

Webinar: Covid-19 proves to be the SM&CR litmus test

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Presenters



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REGULATORY CHANGE MEETS BUSINESS ADVANTAGE



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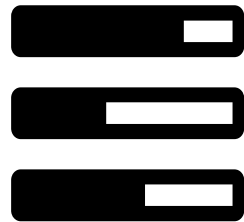
Before we begin



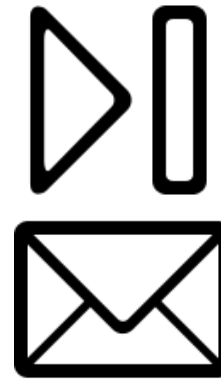
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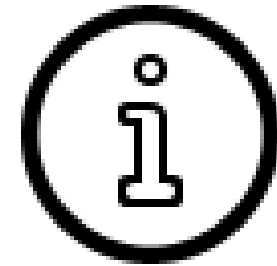
**Submit your
questions and
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our live 'ask
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We will be discussing:

1. Decision making

Documenting and prioritising critical work



2. Reasonable Steps

Evidencing and maintaining



3. Delegation

Remote working



6. Technology

Turn compliance into business advantage



5. Conduct

Identify and address



4. Competency

Evidencing and maintain



Poll question 1



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Q. On a scale of 1 - 5 (1 = not confident 5 = very confident) how confident are you that your people processes and governance arrangements remain fit for purpose in the 'new norm?' (single answer choice)

1. Not confident at all
2. Slightly confident
3. Somewhat confident
4. Fairly confident
5. Completely confident

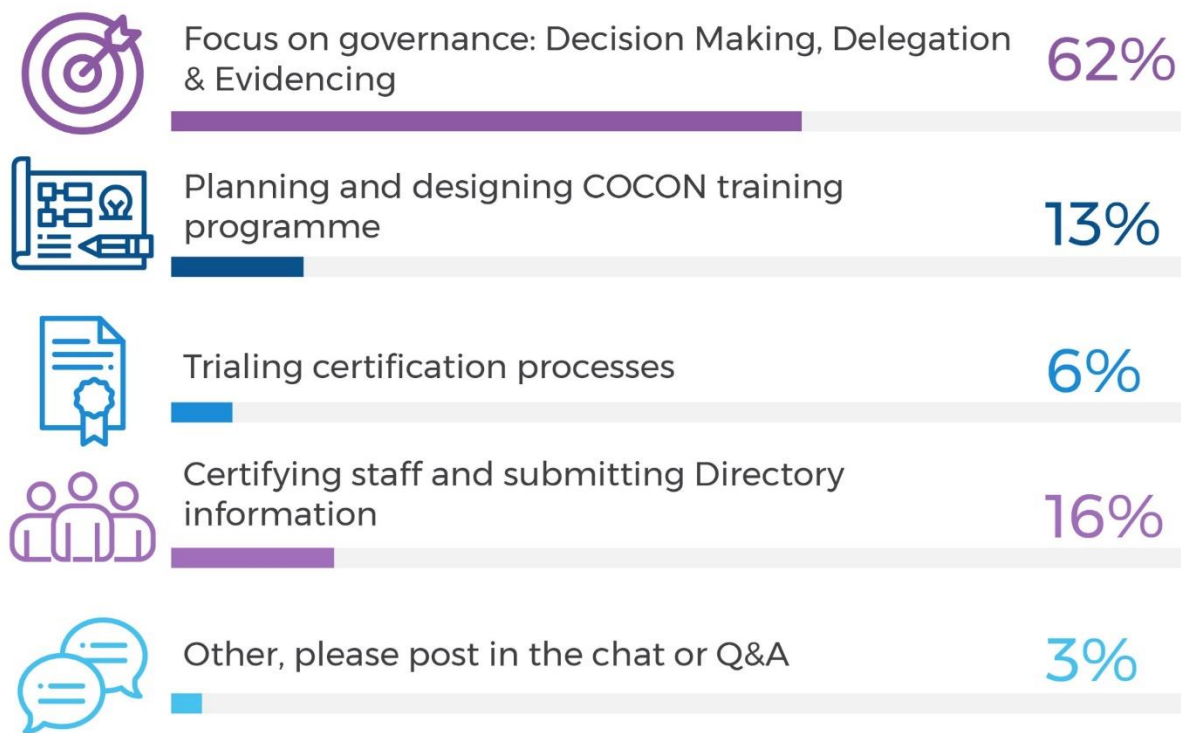
FCA Regulatory Focus



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What future regulatory requirement are you or your firm prioritising now?



