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APRIL 2021

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Welcome to the April edition of T-CNews. I am delighted to announce that the way in which T-CNews is accessed has changed through the introduction of sponsors. This helps us distribute the content for free. Worksmart has become the first of our sponsors – welcome aboard and thank you for your support. This edition is issued at a time when the SM&CR regime is fully live for everyone. It is not a time to rest on our laurels. Bear in mind we are very likely to see greater regulatory activity on this later in the year. Forewarned is forearmed, as they say. We also have a great range of topical articles to keep you abreast of current trends. Enjoy.
Jeff Abbott

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Does the current market default methodology of employee T&C truly satisfy the changes required by the SM&CR?

By Adrian Harvey, CEO, Elephants Don't Forget

> "a cross-section of risk and compliance professionals and found that 40% stated that they had not changed their approach to T&C throughout the Covid-19 pandemic

Whilst the SM&CR has applied to most solo-regulated firms since December 2019 – with many firms asserting that they are taking the necessary steps to embed it – can questions be raised about the default methodology of T&C delivery and whether it truly satisfies the regime change and promotes evidenced employee adoption and in-role improvement?

Most firms in the sector would agree that culture change is key to embedding the SM&CR. In this respect, firms and Senior Managers are not only focused on the requisite policies and procedures required, but they also want to ensure that the culture of their firm is consistent with the principles and conduct expectations on which the regime is based.

Consequently, with the SM&CR deadline upon us, many firms have noted that the implementation of the regime has been a resource-intensive and difficult process due to the changes to HR processes and the requirements surrounding record keeping, in-role competency and compliance evidencing, regulatory notifications, and continual supervising of adherence to the regime.

Firms are consistently looking for ways to 'set the tone' of positive culture change from the top down to help ensure that all staff adopt it. However, it is difficult to measure something as subjective as good culture. So, in this respect, firms need to find a way to make the intangible tangible and – crucially – evidential.

After all, adopting new culture is fundamentally asking your employees to change their in-role behaviour. This is particularly tough when a cultural shift requires an overhaul in how your firm does business. In this respect, does default T&C delivery really help firms to not only evidence individual compliance and conduct knowledge – and reward or correct as required – but truly provide firms with an objective insight to how effective their T&C delivery really is?

The culmination of a recent three-year study by artificial intelligence T&C platform provider Elephants Don't Forget found that the average level of tenured employee competency is just 54%. The study, which analysed over 72 million individual employee interactions from some of the world's best-known brands – many of whom work within the financial services market – indicates that most employees only know half of what they need to perform their roles competently and compliantly. This study may give cause for concern for some firms as it was compiled to help provide worldwide organisations with an average sentiment level of baseline employee competency in a pre-pandemic context.

Now, a year in to Covid-19, most firms have not been able to provide vital peer-to-peer learning (which makes

to remote working. The removal of office socialisation will undoubtedly have had a detrimental impact on some new recruits and, over time, tenured employees. There is a danger that employees will be less competent as a result, but that they are also far less likely to operate within the documented and trained processes, potentially leading to falling compliance standards, misconduct issues, and ultimately, reduced levels of consumer satisfaction and instances of market harm.

If one of the key objectives of the SM&CR is to encourage all firms to foster and maintain a culture of greater individual accountability through ongoing employee training and development, do some firms need to reassess how effective their approach to T&C is to effectively encourage their employees to adopt, retain, and apply in-role knowledge to execute their roles better?

To further strengthen the case for this, in a recent February 2021 T&C webinar -– hosted by Elephants Don’t Forget in conjunction with ClearStep Consulting – the organisation polled a cross-section of risk and compliance professionals and found that **40%** stated that they had not changed their approach to T&C throughout the Covid -19 pandemic.

In a secondary poll, responses from the participants established that **66%** of firms were ‘not confident at all’, ‘slightly confident’ or only ‘somewhat confident’ that their Senior Managers could demonstrate a consistent approach and application to T&C, with just **10%** of participants stating that they were ‘completely confident’.

Ranging from recruitment to record keeping, the top three primary issues for compliance and risk practitioners were collectively recorded as: ‘Attaining Competence’ (Induction, training timelines, how will employees attain competence and what happens if they do not), ‘ Maintaining Competence’ (CPD, ongoing assessment, absence, and failure to maintain wider market, policy, process, and consumer considerations), and ‘Supervision’ (evidence-based assessment of competence and compliance adherence).

The results of the study and subsequent polls may pose a contentious argument that the deployment of default employee T&C methodology of e-learning, self-election, and self-certification, does not work as effectively as some firms may think, and that this should raise important questions for them in relation to implementing the ongoing cultural assessment framework required by the SM&CR.

It is also of recent interest to note that the regulator seems to be taking the issue of addressing competency gaps more seriously too. Following the release of the Financial Conduct Authority’s (FCA) FG21/1 Guidance for firms on the fair treatment of vulnerable customers last month, the regulator reiterated the need for action, change, and continual progress in driving improvements throughout all firms operating within the sector when dealing with vulnerable customers.

The regulator asserts that this is not a ‘one-off supervisory exercise’ [1] and that it will be integrated into their supervision and culture assessment. Emphasising that ‘firms need to ensure they are able to demonstrate how their culture and processes result in the fair treatment of all customers, including those who are vulnerable’ [2]

They also highlight the importance for firms to ‘carry out proactive data analysis to identify where vulnerable customers are more likely to suffer harm when things have gone wrong or where there are patches of poor staff knowledge and performance[3]’.

With the regulator highlighting that competence assessments should be evidenced as being objective in terms of the SM&CR and, subsequently, that more proactive data analysis is needed to identify poor staff knowledge and performance in relation to consumers, this illustrates that the regulator is stressing the need for firms to address the issue, as there are now more routes to potentially cause consumer harm which ultimately lead back to how capable or incapable every member of a firms’ workforce is.

Firms that have not made any changes to their governance or processes and cannot evidence or monitor that employees are successfully applying what they need them could well be at greater risk of not fulfilling their expectations.

[1] FG21/1 Guidance for firms on the fair treatment of vulnerable customers: 1.29

[2] FG21/1 Guidance for firms on the fair treatment of vulnerable customers: 5.4

[3] FG21/1 Guidance for firms on the fair treatment of vulnerable customers: 5.7

The definitive list of sync and async online trainer skills

By Paul Archer from Archer Training

The complete list of the skills, attributes and knowledge that a modern workplace trainer needs to thrive in the Post-COVID world of training

Evolving Corporate Trainer

Corporate and workplace training has evolved remarkably since COVID 19 and will migrate mostly online. This is well known and documented. There will still be die-hard fans of in-person training, but then again people even rode horses after the internal combustion engine was born. Whilst I'm on the historical analogies, people still crossed the Atlantic on boats way into the '50s when aeroplanes cut the journey down dramatically. I'm banging the drum for online workshops rather than in -person events, but that's the way I see it.

Online will fork into two fragments. Synchronous and Asynchronous or Sync and Async as I prefer to call it. Broadly, Sync training is live and real-time, a traditional online workshop for a few hours with everyone rocking up on their PCs or laptops with you. Async is pre-recorded learning usually delivered by a fancy learning system or platform or via links in DropBox. You don't have to get complicated with this although many corporate trainers like to navel-gaze on that exact topic. Corporate or workplace trainers will have to get good at both moving into the future. I'm mean very competent. These two lists help you to brainstorm the skills, capabilities and knowledge that modern trainers need to have or attain for both Sync and Async. The plan is in no particular order

Async (Pre-recorded) Trainer Skills

- Knowledge of applications
- Presenting to camera
- Audio recording capability
- Control of voice tone
- Humour on camera
- Rendering video and audio footage
- Understanding LMS Platforms
- Presenting livestreams
- Mastery of tech
- Connecting to livestreams
- Using Zoom/Teams
- Uploading assets to platforms (MP4s, MP3s, PDFs)
- Converting Word and PowerPoint to PDF
- Contemporary PowerPoint creation capability for online recording with voice over
- Screen capture ability
- Populating LMS Platforms – logical approach
- Appreciation of learning multimedia
- Writing capability
- How to interview an SME online and record
- Use of graphic cartoon video apps such as Explaindio, Doodly
- Use of VARK learning styles
- Understanding how young people learn via full multimedia
- Benefits of online learnings
- Online programme design - learning objectives and performance objectives,
- Use of video camera (DSLR), SD Card, transferring video MP4 clips to PC
- Knowledge of MP4 files and resolutions, how to compress video
- How to compress PowerPoint files
- Podcasts – sound quality and resolution
- Set up of video studio, lighting competence, ventilation, noise control
- Use of whiteboard and flipchart when recording
- How to incorporate PowerPoint slides into recorded video
- Use of microphones, lapel and boom mics, how to connect to PC and manipulate the sound quality.
- Use of a variety of activities to enhance involvement – selected from the Trainer's Toolbox
- Ability to Gamify learning – points, awards, positions, feedback, advancement
- Use of stories/metaphors to illustrate presentations

> "I'm banging the drum for online workshops rather than in-person events, but that's the way I see it.

Sync (Real-Time) Delivery Skills

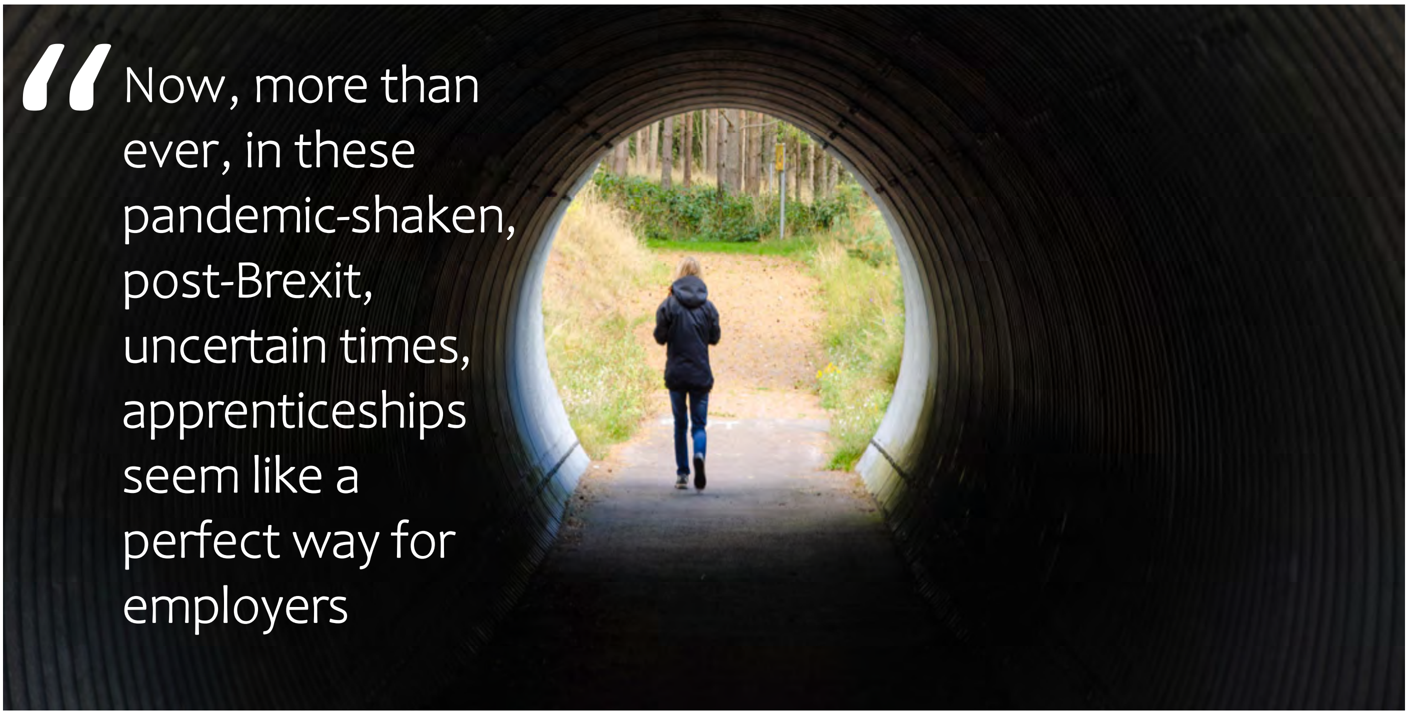
- Running Live Online Workshops (LOWs)
- Modularising your workshops
- Timings and attention spans
- Using music online
- Complete mastery of all Zoom controls and feature
- How to invite students to your live workshop, using calendar invites
- Setting up the stage
- Appropriate use of ice breakers particularly before "kick-off". 10 minutes hallway chat or a crossword/quiz or another way of easing learners into the workshop.

