

Business

Fenchurch founder eyes diversity drive to navigate industry upheaval

By Christopher Williams

I do feel very sorry for younger people in this business," says Malik Karim, the founder of Fenchurch Advisory Partners.

"This is a relationship business. It is a business where you learn talking to people or sitting alongside people or listening to their calls. But the young people who are starting and have been thinking about coming to the office are going to be stuck at home."

Karim, 59, is one of very few people working from Fenchurch's new offices in 110 Bishopsgate, the 46-floor skyscraper that towers over Liverpool Street station.

This year was supposed to mark the next phase of development for the business, an investment banking boutique that specialises in financial services. Instead, Karim is working hard to keep his team together.

"It's all our problem," he says. "We have to find a new way of working and staying in touch. We can't have 330 people on a Zoom call having a drink together. Even eight is hard. So however the next few months work out, it is going to be disruptive."

Yet deals are being done. Fenchurch is advising the mutual insurer LV on its potential buyout by the private equity firm Bain. Karim's team is also helping the Post Office examine the options for its insurance business.

Fenchurch has done 10 deals so far in 2020, including the £1.7bn buyout of Hastings, and expects to complete more even as coronavirus restrictions tighten and the economic recovery is cut off.

The firm is part of the long-standing trend in investment banking towards specialist boutiques that can provide advice free of the potential conflicts of big banks. The giants of the City and Wall Street want to provide financing as well as advice.

Karim left that world when he was sacked by Credit Suisse following the dotcom crash. Big European investment banks have struggled since against US rivals, particularly following the financial crisis, where regulations were more strictly imposed on this side of the Atlantic.

"The Americans have been very formidable in decimating the European investment banking industry, there is actually no doubt about that," says Karim.

"The real reason is that they get much bigger fees in the US, and therefore they come here [to] poach



Malik Karim, the founder of Fenchurch Advisory Partners, is worried about the lack of black talent coming into the financial sector

the top talent from the UK investment banks, the UK law firms, and they set up shops that are subsidised by the US.

"When the Europeans go to the US with their skinny margins and skinny fees, they have no chance in a market where American clients are incredibly loyal to American investment banks."

The financial crisis meant deep cuts at big banks. Karim says he was able to pick up talented bankers that would previously have shied away from a small firm.

Now, with European investment banks such as Deutsche Bank, HSBC and Credit Suisse already in a degree of

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The number of deals done in 2020 by Fenchurch Advisory Partners, founded by Malik Karim, despite the pandemic crisis

crisis before the pandemic, mass redundancies are expected and Fenchurch is preparing to go on the hunt again.

"Look at the news about a potential merger of UBS and Credit Suisse," says Karim. "It is not for me to speculate what will happen, but just think of the uncertainty that creates there."

"There are inevitably going to be big changes in our industry as a result of the pandemic. For clients, if you have got a big complicated transaction going on, you are going to want to work with people you know are going to be there next year."

Fenchurch sees opportunity too in being quicker to respond to the push for greater diversity. Initiatives towards better race, gender and class

representation are still routinely dismissed in the crustier corners of the City. But many young people coming into financial services want to know their employer is changing.

Karim, who came to Britain as an Asian refugee from Uganda, is able to bring his own experience to bear on issues that are uncomfortable to discuss for many senior investment bankers.

In his own early steps in the industry, Karim was frequently on the receiving end of comments such as "you're incredibly ambitious".

"I now know that was a way of having a big pop at me," he says. "At the time I thought it was good. But I didn't know that code."

"I got to this country almost 50 years ago. I went to a secondary modern and grew up on a council estate in Leicester. I was incredibly lucky to go through the British education system and get my first job at Kleinwort Benson.

"One of my big observations today is that a lot of women have come through and a lot of Asians have come through. But a lot of black people haven't.

"This is incredibly complicated but one thing I think is important is that a lot of black talent just isn't coming into business or the City.

"It is going into sport, into music. We are missing out on that pool of talent I think partly because the role models aren't there yet.

"I have to put my own hands up. I've got one black guy working here. On all the Zoom calls I'm on now, I rarely see a black face."

Yet Karim remains unclear on the specific solutions. "I think people like me can learn a lot from young people," he concludes.