

UNIVERSITY OF KWAZULU-NATAL

Identifying the Factors Necessary for One to Succeed as a Private Banker

By

Nokukhanya Makhosazane Maubert

Student Number: 206510510

**A dissertation submitted in partial fulfillment of the requirements for the degree of
Master of Business Administration**

**Graduate School of Business and Leadership
College of Law and Management Studies**

Supervisor:

Mr. Alec Bozas

Year of submission: 2012

DECLARATION

I, Nokukhanya Makhosazane Maubert declare that

- (i) The research reported in this dissertation/thesis, except where otherwise indicated, is my original research.
- (ii) This dissertation/thesis has not been submitted for any degree or examination at any other university.
- (iii) This dissertation/thesis does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
- (iv) This dissertation/thesis does not contain other persons' writing, unless specifically acknowledged as being sourced from other researchers. Where other written sources have been quoted, then:
 - a) their words have been re-written but the general information attributed to them has been referenced;
 - b) where their exact words have been used, their writing has been placed inside quotation marks, and referenced.
- (v) This dissertation/thesis does not contain text, graphics or tables copied and pasted from the Internet, unless specifically acknowledged, and the source being detailed in the dissertation/thesis and in the References sections.

Signature:

.....

ACKNOWLEDGEMENTS

I wish to express my sincere appreciation and gratitude to the following individuals, without whose assistance, this study would not have been possible:

- My supervisor Alec Bozas for his never ending guidance, for his generosity with his time and for making me believe that I could do this dissertation and successfully finish.
- Mrs Mpume Langa for her encouragement and authorisation to conduct this study.
- My colleagues who have assisted by allowing me to make them respondents for this study.
- Mr. Franck Maubert, my husband for his never ending support and understanding my having to drive 6 hours return trip for a year in order to get my education.
- My father-in-law Mr. Marcel Maubert for keeping me on my toes by always enquiring about my progress.
- My mother Ms Khosi Mpungose and my son Kazi for their love and support.
- Last but not least I would like to thank the Business School's MBA Administrator Mrs Wendy Clarke for her support and encouragement in difficult times throughout my years at the Business School.

ABSTRACT

With more than 27% of South Africa's banking customers being privately banked; competition amongst private banks for quality clientele has increased. The question that arise as to: What sets apart that right candidate from the rest? "What are these private banks competing for?" This is true across the globe. The aim of this study was to determine what the characteristics are that make a successful Private Banker. Personal interviews of a sample of 30 individuals within a private banking institution were conducted in order to get closer to the answers as per research question. A probability sample of 30 bankers was drawn from a private banking institution in Durban, KwaZulu-Natal, with a population size of 34 private bankers. The sample was composed of 30% males and 70% females. Of the sample, 93% were private bankers and 7% were Human Resources and Regional Management. The majority of the sample (66%) had been with the private bank for more than 12 months. The institution was chosen because of the easy access to information and the respondents for this research study. Data was collected using a questionnaire developed for this research. The analysis revealed that a banker aiming to succeed in private banking will have a Bachelor of Commerce degree or similar qualification with Finance or Banking as a major. This is important because private banking is a financial profession in a banking environment. The study has also shown that experience is not a factor in one's ability or inability to secure referrals. A banker that is committed to giving exceptional service over a period of time and instils trust and confidence in a client will be entrusted with access to a client's circle of association. The research and its recommendations add much needed clarity concerning recruitment of prospective private bankers to ensure they are successful in their roles. The recommendations are practical and can be easily applied by the various stakeholders within the private banking institution and by others wishing to join the sector.

TABLE OF CONTENTS

| | |
|-------------------|------|
| Title Page | |
| Declaration | i |
| Acknowledgements | ii |
| Abstract | iii |
| Table of Contents | iv |
| List of Figures | viii |
| List of Tables | ix |

CHAPTER ONE

| | |
|-------------------------------------|----------|
| Introduction to the Research | 1 |
| 1.1 Introduction | 1 |
| 1.2 Motivation for the Study | 2 |
| 1.3 Significance of the Study | 2 |
| 1.4 Problem Statement of the Study | 2 |
| 1.5 Research Questions | 4 |
| 1.6 Objectives | 4 |
| 1.7 Limitations of the Study | 5 |
| 1.8 Dissertation Structure | 5 |
| 1.9 Chapter Summary | 6 |

CHAPTER TWO

| | |
|--|----------|
| Review of Literature | 7 |
| 2.1 Introduction | 7 |
| 2.2 Description of a Private Banker | 9 |
| 2.3 Private Banking | 10 |
| 2.4 The Responsibilities or the Role of a Private Banker | 12 |
| 2.5 Number of Clients per Private Banker | 13 |
| 2.6 Education and/Training | 14 |
| 2.7 Career Development | 15 |
| 2.8 The Attraction to Private Banking | 15 |
| 2.9 Characteristics of a Good Private Banker | 16 |

| | | |
|------|---|----|
| 2.10 | Relationship Marketing | 18 |
| 2.11 | Standing Out From the Crowd | 20 |
| 2.12 | What Management Should Look For | 21 |
| 2.13 | Common Mistakes to Avoid | 21 |
| 2.14 | Doing a Good Job | 21 |
| 2.15 | Relationship Management | 22 |
| 2.16 | The Value of Long-Term Customer Relationships | 23 |
| 2.17 | Benefits of Service Quality | 26 |
| 2.18 | Executive Mentoring and Coaching | 29 |
| 2.19 | Benefits of Mentoring | 30 |
| 2.20 | Comparative analysis of Private Banking in South Africa | 30 |
| 2.21 | Total Private Bank Segment in South Africa | 32 |
| 2.22 | BEE in South Africa | 32 |
| 2.23 | Summary | 34 |

CHAPTER THREE

| | | |
|-----------------------------|---|----|
| Research Methodology | 35 | |
| 3.1 | Introduction | 35 |
| 3.2 | Purpose of the Study | 35 |
| 3.3 | Research Design | 36 |
| 3.4 | Research Paradigms | 36 |
| 3.4.1 | Quantitative Research Paradigm | 36 |
| 3.4.2 | Reason for Selecting a Quantitative Research Paradigm | 38 |
| 3.4.3 | Qualitative Research Paradigm | 39 |
| 3.4.4 | Mixed Approach | 40 |
| 3.5 | Research Strategy | 41 |
| 3.6 | Population/Sample | 41 |
| 3.6.1 | Questionnaire Construction | 42 |
| 3.6.2 | Qualitative Research Interview | 43 |
| 3.6.3 | Aspects of Qualitative Research Interview | 43 |
| 3.6.4 | The Interview Items | 44 |
| 3.6.5 | The Interview Process/Fieldwork | 44 |
| 3.6.6 | Pilot Study | 45 |

| | | |
|--------------------------------|---|-----------|
| 3.6.7 | Assessment | 46 |
| 3.7 | Questionnaire Design | 47 |
| 3.7.1 | Closed-End Questions | 47 |
| 3.7.1 | Open-End Questions | 47 |
| 3.8 | Research Process | 47 |
| 3.9 | Research Instrument | 49 |
| 3.10 | Data Analysis | 49 |
| 3.11 | Location of the Study | 50 |
| 3.12 | Reliability and Validation | 52 |
| 3.12.1 | Validity and Reliability Test | 55 |
| 3.13 | Ethical Considerations | 56 |
| 3.13.1 | Ethical Clearance | 57 |
| 3.14 | Study Limitations | 57 |
| 3.15 | Summary | 57 |
| CHAPTER FOUR | | |
| Presentation of Results | | 59 |
| 4. | Introduction | 59 |
| 4.1 | Experience | 60 |
| 4.1.1 | Qualifications | 61 |
| 4.1.2 | Which Part of the Private Banker Role Would Bring About Efficiency? | 63 |
| 4.1.3 | How Do You View Complaints? | 64 |
| 4.2 | Questions One to Five (The Objectives) | 66 |
| 4.2.1 | Objective One | 66 |
| 4.2.1.1 | Analysis and Discussion of Findings | 67 |
| 4.2.2 | Objective Two | 68 |
| 4.2.1.2 | Analysis and Discussion of Findings | 69 |
| 4.2.3 | Objective Three | 69 |
| 4.2.1.3 | Analysis and Discussion of Findings | 69 |
| 4.2.4 | Objective Four | 70 |
| 4.2.4.1 | Analysis and Discussion of Findings | 72 |
| 4.2.5 | Objective Five | 72 |
| 4.2.5.1 | Analysis and Discussion of Findings | 73 |
| 4.3 | Summary | 73 |

CHAPTER FIVE

| | | |
|-----|---|-----------|
| 5.1 | Introduction | 74 |
| 5.2 | Conclusion and Recommendations | 74 |
| 5.3 | Objective One | 74 |
| | 5.3.1 Findings Based on the Literature and Data Collected | 74 |
| | 5.3.2 Conclusion | 75 |
| | 5.3.3 Recommendation/s | 75 |
| 5.4 | Objective Two | 76 |
| | 5.4.1 Findings Based on the Literature and Data Collected | 76 |
| | 5.4.2 Conclusion | 76 |
| | 5.4.3 Recommendation/s | 77 |
| 5.5 | Objective Three | 77 |
| | 5.5.1 Findings Based on the Literature and Data Collected | 77 |
| | 5.5.2 Conclusion | 78 |
| | 5.5.3 Recommendation/s | 78 |
| 5.6 | Objective Four | 78 |
| | 5.6.1 Findings Based on the Literature and Data Collected | 78 |
| | 5.6.2 Conclusion | 79 |
| | 5.6.3 Recommendation/s | 79 |
| 5.7 | Objective Five | 79 |
| | 5.7.1 Findings Based on the Literature and Data Collected | 79 |
| | 5.7.2 Conclusion | 80 |
| | 5.7.3 Recommendation/s | 80 |
| 5.8 | Recommendations for Future Studies | 81 |
| 5.9 | Conclusion | 82 |
| | References | 83 |
| | Appendices | 88 |
| | Appendix 1 Ethical Clearance | |

List of Figures

| Figure Title | Page |
|---|-------------|
| 2.1 Map of Africa | 8 |
| 2.2 Relationship Quality Model | 19 |
| 2.3 Relationship Quality Model | 19 |
| 2.4 Total Private Bank Segment in South Africa | 32 |
| 3.1 The Research Process for this Study | 48 |
| 3.2 The Research Process | 49 |
| 3.4 Three Prominent Factors When Considering a Reliable Measure | 53 |
| 3.5 Ways of Establishing Validity | 54 |
| 4.1 Experience Profile of Respondents | 61 |
| 4.2 Change | 63 |
| 4.3 Complaints | 65 |
| 4.4 Necessary Skills and Industry Knowledge Required | 67 |
| 4.5 Complaints and Failures | 71 |

List of Tables

| Table Title | Page |
|--|-------------|
| 2.1 Product Offering of a Traditional Private Bank | 11 |
| 2.2 Transactional Versus Relationship Focus Approach | 24-25 |
| 2.3 Benefits of Quality Customer Service | 27 |
| 2.4 Dimensions of Service Quality | 29 |
| 2.5 Comparative Analysis of Private Banking | 31 |
| 3.1 The Nature of a Quantitative Paradigm | 38 |
| 3.2 Selection of Research Paradigms and Research Methods | 40 |
| 3.3 The KwaZulu Natal Performance Overview | 51 |
| 3.4 Cronbach Validity | 55 |
| 3.5 Reliability Statistics | 55 |
| 4.1 Experience Profile of Respondents | 60 |
| 4.2 Experience Profile of Respondents | 61 |
| 4.4 Change | 63 |
| 4.5 Complaints | 65 |
| 4.6 The Necessary Skills and Industry Knowledge Required | 66 |
| 4.7 The Ideal Number of Clients per Portfolio | 68 |
| 4.8 The Importance of Referrals from Satisfied Clients | 69 |
| 4.9 The Number of Referrals Received | 70 |
| 4.10 Complaints and Failures | 71 |
| 4.11 The Right Measure of Success for Private Bankers | 73 |

CHAPTER ONE

INTRODUCTION TO THE RESEARCH

1.1 Introduction

The history of private banking began its development in conjunction with the world markets served by and centred on a few European cities such as Amsterdam and London. These banks were usually partnerships, a form of organisation which persisted as the role of private banking changed in response to the political and economic transformations of the late 18th and early 19th centuries. It was in this period, and the succeeding Golden Age of private banking from 1815 to the 1870s, that many of the great names rose to fame: Baring, Rothschild, Mallet and Hottinger became synonymous with wealth and economic power, as German, French and the remarkably long-lasting Geneva banks flourished and expanded, (Cottrell, 2013).

Almost two centuries later in Greece, private bankers and governments specialised in money lending, changing of coins, letters of credit, and paying interest on deposits (Maude, 2006). Geneva became an important trading centre because of its geographical position at the centre of Europe. This role continues to this day. Geneva has a reputation for having the best expertise in asset management and is haven and home to major international trading companies (Picket & Cie, 2012).

In Southern Africa; private banks were unknown until the early 1990's in parallel with the release of Nelson Mandela from Robben Island. South Africa now boasts more than a handful of well known private banks such as BOE, ABSA Private Bank, Investec, Standard Bank Private Clients, RMB, FNB Private Clients, just to name a few. Investec which was founded by former Chartered Accountants in 1974 is one of the first private banks in South Africa with experience spanning 38 years (Investec, 2012).

This research is of a qualitative nature, it involved that data collected from the

participants be thoroughly examined and analysed. A questionnaire which contained various questions to gain a deeper insight to both positive and negative realities faced by the private bankers were used as a tool during the interviewing process. The recommendations were then drawn from the conclusions reached. The findings of this research identify key areas that private bankers and the private bank itself need to focus on in order to be a success.

1.2 Motivation for the Study

This study is necessary because there is not much written on the subject of private banking in the KwaZulu Natal location. There is also a need to investigate and discover what character a successful private banker embodies and what it really requires for one to succeed in this environment (Ralibitso 2010).

1.3 Significance of the Research

This study makes a contribution in the area of private banking as it clarifies and identifies the characteristics and skills that a successful private banker should possess. The Human Resource team that spearheads the selection of new candidates will benefit from this study. The Regional Head who makes the final decision on which candidate to employ will benefit from this research as will the private banker by having researched information on hand as to what it takes to be a success in the private banking environment. Individuals wishing to get into the industry will know exactly what to expect and have a solid view of what is expected of them.

1.4 Problem Statement

The perceived problem is that it appears to be a challenge deciding on which candidate to employ into a private bank and when the appointment is made, retaining the new banker turns out to be a further challenge. This is confirmed by the high new staff turnover of bright young individuals who enter and exit the organisation. In the period of June 2010 and August 2011 of the bright and promising new bankers recruited 80%

have exited the organisation (Ralibitso 2010).

Different private banks have their own criteria depending on what the bank is seeking at a particular time. It should be noted that the inspiration for this study stems from a perception that there is a lack of real understanding of what to look for when employing a private banker that will be successful and be committed to stay in the private banking environment.

This research study sought to eradicate confusion around this area. There could be various reasons as to why the institution in which this research is based on appears to be challenged in this area but it is believed that investigating and identifying the factors necessary for one to succeed as a private banker will lead to formidable answers that will be of good use to the bank being studied. It is believed that recruiting the right individual will provide part of the solution to the problem. It is further believed that individuals who are successful in their chosen environment would most likely stay in that environment which is what is sought in this organisation.

The identified problems which inspired this research are the following:

- ✓ Highly qualified for example, Chartered Accountants exiting before return on investment is made.
- ✓ Lack of motivation from existing bankers.
- ✓ Customer complaints.
- ✓ High turnover of both old and new staff.

The perceived problem is thus based on the issue that with all pronounced efforts applied in attempting to retain and motivate private bankers, the organisation still suffers losses in human resources and is faced with a handful of existing bankers lacking motivation and drive which lead to customer complaints. The questions that arise from this are whether the right candidates are sought and what qualities the right candidate for such a role needs to have.

1.5 Research Questions

The **questions** that were posed to the respondents were the following:

- ✓ What is/are the ideal qualifications required to be a private banker?
- ✓ What are the necessary skills and industry knowledge required for this role?
- ✓ What kind of experience must an individual have?
- ✓ What is the right number of clients per portfolio that one can successfully manage?
- ✓ How important are referrals from satisfied clients in this environment?
- ✓ How critical is honesty, integrity, image and reputation in this role?
- ✓ To what great extent do complaints and failures play in shaping or breaking a private banker's career?
- ✓ What is the right measure of success in this role?

A further eleven questions were posed during the interview process to get background of the subject from the respondents and to further understand the level of depth in experience within the private banking environment of each respondent.

1.6 Objectives

The objectives of this research were to determine:

- ✓ The most suitable skills necessary for one to be a private banker;
- ✓ The ideal number of clients per portfolio that one can successfully manage;
- ✓ How important are referrals from satisfied clients;
- ✓ How do compliments and failures affect a private banker's career; and
- ✓ What is the right measure of success for private bankers

1.7 Limitations of the Study

The limitations of the study included:

- The fact that KwaZulu-Natal has a total of only thirty four private bankers;
- Confirmation of the actual interview time also presented some difficulties with most of the respondents which delayed the entire process of research.

1.8 Dissertation Structure

The dissertation was structured as follows:

➤ Chapter 1

This first chapter presents the full context for the study. It presented a brief history of private banking, the motivation of the study, the objectives of the study, the problem statement, the research questions and the limitations encountered.

➤ Chapter 2

This second chapter is solely concerned with the literature review and reflects the views of what other writers had written on the subject. It also gives a view of what a private banker is and what a private bank as an institution is.

➤ Chapter 3

This third chapter presents the research methodology employed in this study.

➤ Chapter 4

Chapter four is the presentation of the findings or data gathered from the respondents who participated in the research study through structured interviews. A discussion and analysis of these findings is also covered in this chapter.

➤ **Chapter 5**

This final chapter presents the conclusions and recommendations. It suggests areas for future research and a brief conclusion to the study.

1.9 Summary

The success of every private bank rests on the strength of its private bankers. It rests on their ability to be a success in their environment thus bringing about overall success in the organisation and to achieve certain strategic objectives. This research has been undertaken in order to identify the factors necessary for one to succeed as a private banker and recommendations that will add value to the organisation researched. Chapter two contains a review of literature pertinent to each of the objectives.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Introduction

Even though the last financial recession has shaken the private banking industry, three fundamental characteristics remain in place (Gemes, Ammann & Lenzhofner 2010).

- ✓ Private banking is an industry fundamentally geared for growth.
- ✓ Revenue pools are cyclical in nature and highly dependent on the underlying equity market performance.
- ✓ Private Banks have once again proven highly resilient by being able to feature profits even through the recession.