- Able to educate learners of the various tools required to operate Zoom/Teams. Teach as you go rather than giving them a list—for example, the pin function to spotlight the tutor.
- Using the record function on Teams/Zoom and placing the clip into the cloud.
- Presenting online live
- Audience engagement and involvement
- Shrinking workshops and using “flip the classroom” concepts
- Shrinking in-person events by 50%
- Lighting, sound, ventilation, of studio
- Switching webcams seamlessly
- Use of graphic support tech – merging PowerPoint slides with video
- Using backgrounds and green screen professionally
- Online usage of breakout rooms
- Online facilitation skills with groups below 10
- How to encourage group involvement
- Use of headsets and mics to enhance the experience
- Presenting skills
- VARK learning styles and solid session design
- Zoom listening skills, observing facial body language, reading signals
- Use of chat function, having it available to view all the time
- Use of multiple monitors to present professionally, opening various windows simultaneously
- Owning the backup routine – Wi-Fi, electricity, the noise outside
- Re-booting and fixing common problems with online delivery.
- Use of whiteboard, lighting, large pens, working with the camera whilst presenting
- Angling videos and zoom capability using cam software
- Knowledge of at least four video meeting software apps and being able to flip seamlessly from one to another. Zoom, Teams, GoTo, Webex, Adobe, Google Meets
- Use of add on apps such as Kahoot, Padlet etc.
- Understanding PC requirements to run practical online sessions, processor, Wi-Fi speed etc.
- Adapting webcam using settings software
- Manipulating backgrounds and filters on Zoom/ Teams
- Demonstrating security of the training room via Zoom and Teams
- Use of “Zoom Zone” when conducting one on one online video sessions, being able to move from sitting to standing seamlessly using multiple cameras.
- Use of a variety of activities to enhance involvement – selected from the Trainer’s Online Toolbox.

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

Are we there yet? The growing pains of national apprenticeship reform in the UK

By Margo Kubik, Investment Banking Skills Coach, Fitch Learning.



The UK apprenticeship reform programme

When in 2013, following an independent review of the apprenticeship system carried out by Doug Richard, the UK Government committed to reform and expand the provision of apprenticeship programmes, two goals were identified at the heart of this process: to improve productivity in the UK, and to promote social mobility. Both of these are vitally important, and relevant in any modern economy. Now a few years later, with new apprenticeship programmes becoming more established, and thousands of apprentices graduating every year, it is the right time to reflect on the progress we have made so far here in the UK to meet these ambitious aims.

The long-term game plan

Similarly to many other countries, the UK has recognized the importance of vocational learning, and apprenticeship programmes in particular, in addressing the very evident skills gap in its economy. The Government, in line with Richard's recommendations, has implemented a set of comprehensive reform actions, the most notable including the introduction of a new funding mechanism, i.e. the employer levy, the launching of new apprenticeship standards developed in cooperation with employers, and the establishment of the Institute for Apprenticeships and Technical Education. In 2015, degree and degree level apprenticeships were also launched in England to offer a viable alternative to mainstream higher education. These, in particular, have been designed to support the Government's efforts to promote social mobility and in a sustainable way widen access to higher education for underrepresented groups.

An ugly duckling with a reputational issue?

It was never going to be easy for apprenticeships to compete with mainstream education, especially with the top academic institutions in the country. Traditionally associated with vocational learning, apprenticeships are still struggling to shake off the reputation of 'trade' qualifications.

However, if we take a closer look, the new apprenticeship standards, and degree level apprenticeship programmes have nothing to be ashamed of. Whilst they do not always have Russell Group university names and traditions behind them, they use seasoned industry experts, often with strong academic qualifications, delivering teaching and coaching initiatives, with the support and input from employers and recognised learning providers.

Fitch Learning has been awarded the top Ofsted visit grade and has developed its provision since the introduction of the Apprenticeship Levy in May 2017 to not just give guidance to the learners, but equally as important to the Employers. This guidance covers a number of areas, such as role suitability, learner eligibility, Ofsted and ESFA requirements. Over the past few years, we've seen that developing successful apprenticeship schemes for the financial services sector is not always a quick-win. The ongoing input of experienced coaches, employers and learning providers is often required, who know exactly what the apprentices need to learn and which skills to develop in order for them to thrive in their roles. This is particularly relevant given the current pace of change due to economic uncertainty, market volatility and regulatory changes in the industry as a result of the global pandemic.

The programmes in place also offer a variety of soft skills training, as well as technical and industry qualifications, combined with tailor-made coaching and mentoring sessions with industry specialists. Such programmes are typically offered in a rather limited form, if in any, by traditional academic institutions, even the most prestigious ones. As noted by Carl Cullinane and Katherine Doherty in their report 'Degree Apprenticeships: Levelling up? Making degree apprenticeships work for social mobility', the higher-level apprenticeship programmes allow the learners to achieve labour market outcomes comparable with university degrees obtained from Russell Group universities, but without paying tuition fees. In addition, apprenticeship qualifications are now offered in some of the most prestigious and lucrative professions such as banking, law, accounting, engineering, or IT.

The fact that many leading companies across various industries, including the financial services sector, have now successfully implemented and are using apprenticeship schemes to upskill their employees has definitely had a positive impact on the perception of apprenticeships, legitimising them as a relevant and valid alternative to the mainstream education. But the work on raising their profile, and, more importantly, promoting a better understanding of the benefits they offer, needs to continue to ensure that we achieve a sustainable and truly effective apprenticeship model. In addition, the responsibility to educate the public is not only on the Government but also relies on other stakeholders who have already experienced and benefited from apprenticeship programmes first-hand to champion the merits and benefits of taking part in them.

Not perfect, but getting there

As noted by Malgorzata Kuczera and Simon Field in their 2018 OECD report 'Apprenticeships in England, United Kingdom', it is not a perfect picture just yet, but the UK seems to be on the right track to have a well-operating apprenticeship system in the coming years. The key areas of weakness requiring further attention identified by them included the strengthening of provision of apprenticeships for the youngest learners, i.e. 16-19 years old (also echoed by many other researchers), re-engaging employers in the provision of on-the-job learning, which, as correctly observed by them, has been neglected due to a strong focus on the off-the-job learning element of the programmes, and continuous improvement of the quality of assessment and apprenticeship delivery.

All of the above, is in fact confirmed by employers, training providers and apprentices alike. The consensus is that apprenticeship programmes require further refinement, with employers and learners stressing, for example, the need to reduce administrative elements of the programmes. However, all stakeholders, generally, seem to have a positive view of apprenticeships and recognise the vast benefits they offer. The obvious point to make here is that it takes time to perfect a system as complex as this one, which strives to address multiple . needs and outcomes all at once. It has only been five years since the launch of degree and degree level apprenticeships and, Considering the scale of the introduced reforms, it will take a while longer for all the parties involved to work out the perfect formula

Strengthening social mobility

One of the goals that the Government has been keen to accomplish through the reform of the apprenticeship system is to improve social mobility and social inclusivity by making higher level education more accessible to a wider range of learners, especially those from less privileged and underrepresented backgrounds.

The data presented in a number of recent research studies in this area, and in particular reports analysing social mobility in degree apprenticeships, is showing that we 'are not there yet'. But the results are not completely disappointing either. The research clearly shows that more initiatives are needed that would encourage and enable young people, particularly from underrepresented groups, to take advantage of higher education opportunities offered through apprenticeships. According to Cullinane and Doherty's report, more than a half of the degree level apprentices are over 25 years old. More needs to be done to promote apprenticeships among 16-19 years old learners so they can make informed choices about their educational and career options. In order to make the apprenticeships a truly effective tool in reducing social inequality and promoting social mobility, we need to make them available to people who otherwise would not be able to access higher education. Right now, it looks like the efforts are focused on achieving just that – the Government, for example, has recently completed a review of the Level 7 Senior Leader Standard, and will reduce the funding available for this apprenticeship in favour of programmes which may give learning opportunities to younger learners with limited experience and education. Nonetheless, there are already many successful examples of social inclusion and social mobility happening thanks to the apprenticeship system, and this should serve as an encouragement and inspiration for all parties involved in improving the system.

Next chapter

In the White Paper published in January 2021 by the Department of Education, the Secretary of State for Education underlined the importance of further and technical education, and the crucial role of employers in reducing the existing skills gap in the UK, especially in the aftermath of the Covid-19 global pandemic.

Apprenticeships, of course, are not the only answer to how these ambitious plans can be accomplished, but they are definitely one of them. Now, more than ever, in these pandemic-shaken, post-Brexit, uncertain times, apprenticeships seem like a perfect way for employers, including companies in the financial services sector, to upskill their current and future workforce, while playing an active part in the process. The economy needs a certain set of skills here and now, and apprenticeship programmes offer targeted development of skills and knowledge that can be delivered much faster than any mainstream academic education can. In addition, apprenticeships allow apprentices to obtain their qualifications, while being in full-time employment, therefore reducing the alarmingly increasing unemployment level and further supporting economic recovery. This seems like a win-win on all fronts!

Critical analysis - Strategies for students

Gayle Conway
Managing Director
Expert Pensions

> "A key skill, if hoping to pass a level 6 paper, is that of critical analysis

The level of education, training, and experience that a professional has will make a big difference in the quality of the advice you receive. A Financial Adviser must provide accurate, timely financial analysis and advice to their clients in order to create an understanding of how well their financial plans will perform and measures their success relative to that projection. The process is ongoing and should serve as an astute guide to managing their finances.

Critical analysis allows you to have greater clarity on the issues and information you process whilst maintaining an objective position. When you think critically, you weigh up all sides of an argument and evaluate its strengths and weaknesses. You should actively research all sides of an argument, testing the feasibility of the claims made, as well as testing the feasibility of the evidence used to support the claims.

This is why being able to critically analyse will crop up in many of your financial services exams within the CII, CISI and LIBF. A key skill, if hoping to pass a level 6 paper, is that of critical analysis. Basically, the objective analysis of facts to form a judgement. This can be broken down into three basic components:

- **State** – As if you were listing. What is the factor you are considering?
- **Analyse** – What are the broad implications of the factor? What other information in the case study comes into play?
- **Evaluate** – What does it mean in the context of the person in the case study?

So, let's look at the CII's AF8 exam that it is assessed entirely via coursework. There are 3 assignments you need to complete within 12 months from the date of enrolment. With concepts such as financial objectives, estate planning, taxation, cash flow modelling, risk profiling, asset allocation, vulnerable clients, and investment risk all featuring in the syllabus. It is fair to conclude that this is (very much like the AF7 exam), not just a technicians' technical qualification, but is a practical, pragmatic assessment of the ability to provide sound retirement income planning advice. In particular, the coursework structure allows for critical analysis of the subject matter being tested AND requires the ability to give sound recommendations.

The CISI PCIAM exam also requires candidates to "critically analyse" something in the exam, such as a concept like CAPM, or the suitability of an investment portfolio. One question type that candidates have found difficult is the analysis of the client's portfolio. Even though financial advisers do this on day-to-day basis but when faced with exam conditions and the clock is ticking we can often 'forget' how to apply this skill onto paper.

The LIBF PETR (award in Pension Transfers) is a twice-yearly exam, where 50% of the marks are based on a case study. It is a 3 hour written exam, partly focused on the critical evaluation of a pension transfer case study. We can see a common theme with the CII, LIBF and CISI exams and that is critical evaluation and critical thinking are KEY.

