

STAY AHEAD PODCAST WITH MERV ALLEN AND DELAND KAMANGA

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In this episode, [Mervyn Allen](#), Partner at McMillan and Co-Leader of the firm's Commercial Real Estate Group, sits down with [Deland Kamanga](#), Group Head of Wealth Management at the Bank of Montreal to discuss finance, diversity, and the future of the banking industry.

The conversation delves into the importance of inclusive leadership and the positive impact that diverse teams have on complex problem-solving.

Transcript

Merv Allen: Hello everyone and welcome to the Stay Ahead podcast. My name is Merv Allen and I'm a Partner here at McMillan and Co-Leader of the firm's Commercial Real Estate Group. In February, McMillan launched the Black History Black Futures Podcast series, where we featured interviews with trailblazing black business leaders in Canada. We had three wonderful and very insightful discussions with Rob Davis of KPMG, Denis Mitchell of Starlight Capital and Terrie-Lynne Devonish of Altus Group about their several paths to leadership, what they've learned on that journey and what their crystal balls tell them about the future.

Here on the Stay Ahead podcast, we aim to continue that discussion and so I'm thrilled to welcome our guest. Deland Kamanga is the Group Head of Wealth Management at the Bank of Montreal and a giant in the world of banking. I had the pleasure of meeting Deland, I don't know if you remember this, a couple of months ago at a fundraising event. And I'm very pleased to have him here with us today. Deland, thanks for joining us.

Deland Kamanga: My pleasure indeed Merv. Great to be here.

Merv Allen: So let's get right into it. Deland, you've served as the Group Head of Wealth Management at BMO since November of 2021. Is that correct?

Deland Kamanga: That's correct, yeah.

Merv Allen: Can you tell us what led you to a career in banking and maybe tell us a little bit about your personal journey?

Deland Kamanga: Sure. Merv. I, like you, I went to Western. I graduated in 1990. Not sure what I wanted to do. I was thinking about real estate, but then stumbled into the finance business and started at the predecessor firm to BMO Capital Markets, which was BMO Nesbitt. At the time it was Nesbitt Thomson Deacon Bongard Leslie. Started there in 1991 and was there until '93 where I went on to the bond desk at CIBC. I was there for a decade and spent one year with them in New York setting up their cross asset derivatives operation then came back. My wife, like you as a lawyer, she didn't want to move to New York. She said "I'm not going to write my New York bar. I want to stay right here in Toronto. So good luck to you over there in New York." So I ended up having to come back to Toronto and I joined RBC in their fixed income derivatives area. I was there until 2006 and then came back to BMO to be in capital markets and ran the cross-asset derivatives business, which was our exotics business there in '06. Then moved on to run our FICC business and then ran our global markets business, which was all of our trading businesses. And then in November '21 ended up in the wealth business. So quite a long journey Three banks: CIBC, RBC and BMO all very different. Different cultures but met some great people along the way and had a great career in this.

Merv Allen: Let's follow up on that a little bit. What is a culture of BMO? How would you describe it?

Deland Kamanga: Great question. We have a very collegial culture. It's very much a teamwork attitude. You'll harken back when very early in the nineties, Matt Barrett actually was kind of a trailblazer in gender equity. And so we actually won some catalyst awards very, very early in gender equity. And it's been that type of organization where it's collegial, working together, caring about each other. It was a place that I was very open to coming back to after having spent a number of years elsewhere. I would say that's a very big part of the culture - teamwork, collegiality, you know, that care for each other - extending to also care for the clients.

Merv Allen: Interesting. You don't often hear that mandate at a bank, but I'm glad to hear that there is something like that going around. Someone once said - I don't know who it was: May you live in interesting times. And in fact, I think it was more of a curse than a blessing. And these certainly are interesting times. We have a number of situations around the world. We've got high interest rates, geopolitical stresses, climate issues and issues of housing unaffordability. What are your views on the current state of things? What's the banking industry's role to play in that? How do you adapt to stay ahead of current trends?