Poll question 2

Q. Has Covid-19 meant that landing Conduct Rules compliance by December 2020 is a secondary priority? (single answer choice)

1. Yes
2. No

If 'no', please let us know your thoughts in the Q&A function



Impact on firm's governance and oversight arrangements

1. Greater regulatory flexibility
2. Calls into question business structure
3. Resource Planning – Scarcity of resource and often skills
4. Are a firm's Business Continuity Plans really sufficiently robust
5. Under investment in a firms technology provision is impacting
6. Firms looking to review current control environment linked to risk appetite

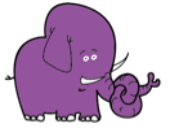
Do firms and their employees really understand Risk and its drivers?



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What regulated firms are telling us



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Do you think the current crisis will
INCREASE the **RISK** of firms
FALLING FOUL of **SMCR**?

YES 53%

In what **AREAS** do you
think **FIRMS** in **2020** will
FALL FOUL of the **SMCR**?

58%

evidencing
maintained
competency
across all
employees

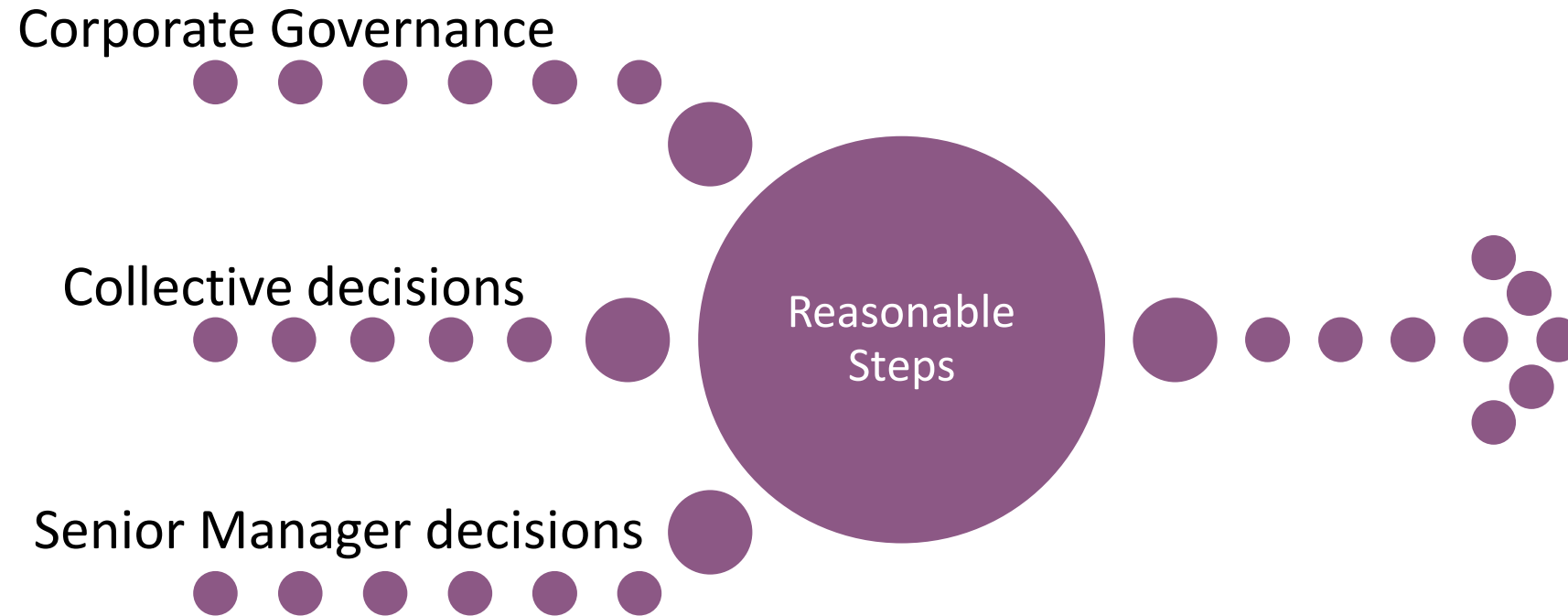
maintaining
effective
governance
arrangements

