



Industry Practice Note

Culture & Conduct Dashboards

May 2021

1. Introduction

A banking institution's Board and senior management are responsible for promoting and embedding the organisation's values in its culture and conduct. In order to discharge this responsibility effectively, the Board and senior management need to have the appropriate information to gauge the culture of the organisation and the potential conduct risks that it is exposed to. This would help them determine whether the organisation's framework and controls remain effective and take pre-emptive actions to mitigate against conduct risk. A Board and senior management that maintain a strong focus on culture and conduct instil a sense of trust in the organisation.

Among the tools that can be used to inform the Board and senior management of the state of culture and conduct is a dashboard. A dashboard provides a look across selected indicators that represent different components of culture and conduct. In the Information Paper of Culture and Conduct Practices for Financial Institutions¹, the Monetary Authority of Singapore (MAS) highlighted the Culture and Conduct Dashboard (CCD) as one of the good practices that financial institutions can adopt to consolidate multiple sources and indicators to form a holistic view of the state of culture and conduct in the organisation.

2. Purpose

The purpose of this Industry Practice Note (IPN) is to share the existing and possible useful practices relating to CCDs with the financial industry. It is part of the efforts by the Culture and Conduct Steering Group (CCSG) to promote sound culture and raise conduct standards among banks in

Singapore. Led by the Association of Banks in Singapore (ABS), the CCSG was set up in May 2019, and comprises 14 banks. The CCSG serves as a platform for industry participants to:

- Identify best practices and share them with the wider industry to facilitate adoption;
- Monitor trends and identify emerging conduct and culture issues within the industry; and
- Collaborate with MAS on such initiatives.

Specifically, this IPN seeks to:

- Recommend existing and possible useful practices in the development of a CCD; and
- Provide a view on the range of practices and metrics currently used by the CCSG member banks.

It is not the intent of this IPN to prescribe a model dashboard. A dashboard is only meaningful to an organisation if it can effectively monitor the areas of concern that are important to the organisation. As each organisation is unique, banks will need to determine what areas or desired outcomes should be prioritised from an institutional perspective. This IPN seeks to provide banks with some understanding of the diverse industry practices and suggestions of good practices that a bank can consider when developing its own CCD. Samples of 2 different dashboard prototypes have been included in Appendix 2 of this IPN for reference.

The IPN focuses on the indicators that measure aspects of organisational culture which impact a bank's conduct. However, there are banks that may consider broader aspects of organisational culture such as sustainability and growth mindset. The IPN also focuses its discussion on an

¹ <https://www.mas.gov.sg/-/media/MAS/MPI/Guidelines/Information-Paper-on-Culture-and-Conduct-Practices-of-Financial-Institutions.pdf>

organisation-wide CCD but the recommendations are applicable for the development of business or supportfunction-specific dashboards.

3. Approach

The CCSG took the following approach in the development of this IPN:

- Based on the members' experience in designing and using their respective CCDs, a set of principles for designing a balanced dashboard was developed;
- The member banks' existing CCDs were collated and analysed and the metrics used were categorised into common themes; and
- Beyond the existing metrics, the member banks also deliberated on other useful metrics not currently found in the existing dashboards, but that could be informative to the Board and senior management. These would be discussed within each of the categories featured.

4. Principles for Designing a Balanced Dashboard

A CCD is intended to provide the Board and senior management with an overview of its culture and the conduct outcomes that emanate from it. It is therefore important for CCDs to strike a balance amongst the indicators selected.

The following are principles to consider in the development of a CCD:

- **A range of lenses.** Given the complex nature of employee behaviour and hence conduct risk, the robustness of an organisation's culture and conduct should be considered through different lens. Applying a range of lenses reduces organisational blind spots.