Africa boasts 2,535 Ultra Net Worth individuals with a total net worth of US\$329 billion. This represents an increase of 5.1% in its ultra wealthy population from 2011. South Africa was largely responsible for this growth in the African High Net Worth population. South Africa has the largest High Net Worth population on the continent (Mykolas, Rambus & Friedman, 2012).

It is projected that South Africa's UHNW population will expand at an average of 6.2% over the next five years driven by a surge in property and equity markets. Total wealth is expected to grow by 12.4% in the same period (Mykolas, Rambus & Friedman, 2012).



Figure 2.1 Nations Online, 2013. Google Images. www.google.com

With the focus on South Africa, there are three main reasons for the increase in high net worth individuals. The first is wealth creation through entrepreneurial activities and innovation. Secondly is more efficient use of economic input to create economic output and thirdly Black Economic Equity in South Africa which is covered in this study. These dynamics are creating substantial wealth, especially in emerging markets such as South Africa, Nigeria, etc. In these emerging markets entrepreneurs are becoming first-time high income earners on a large scale and with immense speed.

The third factor increasing the number of HNWI's is wealth concentration. This is

determined by the wealth distribution structure and by inheritance and income (Gemes, Ammann & Lenzhofer 2010).

The 2008 financial crisis badly strained HNWI's as massive devaluations hit all major asset categories and geographies but as countries world-wide recover, the population of HNWI's will return to normal and long term growth will once be seen which will generate yet another sustainable population of new HNWI's for the private banking segment (Gemes, Ammann & Lenzhofer 2010).

The literature reviewed included books, magazines, journal articles, newspapers, reports, websites, and web based interviews with ex Private Bankers and industry experts. A huge reliance on new age technological literature sources as mentioned above was unavoidable due to the reality that there is not much traditional literature sources in forms of published books written specifically on this subject. The literature used has been well organised and specific to the subject and was found to be relative to the topic.

This chapter examines the amongst others the description of a private banker and private banking. It further explores the character of a good private banker and what training and career development is required in order for one to be successful. The benefits of service quality and a comparative analysis of private banking in South Africa has also been presented.

2.2 Description of a Private Banker

The individuals generally referred to as 'HNWI' are individuals with more than R8m of investable liquid financial assets. The ultra-high-net-worth individuals are those who have R240m or more. This wealth can include equities, bonds, cash and deposits, fixed income products, property, alternative assets and business interests. Emerging market experts say the African continent as a whole boasts at least 200 dollar billionaires, with 40 of the top wealthiest people in Africa coming from eight countries. South Africa, the continent's economic giant, is home to 12 of Africa's 40 richest, according to Forbes,

followed by Nigeria, with 11. Egypt comes next with eight and Morocco has five (Dalby, 2013).

A private banker uses his/her financial acumen and economic knowledge to assist these high net-worth individuals to attain their short-term and long-term investment goals or long-term retirement objectives. Private bankers are also known as a Personal Financial Advisers or a Wealth Management Specialist. They may also at times provide investment advice to a pension fund organisation or a philanthropic institution (Cassis & Fraser 2012).

Damewood (2012) states that a Private Banker is a professional with an established client base that he or she is personally take care of and manage their financial affairs for. A private banker is required to monitor at all times their clients' financial stock and be very well informed on financial industry fluctuations, such as interest rates, corporate take-overs, restructuring and market trends. The relationship with the client is not the only part of the role. The private banker is expected to develop sales and marketing plans to contribute to the bank's bottom line which entail transactional banking, wealth management, structured lending, etc.

2.3 Private Banking

Private banking is generally described as “the provision of banking services to high net worth and professional people”. According to Nathan (1996) this “high net worth” market may be said to comprise people who do not need to borrow money as they generally have excess cash and assets which need to be well managed. By contrast, the “professional” market requires both borrowings and investment opportunities. The “professional” and “high net worth” markets demand attractive rates and competitive returns with time (Nathan, 1996).

Private banking was strictly a matter of networks, such as family networks as private banks have tended to be family firms. Even today, some private banks can still be

defined in this way and they are as such still found mostly in Geneva which has come to a leading position in the private banking industry (Chow, Levinson, Ma, Solomon & Spieczny, 2010).

Private banking has changed since the last quarter of the twentieth century in that it now focuses specifically on portfolio management on behalf of high net worth individuals. Large banks mainly carry out this activity and yet family networks are still part of private banking, for example in family wealth management, that is; the development of the Family Office which manages extremely wealthy and high profiled families such as the likes of the Tokyo Sexwale's in the country (Cassis & Fraser 2012).

According to Geiger & Hurzeler (2003), a traditional private bank would offer the below products as evident in table 2.1.

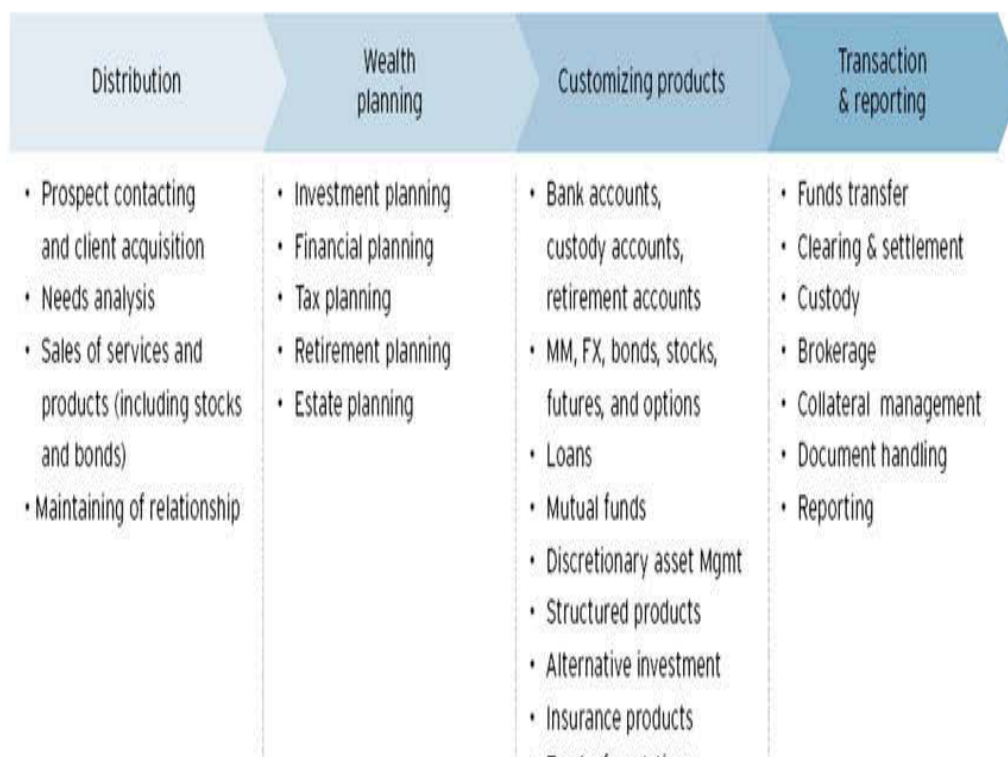


Table 2.1 Product Offering of a Traditional Private Bank

Source: Geiger. H. & Hürzeler. H. 2003. The transformation of the Swiss private banking market. Journal of Financial Transformation p. 93.

South African regulation allows for banks to develop cross-product relationships with their clients. Therefore, all three categories of private banks offer an integrated and proprietary suite of services ranging from distribution to transaction and reporting as shown in the above table. South African private banks can manage the client's money while also advising the client on business issues and providing access to public financing options.

2.4 The Responsibilities or the Role of a Private Banker

Evaluation of a client's financial data or investment objectives and recommendation of strategies based on the client's risk profile and personal financial statements is the role of a private banker (Codjia 2012). A client's risk profile gives an indication whether he/she is attracted to risky assets, such as stock and futures, or favours less-risky products, such as bonds and treasury notes.

A client's financial statements include statements of financial position, profit and loss, cash flow and equity. A personal financial adviser or wealth planner may also analyse the risk profile of a university endowment fund, a charitable organisation or a retirement fund and recommend appropriate investment options (Codjia 2012).

Piaz (2011) states that a private banker's role is indeed the one requiring one to be abreast of global events, seeing that the investment are available at any given time, being interested in understanding the clients' requirements and needs. A private banker should be able to access all the tools to find the right match for their client. It is a very challenging and rewarding career regardless of the negative public relations it has endured following the current financial recession that countries in Europe and America are still suffering from.

2.5 Number of Clients per Private Banker

According to Price Waterhouse Cooper's 2007 Wealth Management Survey, CEOs of private banks and wealth managers expect the industry's assets under management to grow by a staggering 23% per annum over the next three years, with their own businesses growing at an even faster rate of 30% a year. Growth through acquisition seems to have fallen out of favour, (Weatherill, 2007) global private banking and wealth management leader at PWC: "Many private banking players are not buying. What they are after are clients. They don't want to pick up another bank's brand and infrastructure or deal with different cultures. They are preferring to grow organically, unless they can buy a firm in a niche area that they need to expand into." More clients and greater share of current clients' wallets is key to meeting these ambitious expansion targets. Indeed, 96% of business managers at little marginal cost, yet it would be unwise to add more clients to a client relationship manager's (CRM) book. If a bank takes on 100 more clients, it will need at least one or two more CRMs in order to ensure quality of service. There are just not enough to go around. "Simply to maintain the growth in wealthy clients putting money into Singapore over the next five years, will require 10,000 more client relationship managers, for example," points out Weatherill. Second only to the acquisition and retention of clients in top concerns for CEOs is the acquisition and retention of key staff. Indeed, only 26% of CEOs surveyed by PWC claim to be confident that they will be able to recruit enough CRMs to fulfil their growth ambitions over the next three years.

In Europe, the search for talent is putting pressure on salaries. Nearly all banks will admit that poaching individuals from other banks is the most likely way of getting new staff. Says one market participant: "Compensation packages for private bankers are now through the roof. At one time investment bankers looked down on private bankers, but now many are making the move across. Long-term contracts are becoming the norm, as are profit-sharing schemes. Salaries are over the top no doubt given private bankers have a fairly nice working life, but that is the market." The literature suggests that an average of 100 clients per private banker is the ideal to ensure relationship and service quality.

2.6 Education and/ Training

In Switzerland education for bankers starts with basic commercial banking training at the secondary education level. This commercial training lasts three years, and is part of the Swiss Bankers Association's bank apprenticeship model. At the tertiary level, universities offer competitive programs in economics and law which are directly applicable for banks and financial institutions. Students can also choose a highly specialised course in Banking and Finance, a practice-oriented course of study that results in a federal diploma in Banking and Finance. On the post-graduate level, Switzerland is home to two highly competitive MBA programs, IMD and St. Gallen (Chow et al, 2010).

In South Africa, it is very important to have a Bachelor's degree in a financial field as it is often the basic requirement for this position. At times financial institutions promote candidates who do not have degrees internally if they show exceptional competence and capability to grow successfully within the private bank. Experience in this industry is highly desirable (Damewood 2012).

The immaturity of many bankers in the business and the lack of wisdom and experience required to offer sound wealth advice has been recognised in the industry. Too many bankers as bright as they are especially female private bankers have a lot of training in product sales but have very limited investment experience. This is a handicap during times where clients are faced with difficulty as they cannot hand-hold and offer proper support. This makes it imperative for a private banker who will be successful to have genuine investment experience (Scott 2010).

The Swiss educational programme in grooming capable private bankers is highly commendable.

2.7 Career Development

Private bankers have many career growth opportunities. Research or teaching is one area where as personal financial advisers, they can apply their business acumen and financial markets knowledge into. A wealth manager may advance professionally by seeking a graduate degree, such as master's or a doctorate in economics, or receiving a professional license such as the certified public accountant. A personal financial adviser may move into senior roles after five to 10 years (Bureau of Labour Statistics 2011).

2.8 The Attraction to Private Banking

Private banking, which used to be a second class to investment banking, has in recent years been attracting top graduates in KwaZulu-Natal and nationally. This is in part due to a growing population of millionaires, tenderpreneurs and of course increasingly attractive remuneration within the industry. Investment banking and wealth management, specifically private banking are the two areas where top graduates are earmarking and pursuing in the last few years. However, with the continuing turmoil in the world wide financial market as a result of the sub-prime crisis, private banking takes added precedence in terms of career choice in the banking industry.

It is not easy to land a top position as a wealth management trainee in a prestigious bank; it is not a simple task since limited hiring is done at entry level. In most private banks or wealth management arms of investment banks globally, the number of junior banker positions - which is where fresh graduates typically start off - usually makes up only a mere ten to twenty per cent of a private bank (Tong 2010).

2.9 Characteristics of Good Private Bankers

Relationship enhancement or repeat customer-employee interactions occur when customers perceive trust, friendship and functionality and are consistently present in the relationship. As the relationship progresses, trust, friendship and functionality determine the strength and likely continuation of the relationship (Brito 2011).

Nooteboom (2002) describes trust as a “complex and slippery notion” that researchers have had much difficulty with. Möllering (2005) describes trust as an act on faith where the trustor chooses to suspend doubts. Trust between individuals accumulates through repeated encounters between these individuals (Lines et al, 2005). Six (2005) observes that “interpersonal trust-building is an interactive process involving (at least) two individuals learning about each other’s trustworthiness.”

The most successful private bankers are those who can display trust and integrity. Trust and integrity are built over long periods of time, yet they can be destroyed overnight. Clients would normally forgive honest mistakes but they will not forgive dishonesty. Creating that trust will compel private bankers to take a long-term view as it will not happen overnight. Clients will listen and take their advice. It is not rare for private bankers to get involved in their clients’ lives. This though only happens when clients really trust their bankers; they might seek advice in terms of their children’s education or family issues, in addition to their portfolio advice which creates stickiness in the relationship (Harris & Goode, 2004).

Successful private bankers are the one who has an ability to enable clients to open up to them which takes a lot of time to build. Private bankers should always be aware of which types of products are best suitable for their clients. A banker who is honest and who puts the needs of their clients first would advise them against an unsuitable trade instead of pushing sales. Over a period of time, the client will recognise that their private banker is sincere and this will help establish the well needed level of trust (Ang 2010).

A highly successful client-banker relationship will be the one where a cultivation of the trust of clients is most important. Clients are very bright and street smart and they are always assessing the banker throughout as they interact with them (Ang 2010). Generally, any attempt to improve customer relationships should be implemented with the purpose of increasing customer loyalty. Loyal customers buy more, are willing to spend more, are easier to reach, and act as advocates of the firm (Harris & Goode, 2004). Therefore, loyalty is the most important outcome of relationship marketing efforts and a great Private Banker would be able to create this customer loyalty. Thus it makes perfect sense to be very aware of one's role and to respect the relationship and time spent with the client. Only when one respects the relationship will one be able to gain their respect and trust in return. This will in turn enable the banker to foster closer ties with his/her client and members of his family which is pivotal in managing a successful relationship.

Trust can only be built over the long term by consistently following up in delivering services, asking for feedback and asking good questions. A Private banker that understands the importance of after-sales service is most often more successful than the one who does not. Relationships are developed for the long term and getting this area right will ensure long standing relationships. Being attentive to the clients' needs and taking the initiative to provide solutions for the clients will undoubtedly help to cultivate trust for the long haul (Low 2008).

While mastering the technical aspects of private banking - such as trust services, investment products, credit and lending - is not difficult, the challenge is in mastering the softer skills required of the job such as effective communication and making others feel at ease readily (Fock 2009).

A good private banker is the one who is not afraid to address and discuss the difficult issues with his or her clients such as portfolio non performance. A banker that engages clients and maintains regular communication displays dedication and commitment in serving his or her clients which is one of the cornerstones of private banking. This is something which every successful private banker possesses. Further, private banking is a glamorous and prestigious job where private bankers have a very interesting lifestyle and they are often more successful in the industry than their colleagues (Low 2008).

Fock (2009) asserts that a private banker which has a broad range of technical knowledge in a variety of financial products and that is warm and sensitive to a client's needs is well set to be successful in this business.

2.10 Relationship Marketing

The development of a relationship marketing policies based on three key elements: identifying and understanding the customers, selecting them and, finally, adapting the offering to each of them (Winer 2001).

Excellent private bankers are those who are relationship focused, this business is not built on cold sales alone but on sustainable relationships with clients (Chow et al, 2010). Client satisfaction is created by relationship activities that create and add value for clients. This will lead to client satisfaction, trust and also to long term relationships, and positive word of mouth. It has also been demonstrated that well-planned and executed client relationship management represents a great opportunity to increase client value and provides a way to systematically attract, acquire and retain clients, as well as to enhance the image of the organization (Kotler 2002). The value of a relationship is rooted in the continuity of the relationship between the bank and client. Relationship continuity is the parties' willingness to prolong the cooperation or agreement to co-operate for a specific period of time. One would expect satisfied clients to remain dealing with the bank without having to think of switching to other competing financial service providers (Al-alak & Alnawas 2010).

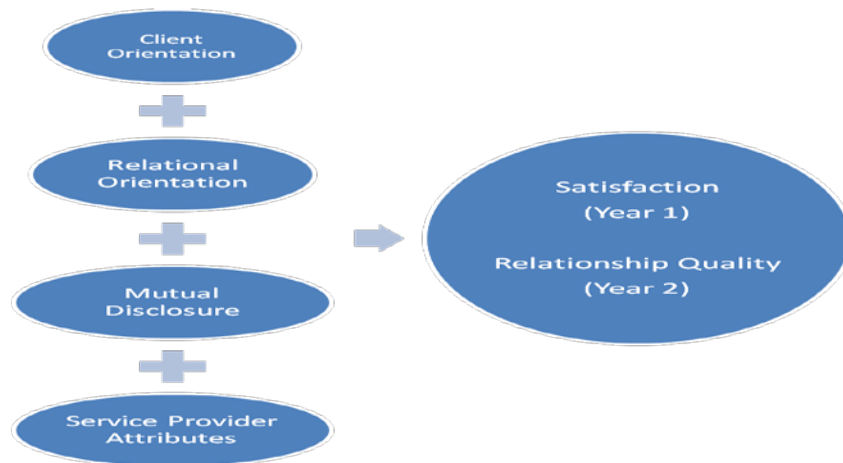


Figure: 2.2 Relationship Quality Model

Adapted from Al-alak. I. & Basheer. A. 2010. Evaluating the Effect of Marketing Activities on Relationship Quality in the Banking Sector: The Case of Private Commercial Banks in Jordan. International Journal of Marketing Studies. Canadian Center of Science & Education. p.13

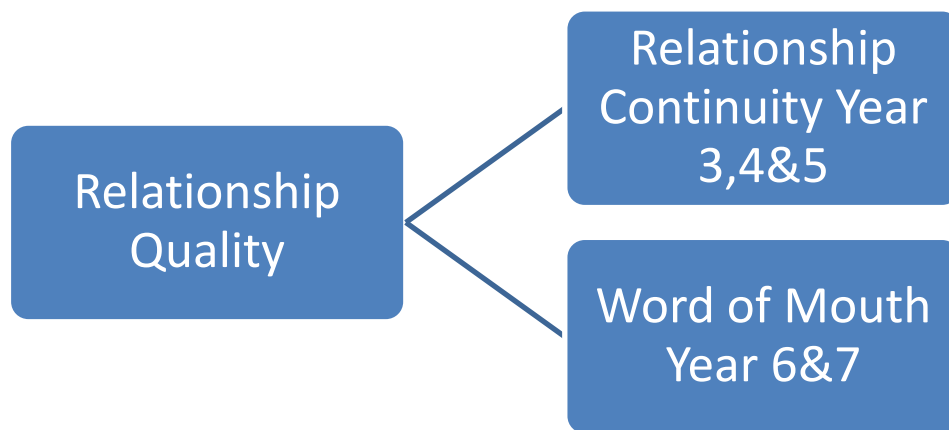


Figure: 2.3 Relationship Quality Model

Adapted from Al-alak. I. & Basheer. A. 2010. Evaluating the Effect of Marketing Activities on Relationship Quality in the Banking Sector: The Case of Private Commercial Banks in Jordan. International Journal of Marketing Studies. Canadian Center of Science & Education. p.13

These diagrams show how proper management of relationships will do over a period of time. Being client and relational oriented giving mutual disclosure which creates trust within the relationship and the organisations' attributes will lead to client satisfaction in year one and eventual trust in year two.

