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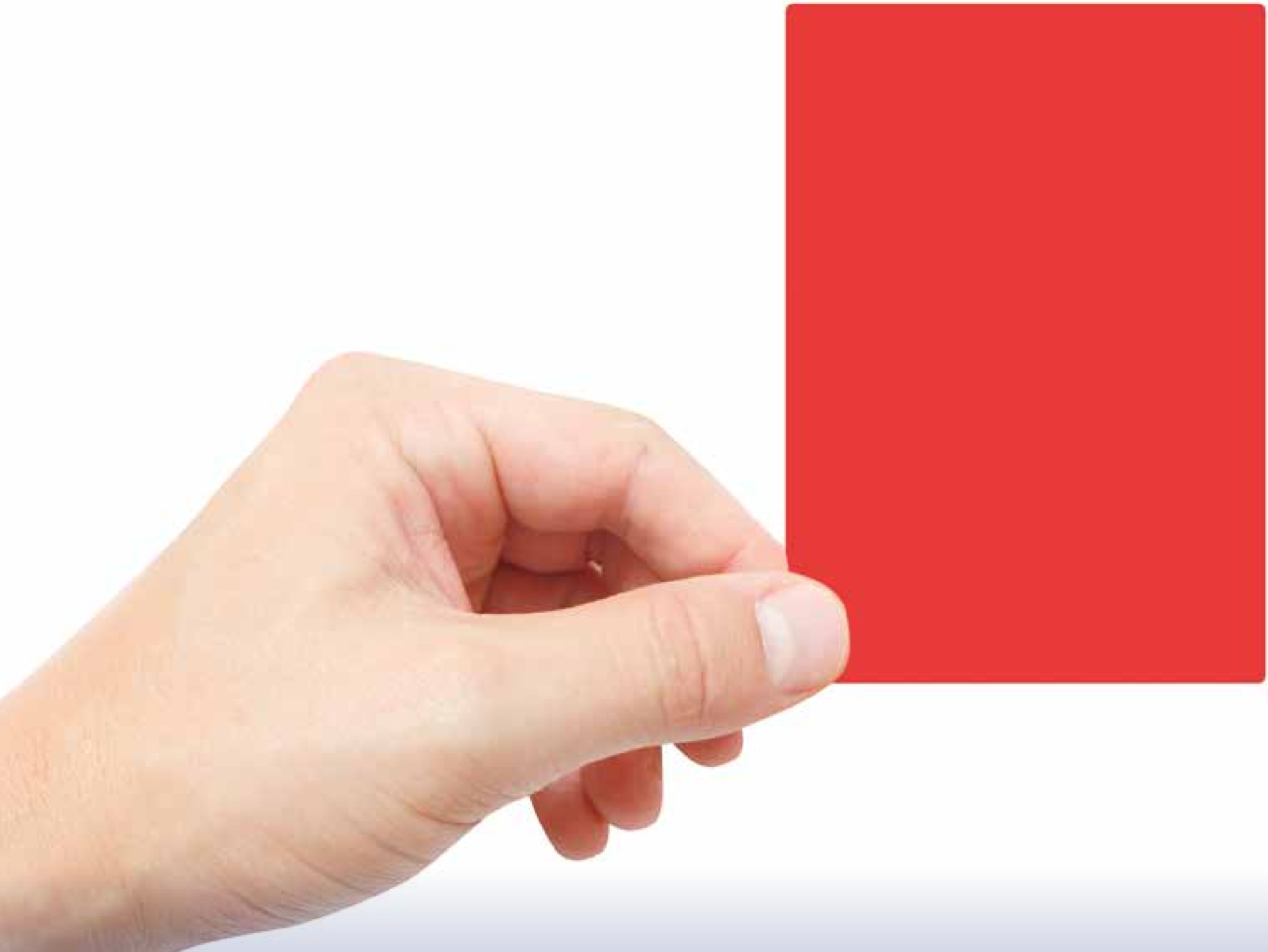
T-C NEWS

COMPETENCE • EXPERTISE • PROFESSIONALISM

APRIL 2020

Non-financial misconduct

By Ian Ashleigh from Compliance Matters



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Welcome to the April edition of T-CNews. Things are far from normal at the moment. Everyone is doing the best to soldier on but Covid 19 is not far from people's thoughts and actions. We are always grateful to our writers for providing content for the magazine. This quarter has proved particularly challenging for our writers so we really appreciate your support. It is difficult to motivate yourself and others when the new self actualisation target is what once was regarded as normality – meeting friends, eating out etc. It will be a while yet before people return to normality and start to return focus on the business requirements that they are asked to meet. In the meantime by way of encouragement take advantage of this new situation where you can. Learn more about remote working, setting up webinars and participating in virtual meetings. I suspect many of these practices might stick when normality returns. In the meantime stay safe.

Jeff Abbott

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Coronavirus – Covid 19 – How are you?

By **Tony Catt** from TC Compliance Services

I am sorry to add to the column inches devoted to Covid 19, but I keep being asked, mainly by my wife, how it is affecting my business.

We now move into an era where Socially Responsible Investment should be replaced by Socially Responsible Activity. People will be judged on how they have behaved in this harrowing period. All those people who have been hoarding goods to stock up for themselves should be ashamed. If they shopped normally, there would be more than enough for everybody. I am aware of a man who said that he has a sore throat and a dry cough, but since he does not yet have a temperature he is going to carry on working! Fortunately, we can balance these things out with the wonderful work of the NHS staff and other acts of kindness and generosity that are being done all over the country.

The recent move towards social (physical) distancing means that many people are now experimenting with working from home. For some, like myself, that is business as usual. It involves trust from the employers that their workers will maintain good working habits and practices, but this comes straight into the Code of Conduct Principles introduced with SM & CR. "How you work when the boss is not looking" will now be brought out into the open. It does require discipline to work from home to be as productive as one would be in an office. My discipline is not brought about by any righteousness on my part. It is brought about by the need to pay my mortgage, run my car and pay for my lifestyle.

The fact that we are now encouraged to avoid "non-essential contact and travelling" may have an immediate effect on those advisers who have all their meetings with clients at their own office or go to clients' house for face-to-face meetings. It has been seen as positive boon for financial services that it is still a face-to-face personal business over the years. This will now receive a severe test.

I guess that the same will apply to the few broker consultants that still go out to visit firms to drum up business for providers. The fact that many of the traditional meeting places are now shutting will curtail this activity.

Perhaps this will be the catalyst to tip financial services into operating by electronic means. Obviously, telephone and email contact has been used for years, but there may be on increase in the use of facetime, Skype or other visual forms of communicating with clients.

Some years ago, I ran a whole series of training meetings with advisers as part of a training & competence program. They would call me by telephone to make the first appointment. We would have an initial meeting on Skype to run through how they cover the IDD formalities and talk about the fact find and how they used that and to introduce a real client case. This ended our first meeting by booking a second presentation meeting. I wrote up feedback points from that meeting and sent them to the supervisor within the firm

In order to minimise waste, we used real client information. So, between meetings, I was able to check the fact find, prepare questions about things that may have been unclear. I could also look at the advice that was being given.

At the second Skype call, we would go through the points raised on the fact find and the adviser would then present their advice. They would go through the illustrations and then jump to the post-signing formalities about the next steps.

Often this conversation led to the adviser actually discussing the case with me and getting guidance if they needed any particular paperwork or what they should be including in the suitability letter.

I would then write my notes regarding that meeting. Then feedback was provided to the adviser about how they could do things better or be clearer, as appropriate. This would be shared with the supervisor and put onto their CPD records.

The firm had 11 advisers and I was able to do the whole process without me leaving my home near Brighton or them spending any time travelling from North Devon.

Many firms work remotely from their clients. Appointments by telephone. Paperwork provided as email attachments. Possibly using digital document signatures. Business written on provider portals. Paperwork from providers downloaded from portals. Clients encouraged to log in to the portals for progress updates.

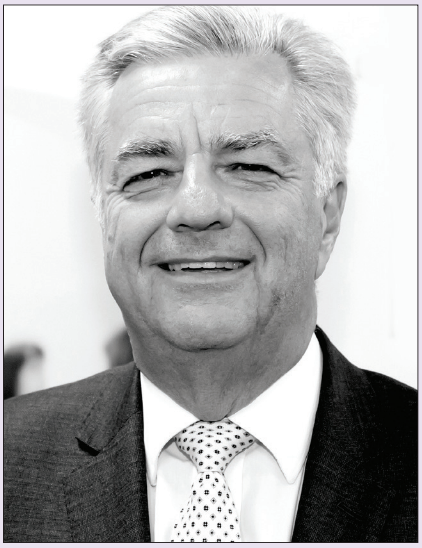
So perhaps the Covid 19 virus may be the push for old-fashioned personal face-to-face client meetings to be overtaken by more contact being made by digital means. I am sure that there will still be a call for those meetings, but this whole event may lead to many firms seeing how inefficient some of their practices are.

Providers have been moving towards webinars rather than running expensive seminars. Again, many advisers already see the benefits of a webinar that they can watch from their own office/home rather than the travelling time to and from a venue to participate. For years, I have felt that the main benefit of seminars was to meet other advisers and swap anecdotes rather than seeing what the providers are trying to sell us. That and the pens and mugs that are available.

Depending how long this issue causes us to avoid non-essential contact, it may cause a major review of how we interact in the future.

If there is enforced isolation, conclusions may well be an increased number of divorce cases or an increase in babies being born. I guess that will depend on whether your glass is half-empty or half-full.

2020 – Regulatory net widens – can regulated firms learn from the pending changes?



Nick Baxter from Baxters Business Consultants

> "So, the question for compliance and risk officers is what were the concerns that led to this change being necessary and what should be reviewed in their own business.

