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T-C NEWS

COMPETENCE • EXPERTISE • PROFESSIONALISM

OCTOBER 2020

Can Maslow explain our reaction to working from home?

By Vivek Dodd from Skillcast

IN THIS ISSUE

T-CNEWS
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Welcome to the October edition of T-CNews. Unfortunately, Covid-19 still dominates our lives with the Government announcing further tightening of restrictions to help address the spread of infection. This edition of T-CNews looks at a number of different issues arising from the challenges presented- ranging from the regulatory focus on operational resilience, working from home, how we are coping and the effects on our motivation and mental well-being to the possible implications of redundancy and how we might prepare ourselves for new challenges that lie ahead. With the SM&CR deadline for FCA solo regulated firms put back to 31 March 2021 there is a bit of breathing space but the regulator still expects you to get most if not all things done by the original deadline of 9 December. Expert Pensions have moved across to become our new regular panellist on professional development. Henry Tapper has stepped in kindly to become our panellist on Pensions. We hope you enjoy this issue.

Jeff Abbott

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The rise of RegTech

How Financial Services firms can use technology to bolster operational resilience in the age of COVID-19.

By **Fraser Doig**, Product Marketing Executive from Ideagen

As we approach the final quarter of 2020, many people will be thinking about how to protect themselves and their businesses in a future that looks as uncertain as any we have ever experienced. Over the past six months the United Kingdom has felt the full effects of what a global pandemic can do to a country – socially, politically, and economically. In the financial services industry, contingency plans have been severely tested as firms have struggled to prevent further disruption to their operations; looking at ways to adapt to the crisis, respond to its effects, and recover and learn from the fallout that has caused global financial instability and intricate regulatory challenges. At Ideagen, we have been speaking with our customers about their response to COVID-19 to seek insights about the actions they have taken as risk management and corporate governance professionals, and learn how they are using software to bolster resilience in this unprecedented period. What we have learned is that the automation of data collection and interpretation has been paramount in maintaining operational resilience – and this trend is only going to continue as we enter a post-COVID-19 world.

Financial firms are under a great deal of pressure from regulators. Even before COVID-19, maintaining ongoing regulatory activity for financial services firms was a logistical nightmare. From 2008 to 2018, financial organisations globally had to respond to an average of 220 daily alerts from roughly 1,000 regulators around the world (1) The impact of the pandemic has only served to exacerbate this number even further. This past March – the month the UK went into lockdown – there were over 1,300 regulatory changes and rules updates related to COVID-19 alone (2). The increased burden of COVID-19 has affected the operational resilience of banks according to the European Banking Authority (EBA), who in June stated that "the handling of large volumes of applications for debt moratoria and guaranteed loans, and the insufficient preparation of some offshore units to work remotely added some pressure on [banks'] operational capacities"(3).

This statement ought to be troubling to financial firms, particularly when considered alongside regimes such as SM&CR, which gives the FCA licence to impose personal fines and jail time for failures in operational resilience. Despite an easing of the rules by some regulators, financial institutions cannot escape their regulatory obligations and must find ways to carry on as usual. This is particularly difficult during a time when most companies have their entire workforce working from home – an issue which has forced firms to make extensive changes to several areas of their operations, and some even taking steps to make this the new norm. The adoption of digital solutions such as Zoom have certainly stepped up to relieve some of the strain, but for organisations that have massive regulatory obligations such as banking and financial services firms, the adoption of RegTech is of vital importance. The pace at which the landscape is changing, the rising demand in high-quality data and the need to connect those data points for real-time business intelligence are all powerful motivators for implementing a RegTech solution sooner rather than later.

The RegTech Revolution

According to the FCA, investment in RegTech more than doubled between 2017 and 2018, and estimates predict that the global market will be worth $55bn by 2025, with the highest number of RegTech firms operating in the UK (4). These reports came out when COVID-19 was barely a minor footnote in news segments, so these figures may very well increase. Nevertheless, the idea that technology can be harnessed to ease the burden of regulatory obligations in financial services is hardly a new one. Thomson Reuters' 2017 report *'Fintech, RegTech and the role of Compliance'* states that 75 percent of financial services firms reported a positive view of RegTech innovation and digital disruption. It is also clear that firms are taking decisive steps towards digitalising their compliance management functions using RegTech, with the number of financial services organisations who reported having already implemented a RegTech solution almost doubling in 2017 to 30 percent (17 percent in 2016).

The potential of RegTech to reduce costs, improve efficiencies, expand reporting, and build the effectiveness of compliance programmes has motivated many firms to invest more into these technologies, despite having to make cuts in other areas due to COVID-19-related difficulties. Many of the problems created thus far by COVID-19 have been significantly mitigated by tech: remote working, furloughing, new cyber-threats – all have been managed with appropriate systems and controls by firms that have integrated technology as part of their compliance programme. However, it is not enough to try and patch these problems with temporary solutions; it is important that any RegTech implementation is considered as a permanent, value-add initiative.

Ideagen's vision is to be the world's leading software company that helps to solve complex quality, risk, audit and compliance problems in highly regulated industries (5) Our latest foray into the world of RegTech saw Ideagen acquire Redland Business Solutions, and subsequently release our Individual Accountability and Competency software application, Pentana Compliance, in May. Pentana Compliance helps financial services firms

> "This statement ought to be troubling to financial firms, particularly when considered alongside regimes such as SM&CR, which gives the FCA licence to impose personal fines and jail time for failures in operational resilience

meet regulatory requirements, raise standards and boost productivity while protecting them and their managers against the risks of non-compliance, which provides a great deal of assurance during this unstable and uncertain time. Furthermore, the system is a SaaS product built for the cloud, which provides a myriad of benefits such as: being more up-to-date, being flexible to changing demand whilst maintaining performance, supporting governance, saving money and providing high security standards – all of which are vital to achieving operational resilience.

For compliance functions in financial services, embracing change and technological developments is vitally important to keep up with the pace and scale of change that is seen in the industry. By implementing robust, innovative RegTech solutions, firms can provide their senior management and board members a far greater deal of assurance that their businesses operations will remain resilient, especially in times of crises. RegTech allows agility, adaptiveness, and responsiveness to become a core part of everything you do.

(1) 2020 State of the GRC Market: GRC 2020

(2) https://www.corlytics.com/news-releases/out-of-the-window-covid-19-prompts-unexpected-regulatory-change-for-2020-compliance-risk-management-workplans/

(3) https://a-teaminsight.com/briefs/covid-19-is-impacting-banks-operational-resilience-warns-eba/?brand=tti

(4) https://www.fca.org.uk/insight/regtech-watershed-moment

(5) https://www.ideagen.com/company/objectives

CII July 2020 exams – Bumps, blockages and booby traps

Gayle Conway,
Managing Director
Expert Pensions

> “Penetrate past the remote exam experience and use this to drive your motivation to achieve your next goal.

So, the July 2020 remote exams have come and gone with many experiencing technical issues from the offset. What sort of problems did participants experience, and should you let this affect your future exam decisions?

longer you have been doing it one way, the better, more efficient, more convenient, it is (or so you believe).

However, with an uncertain future we have to embrace the changes that are being made and we have to appreciate that organisations are having to implement new technologies, new processes and new ways of working at an increased and rapid rate in order to meet some of these challenges. As with any changes it is imperative that when it comes to change – communication is key. A lack of communication (or a sudden change in direction) causes students to feel like they don’t know what’s going on. The less they know, the more fearful they become. Making the whole exam process much more stressful then it needs to be.

In an effort to reduce unnecessary tension, exam stress and anxiety the exam providers need to fully explain how the proposed changes will affect their students. Being clear and transparent and well informed BEFORE each exam session helps students to manage their time, work commitments and exam goals. Being proactive about this shows students that you have invested in their learning and development and their concerns are your concerns.

Whilst the younger generation may be more than happy to jump aboard the online/remote invigilation skyscraper, we have to consider the older generation who were more than happy with the more familiar mode of transportation to get them to their destination. It is about getting that balance and ensuring that the exam bodies continue to offer as many solutions as viably possible so as not to put any barriers in the way of students who wish to sit these exams. Something we have always strived to do at Expert Pensions where we incorporate blended learning into our structured study packages to remove barriers and boundaries and this remains at the heart of our teaching and learning strategy.

Our advice would be to not let the negative experience of the remote sitting deter you from your studies and our results show many (even those who experienced technical difficulties) achieved a well-earned pass. It helps to know how to turn these rough rides into an experience that is meaningful. Look long and look “deep”. Penetrate past the remote exam experience and use this to drive your motivation to achieve your next goal.

Life, to a degree, is unpredictable and 2020 will be the year we remember as having had to embrace some BIG changes. We experience ups and downs; we have “good” days where life goes according to plan, and we have “bad” days where nothing seems right.

“The only way to make sense out of change is to plunge into it, move with it, and join the dance”
Alan Watts.

Change comes in all shapes and sizes and facing change is obviously never easy. If it were, life would be a breeze. But life isn’t a breeze. It is a series of bumps, blockages, and booby traps. We all need to work together to lessen the amount of resistance to the proposed changes and to take action so we can all plan effectively to manage the shift on how we continue to learn and develop within our profession.

Let us see what the October 2020 exam session brings… good luck to everyone studying and moving forward, keep up the great work.

The Post COVID Business Development Manager

By Paul Archer from Archer Training

COVID-19 has changed many things in our lives, much of this change will be permanent, but no one is sure.

What I do know is I haven't driven my car since March, and that was almost five months ago. I don't need to. I live in town, can cycle everywhere. We have groceries delivered, and we've re-engaged the milkman after 35 years. I work in my basement video studio every day, running my business entirely online.

I haven't driven my car. It stands outside the house begging to be started.

If I were to change history, I would never have bought it last autumn; I don't need a car anymore, my partner's car suffices. She has a nifty bijou Hyundai i10 that is reasonably good for the environment and nips around town like anyone's business. I wouldn't have bought my car if I'd known about COVID.

If you were designing a BDM sales force for a brand new lender right now, I wonder how you might re-imagine your sales force in light of what's happened? I bet you would have the same model. Probably road warriors with titles such as Senior BDM or Key Account Manager or Strategic Consultant. Plus a team of inside people using the phone only called Internal BDMs or Inside BDMS or Telephone BDMs. I bet you they talk to each other, help each other but the internals still sees the external role as a promotion or a step up.

Tell me I'm wrong?

How has the Role Changed?

The role of the car hasn't changed; just the way we go around driving is different. Likewise, the part of the BDM hasn't changed, just the way they go about their business.

The role of the BDM is to generate more lending business for the firm; the purpose of the car is to get me from A to B, in comfort and safety.

The way I drive my car, and its uses have changed. When I eventually venture out, I will have to be wary of the extra cyclists around town, new cycle lanes to be careful around, speeds to be limited. I'll probably encounter eScooters on the road, and there will be fewer cars in the morning and evening commute because so many people work from home. The motorways may be busier as fewer people take the train and the road down to Cornwall will be jammed because everyone is staycationing.

I will drive differently. Likewise, your BDM will operate inversely and here's how.

What do Brokers want from a BDM?

Have you answered that question post COVID? They don't want the same BDM doing the same BDMy thing. Many brokers are still working from home, quite enjoying the extra time that the online business model has given them. They have blurred home life with work life and gone is the antiquated notion that the two should be separated. They've become good with technology, figuring out how video conferencing can replace the in-person client meeting and working from the cloud quite effortlessly.