Once these are established relationship continuity stemming from trust will take shape from year three to year five. Continuing relationship quality will eventually lead to positive word of mouth from year six. This serves to show that building long standing relationships will not happen overnight and further reaping the rewards of quality relationships will realistically not happen instantly.

2.11 Standing out from the crowd

Private banking has been changing in the past recent years, with clients getting more knowledgeable, markets becoming more unstable and financial products getting more sophisticated. The clients' expectation of their bankers has as a result increased dictating what skill-sets private bankers should have. Clients therefore demand to know that the technical skills of their private bankers are high (Shorrocks, Davies & Lluberas 2011).

Beyond technical training, private bankers also need to know how to read the pulse of the market to avoid being caught as this is where the value is for the client making the banker's opinion and knowledge in this area essential. It is important to be able to see if a client trusts a banker, in such a case clients will open up more and ask for their banker's opinion on various subjects and areas (Ang 2010).

To be the best private banks need to be effective which naturally will call for the banker to be affective, to be able to clearly and honestly articulate what can be done by them and the organisation they represent. Being focused will lead to a higher success ratio set one apart from the rest. To stand out from the crowd a client has to know that their banker is fully committed to them and will not impose their own ideas or visions (Jagmetti 2011).

2.12 What Management Should Look For

During the interviewing stage of a candidate it is not easy to determine if an individual is sincere. It is crucial that the candidate comes across as being interested to get to know clients and explore deeper relationships. Patience and commitment to the industry over a long period of time are also critical and should be looked for given the need to build relationships over time. Private bankers should also be entrepreneurial to be able to build a solid book of business (Ang 2010).

Private bankers should be able to tell whether their clients trust them by whether they open up more and whether they recommend referrals (Ang 2010). A good mix of academic excellence, an active involvement in co-curricular activities and an outgoing personality are some of the qualities management should look out for. Having an outgoing personality, being presentable and able to articulate well with confidence are all pertinent attributes of a good private banker (Lai 2008).

2.13 Common Mistakes to Avoid

Piaz (2011) says that private bankers cannot afford to have their integrity tarnished because if they lose a client's trust, they will lose clientele and may face dismissal. Private bankers are not insurance sales representatives and they need to avoid at all cost being seen as pushy when it comes to products and sales. It should always be kept in mind that the money belongs to the client and the private banker must act in the best interests of their clients.

2.14 Doing a Good Job

Private bankers should be able to weigh for themselves the level of trust that their clients have in them. Wherever there is trust clients easily and gladly open up more and ask for their banker's opinion on various things. Another key measure of whether private bankers are doing a good job is the number of referrals they get. The biggest and stable clients of most successful private bankers come from these referrals (Ang 2010).

2.15 Relationship Management

The terms 'relationship marketing' and 'customer relationship management' are often used interchangeably. Relationship marketing is used to describe the philosophy and orientation towards customer retention, which takes place at top management (Christopher, Payne & Ballantyne, 2002), or the relationship networks and interactions developed by organisations (Gummesson 2002).

Organisations most often than not confuse a customer experience strategy with creating a "slogan". They create a slogan without care to think of supporting initiatives, thereby disillusioning employees, (Nash 2010). It must be said that private banks also fall into this trap and naturally the bankers too.

To establish a good strategy certain key practices are required (Nash 2010):

- ✓ Understand the overall organisational vision and mission;
- ✓ Define the organisation's customer service direction, slogan and values;
- ✓ Ensure customer service is defined as a key responsibility for the business;
- ✓ Share the customer experience strategy via a comprehensive communications program; and
- ✓ Ensure that this strategy does not conflict with other business strategies. As consultants, it is amazing how often we hear organisations say, "Improving Customer Service is a priority, and we are also introducing stringent cost-cutting measures." This can present a tough dichotomy (Nash 2005).

When recruiting private bankers to provide a service, the process should not only focus on functional expertise, technical competence and knowledge. These are indeed important in the role of a Banker but some test of interpersonal skills should be carried out somehow. Lack of the right attitude can drastically impact client satisfaction levels (Waqar & Bakhtiar 2012).

Research has clearly indicated that attitude is the most critical requirement and further indicates that skills and functional expertise can be taught but not attitude (Möllering 2005).

It is then stressed that in selecting the right people the following are done:

- ✓ Define the critical job requirements;
- ✓ Develop scenario-based interviews/assessment centres to screen and select candidates;
- ✓ Involve multiple team members in the hiring process;
- ✓ Ensure evaluation is based on objective, not the subjective "Be Like Me" criteria (Nash 2005).

2.16 The Value of Quality Long-Term Customer Relationships

Relationship quality can be regarded as a metaconstruct composed of several key components reflecting the overall nature of relationships between companies and consumers (Hennig-Thurau 2000).

According to Perreault & McCarthy (2005) building a continuing long-term relationship between the organisation and the customer as the ultimate objective of a successful marketing and relationship strategy will increase long term customer value. This customer value represents the value stream of revenue that can be produced by a customer over time.

It is estimated that it costs up to five times more to acquire a new customer than to get an existing customer to make a new purchase. This means that for every Rand spent to acquire a new customer, it will cost a company only 20c to retain that customer (Silverstein 2000). Previously quoted authors have also emphasised the value in providing excellent service in order to retain clients and this further explains why Bankers should strive to make this a reality. With this important point, the objective in terms of measurement of the private banker's performance should be centred around client retention.

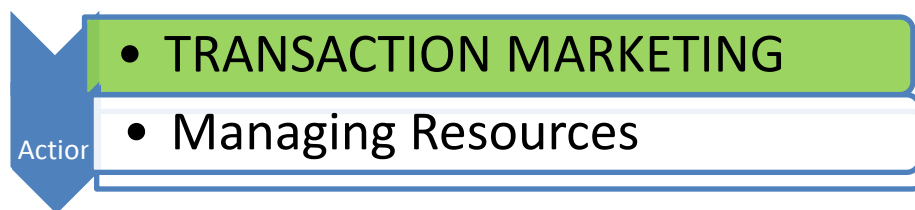
A banker should concentrate more of his/her efforts ensuring that the existing client is not just a number but a valued customer. Ang (2010) touches on issues of trust and how important that is to the business of private banking. This trust spoken of is not just a

given or an overnight occurrence, it becomes a reality once a somewhat long standing and quality relationship is built.

Most private banks in developing their brand, managing human resources and engineering their business model are attempting to develop the trusted adviser concept. The true development of this concept contributes significantly to the effort of increasing the share of wallet of current clients, which is the prime driver of assets under management growth. Increasing the share of wallet is less expensive both in terms of acquisition costs and of reduced CRO hiring needs, while at the same time enhancing client loyalty, thus boosting profitability.

Share of wallet is also critical in having a clear picture and understanding of client needs in order to deliver tailor-made value-added services, such as integrated wealth management. Finally, high share of wallet clients are more inclined to introduce new clients, referrals being the most efficient and low-cost acquisition strategy.

Private banking is a relationship business and emphasis and efforts should be placed on retaining these relationships in order to secure future growth and reduce costs. This begs for private bankers to adopt the same thinking in order to become successful and reap the rewards from their efforts. The difference between organisations that focus on building relationships and those that are transactional focused can be depicted as below.



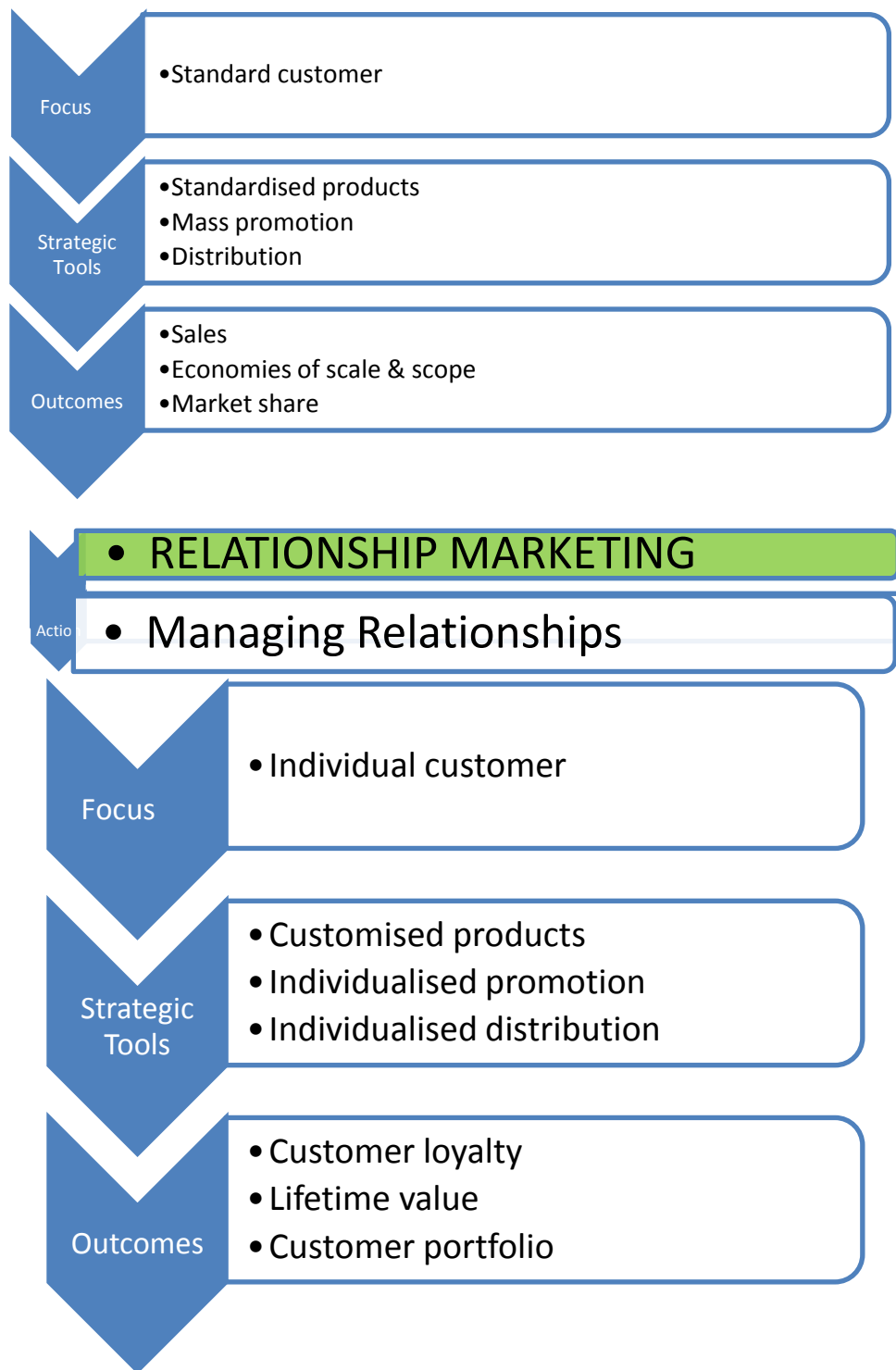


Figure 2.2 Transaction Versus Relationship Orientation
Adapted from Innovative Marketing, Volume 7, Issue 1, 2011

The table clearly shows the difference between the two approaches and it can be emphasised why the bankers need to adopt the relationship focus. The transactional

focused organisation or individual is not in favour of developing long term relationships with customers, whereas the relationship focused individual would be more inclined to build a long term loyal portfolio of clients. (Kotler 2002) indicates that it is rather expensive to acquire a new client than retaining an existing one. It is thus more profitable to invest money on customer retention strategies and a bit less on acquiring new customers in order to create lifetime value. Private bank clients are the type of customer that is willing to pay the price for a close and valuable relationship with the banker and the organization they represent and on signs of lacking personal relationship and quality service they would not hesitate to move across to competition.

Relationship-focused organisations apply their resources on product quality and exceptional customer service as a competitive strategy (Sheth, & Parvatiyar 2000). The quality of their products and customer service experience are used to differentiate themselves from competition. A banker who seeks to differentiate them self and stand out from the crowd has to adopt the same strategy when it comes to running their practice, that is adopting a client focused strategy.

2.17 Benefits of Service Quality

Service quality is a focused evaluation that reflects the customer's perception of elements of service such as interaction quality, physical environment quality and outcome quality. These elements are in turn evaluated based on specific service quality dimensions or domains (Brady & Cronin 2001).

The perceived quality of a product and service offered determines not only the price a customer is willing to pay, but also has a direct impact on the customers' perceptions of the businesses' image (Scarborough, Wilson & Zimmerer, 2009). The nature of most services is such that the customer is present in the delivery process, which means that the perception of quality is influenced not only by the service outcome but also by the service process.

The perceived quality lies among a continuum. Unacceptable quality lies at the end of this continuum, whereas ideal quality lies at the other end (Al-alak, 2009). From the

above-mentioned review, it seems that service quality is a multi-dimensional concept that means different things to different people. Moreover, defining quality is a difficult task owing to its generic nature. Even though standards for the definition of quality may be set, these standards vary from phenomenon to phenomenon, culture to culture, and across time (Jayasundara, Ngulube & Majanja 2009).

A private banker must at all time evaluate the quality of the service that they give to their clients in order to continuously improve them to gain a competitive edge. Private banks have very similar product offering and it is this quality service that will make a client stay with the organisation for a long period of time. This brings to the fore other very important parts of the relationship such as loyalty and trust, the two pillars that are a requirement in being a success in this environment (Scarborough, Wilson & Zimmerer, 2009).

Dedication to customer service and efficiency is very important to entrepreneurial principles, the creation of superior value specifically for the customer is vital if one is to succeed (Asikhia, 2010). By offering a superior service, with a strong relationship, speed and use of technology, and always investigating new innovative ideas to the business, will help it to succeed. Service quality has many benefits Roos (2002); Rust, Moorman & Dickson (2002) the following diagram shows some of the benefits of quality customer service.



Table 2.3 Benefits of Quality Customer Service

Adapted from Rust, R.T., Moorman, C. & Dickson, P.R. 2002. "Getting return on quality: revenue expansion, cost reduction, or both?", Journal of Marketing, Vol. 66, p. 7-25.

Dimensions of service quality within a banking environment as depicted by Berndt, Herbst & Roux (2004) is tabled below.

| Dimensions and definitions | Examples of specific questions raised by Customers |
|--|--|
| Tangibles: Appearance of physical facilities, equipment, personnel and communication materials | <p>Are the bank's facilities attractive?</p> <p>Is my private banker dressed appropriately?</p> <p>Is my credit card statement easy to understand?</p> |
| Reliability: Ability to perform the promised service dependably and accurately | <p>Is my credit card statement free of errors?</p> |
| Responsiveness: Willingness to help customers and provide prompt service | <p>If there is a problem with my bank statement, does the bank resolves the problem quickly?</p> <p>Is my private banker willing to answer my questions?</p> |
| Competence: Possession of the required skills and knowledge to perform the service | <p>Does my bank have the research capabilities to track market developments accurately?</p> |
| Courtesy: Politeness, respect, consideration and friendliness of contact personnel | <p>Does my private banker refrain from acting busy?</p> <p>Is the organisation rude when I ask questions?</p> |
| Credibility: Trustworthiness, believability, honesty of the service provider | <p>Does the bank have a good reputation?</p> <p>Does my private banker refrain from pressuring me to buy a product?</p> |
| Security: Freedom from danger and organisation Doubt | <p>Is it safe for me to use the bank's automatic teller machine?</p> |
| Access: Approachability and ease of contact | <p>How easy is it for me to talk to senior bank officials when I have a problem?</p> |
| Communication: Keeping customers informed in a language they can understand, and listening to them | <p>Can my private banker explain clearly the various charges related to the mortgage loan?</p> <p>Does my private banker avoid using technical terms?</p> |

Understanding the customer: Making the effort to know customers and their needs

Does someone in my bank recognise me as a regular customer?

Does my private banker try to determine what my specific financial objectives are?

Table 2.4 Dimensions of service quality

Adapted from Berndt, A.D., Herbst, F.J., & Roux, L. 2004. Customer relationship management implementation within retail banking environment: a South African perspective. Southern African Business Review 2004

“Marketers realise that to retain customers, and to service and grow, they must provide high quality of service” (Dabholkar 2000: 139). New clients become profitable over a period of time. It is therefore of importance that Private Bankers invest in retention of profitable customers.

2.18 Executive Mentoring and Coaching

There was very little evidence that executive coaching could transform individual performance in the work environment as recently as the mid 1990's. According to Passmore and Gibbes (2007), support is growing on this phenomena and the claim that coaching does have positive impacts in a range of areas from stress management to self-regard and performance, but cautions that the evidence is not totally conclusive.

The work of Hall, Haggard, Akeroyd, Palmer, Summerfield, Elliott, Gurney and Bowtell, (1999), cited in Passmore and Gibbes (2007), provided insight into understanding the perceived value of coaching from the protégé's point of view. Some of the key aspects included;

- ✓ Listening and questioning skills;
- ✓ Perceived integrity of the coach;
- ✓ Caring; and
- ✓ The ability to challenge constructively.

2.19 Benefits of Mentoring

Mentoring and coaching is widely used in the business sector and it is most useful as a human resource tool in helping to improve the skills of employees and to equip them for success in their careers. Trainees who have good mentors tend to adapt better and become more efficient and capable usually resulting in them improving their remuneration (Ensher & Murphy 2011).

Mentoring equips the employee to cope with new circumstances and in difficult situations and mentoring can range from business skills, to public relations to legal compliance issues and could even go as far as employee wellness programmes (Ensher&Murphy,2011).