With all that is going on around the world now, the 2020 budget seems to be quickly forgotten. It is the case in almost every budget that significant provisions and changes, those that have a significant effect on individual businesses, are hidden behind the headlines. The 2020 budget was no exception. This budget announced the widening of the regulatory net in respect of pre-paid funeral plans. When I say 'hidden', a search for the word 'funeral' in the 128 page "Budget Report" document returns 6 results. The announcement, "The Budget also announces that the government will provide protection against misleading sales tactics for consumers who are planning for their funeral, ensuring that all pre-paid funeral plan providers are subject to robust regulation by bringing the market within the remit of the FCA."

Consumerists and professional funeral plan providers have welcomed the proposal in equal measure, but there is an apathy amongst existing regulated firms who, in their view, just see another delinquent industry being brought in line. Just like they did when the Claims Management Companies were brought into the FCA fold. Regulated firms shouldn't let these moments pass them by without a bit of contemplating themselves.

Compliance and risk officers can learn a lot from reviewing what perceived or actual harms made structural changes necessary. Once those behaviours have been identified firms can review their own practices to re-check if they could face the same criticisms. The HM Treasury "Regulation of pre-paid funeral plans; response to the consultation" is a good starting place for such a review and, of course, the specific FCA rules when announced will also translate into other regulated business; especially those relating to sales, marketing and product transparency.

So, the question for compliance and risk officers is what were the concerns that led to this change being necessary and what should be reviewed in their own business. Firstly, as with most regulated products, funeral plans contain a wide variety of product options, features and benefits despite being what should be a relatively simple product. There were concerns that what was and what was not included in specific plans was not always clear and transparent, especially taking into account that the target market for these products is often considered potentially vulnerable. Secondly, again like all regulated products, there are downsides that consumers need to fully understand so that an individual can achieve the right outcome for their specific circumstances and needs. It has long been felt that such risks have not been universally presented to consumers in a way that they can fully understand. Thirdly, concerns have been raised in respect of hidden charges.

One way to mitigate the risks of inappropriate consumer outcomes and/or consumers not fully understanding what they have bought is to take onboard the findings in the FCA output from its thematic review into "Customer understanding: Retail banks and building societies" ['TR17/1']. The fact the document was issued nearly three years ago does not diminish its relevance to firms today. These can be summarised as ensuring terms and conditions are easy to understand and are fair and transparent, not confusing customer satisfaction metrics with customer understanding and putting in place robust 'checks and balances' to ensure customer understanding.

It is always appropriate to review practices and procedures on a rolling basis, but now seems to be a good time to re-focus on ensuring good customer outcomes.

Nick Baxter is a Partner with Baxters Business Consultants. Baxters Business Consultants is a business consultancy offering training, marketing and expert witness services within the lending industry

Intelligent learning

By **Vivek Dodd**, Chief Operating Officer and **Simon Truckle,** Director of Learning Solutions from Skillcast

Ask any senior manager in your organisation how you can improve your corporate e-learning, and they'll most likely say: "Just make it short and relevant!"

It's a simple enough request, but quite complex to implement, as what's relevant to one person may not be the same as for another. However, we've found a reliable way of achieving this using an approach that we call intelligent learning, which leverages elements of personalisation, adaptation, gamification and analytics. Let's see how.

In building e-learning courses, we find that developers focus on compelling narrative, scenario-based learning activities, meaningful visuals, video, responsive design etc. These are all important, but what's even more important to know is "what's the point of this training?" Asking this question reveals the desired behavioural outcomes or competencies. For the course to be effective, the narrative, learning activities and assessment should be mapped to a clear set of these competencies.

These action points also provide the basis for introducing intelligent elements to personalise, adapt and gamify the training content, and generate valuable analytics. The intelligent course will:

- ❑ Identify what an employee needs to know based on what they do
- ❑ Assess how much of it the employee knows already
- ❑ Assess the employee's confidence in that knowledge
- ❑ Deliver only those sections that they need and do not already know

> "Identify some crucial information: those people in your business who are supremely confident but don't actually know very much!

Personalise

Identifying the competencies in the scope of the e-learning gives us the basis to personalise the course for each employee. The course can be made shorter and more relevant by asking each employee what they do at the outset. The competencies that they need may be defined simply by their job role/position or it may require deeper probing to understand what tasks they perform. This could take the form of a decision tree structure, which the employee is put through. It establishes which competencies apply to them, and selects the course content and assessments accordingly.

Adapt

Along with personalisation, the course content can be adapted - again to make the e-learning shorter and more relevant - by assessing the employee's performance in learning activities. Such activities can be spread throughout the course, but it's typical to use a pre-course assessment. This assessment can be limited to testing only with questions that match the employee's competencies.

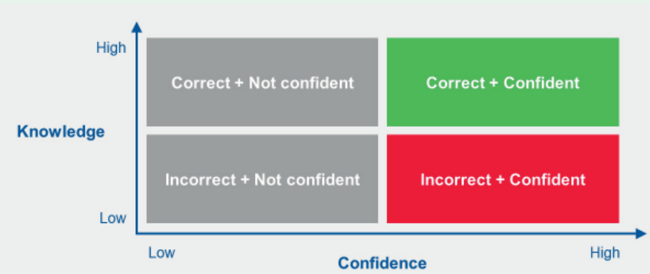
Another use for adaptive content is providing differentiated feedback in learning activities. For instance, an employee who is struggling with a basic concept could be provided with further reading on it.

Pre-assessment

A pre-course assessment, which establishes an employee's competence level to which the course content is adapted, needs to test them to a higher standard than a post-course assessment. If you are providing a cut-down course or allowing them to skip all the content, you really need to be sure that they are competent. To meet this higher standard, we insist that the employee is not just correct, but also confident in their answer. If they are correct and confident, we give them a bonus - if they are incorrect and confident, they get a minus score. By setting the pass-mark as correct and confident for all answers, you will weed out those who may be guessing and identify some crucial information: those people in your business who are supremely confident but don't actually know very much!

Confidence levels

Upon completion of the pre-course assessment, we assess the scores, and adapt, remove or re-purpose the content on any given topic. This ensures that the employee gets just what they need to know and the business gets the certainty that all its people have been appropriately trained.



By delivering learning in an intelligent way, a course that may take a new starter 20 minutes to complete could drop to around eight minutes for a more experienced employee. This will save time and money, and make both your new starters and senior managers happy.

Analytics

By breaking down the course into competencies, and assessing against these, we can show the employees a detailed breakdown of their strengths and weaknesses. Whereas a standard course will tell the employee only the percentage that they have achieved, intelligent learning goes much further. The employee can see their performance in each area of the course.

They can also see how they performed against their peers, their highest scores and averages, and where they are positioned on a leader board.

Management Information

Intelligent learning produces a much higher level of detail and analytics to help identify knowledge gaps, spot red flags and feed into future training initiatives.

It provides a breakdown of performance against each competency at an individual level and across the business. It also shows confidence levels against knowledge and competencies, which makes it possible to have conversations with people who demonstrate poor understanding and yet report a high degree of confidence.

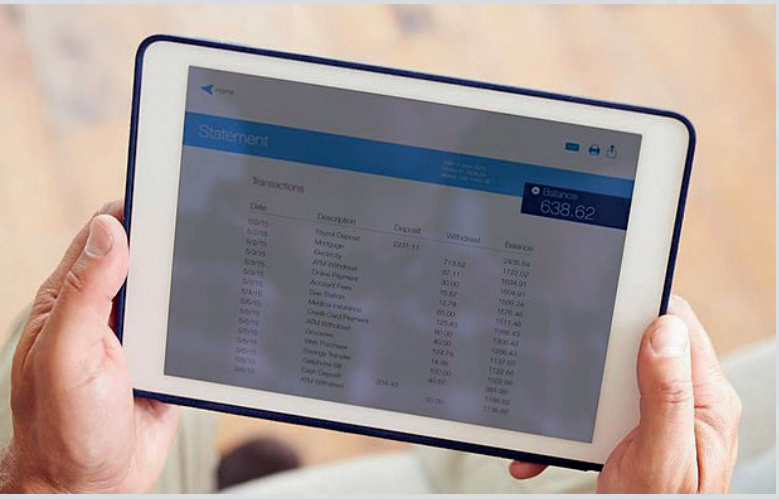
Delivery

The technology behind intelligent learning works within the standard SCORM framework. Therefore, such e-learning modules can be hosted and delivered on any SCORM-compliant LMS.

Fraud Prevention – Could you be doing more?

You never think fraud will happen to you. Until it happens. Being a victim is a very personal, often life-changing experience. But are firms doing enough to educate staff and customers about how to prevent it? As a strategic learning partner of UK Finance, the Access Group's **Emma Parnell** recently presented at the Economic Crime Congress. She looks at where firms should be focusing.

“There are two types of fraud and many different methods by which a fraudster can commit a crime. So, the challenge is a complex one.



Put yourself in this woman's shoes. This is a real story.

After joining an online dating site and befriending a man with whom she developed a close relationship via emails and phone calls, the 60-year old was scammed out of more than £53,000. The woman had previously considered herself to be bright and intelligent, someone who had successfully created a secure financial environment for her retirement. But she was left reeling with shock at her own vulnerability and described her embarrassment as “overwhelming”.

So how did someone like this fall for such a scam?

The man portrayed himself as a successful businessman but one who was very lonely as his partner had died and he was estranged from family and friends. He also mentioned a young daughter. During their ‘relationship' he said his daughter had been injured in a hit and run accident abroad and he required £9,000 for an operation to help her, as she couldn't be brought back to the UK.

He didn't ask for the money directly, but claimed he had borrowed so much from the bank and didn't have enough cashflow in the business that he had no one else to turn to. The woman wrestled with her conscience. She didn't want to give her money to a stranger but this was a child? She didn't want to leave her to fend for herself. She offered to pay the hospital directly but was told the cash was needed upfront. Having verified this online, she transferred the money.

