COO

MAGAZINE Q1

Pandemic Defines COO Priorities for the Year Ahead

2021 will be a parallel run to meet short-term needs whilst taking business to a new paradigm

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Armstrong Wolfe launch the Conduct and Culture Summit, April 2021

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In the Spotlight

Interviews with:

David Whiteing

Group Chief Operating Officer, Standard Chartered Bank

Paul Maley

Global Head of Securities Services, Deutsche Bank

Loretta Marcoccia

EVP & COO, Global Banking and Markets, Scotiabank

Pascale Moreau

Global Markets COO, Business Transformation & Oversight, Societe Generale

JAN 2021 ISSUE #4

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Welcome

to the 4th issue of COO Magazine

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Introduction

by Maurice Evlyn-Bufton, CEO of Armstrong Wolfe

2020 is behind us but its legacy remains. This inheritance and the worldwide pandemic dominate the media, day to day activities and frustrates life's natural flow.

For the COO 2021 will be no less challenging than its predecessor. What appeared a crisis that could have led to organisational and broader economic paralysis, has unleashed a world of possibilities. Uncertainty remains but a change in working models, with staff at all levels empowered and decision-making processes simplified to accommodate a distributed workforce, has impacted the pace of change. We are seeing transformation and digitisation moving faster, unchecked by previous overarching bureaucracy. As Albert Einstein said, "In the midst of every crisis lies great opportunity."

The opportunity presented is starting to materialise, as the financial services industry moves beyond the point of no return from established working practices to embracing what the pandemic has forced upon it. Most of the technologies we now use daily to communicate were readily available before COVID, but traditional working practices and perspectives thwarted their use as a component part of corporate communication and practice, internally and externally. Breaking this stigma and that of the need to earn your right to work at home will irrevocably shift working practices from a traditional approach to staff management to a new, more human-centric approach. What we see and can evidence from the last 12 months is that empathy has a greater and permanent role to play in management and that leadership at all levels is a skillset to be nurtured, invested and valued.

At the heart of an organisation, defining the road ahead, shaping the future of their business and collectively the industry, is the COO. The challenges for individual COOs in 2021 will not be unique, as much of what they will do will be defined by the pandemic. There will be a parallel effort in continuing to run the business day to day, whilst taking the business into a new state post COVID.

These common challenges are:

1. Productivity – how to measure performance, appraise and reward in the new norm

2. Workforce Planning – what is the operating model for staffing post COVID?

3. Technology – how to tool staff to be more effective in a WFH environment?

4. Innovation – where and how can digitalisation be adopted to make short-term impact?

5. Operational Resilience – adapting to threats to withstand and adsorb disruptions

6. Supervisory – how to meet regulatory, client and emerging conduct risk demands?

There is a sense of renewed purpose, the vaccine giving hope of an end to the pandemic. There is a desire to create momentum, where momentum does not start with going fast. It starts with going forward. To go forward the COO will need the guidance and partnership of the CEO and have the workforce behind and following. To do this the COO must be aware at what point in the journey we have arrived, that the end is almost in sight but still some way away. The COO would be advised to be pessimistic rather than optimistic when putting a stake in the ground to indicate when normal working life will return. Many believe it will be January 2022 before we have a semblance of ordinariness. Therefore, it would not be a waste of time for the COO to take stock and firmly grasp the reality of the situation. More so, to understand the mindset this may produce in the workforce and to manage them in context to this understanding and to a 12-month timeframe.

There have been many false horizons in the last 12 months. Expectations, hopes and assumptions have been fractured and for some, shattered. Fatigue is a threat to any business; motivation is falling as we creep through the winter months. An interim step to reinstall motivation would be to focus on re-energising the workforce and repurposing it. To do so, the COO will need to demonstrate adaptability and resilience and aim to strengthen the workforce with the same. The wellbeing of staff will ultimately reward an organisation with enhanced productivity and profitability. The challenge is how best to do so in the present dislocated state. Working with your industry peers on what we all hope is a once in a lifetime challenge will pay dividends for all and serve the interests of the workforce of the industry.

Pandemic Defines COO Priorities for the Year Ahead

2021 will be a parallel run to meet short-term needs whilst taking business to a new paradigm

A False Horizon

A vaccine has been developed, the end game is in sight, a return to normality is now a certainty. Expectations are high and suggested dates when we could be carried across the threshold of vaccination into normality vary from January 2021 to its spring or autumn and some less optimistic, year-end. There is understandable enthusiasm, mixed with hope and heightened expectations as this journey starts to unfold, but how many times have we thought we are 90 days away from victory and have set false horizons?

Let us face facts, be realistic, normality will not return until the end of 2021. Even with best efforts of the scientific community and then commerce to industrialise the production of a vaccine, and then treat the world, it will be a matter of many months if not years. In this context The World Health Organisation is coordinating global efforts to develop a vaccine, with an eye toward delivering two billion by the end of 2021. This is remarkable, as it typically takes 10 to 15 years to bring a vaccine to market; the fastest ever vaccine for mumps required four years in the 1960s.

What is important, therefore, is that the euphoria experienced in celebrating progress is married to pragmatism as to the time frames that will deliver change to present impasse.

The effort to bring a vaccine to market will produce results ahead of previous landmark interventions and inventions, but best estimates will take us to the end of 2021 for a meaningful intervention. In this time, bombastic soundbites, counters to scientific evidence, bravado or calls for back to work from corporate leaders will increasingly fall on deafened ears and lose the confidence of those they lead. It is important to remember it is not those in work that will most likely be badly affected, but they will be the passage and routeway by which the pandemic will continue to find its way to the vulnerable and the elderly.

To this end the COO, managing, determining, and executing the strategy and response to meet this challenge, will need to plan accordingly:

- How to manage the business through a sustained period of dislocation and disruption
- To design and move the business into a new paradigm post pandemic

This parallel effort will define the agenda and effort for the COO community in 2021. There will of course be time allocated to innovation, to business horizon scanning and the future, but the COO's book of work will remain steadfastly committed and anchored to these two objectives.

