

Financial Crisis and The Faith: where is God in all this?

by John Lovatt



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To accompany Michael Smith's article on *The Financial Crisis and the Crisis of Conscience*, John adds a theological contribution. He advocates 'Christ-like banking' and suggests a return to more personal banking and a consciousness of the presence of Christ in our damaged economic world. Is a return to an age of Faith forthcoming?

We can look on our world today, and see the consequences of greed and recklessness, especially in the banking world. We can reflect that modern banking was founded by devout Christians, who were trusted to look after our money simply because they were Christians - reliable, sober, and not greedy. They lent money based on a personal relationship with the borrower, and wise judgements of character and ability to repay, seen as an aspect of love for one's neighbour and for God. What went wrong?

We can deplore the loss of Faith since those days, and call for a return to an age of Faith, where greed among bankers will not be tolerated, where one's word is once again one's bond, and where concern for the poor implies accepting the risk of lending to them, balanced by care not to overburden them with debt.

It would indeed be a cause for rejoicing, and would bring the

much needed stability to the banking world. However, in our Western democracies we are not in an age of Faith, at least not in the world of banking and commerce. All the more reason for working towards a better understanding of God's purposes for the commercial world, as this journal does, but in the meantime we have to persuade bankers and executives of the value of a Christian approach to their problems in a secular environment. I am suggesting that the Christian approach, based on love of neighbour and of God, and accountability towards God, is to embark on a return to the personal responsibility approach to banking, and indeed to other corporate activity.

This may be thought unrealistic if lending is to be done on such a large scale as it is today, and yet just such a personal system is being practised by micro-credit banks such as the Grameen Bank, on a very large scale. Additionally,

such personal assessment and risk-taking is appropriate for the lending of large sums of money to corporations, because the financial cost of such personal attention can be spread over a large sum. Our problem is not the size of the lending industry but the risk-averse society, and the consequent desire of banks and other lenders to protect their employees and their corporate image by systems of ticking boxes. Knowing the person to whom you have the responsibility of lending money has been reduced to 'KYC' - 'Know Your Customer' - which consists of your passport/driving licence and a utility bill! It hasn't worked, and banks are reaping the whirlwind¹. Time for change.

There are vestiges of the Christian heritage, which still survive in the financial industry. 'My word is my bond' is still written up on the Stock Exchange wall². Although many bankers deplore the erosion of this

principle in their experience, now could be a good time for banking corporations to insist upon it. Telephone recording of conversations is already well established, so what's the problem? The 'Due Diligence'³ process used for bonds and other securities for large loans is a remainder from the time when bankers felt it their duty to find out as much as they could about the borrower and the chances of the loan being repaid. It is the personal touch which has gone, and gone also is the extension of this procedure to medium-sized loans.

So what is the Christian perspective which we can offer to the banking industry, apart from



■ London Stock Exchange Crest, with the motto 'Dictum Meum Pactum', 'My word is my bond'. ■

recalling them to their roots? Such personal banking depends on trusting local bank managers with decisions, while supporting them with adequate resources and providing a net with which to catch any criminal acts. This journal has offered many examples of such servant leadership, all rooted in Jesus' own washing of the disciples' feet

and handing over power to them at Pentecost. It has to be understood that the handing over of power from top executives to the grass roots is good for the health of the corporation, that the principle of subsidiarity has to be implemented on the foundation of a profound humility and lack of power-seeking by all those exercising power, and that if it goes wrong there is a judgement on the bank, as there is on many banks at this time. These are Christian messages: personal presence among the needy (Incarnation), losing one's life to save it (Salvation), and expectation of sudden and ultimate judgement (Return). They are, as always, Good News, because they release those executives dealing directly with the customer from ignorant oppression and permit them the joy of creativity in adversity - and bring good news to the poor! We now explore these concepts in some greater depth.

Christ-like banking

1. Incarnation

First, we might first say that the incarnation has far-reaching consequences beyond simply the birth of Christ. At one level, it is a statement that it is in the nature of God to come and be present in the face of misery and need in our world. Jesus talked face to face with people in need of help, often exploring with them the true nature of their need, and discovering together with them the solution to their need⁴. Bankers can behave in the same

way. Instead of a system whereby all medium-sized loans are referred to a faceless regional office for final approval, where no telephone or other direct dialogue is permitted between the end-borrower⁵ and the bank decision-maker, we would have those taking the decision being present with the end-borrower in order to have a dialogue about the true nature of their need, and to discover together the solution (which may not be a loan). God could have sat in heaven taking advice only from trusted advisers, and refusing all communication directly with those in need. Instead he decided on Incarnation. The decision to go in person was risky, but resulted in success. Bankers are Christ-like when they follow in Christ's footsteps, whether they are aware of it or not. Like Cyrus⁶, those not of the Faith can be instruments of God's saving work.