They're now pretty adept at searching the internet for what they want. Months without the regular BDM call has made them less reliant on them. They can now search for everything they need to do their job – features, product specs, criteria and so on. Search engines can do this for them. They always could but many brokers relied on the BDM for this, out of laziness.

They still want help and advice from lenders, naturally. However, they've grown accustomed to videoing the "horse's mouth". They have direct connections with underwriters now and have been pleased since they don't need to refer to other people, they know the answers or have the authority to adapt policy on a case by case basis. They've been able to hook up with quite senior people from the lender for guidance. People within lenders are all the same now; titles are meaningless, all have been working from home, in studies and spare bedrooms. All in the same boat, well not exactly, some have yachts, others have rowing boats, but it's the same ocean.

With lockdown withdrawing, many are adopting a hybrid model of client meetings with most being achieved via video technology – an enormous saving in time. Numerous brokers are loving working from home.

They are not missing the lavish lender awards evenings, dinosaurs of the past, entirely self-serving. They do not pine over the long liquid lunches, or the day-long lender conferences sat in a cavernous hall with BDMs all presenting in tandem with the ubiquitous PowerPoint deck.

Outside we had the room of lender stands, universally photoed for LinkedIn manned by BDMs fidgeting with their mobiles behind a table of jelly beans, golf balls and drinks bottles.

Of course, there's always the exception to these rules. But many brokers just don't dig the old marketing model, the laddish cultures that still prevail. The younger generation brokers look upon it with disdain, and they chuckle to themselves on social media about the current state of the broker market.

Female brokers, gaining market share of the broker market, do not like the testosterone-filled sales culture.

The FCA's New Views

The FCA has just appointed a new boss – Nikhil Rathi – when being interviewed by the Treasury Select Committee as part of his nomination; he explained how the FCA could intervene with regulation if the financial services industry does not improve its diversity.

He said there had been some progress, including the Women in Finance Charter, but stressed there was still a long way to go and warned the FCA was willing to take action to see this happen. He was quoted saying: *"But I think it is in the interest of the whole industry to consider its leadership, to consider if it is properly reflecting the society it serves. I would expect over the coming years to see financial institutions working hard on these issues to deliver diversity and change culture."*

A tad contentious I know, but it's what I see, hear and talk to brokers about every day specifically female and the new generation of advisers.

A Roadmap Moving Forward

Here's what your BDMS should be doing and the skills they ought to be refining over the next six months.

- ❑ Continue to educate brokers, train them, upskill them. Help them to create and run a successful business. BDMs should continue to do this, and this only.
- ❑ BDMs need to become very proficient at running live online workshops. Not webinars but interactive and discursive seminars for small groups of brokers.
- ❑ Bring in half a dozen brokers, from different firms. Mix them and encourage them to share best practice. Run a skills session, totally interactive, allowing them to mix and share. Use the technology available and apply it well, like the very best trainer.

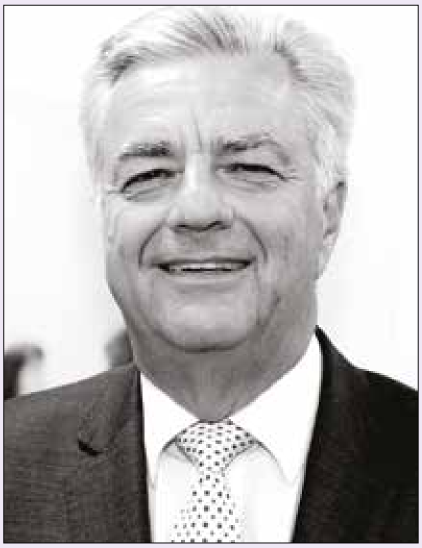
“ They are not missing the lavish lender awards evenings, dinosaurs of the past, entirely self-serving. They do not pine over the long liquid lunches, or the day-long lender conferences sat in a cavernous hall with BDMs all presenting in tandem with the ubiquitous PowerPoint deck.

- ❑ Learn how to present, to livestream on camera. I mean properly. Polished and professional. Not sitting behind a desk, staring at a laptop screen. Instead learn to stand, with green screen, whiteboard within your delivery zone. Learn to move with the camera, have multiple cameras, master sound. Do this from home and use the tech setup to present and train any broker in any part of the country.
- ❑ You don’t need geographic splits anymore. Tech removes county lines. Use this to your advantage. Search and connect with your brokers via the internet – the usual suspects – LinkedIn, Instagram, YouTube, Twitter – not by a geographic split. You don’t need maps of the UK on your walls anymore with pins showing which BDM looks after which area.
- ❑ Coach brokers online, with video for 15 minutes. Help them with their challenges. Not product challenges but business problems. Product queries can go direct to underwriters or internal people (who will also be working from home). Think that you don’t have an office anymore, head offices or regional offices will become relics of the past. Everyone’s virtual and working away from the office.
- ❑ Start and run a podcast. Voice and MP3s are increasingly popular with brokers, who enjoy the ability to multi-task while listening to the - gym, cutting grass, jogging etc. Run them with your favourite brokers for brokers. Nothing beats real-life experience.
- ❑ Start a Mastermind group of like-minded brokers. Google Napoleon Hill for mastermind groups. You won’t be disappointed.
- ❑ Present at virtual conferences, but make sure you’re one of the best live streamers around. Encourage questions and interact with your online audience.
- ❑ Record videos and post them to your YouTube Channel. Send out video emails instead. Become the face of the lender but do it online.
- ❑ Master the tech, fit-out your spare room or study or corner of your living room. People are choosing properties now on how easily they can work from home; this isn’t changing or going away. If you have offices, equip them with a video presentation room, with lighting, cameras, sound systems, mixers etc. and teach your BDM to use them.

The role of the BDM hasn’t and won’t change. The individual will and how they go about achieving their position might as well.

Perhaps driving my car might return to what used to occur. More than likely, I will sell it and be without. I can get from A to B a lot easier now, and it involves online.

Emerging risks – especially in a crisis



Nick Baxter from Baxters Business Consultants

" Such changes mean that a new list of emerging risks needs to be considered

I thought I would follow up my column in the last edition, 'Business as usual ['BAU'] – even in a crisis' with what I consider a natural follow-on, 'Emerging risks – especially in a crisis'. While BAU is, of course, important as clearly firms need to make sure they survive through any crisis; it is equally important to keep an ongoing focus on emerging risks. The risk of not keeping an eye on emerging risks is that an unconsidered risk will take out a business while it is looking the other way. The simple fact of life is businesses that want to survive to another day need to consider the future world that they operate in.

I wonder how many regulated firms hold a risk register that is reviewed regularly and if they do whether the review specifically articulates emerging risks and how those risks can be mitigated. Clearly, larger firms will have such documents (and teams who produce and review them), but what about small and medium sized enterprises ['SMEs'] – no firm is too small to devote regular time to such planning activities. The fact that a lot of business activity around the globe is on pause doesn't mean firms can be complacent, in fact, as businesses press the reset button now is the right time to contemplate future causes of potential business shock.

While operational resilience has been high on most regulated firms' agendas in recent years the mere fact that they have continued to trade through 2020 suggests that their business continuity plans worked. However, the last six months has meant that certain structural changes are likely to become 'baked in' and that new working practices that could have taken decades to change have happened overnight. Such changes mean that a new list of emerging risks needs to be considered. Each item will have many facets.

As I write this article, it is looking more likely that staff will not be back in offices, in the numbers they were in the past, for some considerable time. This brings a whole host of emerging risks. Managers can no longer directly see what is going on in the department as staff who are in contact with customers are spread around literally thousands of locations. While at the same time, regulators are demanding reassurance that processes, and procedures are being maintained. There is also is a growing requirement to ensure that consumers are not being disadvantaged. Frankly, the longer this situation goes on the less patient regulators will be with firms who do not adapt to the situation and maintain high levels of appropriate consumer outcomes or procedural robustness and data security.

So, the way forward is clear, risk and compliance teams need to take a fresh look at risk registers and consider new or alternative risk mitigation measures. The FCA has been on the front foot in ensuring that customers are protected, and that markets continue to function well, with detailed guidance being issued over six months ago, right at the start of the pandemic. Anyone in doubt in respect of regulated firms' responsibilities, should consider re-visiting https://www.fca.org.uk/firms/information-firms-coronavirus-covid-19-response where the FCA helpfully consider firms' responsibilities and issues in respect of all regulated markets.

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

Regulatory visits and meetings during Covid-19

By **Richard Whittington**, Head of Digital Products at The Access Group and **Lydia Bailey**, MD at Metidian

“It can be helpful to think of regulatory visits as a sort of “team exam”, with the various written documents submitted and then a series of oral interviews leading to the assessment of a firm.

The UK financial regulators are busier than ever. They are in contact with firms on Covid related matters and have devoted significant resources to their responses to coronavirus. They are also issuing information and updating guidance on an on-going basis.

Financial firms should certainly monitor the FCA site and (where dual regulated) the PRA site to ensure they are aware of the latest regulatory thinking. For regulatory meetings and visits with a Covid focus this will certainly be key. Other visits are also continuing and these may have an additional Covid flavour. For firms, preparing for and managing these meetings is as important as ever. It could also now be even more challenging than usual as some staff and / or some of the regulators may be operating remotely.

Following the introduction of the Senior Manager Regime, regulators have stressed that there are real and meaningful consequences for firms and individuals who don’t match up to regulatory requirements and expectations. For example: regulator driven work programmes; capital and liquidity add-ons; Section 166s; and various types of intensified supervision.

This is matched by an increasing number of cases taken to enforcement, and a very significant increase in fines for individuals since 2018/19.

Regulatory meetings and visits being remote add another element to the existing challenge. Then, on top of that, such a meeting can involve any of a firm's staff. Regulators have increasingly focused on middle management and junior staff to get a better idea of competency, controls and culture at the coal face.

So there are significant potential source of operational risk here. The majority of controls may be in very good shape in a firm, but it is all too easy for staff to underperform under the pressure of an artificial regulatory interview. People can mis-speak, give slightly conflicting answers, forget compensating controls, or be unable to evidence their statements. These can lead to regulatory concerns that are hard to allay - regulators have to be cautious and make sure they follow up thoroughly on any potential / perceived problems they come across in a visit.

It can be helpful to think of regulatory visits as a sort of "team exam", with the various written documents submitted and then a series of oral interviews leading to the assessment of a firm. As with any exam, preparation and understanding of exam technique is the key to performing well. The ability to prepare staff for visits safely and remotely is even more important in our current times.

Preparing for and managing remote regulatory meetings

So, bearing in mind the above, let's now look at some points to help you prepare for a successful regulatory meeting or visit.

Normally, regulatory meetings would be carried out face-to-face wherever possible and that makes it much easier to judge regulatory body language and interact effectively. But for the near future some firm's staff and / or regulators may be participating remotely. One positive however is our now much greater familiarity with modern virtual meeting software. As part of preparation this can be used to record personal or group practice to see how responses to difficult questions come over.

Although it is tempting to record the actual regulatory meetings, this shouldn't be done without first obtaining the regulator's permission. And it is worth considering that recording regulatory meetings can look very defensive. It is generally much better to have a note taker or observer. Of course as a courtesy let the regulator know if a note taker will be present regardless of whether they will be visible. (The regulators usually have no objections to notetakers except in meetings with Audit or NEDs.)