But the manipulation didn't end there. The accident had supposedly happened when he was away on business – he needed another £44,000 for his business and his accommodation and transport home. The woman repeatedly said she couldn't help. But his response was always empathetic. He understood how difficult it must be to trust someone she did not know.

She thought he was a very kind and gentle man, and they talked about their future, getting to know each other away from such difficulties. Finally, he asked her to meet his return flight in Birmingham so they could go to the bank to return her money. Having received almost £55,000 in cash, he didn't show at the airport. The woman immediately reported her story to the police.

How do you properly recover from such a betrayal of trust and manipulation?

New research from the Take Five to Stop Fraud campaign revealed eight in 10 people would feel embarrassed if they fell for a financial scam, with dating scams like this top of the list. Online, investment and phone scams followed. Less than half of those surveyed would tell their friend if they fell for a scam, and fewer than one in five would tell a colleague, boss or a neighbour.

It stings.

The scale of fraud in the UK

In the first half of 2019, over £400m was lost to fraud, yet the finance industry prevented the loss of over £800m (UK Finance, 2019). Meanwhile, the Dedicated Card and Payment Crime Unit (DCPCU) – which, made up of City of London and Metropolitan Police officers plus banking industry fraud investigators and UK Finance support staff, targets organised criminal gangs responsible for fraud – prevented £31.2m of fraud and disrupted 23 Organised Criminal Groups (UK Finance, 2020).

It's great the industry has been preventing a significant number of losses for its customers, but it's also very telling of the scale of the battle consumers and firms face every day to try to prevent fraud.

There are two types of fraud and many different methods by which a fraudster can commit a crime. So, the challenge is a complex one.

Authorised fraud

These are authorised push payments (APPs) made by victims who have been scammed into making a payment by the criminal. For example impersonation by a bank, the police, romance scams, fake fundraising through social media and bogus investment opportunities, etc.

This type of fraud presents a much bigger challenge to protect customers. It can be very difficult for the victim to prove they were tricked into making the payment and in some cases it's impossible for them to recover the money.

In response, since May 2019 payment service providers (PSPs) have agreed to finance an APP scams voluntary code of practice, to compensate victims where both the customer and their bank have met the standards expected of them under the code. UK Finance recently reported this interim arrangement is being extended to 31 December 2020 to allow more time for regulators, government and industry to deliver a long-term, sustainable funding arrangement

Unauthorised fraud

These are payments made from your account by a criminal using stolen data and/or card details, and methods include using technology to copy card details, identity theft, faking cheque signatures and unauthorised use of someone's internet banking, for example.

In 2019 there were over 1.3m unauthorised fraud cases (UK Finance, 2019). These can be easier for a victim to show, or for investigations to conclude, they didn't make the payment. Industry analysis indicates banks and card companies refund customers in over 98% of cases (UK Finance, 2019).

Helping protect consumers from becoming a victim

Education, both of staff and the customers themselves, sits at the heart of fraud prevention.

Most firms will have guidance for consumers on how to prevent themselves from being a victim of fraud. But is that guidance clear and obvious to your customers? Is it easy to find on your website and in your customer documentation? Is it in your direct communications, such as e-newsletters?

And remember, firms can be victims too! Insurance fraud is on the rise, meaning firms pay out on fraudulent claims, ultimately leading to losses that can't always be reclaimed from the fraudster. Firms also have the risk of Internal fraud, for example overinflated or fabricated staff expenses claims, or where staff assist criminals in committing fraud through a firm.

We support firms in fraud prevention through learning about the various forms of fraud, factors that give rise to fraud, recognising the signs of fraudulent activity and the impact of fraud. Learners are tasked are tasked to practice spotting those signs through a real-life scenario. Legislation and offences, Conduct Rules, Customer Due Diligence and whistleblowing are covered too.

The Banking Protocol is one industry-wide initiative - developed by UK Finance with National Trading Standards – that trains branch staff to spot when someone is about to fall victim to a scam and try to prevent them from withdrawing cash. The staff can then request an immediate police response to the branch to investigate the suspected fraud and catch those responsible.

Meanwhile, every firm should be widely promoting the national 'Take Five – to stop fraud' campaign, which urges consumers to…

- ❏ Stop - taking a moment to stop and think before parting with your money or information could keep you safe.
- ❏ Challenge – ask could it be fake? It's ok to reject, refuse or ignore any requests. Only criminals will try to rush or panic you.
- ❏ Protect - contact your bank immediately if you think you've fallen for a scam and report it to Action Fraud.

Fundamentally, it's on every one of us to do more to prevent fraud. But to do that, we have to be aware of it and how we can. That comes down to the information being clear and available. And that comes down to firms recognising they are at the forefront of this fight against the fraudsters.

Could you be doing more?

Our comprehensive library of **governance**, **risk** and **compliance** courses developed with partners **FSTP**, **UK Finance** and **The Investment Association** includes:

- Fundamentals
- Conduct
- Financial Crime
- Specialist
- SMCR and Conduct Rules
- Mortgage and Home Finance

The Route to Chartered – It's about being stubborn about your goal, but flexible in your method

Gayle Conway,
Managing Director
Expert Pensions

> "Whichever route you decide to take remember that being open and flexible to opportunities will ensure you are heading in the right direction

Sometimes we focus on getting to our destination as quickly as possible. But in life there will always be unexpected detours and distractions.

So let's take some time to enjoy the scenic route and take a look at the journey that will take you from Financial Adviser to Chartered Financial Adviser.

What qualifications do I need to become a Financial Adviser?

Since 2012, UK financial advisers have had to hold an appropriate RQF Level 4 qualification. The list of appropriate qualifications is published on the website of the Financial Conduct Authority (FCA) which is the main UK financial services regulator.

While other options are available, the two most popular and well-known Level 4 qualifications for financial advisers are provided by the CII, and the LIBF. Just to be clear, you don't need to hold both – one or the other satisfies the qualification requirements.

Comparing qualifications

The CII route is considered the most "academic" of the options. It is a well-respected path, widely recognised across the industry and by most employers. The LIBF route tends to be more holistic and generalist and the CISI route tends to be favoured by investment specialists.

Remember though that it's not all about passing the exams. Chartered professionals in the finance industry must demonstrate experience in practice at a particular level. Some professional bodies state that you must have at least between three and five years' relevant work experience before you can achieve chartered status.

Whichever route you decide to take remember that being open and flexible to opportunities will ensure you are heading in the right direction.

Going for gold

To achieve the CII Advanced Diploma, you need to accumulate 290 credits. If you hold the Level 4 Regulated Diploma, you have earned 100 credits and therefore have a 190 credit shortfall. I won't go into detail here, but you will need a minimum 4 Advanced Diploma modules which total 120 credits, plus gap-fill from the Diploma level modules.

AF5 is compulsory for Chartered and it has the most consistent and highest pass rate followed closely by AF1. The AF1 paper covers most of the other AF exams so we believe this is a good subject to start with and gives you a good grounding for the other AF exams going forward. Some candidates sit similar exams at the same time to keep the length of time taken to get to chartered to a minimum and to focus on one subject area with the maximum amount of possible credits, for example, AF1/J02/R03, AF7/R04/AF8 (note: this exam involves 3 case studies submitted over a 12 month timescale), or AF4/J10/CISI PCIAM exam.

Which route is right for you?

Ultimately, you will have to decide which study option suits you and your career best. There will also be specific considerations, such as how existing qualifications/points are taken into account by examining bodies and these can be obtained by applying for recognition of prior learning.

This can be a bewildering and, at times, complex path. But by considering the type of clients you currently advise and those you wish to advise in the future this should guide you towards the best option that works for you and your long term career goals.

At Expert Pensions we can help you to map out your career/exam goals and we provide support for the CII exams (Level 4 and Level 6), LIBF PETR exam and CISI PCIAM exam.

Keep your options open, explore the market and choose your exams wisely!

How to migrate a face to face workshop to online

By **Paul Archer** from Archer Training

The London Underground strike in 2014, closed and severely restricted several lines. As a result, commuters changed their routes to accommodate the closed tracks. Curiously though, after the strike had finished, a fair few of these commuters didn't revert to their previous path, preferring their new choice.

You may feel the same when the Coronavirus outbreak dies down. You run face to face meetings, workshops or conferences, and the Coronavirus lockdown and self-isolation epidemic forces you segway these to an online variant. When normality returns, your customers may well prefer the online version to the face to face edition.

I've been migrating my workshops to the online alternative over the last few years, but last month I confronted my biggest challenge so far. Let me explain the background and how I went about turning this series of events into an online incarnation.

The Sales Performance Association (SPA)

The SPA has been operating for 65 years and began as a collection of suited Sales Training Managers who met up face to face every three months for a live event of learning, upskilling and education in the area of sales training. I've been a proud member since 2000 and have gained tons of value from attending the events.

In 2014 I took over running the association and continued the same format as before. Quarterly face to face events of around 35 or so members and guests listening to speakers and discussing all things sales training.

The Problem

Numbers plummeted. Fewer members rejoined, corporate members had their budgets frozen so they couldn't rejoin. Visitors became scarce, and the last meeting in December 2019 was cancelled due to low numbers. The world had changed; the SPA hadn't. It promoted the same model first delivered in the 1960s. People were getting together in a hotel conference room to hear presenters and learn new ideas. The only technological innovation was PowerPoint, projectors and power-assisted curtains.

The Solution

With the lower numbers as members, it was great timing to run an online workshop, so I promoted an online version to the ten remaining members. I sold it not as an alternative but as a better option. I maintained that this was not to be a webinar with slides and a droning voice in the background but a fully immersive and discussion-based two-hour session using online video and audio.