46%

Reasonable Steps



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Delegation & Oversight



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The image displays three overlapping screenshots of the Worksmart software interface, illustrating delegation and oversight capabilities.

Left Screenshot: Responsibility Map

- Buttons: Delegate, Create Hand Off, View
- Section: Responsibility Map
- Text: Held for 2 years 8 months 3 days
- Assigned: 17 09 2017 (Day Month Year)
- Responsible for: Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map
- Assigned To: Responsible for Divided responsibilities
- Delegated to: Lawrence Pilkington (Chief Executive Officer), Mira Moine (Compliance Officer Accepted, from 28 Mar 2020), Colin Borthwick (Research Assistant Pending, from 12 May 2020)
- Responsible for Divided responsibilities: Claire Pollard (Head of Human Resources)
- Delegated to: [Empty field]
- Section: Evidence
- Delegation Review: Mira Moine Delegation Review.docx (20 May 20)
- Notes for resp mapping: RespMappingNotes.docx (28 Apr 19)

Top Right Screenshot: Miss Mira Moine

- Buttons: Add Activity, Pending
- Section: Performance Development Review
- Text: Conduct Rules, ABC Wealth Management, v1.0, Not Started, Assigned to: Mira Moine, Due in 1 year, on 29 May 2020
- Section: Delegated Responsibility Review
- Text: Conduct Rules, ABC Wealth Management, v1.0, In Progress, Assigned to: Mira Moine, Due in one year, on 28 Apr 2022

Bottom Right Screenshot: Mr Lawrence Pilkington

- Buttons: Add Evidence, Pending
- Section: Notes for resp mapping
- Text: RespMappingNotes.docx, 28 Apr 2019
- Section: Minutes of Board Meeting
- Text: Minutes of Board Meeting.pdf, 20th May 2020
- Section: Responsibility Map
- Text: 20th May 2020

Demonstrating and evidencing reasonable steps by:



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1. Reviewing your governance arrangements
2. Scrutinising your management information (MI)
3. Assessing your training for boards & SMF holders
4. Switch from annual assessment to evidence employee competence
5. Using the five conduct questions to drive your culture forward
6. Developing metrics to define & measure your culture

Skilled Persons Reviews



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Skilled person reviews

First published: 21/04/2016 | Last updated: 29/04/2020

Find out about skilled person reviews.

Under the Financial Services and Markets Act, as amended by the 2012 Act, we have the power to obtain a view from a third party (a 'skilled person') about aspects of a regulated firm's activities if we are concerned or want further analysis.

We can commission two types of skilled person review:

- s166 reports by skilled persons
- s166A appointment of skilled person to collect and update information.

42% of the 19/20 total
were handed out during
Jan-Mar 20

68% were handed out
to non-systemic FS
firms in 19/20

Lot Type	Dedicated Supervision Firm 19/20	Portfolio Supervision Firm 19/20	Total Commissioned in 19/20
A – Client Assets	1	5	6
B – Governance & Individual Accountability	3	2	5
C – Controls & Risk Management Framework	5	8	13
D – Conduct of Business	2	11	13
E – Financial Crime	5	11	16
H – Prudential – credit, market, pension & liquidity risk	0	1	1
J – Technology and Information Management	1	1	2
N – CBEST Penetration Testing	1	0	1
TOTAL	18	39	57

Has Covid-19 put paid to employee development?