The 2021 Agenda

Next year, through its International COO Community membership (iCOOC), Armstrong Wolfe will provide regular peer group COO webinars, cluster calls and source and provide content to support this community. To direct our efforts, a recent survey of 50 front office global and regional COOs narrowed our attentions to six points:

1. Productivity – how to measure performance, appraise and reward in the new norm

2. Workforce Planning – what is the operating model for staffing post COVID?

3. Technology – how to tool staff to be more effective in a WFH environment?

4. Innovation – where and how can digitalisation be adopted to make short-term impact?

5. Operational Resilience – adapting to threats to withstand and adsorb disruptions

6. Supervisory – how to meet regulatory, client and emerging conduct risk demands?

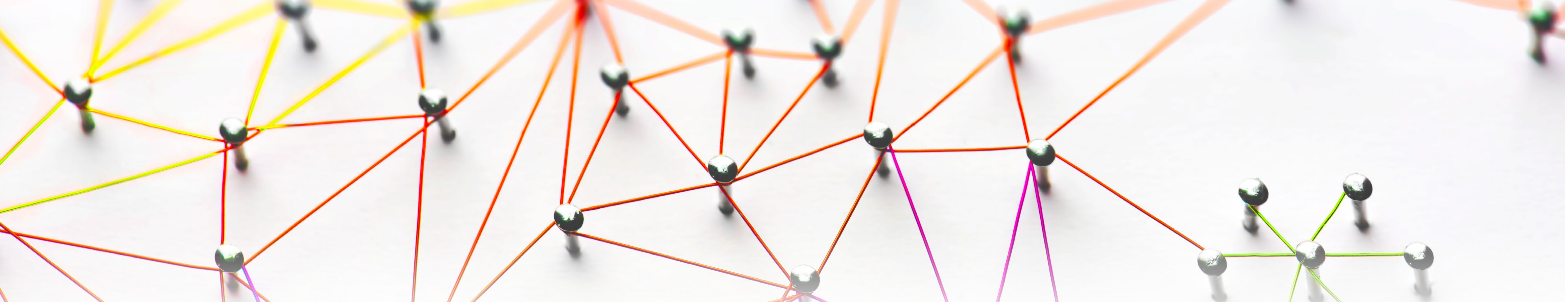
"I really like the thought implied through all six questions shaping the COO's agenda of taking full advantage of our disrupted lives to change the way we work for the long-term – the old adage of never wasting a good crisis." (Global COO Capital Markets)

In addition, we will continue to support the dialogue on cultural cohesion and purpose, and analysis on how purpose is being changed by the intersection of the pandemic and the regulated and moral obligations of good conduct and sustainability.

The skill set of a successful COO is an ability to connect and lead disparate parts of the organisation to cohesively address risks, issues, and opportunities. This could be a contingency situation (such as a pandemic), a regulatory requirement, design, and implementation of a new operating model, leveraging new technology capabilities for clients or the execution of an M&A transaction. We expect all of the above to appear on many COO agendas across the market in the next 12-24 months.

2021 – embracing the opportunities presented by a post COVID world

In Q1 2021, to support the COOs decision making, we will run 3 webinars, each meeting to address 2 of the points identified in the survey. We have interviewed some of our business advisers – experienced COOs in their own right – to provide some perspectives and pointers for framing the challenges ahead.



Webinar 1

Workforce Planning – what is the operating model for staffing post-Covid

The hybrid, distributed workforce model is with us to stay. This means work must be managed across those who are fully or partially in a metro office, others who are fully or partially at home, those in offshore service centres and 3rd party vendor locations who are likely to be operating in a hybrid environment too.

Functions which seem to have coped well with remote working are the engineering and change management teams where an agile model was already in place. The cadence and ceremonies support individual and team understanding of progress and provide a structured forum to resolve issues on a daily basis. Delivery is tangible. Metrics are clear. This success bodes well for the acceleration of the digital agenda which most firms are now prioritising.

However, even experienced Agile practitioners have had to battle the tendency to "over meet" which has been a common criticism across businesses during the pandemic. Maximising the value of a structured daily stand-up by stepping through progress on agreed work items seems to be one successful tactic, and then minimising further meetings that day enabling teams to get on with the work individually or in small groups.

The challenge now is to extend some or all of the practices and tools of the agile paradigm to areas adjacent to technology or "change" functions and beyond – sprints, daily stand ups/ scrums, retrospectives etc. – to see where they can legitimately benefit from the cadence, transparency and tooling.

Productivity – how to define, measure and improve performance in the new norm

A data- and metric-driven approach must be balanced with a supportive and empathetic management framework.

Roles, responsibilities, and expectations need to be even more clearly defined and measurable with instrumentation in the business process to be able to measure progress and performance fairly and transparently. An individual's goals need to be obviously linked to the overarching objectives of their team and the broader business to feel they are contributing to the purpose of the organisation. Weekly 1-1 with managers is important. All these things will have been happening in the past to varying degrees – but they take on much higher significance in a distributed workforce model.

The recruitment and onboarding of new talent requires re-engineering - building in some ability for a face-to-face meetings for new hires early on. "Buddy" systems are key in the early weeks and months for new hires to get a sense of culture, behavioural norms and how to get things done in the new institution.

Junior hires should be a particular area of focus. In the old world a new graduate trainee would sit with more experienced staff – not only to learn the specific skills and content required for the job but also to learn what it is like to work in a job and expectations on behaviour etc. All of this has to be replicated in a distributed workforce model for example, small group, socially distanced sessions for new hires with senior leaders, video training sessions given by senior leaders and pairing the junior staff with more senior experts for coaching and technical guidance.

The ability to attract and retain talent will depend on the management and coaching support, the tooling, the opportunity for development and a strong sense of identity with the purpose and culture of the organisation. All of this with a lot less direct contact.

Webinar 2

Operational Resilience – adapting to threats to withstand and adsorb disruptions

The operational resilience of market participants has been well tested – not just in the ability for large swathes of the operation to work remotely. There have been periods of intense volatility and high transaction volume for market participants and the market infrastructure providers to manage. Broadly speaking this has all gone well.

However, a geographically distributed workforce, with partial home and partial office working, presents further challenges to business contingency models. There will be a need to track locations people are working from. We have been very focused on pandemic response, but the terrorist threat has not gone away. So, when there is an explosion in a city centre, the firm needs to know precisely where people are working from to ensure their staff are safe, and then to understand whether there is sufficient capacity to continue critical business processes in that location or they need to be switched to other regions. This extends to service centres in low cost locations and vendors.

In this context, the COO is in a position of visibility across the stakeholder spectrum whether internal (sales, trading, Ops, Tech, Finance, Compliance, HR etc) or external (clients, regulators and the broader marketplace) and understands the impact of issues across this landscape, and therefore how solutions will mitigate and enhance more broadly. This understanding of how the business components are connected internally and externally, is crucial in developing strategies to exit the pandemic mode into a post-COVID operating model.

Supervisory – how to meet regulatory, client and emerging conduct risk demands?