- **Organisational vs Business-specific metrics.** As a CCD that is used by the Board and senior management should provide a scan of the organisation, the majority of indicators selected should be applicable groupwide. Business lines may also use dashboards containing business-specific metrics to monitor their activities. For instance, the trading business' conduct metrics may be monitored given the inherent risk of the business.
- **Number of metrics.** CCDs should aim to provide their Board and senior management with a holistic and meaningful overview of the state of the organisation's culture and conduct, with the awareness that too many metrics within the CCD can clutter the dashboard, making it complicated and difficult to understand.
- **Trend over consecutive time periods.** There are inherent challenges in ascertaining the culture and conduct environment by looking solely at the metrics at a point in time. For instance, remediation efforts require time to address an issue. Providing comparisons across time horizons helps the Board and senior management to ascertain whether the actions taken are on the right trajectory. Analysing trends also helps a bank assess whether there are relationships or correlation between different indicators.
- **Positive Indicators vs Other Conduct Metrics.** Cultivating the right organisational culture is as much about encouraging employees to do the right thing as it is about telling them what poor behaviour is. Banks can use metrics, coupled with the appropriate programmes, to shape positive behaviours that result in good outcomes for stakeholders.

- It is sometimes argued that all metrics can be viewed both positively and negatively depending on the outcome of the scores. For instance, recognition metric may be viewed negatively if the scores indicate that the level of recognition was low. However, the intent of positive measure is to nudge the organisation to focus on positive reinforcements of good culture.
- **Lead vs Lag.** In the context of a CCD, leading indicators are those that suggest a deterioration of an organisation's culture which could ultimately lead to increasing conduct risk exposure. Leading metrics provide the organisation an opportunity to take pre-emptive actions to mitigate conduct risk. On the other hand, lagging indicators provide the Board and senior management with a view of conduct issues. This helps them to gauge whether its existing framework, initiatives and leading indicators have been effective in managing conduct risk and whether refinements are required.
- **Quantitative vs Qualitative.** While metrics are typically quantitative in nature e.g. measuring the number of conduct incidents reported, banks can also consider qualitative assessments. These include outputs from deep dives, thematic reviews, workshops, behavioural studies, interviews etc. These are opportunities to corroborate the insights from the quantitative metrics.
- **Surveys vs Unobtrusive Indicators.** While sentiment-based measures and surveys can provide useful insights, they can also be subjected to certain biases. Banks should avoid being overly reliant on such measures. Instead banks should consider having a mix of unobtrusive indicators of culture (UICs) which are collected without engaging employees. This was highlighted in a recent working paper published by the Bank of England².
- **Availability vs Frequency of data.** Even when good data is available, banks should consider the frequency for which the data can be made available. A dashboard should not be skewed towards metrics that are only available on a yearly basis. Instead it should have an appropriate balance of metrics that can be refreshed regularly. This allows the Board and senior management to take timely corrective actions when required.
- **Thresholds / trigger levels.** As a CCD is intended to flag potential areas for further follow up, it would be useful to set agreed thresholds and triggers for each metric. Some of the factors to consider in setting the threshold and trigger levels include:
 - Alignment with the bank's risk appetite, which sets out the level of risk acceptable to the bank;
 - The bank's historical trend. A bank can consider starting with reasonable targets based on the historical data. These can be further refined over time;
 - The thresholds and triggers should be set at a level that influences positive behaviours. They should act as targets for areas that require improvements, rather than setting levels that are within the bank's comfort zone. At the same time, the levels should be realistic, based on

² Staff Working Paper No. 912 Organisational culture and bank risk. March 2021. Joel Suss, David Bholat, Alex Gillespie and Tom Reader. Bank of England

- what the bank wants to achieve within the set timeframe; and
- Recognising that the area of culture and conduct metrics is evolving and there are no readily available industry comparisons, the threshold and trigger levels should be reviewed periodically especially in the initial stages.
- **Commentaries.** The individual metrics in themselves may not necessarily indicate changes in the culture and conduct environment. It is important that a CCD is accompanied by commentaries to explain the observations and follow-up actions that may be required.

5. Categories of Metrics

This section provides an analysis of the CCDs contributed by 10 member banks. This serves as a point of reference on the current practice for banks that are looking to develop their own CCD.