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A screenshot of the GOV.UK website. The header is black with the GOV.UK logo on the left. Below the logo is a search bar with the word "Search" and a magnifying glass icon. To the right of the search bar are links for "Departments", "Worldwide", "How government works", "Get involved", "Consultations", "Statistics", and "News and communications". Below the header is a yellow horizontal bar. Below the yellow bar is a black horizontal bar with a yellow arrow icon pointing right, followed by the text "Coronavirus (COVID-19) | Guidance and support".

GOV.UK

Search

Departments Worldwide How government works Get involved
Consultations Statistics News and communications

→ **Coronavirus (COVID-19)** | Guidance and support

When your employees are on furlough

You cannot ask your employee to do any work that:

- makes money for your organisation or any organisation linked or associated with your organisation
- provides services for your organisation or any organisation linked or associated with your organisation.

Your employee can:

- take part in training
- volunteer for another employer or organisation

Skills for different ways of working



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Barriers to effective communications

1. Physical & Physiological
2. Emotional & Cultural
3. Language
4. Nothing or little in common
5. Lack of eye contact
6. Information overload and lack of focus
7. Not being prepared – lack of credibility
8. Talking too much
9. Trying too hard
10. Lack of enthusiasm



Conduct related issues within financial services



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FCA view on applying conduct rules across employees



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“We proposed applying the Conduct Rules to the majority of employees working in firms because we believe they are an important tool to achieve cultural change across organisations, and not just at the Senior Manager and Certification level. Firms should be able to **demonstrate** that they **apply the spirit** as well as **the letter** of the Conduct Rules. By this we mean that we expect firms to ensure that their staff understand what the rules mean to them in the context of their particular firm.”

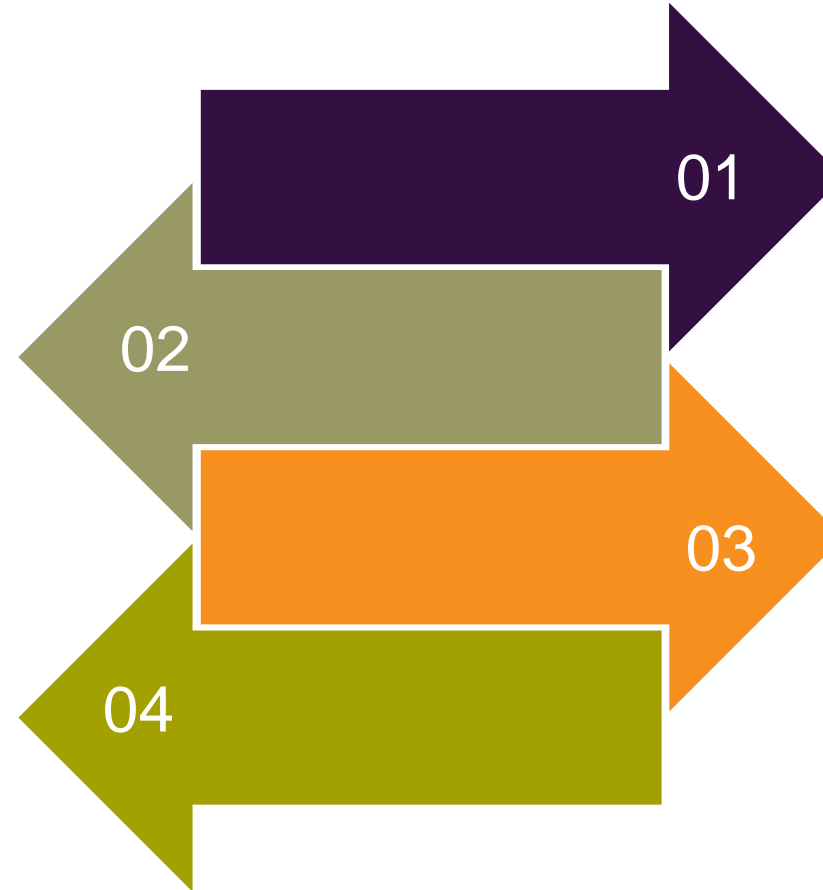
Tier 2 Conduct Rules



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You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system

You must disclose appropriately any information of which the FCA or PRA would reasonable expect notice*



You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively

You must take reasonable steps to ensure that ***any delegation of your responsibilities*** is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively

*Notified NED's – SC 4 Applies

Poll question 3



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Q. Since Covid-19 emerged and home working soared, has your employer provided employees with specific training to help adjust to working from home, communicating differently and adapting to new types of risk presented by different working conditions? (single answer choice)

1. Yes
2. No

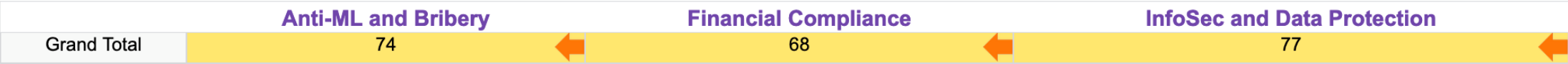
If 'yes', please let us know your thoughts in the Q&A function

Evidencing & maintaining competency

Independent evidence of maintained competence



Previous (73) Current (73)



Hide Details

Name	Engagement	Number Of Questions Answered	Anti-ML and Bribery	Financial Compliance	InfoSec and Data Protection	Actions
Customer Service	57%	162	72	65	72	
Finance	91%	387	86	80	87	
Operations	94%	264	66	60	74	
Sales	91%	256	65	62	72	
Grand Total			74	68	77	

Independent evidence of maintained competence

Notification Report

Team Report

Change Filters

Numbers