Firms must ensure conduct is in line with regulatory expectations, which will continue to evolve as industry working models change. Some areas of consideration:

- Policies on which roles can be executed remotely
- Revising the definitions and expectations of supervisory roles
- New tools and training to embed this
- Oversight of conduct remotely is difficult, but we are already seeing major firms sanctioning staff for use of messaging platforms
- Senior execs need to be trained and supported on the new technologies being deployed to the broader workforce to better understand risks and to role model good usage
- 3rd party vendor risk management and material outsourcing processes need to be enhanced for partners working in a hybrid model. Firms need to be clear what activities they are comfortable with partners executing from individual homes and which they are not – aligned to the institution's internal policies. Then they will need to enhance monitoring capabilities to ensure compliance.

Boards will require evidence that all these new frameworks are well designed and effective, to be able to execute their duties. Regulators will demand the same. COOs will need to work out efficient ways to do this with the certainty that any data presented is substantiated.

Webinar 3

Technology – how to tool staff to be more effective in a WFH environment?

The tools which have become embedded in the technology firms and tech functions of institutions should be more widely pursued (linked to a broader adoption of Agile practices described above). Development teams are used to using the environments and tools which enable communication, shared understanding of work priorities and progress and collaboration through virtual white boarding (Slack, Teams, Symphony, Jira, Confluence, Miro).

The accelerated adoption of Cloud infrastructure provides known benefits in terms of cost, agility, capacity management and resilience. There could be further benefits in terms of adoption of 3rd party cloud/SaaS/PaaS solutions. The Tech vendors are keen for their clients to migrate from "on premises" to cloud solutions as it creates a new opportunity to convince clients to take the solution "out of the box" and minimise costly customisation. There is value to the clients here too, in terms of ease of implementation, and longer term the ability for standardised processes to emerge across the market, supported by these platforms, which offer cost mutualisation or utility plays to reduce non-competitive operational costs for all participants.

But technology investment budgets are finite. The COO is commonly a key decision maker in the optimisation of spend across mandatory and discretionary demands on the business, seeking common solutions which deliver across both. All investment portfolios will need a rigorous review with incoming demands to accelerate digitalisation for clients and the workforce, more aggressive adoption of cloud solutions while still meeting the ongoing regulatory agenda and meeting cost reduction targets. All of these need to be delivered while ensuring the underpinning data and technology infrastructure is enhanced to support all of this – resilience, cybersecurity, data quality, lineage and privacy. No mean feat.

Innovation – where and how can digitalisation be adopted to make short-term impact?

Beyond the work we have described above on workforce productivity, the focus for innovation should be on clients. There are risks and opportunities with existing and new clients. Their organisations will be in a similar hybrid operating model. Sales and Relationship Managers will not have the full range of engagement opportunities they had in the past – dinners and face-to-face analyst meetings will be less frequent. Relationships with new clients will need to be built up remotely. This will require full utilisation of new technology solutions and training for front line staff to be adept at its use. Harvesting public and institutional data and applying AI to create targeted campaigns and measure efficacy will be important. But equally competitors will also have to maintain their existing relationships under the same constraints, creating opportunity to usurp incumbents.

Deployment of techniques which may be more familiar at the retail end of banks will be useful on the wholesale side in terms of smart, targeted digital marketing aimed at specific clients. Marketing and Sales will also need to promote their firm's reputation for capability, agility, pricing in the market to win business. A rigorous and prescriptive utilisation of cross-channel CRM systems to ensure the single view of a client is fully embedded is essential.

All touch points for the client will now need a digital-only option. The complete client lifecycle will need to be assessed for upgrade. There are some excellent solutions available from the Fintech community which have matured nicely over the last couple of years. Interoperability is key here to enable a real "single view of the client" we described above. The COO is in a good position to really understand all these touch points from Sales, Coverage, Trading, Credit, Client Operations – and the tech and data connection points underpinning this.

More broadly, the ideation and initiation of new projects naturally need space for more cross-functional creativity and collaboration at the outset. This is hard to recreate in a remote or distributed model. Some ability to co-locate in a COVID-secure way (pre-vaccine rollout) would be ideal to facilitate the kind of creative combustion we are used to. It is hard to re-create on video those moments where people do talk over each other in a room as intensity around ideas builds around physical whiteboards.

2021 – an opportunity not for change but for transformation

The next 12 months offer a testing period, a unique mustering of challenges for the COO. Testing they may be but for those with the mindset and determination to make a difference this represents the ideal opportunity to demonstrate their art to upgrade, change and drive transformation.

Recently there has been discussion about the COO role being increasingly data driven. This becomes an imperative in a much more distributed workforce model. How do you bring together all of the required data accurately and at pace to evaluate performance of the business, identify and mitigate risks, ensure benefits of investment spending are being harvested, that regulatory and conduct requirements are being met?

A final note on a pandemic legacy - pace of decision making. The response to the pandemic has shown that large institutions could make significant decisions on a much shorter timescale than would be the norm in "peace time". These decisions have paid off and should encourage businesses to avoid re-introducing stifling bureaucracy that hindered agility in the past. The COO can drive these with their understanding of how the business hangs together and where to draw on the right expertise to inform good, efficient risk balanced decision making.

Armstrong Wolfe has access to senior, experienced COO talent who could be leveraged in a part time or interim model to support management in developing these strategies and building coherent, executable plans to deliver on this increasingly complex agenda.

This article was produced by the Partners of AWP and supported by its business advisors.

For more information and/or to attend the planned Q1 forums, contact
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Most recently, David was a Managing Director and the International COO for Technology at Morgan Stanley with operational responsibility for the Technology presence in all locations outside the USA, including the global development centres.