Additional benefits being (Christopher, Payne & Ballantyne 2002)

- ✓ Improved employee confidence;
- ✓ Better relationships with clients; and
- ✓ Better and more business.

Self-development is about taking personal responsibility for one's own growth and career, (Clutterbuck & Ragins, 2002). A Banker has to make a mental commitment to own their growth and career. This will not only place them in good stead but will reflect in their overall management of their practice as well. A confident advisor is what the client seeks and those who are often more confident and in control of their careers are often successful in their chosen fields.

2.20 Comparative Analysis of Private Banking in South Africa

Operating in the private banking market, the competition such as Investec, Standard Bank and FirstRand (RMB) strive to differentiate themselves through their own service and product offerings. As shown in PWC's private bank peer review, Investec was

perceived for the 5th year running to be the best private bank in South Africa, followed by Standard Bank moving from 4th to 2nd, and ABSA Private Bank following in third position (Metcalf 2009).

A comparative analysis of Private Banking in South Africa as shown in the Nielsen's AdEx.

| | Investec | ABSA | RMB | Standard |
|----------------------------|-------------------|-----------------------|--------------------------|---------------------|
| Market size | 14% | 24% | 22% | 21% |
| Qualifying Criteria | 1M+ | R750K+ | R1M+ | R700K+ |
| Operating Model | 10 Suites | 28 Suites | 7 Suites | 34 Suites |
| Segment/Standalone | Standalone | Standalone | Standalone | Segment |
| Focus | Banking&Credit | Banking&Credit | Banking&Credit | Banking&Credit |
| | Wealth Management | Wealth Management | Wealth Management | Wealth Management |
| | Advisory Services | Off-shore Solutions | Fiduciary Serv | Off-shore Solutions |
| | | International Banking | International Investment | Advisory Services |

**Table 2.5 Comparative analysis of Private Banking
Adapted from The Nielsen's AdEx Report. 2012 p. 2**

ABSA Private Bank shows a larger market size at 24% followed closely by RMB at 22% and Standard Bank at 21%. Investec Private Bank who is not attempting to be everything to everyone sits with a 14% market share in South Africa. The qualifying criteria reflect on average the kind of client in terms of income that is banked by each bank. The focus or service offering within all the private banks is very similar leaving very little differentiation in the product offering.

2.21 Total Private Bank Segment in South Africa

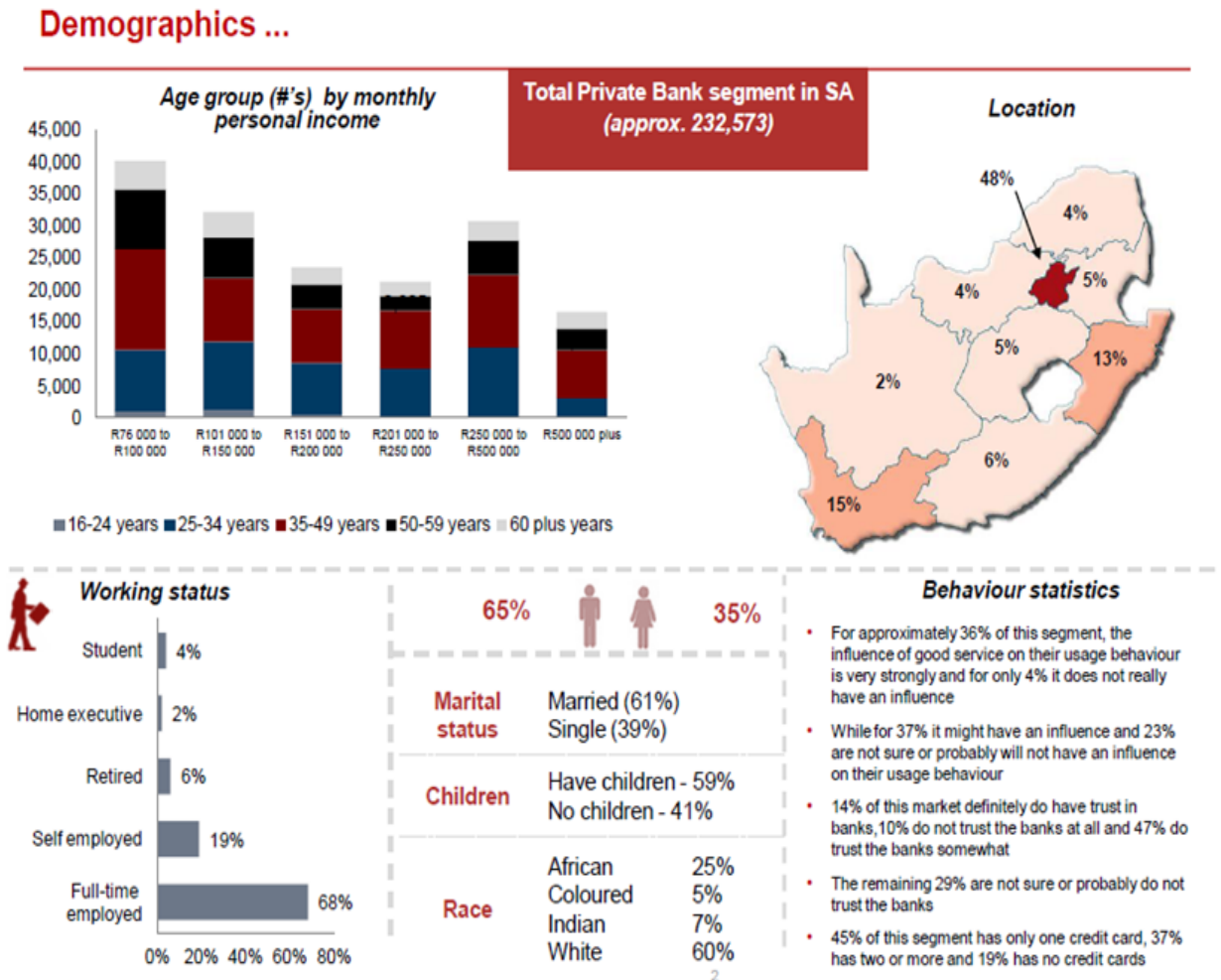


Figure 2.4 Total Private Bank Segment in South Africa
Adapted from The Nielsen's AdEx Report. 2012 p.3

The results indicate that a staggering 68% of private bank clients in South Africa are full-time employed followed by 19% being those who are self employed. Interestingly 4% are students feature which could be as a result of inheritance which has also been cited as one of the reasons for increase of high net worth individuals in South Africa.

2.22 BEE in South Africa

The South African government has sought to redress the historical legacy of

workplace discrimination through the introduction of the other legislative and institutional interventions. Through its relatively recent democratic trajectory with the first inclusive election occurring in 1994, South Africa became a parliamentary democracy, adopting policies that involve government intervention for the prevention and elimination of unfair employment discrimination against racial groups, women and persons with disabilities. The construct of employment equity (EE) as the basis of South African legislation through the EEA (1998) is based on the Canadian jurisdiction, though it has borrowed from other jurisdictions too, including affirmative action provisions in USA legislation (Frank M. Horwitz & Harish Jain 2009).

More explicitly, section of the EEA sets out the purpose of the Act to achieve equity in the workplace by:

- ✓ Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- ✓ Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels of the workforce.

The legacy of workplace discrimination against blacks, the majority population, is systematically being eroded, albeit slowly South Africa still has one of the biggest gaps between rich and poor (Bhorat & van der Westhuizen 2008).

The Empowerdex 2008 survey of 40 Johannesburg Stock Exchange (JSE) listed companies indicates that participation by the top 6 consortiums prior to BBBEE codes was dominate at 70 percentage points but after that the codes figure dropped to just less than 10 percentage points. Direct participation by black employees has grown exponentially from 5 percentage points prior to the codes to over 70 percentage points after the codes were introduced. Similarly, the participation by BBBEE schemes has grown from some 35 percentage points prior to the codes to just under 70 percentage points after the codes. The participation of women's groups has grown from 40 percentage points before the codes to just under 60 percentage points after the codes. By 2006 black directors held 25 percent of board positions on the JSE (some 558 board positions) with

approximately 50 per cent of all JSE companies having entered into a BEE transaction. Less than 30 percent had more than 25 percent ownership however (Khuzwayo 2006). Jimmy Manyi former Chair of the Employment Equity Commission has argued that ‘a new mindset is needed given that the procedural element of the codes is in its teething stages noting that established businesses are reluctant to use black suppliers who lack a demonstrable track record.

2.23 Summary

This literature review has discussed what private banking is and what the responsibilities of a private banker are. This is important in setting the scene and giving a view of the subject. Characteristics of a good private banker which are core to this research study have been covered and further addressing what the suitable qualifications are for one to be a private banker. The objectives as set out have been covered.

This literature in this chapter makes it clear that trust and integrity are key in breeding success in this environment and a private banker that can display these characteristics will develop long standing relationships and be a success. The chapter that follows presents the research methodology applied in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology adopted for this research and discusses the data collection techniques used in this research study. Various research methodologies are discussed as are the research instrument, research design, research process and fieldwork.

3.2 Purpose of the Study

A research study has to be undertaken within a framework of a set of philosophies and must use procedures, methods and techniques that have been tested for their validity and reliability (Dawson 2002). The research methodology employed is of a qualitative nature, this being a qualitative research study.

The purpose of this study was to find out what makes a successful private banker.

Though a small scale study, the research is of use to the bank concerned. The research was qualitative in nature with the interviews containing pertinent questions relative to the objectives. The interviews were administered on a face-to-face basis.

Due to the specific situation it was not possible to secure a statistically meaningful sample size. The research was designed to obtain responses from the maximum number of appropriate people within the targeted bank. Given the seniority of the responses and the research design it is believed that the research will be sound, valid and reliable so much so that the recommendations made will be suitable to implement more widely, once proven to be successfully implemented at the targeted suites or branches.

3.3 Research Design

A research design provides a framework for the collection and analysis of data. A choice of research design reflects decisions about the priority being given to a range of dimensions of the research process. These include the importance attached to the following: (Bryman & Bell, 2003).

- ✓ Expressing causal connections between variables;
- ✓ Generalising to larger groups of individuals than those actually forming part of the investigation;
- ✓ Understanding behaviour and the meaning of that behaviour in its specific social context; and
- ✓ Having a temporal (i.e. over time) appreciation of social phenomena and their interconnections.

A research design is needed because it provides a framework or plan of action for the research making research as efficient as possible. In the early stages of the research, objectives of the study are determined and these objectives are included in the design to ensure that the information collected is appropriate for solving the problem (Zikmund, Babin, Carr & Griffin 2013).

3.4 Research Paradigms

The two basic research paradigms are the quantitative and qualitative research paradigms. There are two research paradigms incorporating the fundamental philosophical concepts, which are a positivist (quantitative) research paradigm and phenomenological (qualitative) research paradigm.

3.4.1 Quantitative Research Paradigm

Quantitative research is a formal, objective, systematic process in which numerical data are used to obtain information about the world.

This research method is used: (Burns & Grove, 2005).

- ✓ To describe variables;
- ✓ To examine relationships among variables; and
- ✓ To determine cause-and-effect interactions between variables.

Quantitative research is used widely in social sciences such as psychology, economics, sociology, and political science, and less frequently in anthropology and history.

Research in mathematical sciences such as physics is also 'quantitative' by definition, though this use of the term differs in context. In the social sciences, the term relates to empirical methods, originating in both philosophical positivism and the history of statistics, which contrast qualitative research methods.

Views regarding the role of measurement in quantitative research are somewhat divergent. Measurement is often regarded as being only a means by which observations are expressed numerically in order to investigate causal relations or associations (Burns & Grove, 2005).

When measurement departs from theory, it is likely to yield mere numbers and their very neutrality makes them particularly sterile as a source of remedial suggestions (Burns & Grove, 2005). Having said that numbers register the departure from theory with an authority and finesse that no qualitative technique can duplicate and that departure is often enough to start a search.

3.4.2 Reasons for Selecting a Quantitative Paradigm

The nature of a quantitative paradigm is clearly tabulated below.

| Research Aspect | Quantitative paradigm |
|-----------------------------|--|
| Purpose | Test hypothesis or specific research questions |
| Approach | Measure and test |
| Data collection approach | Structured response categories provided |
| Research Aspect (continued) | Quantitative paradigm (continued) |
| Researcher independence | Researcher uninvolved observer. Results are objective |
| Samples | Large samples to produce generalisable results (results that apply to other situations) |
| Most often used | Descriptive and causal research designs |

Table 3.1 The Nature of a Quantitative Paradigm

Adapted from Zikmund, W.G., Babin, B.J., Carr, J.C., & Griffin, M. 2013.
Business Research Methods 9th Ed

Quantitative researchers apply a huge amount of activity and time towards measuring concepts with scales that either directly or indirectly provide numeric values. These numeric values can then be used in statistical computations and hypothesis testing (Zikmund et al., 2013).

3.4.3 Qualitative Research Paradigm

Qualitative research is a research strategy that usually emphasises words rather than quantification in the collection and analysis of data. Qualitative research is intended to penetrate to the deeper significance that the subject of the research ascribes to the topic being researched. It involves an interpretive, naturalistic approach to its subject matter and gives priority to what the data contribute to important research questions or existing information (Bryman & Bell, 2007).

Qualitative research encompasses a range of philosophies, research designs and specific techniques including in-depth qualitative interviews; participant and non-participant observation; focus groups; document analyses; and a number of other methods of data collection (Pope, 2006).

Within the empirical sciences, the standing of a given theory or hypothesis is entirely dependent upon the quantity and character of the evidence in its favour. It is the relative weight of supporting evidence that allows the choice between competing theories. Within the natural sciences, knowledge generation involves testing a hypothesis or a set of hypotheses by deriving consequences from it and then testing whether those consequences hold true by experiment and observation (Noyes, Popay, Pearson, Hannes & Booth, 2008).

The researcher can identify whether the research questions pertain to positivism, anti-positivis and critical theory; and select the appropriate methodology accordingly. The following table provides a clear understanding of research paradigms or selection of research methods.

| Research paradigms | Research approach | Research methods | Examples |
|--------------------|------------------------------|--|---|
| Positivism | Quantitative | Surveys: longitudinal, cross-sectional, correlational; experimental, and quasi-experimental and ex-post facto research | <ul style="list-style-type: none"> - Attitude of distance learners towards online based education - Relationship between students' motivation and their academic achievement. - Effect of intelligence on the academic performances of primary school learners |
| Anti-positivism | Qualitative | Biographical; Phenomenological; Ethnographical; case study | <ul style="list-style-type: none"> - A study of autobiography of a great statesman. - A study of dropout among the female students - A case study of an open distance learning Institution in a country. |
| Critical theory | Critical and action-oriented | Ideology critique; action research | <ul style="list-style-type: none"> - A study of development of education during the British rule in India - Absenteeism among standard five students of a primary school |

Table 3.2 Selection of Research Paradigms and Research Methods
Adapted from Cohen, L., Lawrence, M., & Morrison, K. 2000. Research Methods in Education 5 th Ed. London.

Although, each of the paradigms has corresponding approaches and research methods, still a researcher may adopt research methods cutting across research paradigms as per the research questions she proposes to answer (Cohen, Lawrence & Morrison, 2000).

3.4.4 Mixed Approach

The goal of mixed methods is not to replace quantitative or qualitative approaches, but to draw from their strengths and minimise their limitations, (Johnson & Onwuegbuzie, 2004). Most educational researchers recognise that research methods should be used that provide the best opportunities for answering research questions (Teddlie & Tashakkori 2003). In some studies, the nature of questions allows them to be answered by either quantitative or qualitative research methods. However, in other studies, responses to questions require methods that utilise both quantitative and qualitative methodological frameworks (Demerath, 2006; Onwuegbuzie & Leech 2005).

On a philosophical level, the emergence of mixed methods was counter to the incompatibility thesis (i.e., qualitative and quantitative methods should not be mixed) but congruent with the paradigmatic perspective of pragmatism, which asserts that quantitative and qualitative methods are not only compatible, but possibly better suited to answer some specific research questions (Niglas, 2004; Teddlie & Tashakkori, 2003). This compatibility is determined through the theoretical consistency of the plan of action and the means by which one achieves the plan. Thus, a major advantage of mixing research methods is that it enables the researcher to simultaneously answer confirmatory exploratory questions and therefore verify and generate theory in the same study (Teddlie & Tashakkori, 2003).

3.5 Research Strategy

According to Saunders, Lewis & Thornhill (2003) a research strategy is a general plan of how research questions set will be answered. A researcher may use different research strategies depending on the aims and objectives of the research. One of the following strategies or a combination may be used by the researcher: an experimental design; survey; case study; grounded theory and ethnography strategy. The interview method was employed for the purpose of this study.

3.6 Population/Sample

Primary data is collected specifically for a research project where secondary data is unavailable or inappropriate. Primary data are always collected from the source either by the researcher himself or his agent (Bryman & Bell, 2007). Primary data can be collected through different methods:

- ✓ **Registration:** Registers and licences are particularly valuable for complete enumeration, but are limited to variables that change slowly, such as numbers of fishing vessels and their characteristics.

- ✓ **Questionnaires:** Forms which are completed and returned by respondents. An inexpensive method that is useful where literacy rates are high and respondents are co-operative.

- ✓ **Interviews:** Forms which are completed through an interview with the respondent. More expensive than questionnaires, but they are better for more complex questions, low literacy or less co-operation.

- ✓ **Direct observations:** Making direct measurements is the most accurate method for many variables but is often expensive. Many methods, such as observer programmes, are limited to industrial fisheries.

- ✓ **Reporting:** The main alternative to making direct measurements is to require fishers and others to report their activities. Reporting requires literacy and co-operation, but can be backed up by a legal requirement and direct measurements.

The questionnaire and the interview are the most commonly used primary data collection methods. They are data collection instruments that enable the individual doing the research to pose questions in search for answers to the research questions, (Zikmund 2003). For this research study a total of thirty participants were approached. In the region of KwaZulu-Natal there are thirty four private bankers. Out of 100%, which were prepared to participate in this study, 10% of the population was from the management and thus 90% were from the private banker segment.

3.6.1 Questionnaire Quality and Design

The questions must meet the basic criteria of relevance and accuracy in order to fulfill a researcher's purposes. To achieve these, a researcher will be typically and not

necessarily required to make several decisions in the following order (Zikmund et al., 2013).

- ✓ What should be asked?
- ✓ How should questions be phrased?
- ✓ In what sequence should the questions be arranged?
- ✓ What questionnaire layout will best serve the research objectives?
- ✓ How should the questionnaire be pretested?
- ✓ Does the questionnaire need to be revised?