Deland Kamanga: These are great questions. There's another old saying that those who try to look through a crystal ball end up eating glass. We don't know what the future's going to hold. But it's an important question especially for Canada and especially for a bank. When you look at the Canadian economy we just passed over 40 million people. We think we're going to grow, you know, 500,000 to I hear numbers as high as a million people. It's very important for us to have strong banks. It's a very important part of our sovereignty, actually. So when you asked me specifically about what role the bank plays, a strong banking system in Canada plays a very important role when you don't have a very strong military. When you are a big trading partner to the

largest economy in the world you need a very strong banking system. The banks play a very important role in Canada to provide that. One thing, I won't say the name, but a U.S. billionaire who is someone that I know in America during the pandemic wanted to help a large portion of the poor in America. This was earlier days before you had the big money that was going to people. The problem that he had delivering money to the poorest in America was the banking system. They weren't banked. They were the unbanked. He couldn't get the money from his accounts into the hands of the people who needed it the most. And if you look at Canada, we've done a very, very good job here of getting a large part of the population banked. So when the Government of Canada wanted to get money out to the poorest in Canada, it was very easy for them to get that through the rails, through the Canadian banking system, into the hands of the people who needed it most very, very quickly. So that's a very, very important aspect

You'd also asked what we think about. Again keeping in mind that you don't have a crystal ball, but I always think about it this way. Those people who are betting on the end of the world will never collect. So there's no there's no point betting on the end of the world. And so has been the case for 10,000 years since the Narmer Palette, since we've had anything written down. We always find a way through it. We've had a lot of predictions about recession and things doing badly. But it doesn't look like it so far. I do think when you look at the markets now and you look at the S&P 500 and people will say, "Well, it's only driven by five or six stocks." Actually, 260 of the 500 S&P 500 stocks are actually up. It's a broader rally than people are giving it credit for. And when you actually look at earnings and earnings expectations, yes, earnings expectations are down in 23, but they're up in 24 and they're up in 25. So it doesn't appear to be as dire as many people are out there saying that it is. The one area where we could have some stress is in some of the credit areas. Credit is sort of giving this impression that nothing is wrong. There's definitely stress. You mentioned that there's increased interest rates. So you could see some stress in credit markets and you could see that causing some concern. But I think that when I look at what our economists are saying, when I look at what our clients are saying and when I look at our cash flows - it doesn't appear as dire as people as people expect.

The one area that people should be a little bit concerned is definitely money supply. We've had all this money come in because of COVID. We're definitely seeing M1 come off now from over \$20 trillion in the US down to \$18.5 trillion. That will continue. You'll see quantitative tightening. They won't be buying as many bonds and the Federal Reserve or Bank of Canada, so you'll see that slow things down. So you're not going to have this massive robust growth, but it doesn't appear to be as dire as people are saying. There's still a lot of money in the system. There's still a lot of people looking to hire. You do see big tech companies pulling back, but the broader employment situation just isn't as bad as people were saying six months ago.

Merv Allen: Yeah, that is true. In a way, from what we've seen in the world that I work in is that for real labor market issues, it's not oversupply it is undersupply. The sense is that you could get a job. What are your

thoughts on that?

Deland Kamanga: Relevant to even what we're talking about here, if you look at university educated, there's no problem. In fact, there's a demand and the unemployment numbers continue to remain low. But you are seeing some weakness in transportation. It's interesting because transportation and hospitality are two areas where you see a lot of diverse employee: a lot of African-Americans and a lot of Latino. You are seeing some stress in some of those areas. Those can sometimes be a leading indicator. It's almost as if those people who had massive gains - and there was massive gains in transportation and leisure as the economy was coming back, those are the first areas to see things start to slow down and they can be a precursor. So that's the only area that you're seeing a little bit of weakness. But if you look at university educated, if you look at more skilled labor, there really isn't any weakness at this point.

Merv Allen: Does that suggest to you, based on what you just said, that some of the people who have traditionally felt the pain may in fact be feeling the pain again?

