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Resenting bankers won't get us far

I met a senior banker the other week, who was head of retail client relationships with a household name bank.

Concerned about how life must be tough in that role, I asked him how he was managing to rebuild trust with retail clients. He looked a bit surprised at me and asked what I meant by that.

Well, I said – by now a little disconcerted – was rebuilding trust with retailers a problem, what with bankers pulling in overdrafts, restricting loans and tripling their margins? No, he confidently told me, he had no problems with his retailer clients. They all completely understood the problems and were working enthusiastically and amicably with him.

Now, either retailers have recently become a big-hearted, selfless, altruistic bunch, or this particular banker had a pair of remarkably rosy tinted spectacles.

It would of course be natural to resent the bankers who have moved so seamlessly from offering a variety of cheap loans like Woolworths' pick 'n' mix, to acting like Mr Bumble facing Oliver Twist's request for more gruel.

However justifiable our resentment would be, it won't get anyone very far. The media's and politicians' campaign of vilification against individual bankers makes good copy but is just a convenient diversion from the real economic problems.

Meanwhile in the real world, retailers need to work with bankers on attaining mutually acceptable levels of debt and covenants. Retailers have historically liked to live with higher than average debt, particularly in privately owned companies.

The financial world may have changed but retailers need their bankers more than ever

"LIKE THEM OR NOT, OUR BANKERS ARE THE ONLY ONES WE HAVE – AND WE NEED THEM"

Strong, transparent cash flow and largely discretionary capital expenditure looked like an attractive backing for substantial debt. However, now almost all businesses want to move to lower levels of borrowings.

Despite this, auditors are now insisting that, unless companies have secured facilities for another 12 months, they may need to put an "emphasis of matter" in their audit report.

This is effectively an early warning of trouble ahead and is the sort of thing that puts credit insurers and suppliers into a nervous funk. Many companies are already worried about renewing debt facilities two or three years out.

And just when you thought it couldn't get any worse, the pension trustees turn up for their Oliver Twist speech. That modest pension deficit has suddenly turned into a black hole, and they're demanding that the company contributes more cash. But, like the bankers, they are just doing their job. And unlike bankers, they have a statutory duty to protect their members' interests and could face potential personal liability if they don't.

Like them or not, our bankers are the only ones we have – and we need them. Mind you, it's worth remembering Mr Bumble's ultimate fate. Having married for money, Bumble eventually found out that his new wife wasn't as rich as he thought and they both ended back at the workhouse – this time as inmates. So spare a thought for our endangered banking friends.