This is an important skill to master. By applying a few basic rules and understanding what to 'critically analyse' means you will approach your exam paper with improved confidence:

- Identify the significance
- Evaluate strengths and weaknesses
- Weigh one piece of information against another
- Make reasoned judgments
- Argue a case according to the evidence

- Shows why something is relevant or suitable
- Indicate why something will work best
- Identify whether something is appropriate or suitable
- Weigh up the importance of the component parts
- Evaluate the relative significance of details
- Structure information in order of importance
- Show the relevance of links between pieces of information
- Draw conclusions

When you write your assignment or answer that exam question, make sure you don't simply describe what you are evaluating. You will get more marks for analysis, that is, clearly providing your judgement, and supporting it.

In Summary:

- To critically analyse or evaluate means to break something down; provide your opinion on each part by asking the right type of analytical questions; and support your opinions with evidence. [**State, Analyse, Evaluate**]

Critical Analysis was historically up at Level 7, but with the exam bodies introducing it into their Level 6 exams, this is now the world in which we live! Time to embrace this concept, apply it and prepare yourself to pass.

Reclaim your commute

By Jacci Wright of Shared Inspiration

There was a time when 'going to work' meant just that. You left the house and travelled to your workplace, arrived and got started on the day. You knew what time you needed to get up, get ready and leave the house and that was because you knew what time your bus or train would leave, you knew when the best time was to drive and avoid traffic, you knew how long it would take to walk, to jog or to cycle. You knew if you had time for breakfast, or where you would get that on the way. You planned your route, and your waking up, bed time and clothing were all designed to fit the needs of the commute and the working day ahead.

You also knew what it was like to be late, and how there may be consequences for you and maybe others. You may have had plans for when there were hold ups, who to call, when the next bus or train would come, how to take a different route if traffic got bad.

And that whole process was one that we generally saw as a chore – a necessary evil to be endured and got through to get to work and start our day. The work contract is an exchange of our time for their money, often defined and described with boundaries, rules and expectations. The commute, sometimes long, sometimes frustrating, sometimes overcrowded and sometimes resented, got us from home to work and back and we accepted it as part of our daily routine and made the best of it.

The Commute – that journey, which is now missing from many workers lives, is a curious thing to me. I have had many conversations with people who are finding that working from home – or perhaps we should call it living from work, a very challenging experience. They struggle with routine, with boundaries and with sleeping. The usual routine is no longer needed, the commute is from bed to laptop with little in-between. There is no stop time in the work as the commute home has disappeared, so the workday stretches on with even the edges of the work week now blurring for some. Curiously and surprisingly, it appears that the commute had a really important place in our lives which has only been brought to light by its absence! As the saying goes 'you don't know what you've got till it's gone.

It seems that the commute actually gave us something that really helps us to transition from one area of our life to another. Having a section of time that is neither home nor work is actually a useful slice of time, an opportunity to 'warm up' to the working day, allowing us to mentally leave home behind and take some time to move into the world of work. And just as the journey to work warms us up, the journey home is a time of 'cool down, a transition again, an opportunity to decompress, leaving work behind and becoming ready for home.

Transitions provide an invisible line that defines the fluid edges of things and allow us to make a mental adjustment from one to another. Now that those invisible transition lines are missing it often means that the journey from bed to work, usually a laptop, and back again has been shortened to almost no time at all. This means that there is little or no time to adjust between the two states mentally and physically. It's a shock to the system, and as we are living from work, in our homes, the usual structure that we relied on as a guide has gone. No need to think about when to get up, when to go to bed, what to wear. Much of our routine and structure eroded, missing because they have no purpose – which was to serve the commute and the work environment. No wonder people are struggling!

So, amazingly, it turns out that the commute has a really important part to play as the backbone of our routines for work. That pain to be endured, that journey done under sufferance and moaned about is actually a key part of our mental and physical wellness! It provides structure, routine purpose and movement. Who would have thought it! But that's not all. As I noticed how the commute can actually provide enormous benefits for our wellness, I started to see how that the commute was also a time for self-care, a time for ourselves, time alone and often time to indulge in an activity that is just for us. Almost everyone will be doing something while they commute that is just for them. It's normal to look around at the passengers on a bus or train and see them chatting to a fellow passenger, reading, listening to music or podcasts or books, watching videos, engaging in social media, or maybe looking out of the window while daydreaming, some will even fit in a cheeky extra sleep before hopefully waking up in time to get off at the right stop. The car, the walk, the jog, the cycle ride can provide the same entertainment, distraction, opportunity to indulge or just watch the world go by. The fact is that accidental self-care is happening, an integral part of the invisible transition line between home and work is actually serving each commuter with time for themselves – time that has now disappeared from our daily routines

The conclusion is that we experienced two huge benefits that were provided by one activity that we all took for granted and were blind to its power to support our mental and physical wellness. There is was, quietly working for us in ways that we just didn't appreciate at the time – but we do now!

So how do we get it back? How can we recreate the benefits of the commute when there is quite often no need to leave the house!! What steps can we take to make this happen for us again in a way that works for each of our individual needs. After all, our commute rituals and routine were completely individual to each of us and how we wanted that commute to best serve us.

In fact, we have the opportunity to create our perfect commute, one that works for us not only now but going forward. Some of us will always work this way or will have a hybrid of the past – some time at home and sometime in the office. And even for those who will move full time back into a work environment there is an opportunity to really appreciate the commute and the benefits it brings for self-care and transition.

So let's look at what's needed to start creating a living from work commute.

First of all, think about the routine you used to have. What time did you get up, when did you have breakfast – was it before leaving, on the way or when you got to work? What did you do during the commute – listen to music, chat to a friend, play games on your phone? How long was the journey? What were your rituals when you arrived and just before you left work – getting a coffee, saying Hi to colleagues, tidying your desk or making a list of tasks for the next day? What time did you go to bed, and what was your bedtime routine? All of these things are the elements to bringing back a routine that has disappeared, and yet is so important to bring back and support you in your overall wellness.

Once you have your elements you can start to design that "living from work" commute routine – Start by working backwards from when you want to start work, how much time could you spend transitioning from breakfast to laptop? 15 to 20 minutes is a good measure, and then plan what you will do in that time that is just for you – music, reading, games, going for a walk, daydreaming out of the window – whatever you decide.

Now you know once more what time you are doing a 'leaving the home to get to work' transition commute.

You can then work backwards again – how long do you want to take from bed to breakfast adding in all of the things that you do to get ready before leaving the house. You now know what time you need to get up to make it possible and hey presto – the routine is back!

It's now a simple reverse of that for the commute home. Reinstate the rituals you had when leaving the office and take time to journey back in the same way as you did in the morning, winding down and transitioning before stepping back into the home with the benefit of mentally leaving work behind.

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"Much of our routine and structure eroded, missing because they have no purpose – which was to serve the commute and the work environment. No wonder people are struggling!

Clarity is now more important than ever!

By Branko Bjelobaba, Managing Director of Branko Ltd

> "Put it in a nutshell, if insurers cannot clearly articulate what they will cover and will not cover so that we all understand clearly then they will be found wanting as this case has shown

Those of you that have been following the FCA Test Case on Business Interruption Insurance will know on 15th January 2021, the Supreme Court handed down its judgment and despite the fact that only 11 wordings from 6 insurers were examined in minute detail, the case is momentous and sets a much heralded precedent. Last year, right in the middle of the first lockdown, the FCA was made aware that despite insurers agreeing with the government before the lockdown started that policies would respond in respect of losses due to the lockdown, insurers were declining claims in huge numbers. MPs and others had started shouting their concerns loudly to the extent that the FCA started a process to gain maximum clarity in respect of commercial insurance policyholder wordings – this being unprecedented as up to now everyone had assumed that the FCA was there only to protect consumers rather than big business but many of these claims were being made by (relatively unsophisticated) SME type business operations.

The five justices gave the FCA (and thereby policyholders) a clear win and insurers were left wagging their tails as their arguments had been found "absurd". It was a great pay day for lawyers once again with some 30+ barristers involved, 15 QCs and 7 firms of solicitors. Why it needs a referral all the way to the Supreme Court is beyond me and the industry's reputation has suffered badly due to lack of payouts and the plethora of ambulance chasers setting up to pursue insurers (and possibly brokers) on behalf of disgruntled claimants.

However, not every claim for financial losses due to covid will be covered despite what the media has said. The policyholder needs to have an appropriate policy that has an extension for business interruption/consequential losses arising from non-damage forms to include notifiable diseases (where they are not listed one by one) and denial/hindrance of access. However the use of just one of two words can have a momentous affect as to whether the policy will respond.

Put it in a nutshell, if insurers cannot clearly articulate what they will cover and will not cover so that we all understand clearly then they will be found wanting as this case has shown. The FCA state they have worked out there are some 700 different non-damage business interruption (BI) wordings out there written by 60 different insurers and covering some 370,000 insureds but what we don't know is how many claims have been accepted, initially denied and now back in consideration. What we do know is that many thousands of insureds had claims declined going back to the first lockdown (March to July) and had claimed for BI due to a notifiable disease (covid became one on 5th March) or due to government orders closing premises down.

However, whilst the court gave some clarity it was unable to examine every wording out there and yes, the judgment is binding on the 8 insurers in the test case but also provides authoritative guidance to all others and time will tell how quickly insurers start to pay valid claims.

Up to now things were pretty certain regarding what constituted proximate cause but for covid the court had to be imaginative and decided that it was a multiple cause. So covid/the existence of a notifiable disease causing illness plus then the government closing large sectors of business down and the fact we were only allowed out of our homes for certain reasons (shopping for essentials, exercise, etc) all contributed to one cause. Insurers had disputed this saying that it was only the disease that they were on for.

Insurers' appeals were unanimously dismissed despite insurers saying that pandemics were not BI and that policies were never written or priced to cover this. The court decided that a common sense attitude should prevail - "what would a reasonable person have understood the language of the contract to mean?" and what is rational. Clear and simple to apply.

The FCA have been clear as to what they require insurers to do post the judgment and published a Dear CEO letter on 22nd January setting this out. I would sincerely hope that they are now engaging correctly rather than thinking of ways to cause further delay but am ever conscious that a number of insurers have been paying claims due to covid since day one. The FCA and government have also been perturbed that some insurers have been deducting certain grant payments from claims settlements and they have been rebuked for doing so. Whilst insurance is an economic necessity, since March 2020, wordings have covered and with no government bailout available for all business losses what does a prudent business owner now do? Practically nothing! Furlough has been in place for 12 months now and is set to continue for months to come but not all the expenses of a business are wage related. Whilst there may have been discussions regarding a pandemic re type of arrangement nothing as yet is clear so many businesses will have endured significant losses arising from three lockdowns now.

Do brokers have an exposure? Yes, possibly. Whilst clearly it is the insurer that decides whether or not a claim is covered in line with the wording that has been issued and in line with the authoritative guidance that emanates from the judgment, some brokers may have incorrectly assessed their client's needs for cover and thus failed to obtain the correct type of cover. Some clients have been sold policies that won't cover non-damage forms of BI or will do so but at very low limits in line with the losses sustained by the client. Clearly brokers will have been re-assessing their advice process and bearing in mind that the FCA Conduct Rules came into force on 31st March covering all staff, there is a continual need to ensure staff are kept up to date and assessed as competent.

Having trained virtually in excess of 8,500 people in lockdown (mainly via the CII's network of local institutes) it is clear that this test case has affected many brokers and the need to positively collectively re-engage with the insuring public is now more than ever. At the end of the day people buy insurance to protect themselves against disaster and this time round what was promised has not been delivered. We need to regain the trust of the public and advisers and insurers need to be trusted once again.

Let me share my screen…

By Jane Pitt from RedTree Training

'You're on mute' has to be one of the most common phrases we heard last year as we all started working from home. And as we then embraced the technology that allowed us to see our colleagues as well as hear them, the second most common phrase has to be 'let me share my screen'.