The metrics collated from the existing CCDs were grouped into 8 categories:

• Organisational Profile	• Financial Crime / AML
• People	• Data / Systems
• Risk Management	• Incidents, Breaches and Misconduct
• Customer	• Assurance & Testing

Banks can consider using some or all of these categories as the different lenses for their CCD. Within each of these lenses, it would be a good practice to select metrics from a range of categories in order to gain a broader sense of the organisations' culture and conduct.

The metrics within these 8 categories were further grouped into 52 sub-categories. 31% of the sub-categories seek to measure and encourage positive behaviours. These are important to shape the right organisational culture, which in turn mitigates misconduct.

The remaining 69% of the sub-categories are red-flags or other conduct metrics. These help the Board and senior management to gauge the effectiveness of its current framework and initiatives for managing conduct risk.

67% of the sub-categories are forward-looking indicators of conduct, including sentiment-based measures.

Each category of metrics is explained in more detail in the following sub-sections. In addition to the metrics found in the banks' existing dashboards, the IPN also discusses other metrics that banks could consider in the future.

5.1.1 Organisational Profile

These metrics aim to measure how a bank is viewed by external parties e.g. whether it is living up to its stated purpose and corporate values. A pulse survey could periodically be conducted with members of the general public to obtain a better understanding of their perception of the organisation. Similarly, the bank's ranking in industry surveys such as the ABS Banking Trust Index³ for Singapore can be used to gauge the level of trust in the organisation. Environmental, Social and Governance (ESG) ratings and the extent of public recognition assessed through the corporate awards received, as well as the extent of media coverage are additional data points

³ <https://abs.org.sg/docs/library/inaugural-banking-trust-index-for-singapore-shows-banks-in-singapore-are-trusted-banks-committed-to-do-more-to-further-customers-interests.pdf>

that can be used by banks to derive some insights as to how it is performing in these areas.

5.1.2 People

These set of metrics seek to understand whether employees have the appropriate resources, support and development to perform their role effectively. An appropriate work environment sustains strong employee engagement, which in turn mitigates employee misbehaviour and conduct risk. These metrics tend to be based on surveys, some of which provide the bank with industry comparisons.

There are also metrics on organisational values and employee engagement. These include employee sentiment on various parameters such as risk culture, ability to speak up when employees feel something is wrong, trust in senior management and encouragement for doing the right things. They also provide sentiment in different employee segments - customer facing/non-customer facing roles, and at different corporate titles.

A number of People metrics encourage the organisation to implement initiatives to drive higher employee engagement and positive outcomes. For instance, having a Recognition metrics in place motivates a bank to establish effective programmes to recognise employees who do the right thing, including:

- demonstrating the organisational values;
- driving superior customer service;
- driving improvement opportunities;
- protecting the firm (fraud attempts prevented /detected by staff); and
- doing the right thing for customers and colleagues.

Aside from the existing metrics, the bank can also consider metrics relating to:

- exit interviews to assess whether there are underlying issues that are driving departures from the organisation;
- social media scanning for sound bites relating to behaviours within the organisation;
- diversity ratio/inclusion efforts to gauge diversity of views in decision-making; and
- Board/committee self-assessments to gauge openness and effectiveness of decision-making forums.

5.1.3 Risk Management

These metrics seek to measure the initiatives put in place to positively influence the risk culture of an organisation. For instance, one of the bank sets targets on the number of risk culture communications through different channels. This is to ensure that there is a clear tone from the top as well as the tone from above. There are also banks that measure the extent to which their organisations' First Line are raising self-identified issues rather than placing reliance on the Third Line to pick up issues during an audit.

5.1.4 Customer

An organisation's conduct and the behaviour of its employees can have an impact on its customers. Financial institutions are expected to treat clients fairly. Customer metrics provide an indication of whether products and the services rendered are consistent with what they have been led to expect.

Several banks track customer complaints and issues as an indicator of adverse customer impact. Conversely, Customer Compliments and Net Promoter Score are metrics that can assist with assessing positive outcomes. Fair Dealing is another

positive measure of the extent to which the organisation is adhering to MAS' Fair Dealing outcomes.

