

Press release from:



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Independent Review of Codes of Conduct for Financial Services Industry

At a time when litigation, fines and compensation payments are very much in the spotlight once again for the financial services industry, the Transparency Task has announced an independent review of the Codes of Conduct of professional bodies, trade associations and standards boards operating across the sector. Well over 50 high-profile organisations have volunteered to be involved.

The output of the Transparency Task Force (TTF) review of codes will be presented in the form of a White Paper at a special Transparency Symposium on 18th October, in London.

Andy Agathangelou, TTF's Founding Chair explains:

“The overall purpose of the Transparency Task Force is to drive up the levels of transparency in financial services for the benefit of consumers and to help repair the self-inflicted reputational damage the sector has been suffering, for decades. It has become clear that many of the sector's failings have their root in a lack of market integrity, and that's a dangerous and systemic risk that needs to be mitigated. We want to shine a light on this issue in a constructive way, because it only takes a few 'rotten apples' for the well-being of the whole market to be damaged. We suspect there is ample room for improvement in how the sector manages out bad behavior and that's why this is such an important development.

There's a ground-swell of ethically-led organisations that want to work together to drive positive change, in a manner that is complementary to and supportive of Regulatory developments. Steve Conley launched the TTF's Market Integrity Team earlier this year, it's work is all about raising standards of professionalism across the financial services industry. The value and purposefulness of the Market Integrity Team's work has attracted dozens of volunteers from relevant professional bodies, trade associations and standards boards, all of whom are working together to carry out an audit of existing Codes of Conduct with a view

to defining and disseminating best practice.

In general terms, the idea of the Code of Conduct initiative is to have an honest conversation amongst participants about whether codes can be used more effectively to positively influence behaviours - participants are welcoming the opportunity to work collaboratively to constructively critique existing codes of conduct.

Today's announcement is a clarion call to all relevant organisations not yet included to get on board with what is set to become a ground-breaking exercise.

So far, the participating organisations are:

- Airmic
- An Economy that Works
- APCC
- APFA
- ARC Benefits Limited
- AreteWork LLP
- Association for Financial Markets in Europe
- Association of Accounting Technicians
- Association of British Credit Unions
- Association of British Insurers
- Association of Chartered Certified Accountants
- Association of Corporate Treasurers
- Association of Financial Mutuals
- Association of International Accountants
- Association of Mortgage Intermediaries
- Banking Standards Board
- BCCA
- British Bankers' Association
- British Private Equity and Venture Capital Association
- BSI
- Building Societies Association
- CFA Institute
- Chartered Banker Institute
- Chartered Bankers Institute
- Chartered Institute of Credit Management
- Chartered Institute of Loss Adjusters
- Chartered Institute of Management Accountants
- Chartered Institute of Payroll Professionals
- Chartered Institute of Public Finance Accounting
- Chartered Institute of Taxation and Association of Taxation Technicians
- CII
- CISI
- Consumer Finance Association
- Council of Mortgage Lenders
- David Stripp Consulting

- EIS Association
- Finance & Leasing Association
- Hedge Funds Standards Board
- ICAEW
- Institute of Financial Accountants
- Institute and Faculty of Actuaries
- Investments and Life Assurance Group
- Loan Standards Board
- Mercer
- New Fund Order Consulting/Association of Professional Fund Investors
- OMS LLP
- Pensions Management Institute
- Professional Partnerships
- Remuneration Consultants Group
- Seven Pillars Institute for Global Finance and Ethics
- Simplified Money Ltd
- Society of Trust & Estate Practitioners
- Substantive Research Ltd
- The Debt Resolution Foundation
- The International Underwriting Association of London
- The Investment Association
- TISA
- Transparency Task Force
- UK Accreditation Service
- UK Sustainable Investment and Finance Association
- Values Based Adviser
- Wholesale Markets Brokers' Association

...but there are many that we have not yet been able to reach out to, yet”.

Trust Matters

There exists an asymmetry of knowledge; between users, intermediaries, and suppliers. A user’s willingness to transact therefore comes down to an ability to trust the supply chain. Trust ensures that we all have confidence to make financial transactions, and all benefit.

To build trust, we need to build and demonstrate professionalism in conducting financial transactions. The basic premise for the Codes initiative is that everyone who conducts financial transactions should behave ‘professionally’ in the sense of demonstrating high standards of behaviour and competence.

How does the market enhance ethics and culture, and discipline itself?