The Promotion

Members signed up; we sent out the Zoom invitations. We promoted a 9 am to 12-noon timescale, promising the afternoon to be back at work. We recommended corporates to work from home that morning, or find a secluded spot in the office. We suggested a laptop or PC with a webcam and microphone plus decent speed broadband. A couple of members contacted me via email to discuss the kit needed, but most already had reasonable spec laptops with built-in webcams and microphones. One member and I even hooked up on Zoom a week or so beforehand to ensure they could connect and use the system.

Some people are fearful of technology and the prospect it could all go wrong, and it's their fault.

Zoom is incredibly easy to use, and as the organiser, I get to tweak the settings and coordinate everything from my video studio, so the attendees just need to view their screens, watch each other and talk. I also promised to log on at 8.15 on the day to ensure everyone could connect with few problems.

By 9 am sharp, we were all ready, primed and on-line.

Our speaker Mike Wilkinson and I have known each other for ages. Mike is progressive and uses technology all the time, delivering webinars across the globe. Presenting a series of slides is one thing; running a discussion-based and interactive workshop is another. So we talked and prepared ourselves. I would facilitate, and he would speak.

The Tech

My purpose-built studio, aptly named Tivoli Studios, is geared up to run these events every day. I have a basement room converted which is very quiet and allows me to control the lighting to perfection. I have several monitors, two high spec base unit PCs, three webcams fitted plus Yeti microphone attached to the PC and wireless microphone headsets Bluetooth'ed to the PCs. I have an HD DSLR camera propped up and ready and a large whiteboard and pull down green screen behind the presenter. I also have ample space to perform from; live interactive workshops are facilitated standing, not sitting, although I do have a bar stool for long events. Last but not least, I have 400MB speed ethernet tethered internet connection to both PCs and a backup 65 MB WiFi.

You may not have that level of kit; it's taken me six or so years of research, trial and error. It works well.

On The Day

Between 8.15 and 9 am I helped a few members connect both their camera and microphones and at 9 am on the dot we had a total of eight members online and present, plus Mike and myself. Each member appeared on video, and my monitors displayed their images, four people per monitor, so I could see them all clearly from where I was standing. I had my headset on so I could hear them clearly and speak succinctly to them via the mouthpiece. I was able to move around the room since this is wirelessly connected to the PC.

I introduced the day, outlined the agenda, we were to have a break around 10.15 or so for 30 minutes. Breaks are essential for online workshops. I explained we'd be wrapped up well before Noon and mentioned that we want them to talk, ask questions and discuss issues at any time. Mike was aware of this and cleverly built-in pauses and question spots for people to ask questions and chat through issues. Speakers need to be mindful to keep an eye on the video images of people just like they would if presenting face to face and if Imran from Ilkley raises his eyebrows or Paula from Portsmouth opens her mouth. You should stop and let them talk or ask questions.

I used the whiteboard behind me to jot down the schedule and a few images to support my short presentation. My whiteboard webcam picked me up with the board behind me, and every attendee could see me.

Mike took over and used PowerPoint. I switched control over to Mike, and he began. People asked questions; discussion took over, Mike is an excellent facilitator. Occasionally I took over and coordinated the discussions when a few members talked over each other. I would say "Bob, you have a point to make or Jemma, what was it you wanted to contribute. I flicked to my other webcam, which beamed me on my bar stool in the room, which allows me to present casually, ideal for facilitating.

It's good to have a few webcams; you can switch these at a flick of a button to change the angle of me presenting. It's a little bit like watching the news when the cameras change, and you see the newsreader from a different perspective.

I created a mindmap on my whiteboard which people could see, which I used to summarise learnings as we progressed and now and then I'd stop Mike, run a summary and invite questions.

We broke for 20 minutes and continued afterwards.

Towards the end of the session, we broke off. Mike summarised, and I asked each attendee to prepare a summary of their key learnings. Each person then had their opportunity to talk about their critical learnings for a couple of minutes each, just like they would do in a face to face conference.

Post Event

A recording was emailed to the group afterwards, and some exciting feedback received.

"…easier to contribute when not under peer pressure in a room."

"…felt very relaxed."

"Had the whole afternoon to get on with email."

"Great session, well managed, fab interaction and some great IP and discussions about identifying and demonstrating value. Great speaker, worth my time!"

The Future

I now call them Online Interactives and members have agreed this is the way forward. We'll be running them every two months and securing speakers will be quicker and easier as they don't need to travel. We'll be saving a fortune in hotel costs and speaker travel expenses not to mention the vol-au-vents and sausage rolls.

> "Speakers need to be mindful to keep an eye on the video images of people just like they would if presenting face to face

Paul Archer is an Online Sales Trainer, Speaker and Conference Host. He'd be happy to assist you in moving your workshops online during this challenging period. Email him on paul@paularcher.com or LinkIn with him at www.paularcher.uk

FCA Assessing Suitability Review 2

By **Vince Harvey** from Compliance Cubed

The FCA have announced a review of suitability, this time with a focus on the advice that clients receive in connection with their retirement planning, particularly at the point of retirement.

They have indicated that the review will involve a representative sample of businesses in order to understand how the retirement income advice market is currently working. Before the end of the year there will be a report setting out the results of the review.

As if this wasn't enough to look forward to, the FCA have said that they will continue to work on defined benefit pension transfer advice, pension and investment scams, and whether or not firms hold adequate financial resources and professional indemnity insurance. And we have the senior managers and certification regime to 'embed' – with certificates to be issued in time for 9th December. It's going to be a busy year – and firms still have to be successful commercially to pay increasing levies and PII premiums. And don't get me started on the likely outcome of trusting politicians to negotiate trade deals!

There is a widespread acknowledgement that the way in which the retirement market is evolving, following the pension freedom reforms, has created more heat than light. Financial advisers should be at the centre of the discussion and work to enable clients to understand their options and make informed decisions. Just because I can take my pension pot and buy a Lamborghini doesn't mean it's the right thing to do.

In January Debbie Gupta, Director of Life Insurance & Financial Advice Supervision, sent a four page letter to financial advisers which acknowledged the central role they have to play as members of the public are having to take more responsibility for an increasing number of complex financial decisions. The FCA's concern is that there are still firms which, rather than helping their clients navigate these choices and arrange the right solutions for their needs and objectives, are acting in ways which result in significant harm to the financial well-being of their clients.

The letter goes on to identify four key ways in which consumers of financial advice may be harmed:

- ❑ receiving unsuitable advice for their needs and objectives;
- ❑ falling victim to pension and investment scams;
- ❑ not receiving redress as a result of the non-payment of FOS awards and/or failing firms being unable to compensate consumers;
- ❑ paying excessive fees or charges for products and services.

Let's have a look at each of these and consider the role of T&C. In almost every speech given by representatives of the FCA the word culture gets a mention and as you look at the fines being levied, not just by the FCA but in many sectors of the economy, there is clearly a thread running through these punishments: the businesses involved should have known better.

I am fascinated that in creating the SM&CR the FCA decided it needed to impose conduct rules. The first is a requirement to act with integrity. When I tell people this, they're often amazed; 'why does this need to be a rule, surely firms who want to grow realise that a firm acting with integrity is more likely to retain clients and get referrals than one which doesn't'.

Each piece of financial advice should be suitable – the fact that it isn't always the case should be of concern to all of us. Advisers with integrity want to give good advice, they will ask probing questions to get to the core of a client's situation and objectives and then create solutions that best address those needs. You can't train integrity, but you can help advisers understand what it looks like.

We cannot stop all scams, but we can help people to understand financial products and services better than they currently do. The PFS is actively encouraging its members to get involved in schools so that youngsters entering further education or the world of work have a better understanding of finance. With increased awareness, fewer people should fall for alluring promises of high returns which we know are not realistic. The message of five a day has changed the diets of many people; could 'if it looks too good to be true it is almost definitely fake news' have the same impact on their financial well being.

The next point was around firms being able to pay compensation. Providing good advice in the first place means that many firms get few complaints – yet they're the ones that are hit with FSCS levies as other firms shut down rather than face the consequences of the poor advice they have provided. We all make mistakes and no doubt some advice though well-intentioned turns out to be poor. Training staff to ask questions and carry out thorough due diligence will go some of the way to reducing the risk of complaints. The FCA are also looking for firms to consider their capital and non-financial resources to check their resilience. One good question to consider is: how many times you could pay the excess on your PII policy before it hurt the business. Alongside building the capacity of the team to get things right, there should also be a fund being built to protect the business.

The final harm relates to payment of excessive fees. My sense is that over the coming years advisers will need to develop a greater understanding of the value for money that they provide. T&C has a part to play in helping advisers articulate to clients what they are paying and more importantly why. Advisers need to have the skills to deliver on the promises clients expect in return for adviser charges.

Under the one of the 'Action to take' headings in her letter we read that firms need to ensure that the advice provided is suitable, costs and charges are disclosed clearly, and that advisers act in the best interests of their clients. Conflicts of interest must be identified and where they cannot be prevented, disclosed and managed.

It will be interesting to see how firms fare in suitability review 2. However, I wouldn't wait until the report to consider what needs to change. Have another look at Debbie Gupta's letter and ask how you as a T&C professional can influence change in your organisation.

Non-financial misconduct

By **Ian Ashleigh** from Compliance Matters

> "It has been reported that the FCA has seven open enforcement investigations into non-financial misconduct

The FCA opened the new year with a Dear CEO letter entitled "non-financial misconduct in wholesale general insurance firms". Once again, the regulator used the theme of poor culture in financial services firms leading directly to harm to consumers, firms and the market. They have now added the impact on employees to this list. Whilst the letter was addressed to a specific sector, the whole financial services industry could learn from the themes expressed.

We've heard lots from the FCA (and its predecessor the FSA) about culture over the years going back as far as 2005, and the first discussions about treating customers fairly, but the focus has been on good outcomes for consumers. The extension of the Senior Managers & Certification Regime (SM&CR) to all FCA regulated firms puts the onus on firms and individuals to be responsible and accountable for the behaviours within the firm.