5.1.5 Financial Crime / AML

Over the last decade, there is greater awareness on the use of the financial and banking system to layer, hide or transmit funds for unsavoury purposes. As a result, there has been increasing emphasis by regulatory authorities globally in the area financial crime. Regulatory fines for breaches in this area could potentially account for a large proportion of conduct cost for a bank. As such, financial institutions, particularly banks, have been devoting considerable resources to uplift their capabilities to fight financial crime. A number of banks include financial crime metrics in their CCDs to assess proactiveness in closing outstanding cases or exceptions. There are also banks that monitor the number of Suspicious Transaction Reports that employees raised as a positive measure of controls consciousness.

It is worthwhile to note that some banks do not include such metrics in their CCD especially if they are monitoring such metrics in senior management committees that oversee financial crime risk.

5.1.6 Data / System

These are metrics that relate to breaches in the use of data and systems. Given the prominence of data privacy and technology risk, the IPN kept this category separate from other forms of policy breaches. On the flip side, organisations could also measure the number of instances employees report suspected phishing emails as a positive measure.

5.1.7 Incidents, Breaches and Misconduct

These set of metrics directly measure reported incidents, internal policy breaches, as well as misconduct. Reported incidents and internal policy breaches may not necessarily result in conduct issues. However, an increasing trend in these metrics could indicate a deteriorating control environment that eventually lead to future conduct issues.

On the other hand, misconduct metrics are by nature lagging indicators as they directly measure the number of misconduct cases. These metrics help the Board and senior management assess whether the organisation's culture and conduct programme are yielding the expected outcomes and whether it needs refinement. It can also help them to gauge whether the actions taken to address conduct issues have considered behavioural drivers.

There were varying practices for metrics relating to regulatory breaches. Some banks use a single Regulatory Breaches metric that encompasses all types of regulatory breaches. Other banks adopt a more granular approach and focus on the key types of regulatory breaches, including licensing, cross-border, and mis-selling. Such an approach is useful in closely monitoring and identifying specific areas of focus and allows the prioritisation of resources to address the root causes.

One of the metrics that banks could use to measure misconduct is the severity level of disciplinary actions meted for misconduct. The metric could track the number of disciplinary actions by teams or locations for each level of severity. A deep dive can be undertaken for areas experiencing an increase in high severity cases to understand the drivers.

Two banks have a metric on Supervision Breaches. This measures the extent to which trading team managers complete their checks of their staff as a means of discharging their supervisory responsibilities. Examples of these checks include trader's daily Profit & Loss and positions, as well as exception reports on late trades and cancelled trades.

Banks can also consider using leading indicators such as employees' gift and entertainment expenses, personal account dealing and outside business interest disclosures. While these metrics do not indicate misconduct, they can help banks decide whether further actions are needed. For example, where spikes in gift and entertainment expenses are observed, the bank could send out reminders to employees on the relevant policy requirements or trigger an ad-hoc review to identify any potential issues.

Whistleblowing/Speak-up cases is another common metric among the banks. Whistleblowing cases are any suspected or actual wrongdoing raised through a channel that safeguard the whistleblowers' anonymity. This metric can help the Board and senior management assess the extent which issues are called out by whistleblowers rather than being detected by existing detective and preventive controls.

There are other banks that use this metric as a positive indicator of culture within the organisation as it assesses employees' willingness to speak up against misconduct or wrongdoings observed. For this reason, some banks refer to their whistleblowing programmes as Speak-up. There are also banks that apply a broader definition of Speak-up to include new ideas or suggestions for improvements.

5.1.8 Assurance & Testing

This category of metrics reports the results of various assurance testing and surveillance programmes. Some of the assurance metrics can be used by the Board and senior management as an indication of potential cultural issues. For example, increase in repeated audit issues within a business may be an indication that the appreciation for control is not strong. Similarly, metrics that record delays in the completion of agreed actions in response to audit findings may be indicative of management not giving sufficient attention to addressing risk issues. These types of metrics are forward-looking indicators of conduct risk as deterioration over time may increase conduct risk exposure.

