
BARCLAYS BANK PLC

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BACKGROUND & HISTORY

Founding Era (1690-1896)

- 1690 – Barclays was founded by two Quaker goldsmith bankers as a private family bank to secure finances of local Quaker families
- 1896 - Barclays combined with 19 other private banks to become Barclay and Company Limited

International Expansion (1896-1984)

- 1925 – Barclays bought multiple foreign banks (mainly in the Caribbean and West and North Africa) and combined them to create Barclays Bank International

Modern Bank Formation (1984-1992)

- 1984 – Barclays Bank Act of 1984 combines domestic + international into Barclays Bank PLC
- 1986 – Starting investment banking operations
- 1992 – Exited US retail

Financial Crisis + Transformation (1992-2016)

- 2008 – Bought Lehman brothers for \$250 million (it was valued at \$1.4 billion)
- 2012 – LIBOR Rigging Scandal: Barclays was fined \$450 million in US dollars for

Current Structure/Goals (2016-Present)

- 2024- big organizational restructuring into Barclays UK, Barclays UK Corporate Bank, Barclays Private Bank, Barclays Investment Bank, and Barclays US Consumer Bank

PURPOSE + GOALS

- Purpose: “Working together for a better financial future”
- Goals: 3-Year Plan (2024-2026)
 - 3–Year Plan with the goals of increasing Return on Equity, diversifying revenue streams, and improving client service (see next slide for 3-year plan)
 - They plan to achieve this by streamlining their organizational structure to cut costs and reduce complexity, enhancing the customer experience and overall returns, and adopting a more balanced and diversified approach to capital allocation.

Our Targets

By 2026 we will:

Deliver Group
returns of 12%
RoTE in 2026

Distribute >
£10bn of
capital to
shareholders^s

Build RWA in
higher
returning
businesses

IB allocation of Group
RWA 58% > c.50%

Deliver higher
quality income

Group income of c.
€30bn in 2026

Cost:income ratio in
high 50s

Improve our
customer and
client service

Raising our NPS
scores

Embed
consistent
excellence
throughout
our controls
environment

CULTURE

- Barclays' uses its 5 core tenets (RISES) to establish relationships and trust and help them achieve their goals
 - Respect
 - Integrity
 - Service
 - Excellence
 - Stewardship

Our Values

Our five Values – Respect, Integrity, Service, Excellence and Stewardship – are our moral compass; the fundamentals of who we are and what we believe is right.

Respect

We harness the power of inclusion and opportunity in our business, trust those we work with, and value everyone's contribution

Integrity

We operate with honesty, courage, transparency and fairness in all we do

Service

We act with empathy and humility, putting the people and businesses we serve at the centre of what we do

Excellence

We set high standards for what we do, championing innovation and using our energy, expertise and resources to make a positive difference

Stewardship

We prize sustainability, and are passionate about leaving things better than we found them

INTERMEDIARY FUNCTIONS

Services & Products

- Retail Banking
- Corporate and Investment Banking
- Capital Market Intermediation
- Maturity Transformation
- Liquidity Transformation

Informational Role & Efficiency

- Credit assessments and checks, risk scoring models
- Regular monitoring and reviewing of borrowers and clients
- Portfolio diversification, insured deposits

Managing Embedded Informational Problems

- Increased transparency for borrowers
- Stricter monitoring of corporate issuers
- Improved conflict management structures
- More active fraud detection and client monitoring

ASSETS

- Most of assets (nearly 68%) are short-term (cash, collateral, trading assets, derivatives, reverse repos/secured lending)
 - That's high, protecting from maturity mismatch risks and liquidity risk
 - 68% pretty typical for large banks
- Asset mix reflects classic maturity transformation (customer loans, debt securities at amortized cost)
 - Good for risk management, also typical for large banks

As at 31 December		2024
		£m
Assets		
Cash and balances at central banks		210,184
Cash collateral and settlement balances		119,843
Debt securities at amortised cost		68,210
Loans and advances at amortised cost to banks		8,327
Loans and advances at amortised cost to customers		337,946
Reverse repurchase agreements and other similar secured lending at amortised cost		4,734
Trading portfolio assets		166,453
Financial assets at fair value through the income statement		193,734
Derivative financial instruments		293,530
Financial assets at fair value through other comprehensive income		78,059
Other assets		37,182
Total assets		1,518,202

LIABILITIES + EQUITY

- Most of liabilities (nearly 73%) are short-term (customer + bank deposits, collateral derivatives, repos/secured funding)
 - Balances out well, only 5% greater, leads to maturity mismatch + liquidity risk, but only slightly due to small difference in short term assets and liabilities
 - Normal for large banks, maybe a little low, showing how much Barclays cares about risk management
- Leverage ratio (total assets/equity) about 21x, normal for banks
- Core risks: Credit/counterparty risk and market/price risk
- Interest rate risk, liquidity risk, operational risk, compliance risk, etc.