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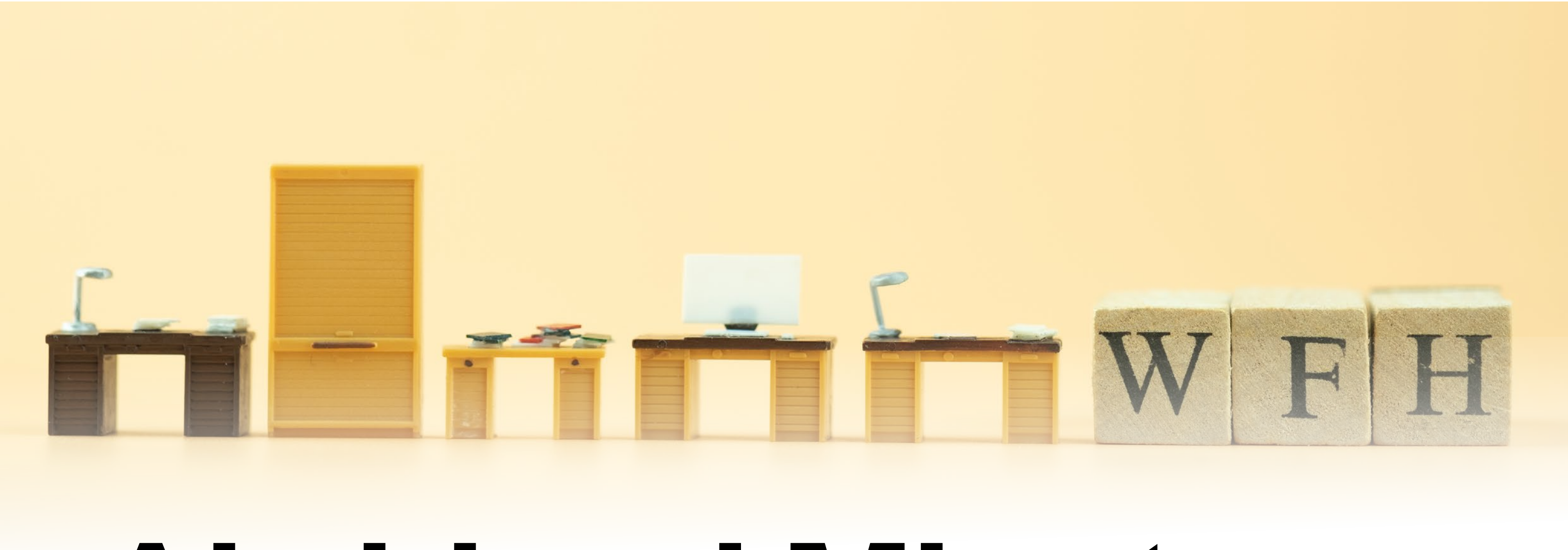
Workforce Planning and Productivity

Key points drawn from a series of five COO Cluster Calls undertaken in January 2021 to support the North American, UK and Asia Capital Markets and Asset Management COO communities.

Total attendees: 61 COOs, 37 companies, 12 countries

Part 1 of a 3-webinar series in Q1 2021 based on Armstrong Wolfe's POV distributed January 2021, Pandemic Defines Priorities for the Year Ahead, with conclusions based upon its December 2020 survey of 75 buy and sell-side COOs.

by Maurice Evlyn-Bufton, CEO of Armstrong Wolfe



Abridged Minutes

On 17, 19 and 23 March, 2020 we left our offices in Toronto, New York, and London in haste, responding to the enforcement of national lockdowns. Collective thoughts were this would be a short-term phenomenon and therein followed a succession of false horizons as to when WFH would end. 11 months later we remain uncertain as to when this dislocation will finish, and with this the focus has become increasingly people-focused.

In 5 webinars undertaken in January 2021, in North America, Europe and Asia, common themes quickly emerged:

- 2021 has bought a creeping and perhaps inevitable focus on employee fatigue, bringing with it concerns of how to address an anticipated fall in productivity and an equal focus on employee welfare and defining the duty of care to your people.
- Not one company has a predefined path to a well-defined policy for working practices and a workforce plan post-lockdown.
- For most there are only initial thoughts as to where within the bookends they will fall, between one that represents everyone back to work and the other, full employee optionality in working preferences.
- Some COOs were refreshingly honest, saying they were unable to confirm with a high degree of confidence that they knew the whereabouts of all their staff, not just by State or Province but they expected in some cases even by country. This realisation has been in part a catalyst to end the period of tolerance to such policy informalities.
- This move to put in order their house and set policies to address procedural shortfalls today is the first step in defining policies to be adopted post-lockdown.
- Many are granular and administrative in nature but of increasing importance: the need to address employment contracts to accommodate individual circumstance to the end of lockdown; associated salary payment and taxation issues aligned to your place of residency; appropriate certification and regulatory notification and the elephant in the bedroom, defining an equitable and workable compensation structure that will work mid to long-term, influenced by (or not) an employee's chosen place of work.
- Vaccination policies are being discussed by some, but no policies have been confirmed. Best summarised in the questions 'What if an employee refuses the vaccine? What if he/she is in a client facing role? What if he/she is committed to coming to the office? Where is the balance between their rights and the rights of clients and/or colleagues?'

There was plenty of good debate throughout, a continuous ripple of suggestions and dissection of evolving policies but none set in stone. There is much to be done, where challenges born from the pandemic are commonplace and non-proprietary. It was acknowledged by many with sincere thanks at close of each debate that such free-flowing and open debates with industry peers are beneficial individually and collectively. (468/500)

A Call To Action

Survey

As requested, Armstrong Wolfe will be conducting a benchmarking survey, focused on matters pertaining to workforce planning. This will be distributed week 1 February, with the results shared with iCOOC members 15 February.

To participate contact:
Rachelle Reid (Director, iCOOC Relationship Manager) r.reid@armstrongwolfe.com

Training

People, motivation, fatigue, productivity, purpose - what is the solution? It was overwhelmingly acknowledged that meaningful training to help mitigate these challenges had not been undertaken. We promoted a discussion on training and tested the interest in undertaking modular leadership training at all levels, which was warmly received. This could act as an operational vaccine to help prevent these issues arising. Based upon our research following the COO Trans-Atlantic symposium held on 24th July: 'Meeting the leadership challenge presented by COVID-19 and a dislocated workforce 'and working with specialists, we have developed a series of modules. We have integrated training methodologies in leadership from commerce and the military. The British Armed Forces leadership practice is called Mission Command*. They are trained to operate in crisis, with a distributed workforce bound by Mission Command, further strengthened by a clearly defined and shared purpose, where the model's effectiveness relies on decision-making empowerment at all levels supported by effective communications.

