, I think that is a, uh, uh, an experience. So I think all parents should encourage their children to work abroad, travel, to see the world, um, uh, you know, and I, I think, you know, I, I would call it a passion. It's something that I'll do till I die. I really do love to travel a lot.

Paul
Browning:
[00:30:30] Let's hope borders open up soon, so we can actually get traveling again and visiting different places because it's something I enjoy, but probably not to the same degree that you do, Paul, when I'm sure you travel a heck of a lot. Well, Paul Compton, it's been a great pleasure talking to you. Thank you so much for your time. It's been really quite insightful and I really appreciated learning from your experiences around the change that we're seeing in our world at the moment and how that's accelerating and the impact it's actually having an employment and great advice for young people and parents as well. So, Paul, thank you very much, indeed.

Paul
Compton:
Paul
Browning:
[00:31:00] Thanks, Paul. My pleasure. Thank you for having
Me. It was Paul Compton, CEO Barclays Bank based in New York and what a great conversation it was with Paul, particularly around the whole notion of COVID and how COVID has actually accelerated change even more than what we were seeing prior to that, I really enjoyed hearing his views about the finance world and what's happening there and great advice about educating young people and parenting young people looking forward to seeing you next time on accelerating change.