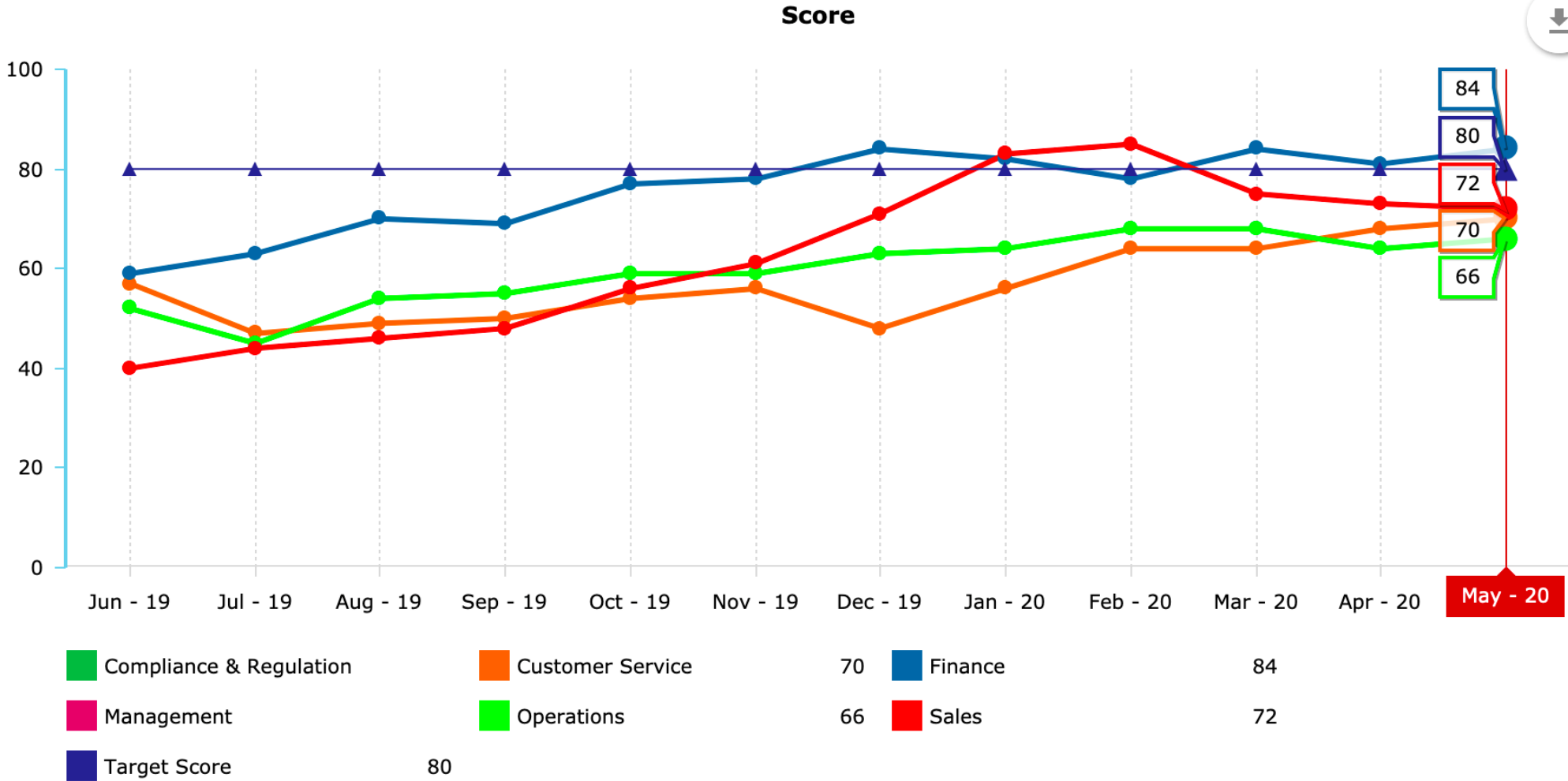
Chart

Save Report

Print

My Reports

No records found





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Putting people at the heart of your data analysis



Personal Details

- Personal Details
- Settings
- Hierarchy Search
- Reports
- Support
- Notes
- Licences
- Product Authorisations

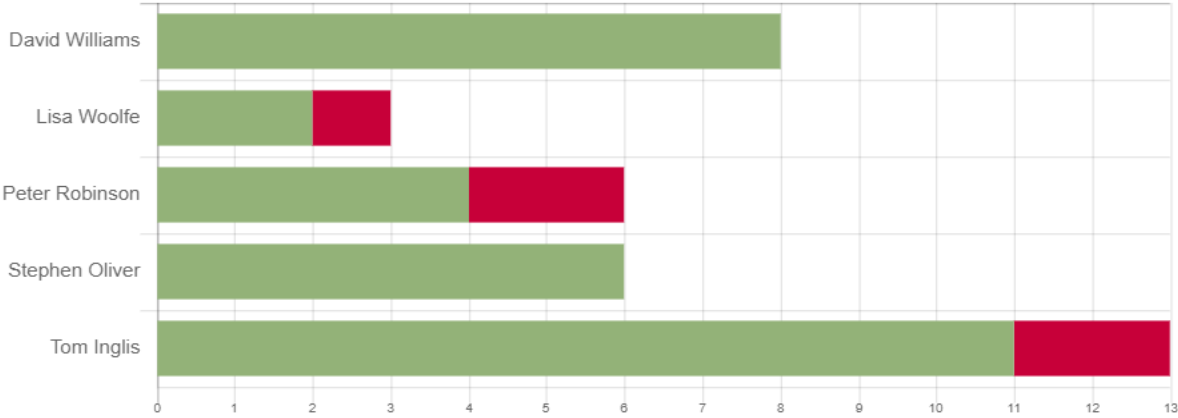
- Activities
- Add Activity
- Hierarchy/Personal Details
- T&C Status
- Risk Model

My Activities



Pending Overdue

Team Activities



Pending Overdue

My Activity Details

BULLETIN	Bulletin - New Product	06/06/2020	Pending
RISKMODEL	Risk Model Form	09/06/2020	Pending
BUSREVSUP	Business Review - Supervisor	13/06/2020	Pending
PDP01	Development Plan	18/06/2020	Pending
SUPOB121	Supervisor Observation - One to One Meeting	18/06/2020	Pending
EXCEPTION	T&C Exception Request	19/06/2020	Pending
ACTION	Action Plan	20/06/2020	Pending
BREACHTC	T&C Breach Notification	21/06/2020	Pending
TRAIN	Training Event Record	22/06/2020	Pending