2. Salvation

Christ's work of salvation⁷ is also continuing today. This is not simply in bringing people to Christ who were previously lost; it is much more comprehensive than this. As I suggested in a previous article in *Faith in Business*⁸, Christ is working today to restore the whole creation, including the natural creation. This includes also our workplaces. Christ's work of salvation is done through the cross and the resurrection, and the equivalent in our daily work, through which Christ acts in us, is losing our life so that we may find it⁹. In practical terms, this means that we have to set on one side the pleasure of exercising power over others, the trappings of

office, the *kudos* and status of taking life-changing decisions over the future of individuals and businesses, and the power-dressing, just as Jesus set aside his clothes after the Last Supper and dressed as a servant, before washing the disciples' feet and commanding them not to 'lord it' over those in their power.¹⁰



■ Tintoretto: *Christ Washing the Feet of His Disciples* ■

Interest in and motivation by such things as the pleasure of power and its trappings inevitably result in poor decisions about loans and the creditworthiness of companies or individuals. The truth of the issue and the best interests of all parties (including the bank) are subverted to personal feel-good. Even the desire to make money to feed your family, which is at least to some extent unselfish, can divert good judgement. We have to 'lose' this worldly life in order find the fuller life which will benefit others. We have to sacrifice personal advantage for the better life of others. Not easy. As the saying goes, you don't have to be a Christian to work like this, but it helps. In fact, I find it difficult to see how anyone can make such sacrifices, abandoning the world and its values, unless they are a Christian. This is why the Faith is now so important. However, those bankers who are able to

hand over power and implement systems of subsidiarity are Christ-like in their self-emptying¹¹ for the greater good, even if they don't embrace the Faith.

3. Return

Jesus' return, or second coming, to bring judgement on the world, is the subject not only of the

Apocalypse but also of many of Jesus' sayings in the gospels¹².

Few would deny that today there is a judgement on the banking world. So, as with incarnation and salvation,

judgement is not a once-only event in the future, but an on-going process in which Christ is present today. It is frequently argued that a major cause of the banking crisis was the immoral folly of risk-taking on sub-prime mortgages, combined with the perverse avoidance of regulations by transferring these off balance-sheet. Such immorality evokes these gospel stories and the consequent judgement.

Corporate sin

However, there is also a *hubris* at work here, in that it was not perhaps bankers taking individual unethical decisions, but a climate of banking in which banks followed what the competition were doing, and jumped on this particular bandwagon. If they had not, their (at least notional) profits would have suffered. They were caught up in this frenzy of sub-prime lending. This was a situation where individuals could

not stand against the stream, where Canute¹³ cannot stop the waves. Such frenetic herd-instinct, followed by the inevitable crash, is a feature of economic life which occurs as inevitably as night follows day, from the South Sea Bubble¹⁴ to Northern Rock. Is this a case of corporate sin? In which case, whom can one blame? Perhaps it is more realistic to suggest that although it is up to individuals, particularly those in high positions of corporate power, to recognise the signs and blow the whistle, there are laws of economics, operating in a similar way to laws of nature, which we do well to respect. There are those who say that the pouring of such large sums of government money into the financial system, and even into the pockets of the carmakers or the poor, is like Canute against the waves, and could well delay the recovery. From time to time, it appears, there is a need for a shakeout, where shaky companies and banking systems collapse, so that new, healthier corporations can be built in their place.

Recession

So a recession, whether deep or shallow, long or short, appears at the time of writing to be inevitable. The misery involved cannot be calculated: people losing their jobs, business owners committing suicide, house repossessions, cholera in poor countries. 'Men's hearts failing them for fear'¹⁵. Time was, when preachers would say this was the judgement of God. Some still consider that the profligate 'getting and spending' of the last decade, the rampant materialism,

has had its own eventual consequence.

