

Ekmel Cilingir Discusses the Critical Need for Right-Sizing in the Banking Sector for 2024

VILNIUS, LITHUANIA, September 18, 2024 /EINPresswire.com/ -- [Ekmel Cilingir](#), Chairman of the Supervisory Board at [European Merchant Bank \(EMBank\)](#), addresses the importance of right-sizing in the banking industry. In his latest insight, Cilingir outlines how strategic restructuring has become essential for banks facing new regulations, digital transformation, and global economic shifts. Right-sizing, as he explains, is crucial for ensuring that financial institutions can remain competitive, compliant, and agile in the rapidly changing landscape.



Right-Sizing: A Strategic Imperative

Right-sizing, as Ekmel Cilingir describes, is more than just cutting costs or downsizing. It is a proactive, strategic realignment of a bank's structure and workforce to ensure efficiency and profitability under future market conditions. "Right-sizing means realigning an organization's size and structure in a way that optimizes its operation so that it can remain efficiently profitable under new or expected future conditions," Mr Cilingir notes.

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Strategic Focus is Key to Successful Right-Sizing”
Ekmel Cilingir, Chairman of the Supervisory Board at European Merchant Bank

He distinguishes right-sizing from downsizing, emphasizing that the latter is often a reactive measure taken in times of

crisis. In contrast, right-sizing is continuous and may even involve growth through mergers and acquisitions. Cilingir underscores that while layoffs may occur, the overall goal is to create a leaner, more efficient organization that is well-prepared for future challenges.

The Benefits and Challenges of Right-Sizing

Cilingir highlights several key advantages of right-sizing, including increased efficiency, better regulatory compliance, and improved risk management. He states, "By trimming excess operations and focussing on core profitable areas, right-sizing helps institutions achieve higher efficiency." However, he also acknowledges the potential downsides, such as lower employee morale and possible disruptions to customer services. "Reducing the workforce or closing/merging branches leads to reduced employee morale and loyalty, potentially affecting short-term performance," he warns.

Regulatory and Technological Pressures

One of the major drivers of right-sizing in 2024, according to Cilingir, is the need to comply with new regulatory standards, particularly in Europe. He points out that regulations like CRD6 and CRR3 are forcing banks to re-evaluate their capital and liquidity requirements. Additionally, the shift towards digital transformation is creating opportunities for banks to innovate but also challenges in terms of managing costs and operational risks.

"Digitalisation as part of right-sizing may bring new sources of income fast to banks which would not only soften the impact of the big costs but also let the new right-sized bank compete at another level in the new tech era," Cilingir explains.

Ekmel Cilingir: "Strategic Focus is Key to Successful Right-Sizing"

Ekmel Cilingir highlights the importance of strategic focus in successful right-sizing efforts, drawing from past examples. "What we see common in the examples that succeeded before are Strategic Focus, Investment in Technology, Customer-Centric Approach, Gradual Implementation, and Effective Communication," Cilingir explains.

He points to major financial institutions like Bank of America and HSBC, which undertook significant restructuring following the 2008 financial crisis. These institutions managed to cut costs and refocus on core markets, all while expanding their digital services—demonstrating that a clear, strategic approach is vital to long-term success.

Right-Sizing in Europe: 2024 and Beyond

Ekmel Cilingir emphasises that European banks are at a critical juncture in 2024, with several major institutions, such as Deutsche Bank and BNP Paribas, already undertaking right-sizing efforts. He explains that these banks are scaling back operations in non-core markets while increasing their investments in digital banking to meet the new regulatory and market demands.

Mr Cilingir also highlights the impact of new regulations on non-EU banks operating in Europe, particularly in light of CRD6's Article 21c, which restricts cross-border services. "Several non-EU financial institutions, particularly from the US, UK, and Asia, have begun restructuring their

European operations to comply," he states.

For a detailed exploration of these insights, they can read Ekmel Cilingir's full article on LinkedIn: [Right-Sizing Matters: Restructuring Banks in 2024](#).

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