Team Data

Team Member Data

Time Period

Jun 18

Data Aggregation

Monthly

Data Display

Number

Update

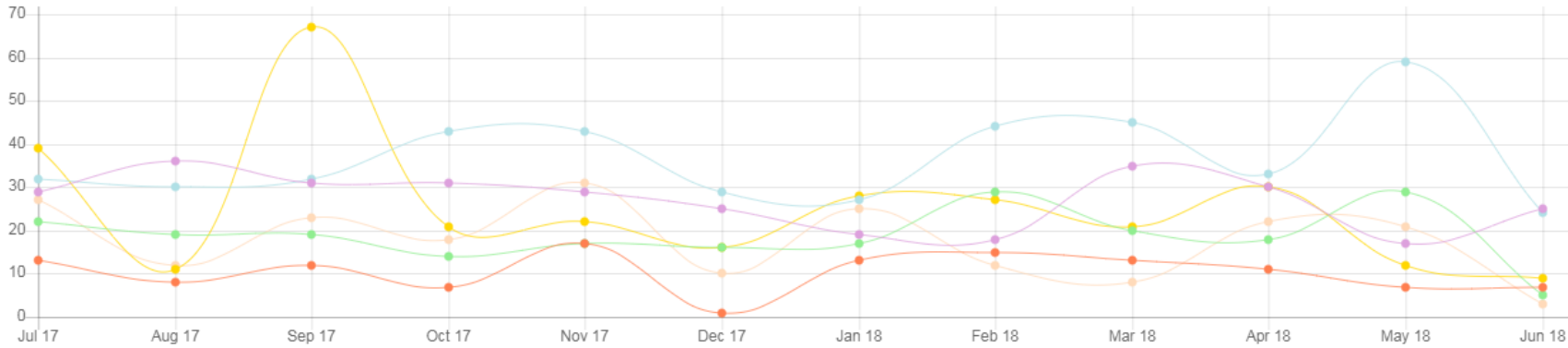
Team View - Master Firm 1- Jun 18

	Cancel/NTU	Complaints	Packager Issued	Packager Written	Persistency	ProdMix Issued	ProdMix Written	Provider Issued	Provider Written	Replacement/Exec	Suitability of Advice Check
George Lewis1	0	0	9	16	0	40	33	40	33	3	0
Kerry Lewis1	0	0	0	0	0	4	5	4	5	0	1
Jake Cole1	0	0	0	0	0	7	3	7	3	0	2
Toby Porter1	1	0	6	8	0	19	32	19	32	0	3
Rachael West1	0	0	0	0	0	0	0	0	0	0	0

Overall View - Master Firm 1's Team - Jun 18

KPI	KPI Total
Cancel/NTU	1
Complaints	0
Packager Issued	15
Packager Written	24
Persistency	0
ProdMix Issued	70
ProdMix Written	73
Provider Issued	70
Provider Written	73
Replacement/Exec	3
Suitability of Advice Check	6

Trend View - ProdMix Written Jul 17 - Jun 18 Monthly (Number)



	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18
General Insurance	13/162	8/116	12/184	7/134	17/159	1/97	13/129	15/145	13/142	11/144	7/145	7/73
Investment	29/162	36/116	31/184	31/134	29/159	25/97	19/129	18/145	35/142	30/144	17/145	25/73
Mortgage	32/162	30/116	32/184	43/134	43/159	29/97	27/129	44/145	45/142	33/144	59/145	24/73
Other	22/162	19/116	19/184	14/134	17/159	16/97	17/129	29/145	20/142	18/144	29/145	5/73
Pensions & Annuity	39/162	11/116	67/184	21/134	22/159	16/97	28/129	27/145	21/142	30/144	12/145	9/73
Protection	27/162	12/116	23/184	18/134	31/159	10/97	25/129	12/145	8/142	22/144	21/145	3/73



Call-To-Action

...

Q&A



Your next steps



Please indicate below your interest in...

1. Booking a demo requesting a Nelly solution demo to quantifying conduct risk and positively improving behaviour in your firm.
2. Booking a demo of Accord – the solution that provides regulated firms with a clear central record keeping, strong corporate governance, clear accountability and evidence of employee Fitness & Propriety.
3. Access our range of blogs, podcasts and webinars that will give you an up to date picture of current regulatory thinking.

Get in contact



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