

Action Plan for Lloyds Bank

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Corporate governance is a combination of rules, procedures, and practices that help a company direct and control its operations (McCahery, Sautner, and Starks, 2016). It involves maintaining the interests of a company's shareholders, customers, suppliers, community, management, and government. Where corporate governance also delivers the framework for achieving a firm's objective, it also helps a company in every aspect of management to take forward, from action plans, internal controls, corporate disclosure, and measuring their performance (Armstrong et al., 2015). Altering these processes is essential for a company, and if it is not done by a company, it leads to serious disasters in the long run. However, many multinational firms tend to lack in this regard for various reasons, which affect every aspect of their management and operations. One of these cases was faced by the Lloyds Bank of England, which is a British retail and commercial bank. The £16.6 billion income, £436 billion asset figure, and government-ownership percentage are historical case data and should not be presented as Lloyds' current position.

The reasons why Lloyds Bank has been selected for this action plan are:

- Companies tend to lack in their corporate governance and move towards a bad economy, which results in filtration. Lloyds Bank has also affected their economy by making bad decisions and lack of managerial operations.
- Lloyds Bank started to lose its online privacy, losing a large amount of money from online fraud. It has affected the overall strength of the company because every bank nowadays is offering online banking facilities.
- Every banking facility should cater to risk management to overcome a lot of future problems and to maintain the flow of business. Lloyds Bank is moving towards the bad side of managing risk in the group.
- A lot of decisions for the bank are taken by external bodies, which makes Lloyd look weak in the market. Market competency is a vital role that every company should try to maintain.

Summary and Case Issues

The case concerns the period when António Horta-Osório was Lloyds Banking Group's chief executive. The current Group Chief Executive is Charlie Nunn, who joined in August 2021. Still, the company managed to make £17.5 billion in operating income. It is, however, a point of interest that Osorio did not take any measures to overcome its corporate issues. The financial statements of Lloyds Bank state that their inflation rate fluctuated within the company, and it was a risk that they needed to

overcome. The bank tends to involve the British government in its shareholding as well, which shows that the company had stable ground and market growth.

In developing the case, the following topics will be discussed regarding Lloyds Bank corporate issues:

Lack of inflation control: The risk of decreasing the inflation rate tends to reduce the liquidity of the company. Lloyds needs to untie this knot to unravel itself from the risk of having a floating inflation rate (Schenk, 2017). A stable inflation rate within a company makes it profitable for the company. As per financial reports, Lloyds' health rate is 2%, but they seem to toggle around 7-8% a year. This directly leads to a bad business environment where the amount of earnings is less, and spending is more. It leads to a negative aspect of inflation within a company. Falling prices make new buyers available, and an increase in profit is most likely to be happening. Moving towards inflation also causes shareholders and stakeholders to move away from Lloyds Bank. The British government is also taking itself away from the bank due to higher share prices.

Fear of liquidity: Another problem faced by Lloyd Bank is the fear of becoming finished from the market. As of 2015, the higher demand for government-issued bonds from QE increased the bond prices and brought the yields really down (Schenk, 2017). This made the investors risk more of their investments to control the yield imposed upon them. This type of risk might make Lloyds bank liquidified and erase them from the market. So, the main effect of the riskier investment is to distort the value of bonds and make the rate of return less for the investors. From 2015, 43% of the shareholders have decreased from Lloyds Bank, and more were going to be reduced. The lack of liquidity between the purchase of bonds has been even more worse than ever. However, as of 2016, Lloyds Bank had low investments due to the slowing global demand of Chinese banks. Possible advisors also believe that Lloyds does not have a proper management function to maintain the company.

Theories Applicable for Lloyds Bank

In this case study and analysis, we are going to discuss the impact of Lloyds Bank's performance on its shareholders and stakeholders. We will also discuss in detail the inflation and liquidity performances that the company was observing. The agency theory will help us illustrate the reasons Lloyds Bank faced a high inflation rate and its relationship with its shareholders (Bessis, 2015). It will also be discussed why the shareholders and stakeholders started to reduce in the company. Their dependency on hiring employees and firing employees will also be discussed in detail, which was faced by the bank in the previous year. The director tried to fire almost 1000 employees from the parent company, in which the bank was also affected. We will discuss in detail when Osorio was moving towards liquidity and tried to manipulate profits by designing the organization. It has a huge turnover for the company, as it made the shareholders and stakeholders move away from the company (Zhang et al., 2016).

Key Points Pertinent to the Case

Literature that we will use for the further study of Lloyds Bank are as follows:

- Lloyds Bank's Financial statements from 2010-2016 will tell us about the inflation prices, shareholders equity, financial condition of the bank, and share prices.
- Review reports submitted to the financial journals.
- World Bank review of the financial conditions of UK and US banking sector.
- Corporate governance laws in the UK banking sector.
- Principles of Corporate governance for the banking sector and financial institutions.
- Cyber laws formulation (2014) by the UK legislative.
- Inflation and deflation theories.

Summary of Completed aTsk

So far, we have discussed the Lloyds Bank's

- Shareholder and shareholder situation. How have they managed to control the situation, and how will they cover it?
- We discussed cybercrime, which became a bank loss.
- I found data from different websites, such as Lloyds' official website and Business Insider.
- Gathering background information about the Lloyd Bank's services and products. The information was mostly taken from the company's business profile.
- Financial statements helped understand the inflation rate and other data included in the plan.

Issues which we discovered in the case and should be addressed are:

- There was a lack of data found on the primary search engines about the bank and its corporate governance.
- Almost every piece of news has been told about the lack of corporate governance in the Lloyd holding group.
- Data gathered for the case provided an in-depth situation for the company.

In the table listed below, you can see the tasks that will further be accomplished to understand the study better within the given amount of time.

Date and Time	Tasks to be completed
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20 th March 2018	Developing information about the topics discussed in the action plan.
24 th March 2018	Providing detailed literature for the topics in the plan.
30 th March 2018	From research, gathering data for the company from financial reports to corporate issues addressed.
2 nd April 2018	Detailed write-up of the problem-solving for the company, supported by critical evaluation.
7 th April 2018	Fix errors and proofread the document.

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