There are also banks that use a measure of management awareness. Aside from the audit rating, their Internal Audit functions issue an opinion rating on the management's awareness of their control environment. This is a positive indicator of conduct and encourages strong ownership of risk management within the First Line.

There are a range of testing and surveillance metrics that can be used as forward-looking indicators of misconduct. For example, declining mystery shopping results can be a flag for management to take action to prevent sales misconduct issues emerging. Similarly, an upward trend in trade or communications surveillance alerts and/or findings may be a trigger for management to take action, such as training or reminders to staff to pre-empt misconduct.

6. Looking Ahead

The industry will continue to refine CCDs even as banks broaden the approach for



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culture and conduct management. The areas of focus would include:

- Developing more indicators that encourage positive employee behaviour, which prevents and mitigates conduct issues;
- Leveraging on the learnings, experience and infrastructure of the banks' existing RegTech to develop timely indicators of potential misconduct. RegTech is currently deployed by banks in areas such as AML, internal fraud, trade communications and surveillance communications; and
- Looking at the feasibility of developing direct indicators of employee behaviour, which leverages on behavioural science. However, such approaches need to be well thought out to prevent unintended consequences such as employee distrust.

The practices in this area will continue to evolve and the CCSG plans to update this IPN to reflect good practices in the future.

Appendix 1: Categories and Sub-categories of Metrics in Existing Dashboards

Categories	#Metrics	#Banks	Positive	Forward- looking
Organisational Profile	13	3		
Accolades (e.g. Awards, League Tables)	1	1	•	•
ESG (e.g. Volunteerism, Diversity)	10	3	•	•
Media Coverage	1	1	•	•
Public Sentiment	1	1	•	•
People	31	9		
Enablement Index	1	1	•	•
Internal Mobility	2	2	•	•
Leadership	1	1	•	•
Manager	4	4	•	•
Mandatory Training	5	5		•
People Development	2	2	•	•
Recognition	1	1	•	•
Staff Turnover	5	4		•
Values / Engagement	10	5	•	•
Risk Management	6	3		
Risk Culture Communications / Program	2	2	•	•
Self Identified Issues	3	2	•	•
Self-Assessment	1	1	•	•
Customer	18	7		
Customer Complaints / Issues	13	7		•
Customer Compliments	1	1	•	•
Fair Dealing	2	2	•	•
Net Promoter Score	1	1	•	•
Sales Incentive Deduction	1	1		
Financial Crime / AML	11	6		
Financial Crime / AML	11	6		
Data / Systems	7	5		
Data Privacy Breaches	5	5		
Phishing Test	1	1		
Unusual System Access by Staff	1	1		

Categories	#Metrics	#Banks	Positive	Forward- looking
Incidents, Breaches & Misconduct	66	10		
Incidents	5	4		•
Operational Losses	2	2		•
Policy Breaches	2	2		•
Limit Breaches	3	3		•
New Product Approval Breaches	1	1		•
Supervision Breaches	2	2		•
Risk Appetite Breaches	2	2		•
Speak Up / Whistleblowing	8	6		•
Regulatory Breaches	8	7		
Conduct / Disciplinary Action	11	9		
Cross Border Policy Breaches	1	1		
Gift & Entertainment Breaches	3	3		
Global Markets Conduct	1	1		
Information Barrier Breaches	3	2		
Licensing Breaches	2	2		
Market Abuse Issues	1	1		
Mis-Selling	1	1		
Outside Business Interest Breaches	2	2		
Personal Dealing	7	7		
Research Conflicts of Interest	1	1		
Assurance & Testing	19	6		
Audit	9	5		•
Audit Rating on Management Awareness	2	1		•
Communications Surveillance	3	3		•
Compliance Testing	1	1		•
Gift & Entertainment Expenses Review	1	1		•
Mystery Shopping	1	1		•
Trade Surveillance	2	2		•

Notes:

# Metrics	The number of metrics in the banks' existing CCDs that relate to the categories / sub-categories. Similar metrics from different banks are counted as separate instances.
# Banks	The number of banks that have existing metric(s) in their CCDs that relate to the categories / sub-categories.
Positive	Sub-categories of metrics that seek to measure and encourage positive behaviours.
Forward-looking	Sub-categories of metrics that may indicate changes in culture or the control environment, which may eventually lead to actual conduct issues in the future.