Undoubtedly, professional bodies, trade associations and standards boards have an important part to play in strengthening individual and firm accountability through Codes of

Conduct.

Professional standards go beyond regulatory requirements. Statutory Codes, i.e., regulations in isolation are insufficient, as the regulator can't police every person every minute of every day. You've only got to think about the horrendously long list of scams and scandals over the years, from Maxwell to Madoff to realise that. Voluntary Codes are key to supplementing the contribution of regulation in raising standards of professionalism.

It is crystal clear that the industry in the UK recognises the need to raise levels of professionalism and the greater role professional bodies and trade associations have to play.

Steve Conley, Chief Executive and Founder of Values Based Adviser who conceived, launched and today leads the MIT says:

"Codes can only work effectively if there is the right kind of governance and culture within a firm, it's all about values-based leadership at the end of the day. Reports that look at firms specifically on 'authenticity' often find that some firms have an impressive codes of conduct, but their reputation is still undermined in a serious way through behaviour of perhaps just one person, and that's tragic. The key to improving standards is not to simply have a Code on display in the lobby, but also to influence behaviours and put in place a system of monitoring and enforcement. Therefore, our initiative will place great emphasis is on ethics and culture, rather than on technical competence.

Our key question is how are organisations contributing to enhancing ethics and culture of member firms, and/or the firms in which their professional members work through the use of their code? We are also seeking to highlight instances of good and exemplary practice because there's a great deal of superb work being done by some of the organisations involved with the project, including some extremely impressive thought-leadership and that's exciting; we want to showcase that.

The ultimate aim of MIT is to produce a Publicly Accessible Specification (Code) that can be used as a benchmark against which existing Codes can be compared. That will be of real, practical help to all forward-looking trade bodies, standards boards, professional associations, market participants and so on because they all want to give a good answer when questioned about professionalism and ethical practices; they will be able to point to the MIT report to show their approach to professionalism.

We'll ask questions such as: Are there any obvious gaps in what the Code covers? How seriously are they taken? When have they been used? Are breaches properly dealt with? Do they contain best practice that can be shared? And we'll also try to identify parts of the market where there are individuals not covered by a Code of Conduct at all. We're very

keen to make sure we don't replicate any work that's already being done. Once we've done what we can with this initiative in the UK we'll see which organisations want to collaborate with us on a similar project overseas."

Ends

About the Transparency Task Force:

The Transparency Task Force is the campaigning community dedicated to driving up the levels of transparency in financial services, right around the world.

We believe that higher levels of transparency are a prerequisite for fairer, safer and more efficient markets that deliver better value for money and better outcomes to consumers.

Furthermore, because of the correlation between transparency, truthfulness and trustworthiness, we expect that our work will help to repair the self-inflicted reputational damage that the financial services sector has suffered for decades.

We are calling for the investment and pensions industries to place greater emphasis on transparency and value for money moving forward, in line with the direction being given by governments and regulators around the world. This will be welcomed by all right-minded market participants, pro-consumer professional associations and trade bodies.

www.transparencytaskforce.org

About Andy Agathangelou:

Andy is:



- Founding Chair of the Transparency Task Force www.transparencytaskforce.org which is campaigning for greater levels of transparency in financial services, right around the world
- Founding Chair, the Technology Task Force
- Former Founding Chair, Friends of the Association of Member Nominated Trustees
- Former Founding Chair, Friends of Automatic Enrolment
- Chair, Pensions BIB
- Governor, the Pensions Policy Institute
- Fellow, the RSA
- Member, Independent Advisory Board to the Investment Association's work on Cost Disclosure

About Steve Conley



Steve is:

- Chief Executive of Values Based Adviser www.valuesbasedadviser.com an international operation helping individuals connect with values-based advisers, organisations and investments.

Non-Executive Director, Workplace Pensions Direct

www.workplacepensionsdirect.co.uk which simplifies auto enrolment for small businesses directly and through a national network of 800 business advisers

- Former Head of Investments of HSBC • Former Head of Savings & Investment Strategy RBS Group • Former Head of Wrap & Innovation Santander • Former Chair of British Bankers' Association Bancassurance Steering Group

He has worked at a senior level in the pensions and investments sector since 1982 and is known for bringing the first wrap platforms and the first retail multi-asset funds to the UK. He has been a chartered insurance professional since 1989, twice Jubilee Prize winner at IIM and twice Broker Prize winner at BIIBA.