It has been reported that the FCA has seven open enforcement investigations into non-financial misconduct, unless or until there is public censure of any of the firms or individuals involved, we will not know the details of these investigations nor their outcomes.

What is non-financial misconduct and what can firms do to minimise it both in the workplace and with clients or customers?

Discrimination, harassment, victimisation and bullying are all forms of non-financial misconduct including sexual harassment, homophobia, racism and sexism and apply to the way a firm treats its staff and its customers or clients.

Discrimination

The Equality Act 2010 defined nine protected characteristics, these are;

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion and/or belief
- sex
- sexual orientation

It is the role of the Board and Senior Management to ensure that staff are not disadvantaged in any way due to any of these characteristics and that customers are treated fairly and equitably.

Discrimination can be direct: in other words, one person is treated less favourably than another due to a protected characteristic – for example consideration for promotion, or indirect by way of policies or procedures – for example holding team meetings before normal office hours may mean parents who need to take their children to school will find it difficult to attend.

Harassment

According to Citizens Advice, harassment is unwanted behaviour which you find offensive or which makes you feel intimidated or humiliated. There are several forms, one of them being sexual harassment, or unwanted attention from a colleague. Other forms of harassment include threatening behaviour or physical harassment, the use of emails to make threatening or untrue statements, or psychological harassment which involves making belittling remarks to an individual particularly in front of colleagues.

Bullying

Bullying is a particular form of harassment and can be in private or in public. Some bullying may lead to a charge of constructive dismissal against the perpetrator.

The SM&CR puts the focus on the Board and Senior Management to engender a culture of diversity and inclusion. The FCA expects firms to take a holistic approach to the way the firm is governed, the way employees are treated, and what happens to them if they engage in non-financial misconduct.

Firms should begin to address non-financial misconduct risks in the same way they address other business risks within the organisation.

Leadership

As with everything that happens in an organisation, leadership and the tone from the top sets the agenda throughout the firm. How does the Board communicate its definition and expectations of the culture and conduct across the business? Having done this, what steps has the Board taken to measure the quality of culture and conduct against these clearly defined expectations?

The treatment of whistle-blowers and the way in which their concerns are dealt with is another indication of how seriously non-financial misconduct is taken. Does senior management look for trends and how they address the issues raised is a good test of their leadership.

Purpose

In early March, the FCA published a discussion paper on driving purposeful cultures. In introducing the discussion paper, Jonathan Davidson, FCA Executive Director of Supervision said: "The purpose of a firm sits at the heart of its business model, strategy and culture. Unhealthy cultures and purpose have been at the root cause of too many mis-selling and other conduct scandals in financial services. I want to see strong leadership creating purposeful cultures where it is safe to speak up and diversity is encouraged and listened to".

Clarity of purpose is essential for any organisation and how this is articulated, managed and monitored is key but it needs to be carefully thought through and must resonate with staff, customers and other stakeholders within the business.

Rewarding and managing people

The days of reward based purely on achieving sales targets are long gone. Most firms have reward systems that consider behavioural based key performance indicators in addition to financial performance. Upheld complaints should be a key performance indicator and we accept this to mean complaints from clients and customers, do we consider internal complaints from colleagues?

Next Steps

Senior managers should review current processes and procedures in the light of the FCA's Dear CEO letter whichever sector they are in and identify any gaps between the regulator's expectations and their current arrangements. Having identified the gaps, take action to address them.

Such action should include **enabling non-financial conduct leadership**, in other words, senior managers should take responsibility for the firm's culture, one way is to ask how the leadership team measures the quality of its culture and conduct of employees and, importantly, what against. A review of **HR and compliance policies** will reveal if they set the right tone and are designed to ensure that cases of non-financial misconduct are handled correctly

The extension of SM&CR required firms to draft **statements of responsibility** for all senior managers. These should include the management of risks associated with poor handling diversity and non-financial misconduct. A **review of remuneration** will reveal if reward systems are designed to discourage poor behaviours, it will also highlight any gender-based pay gaps that may exist.

Communication is the key, how are policy statements articulated, do staff understand what the firm expects of them? Dependent upon the size of your firm, you may want to engage with an external resource to assist with difficult situations. Coupled with communication is **training**. This is essential to ensure that staff know exactly how the firm has defined the expected behaviours and culture in respect of non-financial misconduct coupled with diversity and inclusion.

Expect the FCA to carry out further supervisory work in this area throughout 2020 and anticipate that they will ask your senior managers searching questions during visits and by way of online questionnaires.

Performance Management and Certification – should two become one?

By **Neil Herbert** from HRComply

Compliance and HR are often very separate functions within the average financial services sector firm. They are viewed very differently by employees and management teams alike.
One has the heft of the regulatory risk stick whilst the other often uses the carrot of career development and remunerative reward to consolidate further its role and purpose.

The SMCR has brought the two functions inherently closer in a way that hasn't often been seen (particularly in the wholesale sector where - we find - there tends to be a more natural resistance to an HR-driven culture).

They now share equal responsibility for the Competence and Conduct risks that all staff present - and they need to work together to minimise these by ensuring that:

- SMF's accept understand and take reasonable steps to deliver their prescribed responsibilities fully;
- That those SMF's remain Fit and Proper and competent to hold their Senior Management roles;
- That all staff understand and abide by the FCA Conduct Rules and the implications those have in the context of the firm's business and their own individual roles;
- That all Certified staff are Fit and Proper to be certified to perform their Significant Harm Functions and that they maintain their training, competence and conduct to appropriate levels;
- That all risks that arise from failure to meet these requirements are identified, appropriately reported and mitigated with recorded audit trail of all actions

Some of the key challenges to both functions on meeting their obligation under the SMCR are logistical and cultural by which I mean:

- They need to work collectively not in silos;
- Significant amounts of SMCR-relevant Compliance and HR records and data must have shared access – not locked in departmental files or legacy systems;
- They need to find and exploit synergies between the processes that once were the exclusive properties of each.

❑ For example:

- Assessment of Conduct – and the degree to which staff abide by rules
- The assessment of competence or delivery in role – i.e. performance management – at least in part
- The disciplining or mitigation of shortfalls in either competence or conduct
- Compliance policy adherence, attestations to and acceptance of conduct rules, acceptance of responsibilities and monitoring of reasonable steps etc
- The setting of training and development – specifically relating to all of the above – but including purely Compliance-based training
- The Certification process itself
- Monitoring of SMF's and reasonable steps

All of these might once have been the exclusive preserve of one or the other. Now they must look to mutual delivery and tracking/recording that delivery collectively and in the same place or process.

Performance Management is often one of the most sensitive of these.

HR rightly tend to own this and it is often delivered through very HR/L&D specific platforms sometimes using non-role specific competencies and objectives.

In larger multi-nationals we often find that processes are owned and domiciled outside the UK and have little relevance to SM&CR requirements on Competence and T&C.

Also – where multiple platforms may be used – Learning Management Systems (LMS), Retail Distribution Review (RDR), Performance Management (PM) and Training & Competence (T&C) systems using multiple external providers – linking these or harvesting data for SMCR purposes can be a challenge.

It is important to engage staff in a performance and T&C driven culture and a much more structured approach to these than may previously have been the case. However, asking staff to complete parallel or duplicated assessment processes is a big turn off and discourages engagement rather than improving it.

It is a challenge therefore when choosing an appropriate SMCR platform to be able to draw from various other processes and platforms-relevant data without duplicating effort wherever possible.

A sensible and pragmatic approach to this – and one that allows the sharing and tracking of outcomes and data from these multiple platforms - is key.

However, it is simply not practical – particularly for larger organisations – to consolidate everything into one platform or system - even if that were available. So - co-operation and pragmatic solutions are required to share data and processes wherever possible.

Performance Management is of course a rather broader function than the more focused competence and conduct assessments required in the Certification process. However, the latter is very much a requirement of a thorough Certification process and should be backed by objective assessment and evidence. Equally where there are shortfalls they must be identified and flagged – mitigation suggested whether through the setting of objectives or training – and they should be factored into certification decisions and/or their mitigation set as KPI's/ Conditions for Certification.

If a firm wishes to avoid duplication it is perfectly possible to assess these factors within the structure of the PM process with SHF role specific competencies and deliveries being objectively assessed. Acceptable (or not acceptable) outcomes and ratings can then be captured into the Certification process and/or SMCR platform.

The ultimate goal is to create commitment to processes across the business encouraging a culture of putting delivery and assessment of the best levels of competence, conduct and performance at the heart of the business. This must come from top level management and must be led by their example.

Any procurement process for an SMCR solution must include all stakeholders from across the business and make their buy-in and separate interests a key factor.

> “So – co-operation and pragmatic solutions are required to share data and processes wherever possible.

The enhancement of operational resilience

Article from Fitch Learning

May you live in interesting times

We certainly are at the moment. Financial service providers and regulators are wrestling with the uncertainty of what the UK's exit from the European Union means, the threat of pandemics is leading to the isolation of workers and a reduction in productivity, and continuing oversight failures by companies and fund managers are creating huge financial losses and losses to confidence.

> "Firms and FMIs need to identify and document the people, processes, technology, facilities and information (resources) that support their important business services in a resources map.

In addition cybersecurity breaches are leaving companies vulnerable to being held to ransom (which threatens to destabilise our electronic support systems) and we should not forget the seemingly humdrum day-to-day challenges caused through the widespread adoption of the Conduct Rules (COCON) under the regulators' Senior Managers and Certification Regime (SMCR), the transitioning from LIBOR to SONIA (or ESTER or SOFR or SARON, etc.), the adoption of the fifth Anti-Money Laundering Directive (5AMLD) with its inclusion of cryptoassets and ultimate beneficial ownership registers, not to mention the huge shift of focus from traditional methods of valuation to ones that incorporate environmental, social and governance (ESG) values. I am sure you could also add many more.