** The practice in the UK's Armed Forces of devolving responsibility down to low levels of command is known as Mission Command. The commander's intent is shared with subordinates, who are told what to achieve and why, but are then left to decide how to achieve it.*

For more information and/or to comment on the above, contact:
Armstrong Wolfe's CEO, Maurice Evlyn-Bufton (maurice@armstrongwolfe.com)

Q1 Schedule of events

Register **Click to register to any of our upcoming events.**

Date and Time	Title	Region	Asset Management, Markets	Type	Audience
APAC Markets					
12th January, 6:00am - 7:00am GMT, 5:00pm - 6:00pm AEDT, 2:00pm - 3:00pm HKT	Workforce Planning and Productivity	APAC	Markets	Webinar	**Role:** Regional COO Seniority: MD
16th February, 6:00am - 7:00am GMT, 5:00pm - 6:00pm AEDT, 2:00pm - 3:00pm HKT	Technology and Innovation	APAC	Markets	Webinar	**Role:** Regional COO Seniority: MD
18th March, 6:00am - 7:00am GMT, 5:00pm - 6:00pm AEDT, 2:00pm - 3:00pm HKT	Operational Resilience and Supervisory	APAC	Markets	Webinar	**Role:** Regional COO Seniority: MD
EMEA Markets					
19th January, 11:00am -12:00pm GMT	Workforce Planning and Productivity	EMEA	Markets	Webinar	**Role:** Regional COO Seniority: MD
11th February, 11:00am - 12:00pm GMT	Technology and Innovation	EMEA	Markets	Webinar	**Role:** Regional COO Seniority: MD
16th March, 11:00am - 12:00pm GMT	Operational Resilience and Supervisory	EMEA	Markets	Webinar	**Role:** Regional COO Seniority: MD
29th March, 11:00am - 12:00pm GMT	Operational Resilience and Supervisory	EMEA	Markets	Webinar	**Role:** Regional CCO Seniority: MD
North America Markets					
26th January, 4:00pm -5:00pm GMT, 11:00am - 12:00pm EST	Workforce Planning and Productivity	North America	Markets	Webinar	**Role:** Regional COO Seniority: MD
17th Febuary, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Technology and Innovation	North America	Markets	Webinar	**Role:** Regional COO Seniority: MD
19th March, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Operational Resilience and Supervisory	North America	Markets	Webinar	**Role:** Global CCO Seniority: MD
23rd March, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Operational Resilience and Supervisory	North America	Markets	Webinar	**Role:** Regional COO Seniority: MD
Middle East Markets					
25th March, 2:00pm - 3:00pm GST, 10:00am - 11:00am GMT	TBC	Middle East	Markets	Webinar	**Role:** Regional COO Seniority: MD

EMEA Asset Management					
28th January, 11:00am - 12:00pm GMT	Asset Management - Workforce Planning and Productivity	EMEA	Asset Management	Webinar	**Role:** Regional COO Seniority: MD
23rd February, 11:00am - 12:00pm GMT	Asset Management Technology and Innovation	EMEA	Asset Management	Webinar	**Role:** Regional COO Seniority: MD
31st March, 11:00am - 12:00pm GMT	Asset Management Operational Resilience and Supervisory	EMEA	Asset Management	Webinar	**Role:** Regional COO Seniority: MD
North America Asset Management					
27th January, 5:30pm-6:30pm GMT, 12:30pm - 1:30pm EST	Asset Management - Workforce Planning and Productivity	North America	Asset Management	Webinar	**Role:** Regional COO Seniority: MD
18th February, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Asset Management Technology and Innovation	North America	Asset Management	Webinar	**Role:** Regional COO Seniority: MD
24th March, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Asset Management Operational Resilience and Supervisory	North America	Asset Management	Webinar	**Role:** Regional COO Seniority: MD
Global Markets & Asset Management					
TBC	COO Scholarship Scheme	Global	Asset Management & Markets	Webinar	**Role:** Global COO Seniority: DNI, HR, MD
22nd January, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	TBC	Global	Asset Management & Markets	Symposium	**Role:** Global COO, CCO & MD Seniority: VP to MD
4th February, 15:00pm - 16:00pm GMT, 10:00am - 11:00am EST	Operations	Global	Markets	Webinar	**Role:** Head of Operations Seniority: MD
9th February, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Operational Resilience and Supervisory	Global	Markets	Webinar	**Role:** Global CCO Seniority: MD
19th February, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	TBC	Global	Asset Management & Markets	Symposium	**Role:** Global COO, CCO & MD Seniority: VP to MD
17th March, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Regulations Management	Global	Markets	Webinar	**Role:** Regulations Management Seniority: MD
19th February, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	TBC	Global	Asset Management & Markets	Symposium	**Role:** Global COO, CCO & MD Seniority: VP to MD
WCOOC Webinars					
8th February, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Career Management	North America	Asset Management & Markets	Webinar	**Role:** All Seniority: VP to Director
9th February, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Career Management	APAC	Asset Management & Markets	Webinar	**Role:** All Seniority: VP to Director
11th February, 3:00pm - 4:00pm GMT, 10:00am - 11:00am EST	Career Management	EMEA	Asset Management & Markets	Webinar	**Role:** All Seniority: VP to Director

Conduct & Culture SUMMIT

ARMSTRONG WOLFE

REGISTER

Purpose over Profit

19 - 21 April 2021

Three days of virtual webinars for the Financial Services Global COO and CCO community

Armstrong Wolfe has created the opportunity to hear from industry and regulatory leaders, prominent academics and those at the forefront of behavioural science on how culture and conduct is shaping the Financial Services industry.

About:

Advanced and progressive thinking in relation to managing culture and conduct.

What it is not:

The dissection of established operational processes, policies and mandates in place today.

Who should attend:

Business heads accountable for culture and conduct and the appointed executives responsible for determining how best to protect the franchise from evolving threats.

Its focus on culture, the importance of cultural cohesion and the changing demands of the conduct agenda have never been more important and complex than now. The COVID-19 crisis has placed the industry into a uniquely challenging place but with every test there exists opportunity to embrace change and meet this contest with innovation and courage.

Join us for

21 webinars

3 Days

Global audience

For more information email **info@armstrongwolfe.com** • **www.armstrongwolfe.com**

The pillars of debate

Leadership and Purpose

Leadership is the cornerstone of organisational and institutional stability married irrevocably to the establishment of individual and collective purpose. With purpose, you establish the unseen control framework that betters any technological solution, what we define as cultural surveillance, which occupies a higher ground than deterrent and punishment and breeds productivity and profitability from a position of unassailable strength.

We will investigate how leadership, purpose and culture are changing at the intersection of the pandemic and the regulated and moral obligations of good conduct and sustainability, to be further tested by the anticipated change in workforce planning and deployment post COVID-19.

Threat management and the role of the COO in emerging risks and horizon scanning

Emerging risks and the broadening of the control and conduct lens to encompass a more esoteric examination of what constitutes **threat.** The industry has been exposed to the invisible danger and intimidation of pandemic, where the need to think more creatively about what constitutes threat is now an organisational imperative. Putting it simply, the industry cannot afford to allow a failure of the imagination to be a reason for failure.

