

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



Swedbank's never-ending crisis

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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WRITTEN CASE

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The never-ending crisis

It was a cold and grey February morning when Birgitte Bonnesen, the current CEO of Swedbank, was routinely looking through the business pages of the newspaper, getting ready for yet another long day. Then suddenly her phone starts buzzing and does not stop for yet another set of minutes. The news is out. All major publishing houses and media companies are discussing the latest episode of 'Mission: Investigate' by the Swedish public service company SVT, a program for investigative journalism. Swedbank, the trusted and leading bank in Sweden, Estonia, Lithuania, and Latvia, is suspected of being a part of a major money laundering case involving 40 billion SEK. Birgitte gets up from the table trying to gather her things, collecting her thoughts, trying not to panic, but she is very much aware that this will not disappear in the next coming days. 20 February 2019 marks the day of the initiation of Swedbank's never-ending crisis. In 2018, Swedbank got a score of 34 in Kantar Sifo's 'Anseendeindex' (**Exhibit 4**) which measures Sweden's most visible companies' reputation, 2019 they received the low score of 7 (**Exhibit 5**), following this they improved slightly to get a score of 8 in 2020 (**Exhibit 6**). Swedbank's trust and reputation were hit hard by this lingering crisis that kept on developing as time passed (**Exhibit 9**). In addition to this, Swedbank's stock plummeted the day of the revelation (**Exhibit 7**).

Background

Swedbank is rooted in the first savings bank that opened its doors all the way back in 1820 (**Exhibit 1**). The name 'Sparbanken' was related to the idea of being able to insert and extract any type of sum of money whenever. In 1990, the eleven separated branches of Sparbanken joined forces and created Sparbanken Sverige (Sweden) during this time they also became a listed company. In 2005, they bought the Baltic bank Hansabank in order to help more people find economic security since the countries were now independent. In 2006 they changed their name to Swedbank (**Exhibit 2**) and began their newfound vision of donating parts of their profits to research, education, sports, business, and culture (**Exhibit 3**). Their operations and services are offered to both corporate and private clients with 550 000 corporate clients and 7 million private clients in Sweden, Estonia, Lithuania, and Latvia.

Swedbank now works to educate and encourage their customers' knowledge about the economy and money, as well as taking part in many societal questions and issues. Their values relate to the concepts of open, simple, and considerate (**Exhibit 3**).

In 2016, the CEO of Swedbank, Mikael Wolf, was fired for allegations regarding insider trading. Swedbank chose to replace him with Birgitte Bonnesen, who at the time was managing Swedbank's operations in the Baltic states.

Timeline of the crisis

It all started in September 2018 when the Danish Bank, Danske bank, was rattled by a massive investigation of money laundering conducted in the Baltic states. Birgitte Bonnesen (CEO of Swedbank) was quick to state that Swedbank has not been involved in any similar matters and that the companies responsible for the money laundering within Danske Bank are not customers of Swedbank.

In February 2019, the television program 'Mission: Investigate' revealed that the well-known Swedish bank Swedbank may have been used for extensive money laundering for more than a decade. They revealed that 50 suspicious companies were involved. The conclusion in the program was that Swedbank had been used for systematic money laundering for almost a decade and they also found evidence from 2013 that Birgitte Bonnesen were aware of the connections to Swedbank.

Birgitte Bonnesen, in a moment of trying to save Swedbank's reputation, discloses the fact that Swedbank acts on suspicious behavior and transactions, and that this would have gone unnoticed sounds very strange. But after pressures from the media, the Swedbank launched an internal investigation to determine if this in fact is true and has happened but choose to only look at the 50 suspicious companies.

Swedbank in a crisis mode, releases a press statement saying that money laundering is truly one of the bank's biggest challenges and they are prioritizing the work against money laundering. In the press release, they also note that they cannot comment on everything brought up in the 'Mission: Investigate' episode due to bank secrecy and message prohibition.

In February 2019 Birgitte Bonnesen decided to conduct an external investigation of the alleged money laundering after major pressures from the media. Birgitte Bonnesen continues by stating that preventing and working proactively against money laundering is one of the bank's most crucial matters.