Even though we are all getting more familiar with virtual meeting etiquette, it is worth remembering that it is easy to talk over others in virtual meetings. It is good to leave pauses for others to speak, particularly the regulators!

Eye contact is a natural part of communication when face-to-face but much more difficult in virtual meetings. Staff contributing remotely should try look at the PC camera (to give eye contact) at least some of the time. It is very easy just to watch the regulators' faces on screen.

All the normal regulatory meeting preparation techniques shouldn't be forgotten. It sounds obvious but interviewees should read the material sent to the regulators and think about likely questions the regulators may ask. Quite often the documents provided are a month or more out of date by the time of the visit. Staff need to (re-)familiarise themselves with the documents and know the latest up to date position.

Some elements of preparation for regulatory interviews are similar to those for press interviews. Whether the meeting is taking place face-to-face or remotely, interviewees should prepare answers for a variety of questions and question types. Open questions in particular can be tricky. These are questions such as "what are the greatest risks?" "what are the main weaknesses?". Staff need to be honest and open about issues but they should also be very clear about mitigations and enhancements.

Real life examples can bring controls to life, and memorable examples should be prepared ahead of the visit. Just be careful that others being interviewed also know the examples and there are no accidental contradictions. Regulators have a habit of cross checking!

As mentioned, the regulatory visit is an examination of the firm as a team. Questions will be repeated in different interviews, and the regulators will be watching how firms work as a team both within and across meetings. However, working as a team within a meeting can be more difficult when some participants are contributing remotely. This is another area where preparation and practice in advance (potentially using virtual meeting software) can help ensure the strength of the whole team comes over, not just the most senior or vocal individual in the meeting. This is particularly important for control functions where the regulators are keen to assess the strength of more junior members of the team.

Finally, regardless of whether some elements of the meetings are taking place remotely, the normal discipline of gathering interviewees' or note takers' impressions of each meeting should take place. This can help identify potential emerging regulatory issues. Teleconference calls or virtual meeting software can then be used to discuss such issues within the firm.

If an interviewee has accidentally misled a regulator, or a regulator has mis-interpreted something that has been said, this should be corrected as a priority. And if the regulator has identified an unaddressed area of significant weakness, this is the opportunity to consider possible actions the firm could take ahead of more formal discussions / letter on the matter from the regulator.

So there you have it. Both firms and the regulators are adjusting to having more remote / virtual elements in regulatory visits. While there are challenges there are also positives for firms in terms of ability to the use remote software of various types for preparing and training staff for successful regulatory meetings and visits.

To help prepare your staff for regulatory visits, take a look at our Interactive Training for Regulatory Meetings.

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Conducting ourselves properly?

Julia Kirkland,
Partner in FSTP

> “As you review these, just ask yourself “Is that true of my firm?”….

In 2019 the FCA embarked on engagement work entitled 5 Conduct Question Programme, an exercise to establish, across wholesale banks, how effective firms had been at embedding the desired changes among staff. In case you haven’t come across them before “The 5 Conduct Questions” are;

1. What proactive steps do you take as a firm to identify the conduct risks inherent within your business?
2. How do you encourage the individuals who work in front, middle, back office, control and support functions to feel and be responsible for managing the conduct of their business?
3. What support (broadly defined) does the firm put in place to enable those who work for it to improve the conduct of their business or function?
4. How does the Board and ExCo (or appropriate senior management) gain oversight of the conduct of business within their organisation and, equally importantly, how does the Board or ExCo consider the conduct implications of the strategic decisions that they make?
5. Has the firm assessed whether there are any other activities that it undertakes that could undermine strategies put in place to improve conduct?

Roundtables with cross sections of staff from the business in 18 wholesale banks were hosted and the findings released in September 2020, delayed by Covid and adapted to take into account the new operating models.

Whilst the FCA got good engagement and saw lots of good practice the report highlights to other firms outside of wholesale banking, patterns of behaviour which should not be repeated or allowed to continue. As you review these, just ask yourself “Is that true of my firm?”…

- ❏ Identification of conduct risk remains weak – generally staff members were better at identifying conduct risk with hindsight, rather than at the time, in the moment and reporting it as such, often after the risk it had already emerged.
- ❏ Remuneration and performance assessments – encouraging steps had been made but some firms had taken insufficient steps to analyse trends and develop governance feedback loops.
- ❏ Culture, Safety and Leadership – some firms admitted that they were still dealing with pockets of resistance to cultural change between regions, business areas and professional disciplines. Persistent lack of day to day speaks up and challenge. Unhelpful layers of management meant cascaded messages were distorted.
- ❏ Purpose, Principles and Values – staff still unclear about the firms’ core purpose and how their roles contribute to that.

How do you avoid making some of the mistakes of wholesale banking? I would go back to the 5 questions and direct them at your own firm. We can’t lay all the sins of Financial Services at the wholesale banking door! The FCA closes the Executive summary with the following keys for consideration;

1. Have staff members had sufficient training to be able to identify conduct risk in their day-to-day roles beyond general awareness?
2. Does the firm’s overall framework for identifying and mitigating conduct risk reflect adequate, bottom-up exercises to understand those risks?
3. Do staff members understand how their own roles and responsibilities can potentially create conduct risk or harm for the customers, the firm or markets?
4. Are messages from the top, including corporate purpose and values, translated in a meaningful way to the specific roles and responsibilities, targets and objectives at the individual and unit level across the firm?
5. Is enough being done to support line managers in their efforts to enable their teams to perform at their best?

An exercise to explore these before the regulator knocks at the door is probably time well spent, especially post Covid!

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Operational Resilience: The tipping point to a better world?

Julie Pardy, Director of Regulation & Market Engagement, Worksmart Limited

In December 2019, the FCA issued its Consultation Paper (CP19/32) on Operational Resilience. The CP laid out the FCA's intentions clearly, building on the existing requirements to manage operational risk and business continuity planning with the aim to further strengthen operational resilience. Although CV19 has delayed the closing date for feedback to the CP until the 1st October 2020 with the final rules not expected until 2021, the message from the regulator is clear. To reinforce the point, Operational Resilience was one of the six 'cross-cutting' priorities in the FCA's 2020-21 Business Plan.

Taking Operational Resilience seriously is no small undertaking for firms. It requires firms to:

Step	Comment
1. Identify important business services	Services that, if disrupted, could cause harm to consumers, market integrity or both
2. Map the processes	Document processes in detail, i.e. process steps, people, technology, information and property
3. Set the tolerances	Document the acceptable tolerances, i.e. upper and lower limits beyond which customers or the market are at risk
4. Test the tolerances	Test the process against different scenarios and measure the results against limits
5. Implement lessons learned	Invest where necessary to ensure continuance of service
6. Create a communications plan	Create and disseminate a communication plan (both internally and externally), ensuring roles are fully understood in the event of an incident
7. Create a self-assessment document	To enable internal review of capability

For solo regulated firms, the focus of any Operational Resilience work should be on business services. However, dual regulated firms are also required to identify risks to their finances. Finally, the regulator has made clear that outsourcing of services does not diminish their responsibilities:

"Firms who use outsourced and other third-party service providers should take responsibility for managing risk arising from those arrangements. Greater levels of risk management are needed when a firm increases its dependence on outsourced and third-party service providers".

In summary, building and managing ongoing Operational Resilience is a significant additional undertaking for firms.

However, this comes at a time when the regulatory calendar is incredibly busy. To bring together regulatory change initiatives from a variety of regulators in one place, in May this year, the FCA published its 'Regulatory Initiatives Grid'. Of course, not every initiative is relevant to every sector of finance services. However, the point remains that compliance professionals in firms have got their hands full, and overlay the operational uncertainties that CV19 presents, it is enough to make some reach for a large glass of something very strong!

To complete the picture, taking a broader perspective the latest, i.e. 2019, "Cost Of Compliance" report from Thompson Reuters identifies some significant, if predictable, findings:

- 43% of respondents expected their compliance teams to grow
- 66% of respondents expect their compliance budget to grow
- 24% of firms expect to outsource all or part of their compliance
- 63% of respondents expect to spend more time liaising with regulators
- 41% of respondents expect to spend more time reviewing FinTech and RegTech

Whilst some professionals will understandably feel burdened by this agenda, others we have spoken with are beginning to see it as a tipping point that is forcing a fundamental rethink about how they 'get things done'.

In the FCA's latest Business Plan, another of the 'cross-cutting' initiatives is 'Innovation and Technology'. In it, the regulator states:

"We will invest in new technologies and skills so that we can make better use of data to regulate efficiently and effectively. We will deepen our engagement with industry and society on artificial intelligence, specifically machine learning, and focus on how to enable safe, appropriate and ethical use of new technologies".

And:

"We want to use technology to reduce the burden of regulatory reporting on firms. We will replace our Gabriel system with a new platform for collecting firms' data".

These statements are significant in that it is clear the regulator recognises the increasing burden of compliance and sees technology as key to moving to a more manageable future. In that context, the final finding from the Thompson Reuters report (table above) is a positive and optimistic sign.

So how can RegTech help? Taking things back to its most simple level, Deloitte define RegTech as, **"technology that seeks to provide nimble, configurable, easy to integrate, reliable, secure and cost-effective regulatory solutions".** Whilst relatively new as a piece of terminology, regulatory solutions are not new. The earliest solutions have been in the marketplace for almost twenty years and, with the new focus from the FCA, new providers are entering the market and expanding the choice even further.

So given the challenges of ensuring that the business processes, identified as part of firms' Operational Resilience projects, stay 'within tolerance', the regulatory agenda and increasing costs of meeting regulatory expectations, what practical steps can firms take to capture the opportunities that RegTech solutions offer?

When looking for a RegTech solution, firms can follow a simple seven-point checklist to help them identify the solutions and providers can support them;

1. Is the solution dedicated?	Has the solution been built specifically for the regulatory process(es) that needs to be managed?
2. What is the solution's track record?	Is the solution market proven? Are there reference firms that you can talk to?
3. Is the solution regulatory aligned?	Does the solution have the functionality needed? Is impending regulation part of the product's roadmap? Will the software interface with the FCA's new Digital Regulatory Reporting portal, i.e. have APIs that are compatible?

"The earliest solutions have been in the marketplace for almost twenty years and, with the new focus from the FCA, new providers are entering the market and expanding the choice even further.

4. Is the solution intuitive and user friendly?	Is the solution equally user friendly for the different user groups, e.g. end users, oversight teams, senior managers and system administrators?
5. Is the solution SaaS or 'SaaS capable'?	Are new releases of the software delivered centrally?
6. What level of data security can the company demonstrate?	How will the company protect your data, e.g. business processes, HR processes, data centre standards etc.? Is the company accredited, e.g. ISO27001?
7. And finally, what about the company itself?	What are they like to work with? Do they listen to / engage with customers, e.g. run regular user groups, get good feedback from existing customers etc?

If firms recruit a select group of trusted external providers that meet these criteria, they can be confident that part of their regulatory responsibilities can be supported by external trusted hands. And regarding costs, experience has shown both me and my colleagues that using non-dedicated, internally built solutions using software like MS Office start cheap but quickly become problematic and costly as regulatory and industry standard technology changes need to be incorporated.

Of course, there is a risk you could make the wrong decisions, however, as Theodore Roosevelt so aptly put it, *"In any moment of decision, the best thing you can do is the right thing. The worst thing you can do is nothing."* So Operational Resilience may be just another task on the current 'to do' list or for those that choose to engage with the RegTech agenda, it could be the tipping point to a different, more resilient and compliant future.