3.6.2 Qualitative Research Interview

Qualitative interviewing is usually very different from interviewing in quantitative research in that the approach tends to be much less structured in qualitative research and is structured in quantitative research to maximise the reliability and validity of measurement of key concepts. In qualitative interviewing, there is much greater interest in the interviewee's point of view; in quantitative research, the interview reflects the researcher's concerns (Bryman & Bell, 2007).

Going off at tangents is often encouraged in qualitative interviewing as it gives insight into what the interviewee sees as relevant and important; in quantitative research, it is usually regarded as a nuisance and discouraged. In qualitative interviewing, the researcher wants rich, detailed answers; in quantitative research the interview is supposed to generate answers that can be coded and processed quickly (Bryman and Bell 2007).

3.6.3 Aspects of Qualitative Research Interviews

There are many different aspects in qualitative research interviews and they include the following: (Bryman & Bell, 2007)

- ✓ Interviews are completed by the interviewer based on what the respondent says;
- ✓ Interviews are a far more personal form of research than questionnaires;
- ✓ In the personal interview, the interviewer works directly with the respondent;

- ✓ Unlike with mail surveys, the interviewer has the opportunity to probe or ask follow up questions;
- ✓ Interviews are generally easier for respondent, especially if what are sought are opinions or impressions;
- ✓ Interviews are time consuming and they are resource intensive; and
- ✓ The interviewer is considered a part of the measurement instrument and interviewer has to well train in how to respond to any contingency.

3.6.4 The Interview Items

The questionnaire consists of a total of twenty two questions directed both to management and the private bankers. Each question is asked and focused in meeting the requirements of the research.

The questionnaire is divided into two parts. The first part is directed to both management and the private banker with the exception of question twelve which only applies to the private bankers.

The second Section comprises of only two questions which are to be answered by the Regional Manager and HR Manager only. A specimen of the actual questionnaire is appended in the appendices (Appendix 3).

3.6.5 The Interview Process/Fieldwork

The fieldwork began by a request to address the earmarked participants during their weekly engagements. The purpose of the research study and what it would entail was briefly discussed and a request to participate extended. The second meeting with the group of the thirty prospective participants was scheduled eight days later. In this meeting the questionnaire was discussed and explained in order to ensure that they were all of equal understanding with what the expectation was. This also presented an opportunity to enquire what other questions they themselves sought to find answers to three of the suggested questions were added to the final questionnaire.

On finalisation of the questionnaire a copy was forwarded to two seasoned private bankers from a different province (Gauteng) and one to a trusted expert in the field of relationship management to further validate and provided confirmation that the questionnaire addressed all that required to be answered by this research.

Appointment times were also set on this day and it was agreed that a contact a day before an individual meeting would be made to remind them of the meeting. A list of both business and personal cellular numbers was handed over for this reason.

A covering letter with the final questionnaire was emailed to each respondent a week prior to the interview to ensure that they had enough time to ponder the questions which in turn would make it possible for the 30 minute interviewing time to be respected. The follow up calls were made to ensure that the respondents had indeed gone through or thought about the questions a week before the first interview was to take place.

The interviews were conducted personally on a face-to-face basis. There are distinct advantages in being able to conduct the interview personally rather than employing an agent to conduct it for one (Bryman & Bell, 2007).

In spite of all the prior engagements with the targeted individuals to secure a commitment for when the actual interviews were to resume, human nature revealed its imperfect reality. A quarter of the respondents either postponed the meeting dates to a month from the agreed appointment at the eleventh hour or simply excused themselves from participation. This presented a challenge and led to great delays and time wasted during the process of research.

3.6.6 Pilot Study

Four target respondents with prior private banking experience were carefully selected to confirm that the questionnaire would provide data required to answer to the research problem. This was also to provide a test of how the actual interviews would turn out, in terms of time taken to conduct the interviews and the general feel of the responses. This pilot study proved to be effective and helpful as it provided expert insight into the

research topic. It also highlighted some minor flaws in a few items in the questionnaire which an effort was made to address and change them. These changes were around issues of clarity and repetition of some questions. It was also suggested that at the beginning of each interview the guidelines be fully explained just before commencement of the interview.

A pilot investigation is a small scale trial before the main investigation, intended to assess the adequacy of the research design and of the instruments to be used for data collection. Piloting the data collection instruments is essential whether interview schedules or questionnaires are used (Sapsford & Jupp, 2008).

A pilot study was conducted and it was found that the interview schedule was appropriate and that face validity of the schedule was confirmed.

3.6.7 Assessment

The assessment and prior briefing engagements with the targeted participants ensured a higher response rate. This allowed for questions to be explained and comprehended during these interactions. Distributing the questionnaire a week prior to the actual interviews also gave an opportunity for the respondents to internalise and interrogate the questions. This probably resulted in greater honesty in terms of the responses. Greater depth was able to be abstracted from the responses because of the interviewer's experience in the industry and familiarity with most of the feedback or data collected.

To ensure that sound results would be obtained respondents were informed of the significance of the study and by highlighting that their background and experience in private banking was valuable. By allowing respondents to talk freely, they became comfortable with the interview process and provided valuable data. This approach is suggested by Cooper and Schindler (2001).

3.7 Questionnaire Design

Two types of questions were used, namely closed ended questions and open ended questions. As mentioned below, Cooper & Schindler (2001) & Sekaran (2003), whichever of the methods or tools the researcher utilises, it is imperative that the questions are appropriate, are suited to the subject matter and will elicit responses that will attempt to answer the key research questions.

3.7.1 Closed-ended Questions

The closed ended questions were posed to get precise and up to the point responses.

3.7.2 Open-ended Questions

Open ended questions were mostly used to allow each respondent to expand and give greater insight based on their honest personal experiences.

3.8 Research Process

According to Saunders et al., (2003) a research process is a multi-stage process to be followed in order to successfully complete the research project. For the purpose of this study, the following processes were undertaken.

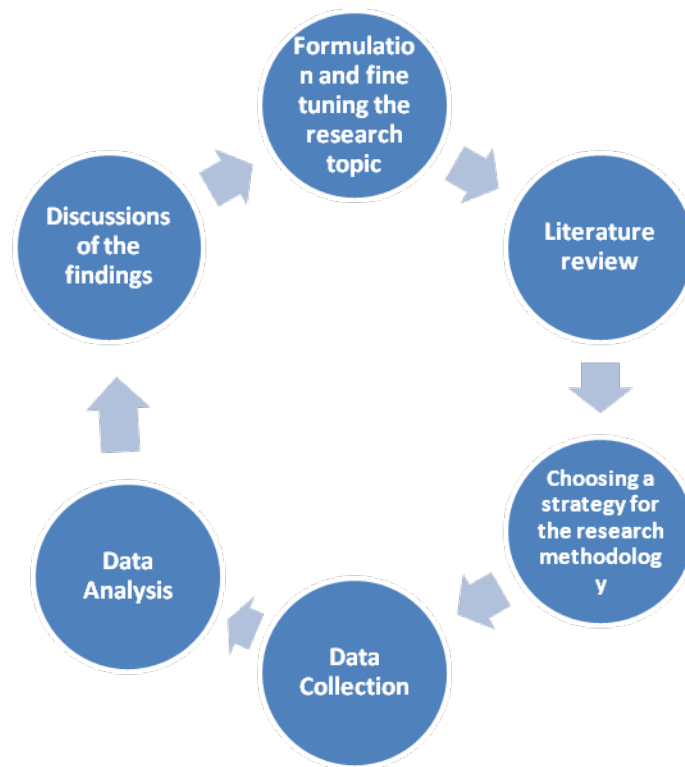


Figure 3.1 Own Source. The Research Process for This Study

The interview was designed with the requirements of the research fully in mind. The interview questions were distributed to the Regional Manager, Human Resources Manager and all the private bankers within the private bank in order to collect required data. This was followed by a one-on-one, face-to-face interview with each of the participants.

The standardised, open-ended interview method was used. The same open-ended questions are asked to all interviewees; this approach facilitates faster interviews that can be more easily analysed and compared (Valenzuela & Shrivastava 2005).

A traditional Research Process would normally look like this,

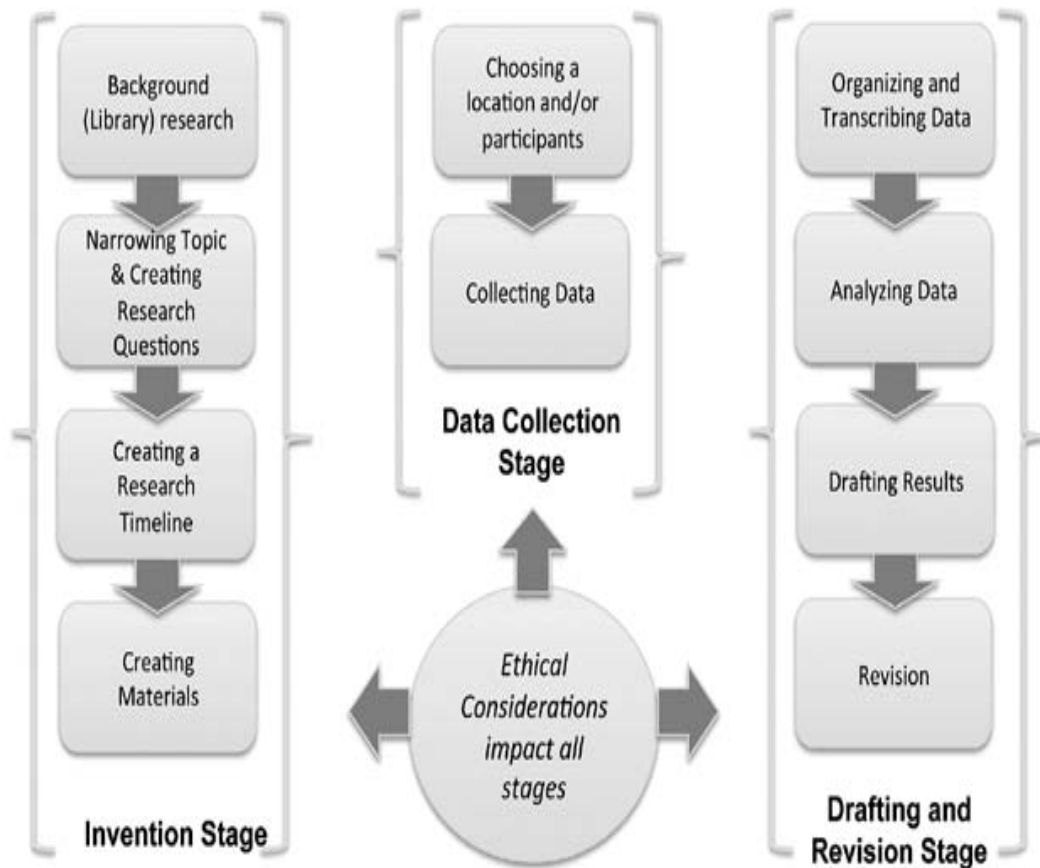


Figure: 3.2 The Research Process

Adapted from Driscoll, 2011. The Research Process (Driscoll, 2011)

3.9 Research Instrument

The research instrument is one of the most important aspects of research design as the researcher decides which data collection instruments and procedures are going to be employed. There are some of research instruments, which can be used to collect primary data such as questionnaires, interviews, observations (Saunders, et al., 2003). The interview was appropriate for collecting primary data since this is the widely used research instrument and the intention was to elicit qualitative data.

3.10 Data Analysis

Data analysis is the application of reasoning to understand and interpret the data that have been collected (Sekaran 2003). In analysing data for this research study a

qualitative data analysis method “Grounded Theory” is going to be used. This was believed to be the most fitting method due to the qualitative nature of the data collected. This enabled the interpretation and theorisation of the data collected from the research respondents.

Grounded Theory represents an inductive investigation which the researcher poses questions about information provided by respondents or taken from historical records. It is particularly applicable in highly dynamic situations involving rapid and significant change (Zikmund et al., 2013).

Grounded Theory (GT) is a research methodology used for developing theories that are derived from data and explain human interaction. Rather than a strict set of procedures, it is a way of thinking about and conceptualising research information (Hau, Griffiths & McKenna 2013).

The data collected was coded, and manually entered into MS Excel, then exported to Predictive Analytics SoftWare (PASW) version 18, where the following statistical analyses were performed:

- ✓ Frequency distributions; and
- ✓ Graphical representations.

3.11 Location of the Study

The purpose of this study was to investigate what makes one a successful private banker.

KwaZulu-Natal is the second largest economy in South Africa. It contributes around 16.5% towards the GDP of the country (Coetzee, 2012). The capital city is Pietermaritzburg. The main cities and towns in KwaZulu-Natal are Durban, Ulundi, Eshowe, Newcastle, Richards Bay. This research study is based in Durban. KwaZulu-Natal has a population of just over 10.6 million people mostly being of African origin. KwaZulu Natal has the highest Indian population in the country. People that speak Zulu

represent 78.7% of the population, English: 13.3%, Xhosa: 3.8%, Afrikaans 1.7%, other: 2.5%. The population density is 113 people per square kilometre. The province has just over 3 million economically active people and contributes around 16.5% towards the total Republic of South Africa Gross Domestic Product based on 211-2012 figures (Coetzee, 2012).

| Industry | 2011 Q 2 | 2011 Q 3 | 2011 Q 4 | 2012 Q 1 | 2012 Q 2 | 2012 Q 3 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Primary Industry | 5101 | 4429 | 2924 | 3547 | 5464 | 4421 |
| Agriculture, Forestry & Fishing | 4,163.00 | 3,535.00 | 2,023.00 | 2,690.00 | 4,511.00 | 3,508.00 |
| Mining & Quarrying | 938.00 | 894.00 | 901.00 | 857.00 | 954.00 | 913.00 |
| Secondary Industries | 18,963.00 | 19,631.00 | 19,879.00 | 18,830.00 | 19,458.00 | 20,198.00 |
| Manufacturing | 15,438.00 | 16,052.00 | 16,222.00 | 15,313.00 | 15,903.00 | 16,562.00 |
| Electricity, Gas & Water | 1,413.00 | 1,461.00 | 1,452.00 | 1,343.00 | 1,377.00 | 1,432.00 |
| Construction | 2,112.00 | 2,118.00 | 2,205.00 | 2,175.00 | 2,178.00 | 2,203.00 |
| Tertiary Industries | 45,697.00 | 46,754.00 | 48,953.00 | 46,344.00 | 46,942.00 | 47,711.00 |
| Wholesale & Retail Trade; Hotel & Restaurant | 9,533.00 | 10,008.00 | 11,717.00 | 9,758.00 | 9,873.00 | 10,294.00 |
| Transport, Storage & Communication | 9,352.00 | 9,749.00 | 9,940.00 | 9,503.00 | 9,671.00 | 10,035.00 |
| Finance, Real Estate & Business Services | 13,560.00 | 13,692.00 | 13,861.00 | 13,629.00 | 13,695.00 | 13,636.00 |
| Personal Services | 4,272.00 | 4,258.00 | 4,246.00 | 4,291.00 | 4,380.00 | 4,361.00 |
| General Government Services | 8,962.00 | 9,048.00 | 9,189.00 | 9,163.00 | 9,323.00 | 9,385.00 |
| GDPR at constant 2005 Prices | 77,957.00 | 79,138.00 | 80,342.00 | 77,040.00 | 80,459.00 | 80,910.00 |

Table 3.3 The KwaZulu Natal Performance Overview

Adapted from Coetzee, C. 2012. The KwaZulu Natal Economy – A Performance Overview 1 Update 14. p.7.

The per-sector estimated GDP-R up to the 3rd quarter of 2012 is displayed in table 5. It is evident that provincial GDP in absolute terms has increased during the first 9 months of 2012. The 3rd quarter 2012 GDP-R is a marginal improvement over the 3rd quarter

2011 GDP-R. What is also evident is that no one particular industry has recorded continues or substantial growth over the indicated 6 quarters. This is most probably statistical and seasonal related, but could also be indicative of short term uncertainty and volatility.

It was crucial to identify the research population that was targeted in this study. According to Saunders et al., (2007) a population is a full set of items or people under investigation. It is the full group of potential participants to whom the researcher wants to generalise the findings of this study. The target population was the private bankers and management of one of the major private banks in KwaZulu-Natal.

The population frame is a listing of all the elements in the population from which the sample is drawn (Sekaran, 2003). In this study the Regional Manager responsible for managing the private bankers, the Human Resources Manager as well as all private bankers were requested to participate in this study. Out of those staff members who were prepared to participate, 10% of the population was from the management and thus 90% was from the private bankers.

3.12 Reliability and Validation

The terms reliability and validity seem to be almost like synonyms, they have quite different meanings in relation to the evaluation of measures of concepts. A number of authors have defined reliability as follows. Reliability refers to the quality of a measurement procedure that provides repeatability and accuracy (Dawson, 2002).

Reliability is concerned with the estimates of the degree to which a measurement is free of random or unstable error. Reliability of a research instrument refers to the consistency or repeatability of the measurement of some phenomena (Saunders et al., 2003). Reliability refers to the consistency of a measure of a concept, thus with reliability one can be confident that if the study were to be repeated in similar circumstances, similar results would be found.

It was deemed important that the interview be as neutral as possible in order to ensure that the respondents were honest in their responses.

Bias in questioning was avoided by ensuring that no question was directed so that a respondent would either agree or disagree with a particular statement to satisfy the research aims.

All the questions were designed so that they could be answered with ease and the respondents were encouraged to tell the truth when answering questions about an issue in line with Sekaran (2003). Efforts were made to ensure that the respondents did not feel the need to give deceitful or untrue answers just to please the interviewer.

Reliability of the data collected was tested and confirmed using the Cronbach Alpha using the software and a score was computed. A score of 7 is deemed to reflect good reliability according to Pallant (2006); the score achieved was higher being at 9.

There are three prominent factors involved when considering whether a measure is reliable according to Bryman & Bell (2007).