Technology and the **art of the possible** has permanent residency within the Conduct agenda, where the capture and use of data enabling you to move to a predictive, forward looking line of attack **(as opposed to defence)** and therefore being on the front foot, is seen as the fundamental challenge of Conduct. In doing so, enabling companies to undertake material, as opposed to judgemental, horizon scanning and identify and evaluate emerging risks more effectively. We will investigate emerging technologies and how they can effectively partner human observation and what we define as, **cultural supervision.**

Governance and 3LoD

Organisational design and governance have defined the industry's efforts to meet the structural and regulatory demands captured within the 3 lines of defence that have defined the operating mantra of the functions that own and manage risk; oversee risk and provide independent assurance.

We ask the question 'Is it time to reassess this model', allowing for technological innovation and the industry's investment in these areas since the 2008 crisis or has the industry missed an opportunity in failing to ask the question repeatedly 'what problem am I seeking to address and how best do I align my resources to tackle this issue', whilst meeting regulatory interpretation, to succeed?

Is it time for a change in thought and execution?

REGISTER

ARMSTRONG WOLFE

Conduct & Culture SUMMIT

Speakers

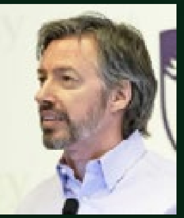
The conference will give the stage to prominent speakers, all with the shared and common purpose to make the industry a safe haven for clients, investors and employees; to heighten its reliability; to help further rebuild trust and its reputation and make it the magnet to attract and retain the most talented people worldwide.

These will include invites to the regulators; industry bodies; leading firms and academics within leadership and behavioural analytics; technological companies both small and large and leading voices from the world's consulting and advisory sector.

Selected speakers:

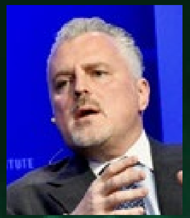
Dr. Mary Crossan
Professor of Strategic Leadership, **Ivey Business School**

Dr Roger Miles
Faculty Lead, UK Finance **Conduct and Culture Academy**



Bill Furlong
Executive-in-Residence, **Ivey Business School**

Tracey McDermott
Group Head, Corporate Affairs, Brand & Marketing; and Group Head, Conduct, Financial Crime and Compliance, **Standard Chartered Bank**



Stephen Scott
CEO, **Starling Trust Sciences**

Lance Gerrard-Wright
Managing Director UK, **IDG in association with Sandhurst**

Chris Severson
Head of Internal Transformation **Philip Morris International** + former U.S. Marine Corps TOPGUN Instructor

Michael Cole Fontayn
Chairman, **AFME**

Attendees

Armstrong Wolfe has been the focal point for the global COO and Chief Control Officer Markets community since 2014 and for asset management since 2018.

Within our global community we have 35 world's leading banks and 30 asset managers, representing all continents.

Who should attend:

- Those directly accountable for conduct as business leaders, charged with the ambassadorial role of defining a Company's culture and meeting the structural demands of conduct
- The managing directorate responsible for executing the conduct and cultural agendas on behalf of the executive

For more information, sponsorship or speaking enquiries: info@armstrongwolfe.com

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In the Spotlight

An interview with Paul Maley, Global Head of Securities Services, Deutsche Bank

by Maurice Evlyn-Bufton, CEO of Armstrong Wolfe

Being a COO is a stepping stone to a successful career

I met Paul in 2015 when he was global head of Deutsche Bank's Business Solutions Group (BSG). Already into his second decade at the bank, it was a career which had taken him from London to Frankfurt to New York, back to London, New York once again and finally back again to London to take on a new role focused on transformation.

"22 years with one employer, that's no mean feat in modern times" I suggested to Paul, as longevity is not frequent in an era when a job for life is an adage from a bygone age. "I suppose it is not common practice" Paul added, mentioning the many personnel changes he had witnessed in the years he had worked with Deutsche Bank, where many of his former colleagues are now spread across the industry.

"I have been lucky as the bank has consistently presented me with opportunities on a two to three-year cycle, and each opportunity has been something new, something that would stretch and entertain me." This sounded like remarkably good career management by Deutsche Bank. Whilst this may have not been a pre-planned career management process, however, it was clear Paul had sponsors and managers at pivotal points [in his career] to enable him to progress. Self-effacingly he added "I had a remarkably small amount of influence on what my next role would be." This statement would need further questioning.

I am a firm believer you can make one's own luck. I know many that have done so, but don't admit to it or perhaps haven't recognised they have done so, unconsciously relying on their skills, abilities and perseverance to capitalise on opportunity, rather than relying solely on luck itself. It is also fair to say a truly good businessperson knows how to make their own luck; a quality needed in the competitive environment of banking, where you cannot just wait around for success to fall into your lap. Therefore, Paul would need to have been at the right place, at the right time, with the right level of sponsorship with a rightful opportunity available seven times in his Deutsche Bank career to have arrived where he was today. Eight career moves engineered by others that he was happy to go along with. Perhaps once or twice I thought, but eight times? That would suggest someone making their own luck by their performance and being adept at shaping the narrative of their manager as to what might be a good next step for them. Paul's humbleness is one of his characteristics anyone can warm to. It differentiates him from many and to this end I decided not to push hard on this point, but needless to say my view is that this journey may not have been as hands-off and opportunist as Paul may think or admit.

In 2009 luck came from some colleagues' misfortunes, a turn of events that took Paul to his first COO role. Beforehand, his career had seen him working in the fixed income and equities businesses, as a trading assistant, sales analyst or within business management. The global equities leadership team had been collateral damage of the 2008 crash, which manifested itself in that team being let go and a comparatively inexperienced management team being given the reins to run the equity derivatives business in their stead. Within this Paul was offered the Global COO, Equity Derivatives role, which he accepted enthusiastically.

"I had a pretty good understanding of the role of the COO from years working in the business. This was in an era when the COO was not as burdened by regulation or the same demands of realising cost savings and efficiencies. The COO was an empowered and commercial role, a true partner to the business head tasked on forward thinking, dynamic tasks. Compared to certain aspects of my previous roles or others I had witnessed, which carried varying degrees of repetitiveness, the COO was an entrepreneurial, ever changing role and offered exposure to senior management (across the bank)".

It was appropriate to reference the 2006 Harvard business paper, Second in Command: The Misunderstood Role of the Chief Operating Officer (Nathan Bennett and Stephen A. Miles), its title the essence of the COO role outlined by Paul. An essay we were both aware of and one that was perfectly aligned to his first COO mandate.

