

## Boss seeking to boost Abbey's banking status

The ambitious Portuguese boss of the Abbey believes he will turn the former building society into a fully fledged commercial bank by 2012, and has no qualms about taking on the UK's biggest banks to achieve his aim.

Abbey's chief executive António Horta-Osório is planning to launch an all-out attack on the 'Big Five' and the UK's largest building society, Nationwide, in an attempt to wrestle away significant amounts of their savings, investment, insurance and credit card market shares. But, as he does so he must also jealously guard the Abbey's current account and mortgage sales being chased by the same organisations that he is hoping to trump.

One of the first organisations to make the jump from mutual building society to a share-holding bank, Abbey became a prime takeover target in 2000 following its ill-advised diversity into wholesale banking. After losing almost £280million in 2002 the former chief executive Ian Hartley left the organisation and former UBS big-hitter Luqman Arnold was drafted in to turn around the Abbey's fortunes.

Despite setting a three year target to turn around the bank's fortunes, after only two years Arnold negotiated a £8.5million takeover by Spanish banking giants Santander - the biggest cross-border takeover at the time. In his time at the reins Arnold had managed to disentangle much of the loss-making elements of the organisation, including the loss-making [life insurance](#) arm. He was also responsible for dropping National from the organisation's name and rebranding the branch network. However, his management team had been unsuccessful in luring customers to Abbey and hence for shareholders the takeover was the best available option.

So, Horta-Osório knew that he was in for a challenge when he took over the reins a year after the takeover in 2004. His stretch targets were to reduce costs by £150million and increase revenue by £300million within two years. He also had to oversee 5,000 controversial job cuts and a major IT migration.

Despite the huge challenges faced by Horta-Osório he duly met his targets in the time set by senior management. The Abbey's cost-income-ratio has plummeted to 50 per cent, down from 70 per cent and revenues have increased by five per cent. His plans for the future now include using the newly integrated IT system to cross sell credit cards, insurance, investment, life and protection products, as well as increasing offerings for small firms.

Despite the massive challenges faced by Horta-Osório when he took the helm he ably proved he was up to the task, and given his well-won reputation the 'Big Five' must be anxiously looking over their shoulders as he acquires them in his sights.

### About the Author

Andrew Regan is an online, freelance author from Scotland. He is a keen rugby player and enjoys travelling.

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