Training for the new normal

Nikki Bennett from Searchlight Insurance Training

At the time of writing, the UK appeared to be teetering on the brink of following Spain and France back towards a world of work that looks anything but normal. It could be some time yet before we find out exactly what the much anticipated 'new normal' looks like. We need to accept that, even after the pandemic has been tamed, many of the recent changes in how and where we work are here to stay. That's as true of training as of any other aspect of our working lives.

Before Covid-19 struck, something like 70% of training still took place face to face. Today, that figure's more like 7%. The massive acceleration of a pre-established trend towards online training is not a bad thing in itself. Online training has many benefits, including cost, convenience and a greater capacity for customisation to fit individual training needs and learning styles. But face-to-face training has its own unique benefits that are hard to replicate through other channels.

Indeed, rather than replication, I believe we should be thinking about reimagining training altogether as it shifts from face to face to internet-enabled. We have an opportunity to create a different kind of learning experience, but we need to address this opportunity with a sense of urgency. Because the need for training is greater than ever now. With workers distributed physically, we need to ensure employees have the knowledge and the skills they need to function effectively away from their familiar workplaces.

Training can play a key role in supporting necessary organisational change and adaptation. It can, and must, ensure ongoing compliance with rules, regulations, and procedures, and it can foster a continued sense of common purpose. The right training materials, delivered in the right way, can significantly enhance remote working productivity. Keeping up the momentum of continuing professional development – in its broader sense – can sustain corporate motivation, morale and cohesion.

There's clearly high demand right now for specifically 'new normal' relevant training materials, like those addressing the health and safety aspects of how we work today, or training that helps managers address the challenge of managing their teams remotely. With many firms' business models rapidly evolving, I would strongly recommend carrying out a fresh, company-wide training needs analysis (TNA). The training your employees need now may be very different from what they needed pre-pandemic.

The disruption wrought by Covid-19 has driven a broad acceptance of digital approaches to training. Even older employees are far more comfortable now with talking to one another through a screen. Losing the direct physical proximity and spontaneity of a face-to-face to face training environment has its compensations. Training using online conferencing applications has a digital directness of its own. There's no back of the class to sit at on a Zoom or Teams call.

Nor is there any commuting required to attend online training sessions, just a functioning internet connection and a camera-enabled computer or laptop (mobile phones are not recommended). That means sessions can be briefer, more bite-sized, and therefore better suited to the way most people learn effectively. Stretching sessions out to days or half days simply to justify the travel time of those attending isn't always such a great idea, however good the trainer is at holding their attention.

As training providers, we've learned a whole new repertoire of techniques to involve learners via videoconferencing technology. We've found new ways to create engagement and interaction - from clicking to answer questions or take votes, to role plays and virtual breakout sessions, from animated infographics to case studies supported by video and audio content. Provided you've mastered the technology so it doesn't become a distraction, the only limitation on the potential for creating collaborative social-learning interactions is the trainer's skills and imagination.

There are many training positives to embrace as we move towards some new version of normality. The key thing is – as, indeed, it always has been – to make sure training is directed squarely to the real current needs of those trained – and that it takes place in the most effective and cost-effective way possible.

Can Maslow explain our reaction to working from home?

By **Vivek Dodd** from Skillcast

With almost half of Britain's workforce working at home as a direct result of the novel coronavirus, for the first time, researchers can pry into the minds of a large sample group comprised those still on their remote work honeymoon.

This unique dataset compiled by compliance training company Skillcast in conjunction with YouGov can tell us not only what employees like about working from home (WFH) but also what they miss about working at company premises alongside colleagues. By looking at what rookie homeworkers miss about the workplace during the Pandemic, we can gain insights about what motivated us to go to work in the first place.

The top benefits cited by employees from WFH were having more time by not having to commute (78%), being able to wear more comfortable clothing (62%) and reducing their carbon footprint (58%). On the downside, 55% of the employees said that they miss socialising with colleagues, and 45% said they found it hard to stay motivated. This points to our desire to be around others influences how and where we work. (Skillcast, 2020)

Why? Because humans are herd creatures and being around others in a positive, meaningful way is essential to our wellbeing.

Researchers explored the link between lower social ties and higher mortality rates as early as the 1970s. One study looked at a cross-section of adults living in Almeda County, California. Of the 6928 residents surveyed, those who lacked social ties were more likely to die over the nine-year sample-period than those with extensive family ties and social relations. (Berkman LF, 1979)

Working near our colleagues may also subconsciously affect the way we operate. Teams that do are often described as "well-oiled machines".

When we look a little closer though, we see that the differences between a good team and an exceptional team occur on a subconscious level. Research published by the Royal Society in 2014 explored mutual yet minute variations in tempo amongst members of a string quartet. In both professional string quartets studied, players adjusted the speed of their bow-strokes to compensate for asymmetries in tonal onset; also known as linear phase correction. (Alan M. Wing, 2014) Sports scientists also observe similar characteristics in rowers. Force pattern analysis of six elite coxless fours crews revealed positive correlation in inter-stroke interval times even as overall force declined. (Woodburn, 1995)

> "However, do any of the unique qualitative data collected during our switch to remote work give us any evidence that might support Maslow's hypothesis?

We see another example of automatic alignment in the difference between meetings which occur in our physical workspaces and meetings which occur during virtual spaces such as zoom meetings. In physical sessions observed across ten different cultures, anthropologists found a tendency for humans to avoid talking over one another while minimising silence between turns. (Tanya Stivers, 2009) Compare this with anecdotal reports of colleagues accidentally talking over one another during zoom meetings, and we get a good idea of how these unconscious group dynamics influence our everyday interactions. In societies organised around mutual reciprocity, cooperation and altruism are essential. And social interaction may also be a key motivator in how we structure our everyday lives, second only to food and safety in the hierarchy of human needs.

To the left of these pages we see developmental psychologist Abraham Maslow's hierarchy of needs, also known as Maslow's pyramid of human needs. Recruitment and HR experts frequently cite Maslow's work while often overlooking the broader historical context of his ideas. For background, Maslow was an American psychologist of Russian-Jewish origins. By the time America joined World War Two, Maslow was married with two children and missed the draft. Nevertheless, the horrors of war would have a profound impact on Maslow who would spend the rest of his career, trying to understand human motivation.

At the bottom of the pyramid, we see our most fundamental human needs. Maslow places physiological necessities such as food, water, warmth and sleep at the base of the pyramid, while self-actualisation, the process of attaining ones' full potential, sits on top. Just like a role-playing computer game, Maslow hypothesises that to level-up, we must first satisfy each level of need. For example, to satisfy our need for safety, i.e. personal security, employment and resources, fundamental physiological needs such as food, clothing and housing, must be met. Maslow places the sense of belonging we derive from our workplaces on the middle tier of the pyramid above safety as a stepping-stone to self-esteem.

It's worth stating at this point that Maslow's ontology is not without its critics. Some warn of the dangers of allowing educational institutions to use Maslow's theories to guide policy and decisions, given the lack of scientific evidence to support his hypothesis. (Hill, 2015) Interestingly, some argue that we cannot satisfy any need, from safety through to self-actualisation without social connection and collaboration. In a paper examining Maslow's model in the age of social media, psychologist Pamela Rutledge argues that belongingness is *the* sole driver of human activity, not just a motivating factor. (Rutledge, 2011)

However, do any of the unique qualitative data collected during our switch to remote work give us any evidence that might support Maslow's hypothesis? In a way yes, of the age groups surveyed it was the under thirty-fives who missed their colleagues the most. While this might be surprising to some, to proponents of the hierarchy of needs, it makes sense, under 35s will still be striving for job safety and social security more than their older, more established colleagues.

If we look at the most commons reasons employees give for leaving their jobs, we see that lack of fulfilment and company culture are just as strong a motivator as pay, but it varies from sector to sector.

So how can employers adapt their virtual workspaces to meet their employees need for belongingness?

Well, one thing that is unlikely to work is trying to recreate office social spaces online. Only 13% of the Skillcast survey's participants took up company offers of online office parties or virtual coffeeshop hangouts. While the uptake was a little higher in the under-35 group (18%) generally, any activity involving additional time spent online in-front of a screen would be unpopular. One possible solution is to flip the office. Let employees work at home and bring them together to the office or off-site for collaboration sessions.

Before Covid19, many of us spent more time with our colleagues than we did with our families, and recent surveys show that most of us want to continue working from home. Perhaps by allowing employees to continue to work from home and helping them adapt their environment for more effective remote working is the most practical way to keep your employees engaged and productive. For some, this might mean more flexible hours to allow for family commitments, for other's it might mean time-off to volunteer in our local communities so that we no longer rely solely on work to feel connected with others.

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Private Lives

By **Fiona Macaskill**, Director of Learning & Development, Credit Services Association (CSA)

The private sector collections Industry has long since led the way on issues such as vulnerability and treating customers fairly (TCF). It has similarly led the way in terms of training, and 'professionalising' debt collection practices and its people.

This was recognised in a recent letter signed by a group of 50 cross-bench MPs who highlighted the lessons the public sector could learn from their private sector colleagues. And one of these lessons is around apprenticeships.

As an Apprenticeships Main Provider on the Register of Apprenticeship Training Providers (RoATP), the CSA has been working closely with a number of Local Authorities to develop dedicated programmes to support their employees. And there are few better examples – or champions of apprenticeships – than Walsall Council.

With some 8,000 employees, Walsall Council currently has around 400 apprentices at various stages of their career development, watched over by Apprenticeship Programme Lead, Helena Baxter.

Having moved over from the private to the public sector, Helena has continued to promote Council-led apprenticeships within schools and the wider business community, as well as developing the skills of existing employees. The programme has proven so popular that it even has its own brand – Endless Possibilities – which perfectly captures the Council's commitment to investing in people:

"*Few people are aware of the exciting apprenticeship opportunities that exist within a council,*" Helena explains. "*We've recently taken on a Civil Engineering Apprentice, Finance Apprentices, and even a Facilities Management Apprentice who is only 17. Over half of all of our apprentices work within our Primary Schools, and we actively promote our apprenticeship opportunities in the local community and further afield within the West Midlands' network.*"

Employer engagement

When it came to finding an apprenticeship training provider for credit and collections, Helena approached three separate providers before choosing the CSA: "*I was immediately impressed*" Helena says. "*Even though they are based in Newcastle, they came to see us in person to talk through our needs and the apprenticeship training they provided. Apprenticeships are all about employer engagement, and the CSA was very much engaged with us from the start. Their professionalism shone through.*"

The CSA's credit and collections apprenticeships are designed for all levels of experience, beginning with the key principles of credit control and working through to an understanding of legislation, regulation and compliance. They equip apprentices with the practical skills and technical knowledge they need to help their organisations succeed, as well as the personal skills and teamworking abilities they will need to support their own career development.

And Helena didn't stop there. She returned to the CSA for a further apprenticeship in regulatory compliance: "*We were using a different provider but were having a few issues and so when I learned that the CSA could also deliver a Regulatory Compliance Officer Apprenticeship, we moved the training across to them.*"

The Regulatory Compliance Officer Apprenticeship similarly equips employees with the skills they need to help create a positive and supportive business environment whilst also assuring public and environmental protection. As with the credit and collections apprenticeship, it uses a blended approach to training to include workshops, e-learning and tutorials, with dedicated mentors and assessors.