In 2010 Paul was promoted to Managing Director, at 33 he was ahead of the average¸ in part due to his success in the COO role. The next move took him back to New York and his first senior P&L role as the regional head of Listed Derivatives. "What did you take into your new role from being a COO?" I was interested to know. "Any COO role is a multitude of tasks, ever changing priorities and demands and a need to lead but also influence people. I had become disciplined in my time management, developed a strong project capability, and truly understood the multi-faceted nature of the bank from front to back. Without doubt I was more effective as a business head because I had been a COO".

It is not surprising that his return to London in 2014 was to lead to a role charged with driving and delivering change across the firm. "This was similar to a COO role, being embedded in business management but as it wasn't aligned with any one business it had breadth and visibility across the bank." This role was eventually quite short-lived, as Business Solutions Group (BSG) was a casualty of an organisational restructuring programme.

The landscape of opportunities was limited and competitive and here Paul admits he targeted and lobbied for one role, which he secured when he was appointed Global COO of Institutional Sales. "I wanted to move back into a COO role and importantly, as the sales mandate was across the business and multi-product, this would be more interesting and give me far more exposure to clients."

It was interesting to hear how the COO role had changed in the six years since he left his first COO position, when he was the business manager for equity derivatives. "Quite dramatically" Paul affirmed "It had morphed into a role that was tasked to absorb and adapt to the market and the new controls structures. The outward, forward looking strategic mandate had been replaced by a directive where the COO did three things (1) asset allocation (2) level 1 controls (3) strategy within its operating environment (market structure)" he paused "but this is what a COO must do, adapt and change to the needs of the business at the time. In both COO roles I have been given they held equal importance to the success of the business, even if one was more commercial than the other".

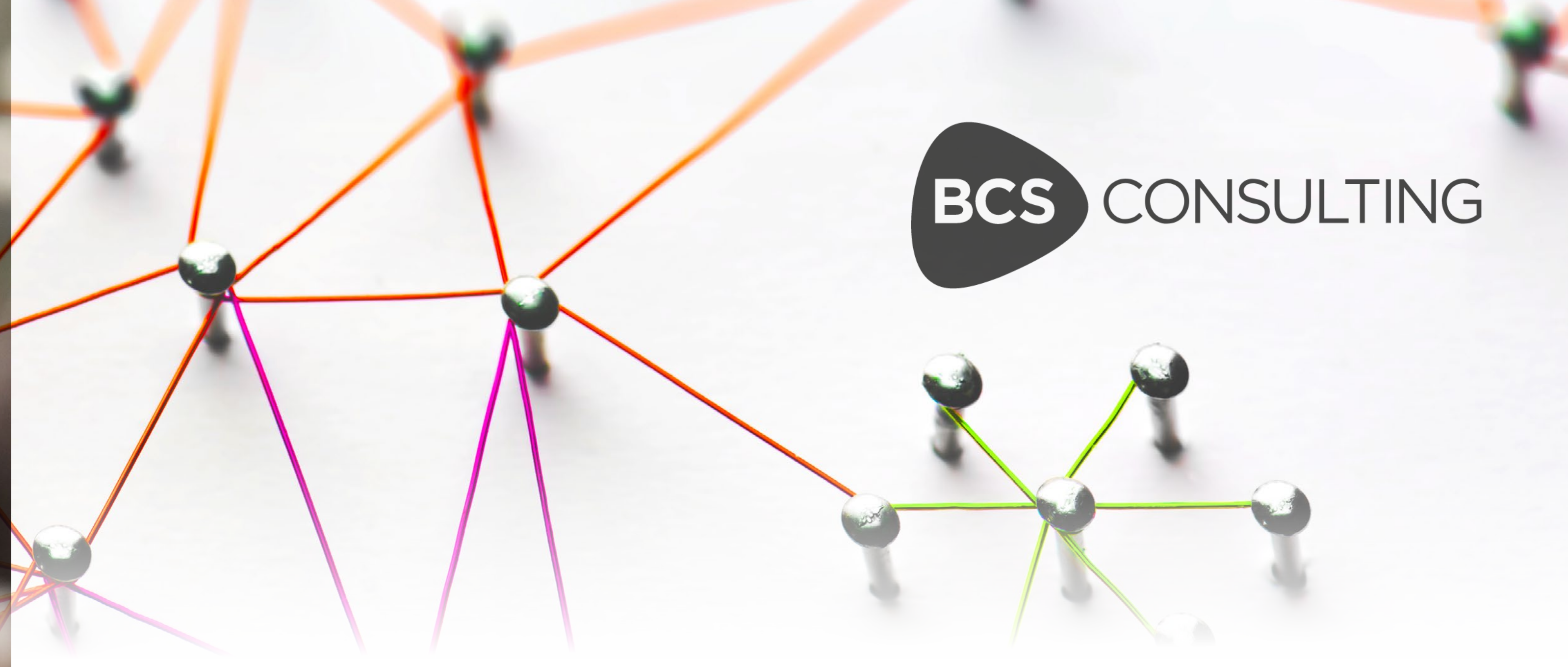
An interview with Paul Maley, Global Head of Securities Services, Deutsche Bank continued...

We drew the conversation to a close in discussing his most recent moves. His seventh was one back to owning a regional P&L, as the UK and Ireland Head of Corporate Banking. This was comparatively short – lived as in late January 2021 Global Custodian magazine reported on Paul's eighth upward step in 22 years at Deutsche Bank following his additional role announcement as Global Head of Securities Services. Both represent a new area for me in running businesses and therefore some could argue a leap of faith, but in many ways, I see my career and especially my COO experiences as being an apprenticeship for this challenge."

"Was there anything specific you can point to that supports your thoughts?" I asked. "As a COO every day you think deeply about the business from a front to back perspective, with a focus on controls and conduct and in my particular case, I had dedicated time to understanding the role and importance of technology and innovation in taking the business forward. All these are important competencies to have as a business head today."

This reminded me of another conversation I had held recently with the Head of Markets at a different firm. He had commented on the converging responsibilities of the CEO and COO and how the skillsets of proven COOs in managing non-financial risk, understanding the possibilities of technology and in leadership would inevitably change the importance and the impact a COO can have. Additionally, he talked about how this position (similar to COOs outside financial services) should be mandated to drive the business in the future. In this context, Paul's accidental and apparently little managed career had bought him to a point in the industry's evolution where his exact skillsets and experiences were perfectly aligned to lead a business. Just another coincidence, a smattering of good luck or perhaps the making of this good fortune had a little to do with Paul's ability to seize the opportunity when presented, and use his success in each position to be a springboard to the next and educate himself on route.

