## Book Review: Why Aren't They Shouting? A Banker's Tale of Change, Computers and Perpetual Crisis by Kevin Rodgers

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In Why Aren't They Shouting? A Banker's Tale of Change, Computers and Perpetual Crisis, Kevin Rodgers, former global head of Deutsche Bank's foreign exchange, offers a lively account of the transformations to the financial sector over the last thirty years, drawing on personal anecdotes, interviews and news articles to give the reader an engaging insight into the realities of contemporary banking, writes Maria Zhivitskaya.

Why Aren't They Shouting? A Banker's Tale of Change, Computers and Perpetual Crisis . Kevin Rodgers. Penguin Random House Business. 2016.

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She has heard about trading floors. She had thought she knew what to expect. There would be excitement. There would be people on two phones simultaneously...

'Why aren't they shouting?', asks someone from the delegation to Deutsche Bank's trading floor, whom the book's author Kevin Rodgers, head of foreign exchange, was giving a tour. Computers. The answer is computers: hardly a spoiler as the answer is given in the book's subtitle. Now that you know the answer, why would you read on? The main reason is to experience an animated first-person narrative about the reality of banking, with relatable anecdotes as well as bits of interviews and news articles sprinkled throughout.

Rodgers's writing style is very clear and conversational, and financial concepts are explained in a way that is understandable regardless of how much you know about banking. The book will particularly resonate with anyone who has worked in financial services, who is curious about working for a bank or who is interested in understanding what many of the people wearing suits in the city of London spend their time doing day to day.

WHY
AREN'T
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SHOUT FING?

A BANKER'S TALE OF
CHANGE, COMPUTERS AND
PERPETUAL CRISIS

KEVIN RODGERS

Like many other graduates from top universities,

when Rodgers started out in banking he 'rather foolishly imagined it would be glamorous. Seventeen years of staring fixedly at screens, arguing interminably in glass-walled meeting rooms and being patted down over again while jet-lagged in foreign airports had rather tarnished that idea.' Rodgers started his career as a trader with

Merrill Lynch before joining Bankers Trust, and finally spent the last fifteen years of his career as a managing director of Deutsche Bank, latterly as the global head of foreign exchange.

Overall, the narrative is lively and engaging – Rodgers takes your hand and walks you through the history of finance over the past thirty years in as effortless a way as if you were sat near him at a dinner party. (Though that is assuming you are keener to listen than a character in one of his post-financial crisis stories: she sat near him at dinner party, and when she asked what he did, he joked he was a child slave trafficker. She was understandably shocked; but after he explained that he was a banker, she exclaimed that she would have preferred for Rodgers to be a child slave trader. Indeed, the author also cites a German poll of public attitudes where the bankers were seen as the antepenultimate profession to be friends with, coming only before convicted criminals and sex workers). The book takes us through the lived experience of the 1994 Federal Reserve rate rise and bond crash that followed; the 1997 Asian crisis; the 1998 Russian default; the 2007 downgrade of Collateralized Debt Obligations (CDOs) by the credit rating agencies; and the 2008 collapse of Lehman Brothers, with just enough depth to understand it better than you did before but without being boring.



## Image Credit: Workers around the Bank of England (Chris Brown CC BY SA 2.0)

The eight-chapter book starts off with 'Reduced to the Absurd – Automating FX', an explanation of how and why automation affected Foreign Exchange (FX) transactions, which the author headed in Deutsche Bank until 2014. Part Two speaks about 'Creating the Crisis', and convincingly argues that the huge rise in the power of computers and telecommunications in the 1990s was the essential precursor for the crisis of 2008. Finally Part Three concludes with 'Making and Mending', asking (rather than answering) intelligent questions about banking culture, regulation and other future developments.

The progress of automation that Rodgers witnessed and was heavily involved in 'started as a leap of faith', he confesses. 'I just had a touching faith that if we gave our customers what they wanted, all would be well; the invisible hand would make things turn out fine.' The book describes the minutiae of what automation entailed: 'lots and lots of meetings [...] I once went to a meeting to discuss the exact way to organize another, separate series of meetings.' Automation resulted in the FX market becoming bigger and faster; while that made the prices more transparent and readily observable, it also added the new electronic fragility which has been shown several times in recent years. For example, the May 2010 'Flash Crash', in which the Dow Jones Industrial Average fell nine per

cent, driven by computerised orders.

Additionally, 'the comfort we got from a better and faster computer system made us more willing to take risk on the bank's behalf. We felt more in control.' Rodgers's overarching, and perhaps unsurprising, conclusion is that 'at every stage in the long transformation of the market, the people responsible for it acted rationally'. However, after the Lehman bankruptcy in 2008, there was:

a real fear that the entire financial system could come to pieces. So frenzied did things become that it seemed strange, leaving the office at night, to see people going about their normal business in the streets, unhurried and untroubled. The air of utter chaos inside the bank had subconsciously prepared me to see burning cars, corpses, rivers of blood and flesh-crazed zombies on my exit.

Despite this cheerful description, why do people continue to go into banking? Against one prevailing public view, the author claims that pay is not the answer – many were interested in relative pay compared to their peers: 'Some were motivated by promotions and the prospect of running things; that is, power. Others focused on doing interesting work.'

As a fair warning to anyone still interested in becoming a banker, the author explains; 'Competition to join was intense. Candidates were sleeted for interview from the thousands of CVs [...] Despite the numbers, it was a rare event to take a candidate from outside the most prestigious of schools.' That naturally led to a kind of groupthink where people were recruited from these schools and numerical backgrounds such as maths, physics, engineering, economics and the like; 'having been hired, they, in turn, whether by force of commercial pressures or expectations or simply because – being a bit geeky – they thought it was cool, dreamed up yet more complexity.'

Technology allowed the banks to expand. 'Size created remoteness; remoteness made abstraction and simplification necessary. In turn, the comfort provided by abstraction was the gateway to more growth.' Going forward, should banks be broken up and made smaller? Possibly: as 'too big to understand' suggests that the large banks may have a more fragile business model. Throughout the book, the message is clear that banks these days amount to not much more than a lot of people and computers; because the computers have grown, banking has gone through a seismic transformation.

In *Why Aren't They Shouting?*, Rodgers has done a great job in distilling a lot of jargon into an engaging first-hand account of how the rise of computers contributed to the financial crisis of 2008 that a lay person can engage with. Looking ahead, computers in the most recent years have also allowed for the development of entirely online banks, crypto currencies, crowd funding and online peer-to-peer funding initiatives. Who will regulate those, and how? Perhaps that might be a theme for the sequel.

**Maria Zhivitskaya** completed a PhD in Risk Management from the LSE Accounting Department in 2015, worked for Goldman Sachs afterwards, and currently works for Prudential plc. Read more by Maria Zhivitskaya.

Note: This review gives the views of the author, and not the position of the LSE Review of Books blog, or of the London School of Economics.

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