In late February 2019, The Swedish Economic Crime Authority launched a preliminary investigation due to the revelation that the majority shareholders in Swedbank were given notice of the alleged money laundering matter before the

broadcast of 'Mission: Investigate's' revelation. This information is relevant for Swedbank's stock price (**Exhibit 7**) which meant that the majority shareholders could act on this information before others were aware of the crisis.

As a result, Swedbank posts on their social media a quote from Birgitte Bonnesen once again stating that they see money laundering as a serious matter and that they are constantly working to prevent this issue. They also refer the followers to read more about their preventive actions for money laundering on their website. Swedbank did not answer any comments on the post.

In early March 2019 the Swedish Financial Supervisory Authority starts an investigation of the alleged money laundering and states that this may lead to large sanctions for Swedbank.

6 March 2019: Swedbank prohibits the opportunity for staff and employees to leave anonymous tips and insider information to the Swedish television's encrypted tip line during the workday. According to Swedbank, this is done to avoid the spread of private customer information and to protect other information related to bank secrecy and GDPR. This prohibition of whistleblowing is viewed critically by the press as this could limit employees to speak out about malpractices within the bank. However, the head of communication at Swedbank, Gabriel Francke Rodau, means that this will not limit the employees' opportunity of whistleblowing since they will not limit their employees to speak to the media or use their internal whistleblowing service.

15 March 2019: A provoked Birgitte Bonnesen declares that criminals try to take advantage of their financial system and Swedbank wants to make it known that it will not pay off committing crimes using Swedbank. The press release continues by releasing information about the many warning signals they get every day from their Baltic states branch to put it all into perspective. The press release clarifies that they have a 60% market share in the Baltic states and that they have notified some of the suspicious behavior and transactions to the finance police. In addition, Swedbank makes the notion that the claim 'Mission: Investigate' has done regarding the sum of the money laundering should be put in relation to the 2000 billion SEK that Danske Bank was accused of money laundering.

At the end of March, the internal investigation comes back and Birgitte Bonnesen declares that Swedbank will create a new department that will focus on the matter of financial crimes within the bank. Many of the majority shareholders critique the investigation for the lack of transparency and extensiveness. The media complains about the lack of coherent communication from Swedbank considering that Birgitte Bonnesen's first statement denied all types of issues within the bank. The lack of trust and communication became a pressing matter in the media.

27 March 2019: The day starts like any other day but ends in total distress and with an extreme reputational crisis for Swedbank. Yet another crisis appears as Swedbank is accused of misleading American investigators by withholding information about the bank's connection to the notorious law firm, Mossack Fonesca. 'Mission: Investigate' found over 100 companies with connections to the law firm that have conducted transactions through Swedbank as well as Danske Bank. A blatant Bonnesen continues to deny that they withheld any crucial information that could be connected to the law firm scandal, even though they had more than 100 company clients connected to the firm.

In the midst of the first crisis of the day, Swedbank is hit with yet another scandal. The Swedish Economic Crime Authority raids Swedbank's main office in Sundbyberg due to the ongoing preliminary investigation of Swedbank's alleged money laundering. This results in expanding the investigation to gross fraud. Investigation leader states that Swedbank has spread misleading communication and information to the public and trade about the bank's acknowledgments about the money laundering within Swedbank in the Baltic states. This is due to the reason of Bonnesen's earlier statements saying that Swedbank acts on suspicious behavior and has not been a part of the same issues as Danske Bank.

In a press release the CEO, Birgitte Bonnesen, still declares that she will do everything in her power to handle the situation and that she understands the seriousness of the situation and knows that they are dependent on trust. Following this, Bonnesen states that Swedbank has been honest throughout the investigation. However, in the end of March 2019 the inevitable happens. Swedbank declares that the CEO Birgitte Bonnesen has been dismissed.

In April 2019 the Swedish Economic Crime Authority chooses to discontinue the preliminary investigation about money laundering within Swedbank due to them being prescribed. However, the cancellation of the investigation of money laundering does not affect the ongoing investigations of suspicious transmission of insider information and gross fraud.