Helena says that to date, feedback has been excellent from all of her apprentices: "W*e may be perceived as a demanding client – however we expect our training providers to deliver high quality training and communication is key*" she continues. "*The CSA has been fast to respond and always comes back to us quickly on any questions we may have.*"

We are always looking at new apprenticeship opportunities and are currently exploring a new apprenticeship to train a Counter Fraud Investigator: "*It was something we were considering just before lockdown and are now looking at again*" she says

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Pioneer provider

Another 'pioneer' in apprenticeship training programmes, and benefiting from private sector expertise, is Cheshire East Council which has over 200 different types of apprenticeships in more than 1200 different areas.

Claiming to be the first local authority in the North West to see the true value of apprentices, Cheshire East Council provides the opportunity to study, learn and grow in a chosen career, whilst receiving an income. Apprenticeships vary, and one of the most recent programmes is focused on compliance. It specifically delivers training and qualifications to become a Regulatory Compliance Officer.

Rick Hughes, Community Protection Manager at Cheshire East Council has played a key role in this course, helping to detail the programme and implement further learning within the Chartered Trading Standards qualification framework.

When it came to finding a professional apprenticeship training provider for the programme, Rick thoroughly explored the options before choosing the CSA: "*We chose the CSA as we felt their engagement with the Heads of Service was impressive*" Rick says.

Rick notes that working with the CSA has been a good experience: "*They are clear in what they expect and are encouraging during our meetings. They make the paperwork straightforward and easy to understand and, working with them has been a pleasure*"

The Regulatory Compliance Officer apprenticeship equips employees with the skills they need to become a trading standards officer, where they will help businesses and the local authority itself implement and comply with their regulatory and legal requirements. The apprenticeship standard is varied and provides unlimited opportunities, with the choice to take on different tasks and specialise in areas such as environmental health.

> "As with the credit and collections apprenticeship, it uses a blended approach to training to include workshops, e-learning and tutorials, with dedicated mentors and assessors.

The apprenticeship has proven popular; the two spaces advertised received more than 80 applications. Rick says that the lucky two apprentices have been with the Council for a year now and enjoy the course: "*The apprentices are loving it; they are really enjoying every aspect of their learning and interacting with the CSA team*" he says.

Rick believes that the public sector can learn a great deal from the private sector. In the past, trading standards professionals have typically come into the profession through university, but due to a lack of courses now available, the public sector has had to embrace apprenticeship programmes.

"*This is the first time trading standards have used apprentices and now local authorities are learning that this is the only and best way to get new blood into the profession. We have learned to use the apprenticeship scheme properly and I don't think as a profession we have ever done that until now,*" he concludes.

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Apprenticeships

Why "value for money" is so important

Henry Tapper from Age Wage

"The result was chaos with little consistency – other than almost universally it was thought that the pensions within the IGCs terms of reference were providing good value for money

We have seen two regulatory publications over the pandemic one from the FCA and the other from the pension strategy team of the DWP. The FCA have produced CP20/09- "*Driving value for Money in Pensions"* and the DWP the less snappy "*Improving outcomes for members of contribution pension schemes*". Veteran readers of such tomes have been surprised by the alignment of purpose and even of method. The challenge laid down by Frank Field in one of the last inquiries he chaired for the Work and Pensions Select Committee is being addressed and we are moving towards a single definition of value for money.

We are not there yet but we have come a long way from the Pension Regulator's 36 characteristics of a good DC scheme, a document so dense that it has sunk to the bottom of the regulatory mire. The FCA have condensed their thinking into a relatively concise formulation of how we might all consider value for money.

The administration charges and transaction costs borne by relevant policyholders or pathway investors are likely to represent value for money where the combination of the charges and costs and the investment performance and services are appropriate.

The three legs to the stool are costs and charges, investment performance and quality of service and the discretion in the value assessment is confined to the assessment of what is considered "appropriate".

I am sure that we will find a more memorable set of words over time, but it is certainly a starter for ten and when the DWP published their proposals for the upgraded value for member assessments , the FCA's formulation was clearly to the front of their mind.

What purpose does a VFM assessment serve?

Since the formation of Independent Governance Committees in 2015, VFM has been a means to protect vulnerable consumers from having their pension pots eroded by poor performance, high charges and bad service. The OFT had remarked that "*the buyer side of the DC workplace pensions market is one of the weakest that the OFT has analysed in recent years*".

The OFT stopped short of referring workplace pension providers to the Competition and Markets Authority, and the FCA accepted Independent Governance Committees (IGCs) as a means to enable consumers to "*engage with or understand their pensions*". The OFT's market study into workplace pensions from which these quotes are taken is now 7 years old but engagement and understanding of what consumers have bought, remains a central issue for UK regulators.

Benchmarking

The FCA chose not to prescribe a definition or detailed guidance on value for money assessments but to leave each IGC the option to define their own. What developed was a variety of templates based on the individual bias's of IGC members and the influence of their various advisers. The result was chaos with little consistency other than almost universally it was thought that the pensions within the IGCs terms of reference were providing good value for money.

What was not addressed was the question "relative to what". The FCA has been clear that VFM assessments need to find a way to compare different kinds of workplace pension, they are even explicit in naming potential comparators

"*We think it is difficult to conduct a meaningful assessment of VFM when an individual provider's schemes are reviewed in isolation...The scope of this comparison would be a matter for* *the IGC. For workplace pension schemes, this could include not-for-profit options such as NEST or The People's Pension*."

Implicit in this statement is the inference that the approach adopted for workplace pensions could be adopted for other kinds of pensions. The Value Assessments being conducted by fund platform providers such as SJP and Hargreaves Lansdown would make interesting comparisons on their value for money using the definition set out by the FCA.

Impact of VFM assessments

While the OFT saw the purchaser of a workplace pension as its consumer, the FCA and TPR have moved on to considering purchase as a matter for the employer. TPR has now explicitly stated that it considers the default position for small DC schemes is to wind themselves up so that assets can be consolidated into larger schemes capable of improved VFM.

The FCA are less explicit about what they expect IGCs to be telling their providers, although many of the smaller Group Personal and Stakeholder Pensions run by insurers will be sub-optimal , based on TPR's measure (£100m in assets within the scheme). The FCA have now accepted that within a grouped contract based arrangement, an employer can be deemed to have its own scheme if the funds themselves or the terms on which funds are offered to members is bespoke to the employer.

The FCA is proposing that IGCs will in future be required to assess not just the standard VFM of the workplace pension but the individual VFM for each employer. This would be a major undertaking for providers. The IGC Chair for Standard Life tells me that his provider has over 50 sets of terms for employer schemes and a variety of default funds, all of which would need analysis for value for money.

If any of these employer schemes is considered not to be offering value for money (by comparison with other workplace pensions) , the IGC may be required to bring this to the attention of the sponsor of the employer scheme.

A change of tone and substance

Both TPR and the FCA are now talking about publishing guidance for the purposes of trustees and IGCs and GAAs on how to assess VFM. One whole chapter of the DWP's consultation is devoted the specific measurement of VFM (right down to templates of performance tables for target dated funds),

It is inevitable that the diversity of approaches adopted so far will be reduced and we will see more standardisation. A common definition means a common application of that definition although some discretion remains in the inclusion of "appropriate" in the definition.

However, the devil is in the detail and the detailed assessments resulting from following some of the published guidance in these consultations suggest that trustees and IGCs are going to be hard-pressed to meet the guidelines , let alone make comparisons between their scheme and others.

There needs to be a simplification of the outputs of these assessments so that meaningful comparisons can be made. Inevitably this will mean a more objective approach to the assessment with data being analysed for what it tells IGCs about the costs and performance experienced by members and what that analysis tells the IGCs about the quality of data they are analysing.

It is clear from reading the output of these consultations that VFM is going to be the central plank of the Government's focus on ensuring members getter better outcomes from their DC schemes. It will be interesting to see how much further the common definition of value for money extends into other forms of pension provision and other financial services.

The result was chaos with little consistency – other than almost universally it was thought that the pensions within the IGCs terms of reference were providing good value for money

Redundancy affects us all, but it doesn't need to be long term!

By **Neil Williams** from NVW Solutions

When I was a young manager I lost my job. The loss of self esteem for anybody losing their job – and a lot of people are going to experience that in the next months, sadly – is a huge blow. You don't know how to talk to your family about it. You walk down the street and assume people are looking at you. The inner voice in your head, which is such a key to everybody's wellbeing, is running away with itself and catastrophising" Gareth Southgate's comment in the Daily Telegraph talking about losing his job as Middlesbrough Manager

Losing one's job can lead to feelings of embarrassment and shame, or the fear that other people might see us as unsuccessful. It is the time to talk things through, not bottle it up. We need to grieve the loss of our normal routines, friends, and colleagues in the workplace. Sharing your feelings is central to grieving. If you employ a coach, this could be the start of your transition before beginning to think of what comes next.

I suffered these feelings 3 times in ten years, the first time being the worst. The company I had worked for went into liquidation owing to Directors misguided actions and although I wasn't in the top tier, I still felt responsible. It took me about 3 months to crawl out from under my stone and another 3 months before I realised it wasn't my fault and most people were very supportive.

How do people feel when they are made redundant?

Is there any difference when the individual opts for redundancy, as against being made redundant? For those that are made redundant, it often means a cycle of grief including shock, denial, anger, guilt, despair, depression and finally acceptance. Everybody reacts differently and as soon as the person looks forward and not back, the more likelihood of success. Even where individuals opt for redundancy, it can create doubts and worry and most often find it easier to jump into the next job, (maybe not so easy in 2020) rather than assessing and planning for what they would really like to do.

With redundancy, people normally have a little time to think, but too often look for a similar job to what they have already. In today's environment those similar jobs may not exist. What transferable skills do you have for a job in another sector? Take some time to consider what you have enjoyed in your previous job.

On the other hand, how will a prospective employer see you. Will they believe you have transferable skills? Do you need to get additional training to fill in any gaps? Does your CV need changes to bring out your best experience and skills to fit what the employer is looking for? When is the last time you had an interview? How confident do you feel, would some practice be useful? A dummy run with me is normally a lot more difficult than the real thing! It will also give you confidence and mean you are ready for the real thing.

> "With redundancy, people normally have a little time to think, but too often look for a similar job to what they have already

Many of us could be made redundant at any time, so it is important how you recover from this that matters. It normally comes back to positive thinking and setting goals. The accountability and responsibility are yours alone but there is no harm in getting impartial, confidential support during this time, rather than struggle through on your own.

So, redundancy can be the most miserable time of your life, or it might take some time to become your biggest opportunity. Gareth Southgate learnt from his experiences and is now England football manager, where do you want to get to?

If this happens to you, will you make it an opportunity?

Leadership & Management

By **Ian Ashleigh** from Compliance Matters

In a recent update to a paper on culture and governance published on its website, the FCA states: *"We define culture as the habitual behaviours and mindsets that characterise an organisation. We do not attempt to assess mindsets and behaviours directly; instead, we recognise that there are many drivers of behaviour which firms can identify and manage. As a regulator, we focus on 4 key drivers which we believe can lead to harm:*

- *Purpose*
- *Leadership*
- *Approach to rewarding and managing people*
- *Governance*

Through our supervision of firms, we determine how effective each of these drivers of behaviour are in reducing the potential harm arising from a firm's business model".