It's no wonder that the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) have come together to call for the enhancement of operational resilience in firms and financial market infrastructures (FMIs).

CP19/32 (FCA) and CP29/19 (PRA) were released in December 2019 launching a consultation into *Building operational resilience: impact tolerances for important business services.* In these papers, the regulators strongly encourage firms to take ownership of their own operational resilience and to prioritise their resources based on the impacts to the public interest, as represented by the authorities' objectives. A risk management approach to operational resilience that requires firms to focus more effort and resources on **achieving the continuity** of their important business services, and **not just on recovery** of the underlying systems and processes.

The regulators outline their approach as follows:

Identify important business services

Important services are those that, if disrupted, could cause intolerable harm to consumers or market integrity, threaten the viability of firms or cause instability in the financial system. That is, they pose a threat to one or more of the regulators' statutory objectives. The regulators will not create a list of these services, stating that this should be something that firms decide themselves individually and collectively.

They do state, however, that an investment service should be an identifiable service. For example, an ATM providing the ability to withdraw cash and check balances should be treated as two separate services. The user of the investment service must also be clearly identifiable.

Set impact tolerances

Firms and FMIs need to set maximum tolerable disruption limits. This could be based on, among other things, a maximum duration of the disruption, the number of clients that are likely to be impacted, the financial loss to clients and impact on market confidence.

Map resources that support important business services

Firms and FMIs need to identify and document the people, processes, technology, facilities and information (resources) that support their important business services in a resources map.
This resources map should assist in the prioritisation of investment in operational resilience. For example, it may more prudent to replace newer electronic equipment in areas where disruption could pose a threat to the continuity of important business services, than to replace older equipment in areas that would not.

The mapping will also allow firms and FMIs to identify any gaps in the resources they use, which can be remedied as appropriate.

Test the resilience

A range of severe but plausible disruption scenarios should be used to test the resilience of the existing resources and the impact tolerances set.

The regulators emphasise that impact tolerances assume a disruption has occurred. Testing the ability to stay within impact tolerances, therefore, should not focus on preventing incidents or the probability of the incident taking place.

The regulators, again, leave the details of events chosen up to individual firms, but these could include: corruption, deletion or manipulation of critical data; unavailability of facilities or key people; unavailability of third-party services; and loss or reduced provision of technology.

Learn from the tests

Firms and FMIs should use the results of the tests to identify any areas of weakness, prioritise those for improvement and invest where necessary. The focus should be placed on continuity of the most important business services, not just the ability to respond and recover from disruptions.

Governance and Self-assessment

Under the SMCR, the Chief Operations Function (SMF24) is the senior manager responsible for managing the internal operations of the firm. Within the SMCR there are prescribed responsibilities for senior managers, which include the management of the firm's risk management processes, and managing and reporting on the firm's internal stress tests. Where firms do not have an individual performing the SMF24 function, it will be for the firm to determine the most appropriate individual within the firm who is accountable for operational resilience.

To demonstrate appropriate and effective oversight, boards should be able to evidence that they are satisfied the firm is meeting its responsibilities in respect of operational resilience. This includes aspects relating to the identification of important business services, mapping and setting impact tolerances, as well as the firm's ability to remain within these tolerances. This should form part of the firm's self-assessment document, which needs to be available for the regulators on request.

CISI Diploma in Investment Operations

The Chartered Institute for Securities and Investment (CISI) understand the need for a sound understanding of operational management. Their Diploma in Investment Operations is a Level 6 qualification that culminates in the Global Operational Management (GOM) paper. GOM is designed for operations managers seeking to qualify their experience through a formal exam or enhance their understanding of the many areas of operations management.

It is considered the most appropriate specialist qualification for those who hold a supervisory level position and are aspiring to hold a senior management role in investment operations.

How long is a piece of string?

By **Len Horridge** from The Skills Exchange

And how many beans make five, come to that?*

But back to my question. How long is a piece of string? Or, how long should training last?

Well, how long do you need the string to be? How tough is the string? How…

Okay, so, it depends. But how long should training be?

> “Training is a continuous process which isn’t just e-learning, reading or seminars… it’s every day, supported by managers, mentors, colleagues and it should be refreshed and on-going.

Many years ago, when we booked a training course it invariably was for 3 to 5 days. Yes, I can’t believe this now as clients want training done “as quickly as possible” and the question “do you need a whole day?” is asked.

Again, many years ago we were asked to get an induction training programme for new advisers “shorter”. I asked how short, the reply was “less than the 12 weeks we have now” (a request from the business who still wanted raw recruits to learn everything and pass four exams in that time) so I suggested half the time. People were happy and happier when I suggested three weeks then realised that sarcasm had kicked in when I suggested a week or maybe a long weekend.

The point is you need to be driven by the ability to achieve training objectives, not just how much time is required. It is decided by the content, the difficulty of the content, the ability of the trainees and the trainer, learning styles, training methods available… etc. So, how long is a piece of string. And that isn’t a question.

A few things that experience has taught us.

One. The shorter the better. I honestly can’t believe that, may moons ago, all courses seemed to be 3-5 days and, if they weren’t, they weren’t deemed “serious”. For a start, it’s a long time to have people out of the business. And people’s brains get full very quickly. Looking at this now, if we had 5 days of content I would split it over a 2-3 week period.

And then there’s attention span. Most people have, the research suggests, 20-30 minutes at their peak. Well, if you make the content interesting and varied enough this can easily go to 60-90 minutes but you have to be aware of your delegates, the content and the delivery/delivery style.

Added into this is start and end times. We start at 9.30 and, typically, end by 16.00 as, by stretching training out to 17.00 or later you are just inducing tiredness in delegates and trainer. Yes, we also have breaks and 30 minutes for lunch. Most people have 3-4 hours of “peak performance” in them so, if you want to make the training as effective as possible (i.e. making the learning stick), once you get to 6 hours you may just be wasting time. (I bet that, in the past when we delivered 3-5 day course less than 20% was actually retained and used by most delegates.)

Obviously, blended learning helps as using a variety of methods you can appeal to different learning styles and cope with different attention spans and speed of delivery.

Ideally, break this up into chunks of 3 hours for delegates if the content lends it to this. And by doing so over a period of weeks, say, you can ensure that learning has been transferred to the workplace which is, surely, the point of training? And don’t call me Shirley…

Time of day can impact, too. Some people learn best in the morning, others in the afternoon, others at night. And avoid Mondays and Fridays? As well as weekends, despite what the business thinks.

See, there’s so much to take into account it really is the string question.

And different ways of delivering training now helps.

In summary, well, our summary… short, 4-6 hours maximum, regular, blended and delivered in an interesting way. Simple, or it should be, depends of what type of string you’d like and/or need.

Oh, and “training” shouldn’t be a one off thing; training is a continuous process which isn’t just e-learning, reading or seminars… it’s every day, supported by managers, mentors, colleagues and it should be refreshed and on-going. Research suggests that about 50% of training delivery is lost within a month. Short refreshers will help alleviate, but not eliminate, this…

So, how long? There is, as you see above, no best answer to this question. There are certainly best practices, but these need to be tailored to fit the company, culture and content. We think that shorter is usually better but some topics require more, just maybe not in one big chunk.

There’s no “one size fits all solution”… go and ask for some string and you will find that one out for yourself.

*Two beans, a bean and a half, half a bean and a bean, btw.

Working and learning from home

Nikki Bennet from Searchlight Insurance Training

"Regulatory training is a case in point. For our customers in the world of insurance, the Financial Conduct Authority has been at pains to point out that no slack will be cut just because we're going through 'interesting times'

According to figures from the Office for National Statistics, by 2017 more than five million of us were spending some or all of our time working from home. That figure seems certain to have increased since then. But now in 2020 - at least temporarily - COVID-19 must have pushed those numbers massively higher.

It's not unlikely you're reading this from home. Right now, more and more of us are doing more and more of everything we do from home. It seems highly unlikely that some of this enforced spike in remote working won't translate into something more permanent once we emerge from the dislocation of coronavirus. Employers who might previously have doubted home working could work, may soon have changed their minds.

As with so much of contemporary life, technology is the enabler. With their computer or laptop at home connected to the office server via high speed broadband - and with video conferencing rapidly supplanting face-to-face for all but the most critical meetings - there's not much office workers could do at work they cannot now achieve at home.

Those worried that a surge in home working might overstretch the UK's broadband networks will have been reassured to see them coping pretty well. According to a recent statement by one broadband provider, BT, the network is at greater risk from Netflix than from home-based working. COVID-19 will change minds in many ways. This could well be one of them.

For training services providers, the need for so-called social distancing clearly imposes some limitations. Working remotely is no great stretch for most of us white-collar workers in the training world. Most of the time, at least. Clearly, training face to face is hard to beat for communicating certain types of knowledge or skill. But, in reality, we're already a fair way down the road to replicating its benefits across a range on online delivery channels.

Convenience and cost-effectiveness have long been drivers for uptake of our online offerings. But now that we're all meant to be avoiding one another in person, there's an added incentive to learn online. It's hard to imagine how much worse an impact the current crisis would have had a couple of decades back when technology meant word processors, basic mobile phones, and faxes. Where we are physically makes much less difference now.

Technology offers the business world a lifeline from a position of peril. The flexibility technology brings gives us all a better chance to trade through the turmoil. Which is just as well. Because, as individuals and as businesses, we'll still need all the skills we needed before - and more - to pick up where we left off and make up the ground that's been lost. Learning online enables your staff to stay up to date and fully competent for the roles they occupy.

Regulatory training is a case in point. For our customers in the world of insurance, the Financial Conduct Authority has been at pains to point out that no slack will be cut just because we're going through 'interesting times'. Disruption's no excuse for failing to treat customers fairly or for flouting any of the myriad rules put in place to prevent malpractice and mismanagement.