Before the pandemic, producing an information pack for a stakeholder meeting was mainly reserved for the weekly status update or when you needed to discuss different possible solutions to a problem. The format was typically text heavy, issued ahead of the meeting to allow time for the attendees to read it and then it was reviewed (or scrutinised), either sat around a table, or on a teleconference. Without the comfort of being able to pop along to a colleague's desk to have a quick catch up or a find a free meeting room to discuss an issue that has arisen, the need to share information so that everyone remains informed is constant. PowerPoint has been resurrected and we find ourselves watching slide-after-slide on meeting-after-meeting that, pre-pandemic, would have been considered a 'death by PowerPoint' approach. And whilst I'm secretly enjoying being able to revisit some old skills, the desire to create engaging visual presentations has become a full-time job. How do you keep on top of the constant requests for information on the same topic but all with a slightly different requirement? Over the years, I've developed an approach that may just help you to put together engaging slide packs time and time again, that can be used with multiple audiences but with minimal rework. Interested? My top tip; always start by creating a master slide pack.

It is true that when asked to create a presentation, the first question should always be 'who are my audience?'. The audience will determine not only the amount of information you present but how you present that information. I have learned over the years that senior managers typically want a 'helicopter view' with the ability to zoom into the detail if they choose. Individuals involved in creating processes crave the detail, whilst those who use the processes only need the part of the detail that is relevant to them but need it explained in an engaging way that helps sell it to them. Therefore, if you aim to start by creating a master pack that contains all the information, not only does it help you sense check what you are pulling together, for any gaps or inconsistency, it also means you can create sub packs for any audience as required. When creating my master pack, I break it into three chapters:

A high-level summary limited to no more than three slides. Grids, single colours in multiple tones to distinguish different sections, aligned text and clear icons in complementary colours work best in this section. Your aim should be to give the reader a clear and concise overview or summary of the topic in the minimal amount of time. Look to include the aim or vision, objectives, plans and goals, and an outline of the strategy that sets up the central message of the topic. I find that creating my high-level summary also helps me develop a script of how to introduce the topic to a new audience, as it includes all the items I would put in an opening statement.

Explanation of the topic – here I aim to tell the story of the topic in no more than seven slides. Process maps, pictures, timelines, picture icons all help to provide a visual overview that the reader can follow. Explanatory text can be added to help to bring a topic to life and provide narrative where necessary.

Appendix – In my packs, this is normally the more text rich section which may still include visuals and summaries but with an increased amount of text to provide the detail. It may also include screenshots of other relevant information I have gathered; anything that helps to provide the detail. This can have an unlimited number of slides, but I try to confine it to ten.

I admit that this approach will take you longer initially, but I have found time and time again that it is time well invested that is paid back tenfold during a project or topic's lifetime. When I take this approach when project managing, I find that the format of the summary slides work well when you want to present different options for a decision maybe at a project's Steering Meeting, the visual topic slides are a great source of information for training designers who tend to be visuals, whilst the information in the appendices is referred and shared time and time again to confirm the project's scope. When not running a project, I also use this approach to gather information to understand a subject as it means I can build a picture gradually, and then use the slides to replay and check my understanding.

This master presentation quickly becomes the 'go to' document and always means that when asked for an explanation or information on your topic, you can say with confidence 'let me share my screen' as you know what you share will hit the mark with whoever is watching.

Bridging the Gap - Understanding the needs of your vulnerable customers

Nikki Bennett from Searchlight Insurance Training

> If we have learnt one thing from the past year, it is how quickly an individual's circumstances can change.

Recent findings by the FCA estimates that 27.7 million adults in the UK are in circumstances that could make them vulnerable. The aim of the newly updated guidance, which applies to all firms regulated by the FCA, is to ensure that vulnerable customers experience outcomes as good as other customers and are treated fairly and in a consistent manner.

Whilst firms do have a legal and regulatory responsibility regarding vulnerable customers, it is not solely a regulatory issue. Essentially, identifying vulnerable customers demonstrates commitment to your customers and serves to give you a better understanding of their individual circumstances. It also demonstrates good business practice.

What is a vulnerable customer?

The FCA defines a vulnerable customer as:

"Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care."

Vulnerable customers are more likely to have additional or different needs which, if not met by firms, could increase the risk of harm for those individuals if, for example, they have difficulties in making decisions or representing their interests due to a characteristic of vulnerability.

If we have learnt one thing from the past year, it is how quickly an individual's circumstances can change. The ongoing pandemic has highlighted that life turns on a dime. Secure jobs can disappear; households experiencing a sudden dramatic drop in income; and the challenges of lockdown and home schooling has increased mental health pressures at home.

When encountering vulnerability, firms should assist customers to help them understand their products so they can make an informed decision.

How should firms respond?

Under the FCA's guidance, it is recommended that firms and their staff:

- **Understand the needs of vulnerable customers**, including the characteristics of vulnerability in their customer base and the impact of vulnerability on their consumers.
- Train staff so that they have the **skills and capability** to recognise and respond to characteristics of vulnerability appropriately. Moreover, the firm should embed a culture across the organisation where the fair treatment of vulnerable customers is recognised as important.
- **Take practical action** in terms of product and service design, customer service and communications.
- **Monitor and evaluate** whether the firm's measures to meet the needs of vulnerable customers are met. This includes producing and reviewing relevant management information.

If you or your staff require assistance on recognising and assisting customers with a vulnerability, Searchlight are currently offering several workshops designed to help. Get in touch today, call: 01372 361177 or email: training@ssluk.net. Alternatively view our other course offerings on our website: www.searchlightsolutions.co.uk

Keeping pace with digital change in banking – can your skills keep up?

By Phil Ingle from Phil Ingle Associates

What is the definition of being old? Whether you still use the word digital. While I show my own age with that introduction, the speed of technological change continues to be a principal driver in financial services, alongside the rest of the PESTLE analysis.

Organisations like the challenger banks show that technology does not have to be branded as digital now: it is just how things are done. The longer established organisations are evolving and adapting, sometimes with legacy systems, and other historical hangovers like branch networks.

In the early 1970s 'mechanisation' was introduced to Barclays Bank, featuring the Burroughs TC 500 computer. While this desk sized marvel, powered by hole punched paper tape, predates even my own retail banking career, it was at the time cutting edge. The advert includes a smiling female – alas a clue about its intended user demographic, not a sign of equal opportunities. In Barclays, ladies had only been allowed to stay working if they got married (they were supposed to resign to become housewives) in 1963. The men, meanwhile, we are supposedly the managers of tomorrow.

But this was - at the time, from what I was told – revolution. The move away from handwritten statements and ledgers was felt to be a threat to jobs, and some thought the new technology would not be as accurate or as reliable. On occasions it was not. Skills needed to evolve in handling the technology and managing the way people used it.

This history lesson shows that while technological change today may be considered revolutionary, even over whelming for some, its impact will not be fully appreciated for some time to come. Eventually it may well seem ordinary.

Technological changes under way now have helped the arrival of challengers such as Nutmeg, Starling Bank and Monzo, started on 2011, 2014 and 2015, respectively. Seen as edgy, different, with impressive growth rates. But really so different from the opening of Firstdirect in 1989?

Yet technological changes will not just come from those we call challengers.

Arguably there is greater impact on banking from technology companies themselves, from M-Pesa in Kenya, PayPal, and the huge transformation in payment services in China through Ant Financial and Alibaba. Using Michael Porter's Five Forces Model to capture all these also illustrates the breadth and depth of competition, despite traditional UK inertia around changing (or not) your current account banking relationship.

But this playing field is not level. Customers have much

more power given the number of competitors. They need banking, not necessarily a bank. Despite come supermarkets entering the current account market (and like Tesco, now exiting it too) the overarching requirements of the regulator tilt the field.

What regulators like is control, and what keeps them up at night is systemic risk. The easier the system, the easier to keep systemic risk at bay. Regulator's memories will also still be dominated by the financial crash of the late 2000s, and even a recent no consumer case situation such as Greensill Bank will influence their thinking. For regulators, they would prefer to control a market with manageable competition.

Technology has enabled these changes to market, but what about your skills, and the skills required to keep pace?

Skills development will remain unlimited – we will always be able to improve. I suggest we concentrate on three high level areas: technological, technical, and soft skills.

Technologically, the good news (for me – maybe you?) is that we are unlikely to need to be able to code like Zuckerberg, just like you do not need to be a car mechanic to successfully drive a car. Technology interfaces will continue to be user friendly, and banks will retain specialist staff and contractors for the really cutting edge elements. However, understanding how others find those interfaces will cross over into soft skills areas.

Cybersecurity awareness will have to be a constant, even if this area is less driven by technology than by organised crime. But then banking has always seen crime driven by available technology.

There will continue to be a need to develop technical or 'hard' skills like analysis, lending appraisal, and strategy. These too have always been needed in banking, but technological developments mean data is (or should be) more readily available and improving skills in statistics and data interpretation. These may help where the use of artificial intelligence and algorithms manage data more quickly, but human intelligence is needed to programme them for the desired outcomes. In this sense, the development need is a faster and deeper version of learning how to use a Burroughs TC500 in the 1970s or see how credit scoring systems were developed in the 1980s. Going faster is easier though with the hardware available now.

Alongside technological and technical development comes the need to influence people about what they use and refine the interactions we have with technology. Softer skills can be seen as holding the competitive edge, as we still communicate with each other even if that communication comes across technology platforms as well as, let us say, actually meeting people. (Remember meeting face to face? It could be coming back into fashion over the coming months.)

There will also be an overlap between the technical, technological, and soft skills, highlighting the need for evolution on the types of leadership skills required. Leaders will have to shape the direction, and carry the regulatory responsibilities, while successfully engaging and delegating to management to ensure the rights things are done right. The next few years will also be affected by the outcomes of changed management during the pandemic, and the need for managing more flexible and flexible working employees, while using the technology to improve quality of work, not just increased output. By 2021 we should realise that Management By Walking About must be succeeded by greater delegation, teamworking and engagement.

Leadership skills will also need to feature a focus on financial outcomes alongside a realisation that technology is just one aspect of change in society, with discussions around corporate & social purpose forming a part of future strategy. This will require a blend of big picture strategic thinking alongside emotional awareness and intelligence, helping to engage staff and customers, not just rely on the technology alone.

The other skillset requiring continual development will be around the essentials of serving customers. Even challengers who are technology driven have customer interfaces, perhaps quaintly using the telephone where there is no branch network. More complex customer requirements will be found outside standard product offerings too, with some market segments valuing personal contact. Building trust in financial services cannot be left to the hardware and software alone. When I lost my Monzo password the personal email and telephone interaction is what brought reassurance even when my own human failings were letting the technology down.

Yet skills development alone will be insufficient. I use a development model of some vintage and uncertain origin, but simple enough to provide a framework – KASH. When examining your development, alongside

> "Skills development will remain unlimited – we will always be able to improve. I suggest we concentrate on three high level areas: technological, technical, and soft skills

Skills, you need to look at your Knowledge, Attitude, and Habits. Knowledge required can seem limitless given the amount of data, books, and screens we look at. Knowledge of technological capability and trends will be desirable, even if you will not need to know your Unix from your Linux. An awareness of areas where technology meets social change - Clubhouse maybe? – means we can look for what could be signals for the future. In 2021 this inevitably includes include an awareness of what is happening with digital currencies, and the fluctuations in the fortunes of Bitcoin and its holders.

Another crucial arena of knowledge - which will delight readers and clients of T-C News - is regulation. This remains both a key driver and constraint on banking and financial services, even if at times regulators appear to move some way behind the curve. How long can it take to resolve something like London Capital & Finance?

Your Attitudes will be shaped by your knowledge, but also work to influence what knowledge you acquire and how you acquire it. While we can look at the connections between say personality type and attitude, one area which enables your development is curiosity. How are you viewing the latest financial news – feeling dismissive about new social trends or looking at evidence to which may point towards new products and services? Could something in today's news be a threat to your own existing offering?

Attitude also shapes the way you go about development. From the perspective of a Learning & Development professional having a structured, regularly reviewed development plan shows an aspect of attitude. Yet plans and reality will always diverge – and development does not need to be confined to what you planned 12 months ago. Stay curious.

What connects our development of knowledge, attitudes and skills is our habits. Our reading habits, whether of dead tree press or social media scrolling, will affect our knowledge. Understanding not just what we read but an awareness of who has written it and why will help our analysis. Your own plan for Continuing Professional Development will also show your habits – are you going to the same meetings, watching the same webinars, listening to the same podcasts? There is a balance between consistency of approach and curiosity about news things.