Figure 3.4 Three Prominent Factors When Considering a Reliability Measure

Adapted from Bryman, A., & Bell, E. 2007. Business Research Methods. p. 164-165)

Validity means that correct procedures have been applied to find answers to a question. Bryman & Bell (2007) define validity as referring to the issue of whether or not an

indicator that is devised to gauge a concept really measures that concept. There are several ways of establishing validity:

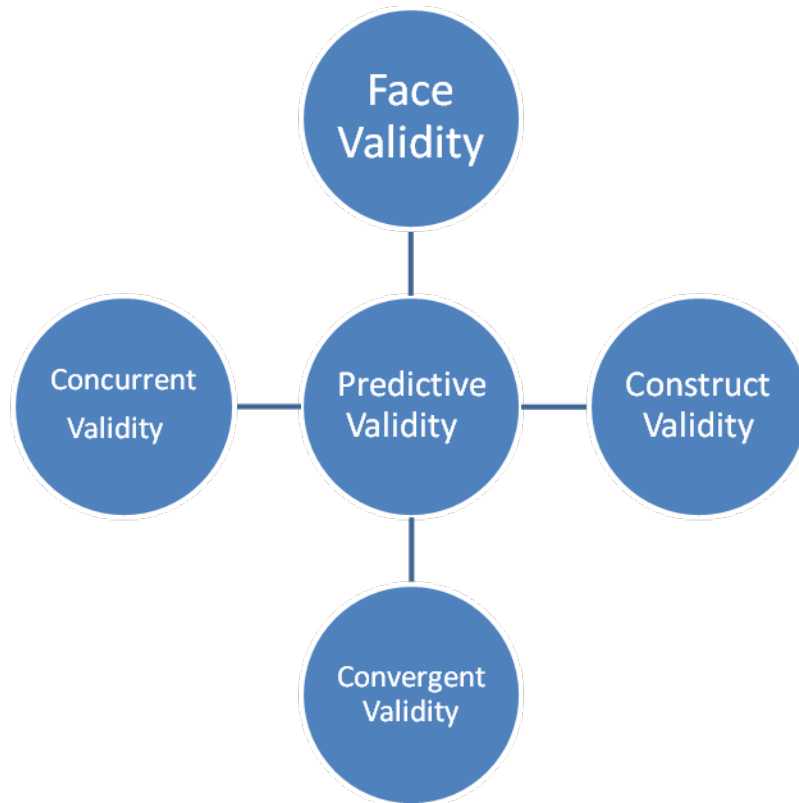


Figure 3.5 Ways of Establishing Validity

Adapted from Bryman, A., & Bell, E. 2007. Business Research Methods. p. 164-165)

The respondents were handed the set of questions (questionnaire) that were to be asked during the interview prior to the interview to provide time for the participants to think about the subject. This was done in order to ensure that the respondents had an opportunity to start pondering the questions and to ensure in depth responses.

The interview was conducted by a single interviewer to ensure consistency in the way the questions were asked and the responses recorded. The measure of validity in this study was measured using face validity by asking three experienced private bankers whether or not the questions were suited to the objectives. Face validity was thus confirmed by the pilot study respondents as stated in the earlier sections of this chapter.

3.12.1 Validity and Reliability Test

Cronbach's Alpha is a test to determine the validity level of the questionnaire. A level above 0.7 is considered adequate to declare a question/questionnaire valid (Pallant; 2006), though Pallant goes on to say that with scales with fewer than ten items it is common to find lower values, even as low as 0.553 . The results are as follows:

| Cronbach Validity Number | | Percentage | |
|--------------------------|-------|------------|-------|
| Cases | Valid | 30 | 100.0 |
| Excluded | 0 | .0 | |
| Total | 30 | 100.0 | |

Table 3.4 Cronbach Validity

| Cronbach's Alpha | Number of Items |
|------------------|-----------------|
| .919 | 22 |

Table 3.5 Reliability Statistics

At 0.919 the reliability and stability of the research is confirmed. The questions in the questionnaire were drawn up based on the literature review. Cronbach's Alpha was used to measure the issue of reliability in order to understand whether the questions in the questionnaire all reliably measure the same underlying variable. Table 4.1 and Table 4.2 above contain the results. Cronbach's Alpha was calculated at 0.919 which is above 0.7, so the scale can be considered reliable with the samples (Pallant, 2006). The

Cronbach Alpha co-efficient of 0.919 shows that the questionnaire was sound.

3.13 Ethical Considerations

Ethical issues revolve around such concerns as how should people on whom research is conducted should be treated and what activities the researcher should or should not engage in with the participants (Bryman & Bell, 2007).

There was no physical or psychological harm caused to respondents. In addition, no risk to career prospects resulted and nor was any stress was caused as a result of participation in this study, which was specifically designed to avoid such as per Oliver (2010). Further care over maintaining the confidentiality of information supplied and concealing the identities of respondents and the institution in which they are employed was ensured.

Protection of the rights of non-participants in the study was also considered as argued by Gorard (2002). The MRS Code of Conduct states that, as a general rule, anonymity must be preserved and it is confirmed that in this study the names of the participants and the institution have been protected and not revealed in the study.

A gatekeeper's letter granting consent to undertake the research was obtained from the bank concerned. Informed consent from the participants in the study was freely given without any coercion, deception or duress. No deception took place during the course of this research study.

Appointments were made and kept and consideration taken for the occasions where some of the respondents requested to move the interview to other suitable dates on short notice. A professional appearance in grooming and attire fitting of the industry was kept and an atmosphere to encourage a comfortable experience was created. Respondents were allowed enough time to express and elaborate on their views throughout the interviewing process.

3.13.1 Ethical Clearance

An ethical clearance to undertake this study started with an application to the University of KwaZulu-Natal stating the nature, aim, objectives and construct of this study. This application was then screened by the a panel at the Graduate School of Business, UKZN. After a 2 week period of waiting the ethical clearance was duly obtained from the University of KwaZulu-Natal (Appendix 1) to conduct the research study. The organisation in which this study is conducted was also requested to authorise this research. The Regional Head did take a keen interest in the study as so authorised. The Letter of Consent from this institution is included in the appendices (Appendix 2). A questionnaire used as a tool during the interview process with the respondents is appended as well (Appendix 3).

3.14 Study Limitations

The limitations of the study included the conceptual and methodological shortcomings such as the delay caused as a result of most respondents inability to confirm the actual interview times and cancellations on short notice. Further, the fact that KZN has a smaller pool of private bankers presented a situation where a smaller number of respondents could only participate in the study.

3.15 Summary

This chapter outlined the methodology of research and data collection techniques applied in this research study. It also covered issues related to the fieldwork and ethical considerations and the actual fieldwork process. Various research methodologies were looked at and discussed as were the research instrument, research design and research process. The sample was made up of 30 participants who are all bankers within the same institution. The data was carefully analysed using the PASW version software where descriptive statistics with tabulation was used to clearly see the relationship between respondents. With all the challenges faced at different times of the research

process, it can be confirmed that the research was properly and reasonably planned, laid out and implemented.

Chapter four focuses on the details and content of the data collected during the interview process. This is achieved by seeking to tabulate and to depict diagrams in order to clearly show the results of the fieldwork undertaken.

CHAPTER FOUR

FINDINGS AND DISCUSSION OF FINDINGS

4. Introduction

This chapter presents all the data that was received from the respondents through the interviews conducted. It further provides a discussion of the research findings of this study by use of graphs and tables. Due to the lengthy and detailed response gathered only the information related to the five objectives of the research study will be covered in this chapter.

The relevant and right set of questions was posed to the relevant individuals in order to get well informed responses. The questions were set in such a manner that the respondents had to elaborate in order to get deeper understanding of their individual views.

For ease of reference, the data collected and the discussion per objective has been tabulated and depicted by use of graphs below. The presentation format made it easy to compare and measure the similarities and differences in responses. The intention in this chapter is that of presenting the responses and views of the respondents and thereafter embarking on a detailed analysis of the data gathered encompassing the knowledge and views collated from the literature that was reviewed.

The following questions 4.1 and 4.2 are not part of the five objectives, however they were deemed necessary in order to understand the participants and their brief background as the data collected is presented and analysed.

4.1 Experience

| Experience | Frequency | Percentage | Valid Percentage | Cumulative Percentage |
|--------------|-----------|-------------|------------------|-----------------------|
| Less 1 Year | 6 | 20% | 20% | 20% |
| 1 - 3 years | 10 | 33% | 33% | 53% |
| 4 - 5 Years | 9 | 30% | 30% | 83% |
| Over 5 Years | 5 | 17% | 17% | 100% |
| Total | 30 | 100% | 100% | |

Table 4.1 Experience Profile of Respondents

This question was posed and used to gauge the level of understanding and depth of each respondent. It is also an important question when answering the question experience plays in one's success as a private banker. Combined the respondents boast a total of thirty four years experience in this environment.

A good mix in experience is evident with the longest being seven years and shortest being three months. It is rather a concern that 20% of the private bankers are new as this places high performance pressures on the other bankers who are already in the system.

This pressure is two-fold; the mentorship and training which the senior colleagues are expected to give and the ongoing sales pressure in meeting the region's targets for the year.

4.1.1 Qualifications

| Qualification | Frequency | Percentage |
|-------------------------|-----------|------------|
| Bcom | 9 | 30% |
| CAIB | 5 | 16% |
| Marketing | 6 | 20% |
| CA | 3 | 10% |
| Wealth Man- agement | 1 | 3% |
| CFP | 4 | 13% |
| Banking | 7 | 23% |
| Management | 2 | 6% |
| Financial Management | 1 | 3% |

Table 4.2 Experience Profile of Respondents

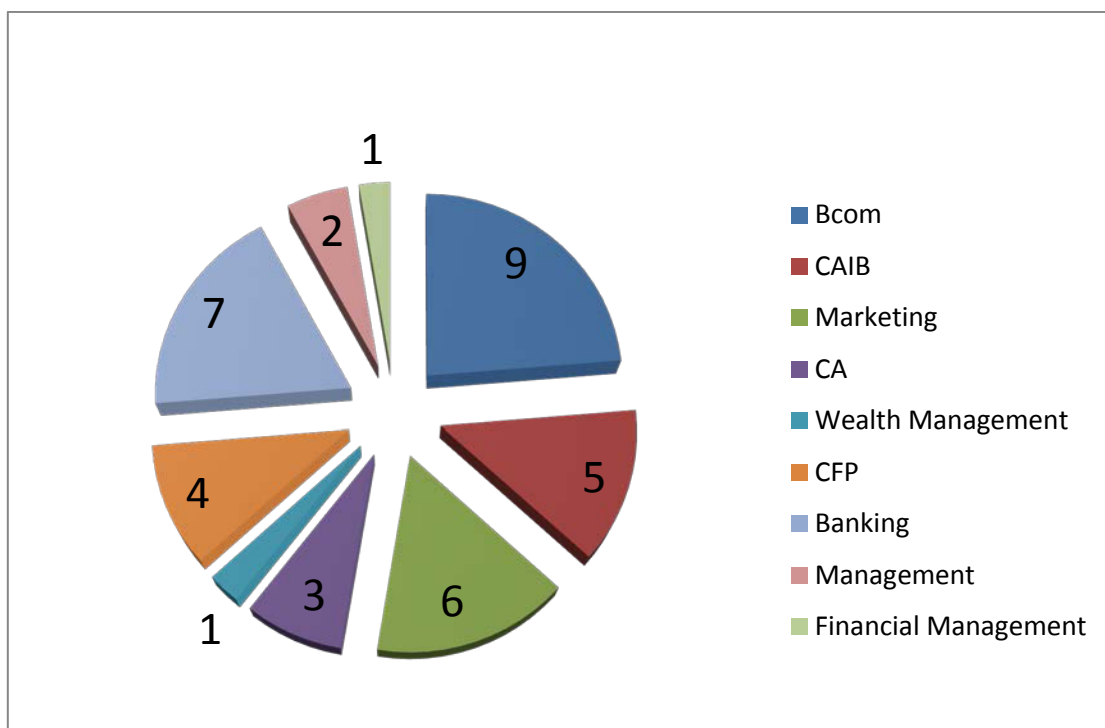


Figure 4.1 Experience Profile of Respondents

The reasoning behind this question was to understand what educational qualifications and background the respondents have in order to ascertain what educational background a private banker should possess in order to be successful in this industry. This would also assist in understanding what informs each respondent's point of view which could further provide a pattern in terms of how a private banker with a CFP qualification, for instance, would experience a private bank.

Thirty (30) respondents were posed this question, twenty eight bankers, one Regional Manager and one Human Resources Business partner. From these results it is indicated that private bank attracts more the B.Com qualification at 30% followed by the banking qualification. Marketing and CAIB qualifications follow closely at 16% and 20%.

In Chapter two which covers the literature review, Piaze (2011) states that a private banker typically holds a four-year university degree in either finance, accounting or investment analysis. They would also typically hold a Master of Business Administration degree, a professional certification such as the chartered financial analyst, or CFA designation. A mix of all the stated qualifications are represented within the organisation researched.

This is in agreement with the literature which stated that a typical private banker would hold a Finance degree with the B.Com degree being the qualification that 30% of the respondents have.

The questions that follow, similar to the previous questions are not part of the five objectives, however they were deemed necessary to capture in the actual research document in order to understand the challenges faced by the private bankers. This data is also depicted in both table and graphical format.

4.1.2 Which Part of the Private Banker Role, if Changed, Would Bring About More Efficiency In the Role?

| Experience | Frequency | Percentage | Valid Percentage |
|--------------------------|-----------|-------------|------------------|
| Administration | 20 | 66% | 66% |
| Credit Legal | 8 | 26% | 26% |
| Assistant Banker Support | 7 | 23% | 23% |
| Portfolio Size | 1 | 3% | 3% |
| Total | 30 | 100% | 100% |

Table 4.3 Change

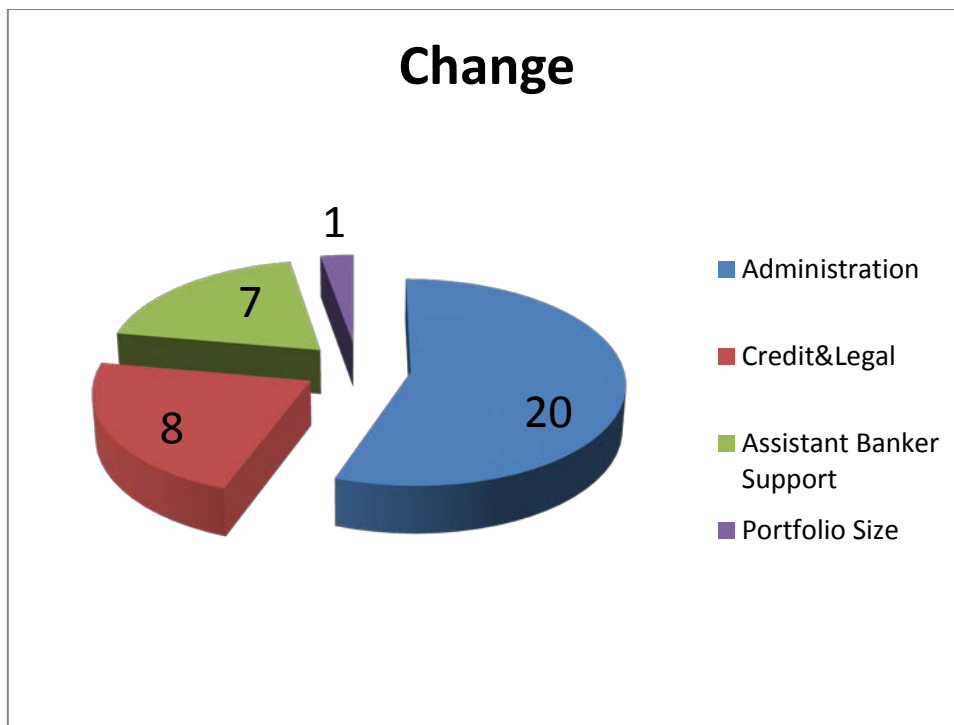


Figure 4.2 Change

A total of 66% of the respondents fully agreed that administration was one part of the private banker's role that should be taken away. They explained that it took away from the time that was needed to do the important things that bring about success both for the individual and the organisation. This went hand in hand with their expression of a need

for an assistant banker who would serve as general support to the banker specifically focusing on the portfolio administration.

Following administration was the 26% of bankers who felt that credit and legal matters should not be in anyway handled by the banker for the same reason given for the administration. General negotiation of credit was excluded as this is the day to day responsibility of the banker, however dealing with rejected applications, facility reviews and execution of daily reports should not be part of the responsibility of the banker. Portfolio sizes came last at 3%. Further enquiry suggested that if the job specification of the banker were to be carefully leaned, i.e. taking away all that the banker feels can be done by others; large portfolio sizes would not be a concern as there will be enough time freed up to apply a proper strategy on how to deal and manage such large portfolios.

4.1.3 How Do You View Complaints?

| Experience | Frequency | Percentage | Accumulative% |
|------------------------------|-----------|-------------|---------------|
| Positively | 26 | 86.7% | 86% |
| Seriously | 2 | 6.7% | 93.% |
| Negatively | 1 | 3.3% | 96.7% |
| Both Positively & Negetively | 1 | 3.3% | 100% |
| Total | 30 | 100% | 100% |

Table 4.5 Complaints

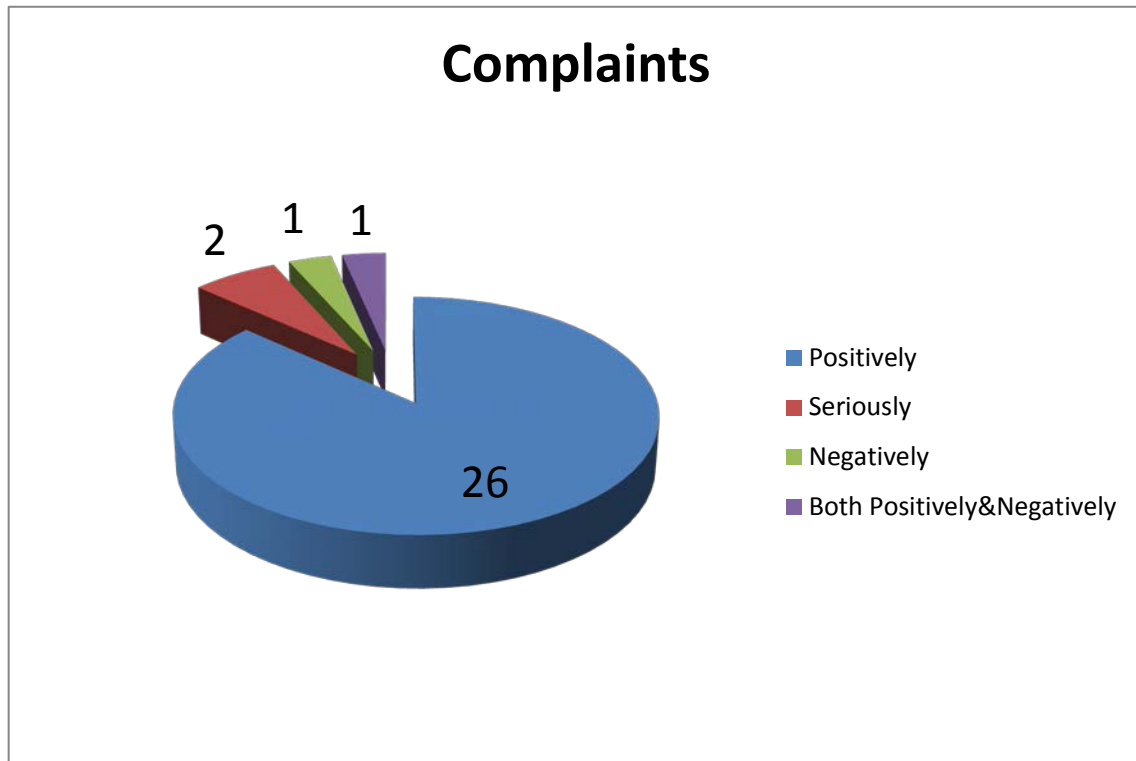


Figure 4.3 Complaints

A very high majority of 86% of the respondents viewed complaints positively. They stated that they presented an opportunity to do things better, turn around the situation and dazzle the client. Others felt that complaints presented an opportunity to learn and to improve for future engagements with the client. Banker number two put it this way: “I view failures as school fees, once paid; you don’t want to repeat a grade. “Failures are the same, they are painful, they consume time and they are expensive. I strive to learn from my failures and I gain satisfaction in the fact that I tried.”

