

Education and Industry Forum on Financial Services Industry Culture
Meeting Minutes
Federal Reserve Bank of New York
33 Liberty Street
10th floor
Tuesday, May 7, 2019
10:00 a.m. – 1:15 p.m.

Members present: William Boulding, Emmanuelle Bury, Joanne Ciulla, Scott DeRue (by phone), David Kirshenbaum, Peg Sullivan

Federal Reserve Bank of New York (“FRBNY”): Toni Dechario, Jack Gutt, James Hennessy, Jordan Jhamb, Jacqueline McCormack, Thomas Noone, Anika Pratt, Andrea Priest, Maria Carmelita Recto, Jason Tarasco

Other guests: Jeremy Kress (University of Michigan – Ross School of Business), Scott Stimpfel (Citigroup), Danielle Warren (Rutgers Business School – Newark and New Brunswick)

Jack Gutt called the meeting to order at 10:00am. James Hennessy and Anika Pratt presented an overview of the work and responsibilities of the Education and Industry Forum on Financial Services Industry Culture (EIF).

In his remarks, Jack Gutt expressed the New York Fed’s commitment to fulfilling the convening role in creating an ecosystem and a consistent language around culture that is reinforced from the time students graduate to when they become practitioners in the financial services industry. This effort first started with discussions around curriculum development but has since evolved to the EIF’s current mission. The goal of the inaugural meeting is to set the related objectives and define its scope of work as the EIF.

James Hennessy provided an overview of the New York Fed’s efforts to shine the spotlight on topics related to culture-related issues through the Culture and Governance Reform initiative. Since 2014, the New York Fed has held annual conferences on industry culture and has hosted roundtables for official sector representatives. The New York Fed will continue with these efforts in 2019 with emphasis on emerging themes including digitalization and changes in workforce composition.

EIF Charter and Anti-Trust Guidelines

Thomas Noone reviewed the EIF charter and the FRBNY’s *Antitrust Guidelines for Members of the Federal Reserve Bank of New York’s Advisory and Sponsored Groups*. He stated that, by participating in the EIF, members agree to adhere by the EIF charter and the antitrust guidelines. He instructed the members to share the antitrust guidelines with colleagues from their institutions who also work on EIF matters. The EIF charter and the antitrust guidelines are available on the EIF’s public webpage.

EIF Structure and Governance

Anika Pratt sought out input from the members on changes or adjustments to the current mission and vision statement and the member responsibilities. No modifications were put forward by the attendees.

Levers of Influence

A discussion ensued focusing on identifying the Forum's body of work to advance the Forum's mission. The Forum identified the areas of focus: (1) educational products, (2) empirical research, and (3) communications.

Participants emphasized the importance of consistent messaging around a positive industry culture. The EIF has committed to engage in work related to creating a series of case studies to be used in classes at business schools as well as training programs within firms. While the topics have not yet been specified, members provided general characteristics that they believe constitute a "good" case study. For example, case studies should be based on real-life decisions that practitioners face at every level of their careers. Case studies should also contain the elements of a technical learning requirement and an ethical component where the end user exercises analytical reasoning in a legally- or ethically-ambiguous situation. In addition, case studies should provide background facts sufficient to inform readers about potential root causes the misconduct, and, if possible, a discussion about possible solutions or reforms.

Participants suggested creating simulation programs and debriefings around the case studies to increase the effectiveness of sparking a dialogue among end users. These programs should set the appropriate tone and recreate a realistic setting in which practitioners exercise the type of value judgment presented in the case studies.

Participants also expressed interest in developing a research agenda. A few participants mentioned that ethics and culture, as fields of study, are rich in theoretical and experimental research. They could nonetheless benefit from more empirical field research on the subject.

Priority Setting

As its first priority, the Forum will focus on building case studies that reflect the characteristics of a well-written case study discussed earlier in the meeting. In support of this work, members agreed to work towards building a basic general profile of prospective and new hires, based on what they have seen in their own organizations. While not representative of the student population in all business schools or all new hires in the financial services industry, it can provide insight into the potential end users of the Forum's education materials.

Members also recognized the need to do a basic environmental scan of culture, behavior and ethics-related materials that are currently in use to prevent duplicate efforts and allow for identifying gaps.

Next Steps

In the near term, members will work individually within their own organizations to gather anonymous, high-level information on prospective and new hires to be aggregated by the EIF secretariat. This information will contribute to discussions around building a general profile of the intended end users of EIF materials. Members also agreed to review existing educational/training materials related to culture and ethics and list topics the materials already cover. Cataloguing current and common topics will help avoid duplicate efforts and identify gaps relevant to the discussion of industry culture.

In the medium term, members will work towards creating a pilot case study that can be field-tested in their respective business school classes and firm training programs.