Whatever your age there will still be the opportunity and the need to develop your skills. Just dropping your use of the word digital will not be enough to ensure your contribution remains relevant.

PRA review of SM&CR – What can we learn?

By Julie Pardy from Worksmart

Last December, the PRA issued the results of its review into the implementation of SM&CR in dual-regulated firms, i.e. Banks, Building Societies, Credit Unions and Insurers. As SM&CR has been applicable to many firms since 2016, this feedback is helpful in understanding what impact the implementation has had. Dual-regulated firms have lived with SM&CR for a reasonable period of time now and so are better able to comment on their experiences. It was also interesting to get a view from those that supervise the regime, and no doubt many firms were interested to hear how PRA supervisors found working with the components of the regime through their supervisory duties.

The PRA were interested to understand how the day-to-day operation of SM&CR versus the regulators original objectives had been met and to find out if there were any unintended consequences of the regulation. To do this, data was collected from PRA supervisors, interviews were held with practitioners, advisers and supervisors and a sample of 140 firms were invited to get involved. The questionnaires sought responses from both senior managers, i.e. those overseeing the implementation of the regime, and those responsible for the actual implementation the regime.

The study produced some very interesting results which the review summarised into three themes and nine recommendations:

Theme 1:	
Holding individuals to account through SMC&R	**Follow-up and recommendations**
Several factors have combined to have a demonstrable and positive effect on behaviour, notably using fitness and propriety (F&P) checks to control 'entry into the system' and using the behaviours within SM&CR as a supervisory tool. **Indeed 90% of senior managers and those implementing the regime felt that the regime captured the correct individuals and over 90% felt that behaviour had changed for the better.** **However, some challenges were reported. Although over 90% of firms reported that SM&CR had been incorporated into their business-as-usual practices in some way, only just over 50% felt that this went beyond simple regulatory compliance. Also, on the subject of regulatory references, although 60% of firms felt that references were 'mostly' of sufficient quality to help them make F&P decisions, only around 25% of firms felt that this was always the case.**	**Regulatory References**: The regulator should engage with the industry clarify expectations around reporting misconduct in references and for the industry to ensure references are both provided and used in an appropriate manner. **Remuneration**: The regulator should seek feedback on the benefits of clarifying the link between SM&CR and remuneration as a way of further embedding SM&CR into business-as-usual practices. **Senior Manager Expectations**: Senior managers responsible for the Senior Manager and Certification Regimes should focus on the embedding of the regimes into everyday life in their firms.

> "On a wider level and more significantly, much work is still required to ensure SM&CR is more than an exercise in regulatory compliance, i.e. more than a 'tick box'

Lessons to Learn

Whilst the review identified generally good news in that firms felt SM&CR had changed things for the better, two key lessons stand out for me:

1. On an operational level, firms are still challenged by regulatory references because, by nature, firms providing references will respond to the specific info requested, i.e. often 'yes' and 'no' questions, and be careful not to say anything potentially discriminatory. This places the onus on the 'receiving' firm to request more information should they have questions or concerns. The British Standards Board produced a guidance paper on regulatory standards in September 2019[1]. On page 10, it states; *"While a template has been provided by the FCA for firms to use, firms are not prevented from asking for more information than is included in the template"*. Firms should use this guidance to provide themselves with the level of information they need to reassure themselves they are not potentially recruiting a 'rolling bad apple'.
2. On a wider level and more significantly, much work is still required to ensure SM&CR is more than an exercise in regulatory compliance, i.e. more than a 'tick box'. Indeed, messages from both regulators, particularly the FCA, are focused on SM&CR being the catalyst for creating wider culture change in financial services.

   If so, linking reward to displaying the appropriate behaviours and ensuring the appropriate senior managers really take ownership for embedding SMR and Certification are important, but only in the context of them being enablers for creating wider change.

Theme 2:	
Myth busting and clarifying expectations **There was a strong view from respondents to the survey that significant changes to SM&CR were not required, even to the extent that further guidance on responsibilities might be counterproductive, i.e. take away from senior managers exercising judgement. Alongside this, the survey asked whether the specific individual responsibilities in SM&CR were, in fact, seen as complementary to the principle of collective responsibility at board level. Whilst no clear evidence was forthcoming, some respondents identified some tensions between individual and collective responsibility.** **Another concern, which was identified when drafting the SM&CR regulation, was that the specific requirements of SM&CR would, in practice, impede the regulators' desire for greater diversity. Whilst the survey identified no clear evidence of this, it was noted that the temptation to recruit and promote individuals similar to those already in post, i.e. playing it safe, remained a real risk to be guarded against.** **Finally, the survey identified some desire for greater clarification on the operation of the 12-week rule, i.e. interim appointments to Senior Manager posts.**	**Follow-up and recommendations** **Diversity**: The PRA reiterated its desire for a diversity of skill and experience at senior management level and committed itself to finding better ways of collecting data on diversity. **Collective Responsibility**: Again, the PRA committed itself to collecting more data in this area to establish whether the individual accountabilities as defined in SM&CR, together with the established and legal principle of collective responsibility are mutually reinforcing or creating tensions. **Interim Appointments**: The PRA and FCA are consulting on the need to clarify their expectations of firms when senior managers take extended temporary leave, i.e. longer than 12 weeks.

Lessons to Learn

The key lesson in this area is around diversity. Both the PRA and FCA talk extensively about the need for greater diversity at board level in financial services believing that, as Anna Sweeney (Executive Director, Insurance Supervision) said of the 2008 financial crisis;

"The lack of intellectual diversity, including from the lack of gender, race and other diversity, we believe contributed to the severity of the crisis through confirmation bias".

When both recruiting externally and promoting from within, firms should guard against the tendency to 'play safe' and champion candidates who reflect the status quo.

Theme 3:	
Application of SM&CR to different business models **The SM&CR regulation is designed to be proportionate depending on size of the firm. When asked about this, respondents as a group, almost 80%, agreed that SM&CR was sufficiently proportionate for their firm. However, this figure reduced, albeit by a few percentage points, for respondents in smaller firm categories.** **However, the PRA noted differences in the application of Senior Manager Functions, e.g. that SMF6, Head Of Business Function, was used extensively (90%) in deposit taking and investment firms but less so in insurers.** **The survey also provided limited feedback on a range of subjects, e.g. the allocation of Prescribed Responsibilities to FCA senior manager roles, administrative burden of updating the regulator with up to date SoRs and MRMs for smaller firms and the use of the SMF7, Group Entity Senior Manager. In these cases, the PRA committed to seek further views and provide further guidance.** **The PRA also noted two other factors, notably the limited use of time-limited and conditional approvals since the implementation of the regime in 2016. In addition, that there was no single place where firms could review the various Supervisory Statements or letters calling on firms to assign responsibility for particular risks to one or more senior managers, e.g. crypto-assets. The PRA committed to provide further guidance and update its website accordingly.**	**Follow-up and recommendations** **Allocation of responsibilities**: The PRA committed itself to seek further views on: **SMF6** – why it isn't used as widely in insurers. **Key Function Holders** – how the designation of these roles works alongside SM&CR. **Prescribed Responsibilities** – whether further guidance is required. **Proportionality** – whether smaller firms could submit SM&CR documentation less frequently. **Time limited and conditional approvals**: The PRA will explore options for greater use of time-limited and conditional approvals. **New senior manager expectations**: The PRA should consider creating an inventory on the Bank of England website where all new and emerging risks can be listed. Finally, wherever possible, the PRA committed to staying within the existing framework to prevent limit its growth and complexity.

Lessons to Learn

Many of the lessons revolve around the PRA committing itself to more dialogue with the industry which may, in turn, create further guidance in the future. On a practical level, however, smaller firms will be looking to the PRA to provide guidance that will lessen the administrative burden of reporting.

How RegTech Can Help

Both the PRA and the FCA view RegTech, i.e. the use of technology to help firms with regulatory compliance and costs of that compliance, as a key enabler in the embedding regulation, SMCR included.

Worksmart's dedicated and multi-award winning SMCR solution, Accord, has been specifically designed to provide firms with functionality to manage the detailed day to day management of the regime quickly and simply. This is important for two reasons; firstly, smallest firms aside, most firms' SMCR regime will require hundreds if not thousands, sometimes tens of thousands, of individual activities to be administered, recorded and reported on each year. Without dedicated software to manage and record these activities, the administrative costs are significant. Additionally, by not using a bespoke SMCR system, firms increase their risk of non-compliance and, potentially, fines by missing key activities.

Simple examples of these are;

- Not collecting and following up on references for newly recruited staff
- Not informing the FCA of a senior manager temporarily holding a Prescribed Responsibility for more than 12 weeks (concessions due to Covid aside)
- Not completing detailed handover notes between senior managers when responsibilities are passed between them
- Not updating committee memberships and members' responsibilities
- Not collecting all the necessary information to complete a thorough F&P review of an individual etc.

RegTech solutions like Accord will alert and chase administrators and central teams if activities like these, risk either not being done, being overdue or substandard.

When adopting Accord, firms can expect:

- More accurate and timely record-keeping
- More efficient processes, so saving time and cost
- Greater governance and oversight

Using Accord enables administrators and central teams to 'step away' from simply administering the SMCR rules to concentrate on oversight and the qualitative assessment of processes. When teams have the space and time to do this, they can concentrate on preventing breaches, support teams that are struggling and generally work to better embed the regulation.

Whilst SMCR RegTech solutions like Accord cannot solve wider issues identified in the report such as diversity, by efficiently managing 'the day-to-day', they create the time and space for central teams and senior managers alike to concentrate on these wider issues.

To read the report in full:
https://tinyurl.com/2pcfu5js

BSB "Statement Of Good Practice – Certification Regime Regulatory References" https://tinyurl.com/mhbcy55a

Flexible ethics?

By Vince Harvey from Compliance Cubed

Early in March the FCA made an announcement in the news section of its website about the Double Volume Cap – what's that I asked myself and clicked on the link. I'm now a little wiser in understanding that it's a tool the FCA can use to restrict the level of dark trading in equities – made me think of the dark web which sounds scary.

Dark trading takes place when the terms on which participants are willing to trade in equity instruments are not made publicly available before the trade is executed. The issue is that it may make it difficult for other market participants to make well informed decisions.

Anything that is not transparent runs the risk of causing or allowing abuse to occur – hence the tool exists as a result of Article 5(3B) of UK MiFIR. I was curious that the recent announcement from the FCA was that they won't automatically apply it to any equities, having said in December that they wouldn't use it for UK equities.

Earlier this year, in response to the dramatic post-Brexit move of trades in EU shares to European venues, the watchdog lowered the large-in-scale (LIS) thresholds for dark pool trading to €15,000, meaning that in the UK if a transaction is above €15,000, it can trade in a dark pool. In the EU, the minimum threshold for using a dark pool is €650,000, now significantly higher compared to the UK.

Actively encouraging non-transparent trading seems counter-intuitive but the justification is that it accounts for some 30-40% of trades and enables shares to be traded in a way that doesn't move the market in the way that large visible trades would.

So what does this have to do with training and competence? Well, the FCA talks a lot about culture and lots of other organisations in financial services (or their suppliers) are following their lead. At a virtual conference recently more than half of the speakers included references to culture in their presentations.

In terms of training staff on what culture means, one of the presenters suggested an interesting question: after asking a person to state one of the values of their business, the question could be asked can you show me a piece of work putting that value into practice? If one of the values is transparency (and it often is) how does the trainer square the circle where there may be commercial reasons for not being too transparent? Commercial confidentiality makes a lot of sense in a competitive environment.

A culture that enables people to ask tricky questions as the boundary between transparency and confidentiality is explored should be encouraged. Senior managers should expect and accept being challenged – training and competence professionals can help both sides to frame conversations in way that is collaborative rather than combative.