Twenty respondents which represented 66% of the bankers viewed failures positively maintaining that it helped an individual to grow and succeed as without failure no one will be able to learn or succeed. This was in agreement with the thinking and the literature which stated that successful private bankers are those who have a positive composure and can remain positive even in trying times, they don’t give up.

4.2 Questions One to Five (The Objectives)

A breakdown of the responses for questions one to five relating to the objectives is presented followed by the discussion and analysis of these questions and responses by the participants.

4.2.1 Objective One

To find out the most suitable qualifications, skills, knowledge and experience necessary for one to be a Private Banker.

| Experience | Frequency | Percentage | Valid % | Cumulative% |
|-------------------------------------|-----------|-------------|-------------|-------------|
| Banking/Financial Knowledge | 17 | 35% | 35% | 35% |
| Banking/Financial Experience | 8 | 16.3% | 16.3% | 51.3% |
| Relationship | 6 | 12.2% | 12.2% | 63.5% |
| Networking | 3 | 6.1% | 6.1% | 69.6% |
| Communication | 3 | 6.1% | 6.1% | 75.7% |
| Analytical | 3 | 6.1% | 6.1% | 81.8% |
| Sales Driven | 3 | 6.1% | 6.1% | 87.9% |
| Competition | 3 | 6.1% | 6.1% | 94% |
| Service Oriented | 2 | 4% | 4% | 98% |
| Wealth/Financial Planning | 1 | 2% | 2% | 100% |
| Total | 49 | 100% | 100% | |

Table 4.6 What Are the Necessary Skills and Industry Knowledge the Organisation Requires of a Private Banker?

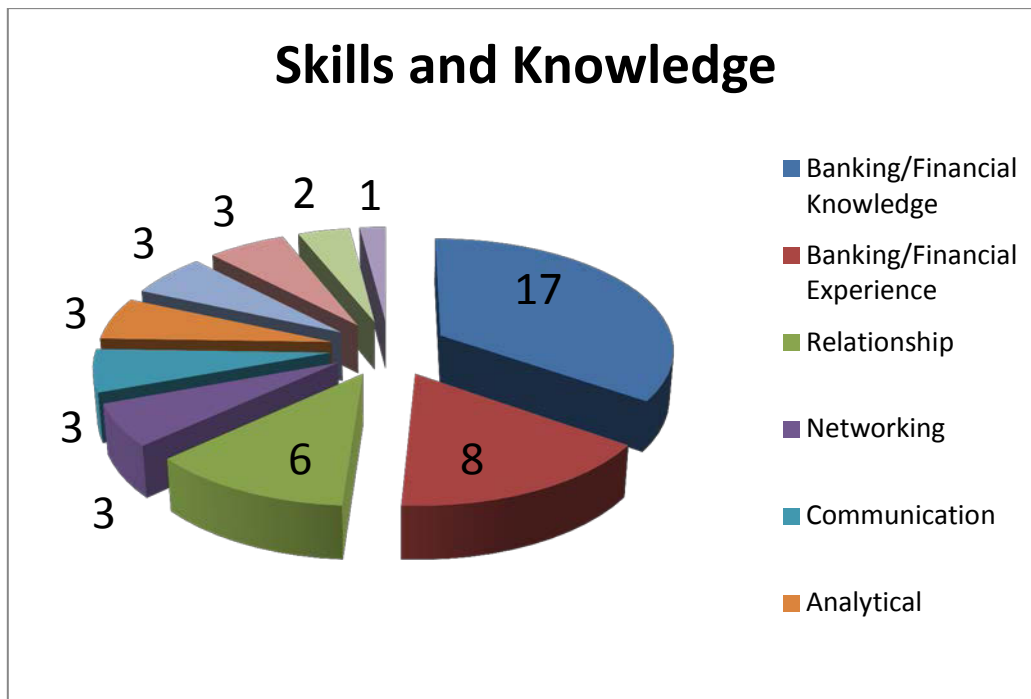


Figure 4.4 What Are the Necessary Skills and Industry Knowledge the Organisation Requires of a Private Banker?

4.2.1.1 Analysis and Discussion of Findings

This question was asked to find out if the private bankers had an idea what the organisation looked for in a private banker and to find out if both parties were in agreement.

The 30 respondents each gave an indication with over 18 of the respondents giving more than one suitable option in answering the question. This is the reason why the frequency digit reflects 49 and not 30. From the results shown above it is indicated that banking or financial knowledge and experience coupled with good relationship management experience is the necessary skills required in order to thrive in this position. Of the total number of individual selection of responses made 35% of the respondents stated that they considered it important for private bankers to have sound banking financial management knowledge, 8 responses favoured the actual experience gained working in banking or a financial environment.

The emphasis and their thinking were based on the thought that having the knowledge does not necessarily equip one to act and be successful as a private banker. The ability to manage relationships attracted 6 of the responses followed by the ability to foster new relationships by networking, great communication skills, having an analytical wiring, being a great sales driven individual and being aware of competition all making up 6.1% each of the responses, translating to 3 respondents each.

Service orientation and wealth planning attracted less than 5% of the responses which could be an indication that private bankers for one still view the role of a private banker to be separate and independent of that of a wealth planner and thus requiring no knowledge of actual wealth and financial planning. There is no doubt that private bankers need to be well trained and educated with regard to banking and financial knowledge skills.

4.2.2 Objective Two

To find out what the ideal number of clients per portfolio that a Private Banker can successfully manage.

| No Clients | Frequency | Percentage | Valid % | Cumulative% |
|--------------|-----------|-------------|-------------|-------------|
| 100 | 2 | 6.7% | 6.7% | 6.7% |
| 150 | 5 | 16.7% | 16.7% | 23.4% |
| 200 | 13 | 43.3% | 43.3% | 66.7% |
| 200 – 250 | 10 | 33.3% | 33.3% | 100% |
| Total | 30 | 100% | 100% | |

Table 4.7 What Is The Ideal Number of Clients Per Portfolio That a Private Banker Can Successfully Manage?

4.2.1.2 Analysis and Discussion of Findings

Over 43% of the participants stated that a total number of 200 clients in a portfolio were ideal. This was followed by 5 respondents believing that one 150 clients were the right number to have per portfolio. A range between 150 and 200 is the ideal average that is currently is the norm in most leading private banks locally and internationally.

4.2.3 Objective Three

To discover the extent and importance of referrals from satisfied clients in order to adequately answer to this objective two questions had to be asked, “Are Referrals from Satisfied Clients Important?” and “How Many Referrals Have You Received In This First Quarter?”, the results are tabulated in page 70.

| | Yes | No | Total |
|--------------------------------|-------------|-----------|-------|
| Importance of Referrals | 28 (93%) | 2 (7%) | 30 |

Table 4.8 The Importance of Referrals from Satisfied Clients

4.2.1.3 Analysis and Discussion of Findings

This was designed to be a straight yes or no answer with 28 of the 30 respondents opting for the affirmative. The 7% that did not see the importance of referrals cited reasons such as being able to reach their targets and succeed without any referrals and this has been tested in the years that they have worked in this environment. Empty referrals were also another reason for this negative response stemming from following of referrals that have more often resulted in a waste of resources.

| No. of Referrals | No. of Respondents | Percentage | Valid % | Cumulative% |
|------------------|--------------------|-------------|-------------|-------------|
| 0 | 7 | 26% | 26% | 26% |
| 1 | 4 | 14.8% | 14.8% | 40.8% |
| 2 | 2 | 7.4% | 7.4% | 48.2% |
| 3 | 4 | 14.8% | 14.8% | 63% |
| 4 | 4 | 14.8% | 14.8% | 77.8% |
| 5 | 1 | 3.7% | 3.7% | 81.5% |
| 6 | 1 | 3.7% | 3.7% | 85.2% |
| 7 | 2 | 7.4% | 7.4% | 92.6% |
| 9 | 1 | 3.7% | 3.7% | 96.3% |
| 15 | 1 | 3.7% | 3.7% | 100% |
| Total | 27 | 100% | 100% | |

Table 4.9 The Number of Referrals Received

A disturbing 26% of the respondents stated that they had not received a single referral in the past quarter followed by 4 bankers with just one lead, 2 bankers with 2 leads and 3 bankers with 3 leads during the same period. The rest of the private bankers did show some level of success in this area with leads ranging from 4 to 15 each.

4.2.4 Objective Four

To discover the extent to which complaints and failures play in shaping or breaking a private banker's career.

In answering this question two questions were posed, the first being how complaints are viewed by leadership in this environment and the second question was how failures were viewed by the leaders in the business. The results received from the first question are presented in a table format and the second question's results are presented in a pie chart in table 4.7.

| View on Complaints | Frequency | Percentage | Valid % | Cumulative% |
|--------------------|-----------|------------|---------|-------------|
| | | | | |

| | | | | |
|--------------|-----------|-------------|-------------|-------|
| Negatively | 17 | 56.6% | 56.6% | 56.6% |
| Positively | 9 | 30.1% | 30.1% | 86% |
| Seriously | 3 | 10% | 10% | 96% |
| No Comment | 1 | 3.3% | 3.3% | 100% |
| Total | 30 | 100% | 100% | |

Table 4.10 The Extent to which Complaints and Failures Play in Shaping or Breaking a Private Banker’s Career

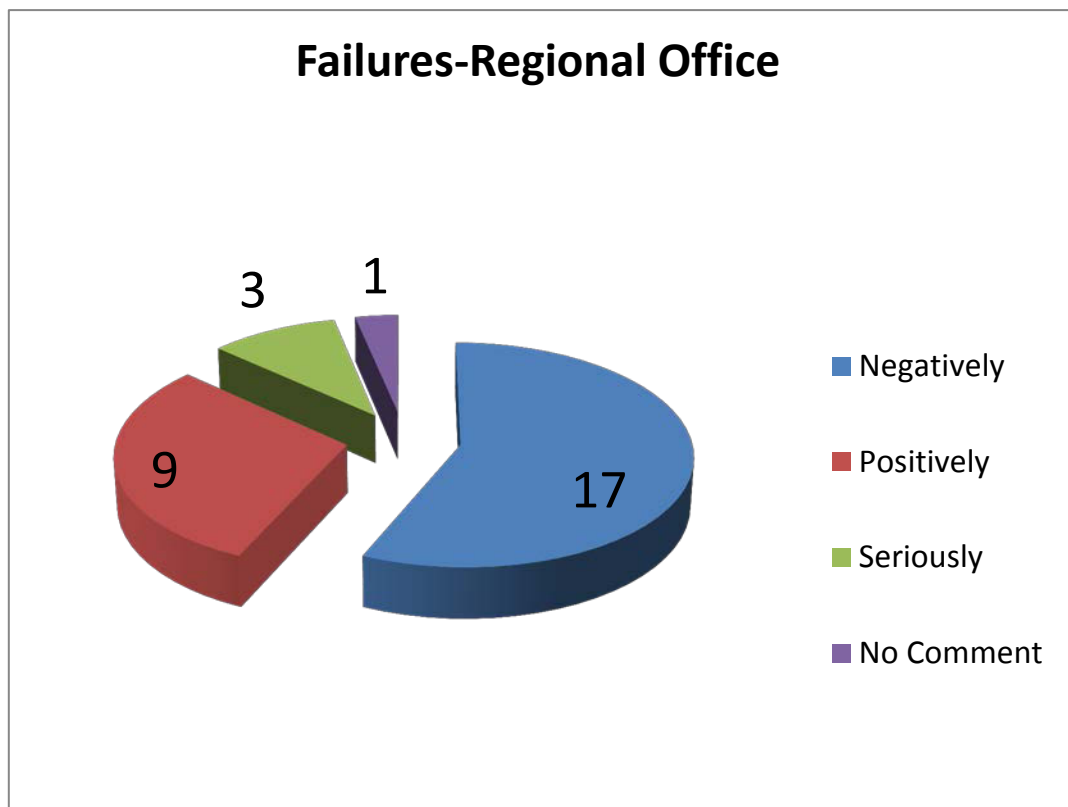


Figure 4.5 The Extent to which Complaints and Failures Play in Shaping or Breaking a Private Banker’s Career

4.2.4.1 Analysis and Discussion of Findings

A strong 56.5% of the respondents felt that leadership viewed complaints negatively, this translated to a total number of 17 participants out of the 30 interviewed. The Human Resources business partner went on to say “Bankers are penalised on their scorecard for customer complaints and failure to resolve these. This is an unfair measure of a banker’s performance as some complaints are not based on the service received, but the quality of the products / services offered.”

Banker number fourteen bluntly put it: “Regional is only interested in hearing about successes and nothing else.”

The number of those who viewed complaints positively was 9 which at 30% is somehow cause for concern in this environment where complaints are an everyday occurrence. A low 10% stated that complaints were indeed taken seriously with a formal complaints log and resolution process currently in place.

A total of 56% of the respondents maintained that the Regional office similarly to complaints, viewed failure negatively. There was an evident tone that the leadership had very little patience for anything that was not a great success in terms of sales. Twenty (20) respondents which represented 66% of the bankers viewed failures positively, maintaining that failures helped them as individuals to grow and succeed as without failure they would not learn how to succeed.

4.2.5 Objective Five

To discover the right measure of success for private bankers in this environment.

| Measure of Success | Frequency | Percentage | Valid % | Cumulative% |
|---|-----------|------------|---------|-------------|
| Retention & Cross Selling | 12 | 34.2% | 34.2% | 34.2% |
| Income | 8 | 23% | 23% | 57.2% |
| Sales | 6 | 17% | 17% | 74.2% |
| Customer Feedback | 4 | 11.4% | 11.4% | 85.6% |
| Equal Mix of Sales & Service | 4 | 11.4% | 11.4% | 97% |

| | | | | |
|--------------------|----|-------------|-------------|------|
| Personality | 1 | 3% | 3% | 100% |
| Total | 35 | 100% | 100% | |

Table 4.11 The Right Measure of Success for Private Bankers

4.2.5.1 Analysis and Discussion of Findings

This question as the first question attracted more than one option by 5 bankers and these responses have been added in the frequency.

Retention and cross selling was ranked highly by 12 bankers followed by the ability to increase portfolio income with 8 bankers constituting 23% of the responses received. Sales came right in the middle with only 6 of the respondents feeling it was the right measure of success. Personality which is a soft skill came at the last with one respondent in favour which does highlight that personality alone is not enough in this business.

4.3 Summary

This chapter presented, analysed and discussed the data gathered in conjunction with what had been presented as literature from other writers in this subject in chapter two.

The five research objectives as detailed in chapter one have been met and addressed in this chapter which used graphic depiction to provide a clear tabulation of results.

The next chapter presents the conclusions, recommendations and suggestions for further research.

CHAPTER FIVE

Conclusions and Recommendations

5.1 Introduction

The study was designed to identify the factors necessary for one to succeed as a private banker. The literature reviewed together with the data collected has contributed in creating a well informed perspective and has added a valuable insight enabling a further elaboration of the finding from the previous chapter so that suitable conclusions have been made and well informed recommendations have been made.

5.2 Conclusions and Recommendations

The objectives of the study, below were used to drive a well researched literature contribution to the research objectives.

5.3 Objective One

The Most Suitable Skills Necessary for One to be a Private Banker

5.3.1 Findings Based on the Literature and Data Collected

Banking and financial knowledge was rated highly by the bankers followed by the work experience in banking and finance. This is necessary and is a fitting basic requirement because it is a financial environment. Both the respondents and the literature agrees that it is necessary because the client base dealt with is well informed about the financial sector and is well read in terms of the local and international economy. The ability to build relationships is also very important as the role is about attracting and retaining relationships. Banker number seven puts it all together stating that “the organisation required one to be able to understand the financial industry and approach clients’ needs holistically utilising our offering.” One has to be skilled with the ability to develop and maintain relationships with high net worth individuals.

It was rather interesting to note that only one banker felt that wealth management and financial planning knowledge was a requirement. This could be as a result of Bankers seeing their roles as totally separate from wealth or financial planning, seeing themselves as strictly structured lenders.

There appeared to be full agreement in both the majority of the respondents and the literature writers. Piaz (2011) states that a private banker has all the fun of staying abreast of global events, seeing what the investment universe has to offer, hearing and understanding what the clients' requirements and needs are, and being able to access all the tools to find the right match.

5.3.2 Conclusion

Being in a banking environment suggests that one needs to understand how banking as a system works and a general knowledge of banking products. A successful banker is the one that has the ability to command respect and build a trustworthy relationship with their client. This calls for one to be a skilful communicator that people open up and warm up to. An analytical and enquiring mind is a skill that is of importance as one will need to be able to manoeuvre and sift through the client's conversations and thoughts to get to where they can be understood enough to solution them adequately.

5.3.3 Recommendation/s

A banker set out to succeed in private banking is recommended to have a Bachelor of Commerce degree or similar qualification with finance or banking as a subject. This is important because private banking is a financial profession in a banking environment. A private banker's main role is that of providing financial advice to their client which calls for a good understanding and knowledge of finance. Being in a banking environment will suggest that one needs to understand how banking as a system works and a general knowledge of banking products.

A successful private banker is further recommended to have experience in relationship management. A private banker with finance or banking qualification can be employed any day, however; the one employing has to understand that extensive coaching and training investment will be required to get one to a level of success.

Well read and qualified Chartered Accountants, for example; have come into private banking and found it particularly difficult to succeed in this environment, this attests to the point that a qualification alone will not make one successful but a good mix of the recommended skills and knowledge would place one in a possible road to success.

5.4 Objective Two

The Ideal Number of Clients per Portfolio That One can Successfully Manage

5.4.1 Findings Based on the Literature and Data Collected

The research conducted indicated that 200 clients per portfolio would be the right and manageable number per private banker. This is based on the responses of the participants as tabled in table 4.10. The literature in this specific area was not available at the time of the research and will be put up as a suggestion for further research in order to build up academic theory in this area. The findings and conclusions are solely based on the data collected from the field work.

5.4.2 Conclusion

The core of the private banker's role is relationship building. Relationships are built through engagement and because of this, it is important that the private banker is enabled to achieve this.