Appendix 2: Dashboard Prototypes

Dashboard Prototype 1 tracks the performance of multiple metrics deemed by a bank to be relevant from a culture and conduct risk management perspective. The data from these metrics can be analysed individually, or as a group. The ability to review the data, from both a macro and micro perspective, may help with the prompt identification and management of any areas of concern.

Dashboard Prototype 2 monitors progress made by the bank in meeting its desired targets/outcomes. These are unique to each bank. The underlying assumption is that banks believe that meeting these targets/outcomes will help to strengthen culture and consequently, mitigate conduct risk. Each end-goal is measured by indicators pre-determined at the outset. Using these indicators, the bank can then objectively assess whether they are on track.

While these two sample dashboards differ in terms of approach, the underlying principles remain the same.

Dashboard Prototype 1

Conduct Metrics		Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Trend & Commentary
Conduct	People - Staff Conduct						
	Substantiated staff misconduct						
	Trading Limit Breaches						
	Mandatory Compliance Training Completion						
	Phishing Simulation Failure Rate						
	Self-identified data leakages	XX	XX	XX	XX	XX	
	Customers						
	Customer complaints (Investment & Insurance)						Amber rating in Q1 21 due to....
	Fair Dealing Score						
	Mystery Shopping Scores	XX	XX	XX	XX	XX	
	AML						
	Suspicious Transaction Reports	XX	XX	XX	XX	XX	
	Overdue Name Screening Alerts	XX	XX	XX	XX	XX	
	Regulatory Breaches						
Regulatory Breaches							
Cross Border Policy Breaches							
Culture Metrics	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Trend & Commentary	
Culture	Employee Survey Results						Next Employee Survey scheduled in Aug 2021.
	Overdue Mandatory Training Statistics	Refer to Line Graph on page XX of the report					
	Speaking Up Programme – Number of Disclosures Received		XX	XX	XX	XX	
	Attrition Rates	Refer to Bar Chart on page XX of the report					

Dashboard Prototype 2

- Metrics should link back to values / areas of concern
- Use both leading and lagging metrics

- Set appropriate thresholds
- Display data trends overtime

- Provide value add commentary and trend analysis

Categorised based on desired outcomes

Culture and Conduct Categories and Measurement Metrics	1H 20	2H 20	1H 21	Trend Analysis & Commentary on Progress
Meeting Customer Needs				
Customer Complaint statistics				
Customer Compliments statistics				
Track Staff Sentiment: I feel confident our customers and clients receive product and services that genuinely meet their needs (target XX%)	XX	XX		
Good Employees Engagement and Experience				
Percentage of Staff Attrition Rates				
Percentage of Staff attending Future Skills programmes (by xx 2022)	XX	XX		
% increase in recognition award nominations				
Track Staff Sentiment: Where I work, people are treated fairly	XX	XX		
Contribution and Caring for Society				
Reduce consumption of resources by xx% (by xx 2022)	XX	XX		
Extent of Society Contributions				Qualitative commentary f community contributions
Track Staff Sentiment: The organisation thinks about the communities it serves and aim to serve them well.	XX	XX		
Conduct Risk Monitoring - Growing Safely				
Substantiated Staff Misconduct	Refer to line graph on page xx			
Regulatory Breaches				
Repeat Audit Issues /Failed Audit Ratings				
Operational Losses arising from poor conduct	Refer to line graph on page xx			Nature of top 3 types of losses are...
Others				
Regulatory Inspection Report Findings, Fines and Penalties				
Whistleblowing Statistics	Refer to bar chart on page xx			There has been an increase in...