Deland Kamanga: It's funny. It always does feel like those people who are closest to the edge sometimes will get the upside fastest. But will get the downside fastest. In 2020 during COVID one stat that I had noticed was the September non-farm payroll number that came out. 100% of the job losses were women. So it shows you that in a stress scenario, no matter how much gains had been made or people thought had been made in gender equity, when households had to make decisions on who was going to sacrifice their career it was the woman who ended up having to sacrifice her career. As much as things apparently had changed, they hadn't changed. To your point that when you end up in a stress situation, it does seem to be the most vulnerable remain the most vulnerable. We haven't changed that.

Merv Allen: Well, this is probably a pretty good segway. So a lot of organizations, including ours, are grappling with how best to deal with some of these historical inequities. You know, many, including ours here, have implemented diversity, inclusion and equity related strategies initiatives in response. I know what your involvement, by the way, in several of these initiatives so if I can just read them out: the BMO Leadership Committee for Diversity Equity and Inclusion, executive sponsor of Women in Capital Markets Return to Bay Street Program, you're a founding executive sponsor of the BMO Black Professionals Network Canada, and you're yourself a recipient of the 2021 Catalyst Champion Award for your work in accelerating progress for women through workplace inclusion. Can you describe for us your own personal commitment to diversity at the bank and what you think the importance is of leadership that looks like you or more broadly diverse leadership generally in the financial industry?

Deland Kamanga: Maybe I'll start with the last question first. There's a great book by a fellow named Scott Page who is a professor, I believe, in Michigan. One of the books that he has is called The Diversity Bonus. He's

done some empirical work on why diversity matters. What he's found is that if you get a diverse group of people and they have some conflict within that diverse group. A team. A diverse team. They will outperform on complex tasks non-diverse teams. Now, in simple tasks, there's really no empirical difference in performance, but on complex tasks there is an empirical difference. If those diverse teams end up having no conflicts, they actually don't outperform any longer. What he has sort of posited is that, first of all, diverse teams with some psychological safety where people can speak their minds, feel that they can say what they really believe, those teams on complex tasks will outperform. If you think about the legal industry, the banking industry, and the technology industry, we are constantly solving complex problems. The more complex problems that you're solving, the more diverse teams you are going to need to outperform your competition. So for me, that's why it's always been something that, not knowing the empirical evidence, I've just seen it in the workplace. I've seen it that when you have diverse teams, when you're trying to make a difference and you're trying to win clients, you're trying to win in the markets that getting diverse opinions and diverse ideas does help you outperform. For me, it's always been important because of that. When I first started in the business, my father had said, "If you're going to go into the finance business, you'll find that you are you're going to be a visible minority. They're not going to be many people who look like you. But there's going to be a group of people who don't think of themselves as standing out. And they're not going to think of themselves as visible minorities. And that's going to be women. Think about aligning yourself with women. Think about that because they'll be people who understand what you're going through. You can team up and work together. And also the guys that you meet who don't speak well about the women when they're not there, you can be sure you can't trust them because they're not going to speak well about you when you're not there." It's been something I've been really dedicated to and we've done a lot of different things. I'll just tell you one quick thing that I'm really proud of. When I was in global markets, we had women who in the business were losing clients - losing their trading book when they would come back from maternity leave. It was really setting their careers back a long way. So we implemented a parental support program at BMO where we guaranteed women their trading books back no matter what period of time they took on their maternity leave. We guaranteed their clients back and we got clients to agree that they would sign on to guaranteeing that with us.

There were practical things that we did as well to make sure that we could keep people's careers on track. You lose your trading book, you lose your clients, and you set your career back 2 to 3 or 4 years. Being able to maintain those clients and maintain your trading book that allowed you to keep your career going and stay up with your male colleagues. There were practical things we really wanted to do to just make sure that we maintain this as a as a good place for people to pursue.

Merv Allen: Do you think that bringing, let's say, non-racialized women along, being invested in their success, will assist racialized other people including women?

