



Irish Banking Culture Board

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**Education and Industry Forum on Financial Services Culture (EIF)
New York Federal Reserve Bank**

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Overview



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- Background
- IBCB Board
- Areas of focus
- Measuring cultural change & levels of Trust
- Ethics and Behaviour:
 - DECIDE – Decision Making Framework
 - Teaching Ethics
- Questions

- Founded in April 2019 by 5 Irish retail banks: AIB, BOI, KBC, PTSB and Ulster Bank;
- Back drop of significant impact on Trust in and Reputation of the industry following financial crisis and Irish Tracker Mortgage scandal;
- IBCB Purpose: to regain the public's **trust** by working with the industry to make it worthy of this trust;
- Our ambition is *to be a **trusted independent voice** in banking, to act as a transformative influence on culture within the Irish banking sector. We will **promote and measure** an environment in which ethical behaviour lies at the heart of banking; **fair customer outcomes** are achieved; **staff are supported** and reputation for competence is rediscovered;*

Key principles for IBCB member banks:

- **Ethical:** The IBCB promotes ethical behaviour and advocates for humanity, fairness and respect in the banking sector.
- **Accountable:** The IBCB will hold member banks to account through constructive commentary, as well as the measurement and assessment of their culture.
- **Humane:** The IBCB will champion humanity, fairness and respect in the Irish banking sector.
- **Fair:** The IBCB will demand that in achieving financial objectives, the banks ensure fair customer outcomes at every turn.

- The IBCB will not act as a lobbying or representative organisation. It will not act as a regulatory body nor duplicate the work of individual banks or the regulator.

- ***A long term and evolving process, requiring persistence, courage & commitment.***

Board members



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- 14 members:
 - Mr. Justice John Hedigan (Chair)
 - Angela Black
 - Blanaid Clarke
 - Jane Howard (Ulster Bank)
 - Lavinia Morris(KBC)
 - Padraic Kissane
 - Marion Kelly (CEO)
 - Ger Mitchell (PTSB)
 - Robert Mulhall (AIB)
 - Vincent Mulvey (BOI)
 - John O'Connell (FSU)
 - Philip O'Leary
 - Sue O'Neill
 - Martin Stapleton



