

Santander/Orcel: no we cannot

Spanish bank may have dodged a bullet over lost pay from UBS

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Is there no end to the havoc caused by rising populism? Chaos in UK politics and in Paris was bad enough. But things have come to a dire pass when a banker cannot switch jobs without losing upwards of €50m in back pay.

[Banco Santander](#) changed its mind about [hiring Andrea Orcel](#) as chief executive partly because Spanish politics changed. Since last year the centre-left Spanish Socialist Workers' Party has ruled with unreliable support from anti-austerity populists Podemos (translation: "yes we can").

Distrust of bankers has been deepening. It would have been sticky for Santander to cover half the income Mr Orcel stood to lose after quitting as head of investment banking at [UBS](#). There was no way the Spanish bank could shell out the full €50m-plus after the Swiss bank declined to pay the other half. UBS had decided it would do no favours to one of its biggest clients.

All very embarrassing for Santander's Ana Patricia Botín. She was keen to bring Mr Orcel on board. This tough, charismatic executive chair would then have been counterbalanced by a tough, charismatic chief executive. The bank could have expanded with Mr Orcel as Ms Botín's dealmaking sidekick. Brokers such as Jefferies are bemused by the failure to nail down pay issues.

How deep are investors' fear of missing out? Zero, to judge from untroubled shares trading at around tangible book value. Santander may have dodged a bullet at the cost of short-term shame. The Botín/Orcel double act could not engineer the slick exit of the latter from UBS. A failed re-tooling of Santander would have had far higher costs.

Did UBS fear a diversification push by Santander into wealth management in territories where the Swiss bank is strong? That sounds like paranoid fantasy. UBS chief executive Sergio Ermotti has sent a simple message by invoking a non-compete clause in Mr Orcel's contract: in banking, you can never be too paranoid. Something for Mr Orcel to ponder during gardening leave in a season when gardening is superfluous.

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