In the end of April 2019, Swedbank's office was once again raided by The Swedish Economic Crime Authority, as a result Swedbank's interim CEO states in a press release that Swedbank have decided to create a unit focused on fighting financial crimes. In the same press release, they state that Swedbank's reputation and trust need to be restored and they have therefore hired lawyer Biörn Riese as an external legal advisor. In addition to the lawyer, Swedbank has also sought help from the communication agency Kreab for crisis communication.

28 August 2019: Jens Henriksson is elected the new CEO of Swedbank. The new chairman of the board, Göran Persson, states in a press release that the new

CEO:s' task is to regain the trust, develop the bank's sustainable profile as well as continue the development of digitizing the bank.

5 September 2019: The head of communication, Francke Rodau, declares that he is leaving his position in a press release. Anders Karlsson, Interim CEO, states that considering the past turbulent months, Swedbank is in need of a fresh start to regain the trust.

17 September 2019: In the press release, Swedbank declare that they have improved the routines for discovering potential money laundering in order to fulfill the demands that concern the laws around money laundering. Swedbank claims that they have not had enough resources and competencies to fully handle the risks with their clients' money laundering.

October 2019: Swedish Financial Supervisory Authorities inform that they will move on to conduct a sanction review for Swedbank's actions in the work against money laundering.

20 November 2019: Mission: Investigate releases the follow-up episode concerning Swedbank and states accusations that Swedbank has broken American sanction rules. CEO of Swedbank, Jens Henriksson states that he welcomes the audit and 'Mission: Investigate's' reports.

20 December 2019: A press release from Swedbank answers the Financial supervisory authority in Sweden and Estonia regarding the claims made. Jens Henriksson declares that he views the observations as serious. He also admits to the internal operations and controls for discovering money laundering as being unsatisfactory. He continues by saying that these shortcomings imply that there is a risk that Swedbank has been exploited to money laundering, this is unacceptable considering the demands and expectations we have from customers, shareholders and authorities.

19 March 2020: Swedbank is fined four billion SEK in sanction charges for shortages in the handling of money laundering in the Baltic states. The bank knew about the money laundering and kept the information from the Swedish Financial Supervisory Authority. The inspection also informs that Swedbank is due to take control over their systems to work against money laundering and the risks that come with it, since they are currently not fulfilling the necessary demands and regulations. This sanction has no effect on Swedbank's daily operations or their customers.

Swedbank's CEO Jens Henriksson answers the fine by declaring that they have come to the same conclusion and that the bank respects the Swedish Financial Supervisory Authorities decision. They continue the press release by stating that

Swedbank has had shortcomings in the handling of customers, owners, and society's trust.

Today (26 February 2021): Many of the investigations in Sweden, Estonia, and the USA are yet to be completed and finalized. The results of these investigations will once again spark the knowledge and awareness of the crisis reminding Swedbank's stakeholders what happened (**Exhibit 8**).

How can Swedbank rebuild their long-term reputation after the crisis?

Exhibit 1 The first logo of 'Sparbanken'