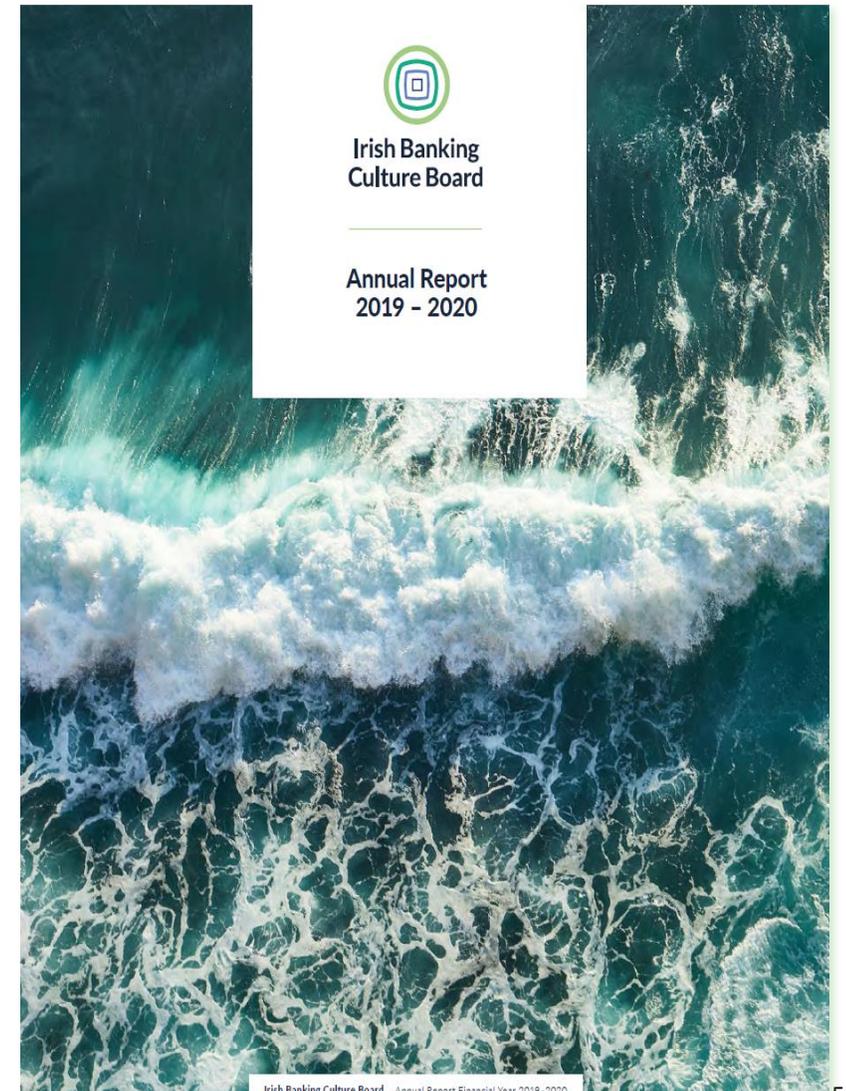
Dr. Martin McAleese – IBCB Patron

Areas of focus: 2019/20



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- **2019/20** a foundational year for the IBCB - established our structure, approach, and initial roadmap for impactful cultural change in Ireland's banking sector;
- Focus on building trust around the Board table & two pillars: Customers & Bank Staff;
- Early stages of journey;
- **Looking forward:** The year ahead presents challenges; the economic, financial and social impact of the COVID-19 crisis on the Irish economy and the role of our member banks in supporting their customers through these difficulties will be a particular area of focus for us;
 - We recognise that the IBCB and member banks have an opportunity to **demonstrate that lessons have been learnt** from past mistakes. It is clear that the manner in which our member banks support their customers, particularly the vulnerable, through the Covid-19 crisis will be critical to determining how they, and indeed the IBCB, are perceived in the future;
 - Payment breaks & future customer supports.



Core areas of focus 2020-22



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Financial Awareness has been recognised as priority area of focus, in particular in relation to

- (1) **consumers who are vulnerable** as result of personal indebtedness/other issues such as bereavement etc., and
- (2) **SMEs (including Farmers)** in relation to access to credit/other products to manage impact of Covid-19

Particular focus on **mental health & impact of remote working.*



Measuring cultural change & levels of Trust

- Not easy !
- General sentiment towards banks largely outside the control of the IBCB & very susceptible to industry events, the actions of one (or more member banks) and overall economic well-being;
- Developed a range of metrics which will be kept under review;
- Quantitative & qualitative;
- Two primary sources will be **IBCB Staff Survey** – to be run in mid February 2021 & a regular **Bank Sentiment** check of Bank Customers/stakeholders – commencing Q1 2021;
 - Both surveys leverage methodology founded on established behavioural psychology & assessment of cultural change & assessment of Trust levels;
 - IBCB partnering with experts in field
 - Irish specific – focussed on key issues in Irish sector
- Outputs will inform our areas of focus going forward.



Measuring cultural change & levels of Trust

Bank Staff – key elements of survey:

- Core behavioural traits: Psychological safety; Risk based decision making; Accountability; Diversity of thinking
- Critical cultural drivers: Performance management; Aligned processes; Strategic direction; Tone from the top/Leadership behaviours
- Focus on: Protecting & promoting best interests of customers; Integrity & Ethics

Bank Sentiment/Trust assessment – external focus:

Assessing 4 key dimensions of Trust:

- Ability: competencies, expertise etc.
- Integrity: fairness, transparency, honesty etc.
- Dependability: reliability, adherence to set of principles etc.
- Purpose: focus on having a positive societal impact

Irish Banking Employee Survey (IBCB 2018)



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Honesty questions:

Q1: I believe senior leaders in my organisation mean what they say

Distribution of responses



Q2: In my organisation I see instances where unethical behaviour is rewarded*



Q3: My colleagues act in an honest and ethical way



Q4: It is difficult to make career progression in my organisation without flexing my ethical standards*



■ Strongly agree
 ■ Somewhat agree
 ■ Neutral
 ■ Somewhat disagree
 ■ Strongly disagree

* ■ Strongly disagree
 ■ Somewhat disagree
 ■ Neutral
 ■ Somewhat agree
 ■ Strongly agree

IBCB decided to produce a practical ethical decision-making framework for bank staff to use in their decision-making in conjunction with any existing tools and frameworks.

IBCB Organised 10 Co-Create Workshops over summer 2020 attended by 120 volunteer staff from member banks, IBCB Board and Working Group members, Institute of Banking, the Financial Services & Pensions Ombudsman SPO and journalists, to discuss a series of hypothetical ethical dilemmas and to provide input into how ethics & decision making could be improved.

IBCB produced DECIDE Framework to inform staff of the critical components of ethical decision making (incorporating established theories and research including: the impact of Group dynamics, personal biases, and 'hot states' such as stress, hunger and fatigue on decision-making; the importance of diversity & inclusion; and the need to consider the potential risks associated with short-termism vs more long-term and sustainable considerations) **and to prompt staff to consider a range of issues as they make their decisions.** Make this a habit.

IBCB also **prepared 5 ethical dilemmas** for the banks to use to help foster broader discussion around how individuals make decisions and to practice using DECIDE. The objective is to bring the firm's own values and overall culture framework to life.



DECiDE

Discover



Ethical Considerations



i



Decision



Evaluate



SUPPORTS - what supports do you have access to?

Re **my role “teaching ethics”**, the DECIDE project reminded me of the **importance of facilitating simulated training with case studies** to allow individuals experience “behavioural ethics”. Such training:

- exposes the false assumption that we can always recognize an ethical dilemma when it is presented
- reveals to individuals the potential inconsistencies in their decisions/actions and reveals their “ethical blind spots”
- allows individuals experience the difference between their behaviour and their perceptions of their behaviour
- Shows them how different other peoples’ views can actually be on “clear-cut” issues

It also reminded me of the importance of emphasizing “there are **no ‘right or wrong’ answers** to these dilemmas.

Thank you & Questions



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