> "We do not attempt to assess mindsets and behaviours directly; instead, we recognise that there are many drivers of behaviour which firms can identify and manage

In its document **FCA Mission: Approach to Supervision**, the regulator also states, under the heading Focus on culture and governance: "We look at what drives behaviour in a firm. We address the key drivers of behaviour which are likely to cause harm. These include the firm's purpose (as it is understood by its employees), the attitude, behaviour, competence and compliance of the firm's leadership, the firm's approach to managing and rewarding people (e.g. staff competence and incentives), and the firm's governance arrangements, controls and key processes (e.g. for whistleblowing or complaint handling)".

In my last article, I discussed the Purpose of a Business and how it is important for a business to articulate its purpose to its staff. This time, I will focus on Leadership and the relationship between leadership and management.

All businesses need leaders and managers, in smaller businesses they will be the same individuals. But what is a leader and what is a manager, how do they differ?

Investopedia defines leadership as "the capacity of a company's management to set and achieve challenging goals, take fast and decisive action when needed, outperform the competition and inspire others to perform at the highest level they can."

These are all laudable aspirations, but how can, and indeed, does good leadership make a positive difference to a business, and what is the difference between Leadership and Management?

The Cambridge English Dictionary defines management as "the control and organisation of something" which could be tasks and/or people.

In simple terms, leadership includes setting corporate objectives and inspiring others to perform at the highest level to help the organisation achieve them. Management includes arranging resources to ensure tasks are completed to time and to quality to meet those objectives.

The leaders of a business, be it the Board or Senior Leadership Team set the tone for the organisation, give the direction for the business, and generally set the standards of acceptable behaviour. Tone from the top is a phrase that goes in and out of use and is often linked to the culture of the business. How does this relate to the elements of the definition?

Set and achieve challenging goals: All commercial enterprises set targets and budgets to ensure the business remains profitable. These are set by the senior leadership team and communicated to the business in such a way that the business is prepared to work to achieve them. This is generally by way of a remuneration and bonus structure, but other non-monetary rewards may be used to get the best out of staff.

Take fast and decisive action: Expect the unexpected is a truism, as 2020 has demonstrated. Leaders need to be able to react to circumstances be it external e.g. a takeover bid, or internal, e.g. a breakthrough in R&D, in a way that maximises the opportunity and adjust targets accordingly.

If there is evidence of poor performance or wrongdoing by a member of staff it is for the leadership team to take immediate and decisive action to ensure the business knows such behaviour is unacceptable.

Outperform the competition: Whilst it may not always be possible to outperform the competition, your leadership should be mindful of how firms in your sector are doing and any innovation that may give them a competitive edge.

Inspire others to perform at the highest level: True leaders inspire their people to push themselves to achieve and be the best they can be.

True leaders inspire the business to achieve as a group more than they can as individuals. Managers then identify the tasks required to achieve the goals the leadership team has set. Businesses need both leaders and managers and in smaller organisations these can be the same individuals. It is therefore important for owner/managers of smaller businesses to be able to lead where the situation requires and manage their team to deliver their vision.

Leadership Styles

Thousands of millions of words have been written about leadership style and how it impacts an organisation. Here is a summary of a few that may ring true.

Democratic Leadership

Democratic leadership is exactly what it sounds like: the leader makes decisions based upon the input from staff members. Democratic leadership is one of the most effective leadership styles because it allows lower-level employees to have an input into the discussion that leads to a decision made by the leadership team.

Autocratic Leadership

Autocratic leadership is the opposite of democratic leadership. The leader makes decisions without taking input from anyone who reports to them. Employees are neither considered nor consulted prior to a direction and are expected to adhere to the decision at a time and pace stipulated by the leader.

Autocratic leaders may not necessarily get the best out of their staff who may be looking for ways to circumvent the leadership.

Laissez-Faire Leadership

The French term "laissez faire" translates to "let them do," and leaders who embrace it delegate nearly all authority to their employees.

A young start-up business might adopt a laissez faire leadership style, for example, putting full trust into their staff while they focus on building the company. Eventually, they may need to move towards a more democratic form of leadership'

Transformational Leadership

Staff may have a basic set of tasks and goals to achieve, but the leader is constantly pushing them outside of their comfort zone.

This is an effective form of leadership among growth-minded companies because it can encourage and motivate staff to see what they are capable of. But transformational leaders can risk losing sight of everyone's individual learning capabilities if direct reports do not receive the right coaching to guide them through new responsibilities.

Coach-Style Leadership

A coach-style leader focuses on identifying and nurturing the individual strengths of each member of their team. They will focus on strategies that will enable their team work better together, using individual strengths for the greater good of the project. This style puts emphasis on the growth and success of individual employees.

Bureaucratic Leadership

Bureaucratic leaders go by the books. This style of leadership might listen and consider the input of employees but the leader tends to reject an employee's input if it conflicts with company policy or past practices – how many times have you heard "but we've always done it that way".

The Leadership Team

The style of a firm's leadership is as important to an organisation as the attitude, behaviour, and competence, of the leaders themselves.

In a highly regulated industry such as financial services, one size won't fit all on every occasion and leaders may well need to alter style to suit the circumstances at hand.

The role of T&C in culture

By **Vince Harvey** from Compliance Cubed

It seems to me that everyone who speaks on behalf of the FCA includes at least a reference to culture in their speeches. The leaders of our firms are charged with the responsibility to set the tone of the organisation – they don't always get it right as the cases of Tidjane Thiam[1], Jes Staley[2] and Jonathan Burrows[3] show. More recently Conor Foley [4] found himself on the receiving end of the FCA's enforcement action for allegedly engaging in market abuse. Fortunately, these incidents are rare.

On a corporate scale, Lloyds Bank, Bank of Scotland and The Mortgage Business [5] were all fined by the FCA this year – for failure to properly handle mortgage customers in payment difficulties or arrears. As a compliance consultant I periodically look at enforcement decisions such as these to identify areas where I can help my clients review their own procedures and processes. After all, if organisations as large as these with their resources can get it wrong there may be lessons for smaller firms to learn without the FCA's enforcers getting involved.

One of the statutory objectives of the FCA is to protect consumers and by and large firms and individuals within them want to do the right thing. The challenge I think about in my work is how do we provide an environment in which people feel able to identify and change areas where improvements can be made.

At the start of the year a Dear CEO letter came out for wholesale general insurance firms in which the FCA stated: *Following recent, publicised* *incidents of non-financial misconduct in the wholesale general insurance sector, I am writing to set out clear expectations that you should be proactive in tackling such issues. We expect you to identify what drives this behaviour and, where appropriate, modify those drivers to shape proper conduct.* Then at the start of September a letter was sent to personal and commercial lines insurance intermediaries with the following comment: *We are developing a series of supervisory strategies for each portfolio which allow us to monitor all firms effectively, and target those firms that pose the greatest risk of harm. We will be proactively monitoring indicators which seek to identify firms that pose a higher risk in each area of harm outlined and expect to undertake additional testing of these risks with these outlier firms. Where we conclude that firms, and/or individuals are not meeting our expectations, we will act.*

I take the comment about 'outlier firms' as being a recognition that most firms are doing OK but can't be complacent. The impact of Covid-19 is likely to take a long time to work through the economy and will undoubtedly put regulated firms and their clients under pressure. How they respond will be an indicator of their culture – the effort the regulated firms put into T&C is very much a part of that.

The FCA have been encouraging firms to consider their resilience financially and operationally and to be prepared to make an orderly exit from the market if circumstances require. It is against this background that all firms not just those in general insurance should look at the three key drivers of harm identified in the letter.

All three apply to all sectors of the regulated world:

- ❏ ineffective governance and oversight of businesses
- ❏ incentive arrangements that do not support a positive conduct culture
- ❏ business models which provide poor control over sales and renewals and conflicts of interest including through Appointed Representatives

The first is clearly the target of SM&CR which I have no doubt has been exercising many readers of T-CNews for several years now. Helping people to identify and understand their responsibilities and the practical impact of the Conduct Rules has been our bread and butter.

The second is perhaps less directly in the remit of T&C but where we see arrangements that could incentivise non-TCF behaviour we can challenge senior management to review those arrangements, particularly where they focus on financial metrics, without taking broader factors into account.

The third I see as key to our role and links to the certification regime. If people are well trained and understand why certain things have to be included in the sales process they will be less likely to cause problems. Fortunately, it is now rare for me to hear compliance or training described as the business prevention people. I like to think that firms accept that in terms of risk to their business it makes sense to have good people consistently doing the right thing.

I read a piece recently which referred to the difficulty of changing culture being due in part to it being generational. It does take time to embed a healthy culture and the process is built on leadership who identify the key drivers of culture within their firm and who make changes where required. In larger organisations there is a danger that the messages from leaders may get diluted as they progress through the management chain so it is important for leaders to be visible.

Perhaps part of the T&C responsibility is to help people to focus on 'should I be doing this?' rather than 'can I do this?'. As people continue to adjust to new working patterns as we emerge from coronavirus it is possible that the risk of misconduct will change and that our messaging will have to change too. Keep asking the question 'how do you think we could do better?' and hopefully your firm will be among the survivors (and not attract attention from our regulator).

> " I take the comment about 'outlier firms' as being a recognition that most firms are doing OK but can't be complacent

1. https://www.fca.org.uk/publication/other/mr-cheick-tidjane-thiam.pdf
2. https://www.fca.org.uk/publication/final-notices/mr-james-edward-staley-2018.pdf
3. https://www.fca.org.uk/publication/final-notices/jonathan-paul-burrows.pdf
4. https://www.fca.org.uk/publication/decision-notices/conor-martin-foley-2020.pdf
5. https://www.fca.org.uk/publication/final-notices/lloyds-bank-plc-bank-of-scotland-plc-the-mortgage-business-plc-2020.pdf

The new normal isn't normal

By **Len Horridge** from The Skills Exchange

> Mental health matters and the first step is realising it, even if it is through our pets.

Can we stop talking about "getting back to normal"? There isn't a "new normal" (which is an oxymoron), there is just the future. Or, to put it more bluntly, let's progress and think of dealing with the future rather than regress and wish for the past (though I don't think many will look back at 2020 through rose tinted glasses.

(And phrasing is key. We programme our mind to expect something by the words we use; so, let's look to the future, not the past, unless you are the Likely Lads and remember the 1970's. Answers on a postcard.)

Thanks, we've agreed that, then. And I've got that off my chest.

So, what do we need to do to move on? Well, let's learn from what's happened.

The UK Government recently started to encourage (incentivise with money) people to get rid of their fat (which is an insult to a skinny fool like me, who never seems to get incentives from the government or the pension I'm due, getting bitter this, isn't it?) with cycling offers and other stuff. You can argue with the thrust of this (as I do) but the basic concept of "cutting out the flab in your life" is a very good one. Both physically and mentally.

(And, look, pardon me if there's been a U-turn on this since I wrote this ten minutes ago.)

The lockdown has caused many people to re-think their priorities, which is a good thing.

Strange that Maslow's hierarchy of needs kept coming back to me during the interminable last few months, as it is, of course, broadly accurate. Okay, the bottom rung may have moved to "sofa, food, Netflix" but that's just a reflection of our modern world, though the self-actualisation top element may have moved to "going out, eating at a restaurant, going to the theatre".