Deland Kamanga: I really feel strongly about that. This would be a little bit controversial. If you look at the math. There's a stat that I saw recently that white women make 66% of what white men make. It's dramatic. I feel very strongly that at the end of the day, no matter what culture you're in, it does appear from a gender standpoint that women in general appear to be more discriminated against than men. My concern is that if we focus too much on, let's just say, people of color, for example, and we haven't solved the problem on gender, we end up helping groups that are already doing just fine. That in Africa or India or China are not discriminated against. They're doing just fine. We end up doubling down on discrimination and in gender in North America. So I feel like you have to solve the gender issue first. And then yes, let's remind within gender, non-racialized women to also not forget the racialized women, whom the numbers actually show for racialized women, it's closer to 51% - 52% of what white males make. So the numbers are actually worse for racialized women, but they're still very bad for non-racialized women. And so yes, I think we can count on them to help. And I do think doubling down on the gender side makes a big difference.

Merv Allen: So I just want to shift gears a little bit. Recently I was speaking with a client of mine in the States and she mentioned that they had celebrated a national holiday - Juneteenth. I'd had some concept of Juneteenth, but I actually didn't even realize it's become a national holiday. I guess it was to commemorate the end of slavery then?

Deland Kamanga: Yes.

Merv Allen: Can you provide us with a brief overview of this holiday and how did it become a national holiday?

Deland Kamanga: Great question. And you're right, it just was made a national holiday by the Biden government. It is brand new. You're forgiven for and anybody out there is forgiven for not knowing what is this Juneteenth holiday is. But it actually became a holiday in Texas in 1980 and then actually spread to, if my math is correct, over 35 states over the years and then became a national holiday by the Biden government.

It's interesting because although people think of the Emancipation Proclamation, when Lincoln said that all slaves are free in the middle of the Civil War, Texas actually waited until the end of the Civil War and still refused to abide by the laws. And so the Union government actually sent Union troops, specifically General Gordon Granger, went into Texas on June 19th, 1865, and he put out the proclamation which was which was specifically General Order Number Five. You can go on the Internet and you can read it. It's great. It's interesting because it's a very clear order of what of the President of the United States was telling the people of Texas. And if you read it, also for the lawyers out there, it also helps you understand a little bit about U.S. labor law because it specifically states that the relationship between master and slave will now be that of labourer and employer. It goes on to say all African-Americans should stay at their homes and work for wages. It's very nice because it sort of clearly identifies that even to this day you have a relationship between labor and an

employer. That's why you have "employee at-will" in a lot of the U.S.

Merv Allen: I thought I'd read there was a point at which and maybe this was in Canada, that there is a relationship between Juneteenth and our Emancipation Day, which I believe is August 1st.

Deland Kamanga: Yeah.

Merv Allen: But if I recall correctly, while slaves were freed in various points in Canadian history, there were points at which adult slaves had to, even when the nomenclature changed, they were forced to do apprenticeship for no wages. Are there relations between Juneteenth and Emancipation Day that we can talk about?

Deland Kamanga: I think an important part of what you're saying Merv, is that there's no question about that. There were a lot of black codes - Jim Crow laws that came right after Juneteenth. There were laws in Canada. I mean as you know on our \$10 bill, right? It's the memory of the Nova Scotian lady who was just exonerated in I think 2010 if I remember correctly. You know sitting in the wrong place at the movie theater. This is a very important point. If you look at where we are today, just because we had Juneteenth, just because we had 1835 when Britain exonerated all slaves, the fact that many laws didn't change or laws changed to ensure that a certain group of people didn't have similar access that is why we're suffering through a lot of things that we are today. As late as people coming back from World War II, I have two uncles who fought in World War II for Canada. Our family came from Virginia in 1785 actually, so they were Canadians from 1785. In Canada and the U.S. you could get loans and in some cases you were given land. In most cases, you could get loans from the government to buy property. Written in some of those loans for the federal housing in the United States were stipulations that those loans could not be guaranteed by the federal government if they were going to be in areas where the property values could decrease. African-American veterans did not get those 100% loans for their homes. In fact, many developers would not sell to African-Americans even if they could get the loan because they didn't want their property value to decrease, which would then invalidate the mortgage. If you look at the wealth of the average American or the average Canadian today, a significant portion of that wealth is in your home. So if you never got that start because of laws that there in the books, this explains a significant portion of the issues today. A lot of African, African Canadians, African-Americans - it's shocking how many of the wealthy ones are first generation like, oh, it was the immigration work ethic. No, it's because that wealth was very hard to generate 40-50 years ago.