Another question suggested during that conference was in two parts: when was the last time someone challenged a decision and what happened next? This goes to the heart of the question of a firm's culture: do people feel

"If one of the values is transparency (and it often is) how does the trainer square the circle where there may be commercial reasons for not being too transparent?

comfortable raising concerns, knowing that they will be listened to and that their careers won't be threatened. Many of the ethics case studies I have seen are too clear cut: I remember one where a senior manager instructed a junior member of staff to show an important customer a 'good time'. Certainly, ones I have seen recently are more nuanced, where there are arguments for alternative outcomes. For example, where a newly appointed senior manager introduces a rule which has quite a wide scope and someone doesn't follow it, but the impact is only minor (no client detriment). Should the stated punishment when the rule was introduced be imposed (disciplinary action) or would taking the individual to one side and reminding them be sufficient? Would the seniority or profitability of the individual breaching the rule make a difference? Does not taking visible action undermine the authority of the new manager or demonstrate that the firm is pragmatic?

Another area where there is potential for flexibility is in the requirement for investment firms to consider ESG in their selection process. Ethically many people would agree that considering the environmental, societal and governance impacts of potential investments is important. If an investment will potentially show greater financial returns than one that fits ESG criteria which is the 'right' one to choose?

As training and competence specialists we have a part to play in providing opportunities to consider these issues. One area of particular topicality is that of certification under SM&CR. How do we assess an individual's ethics as part of the fit and proper assessment which feeds into whether a certificate can be issued? Without one that person is potentially out of work. Preparing early so that issues can be addressed may be a part of the approach but as the deadline looms for each person will we be expected to be flexible with our ethics?

Do advisers or clients fully value pensions?

Henry Tapper
CEO Age Wage

> Actuaries are split on how to account for short term mortality increases and if they are confused, it is unsurprising that so are we!

It seems odd that something as universal as money, can be valued in such different ways. I am always surprised that my partner considers achieving discounts on her shopping a personal triumph while she is happy to squander fortunes at charity auctions on items, we neither cherish nor use.

While those in pensions ponder "value for money", we should remember that the value of money is relative to its purpose. For the purpose of her charities, money is no object, when it comes to shopping, the price must always be right.

There is a feeling that what we own within our pension funds is "funny money", not really ours. We don't value the accrued value of pension promises until we have control of our pot and often that means emptying the pot into our bank account. The promise of a pension for life of £10,000 is not as enticing as £400,000 in our pension pot and that £400,000 becomes a lot more interesting when - after 55 - £100,000 is available as tax-free-cash. Money is not funny if it is spendable, it is deadly serious.

Much of what passes for "financial education" in the pensions space is little more than breaking down the barriers that exist in people's heads about deferred spending. While pensioners come to value the monthly payments into their accounts from state or trustees, those who have salaries and other regular income find it hard to empathise with those who have no other wage in their retirement than their pension. They simply do not value the pension promise. This has led to many "de-risking exercises" which allow members of defined benefit pension schemes to exchange pension increases for cash today, or swap future pension for tax-free cash - often on disadvantageous terms to the member. The inherent bias towards achieved capital rather than a pension for life, has enabled many pension schemes to transfer liabilities to members for rather less than their cost on the sponsor's balance sheet.

In practice, many financial education programs in the workplace have exploited the bias towards achieved capital and rather than promoting pensions, have led to the erosion of the pension promise. These programs have not met with regulatory approval, some large firms of pension advisers have lost their permissions to advise on pension increase exchanges and the area is increasingly a no-go zone for IFAs and benefit consultants.

Over the past year, we have had plenty of time to think about our future and for many of us, that has meant saving more into pensions and thinking more about the liabilities we may incur in later life. I think especially about the care we are likely to need to pay for- either for ourselves or for loved ones.

We have also had time to think about our lives in terms of future life expectancy. I have been publishing the work of the Covid-19 actuarial response group and know how popular their statistical analysis of the impact of the virus has been. It is not just actuaries taking an interest in mortality rates, the pandemic has brought us all a little closer to our own prospects for living.

Paradoxically, while the short-term impact of over 100,000 excess deaths in the last twelve months has been to reduce pension liabilities both to companies and the taxpayer, the underlying trend (excluding Covid deaths) continues to fall. The CMI tables, used by actuaries suggest that post pandemic, the value of the pension will continue to rise as our life expectancies return to the relentless upward trajectory, we have followed for the past two hundred years. Actuaries are split on how to account for short term mortality increases and if they are confused, it is unsurprising that so are we!

We have known for a long-time that a second behavioural bias against pensions, is people's undervaluing their own life expectancy. On average men assume they will live 10 years shorter than the actuaries, for women it's even longer. I do not have any experience of what it is like to exceed actuarial expectations of myself nor do I expect to have. My actuarial life expectancy is to live another 41 years, I will disappoint my insurance actuary if I die before 90 and my pensions actuary if I survive my 90th birthday. There's no pleasing actuaries.

Taken together, our innate bias towards wanting "cash in hand" and our pessimism about our longevity has been one of the many reasons defined benefit schemes have passed from popularity in the past 25 years. We simply don't value pensions enough for sponsors to want to meet their increasing cost. But our acceptance of a lower grade of pension promise, where the employer's obligation is to subsidise our retirement saving through a defined contribution, has yet to see its outcome in later life.

Many people retiring in the next ten years will had have little or no chance of joining a defined benefit occupational pension and many who did, now have swapped their rights for the chance to self-invest through a personal pension. While the actuaries suggest a prudent rate of withdraw from these SIPPs at less than 4%, the FCA's retirement income study suggests the average drawdown is running at 8%. This is anything but prudent behaviour but its behaviour that is in line with people's predilection for accessible cash and their denial of their own likely longevity.

Then there is the external bias within the financial services community to manage wealth rather than observe pensions. It is entirely natural for commercial organisations to want to - and believe they can - manage wealth for individuals more effectively than the trustees of occupational pension schemes. This bias is entirely without foundation in fact! But it persists because advisers are both entrepreneurial and extremely self-confident. Add to these biasses the fiscal bias brought about by the recently abolished contingent charging and the distortion to transfer values of quantitative easing and you can understand why so many pension transfers happened.

The question that the financial regulators should be asking is whether these freedoms are devaluing the money in pensions and - if so - whether pensions are worth the value the tax-payer offers them.

Investment Pathways

By Ian Ashleigh from Compliance Matters

The financial press has been awash with information about the introduction of Investment Pathways, but what are they and how do they affect you, your business, and, most importantly, your clients.

Introduction

In the summary of its retirement outcomes review policy statement (PS19/21) the FCA states: "the Government's 2015 pension freedoms gave consumers more flexibility in how and when they can access their pension savings. In June 2016, we launched the Retirement Outcomes Review to investigate how consumers and providers were responding to the pension freedoms."

The FCA published the Retirement Outcomes Review Final Report in June 2018. This set out its findings and proposed a package of remedies. PS19/21 sets out final rules on:

- introducing 'investment pathways' for consumers entering drawdown without taking advice;
- ensuring that consumers entering drawdown invest predominantly in cash only if they take an active decision to do so; and
- giving consumers in decumulation annual information on all the costs and charges they have paid.

Those individuals who choose to take their pension income via drawdown will be given three initial options:

- choose investment pathways
- choose their own investments
- retain the investments they already have.

Studies have shown that over 40% of people who went into drawdown took the tax-free cash and left the remaining pension untouched and 33% of non-advised customers remain invested in cash and lose out on the growth associated with asset backed investments.

The FCA has decided on (in their words) significant market intervention to ensure that anyone with a pension in drawdown pot has access to simple investments that broadly match their needs. These investments will have a price cap of 75bps.

Investment Pathways were introduced on 1st February 2021 and are specifically aimed at clients who are not taking advice in relation to drawing from their pension either because they are using a non-advised self-select platform or are accessing their pension directly from a product provider. That does not mean that advisory firms need not take into account investment pathway solutions.

> "That does not mean that advisory firms need not take into account investment pathway solutions.

The new rules also expect you to point your clients towards the drawdown investment pathways tool on the Money Advice Service website: https://www.moneyadviceservice.org.uk/en/tools/drawdown-investment-pathways which is designed to help individuals shop around for drawdown products that offer ready-made investment pathway options, compare costs and charges and compare how providers will invest the money.

The tool also directs consumers that investment pathway options may be suitable for a consumer if they:

- are 55 or older or under age 55 and looking to access your pension due to ill health or a protected retirement age;
- have a defined contribution pension;
- have decided what to do with your pension and researched how much income you could get when you stop working;
- have decided to take or have previously taken all your tax-free lump sum, leaving the rest of your pension invested (pension drawdown);
- want simple ready-made investment options managed by your provider;
- are not considering taking financial advice.

The investment pathway solutions will bracket clients into 4 very broad categories in a 'one size fits all of these' portfolio and will not be personally tailored to the individual. They ask consumers to consider four options:

1. I have no plans to touch my money in the next 5 years;
2. I plan to use my money to set up a guaranteed income (annuity) within the next 5 years
3. I plan to start taking my money as a long-term income within the next 5 years
4. I plan to take out all my money within the next 5 years

Information given to consumers using investment pathways

The FCA proposes that consumers using investment pathways receive an annual statement that includes the following:

- A statement reminding them of the current size of their drawdown pot and their investment pathway choice, or the split between different pathways if that is what the consumer selected.
- Information on the other investment pathways available. If the consumer has not split their pot, a reminder of their ability to split their drawdown pot across these (where this option is available).
- A statement reminding the consumer that they can switch their investments at any time (for example, by selecting another investment pathway) or move into another product at any time and that they should shop around before doing so.

If the consumer has not made any changes to their investment pathway within 5 years of entering the pathway, or further multiples of 5 years thereafter, their provider should consider including in the next annual statement:

- a reminder to the consumer that 5 (or 10, as relevant) years has elapsed since they selected the investment pathway; and
- a prompt to the consumer to review their investment decision.

Consumers will be given warnings regarding leaving their pension pot in cash to ensure that this is an active decision, along with the potential risks of leaving long-term investments in cash or cash-like assets.

Implications for advisers

A lot to think about for providers of non-advised and self-select platforms, but advisers are not immune from the impact of investment pathways.

Product providers must offer investment pathway options to both non-advised and advised customers which means that clients of advisory firms will become aware of the options, and the potential cap on fees. This may put more pressure on you to demonstrate the added value of your advisory service. The rules also say that if you have not given the client a personal recommendation in respect of drawdown in the last twelve months, you must take your client through the investment pathway process.

The four options above will lead clients down four very broad paths and will not offer individually tailored solutions that will consider your client's attitude to risk, investment preferences and capacity for loss.

One of the reasons for entering into drawdown is the ability for individuals to adjust the income they withdraw from their pension pot year by year in accordance with their circumstances. A consideration is whether to take tax-free cash, taxable income or a combination of the two. This is important if your client still receives earned income. As their adviser, you are best positioned to work with your client to understand the profile and pattern of their withdrawals. This income planning, maybe supported by cash-flow modelling, will enable you to demonstrate the sustainability of your client's withdrawal plans, discuss the differences between essential and discretionary spending and help you to tailor the portfolio accordingly.

Conclusion

A great deal to think about. With the introduction of pension freedoms and the advent of self-select and non-advised platforms, investment pathways will be a feature of the pensions landscape for a long time. The question is how the FCA sees the 75bps price cap and whether it tries to impose this in the same way that its predecessor tried with the introduction of the low-cost stakeholder products all those years ago.

The advisory community can view this as another opportunity to cement relationships with clients and demonstrate the advantages of their service.

Training and Competence excellence – what does it take?

By Lynne Hargreaves from Clearstep Consulting

The Financial Conduct Authority (FCA) recently published its best practice guidance for the treatment of vulnerable customers, highlighting again the importance of staff having the right skills and capabilities. This increasing focus on culture, conduct, capability, and competence, by the regulator is nothing new and firms really do have to take the role of Training and Competence (T&C) seriously in this new reality.

I read the vulnerable consumer case studies, and this caused me to reflect on my own experience after being diagnosed with cancer a couple of years ago. As with the FCA findings, my interactions with firms were a mixed bag.

I phoned my insurer about the critical illness cover I'd sold myself 15 years ago. The individual was extremely knowledgeable, they answered all my questions and explained all the technical bits in a way I could understand. They were sympathetic, clearly articulated the next steps and at every junction kept their promises regarding contact. I have to say my expectations were exceptionally low before ringing however, the whole process was surprisingly hassle free and extremely quick.