Exhibit 2 The current logo of Swedbank



Exhibit 3 The vision, values and purpose of Swedbank today



Exhibit 4 Kantar Sifo's Index of Reputation 2018

Kantar Sifos Anseendeindex Företag 2018

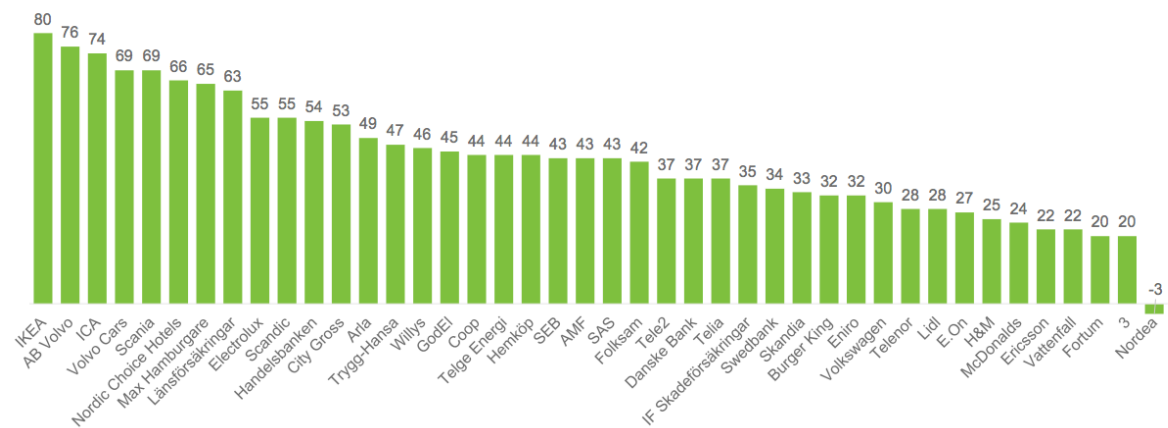


Exhibit 5 Kantar Sifo's Index of Reputation 2019

Anseendeindex 2019

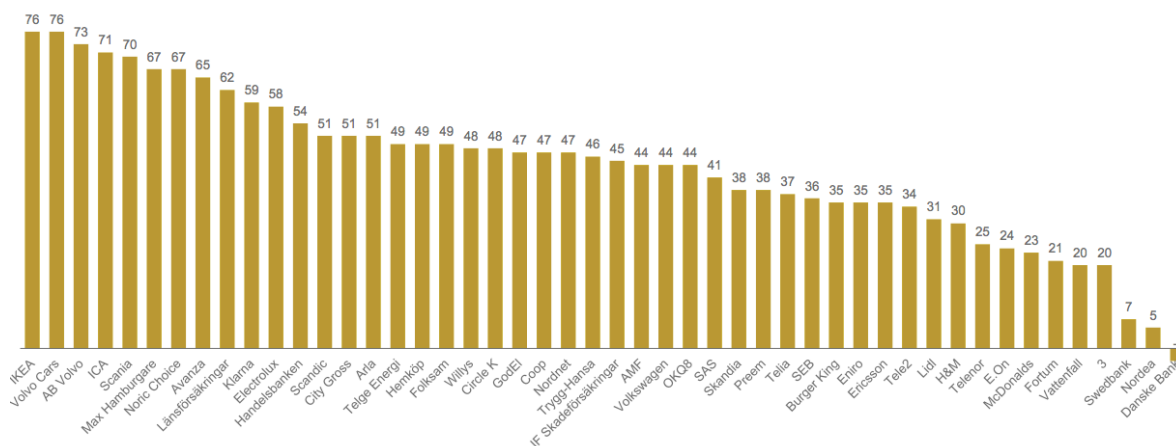


Exhibit 6 Kantar Sifo's Index of Reputation 2020
Anseendeindex 2020

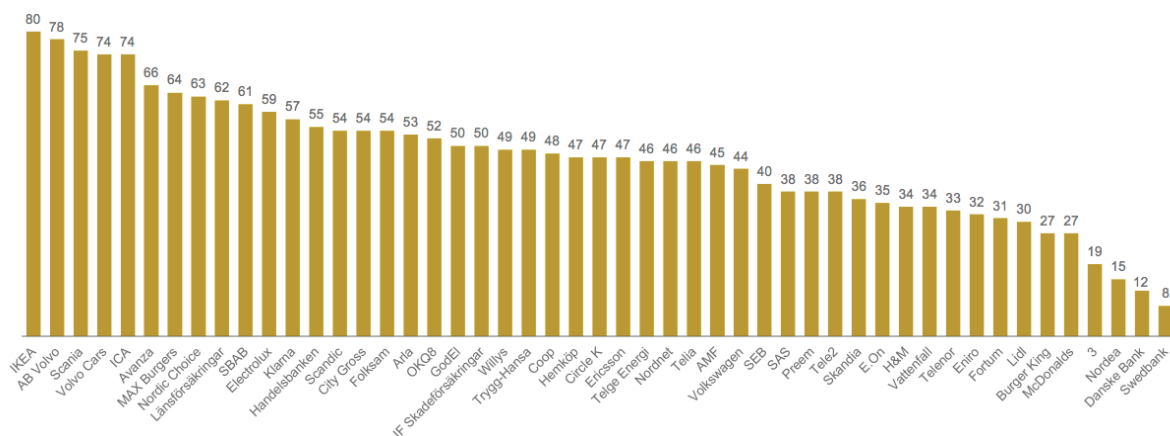