One crucial thing that real live expert trainers do, that pre-prepared online resources don't do all by themselves, is staying up to date with the latest developments in their specialist areas. That's why, in an era where more and more customers want to learn online, it's so essential that our authors constantly review and update all our online resources. It's a lot of work, but it has to be done - even if, for now, it might get done at the proverbial kitchen table.

COVID-19 has focused a lot of minds on how to do more remotely with the technology now available. That will bring benefits - not just today, but for the future. Let's hope we'll soon get back to shaking hands and making direct eye contact without mentally measuring out two metres - but for now, there's plenty we can do to stay in shape for the business world to come without getting up from our desks.

What does your T&C Scheme say about your organisation's culture?

By **Jane Pitt** from RedTree Training

Asked this question, it would be understandable that your initial response would be 'at least we have one!'. Remember under TC2.1.14, a Firm can choose whether they 'establish, implement and maintain a training and competence scheme' so opting to create a formal structure is a good first step in demonstrating an organisation's commitment to creating a culture that - aims to ensure that it only employs 'personnel with the skills, knowledge and expertise necessary to discharge of the responsibilities allocated to them'. But it is just that – a first step.

Training and competence, and an organisations' culture is intrinsically linked. Part of what a good training and competence regime delivers is the activities that enables a company to monitor its culture, as well as to train and supervise its' colleagues and leaders to understand what is required of them in their role. I like to explain it as the Scheme lays the tracks that the culture train runs along. You see a good T&C Scheme sets out an individual's route to competence. It should set out how a new employees' training needs are assessed at the outset and at regular intervals (including if their role changes) as well as defining the support that will be provided to ensure that any relevant training needs are satisfied. To me, this is the point at which an individual gets on the organisation train, more commonly known as the point of recruitment.

In the same way as when we travel by train, not everyone gets on and off at the same point, the journey will be different for every person joining. Some will be travelling to the same destination, but the time taken to reach that destination and the route taken may differ. A good Scheme should describe the different journeys, the stations that the train stops at, the ones where you need to change, who will look after you along the way and how to deal with delays, breaks in journeys and what happens when you disembark. But just like the different train operators, different Schemes do this to different levels of efficiency and how they do this also tells us much about the organisation's culture.

Take recruitment for example. It's great if your Scheme asks you to assess a new recruit's knowledge through generic tests and skills via role play scenarios at interview but what does it ask you to do with the information you gathered? If it doesn't have a prescribed means of how to use the information gathered to help shape the new recruit's induction period where the gaps can be evidenced as being addressed, then this can indicate that as an organisation, whilst you do collect the required information, you fail to do anything with it. Furthermore, if your T&C Governance Group or Committee cannot evidence their sight and review of this data, it could be seen that as an organisation, you are more concerned with getting 'bums on seats' rather than recruiting the right person for the right role. If that same practice is replicated in other business processes, then what other information could your organisation be failing to identify, discuss and take appropriate action on?

It is also widely acknowledged that an organisation's induction programme should set the tone of what's to come, which is why they typically include sessions on the company's history, aims, values AND culture. But as we know, culture isn't just a set of words on a wall. An organisation's culture defines what is encouraged, discouraged, accepted or rejected. So, if the focus of your induction programme is about getting someone through as quickly as possible and just covering the bare necessities, what do you think that says about your organisation? Furthermore, if it is a 'one size fits all' with little scope to deviate to address any of the inductee's knowledge or skills gaps that may have been identified at recruitment, is that sending the right message about you wanting to ensure your staff have 'the skills, knowledge and expertise needed to discharge the responsibilities' of their individual role? In a similar vein, the information you use to define someone as competent also speaks volumes.

Far too frequently, I still see organisations that are stuck in the tick box era of a prescribed number of activities needing to be demonstrated to achieve competence rather than a minimum number, or where the supervisor has little autonomy (albeit within given parameters) to make decisions for those they are taking responsibility for. At best, this simply suggests that you have failed to update your T&C Scheme with the changing regimes. More ominously, it could suggest that your supervisor's training is deficient. Is the reason you are not allowing supervisors to make their own decisions based on what they see when they are observing is because your Supervisor Induction Programme fails to give them the opportunity to learn and demonstrate that they have the 'necessary coaching and assessment skills as well as technical knowledge and experience to act as a competence supervisor and assessor'?

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Even with so many different initiatives launched over the years by various Regulators, many organisations still have been fined for poor practice. I think this is not always because they have done something intentionally wrong but more often because they have failed to 'join the dots'. Far too often we still look at things in isolation, like when the Regulator was rule-driven rather than being Principle-based, and do not see the bigger picture. For example, we also know that under the Senior Management & Certification Regime individuals will be held accountable for the standard of training that their organisation delivers both initially and on an ongoing basis. We also know that Firms need to ensure that their business processes and people drive the culture they wish to embed. But how many organisations have made the link between their training and competence regime, their culture and their SM&CR responsibilities? With that in mind, you may want to take a good hard look at your current T&C Scheme or regime and see what it reveals about your organisation.

Strange New World

Julia Kirkland,
Partner in FSTP

> In a nutshell – these are difficult times for everyone but the regulator is making it clear that firms still have a responsibility to treat customers fairly

Of course, the phrase is normally Brave New World, however, as I write events seem to be moving hour by hour. We all have to believe that on the other side of COVID 19 the economic wheels of industry will return to normal, but I can' help but think many things will be changed.

We are getting daily updates on a number of property fund suspensions. Legal & General, Aberdeen Standard Investments, Janus Henderson, Columbia Threadneedle, Aviva Investors, BMO and Kames Capital have suspended dealing in their property funds with others likely to follow. Most pensions funds as well as retail investors will have exposure somewhere to property so the impact will be felt by almost everyone.

Probably not coincidental that the FCA wrote to Compliance teams, this week, seeking assurance that Authorised Corporate Directors (ACD) show that they have adequate reserves to cope with the current market turmoil. ACD's have been asked to produce their ICAAP documents with details of their stress testing, wind down plans and liquidity assessment.

This is likely to add pressure on the margins of independent ACDs, of which there are c 15 in the UK presently. It does make you wonder how many there are likely to be in 2021. With the requirements of the Asset Management Market Study now 6 months in, who is likely to want to sit on ACD Board with the focus on governance as it is? I do wonder if the governance model may be casualty of the epidemic along with a number of traditional fund models which are clearly unable to cope with near vertical drops in the market. Equally, who and what can cope with the unprecedented situation we find ourselves in.

At the same time as writing to ACDs, the FCA's update on COVID 19 for firms says "We expect firms to provide strong support and service to customers during this period. They should be clear and transparent and provide support as consumers and small businesses face challenges at this time. We also expect firms to manage their financial resilience and actively manage their liquidity. Firms should report to us immediately if they believe they will be in difficulty."

In a nutshell – these are difficult times for everyone but the regulator is making it clear that firms still have a responsibility to treat customers fairly and if your planning and stress testing is shown to be weak you could be in some hot water after this crisis simmers down. Let's face it no one knows if COVID will return later in the year ahead of vaccines being produced and of course there could be another new strain of virus to deal with.

Through all this, the health and safety of our colleagues is paramount, and I wish those who have been impacted nothing but best wishes at this difficult time. Equally for those business owners who like me are working hard to keep their businesses and staff teams going through this time, good luck and we'll see you on the other side.

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Should we have a national wealth service?

By **Henry Tapper** from Age Wage

This article was composed on the day after the Government closed down the pubs, restaurants cinemas and theatres. It's a day after the Treasury announced that it would subsidise the wages of those 'furloughed" by their employers by up to 80% or £2500, for at least three months.

These interventions dwarf those proposed for WASPI, changes in pension tax relief, they make the costs of the various compensation levies and the rules laid down by various regulators look like disappearing ripples . Everything is focused on the cause of the interventions, the almost certain explosion of COVID 19 cases and the likely swamping of the NHS by cases of pneumonia resulting from contracting the Coronavirus.

In the context of such events and such fast and major responses from Government, an article about compliance with pension regulations is quite hard to focus on. I am sure that I am not alone in asking myself just what is the point of our concerns about the lifetime or annual allowance.

Indeed it is very hard to get others to focus on much other than the life and death issues that are now dominating the headlines. But this is to ignore the particular nature of the business we are engaged in, long-term financial planning.

The practice of financial planning is imaginative; it takes a view on the future and looks to ensure the "right money, in the right place at the right time". At the time of writing , markets are down 30% but our future liabilities remain the same. It takes quite a leap of imagination to understand how expectations will be met.

In current times, the role of the financial planner turns from maximising wealth to providing resilience to clients who are struggling to see the wood for the trees. For this purpose it is emotional rather intellectual experience that is most valued. Technical issues take a back seat and life experience is most valued. You cannot learn experience.

Ian Neale of Aries, argues that what we need in the UK is a national wealth service on which we can rely as we do the NHS. Lincoln IFA Howard Gannaway argues that we can no more trust financial planners to provide national and universal coverage than we can the NHS. Gannaway argues that financial advice is a private service and that guidance – like the NHS – is a second class service.

If we have any structure capable of providing a "national wealth service" it is the Government's Money and Pensions Service (MaPS). Currently MaPS is a digital service for "money" and provides a variety of services for pensions – including Pensions Wise.

I have been critical of MaPS for spending too much time on creating strategies and business plans for itself and insufficient time on delivering the service. I suspect that similar criticisms have been levied against the NHS for over-employing administrators and consultants.

> "The practice of financial planning is imaginative; it takes a view on the future and looks to ensure the "right money, in the right place at the right time"

But that doesn't mean that MaPS cannot provide a nationwide and universal service. indeed the current crisis may lead to a new interest in our financial planning. What is more, the interest in digital information that has been prompted by the current Coronavirus crisis, may make the MaPS website and other digital sites very much more popular.