Next, I rang the provider of my annual travel insurance policy to understand the impact of my diagnosis on the policy. The individual was abrupt and showed no concern or empathy whatsoever. At the end of the short call, they informed me they could not continue to insure me, and I would need to go elsewhere.

These two experiences were at opposite ends of the spectrum. There were key themes which really resonated on the importance scale for me as a vulnerable customer. And to be fair, they are equally prominent in my expectations for all my customer interactions.

Staff knowledge of the relevant products, services, and support tools

I want to interact with staff who know what they are talking about. I want to be talked to in a way I can understand and if they don't know the answer, they find someone who does.

Staff skills of listening, empathy, and accountability

I want the member of staff to listen to me, let me talk, and not make assumptions. I want them to really engage and show sympathy and understanding, not false condolences. I want to be treated as an individual. Is it wrong to want someone to go out of their way to help you?

So, how do you achieve this panacea of consistent customer experience? You need competent and capable staff. Dare I say, you need to put your employees first in your endeavours towards T&C excellence? Firms that do not invest in T&C and L&D will not achieve that leading customer experience.

> "Firms that do not invest in T&C and L&D will not achieve that leading customer experience.

You need to ensure your T&C approach encapsulates the following:

1. The desired staff competencies. Drill down to identify the essential knowledge and skills, not just for current roles, but roles of the future.
2. The relevant competence standards and the tools to measure. What does good look like and how will you know an individual demonstrates it consistently?
3. A recruitment practice which identifies whether the competencies and capabilities are held.
4. Training that builds the appropriate knowledge base and skill set for new starters. As well as strengthens the cognitive capabilities, social and emotional skills, and the adaptability and resilience skills of existing staff.
5. Managers with the skills to coach, assess, and support their teams individual learning needs. This means individuals who can identify and tailor solutions which reflect learning styles and competence gaps.
6. A learning and development culture that strives for continuous improvement. An organisation where all individuals are motivated and engaged to drive their own development.

I would love to hear your insights on T&C excellence, so please do comment and feel free to like, share and follow me for future articles (I am challenging myself to write an article every couple of months!).

What next for complaint handling?

Nick Baxter from Baxters Business Consultants

> The reducing FOS numbers is positive, however, there are areas of concern

It is that time of the year again when the Financial Ombudsman Service release its half yearly complaints data, and this release is no less interesting than previous announcements. It appears that there is a clear shift in the landscape and a lot for regulated firms to take on board FOS data watchers will no doubt be happy to see the continuing fall in PPI complaints – especially as the fall is attributed to *"more customers are getting fair outcomes from their PPI providers, following our significant engagement with these firms over the last few years"*. This clearly shows that firms are learning, as they should, from FOS guidance and decisions, and consumers are getting the redress they deserve without the delays and hassle of taking their case to the Ombudsman.

The number of complaints upheld, in non-PPI matters, is low and is also falling. The uphold rate excluding PPI is now 39%, which has been falling over a number of quarters. Consumer enquiries are also falling. This, in my view, generally shows two things; 1) customers are receiving final notices from providers which they consider fair, and the customer is then not taking the issue any further and 2) firms are making final decisions that are correct and FOS then supports that decision. As far as compliant complaint handling goes, positive progress.

The reducing FOS numbers is positive, however, there are areas of concern, where firms need to work much harder to ensure appropriate customer outcomes. The now most complained about product is guarantor loans. Complaints either come from the borrower who typically complains about 'affordability' (or the lack of it) or the guarantor who typically complains they were pressurised into being a guarantor. Shockingly one guarantor lending firm accounted for more than 16% of all banking and credit complaints. What do guarantor lending firms need to do (and some of this applies to all regulated firms whatever their core products), when high numbers of complaints are received:

- Undertake a root cause analysis – with external assistance if internal staff do not have the ability or independence to do it effectively.
- Most fundamentally – firms must learn from previous FOS decisions – this is not a new FOS suggestion but why would firms not take the trouble to learn from past decisions. In my experience not many firms search the FOS database to review previous decisions – they should start.
- Reappraise 'affordability' models and learn from past borrower performance – the affordability index v probability of de-fault analysis is out of bal-ance where guarantor loan complaints are concerned.
- Adopt independent over-sight of models, decisions and policies – as it appears 'lines of defence' as high levels of complaints sug-gests these procedures are either ineffective or broken.
- Review treating customers fairly policies – especially forbearance procedures as these have evolved in recent months.
- Undertake a 'culture audit' – where high numbers of complaints originate from business function the cul-ture of that area should be questioned – either the original policies were simply wrong, or staff do not know how to (or are not allowed to) treat customers fairly.

While FOS complaints data is showing positive signs of im-provement, there is still a lot of work to be done. No wonder then, that the FCA is ramping up their oversight of regulated product provider firms and CMCs who still manage a significant number of FOS complaints. Get ready for further reviews of your firm's culture, at all levels, whether it be senior management function level, material risk taker level or certified staff level. The FCA will change behaviours – whatever it takes!

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 in-dustry

Getting out of bed for more than the 'day job!'

By Michelle Hoskin from Standards International

Last time https://www.t-cnews.com/industry-focus/start-at-the-inside-and-work-your-way-out/ I shared with you the importance of once and for all getting your 'house' in order and focusing on the eight key principle areas of your business! So, I am going to assume - as I know how wonderfully organised you all are - that you are well and truly under way with the revolution that I know will have such an amazing and profound impact on your business.

So, now what? Surely, she can't be expecting us to do more, I hear you ask…? Well, if you want to literally smash it out of the park then I am afraid you are going to have to put in the hard yards! But I promise, this one is super fun and involves your whole team.

Let's do a quick business recap…you have a healthy-looking balance sheet, your assets under management are building nicely, you have successfully weathered the COVID storm, the team seem happy and you've not lost a single client in years – but is that enough?

Many would say 'what else matters?!' and I get it, but I've met a lot of people who tick all of these boxes and yet are still not happy, are still not fulfilled in their work. Why? Well, I believe it's a question of **impact**.

I am yet to find a planner or even a business owner who didn't come into our magical profession to make a difference, to change lives, to help those who appear to need it the most – and if along the way they are financially rewarded for their efforts, then it's a win/win.

It is true – and many of you I chat with agree – that you can earn very good money in financial services/financial advice without being **that** amazing. It's a fruitful profession which means that, once you have put in the hard yards, you can sit very comfortably on the recurring income which comes trickling in each month. For the record, I would say – and so you should!

But is that enough? I'm not talking about enough money. I'm talking about are you making enough of an impact: a real impact; an impact that really makes a difference; an impact that will live on long after you?

Throughout the last year, we took a long hard look at the impact that **WE** were making as a business and as a team. We concluded that as the **only** standards, training and consultancy business in the sector, we have a lifetime of work if we are to truly change the world, one financial adviser at a time! Add to this that we all know that running a business is not easy, and I have no doubt that each of you will have, and still are, making many personal sacrifices on a day-to-day basis – many with irreversible

"a real impact; an impact that really makes a difference; an impact that will live on long after you?

Only you can answer that question honestly; however, I think the only solution to all of this is to be clear about what impact you are trying to make in the first place.

Your commitment

If you could define your **commitment statement** and, as a whole team, hang your hat on one promise, what would that be?

As individuals, and collectively as a team, ours is a commitment to excellence. It forms the basis of everything that we do: how we hire, how we choose our clients, how we select the opportunities to explore and how we say no to the many opportunities that cross our path.

At our core sits **Our Commitment to Excellence Policy**. It stands proud in our office and on our website. It takes centre stage on the home page of our intranet and will soon form the basis of our team's one-to-one appraisals and development plans.

So, now let's talk about the impact. During the review of our 2030 vision and the defining of our 2020/21 goals, we focused on the impact that we were committed to making and we are thrilled with what we have designed.

But what about you? I encourage you to sit down with your whole team (and yes, I mean all of them! – and yes, you can do this remotely!) and ask the following question:

'By 2030* what impact will we have made?'

Get the flip chart ready or the whiteboard loaded and capture it all. Write everything down: the crazy, the creative and the constructive. If you have the right team in place, they will get what you are trying to do and will totally buy in – it will be one of the best team meetings you have ever run!

As it has with us – it will excite you all. It will sharpen your focus on what really matters. It will drive activity and release a passion for the job that you have probably never seen before. And by far the best thing about it is, if you can really nail this and do it right, everyone wins!

Our Commitment to Excellence Policy

Excellence is not only a standard; it is a behaviour, a feeling, an expectation and a belief!'

Michelle Hoskin, Standards International Founder and Director

We believe everyone has the power to realise their extraordinary potential.

Our commitment:
Standards International is pioneering excellence among personal financial planners in the UK and overseas.

We believe there is always a better, more efficient, more effective way of doing something – which is why we will continue to push the boundaries until we find it.

We invest in resources aligned to our business strategy and plans ,and prioritise our business goals, to achieve the highest level of client care.

We surround ourselves with great people, committed to delivering their personal best in all they do, every time!

Our operational frameworks:

The 8 Principles of WOWW! ® Purpose, Plan, People, Protection, Price, Proposition, Pitch, Platform

ISO 9001:2015 Quality Management

ISO/IEC 17024:2012 Conformity assessment — General requirements for bodies operating certification of persons

The Standards International Management System (SIMS)
Our SIMS ensures that:

We uphold our commitment to excellence at all times.

We maintain objectives for achieving continual improvement.

The needs and expectations of interested parties are considered fundamental to operational goals.

We satisfy all applicable requirements of our operational frameworks.

All personnel demonstrate a high level of competence and have the necessary capabilities to ensure that clients receive the best possible service.

Our services are designed, engineered and managed to meet the requirements of our clients in the simplest, most effective and cost-sensitive means possible.

Our clients and our team are at the heart of everything we do!

Relentless in the pursuit of excellence through identifying, managing and implementing opportunities for continual improvement, we live by the mantra of: **Reduce, Eliminate, Leverage and Create.**

Date: 14/01/2020

Michelle Hoskin

v.30

Embedding or Training?

By Derek Davies

> "The flurry of activity often stops when the training is created and delivered, with everyone involved patting themselves on the back when it's done, who later can't understand why it doesn't really seem to have worked.

There is a strong school of thought within financial services businesses that it is good to train people and rightly so. It is a complex industry where those in a client facing role especially, need to have sufficient understanding of the current legal, tax, financial and regulatory elements to ensure client's needs are met. There is a trend, especially in the client facing arena, to recruit those that already have the right knowledge and have undertaken some training or examinations, who can fit into the business quickly. But even in these cases some degree of initial training is required, to acclimatise new employees to the company and its systems as well as assessing their level of knowledge and competence, identifying any development needs on the way.

In these early stages, those responsible for T&C are often heavily involved in ensuring such new recruits, however experienced, apply the training provided, so that they are able to be fully productive more quickly, for their own sanity as well as that of their sales manager. But even once this has happened, the involvement of T&C Supervisors remains high as, until a new employee has proved themselves consistently competent, a decision cannot be made about applying a lighter supervisory touch.

During this period, the T&C Supervisor is helping to embed the provided training with the individual, to make sure that the information and processes have been covered during the initial training, are carried forward and applied in the client facing environment and to enhance both their learning and their development.

T&C Supervisors are well placed to do this because of their understanding of both business and regulatory requirements. This is possible because T&C Supervisors are often part of the delivery mechanism for the training, either presenting it themselves, formally or as part of coaching, or they work with those who deliver training and understand important elements that need to be applied outside of the classroom.

However, once this initial well organised process is complete, the understanding within the business of the need to embed training and the potential place of T&C Supervisors to achieve this, seems all but forgotten.

Those at or near the top of a business will always be looking for ways to improve the bottom line, and one option is training, say on a new way to approach clients. This may come from an internal assessment, or as a result of an external approach that piques their interest. Depending on the catalyst and the size of the firm, HR may be approached to see if the training could be developed internally or should be sourced from outside. The project stable door then is firmly locked, shuttered and bolted before the horse wakes up, let alone has chance to bolt, with a virtual fence erected around the project and a large, imposing notice "No Outsiders!".