5.4.3 Recommendation/s

Two hundred clients per portfolio is what is recommended and it is further recommended that a banker who manages the high end of the high net worth clientele should look after not more than one hundred clients simply because of the higher level of attention required to service and retain this group of clients.

Two hundred clients cannot be reached all at once, it is further recommended that the portfolio be segmented accordingly and a formal engagement strategy devised for each segment. If this is not done, the banker will continue to feel that they have a huge mountain to climb and will fail to reach their client engagement targets which potentially would also hinder the relationships with the clients.

5.5 Objective Three

How Important are Referrals from Satisfied Clients.

5.5.1 Findings Based on the Literature and Data Collected

Literature confirms that referrals are very important in the life of a private banker. Ang (2010) confirms this by stating that a client does trust a Banker when they can open up and refer their circle of associates and family.

This was designed to be a straight yes or no answer with 28 of the 30 respondents opting for the affirmative. The rest of the respondents that did not see the importance of referrals cited reasons such as being able to reach their targets and succeed without any referrals and this has been tested in the years that they have worked in this environment. Unqualified referrals were also another reason for this negative response stemming from pursuing referrals that have more often resulted in a waste of resources and private banker energy.

5.5.2 Conclusion

A successful private banker will have no difficulty in this area; he or she would secure or receive more referrals from their existing base. There is so much that goes into getting a referral such as trust, exceptional service and confidence in the banker's ability. A client in referring someone they know they are saying they trust and have full confidence with the level of service and knowledge that a banker has.

The data collected has shown that experience is not a factor in one's ability or inability to secure referrals. A banker that is committed to giving exceptional service over a period of time, instil trust and confidence in a client will be entrusted with dipping into a client's circle of association.

5.5.3 Recommendation/s

The evident lack of real focus in referrals as crucial as they are in the success of a banker is the basis for the recommendation that leadership should own the responsibility and drill and put necessary measures to ensure that opportunities in this area are not neglected and missed.

5.6 Objective Four

How do Complaints and Failures Affect a Private Banker's Career

5.6.1 Findings Based on the Literature and Data Collected

This objective yielded an overwhelming high positive response indicating that failures were viewed positively and were another opportunity for growth and learning. The literature supported the idea that complaints and failures are a positive in this environment and they are an opportunity for possible solutions to the problem to be thought of.

5.6.2 Conclusion

Complaints and failures are part and parcel of this business, private bankers who become successful are those who have the ability to turn around a bad situation into a positive learning experience. Private bankers who become successful are those who know that a complaint is not the end of it but the beginning of a strive for correction. A banker who thrives in the face of failure is the one who is brave enough to deliver the bad news and be able to regroup and solution the client.

5.6.3 Recommendation/s

A formal support structure should be put in place for private bankers facing possible challenges before they get to the point of failure. It is recommended that private bankers are adequately supported during times where challenges that could lead to failures.

5.7 Objective Five

What is The Right Measure of Success for Private Bankers

5.7.1 Findings Based on the Literature and Data Collected

The ability to inspire current clients to provide referrals is deemed the right measure of success within private banking. Ang (2010) solidified this point by stating that a key barometer and measure of whether private bankers are doing a good job is the number of referrals they get. He further stated that the biggest clients of most successful private bankers come from referrals which are more preferred to walk-in customers.

The fieldwork on the other hand suggested that a majority of the bankers felt that the right measure of success was the ability to retain the client base and success in cross-selling with a satisfactory 34.2%.

5.7.2 Conclusion

It was interesting to note a difference in opinion between the data collected from the field and the literature, however a conclusion can be made that a retained client is a happy client, the one most likely than not to provide a referral which has been indicated to be important in making a success in this environment.

Based on the responses it is evident that in order to retain a client, a high degree of customer service needs to be maintained which touches on a few soft skills like trust, being professional and knowledgeable. If a client does not trust the advice they will not buy another product and they will leave.

5.7.3 Recommendation/s

A private banking institution is in the business of adding value in the organisation by increasing the share price of the organisation. Private bankers are employed to solely achieve this which means that their role first and foremost is sales as it adds to the bottom line which in turn positively influences the share price. The manner in which this is achieved is relationship based. This means without the relationship it would be difficult to successfully put together a solution that will end in a sale and this is in full agreement with the feeling of the respondents.

It would be fair to say meeting sales targets is the right measure of success of a private banker. The literature reviewed and the data collected suggests otherwise. A sale does not necessarily translate to value which means that a private banker should in fact be measured on the net growth of their portfolio. How they achieve that net growth should be something that is planned and negotiated before the beginning of the financial year in the banker's business plan and contracting.

Private bankers have different talents, some would be better Investment Bankers than some and others will be better structured lenders than other bankers are. How one adds that balanced net value should be in accordance with their talents and capabilities. This is how individuals are inspired to succeed. The level of service if properly measured by a proper client service survey will be the right measure of success as well. Service and

relationships go hand in hand; a relationship in this environment is cultivated by providing a good service.

Finally, a number of referrals a private banker receives within a set period of time will be the right measure of success. Referrals say a lot about the general skills and character of the private banker. It is thus recommended that a good mix of the above would serve as the right measure of success.

5.8 Recommendations for Future Studies

During the interview process it was discovered that there was a distinct difference between how female private bankers and male private bankers experienced their working environment which led to two questions for further exploration:

- ✓ Should gender be a factor when employing a private banker?
- ✓ Do males or females make better private bankers?

There would be great benefit from a study of more private banking institutions would assist by offering a richer study that will highlight a pattern within the sector and enable a comparative analysis between different institutions. Other topics of interest that arose from this study are:

- ✓ The importance of referrals in private banking
- ✓ What should the role specification of a private banker be?
- ✓ How much does reward play in inspiring success within private bank?
- ✓ What should determine an ideal number of clients within a portfolio?

5.9 Conclusion

The research study set out to add academic literature to the factors necessary for one to succeed as a private banker. There were nineteen research questions posed to the thirty respondents which was believed could serve as a starting point for recommendations for future studies. There is not enough academic work written on the subject and any of these questions if researched would positively contribute to the private banking sector.

This research revealed a handsome number of areas and issues that both new and seasoned private bankers need to consider and also avoid in order to be successful in their profession. The data collected is supported by the literature with writers displaying the need for bankers to go back to the basics in their dealings with the client with more emphasis placed on building trust especially after the world wide economic melt-down which left millions of clients losing faith with the profession.

A real focus on service delivery which will in turn encourage referrals has been clearly articulated both in literature and by the respondents. The formula to success depends not only on a singular aspect; the banker must possess the right qualification coupled with the right experience as listed in this paper, the portfolio size must be right, a certain level of mentoring and training has to be in place for new bankers and those facing challenges. The responses to the questions give a clear picture of what to do and what to avoid, in order to be successful as a private banker, which is also in agreement with the literature reviewed.

The recommendations that have been made will add much needed clarity and can be easily applied by the various stakeholders. Having said that, those who choose to implement these recommendations should do so with due care as this was a small scale study and as such there could be variations from the anticipated results. In the light of this, implementation must be closely supervised so that any deviation from the hoped for outcome can be detected and addressed early.

REFERENCES

Al-alak, B.A. 2009. *Measuring and evaluating business students satisfaction perceptions at public and private universities in Jordan*. Asian Journal of Marketing, pp.33–51. Canadian Center of Science & Education.

Al-alak, B.A. & Alnawas, I. 2010. *Evaluating the Effect of Marketing Activities on Relationship Quality in the Banking Sector: The Case of Private Commercial Banks in Jordan*. International Journal of Marketing Studies, pp. 1-15. Canadian Center of Science & Education.

[Ang](#), S. 2011. *Some of the Characteristics of Good Private Bankers*. [Online]. Available WWW: www.hibbis.com (Accessed 3 August 2012).

Asikhia, 2010: *Dissertation on Strategic Marketing Orientation and Performance*

Berndt, A.D., Herbst, F.J. & Roux, L. 2004. *Customer relationship management implementation within a retail banking environment: a South African perspective*. Southern African Business Review 2004.

Bijlsma-Frankema, K. & Woolthuis, R.K. *Trust Under Pressure: Empirical Investigations of Trust and Trust Building in Uncertain Circumstances*. Edward Elgar. Cheltenham, United Kingdom.

Brady, M. & Cronin, J. 2001. *Some new thoughts on conceptualizing perceived service quality: a hierarchical approach*. Journal of Marketing, pp. 65, 34–49.

Britro, C. 2011. *Business Marketing*. Journal of Innovative Marketing, vol. 7, no. 1. Portugal.

Bryman, A., & Bell, E. 2003. *Business Research Methods*. 2nd ed. Oxford University, New York.

Burns, N., & Grove, S.K., 2005. *The Practice of Nursing Research: Conduct, Critique, and Utilization* 5th ed. St. Louis.

Chow, J., Levinson, J., Ma, Q., Solomon, J., & Spieczny, J. 2010. *Dissertation on Swiss Private Banking Microeconomics of Competitiveness*

Christopher, M., Payne, A. & Ballantyne, D. 2002. *Relationship Marketing - Creating Stakeholder Value*. Oxford, Butterworth-Heinemann.

Clutterbuck, D., & Ragins, B.R. 2002. *Mentoring and Diversity*. Butterworth-Heinemann, Oxford.

Codjia, M. 2012. *Private Banker Job Description*. [Online] Available WWW: www.eHow.com. (Accessed 2 September 2012).

Coetzee, C. 2012. *The KwaZulu-Natal Economy-A Performance Overview 1*

update 14. Department of Economic Development and Tourism, Pietermaritzburg.

Coface. 2007. *The Handbook of Country Risk. A Guide to International Business and Trade*. GMB Publishing Limited. UK.

Cohen, L., Lawrence, M. & Morrison, K. 2000. *Research Methods in Education*. 5th ed. London.

Cooper, D. & Schindler, P. 2001. *Business Research Methods*. 7th ed. McGraw-Hill Irwin. Singapore.

Creswell, J.W. 1994. *Research Design: Qualitative and Quantitative Approaches*. Sage Publications, California.

Dabholkar, P.A., Shepherd, C.D., & Thorpe, I. 2000. *A Comprehensive Framework for Service Quality. An Investigation of Critical Conceptual and Measurement Issue Through a Longitudinal Study*. Journal of Retailing.

Dalby, A. *Africa's Richest*. 2010. [Online]. Available WWW: <http://africanbusinessmagazine.com/african-banker/Page-2> (Accessed 9 January 2013)

Dawson, C. 2002. *Practical Research Methods*, UBS, New Dehli

Demerath, P. 2006. *The Science of Context. Modes of Response for Qualitative Research in Education*. International Journal of Qualitative Studies in Education.

Ehlers, T. & Lazenby, K. 2007. *Strategic Management: Southern African Concepts and Cases*. 2nd ed. Van Schaik. Pretoria.

Geiger, H., & Hurzeler, H. 2003. *The Transformation of the Swiss Private Banking Market*. Journal of Financial Transformation.

Gemes, A., Ammann, C., & Lenzhofer, A. 2010. *Private Banking. After The Perfect Storm*. Booz & Company. [Online] Available WWW: www.strategy-business.com (Accessed 9 September 2012).

Grant, A. M. 2001. *Towards a Psychology of Coaching*, Coaching Psychology Unit. School of Psychology University of Sydney. Australia.

Griffin, J. 1995, *Customer Loyalty: How to Earn it, How to Keep it*, Lexington Books, New York, USA.

Gummesson, E. 2002. *Total Relationship Marketing: Marketing Management, Relationship Strategy and CRM Approaches for the Network Economy*. Butterworth-Heinemann, Oxford.

- Harris, L.C. & Goode, M.M.H. 2004. *The Four Levels of Loyalty and the Pivotal Role of Trust: A Study of Online Service Dynamics*.
- Hau, H., Griffiths, D. & McKenna, L. 2013. *From Darwin to constructivism: The Evolution of Grounded Theory*. *Nurse Researcher*. 20, 3,17-21.
- Hennig-Thurau, T. 2000. *Relationship Quality and Customer Retention Through Strategic Communication of Customer Skills*. *Journal of Marketing Management*.
- Horwitz, F.M., & Jain H. 2009. *Business Knowledge for IT in Private Wealth Management: A complete handbook for IT Professionals*. Emerald Group Publishing Limited. Essvale.
- Investec Private Bank. 2012. [Online] Available WWW: www.investec.co.za/#home/contact_us.html
- Jagmeti, A. 2011. *Asian Private Banking Strategy – What Works in Asia? Business Strategy*. [Online]. Available WWW: www.hubbis.com (Accessed 1 September 2012).
- Jayasundara, C., Ngulube, P. & Minishi-Majanja, M.K. 2009. *A Theoretical Model to Predict Customer Satisfaction in Relation to Service Quality in Selected University Libraries in Sri Lanka*.
- Johnson, R.B. & Onwuegbuzie, A.J. 2004. *Mixed Methods Research: A Research Paradigm Whose Time Has Come*. *American Educational Research Association Journal*. Sage Journals.
- Kilburg, R. R. 2000. *Executive Coaching: Developing managerial wisdom in a world of chaos*. American Psychological Association, Washington.
- Kotler, P. 2002. *Marketing Management*, 11th ed. Prentice Hall, Upper Saddle River, New Jersey.
- Kvale, S. 1996. *Interviews and Introduction to Qualitative Research Interviewing*. Sage Publications, UK.
- Lai, P. 2008. *How to be a Good Relationship Manager. Acquisition and Retention of Clients*. Hubbis, [Online] Available www.hubbis.com/articles/pdf (Accessed September 23).
- Lines, R., Selart, M., Espedal, B., & Johansen, S.T. 2005. *The Production of Trust During Organizational Ghange*. *Journal of Change Management*.
- Low, J. 2008. *Golf Charm and Private Banking*. *The Business Times*. [Online]. www.hubis.com. Accessed (1 September 2012)

- McNamara, C. 1999. *General Guidelines for Conducting Interviews*. Authenticity Consulting, Minnesota.
- Metcalf, B. 2009. *Private Bank Rankings*. PWC Report: Strategic and Emerging Issues in South Banking
- Möllering, G. 2005. *Rational, Institutional and Active Trust: Just Do It!?*
- Mullins, J.W., Walker, O.C., Boyd, H.W. & Larreche, J. 2005. *Marketing Management, A Strategic Decision-Making Approach*. McGraw Hill, New York.
- Mullins, L.J. 2005. *Management and Organisational Behaviour*. 7th ed. Prentice Hall. London.
- Nooteboom, B. 2002. *Trust: Forms, Foundations, Functions, Failures and Figures*. Edward Elgar, Cheltenham, United Kingdom.
- Noyes, J., Popay, J., Pearson, A., Hannes, K. & Booth, A. 2008. *Qualitative Research and Cochrane Reviews*. John Wiley & Sons, Ltd under "The Cochrane Book Series" Imprint, Hoboken, NJ.
- Nash, S. & Nash, D. 2011. *Relationship Management*. [Online]. Available WWW: www.teamtechnology.co.uk/customerservice.html. (Accessed 6 August 2012).
- Niglas, K. 2003. *The Combined Use of Qualitative and Quantitative Methods in Educational Research*. Dissertation on Social Sciences. Tallin Pedagogical University, Tallin.
- Onwuegbuzi, A.J., & Leech, N.L. 2005. *Taking the "Q" Out of Research: Teaching Research Methodology Courses Without the Divide Between Quantitative and Qualitative Paradigms*.
- Passmore, J. & Gibbes, C. 2007. *The state of executive coaching research: What does the current literature tell us and what's next for coaching research?* International Coaching Psychology Review, 2, 116-128.
- Perreault, W.D. & McCarthy, E.J. 2005. *Basic Marketing. A Global - Managerial Approach*, 15th ed. McGraw-Hill, New York.
- Piaz, P. 2012. *How to be a Good Relationship Manager, Hubbis, Acquisition and Retention of Clients*. [Online]. Available www.hubbis.com/articles/pdf (Accessed September 23).
- Philip, C., Youssef, C., Pohle, F.M., & Fraser, I.L. 2009. *The World of Private Banking*. Ashgate, Aldershot.
- Pope, C., & Mays, N. 2006. *Qualitative Research in Health Care*. BMJ Books. UK.

Rambus, M.D., & Friedman, D. 2012. *World Ultra World Report 2012-213*.

Ralebitso, M. 2011. *ABSA Private Bank, The Way Forward [Powerpoint Presentation]*. ABSA Private Bank Leadership Convention. Gauteng.

Saunders, M., Lewis, P., & Thornhill, A. 2000, *Research Methods for Business Students*. Prentice Hall. Gloucestershire.

Scott, R. 2010. *Analysing What Went Wrong in Asian Private Banking. Fundamentals of Wealth Management*. [Online]. www.hubbis.com. (Accessed 14 September 2012).

Sekaran, U. 2003. *Research Methods for Business: A Skill Building Approach*, 4th Edition. John Wiley & Sons, New York.

Sheth, J. & Parvatiyar, A. 2000. *Handbook of Relationship Marketing*, Sage Publications, Thousands Oaks, CA.

Six, F. (2005). *The Trouble with Trust: The Dynamics of Interpersonal Trust Building*. Edward Elgar. Cheltenham, UK.

Smit, P.J. & Cronje, G.J. 2002. *Management Principles*. 3rd ed. Juta & Co, Cape Town.

Teddlie, C. & Tashakkori, A. *Foundations of Mixed Methods Research*. Sage Publications LTD, UK.

Twinn, S. 2003. *Status of Mixed Methods in Nursing. Handbook of Mixed Methods in Social and Behavioral Research*. Sage, Thousand Oaks. CA.

Waqar ul Haq, B.M., & Zulfikar S. 2009. *Customer Satisfaction: A Comparison of Public and Private Banks Of Pakistan*. Ali Bhutto Institute of Science and Technology, Islamabad

Wheelen, T. L., & Hunger, J. D. 2004. *Strategic Management and Business Policy*. 9th ed. Pearson Education. New Jersey.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. 1996. *The behavioural consequences of service quality*, Journal of Marketing, Vol. 60

Zikmund, W.G. 2003. *Business Research Methods*. Thomson/South Western. Ohio, USA.

Appendices

Appendix 1 Ethical Clearance



Research Office, Govan Mbeki Centre
Westville Campus
Private Bag x54001
DURBAN, 4000
Tel No: +27 31 260 3587
Fax No: +27 31 260 4609
ximbap@ukzn.ac.za

30 May 2012

Mrs NM Maubert (Bhengu) (206510510)
Graduate School of Business and Leadership

Dear Mrs Maubert (Bhengu)

Protocol reference number: HSS/0140/012M
Project title: Identifying the factors necessary for one to succeed as a Private Banker

In response to your application dated 7 May 2012, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. Please note: Research data should be securely stored in the school/department for a period of 5 years.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....
Professor Steven Collings (Chair)
Humanities & Social Science Research Ethics Committee

cc Supervisor Mr Alec Bozas
cc Mrs Wendy Clarke