We will all have to adapt; we have to find the new demands that life throws up.

One area that is, gladly, getting new traction is mental health. We don't really like talking about this in the UK, indeed, in the UK I'm sure that most people were pleased that we can't shake hands or hug any more (it's a sign of affection and we are a little bit embarrassed by all that, aren't we?). And if we are embarrassed by that, or just telling people they are good, impressive or should be wearing a mask, what chance do we have when it comes to talking about mental health?

(Do you know that we used to shake hands around 15,000 times in our lifetime? But now that amount will drastically reduce. Just thought I'd mention this.)

One manager I talked to recently said that one of his employees was wary of coming back to work because "his dog will have separation issues" if he leaves it alone, as he'd done in the past. Strange, we are often more aware of our pets mental health than that of humans.

But this is both a silly and significant point at the same time. Mental health matters and the first step is realising it, even if it is through our pets.

Footballers, not role-models for everyone, are starting to talk about mental health And the key thing they focus on? Talk about it. And listen to others.

Andy Robertson of Liverpool said "I talked to my partner about something daft that had been worrying me and in ten minutes I felt better". Talking instead of over- thinking ("repetitive memory" as it is worrying called) put the issue, if indeed it is an issue, into perspective.

And the lockdown has given a lot of people (though not all) a chance to think about cutting out the flab, think about things more and getting their lives into focus. But some have used the time to over-think, talk themselves into what can only be called a "fug" and they will need help and support to get their mental health balanced and to get them to perform to their best abilities (something that always makes people happier).

Therefore, the "new normal" (also called the future) will involve more talking, more listening and more time to cut out that mental flab that has built up over the year.

Some people will get that support from friends and family; others will need, and may prefer, professional help from work. When we talk about "counselling" I point out that some people will need specialised help and support; most people don't need that level, just somebody to listen to their often irrational fears and worries. I know, I was like that many years ago; when I verbalised it, I often though "that's not a major issue" so packed it up, put it down and left it behind.

And listening is not just sitting and hearing; real listening is understanding, interpreting, helping, being empathetic and caring. All skills we can learn and develop every single day with a bit of help (training, coaching and mentoring, just in case you hadn't thought of this!).

Listening and helping is simple; you need to have an environment that allows this. And when you do, you will reap the benefits. So, think about your individuals but think about the company culture. People are beginning to realise that they have a choice and that they want to work for a culture that supports them as well as business. And look after their physical and mental health.

Mentoring, coaching and counselling (with a small "c") will be the oil for the well worn engine of the human mind. Get the best oil possible. And on that cliché…

Or as Frasier Crane used to say "*Good mental health, everyone*"…

The Fixated Conduct Authority

By **Tony Catt** from
TC Compliance Services

"It is interesting that the FCA wants to know this information to protect markets from insolvent firms but seems to be doing very little to actually help any firms in their time of business hardship.

As the ancient Chinese curse goes, we are living in interesting times. There is so much going on in politics on a daily basis, coupled with the Covid-19 pandemic, we are living within a pretty toxic business cocktail. We are living in a time when it seems to be de rigeur to make statements that are quickly provable to be inaccurate, if not untrue or to be wildly over-optimistic by people that seem to be totally un self-aware with the belief that none of us have memories reliable enough to remember what was said last time.

I am more fortunate than most people. I have worked from home for 9 years and the only change for me has been that I have not set foot in Central London since the middle of March rather than going in 2 or 3 times per week. Previously, "working from home" was a metaphor for a day at home not doing much work. Now, people have discovered that they really can do a lot of effective work without needing to join the rat-race into cities. The Zoom, Teams, Skype or GoTo meetings are commonplace and often the preferred form of communication, even over telephone calls.

Many firms are looking at how much office space that they will need in future. One of my contacts worked in a firm at London Wall. An office capacity of 16 desks. Their MD had been commuting from south-west London suburbia since 1972. After a short time of lockdown, he said that he would not continue to commute anymore as he could get nearly all of his work done from home. The firm's lease had run out during lockdown. So he would now be looking for office space for 6 or even 4 desks for people to attend at necessity from time to time. This is not good news for the landlords of large office buildings or the entertainment and retail in the large cities as this mentality becomes normal going forward.

Many firms have received questionnaires from the FCA regarding their capital positions and how their businesses have been affected by Covid-19. Even the FCA answer message refers to this advising firms of a contact number to call even they are in financial difficulty. It is interesting that the FCA wants to know this information to protect markets from insolvent firms but seems to be doing very little to actually help any firms in their time of business hardship.

In the meantime, the FCA seems to be unwilling to address the insurance companies that are providing Professional Indemnity Insurance. The PI providers are pretty much killing off the DB transfer market by increasing premiums on this business to a level that makes continuing to practice in this area uneconomical for many practitioners. The tail really is wagging the dog in this respect. It would be better for the FCA to ensure that the practitioners are sufficiently supervised to ensure good outcomes for clients rather than letting the PI companies weed out the market. I can think of several excellent practitioners who have stopped offering this advice service. This surely cannot be a good outcome for clients when good practitioners are no longer operating.

I have recently met 4 independent mortgage advisers who seem to have fallen foul of Lloyds Banking Group, mainly Halifax. The Halifax has removed them from its panel of introducers without any warning. I can understand that it is avoiding tipping-off in respect of AML regulation. However, Halifax does not actually give advisers any reason for being removed from their panel. If it gives no reason, that gives no opportunity for an adviser to give any explanation to clear their name. Apparently, the appeals process is equally difficult and largely does not allow for any explanation. So, Halifax is basically acting as judge and jury with no discussion or appeal allowed. I referred this matter to the FCA and was advised that this is simply a business issue. A provider can choose to do business with whomever it wants and can stop doing business as it sees fit. This practice can be quite damaging to advisers as other lenders may also choose to stop doing business based on the Halifax decision. Woe betide any advisers that fall foul of Halifax.

The FCA has continued to focus on how advisers work with Vulnerable clients and have issued and re-issued guidance for advisers. There is quite a long list of criteria for considering people as vulnerable clients. There is a growing amount of training for advisers to enable better practice. I actually believe that nearly all clients could be considered to be vulnerable. They consult an adviser because they need help to organise solutions to enable them plan to meet objectives. That gap in knowledge could be considered as a sign of vulnerability. The question that the FCA is asking is to try to ensure that the advisers inform the clients sufficiently that they are no longer vulnerable. This can hopefully be evidenced with a detailed fact find and at the other end of the process, an understandable suitability letter to confirm that the advice will enable the clients to maximise the potential of achieving their objectives.

However, advisers are obviously not achieving this as there are still so many complaints that end up with the Financial Ombudsman Service. This is where good record-keeping is vital to provide a defence of the advice that has been given. Unfortunately, advisers are struggling to suit two masters. The FCA that wants suitability letters that are short enough that the clients will read and understand what has been arranged. The FOS wants to see all the bases covered, which results in incredibly long and detailed suitability letters that do not help clients to understand what has been arranged. Often these long letters purport to cover what has been discussed with the clients but are often not discussed at all. The old saying "if it is not written down, it did not happen" does not hold that it actually happened if it is written down. Client vulnerability may not be helped by this need to serve two masters.

On reading back this note, it seems that I have just spent my time knocking the FCA. Of course, it is not immune to the current business client and many of its staff are working remotely. It is dealing with Covid-19, whilst juggling with the potential effects of Brexit whilst implementing MiFID and PROD issue. After those issues, the ongoing supervision of advisers must be like herding cats. Perhaps it needs a bit more help from some compliance practitioners.

To be brutally frank!

By **Derek T Davies**

It was 2005, by which time I had been an adviser for over 20 years, when my Regional Director approached me to say there was a vacancy for a T&C Supervisor and would I like consider it. Initially I was flattered until he said "I thought of you because you know all about the right and the wrong way to do things." What could he mean? What could I possibly know about doing things the wrong way? However, on reflection, he was right. Like many advisers I had occasionally tripped myself up, usually in an effort to provide clients with what I saw as the best service, rather than meeting all of the procedural requirements.

I had though quickly become aware that I was having to spend more time getting things back on track than I would have if I had got it right in the first place. I had therefore learnt rapidly from such incidents and considered that this experience would be valuable as a T&C Supervisor to understand how advisers had dug most of the holes they got themselves into. Apart from that I had been subject to a Training & Competence regime, so understood the requirements, or at least thought I did.

So, I accepted the offer and as part of the change in my responsibilities there was to be a transition period during which I would formally pass my clients on to advisers that I would be supervising. The first meeting was with a high net worth client who had, before he retired, been a board director in the UK arm of a global company. The plan was for me to explain how my role was changing and to introduce the client to his new adviser who in this case had recently joined the business, having worked in a similar role previously elsewhere. Once that was done, I would don my Supervisor hat and concentrate on observing the meeting.

Initially, the plan worked perfectly and the client, who seemed in a playful mood, was soon asking questions, telling jokes and sharing stories to get the measure of his new adviser. However after about 8 minutes the adviser interrupted him with the phrase "To be brutally frank......" and went off at a complete tangent!

The conversation faltered, the client and I looked at each other, he raised his eyebrows to ask what was going on and I shrugged my shoulders to show I had no idea. Undaunted by the silence the adviser continued talking and, out of politeness I think, the client re-engaged with him. A somewhat stilted conversation followed for another 5 minutes until "To be brutally frank......" again shattered the fragile peace.

It was at this stage that I became embarrassed and wondered what the client would think of me introducing him to someone who was being so rude. I looked at him and realised that he had his "The game's afoot" face on and was rising to what he saw as an obvious challenge from this newcomer.

I did intervene in the subsequent melee to try and separate the warring parties, but try as I might salvos of "To be brutally frank......" continued to be fired by the adviser, countered by the client's best combative skills, honed at numerous board meetings. It was like a Hollywood B movie with mythical creatures fighting for dominance of some forgotten realm.

Thankfully the conversation was eventually brought to a close, with my parting comment to the client being that I would telephone him as I would appreciate his feedback, which was code for "I'll call you to apologise." We left the client to recover and the adviser and I headed off for the feedback session. I wasn't looking forward to this with the shadow of "Frank" looming over the agenda, so I was grateful for the 25 minute drive alone to allow me to get my thoughts in order.

Once we had settled down and I had taken a gulp of my much needed coffee, despite my desire to address the obvious issue, I asked "Well, how do you think that went?" I wasn't prepared for the response which was "I thought it went really well." At that point I looked at my diary to make sure it wasn't April 1st and did my best to hide my surprise.

I took a breath and continued; "To be brutally frank is an interesting phrase, where did it come from?" The adviser explained that his previous manager had told him it was a great way to take control of a conversation from a client so that you could move on to deal with the issues that you wanted to address. The light dawned, this was part of the baggage he had travelled with from his previous role so I had something to work with. "How often have you used this phrase" I asked and was not surprised to be told that this was the first time, as it had only come out of a 1:1 meeting he had two months before he left.

I asked whether he thought it might be perceived as rude by some clients, followed by "On the basis that you used the phrase 18 times in 90 minutes, how much control do you think you actually had?" It was obvious that both of these questions caught him off guard and he had begun to realise his earlier assertion that the meeting had gone really well might have been a little premature. It was then I threw in a question that with hindsight was below the belt, "Did your previous manager like you?"

As you might expect, there followed a number of coaching sessions focusing on soft skills and including the value of using Open and Closed questions to control conversations, rather than relying on "Frank".