As a result, during this feeding frenzy of senior managers negotiating budgets and HR professionals dusting off their costly but underused, CIPD training qualifications, two things are often lost:

- What employees should be able to do that they can't do already?
- How to ensure the training is embedded, resulting in improved performance?

It is the FCA's contention after all, that it's not what training an employee has attended, but what they can do as a result, that's important.

However, I can hear people now reading this saying, I do factor that in, it's very important. My response is, but do you really? Do you set out to ensure the training is designed to reach all types of advisors, those who need pointing in the right direction and those that will make it their own? Do you set out to measure the success of the training using a global target of say increasing sales by 4% overall, or do you set out to say that success is when every advisor's sales have increased by a minimum of 4%? There is a big difference between them.

The flurry of activity often stops when the training is created and delivered, with everyone involved patting themselves on the back when it's done, who later can't understand why it doesn't really seem to have worked. Perhaps they should have first remembered Alan Lakein's statement that "Failing to plan is planning to fail".

T&C Supervisors are ideally placed to help remind employees of training they have attended and how they might use some elements in their work, so why are they not often used in this way? The answer might relate to the perception of T&C within a business, where it can be seen as something that has to be there because the FCA says so, or it's to do with the quality of work rather than the sales element, so T&C can't be relevant.

The perception of relevance is also informed by where T&C sits within a business, with the main candidates being Compliance, HR or Sales. I won't go into the reasons behind where T&C should or shouldn't sit, but regardless of where that is, there are people in a T&C Supervisor role who are able to assess how well an employee deals with clients, how well they communicate and how well their approaches are received. Apart from that they regularly observe employees and can therefore share innovation and best practice, so why wouldn't you use such a resource as much as possible in a business?

However, to allow a T&C Team to embed learning, they do have to understand what behaviours are expected and where advisers need to be focussed following any training. This means they either need to be involved during the planning stage, be part of the delivery team or at least, attend the training, where it is being delivered by an outside organisation, but often none of these occur.

I can't entirely blame the business or HR for this lack of involvement, as they don't always know or understand fully what the role and capabilities of the T&C team are. This may come down to those in charge of T&C in the organization not reaching out to their colleagues to explain what they do, to regularly explore areas of overlap, where gaps in development may be and also

what training and recruitment plans are being made.

One of the best training courses I have ever attended was as a T&C Supervisor, after I heard from one of my supervisees they were being invited on a Consultative Selling Skills course provided by an external trainer. As I hadn't had an invitation, I followed this up with my line manager and got agreement to cover the cost, if required, before speaking to HR and the organiser of the training, to get myself on the course.

The training proved very useful and was aimed at the wider client facing side of the business which included traditional financial advisors, pensions' actuaries and an investment team. The course was split into three elements; a formal interactive training, an attendee presentation and follow up telephone-based forums. The latter was a vehicle to allow attendees to share where they had been able to use part of the content, so that success and potential best practice could be shared as part of the embedding process.

I volunteered to facilitate one of the forums and having attended the course, I was able to bridge the potential disconnects between the different types of attendees and make the learning relevant. I must have done this fairly well, based upon the praise I got at the time and the feedback that went to the business, proving that a T&C Supervisor could add more to the embedding of such training, than purely via a client observation.

My advice to those responsible for T&C in a business therefore, is to communicate with your colleagues in the client facing side and those responsible for recruitment and training, if you don't do so already. My advice for those in these other departments is to make themselves more aware of the capabilities of the T&C Team in helping to achieve the success of specific training initiatives.

To me, a quote from Benjamin Franklin sums up the value of maximising the effect of the embedding process: "Tell me and I forget. Teach me and I remember. Involve me and I learn."

Environmental, Social and Governance (ESG) Investment

By Tony Catt from TC Compliance Services

Last year around this time, I embarked on a project to provide a research document relating to Managed Portfolio Services as due diligence for one of my client firms. That project mushroomed into a document of 165 pages of MPS containing details from over 60 providers. If you want a copy of that document, please contact me.

In the course of my research for that report, there seemed to be a lot of providers who were majoring on their ESG credentials. On looking into this, I found that this is in preparation for the implementation of MiFID II regulation relating to the adoption of ESG investment principles. The EU Regulation on sustainability-related disclosures in the financial services sector (the Disclosure Regulation) came into force at the end of December 2019 and will apply 15 months later. It is yet another indicator that environmental, social and governance matters are growing in importance as a compliance issue for financial institutions.

> "That means joining the dots between suitability and sustainability, regardless of whether the client has expressed any preference towards ESG investing

There are some providers who are closely following this investment strategy and revolving their whole investment strategy around ESG investment. At the other end of the scale, I suspect some providers are labelling funds as ESG, but being little more than a tick-box exercise or greenwashing a portfolio to fulfil their obligations.

Environmental, social and governance (ESG) investing takes into account ethical factors alongside financial markers in the decision-making process and has become more commonplace in the global investment space in recent years.

But greenwashing — a phenomenon of growing concern in the financial sector, which sees firms market products and investments to appear more sustainable and ethical than they really are — has been a thorn in the side of the responsible investment movement for many years.

I can remember arguing with a fund manager some years ago about the inclusion of the Daily Mail & General Trust in their ethical portfolio. The Daily Mail in an ethical portfolio? Really? But the answer that I received was that the group owned many local papers and they do good work in various communities around the country. So perhaps there was more depth to this than meets the eye.

Mifid II's sustainable finance measures mean firms must explain what happens if clients say yes to interest in ethical investing

IFAs who have resisted ESG investing will now have to start taking ESG into consideration. And if IFAs fail to take heed of the proposed sustainable regulations , which are coming into force now, they could have to answer to the FCA.

In 2019, the European Commission, in conjunction with the European Securities and Markets Authority, proposed

changes to Mifid II to bring financial advice firms into line with the EU's climate action plan through the integration of sustainability and ESG considerations. Assuming that Britain's financial regulation remains aligned with the EU's in the aftermath of Brexit, these changes could have a big impact on UK IFAs.
Dated 27 November 2019, EU parliamentary regulations stated advisers should 'take sustainability risks into account in the selection process of the financial product presented to investors before providing advice, regardless of the sustainability preferences of the investors'.
That means joining the dots between suitability and sustainability, regardless of whether the client has expressed any preference towards ESG investing.
Additional transparency clauses in the EU's report explained what advisers must include in their due diligence. These included the extent to which sustainability risks are integrated into investment decisions and an assessment of the likely impacts of sustainability risk on client returns.
'Where advisers deem sustainability risks not to be relevant, the descriptions referred to in the first subparagraph shall include a clear and concise explanation of the reasons,' it said.
When a client shows interest in ESG, an IFA must have the knowledge and policies to ensure their clients receive suitable advice. A firm's advice process will need to show how ESG funds are identified and how the IFA assesses one against another to ensure they can put together the appropriate products and funds to meet each client's needs.
Is this just a short-term fad to enable the regulators to virtue signal to the world about their own ethical standards? Giving the industry a carte blanche to sell mor a certain types of funds to the gullible or the eco-warriors. Or is it that they genuinely care about future of our planet?
The original form of this type of investing, often known as ethical investing, was just negative/ exclusionary screening - the screening out of companies or even industries based on specific criteria, such as a significant portion of the firm's profit coming from: alcohol, gambling, tobacco or weapons; or the company using animal testing or child labour.
Such funds, however, usually had lower returns and higher risk compared to equivalent funds which had not been screened.
This is to be expected from a theoretical point of view - when investors limit their universe they risk underperformance and greater risk because they are not selecting the most 'efficient' set of investments - and is probably the main reason why this type of investing never really took off.
ESG investing involves searching out and including companies based on desired ESG characteristics rather than just excluding firms with undesirable business activities.
The approach involves a systematic consideration of specified ESG issues throughout the entire investment process in order to increase returns and reduce risk.
Using the Investment Association responsible investment framework, there are three different levels to ESG investing.
Exclusions, similar to the ethical investing described above, involves the exclusion of investments in certain situations.
Sustainability focus is where investment is made in companies on the basis of their fulfilling certain sustainability criteria and/or delivering on specific sustainability outcomes. companies and sectors from the fund or portfolio based on pre-defined criteria.
Impact investing is when investment is made with the intention of generating a positive and measurable social or environmental impact.
With the USA having re-joined the Paris agreement on climate change, it would seem that the countries across the world are now serious about climate change and this can only be good for the future of ESG investing.

You can lead a horse to water …

By Andy Snook from Performance Evaluations

You can lead a horse to water, but you can't make it drink, as the saying goes. One of the biggest challenges anybody working in Training and Competence faces, particularly for those of us who work within a predominantly wealth-management focused firm, is how to shift that focus into a more holistic-based advisory approach. Which generally means encouraging advisers to come out of their comfort zone and see the bigger picture.

Take an example of the adviser who is invited to review a new client's retirement planning, often the start to a long -term business relationship. The adviser completes the fact find, meeting notes, attitude to risk, agrees the objectives, and makes the recommendation, which the client usually accepts. But suppose that client is self-employed, the sole income earner, has a wife, a couple of children, a mortgage, but no protection plans? From a compliance perspective this raises several questions regarding the adviser's focus: Did they focus on the "lowest fruit on the tree"? Was this in a way some kind of "order take"? Is the adviser only looking for business that generates an ongoing income from funds under management? Is the adviser fully competent? Or is the adviser uncomfortable with discussing areas that they rarely deal in?

Another example might be where an adviser considers the clients to be "too young" to make provision for inheritance tax planning. Which prompts the challenge "exactly how old do you have to be to plan for your beneficiaries not having an inheritance tax bill?" Assuming the adviser identifies the problem, surely this should be discussed and not discounted without discussion? Or was this not discussed or maybe discounted based purely on the advisers' perspective? After all, the clients, once made aware of the problem, may wish to discuss potential solutions?

One final example. Most advisers will have within their client bank people who are business-owners or who are in senior management positions. Like the first example chances are that the adviser may deal with the retirement or some more complex piece of planning such as Annual Allowance. But what about the business? What protection plans does the business have for key individuals, or for loans, or for buying out partners or directors in the event of a critical illness occurrence, or buying out their beneficiaries in the event of death?

Common enough issues, but how to encourage a shift in focus? One option may be to use the "tell" approach by employing measurements such as a key performance indicator for "split of business" covering the full spectrum of advice authorised to be given, with minimum expected business levels. This is unlikely to be effective like so many "tell" scenarios. More likely to be effective is the encouragement of development through showing the advisers how beneficial a holistic-based advisory approach can be to both themselves and their clients.

A T&C Scheme could generate such encouragement through its approach to CPD. A focus could be employed on those areas of financial planning that are rarely or less discussed, for whatever reason, such as business and personal protection. A careful selection could be made from the myriad of on-line webinars, however going direct to the product providers who usually are happy to set up a presentation may be more effective. Caveat that the information must be generic but allow scope for a light-handed pitch. Quid pro quo and all that. Split the audience into smaller groups which works better from an engagement perspective.

A special focus could be made on any areas that are unclear or appear to have information missing from fact finds and meeting notes when undertaking file checks. This might include things like when an existing mortgage is due for redemption, or a breakdown of monthly expenditure, or even lack of information on the client's spouse or partner. Discuss with the adviser and agree an action point to acquire this information. Whereas this has the benefit of better knowledge of the client, it could also generate more and even wider business opportunities.

"More likely to be effective is the encouragement of development through showing the advisers how beneficial a holistic-based advisory approach can be to both themselves and their clients.

Product providers may be happy to demonstrate a specific tool or calculator to help, once the correct information has been obtained, how to produce a great presentation to secure the client, for example in the arena of business protection. And, of course, if income is a driver for the adviser, then the commission for a large insurance plan for both life and critical illness case would meet that criteria!

None of this is new, of course. For years we in the T&C world have been encouraging development in different ways. What this is about, however, is to work on the basis that persistence will pay off if we keep at it. We cannot make advisers become holistic. But we can lead and encourage them to develop and broaden their advisory scope. None of us like seeing opportunities being missed, and advice should go beyond what a firm wants and be more about what the clients need. Most importantly it adds value to what we do with and for our clients.

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