

Culture and Conduct Risk 2017

Thomson Reuters has completed its fourth annual survey on how firms around the world are managing the challenges presented by the regulatory focus on culture and conduct risk. More than 750 financial services firms worldwide participated. **Here's what they said:**



Dropping from 36 percent in the prior year, the decline is perhaps due to the practical difficulties faced by any firm as they have begun to tackle the question.



Which indicators do you use to assess and measure culture and conduct risk?

- Compliance monitoring results
- Internal audit results
- Staff opinion surveys
- Complaints analysis



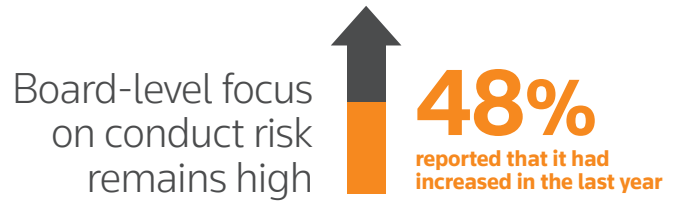
For G-SIFIs, indicators used also included:

- Individual performance objectives
- Internal attestations

The perception that the regulatory focus on culture and/or conduct risk will increase the personal liability of senior managers has grown year-to-year



In the G-SIFI population the concern was more acute, with **87 percent** reporting that the regulatory focus on culture and/or conduct risk will increase personal liability.



What are the top three components of conduct risk?



culture, ethics, integrity



corporate governance, tone from the top



conflicts of interest



• **Almost a third (29 percent)** reported having declined a potentially profitable business opportunity due to culture and/or conduct risk concerns.

• **37 percent** for G-SIFIs



• **Almost half (48 percent)** consider culture and conduct risk to be intrinsically linked, with culture as a critical factor in managing conduct risk.



• **More than half of firms (55 percent)** had an embedded framework or had implemented their firm's approach, although additional work and resources were needed.

• **68 percent** for G-SIFIs

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