If financial planners step up to the mark, then they too may benefit from what is happening today. They can become a part of the national wealth service.

Excellence as standard!

By **Michelle Hoskin** from Standards International

If you're motivated by the fear of past events, you'll behave a certain way – but being motivated by the future and by what you can achieve totally changes the game.

According to the dictionary, 'compliance can be defined as the act of conforming, acquiescing or yielding. Whereas 'excellence' can be defined as the fact or state of excelling, superiority, eminence.

I don't know about you, but I know which definition most inspires and excites me to do an amazing job in our business and for our clients.

> "With all the changes being made across businesses and within teams, we've already seen that it's the acts of innovation, creativity and ultimately excellence that are making the biggest differences

In these unprecedented times of what I can only personally describe as chaos, it is certainly going to take more than simply 'conforming' to get us through the coming turbulent weeks and months.

With all the changes being made across businesses and within teams, we've already seen that it's the acts of innovation, creativity and ultimately excellence that are making the biggest differences.

We are seeing that it is communities, teams, groups, family units and friendship circles all coming together, going above and beyond and applying the much-needed discretionary effort, which are making all of the critical differences.

Now anyone who is as passionate about the power of excellence as I am will already understand. And they will likely have been banging the drum about the benefits of streamlined systems, processes and controls that are well thought through and strategically planned – the very things which are now proving to be the most essential tools for businesses.

However, this is not an article on the value and importance of business continuation and disaster recovery; this is an article about why having a business and a team whose sole focus is striving for and achieving excellence is, was and has always been the best line of defence.

I can honestly say that, as a business, we have seen very little impact and even less interruption than normal in our day-to-day workings – and that's because, for over 10 years, we've always thought a little bit differently and certainly behaved a little bit differently to many other business – we are now reaping those rewards.

As a best practice standard body striving for excellence in financial services you would of course not expect us to be experiencing anything different, but we are still a business just like you. A business with our own day-to-day challenges that we have to face and deal with, and distractions that are constantly pushing us to work in the business rather than on the business.

So, what do we have in place?

First of all, we have built a management system that meets and, in many cases, exceeds best practice British and International standards. While we have to select generic business standards, you can benefit from meeting the benchmark of **BS 8453:2011 Compliance framework for regulated financial services firms.**

Each year, we undergo a rigorous assessment conducted by impartial and independent assessors who stress test and challenge our ways of working.

This process is extremely valuable and has certainly played its part in preparing us for the current challenges and complexities of doing business.

An impartial and independent assessment process is established to ensure that:

- your strategic leadership team have the necessary skills, abilities, qualities and attributes to add value in their roles, to the team and to the business as a whole
- your business maintains objectives, plans and processes for continual improvement and that your commitment to quality and excellence is maintained at all times
- the needs and expectations of all interested parties are considered fundamental to operational goals
- your business and all team members meet all applicable requirements, laws, regulations and controls
- all your team members have all the capabilities to ensure that clients (internal and external) receive the best possible service and that they demonstrate a high level of competence at all times
- your services and systems are designed, engineered and managed to meet your clients' requirements by the simplest and most cost-effective means possible.

Once in place, your commitment to excellence should be understood by and communicated to all staff within your business. It is normally the responsibility of the Quality Manager to investigate any failings or shortfalls and ensure that corrective action is implemented as soon as possible.

Prospecting: Still relevant, or consigned to history?

By **Andy Snook** from Performance Evaluations

> “It amazes me that so many financial advisers I meet appear either to not have the first grasp of what prospecting is, nor how important it is to their business.

Thirty years ago, probably the only way to start your career in financial services as a financial adviser (aka company representative or salesperson) and to continue to survive was to prospect. Many contracts in the early 1990’s were based purely on the requirement to meet a sales target month in and month out. Failure to do so meant, for want of a better word, being “sacked”, and when there are bills to pay the fear of being “sacked” drives an individual to ensure that they are talking to enough people to make the sales needed. So you prospected, and that meant a continuous process of finding new names to talk to, which in turn meant researching people to call or meet through telephone directories, local newspapers and magazines, walking round retail and commercial parks and calling into businesses, putting up a stand at a local supermarket, and even buying names of leads from marketing companies. Of course, there was an easier way, if that’s what you wanted, being to start off with a list of people you knew, which included friends, family, old school chums etc. Then it was just a question of who wanted to talk to you, and who wanted to buy from you, and yes, it did get easier as time went on.

Another route to market was the inheritance of “orphans”; clients who didn’t have an appointed adviser, but the reality was usually that they had not engaged with the firm for a long time, or more likely had gone through a succession of “sacked” advisers. You inherited “orphan” clients if you were a survivor back then, and you certainly couldn’t afford to ignore them. Of course, the first sale you needed you make was to convince them that you were here to stay. I recall one adviser who inherited eight four drawer filing cabinets stuffed with files of clients who the firm had, in the main, arranged mainly mortgages for in years past. It was too good an opportunity to miss, providing the effort was put in, but it took months of prospecting to go through all the files, make contact, get appointments, and make new sales.

Wind forward to today’s environment, and it amazes me that so many financial advisers I meet appear either to not have the first grasp of what prospecting is, nor how important it is to their business. Maybe they just choose to ignore this activity. Or maybe they’ve never had to prospect.

I come across quite a lot of trainee and new advisers through my business and more often than not when it comes to assessing them against the criteria for "creating new business opportunities" or "maintaining a sustainable client bank" these are often poorly addressed, and through subsequent discussion the reason for this appears to be that often firms don't include prospecting as part of the training programme. It seems to be more about getting them qualified and signed off as competent, rather than preparing them for the reality of getting appointments in the diary.

Quite often I meet experienced advisers who don't seem to prospect, or perhaps obtaining referrals feels like a taboo activity, even for advisers who do have a substantial client bank. These advisers, in my experience, generally won't take on more clients because they believe that they have enough clients. Whilst this may be true from a practical perspective, this may also be a mistake since there will always be some level of attrition by clients moving to another practice, or liquidating all their holdings, or perhaps just through natural causes, so in my opinion advisers should be continually looking for replacement clients. Even if they end up with more clients than they can comfortably deal with, then this may be an opportunity to re-evaluate their client bank and consider reassign some clients to other colleagues.

Reassigned clients are no different from "orphan" clients, other than there usually hasn't been a gap between appointed advisers. You'd think that when the newly appointed adviser receives these clients, they'd jump at the opportunity to engage. However, on occasion I've noted that they've just sat on their "new" clients. When I've asked why, the response might be that they're "low ticket" clients, or there won't be much for left to work with. But that's just a poor excuse for missing an opportunity. Two opportunities, in fact. Firstly, the new adviser may well have a different style to the previous adviser and may create a different relationship with the reassigned clients, and secondly if there's no new business it's still a route to prospect for referrals. Why wold you wait until the annual service date is due? Get in there straight away!

Recently I was asked by an adviser what my thoughts were on him turning down an enquiry that had come in because he was too busy, and the potential business had a low value. Through discussion it turned out that the new enquiry was a colleague of somebody the adviser was currently working with. My challenge to the adviser was that even if the new enquiry was of a low value, the adviser should take it on to increase the chance that if he had two clients working in the same business he would increase the opportunity to get other referrals, some of whom may have much higher business opportunities. It's just another form of prospecting.

How we nowadays approach and engage with new clients has changed considerably from thirty years ago. We certainly have more tools like social media, websites, etc, and of course electronic communications have made a significant difference. But does that change the need to prospect? In the same way that the fundamentals of fact finding remain unchanged, prospecting, in my opinion, is still relevant at whatever stage an adviser is at in their career and should not be consigned to history. Prospect. Fact Find. Business. Why miss out the first and most important stage?

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SMCR 360 helps firms implement effective compliance and risk measures to deliver on their obligations under the Senior Managers and Certification Regime.

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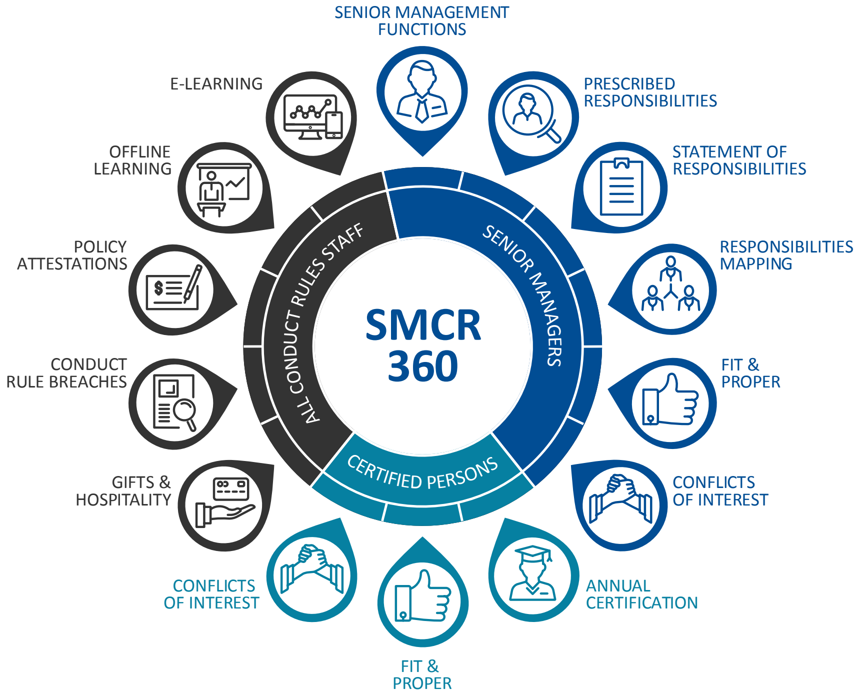

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