Exhibit 7 The Swedbank stock development during 3 years

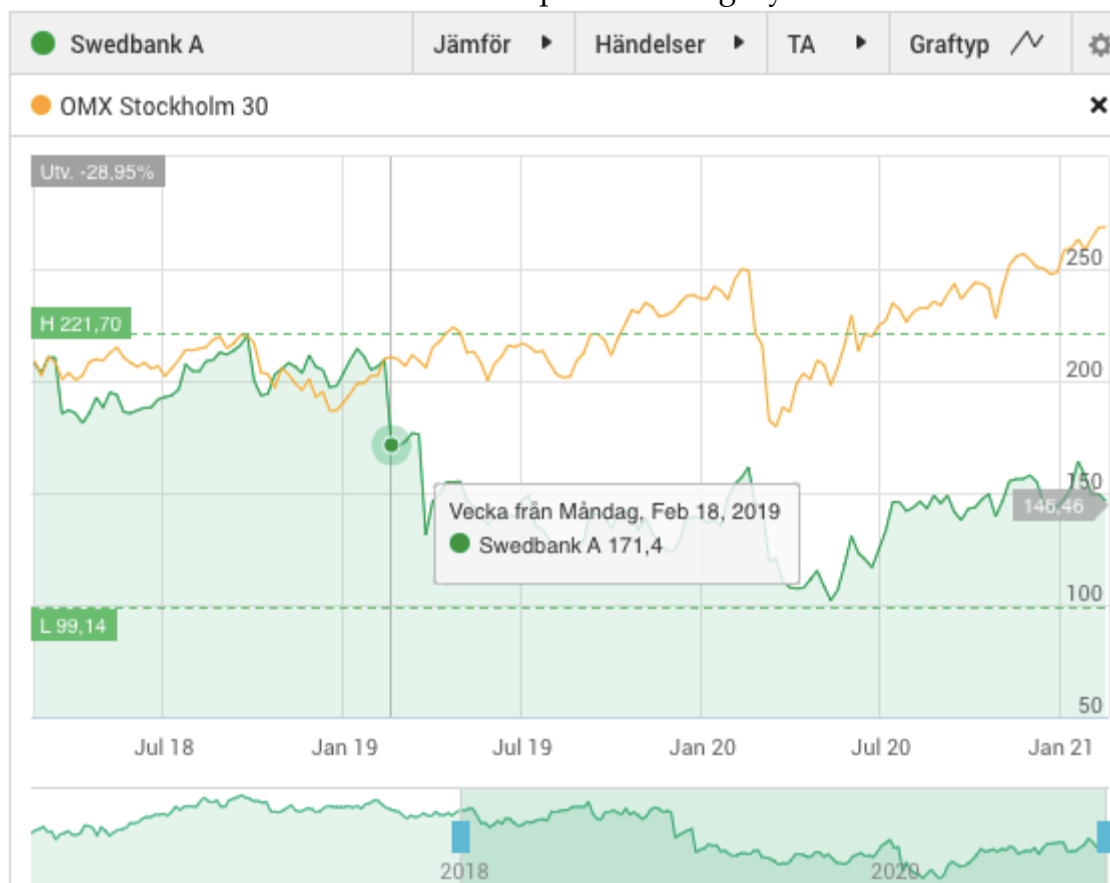


Exhibit 8 Google trends chart of "Swedbank penningtvätt"



Exhibit 9 Brand Reputation index for Swedish banks by Yougov January 2017- June 2019 (Swedbank - yellow)

Buzz (Nets score: Andelen som hört något positivt om varumärket de senaste två veckorna - andelen som hört något negativt om varumärket de senaste två veckorna)