A less traditional theology might say that the economic laws, like the laws of nature, are part of God's creation, and as such are distorted by the presence of evil. But they are laws all the same. God does not wish the sparrow to fall to the ground in winter, nor does he wish unemployment or bankruptcy or stress on his children. However we are in a world which is flawed and frustrated, and longing for the revealing of the children of God, albeit groaning¹⁶ in order to bring about the new birth of better businesses, better banking systems and better economic conditions. Business people and bankers are right now being creative¹⁷ in building a new world, which will serve the needs of its people better and, we hope, will learn from the past that excessive consumerism has its price. It is surely not hard to see that such renewal is the work of Christ in us, aided by the Spirit. Surely it is the Spirit who is inspiring our business people with new ideas to ride the recession. Surely it is Christ with us in our suffering, acting through us in our self-sacrifice of stress, worry, time and pay, in order to see our businesses through the recession. And Christ with us too, if we fail, and are unemployed, and have to start a new life - we belong to Christ, not to the world.

The Faith

If only business people could see this, the stress would become more bearable, and perhaps part of the renewal process might be that we have a return to the

Faith, of which this country was once a remarkable example. A first step might be that we explain to people that Christ-like banking or Christ-like business does not imply accepting all the mumbo-jumbo of an old-time religion, but that it is enough to accept that God in Christ is present with us in our work, is involved in renewing our economic world, and will set everything right one day, when he returns to make all things, including our work, new¹⁸. ■

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Notes

- 1 Hosea 8:7: "For they sow the wind, and they shall reap the whirlwind". John Wesley's notes read, "Sown the wind - A proverbial speech to denote lost labour. Whirlwind - A tempest, which destroyeth all that is in its way; an emblem of the wrath of God." The toxic debt certainly denotes lost labour.
- 2 At the entrance to the Stock Exchange, on the Coat of Arms, in Latin: *dictum meum pactum*, "My word is my bond"
- 3 'Due Diligence' in the case of bonds and securities is the process by which those selling the bonds do a thorough investigation of the borrower, including creditworthiness, address, contacts, history, and all material facts relating to the borrowing.
- 4 Take for example the exchange with Blind Bartimaeus, who at first just asked for general help ('have mercy'). Jesus makes Bartimaeus state his true need - 'that I may see'. (Mark 10:46-51). He spent a long time in discussion with the Rich Young Man, who asked for general help ('What must I do...?'), and Jesus finishes by directing him towards his true need ('You lack one thing') (Mark 10:17-21).
- 5 By 'end-borrower' I mean the final person in the chain of borrowing, who is being given the loan - a company or an individual
- 6 Ezra 1:1 records that the Lord stirred up the spirit of Cyrus king of Persia, who was not of the Hebrew Faith, to rebuild the Temple in Jerusalem and initiate the Return of the chosen people to Israel.
- 7 Some readers may prefer the term 'Redemption', but Redemption strictly applies to the buying back of people who are in bondage to sin. Salvation may be a better way to describe Christ's saving work with non-human creation.
- 8 'Global Warming and the New Theology: a business viewpoint', *Faith in Business Quarterly* Vol.11.3 pp.9-14, but particularly page 12.
- 9 Matthew 16:24: 'Then Jesus told his disciples, "If any want to become my followers, let them deny themselves and take up their cross and follow me. For those who want to save their life will lose it, and those who lose their life for my sake will find it."'
- 10 John 13:4-17. Also Matthew 20:25-28.
- 11 Philippians 2:5-8. St. Paul is suggesting we imitate Christ in his self-emptying.
- 12 See for example Matthew 25 (Wise & Foolish Virgins, Parable of Talents). The Bridegroom/Master returns with a judgement on those left in charge.
- 13 In about 1020, King Canute put his throne on the sea shore to demonstrate that even with all his kingly power, he was unable to stop the waves coming in.
- 14 The frenzy to invest in the South Sea Company, which had a monopoly granted by the UK government of trade to South America (which belonged to Spain, with whom we were at war!) sent the shares from £128 in January 1720 to £1,000 in August and back again by September to £150. Politicians, banks, companies and Lords were ruined, as well as many members of the general public.
- 15 Luke 21:26
- 16 Romans 8:19-22.
- 17 An example in the banking world might be what is known now as 'boutique' banking, where banking executives who have been made redundant start up new small businesses on their own, in particular offering advisory services for refinancing or restructuring. Banking talent is thus now moving away from manipulation of money to creating wealth, to the benefit of all. This is a similar phenomenon to that in manufacturing industry in the 80s, where multiple small businesses replaced large corporations.
- 18 'Behold, I make all things new' Revelation 21:5 (King James Version)