

## CULTURE & CONDUCT RISK ROUND TABLE

### AGENDA

April 21, 2020

*Hyatt Regency Cambridge (Boston)*  
*575 Memorial Drive*  
*Cambridge, MA 02139*

8:00 – 8:30

**Continental Breakfast**

8:30 – 8.45 a.m.

**Welcome from RMA and Participant Introductions**

- Key Individual Issues & Challenges

8:45 – 9:30 a.m.

**Current Regulatory & Operating Environment**

- Regulatory feedback; interaction with the prudential regulators; areas of focus; lightening of regulatory touch?
- Impact of CFPB?
- Changes made in response to sales practices exams; e.g., processes utilized to obtain customer consent after account openings
- New York Fed's Culture initiative

9:30 – 10:15

**Diversity & Inclusion**

- Who leads your D&I effort?
- Is your D&I effort leading to a more diverse workforce?
- What are the goals/objectives of your D&I program? Metrics?
- Have you seen a decrease in instances of harassment & bullying?
- Are senior leaders supportive of D&I programs? How is support demonstrated?
- Challenges

10:15 – 10:30 a.m.

**Break**

10:30 – 11:15 a.m.

**Culture, Conduct & Ethics**

- Corporate Culture v. Risk Culture; Framework for Managing Culture
- Defining/Changing/Driving the culture of your institution; how do you inculcate new hires into your institution's culture?
- Ethical culture v. Risk Culture
- Is your culture well communicated and understood throughout the institution?
- Role of incentive compensation plans in managing subcultures. Compensation adjustments – downward only, or upward for good risk management like resolving an MRA quickly?

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- How do you measure culture? Are operational risk tools RCSAs, KRIs and Loss Data sufficient?
  - Risk culture surveys vs. embed culture questions in larger surveys
    - Frequency
    - Who receives your survey
    - How do you manage the response rate
    - What actions do you take based on survey responses
  - Incorporation into incentive compensation plan processes
- 11:15 – 12:00 p.m.      **“Conduct Risk”** *(Please bring your institution’s definition to discuss)*
- Negligence v. gross negligence; willful misconduct?
  - Inaction in the face of an issue?
  - How are Conduct Risks factored into your Institution’s Business Strategy?
  - Technological developments – do they outstrip your firm’s investment, consumer capabilities and regulatory response?
  - State of your Institution’s Culture?
  - How do you improve Culture in a dynamic environment?
  - Do your Institution’s products/services deliver appropriate customer outcomes?
  - Impact of economic factors?
- 12:00 – 1:00 p.m.      **Lunch**
- 1:00 – 1:45 p.m.      **Conduct Risk Framework**
- Conduct risk appetite
  - Key drivers of conduct risk; e.g. biases; conflicts; economics
  - Conduct risk metrics; i.e., KRIs, key control indicators, and key performance indicators for conduct risks
  - Risk identification and assessment
  - Controls and mitigants
  - Senior management and board reporting
    - What do you report to the Board; e.g., Clawbacks?
    - Frequency
- 1:45 – 2:15      **Break**
- 2:15 – 3:00 p.m.      **Specific Issues; Appointment of Chief Conduct Risk and/or Ethics Officer**
- Internal fraud; harassment
  - Has your institution appointed a Chief Ethics Officer? A Conduct Risk Officer
  - Qualifications for Chief Ethics Officer

- Does the Chief Ethics Officer have sufficient stature?
- Reporting structure
- Key components of ethics policies; frequency of dissemination/attestation?
- Does your institution monitor employee emails for inappropriate language
- Whistleblower Hotlines
- Framework for discipline for conduct violations

3:00 – 3:30 p.m.

#### **Oversight of Third Parties**

- Impact of third parties on product/service delivery?
- Measurement of Culture/Conduct
  - KRIs, KPIs and controls
  - Policies, Standards, Procedures

3:30 – 4:15 p.m.

#### **Reputation Risk**

- Definition of reputation risk; metrics
- Impact of misconduct on brand
- What is your institution's strategy for managing its reputation?  
Who has ownership of the strategy?

4:15 – 4:30 p.m.

#### **Summary: Recap, Action Items and Next Steps**