I did call the client to discuss the meeting and surprisingly he said he was happy to continue to work with the adviser as he was impressed by his technical knowledge and thought he would enjoy knocking the rough edges off him as the relationship developed. I counted myself fortunate in the choice of client on that day, as others may have reacted very differently.

Finally, what did I learn? Well, as a new Supervisor this meeting brought home the fact that, just because someone has been classed as an experienced adviser elsewhere, didn't mean that they had all of the Skills, Knowledge and Expertise for the role in which they were now working. Regardless how good someone might seem on paper, or at interview, all new employees come with baggage. Although some will travel more lightly than others, decisions about Training and Supervision Levels initially had to be based on first-hand assessment and any training needs identified and addressed as soon as possible.

This valuable lesson has stayed with me throughout my T&C career and in more recent times has been an important part of the training that I designed for new Supervisors, who were appointed to one of the 10 T&C Schemes that I managed, so perhaps I have a lot to thank "Frank" for?

> "The plan was for me to explain how my role was changing and to introduce the client to his new adviser who in this case had recently joined the business

Time to take 'you' to the next level!

By **Michelle Hoskin** from Standards International

We know the story: you are amazing at your job, you excel in your work and you are a true team player! You are trusted to work by yourself and, best of all, if anything needs doing – they give it to you. You have become a master at multi-tasking, and you are involved in all matter's 'compliance'!

But then – you realise you've probably reached the top of your game where you are, so you pluck up the courage and broach the 'what next?' conversation with your line manager or boss.

Now I know bravery may not be your strongest quality, but you psych yourself up and request the meeting. Awesome work – stage one complete!

At this point, your options are likely to be as follows:

1. Enhance your training and development plan to upskill even further
2. Get agreement on an instant or promised pay rise
3. They see your worth and you get the role promotion you've been waiting for
4. … or you leave!

The problem that you will face, however – a problem that many don't even realise they have until it's too late – is that it is not the willingness of the boss to develop you or to support your growth and development. No? No, it's the structure of the business and how it has been built that is often the real problem.

The team and operating structure that are in place will most likely have been designed by accident, put together to serve the needs of the team, the business and of course the regulator of today, without any foresight to support growth and development.

Whilst many firms retain a firm focus on the regulatory needs of the business, they fail to see that the sustainability and scalability of the business should be a firm focus too!

So, what can you do to reset and get cracking on a journey that supports your personal and professional growth?

5. Understand the job before you start it

I know what it's like when you are faced with the possibility of an exciting new role. You get some of the facts but often miss the small details that make all of the difference.

Ask questions like:

- ❑ Who will I be working with and what are their skills and abilities?
- ❑ How long have they been in the team and what are their positions?
- ❑ What have been the biggest achievements of the team?
- ❑ In what areas do you feel the team as a whole could add more value?
- ❑ How are the team recognised and rewarded for their group and individual contributions?

6. Understand the organisational structure

Are you in a structure where there's 'one man' at the top, or is there opportunity for growth in your role which could take you all the way to achieving your potential?

No one really wants to leave a company they love, but we know you will if you are stuck and going nowhere!

Ask questions like:

- ❑ How has the team been built and designed?
- ❑ What would be the next step in my growth, outside of professional learning and qualifications?
- ❑ How long have other team members been in their roles? What are their next growth steps?
- ❑ Do you foresee any changes being needed to the organisational and operating structure?
- ❑ How future-proof is the team and the business?
- ❑ Who is responsible for team development and growth? What skills and experience does this individual need, and do they have a clear view of what to do next?

7. Understand what's behind the title

Many businesses are way too trigger happy when it comes to dishing out job titles. Manager this, senior that… half the time it's confusing and often has very little substance behind it.

Ask questions like:

- ❑ Can you clarify what you mean by [manager, senior, support, co-ordinate etc]?
- ❑ How did this role profile become what it is today? Who designed it?
- ❑ Was this role profile created in isolation or as part of a wider project?
- ❑ Who did the role before it became vacant? Why did they not work out?
- ❑ What is the biggest contribution that you are looking for from this role?
- ❑ What is the biggest risk area for this role?

8. Training the techniques!

"*The future belongs to those who learn more skills and combine them in creative ways!*" – Robert Greene

So, you have the title and you are poised ready to take on the challenge! What's the plan? Your training and development will be the only way that you can secure your journey from surviving to thriving!

Do check that your plan includes:

- ❏ A firm foundation of academic and technical knowledge/learning
- ❏ Input from third parties and a place for you to safely apply your knowledge and demonstrate your understanding
- ❏ In house and on the job training to showcase your skills, abilities and experience
- ❏ Time allocated to understanding the essential attributes of the role(s) you fill in order to align all areas of development
- ❏ Bespoke and focused support to create the framework for your personal principles and behaviours

9. Understand yourself more than you understand anyone else

Now this is where the magic really starts to happen – don't get too carried away with the prospects of a shiny new role or a promotion! Grab a mirror and take a good look into it. Your success is all down to you. It's down to the perspective you have, the choices that you make and the passion you have for the role and the work that you do.

So, ask yourself:

- ❏ Do I get a good feeling here?
- ❏ Do I think this is a role that could keep my passion and my attention for a long time?
- ❏ Do the company and the other team members fit and fuel my own values and ethics?
- ❏ Do the people I work with inspire me and give encouragement and support when I need it?
- ❏ Am I being asked to do too much, too soon?
- ❏ Is this role placement/promotion really all about a quick fix for the business or do they really value 'my' contribution to it?
- ❏ Does this role fit with my lifelong career and work goals? Does it effectively support my work/life balance?

So, in closing, trust your gut instinct (if you have one!); do your research if you don't! Take a moment to reset before diving in, take a different view, don't just follow the track laid out for you by others – know your own 'you' and your own mind and, most of all, enjoy the journey!

" So, what can you do to reset and get cracking on a journey that supports your personal and professional growth?

Rewind to find

By **Andy Snook** from Performance Evaluations

There has been an abundance of articles based on the positives (and occasionally the negatives) that people have identified since the lockdown began in March, including such things as costs savings, time saved, and even being able to go to work in shorts and a tee shirt. I thought I would share my personal view on the positives of not having to travel to observe advisers in action. Including the luxury of being able to do competency assessments in shorts and a tee shirt!

> "You have probably had those "didn't quite catch that" moments from time to time, and of course once it has gone it has gone

Before March this year I conducted all observed competency assessments by accompanying advisers to face to face client meetings, whether these took place in the firm's office, the client's place of work, or the client's home.

Of course, the lockdown changed all that and, in my opinion, for the better. Since the advisers were unable to undertake face to face client meetings, everything switched over to virtual meetings online or, if the client was not technically savvy, by phone. Which meant that meetings could be recorded and that, in turn, meant that I could request recordings of specific meetings and carry out the assessments from the comfort of my home office.

Going back to before March for a moment, accompanied meetings had many benefits, but they also had a few drawbacks. For example my ideal position for myself in the meeting was being situated off to one side but able to see both the adviser and the client without appearing to be part of the meeting, but that couldn't always be guaranteed unless the meeting took place in the firms' office and so, on occasion I found myself sitting at the same table with the adviser and client, which brought me back into the meeting by sheer near presence alone, and making notes needed to be more discrete, but I guess all assessors have been in that position at one time or another.

But a recorded meeting eliminates such positioning issues, and more importantly it avoids missing something said or done which cannot be repeated in a face to face client meeting. You have probably had those "didn't quite catch that" moments from time to time, and of course once it has gone it has gone. The advantage of a recording is that it can be stopped to allow a "rewind to find". However a virtual meeting will never have the same look and feel of a face to face client meeting, and also having the ability to rewind the recording can also be a drawback by increasing the time taken to complete the assessment.

Not every meeting needs to be recorded, of course. There should still be the ability to join a virtual meeting as it happens, if required. Simply switching the video off and muting the microphone takes the assessor out of actively participating in the meeting, same as correct positioning would in a face to face client meeting. But the real benefits over and above a live meeting are being able to review the recording post-meeting.

The starting point for any assessment is the reason why the assessment is being done in the first place. This might be to meet a KPI for a minimum number and type of meetings to be assessed, such as a Fact Find Meeting, a meeting where the recommendation is presented, or an Annual Review meeting. Generally, these will be a box-tick exercise, with further action depending on content of the meeting.

However, there may be other reasons for the assessment, possible based on the outputs of previous assessments, or something that has been brought to the assessor attention. For example, the assessor might want to check whether the adviser checks for any material changes in circumstances at the start of a presentation meeting. Maybe file check outputs show a lack of detail in certain areas of clients' financial circumstances, perhaps in areas where the adviser is known to be uncomfortable, or possibly unwilling, to explore areas such as protection, or IHT planning. Or maybe the assessor wants to check how questions are posed by an adviser to a client by type of question, or how the question is phrased. If documents are shared in a virtual meeting, the assessor gets to see these too, which is something not always possible in a face to face client meeting. The ability to "rewind to find" allows certain confirmation of the reason for the assessment, and the recording can also be used when giving feedback to demonstrate to the adviser the feedback being given. It also allows for clarification of the "I didn't quite catch that from here" moments which sometimes occur my position in a face to face client meeting.

Personally, I believe even if life returns to what is was pre-lockdown, and I suspect it will not, the recorded meeting is the way to go. The benefits of being able "rewind to find" outweigh the face to face client meeting assessment. Best of all it is an extremely useful addition to my toolkit and great evidence for the adviser's T&C file.

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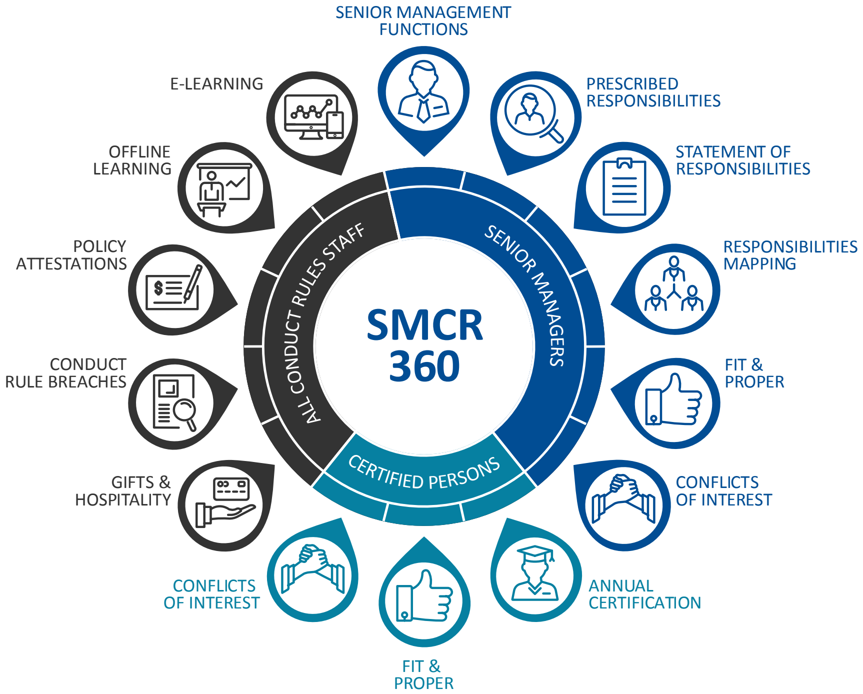

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