Liabilities	
Deposits at amortised cost from banks	13,203
Deposits at amortised cost from customers	547,460
Cash collateral and settlement balances	106,229
Repurchase agreements and other similar secured borrowings at amortised cost	39,415
Debt securities in issue	92,402
Subordinated liabilities	11,921
Trading portfolio liabilities	56,908
Financial liabilities designated at fair value	282,224
Derivative financial instruments	279,415
Other liabilities	16,544
Total liabilities	1,445,721
Equity	
Called up share capital and share premium	4,186
Other equity instruments	12,075
Other reserves	(468)
Retained earnings	56,028
Total equity excluding non-controlling interests	71,821
Non-controlling interests	660
Total equity	72,481
Total liabilities and equity	1,518,202

HOW A + L DIFFER FROM NON-FINANCIAL FIRMS

- How Barclays' assets differentiate from nonfinancial firms
 - Barclays' assets are dominated by financial assets (loans + advances to customers, cash held at banks, trading assets, and derivative claims, while a non-financial firm's assets would be mainly be real assets such as property, equipment, and intangible assets, which make up less than 5% of Barclay's assets.
- How Barclays' liabilities differentiate from nonfinancial firms
 - Barclays has a high leverage ratio (21x), way higher than nonfinancial firms, funds itself mainly through deposits, trading + derivate liabilities, and debt securities rather than equity

ERM FRAMEWORK

- Barclays manages their non-core risks (Interest rate risk, liquidity risk, operational risk, compliance risk, etc.) with an Enterprise Risk Management (ERM) framework built around a “three lines of defence” model,
 - First Line of Defense: Business teams run operations and identify risks as they arise
 - Second Line of Defense: Risk management & compliance teams conduct their own analyses and set rules and policies to ensure Barclays stays within its risk appetite + regulatory requirements
 - Third Line of Defense: Internal audits are an independent third-party assurance that Barclays' risk management works and is a great way to eliminate biases and oversight from their framework
- Tail risk has materialized 3 times recently
 - ‘08 financial crisis – Barclays had significant trading and credit losses, but avoided getting bailed out by raising emergency capital from Middle Eastern investors
 - COVID caused major loan loss provisions and declines in revenue from many of their business lines, but Barclays’ strong ERM helped them to navigate this time

COMPETITIVE LANDSCAPE

Market Position

- Top-6 global investment bank by fees; dominant in US credit trading and FICC
- Major share in retail deposits, UK consumer lending, and corporate banking
- UK's largest issuer of credit cards
- Outside Perspective: Strong global IB with an improving outlook: burdened by reputational legacy and cost-efficiency concerns

Competitor Segments

- Investment Banking: JPMorgan, Goldman Sachs, Citi, Morgan Stanley
- UK Retail & SME: Lloyds, NatWest, HSBC
- Cards & Payments: Capital One, Amex, Chase (US market)
- Only European bank with a top-tier U.S. investment banking presence after 2008

COMPETITIVE LANDSCAPE

Key Strategies / Strengths

- Hybrid identity: A UK retail bank *plus* a US-centric investment bank
- Strong liquidity management and lower maturity-mismatch risk
- US investment banking footprint is uniquely strong for a non-US bank
- RWA reallocation strategy (2024–2026 plan) toward higher-return businesses
- Focus on shareholder returns: £10bn+ planned distributions by 2026

Weakness / Concern

- Conduct history: LIBOR scandal, structured products fines → ongoing reputational overhang
- Targeting cost/income ratio improvement because current levels lag top US banks
- Ring-fencing limits synergies between Barclays UK and Barclays International
- High regulatory capital intensity due to large trading operations

Industry Outlook (5 Yrs) / Threats

- Higher capital requirements under Basel Endgame pressure trading-heavy banks
- Fintech + digital challengers increasing competition in UK retail
- Volatility supports FICC revenues (advantage for Barclays)
- Slower UK macroeconomic growth could weigh on retail performance

CRISES AND PIVOT POINTS

- Great Depression (1930s)

- UK banking remained much more stable than US banking
- Barclays stayed solvent through this turmoil
- Barclays expanded branch networks during this period, increasing UK market share
- **Pivot Point:** Reinforced its identity as a nationwide retail intermediary

- 1980s / S&L Crisis

- High UK interest rates → margin pressure + liquidity strain
- Exposed dependence on short-term funding
- Sparked internal modernization + tech upgrades in retail
- **Pivot Point:** Retail banking operations became more efficient and tech-forward

- 2008 Global Financial Crisis

- Barclays declined a UK government bailout → avoided dilution and state interference (unlike Lloyds and RBS)
- Purchased Lehman Brothers' North American investment banking + trading operations for \$250M
- **Pivot Point:** Overnight becomes a major U.S. investment bank → global IB identity is born

Post-Crisis Effects: Crises repeatedly forced Barclays to reshape its operating structure, risk culture, and intermediation model (moving from UK retail-centric to a global universal bank).

REGULATORY IMPACT

- Primary Regulators

- UK PRA (capital, liquidity, large exposures)
- UK FCA (conduct, consumer protection)
- US Federal Reserve (Barclays US Intermediate Holding Company)
- SEC & CFTC (IB, broker-dealer + derivatives)

- Key Regulations

- Ring-Fencing (2019): Legally separated Barclays UK & Barclays International
- Basel III & Basel Endgame: Higher capital + leverage requirements; heavy impact on trading-heavy IB
- LIBOR Reform & Benchmark Changes: Forced updates to models, contracts, operational systems

- How Barclays Ran

- Ring-fencing forced two separate legal entities (change in governance + funding strategy)
- Competition
 - High capital requirements weaken IB margins vs. U.S. peers with higher returns
- Scale / Scope
 - Ring-fencing restricts cross-unit synergies → reduces scale advantage institution-wide
- Customer Care
 - FCA rules pushed Barclays to redesign consumer products to meet stricter protection standards.
- Compensation / Incentives
 - After LIBOR → SMR & conduct-risk alignment → bonuses linked to compliance + behavior.

THANK YOU!

Questions & Concerns

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