My own mother's family, for her to go to university, my grandfather couldn't get a loan against the family farm, which they'd owned since 1805. They couldn't get a loan in 1960. No bank would lend them money in Nova Scotia to those farms in a black area in Nova Scotia. So this is a big part of the wealth gap. The wealth difference goes all the way back to many of these laws that are on the books. You're seeing a change and it will change

our generation – fortunately - getting more education and having more of an opportunity. But the previous generations, in many cases almost impossible. Very, very difficult to rise through that because of the laws that were on the books.

Merv Allen: Did you ever ask your mom how your family got through the great Depression and things like that?

Deland Kamanga: I had one uncle who just recently passed and he would have been just born near the end. He would tell us about what he was told because he would have been young. But it was the end. But because they were on a farm in Nova Scotia in those days, it's like farm to table. No one was really starving in those days in that part. It wasn't like the Dust Bowls in Oklahoma. But certainly that generation obviously was much more frugal than us. They built their own house. You farmed your own land. Just a very different upbringing. But they didn't describe it the same as you hear in the U.S. or even out West. For my family it wasn't the same as it was for people out West or in the Dust Bowl in the U.S.

Merv Allen: It would obviously be ludicrous of me to suggest that the issues of racism and discrimination haven't improved. I mean, I'm sitting here as a part of a big venerable firm and you're head of banking at a large bank. Do you have any thoughts on where we're going in having described what you just described? What are your thoughts on where we're going? Are you bullish – using a banking term. Are you optimistic?

Deland Kamanga: I really am optimistic. I'll be honest. I'm more optimistic about Canada than I am about America, but I'm also optimistic about America. When I look at where the future is, I actually go back to the laws and I say to myself, "What laws are on the books now that continue to hamper the growth for people going forward?" If you grew up in India and you were part of a lower caste, it was very hard for you to grow in India as part of that lower caste. It was easier for you to come to Canada and to grow where there was no caste system directed at you. If you were from a certain religion in Eastern Europe, there were laws on the books that didn't allow you to grow or own land. So when you came here, there weren't laws that held you back. There may have been prejudices. There may have been ideals and norms that held you back. But they weren't laws. When I look at North America and why I am optimistic specifically for gender and for people of First Nations descent, and people of African descent that have struggled quite a bit in this society, there's been a lot of work done to reduce the impact or eliminate those laws or be cognizant of these laws. The redlining now in the United States - they've gone out of their way to make sure that you can lend to different areas. So you look at the gentrification in Harlem and some of these different areas, right? I feel like the future is bright because of the reduction and the removal of these laws. It is much easier to deal with prejudice than it is to deal with racism. Racism is institutional bias. Racism is the laws working against you. Prejudice? No problem. You and I have no problem dealing with prejudice. We don't care about prejudice. What hurts people is racism. Institutional bias is when the power of the institution which is the power of the laws is holding you back and

those are dissipating. You can be black and play in the NFL, right? It used to be you couldn't play the NFL. You couldn't play in baseball. You couldn't play in basketball. Michael Jordan just sold part of the team for \$3 billion. That was an impossibility 50 years ago. Impossibility. You could not do that. You could not own it. But you can now. The laws have changed. And so that's what makes me optimistic.

Merv Allen: Well, it sounds like we have a role to play here as lawyers.

Deland Kamanga: Yes, that's right.

Merv Allen: I want to thank you so much for joining me. It's been a fantastic conversation. On behalf of my firm and myself, let me reiterate how pleased we are that you were able to make it happen. This is an important conversation and one we must continue over time. I hope we'll get to a place where these discussions are historical rather than topical.

Thank you to everyone for listening. Thanks again and look forward to speaking more in the future.

Deland Kamanga: Thanks so much. Glad you did this. Appreciate it.