There is little doubt Paul's time spent as a COO has been invaluable in advancing his career, an early career move into business management that has paid dividends. It reminded me of something Paul told me in 2016, when head of BSG, while discussing his desire to take people from outside the norm into his function and into business management. "As a COO every day you think deeply about the business from a front to back perspective, with a focus on controls and conduct and in my particular case, I had dedicated time to understanding the role and importance of technology and innovation in taking the business forward. All these are important competencies to have as a business head today. Adding to direct exposure to clients, it helps a lot in any new business position to best align client demand and the firms evolving value proposition" This remains sound and relevant advice to anybody considering an early move into business management today as it did back then.



BCS CONSULTING

How to Avoid a Scandal: Prioritising Quality Governance

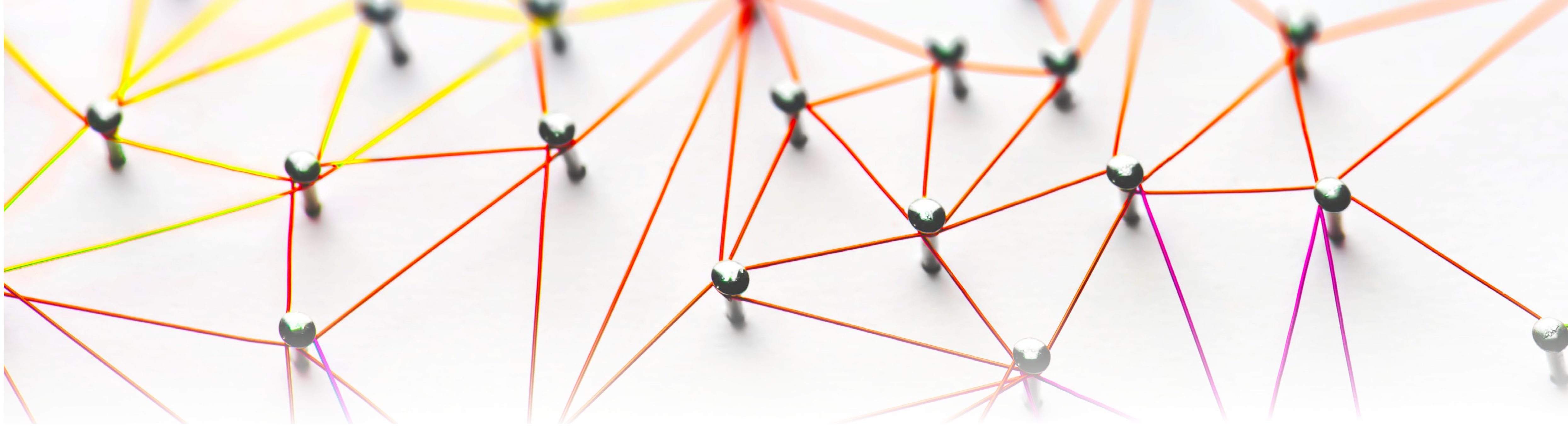
“Poor governance and controls” are still being flagged by the FCA as key drivers in causing consumer harm. However, given there are several governance regulations in place aiming to prevent this, such as the Corporate Governance Code, the UK Stewardship Code and the Wates Principles; why is consumer harm still occurring?

Consumer harm is still occurring as many firms adopt mindsets which focus on handling the immediate problem rather than fixing its underlying causes. This short-term mindset is also seen in how firms respond to governance regulation.

A new reporting requirement in the Companies Act (Section 172) means that large companies must include a separate governance statement in their Annual Report. This statement must detail how the company complied to section 172 of the Companies Act, which requires directors to promote the long-term success of the company for all its stakeholders not just its shareholders. Despite stakeholder consideration and long-term decision making being crucial for the longevity of a firm, too many firms viewed the requirement as a short-term box-ticking exercise. Often, organisations were looking for examples of where decision making did consider stakeholders and long-term impacts rather than challenging the many meetings where this did not occur. The former approach typifies focusing on the immediate regulatory problem, at the expense of the underlying risk of consumer harm.

Firms can only be confident that good governance is taking place, and that regulatory expectations are being met, by focusing on the overall quality of governance, rather than the granularity of compliance to regulation.

Organisations should focus on the following three keys areas to drive a higher standard of governance overall and reduce the likelihood of consumer harm: stakeholder engagement, good-quality meeting materials, and regular governance structure reviews.



1. Stakeholder engagement

Organisations must identify their stakeholders to ensure there is an engagement model in place which captures potential stakeholder impacts. This is the backbone of good-quality stakeholder engagement and without this, good governance cannot take place. Some firms may already have engagement programmes in place, but less established firms must take action to identify key relationships and highlight dependencies between different parts of the business and different stakeholders. This should then be used to identify the most appropriate engagement channels to ensure frequent, meaningful and in-depth engagement with all company stakeholders.

Once a good quality engagement model is in place, the outputs must be leveraged in the boardroom and other governance for it to ensure informed decision making. This can only be achieved through devoting time and materials to stakeholder considerations across every step of the governance process, from agenda planning to high-quality meeting minutes. It is crucial that organisations ensure enough meeting time is allocated to decision items to allow for full and challenging discussion, as true collective agreement is harder to reach when rushed. Shorter agendas with more time allocated for each item should be prioritised, rather than having "busier" agendas with less time for challenge and debate.

2. Good-quality meeting materials and debate

Good-quality governance is built on high-quality meeting papers, and appropriate debate and discussion. These can both be improved by prioritising the following two areas:

a. High-quality meeting papers are crucial because if meetings are not getting the correct information or where matters are omitted, it is impossible to have good governance. Papers must be of sufficient quality to allow meeting members to engage and drive the challenge and debate needed. It is through challenge and debate that the value of a governance meeting can be realised, as the discussion allows the skills and experiences of meeting members to be leveraged thus ensuring the best decision is reached. This is also why it's important to have a diverse group of members on senior governance meetings to prevent "group think" and the likelihood of poor decision making.

b. Recurring questions relating to a company's purpose, stakeholder implications, and long-term effects of a decision. Standard questions must occur in every paper which focus on how a decision affects the company and its stakeholders in both the short and long term. Responses should be supported by metrics which reflect the implications and potential results of a decision in the long term, rather than focusing on the immediate "good news" results.

Any changes to the governance approach must be accompanied by specific training for all governance participants including paper authors who do not attend the meeting. This is to ensure genuine understanding of the importance of stakeholder consideration, long-term impacts and how they are crucial to a company's purpose and longevity.

3. Governance structure reviews

Inefficient governance is a common problem for firms with new committees being set up as the firm grows, changes priorities or responds to regulatory rulings. But this growth of meetings prevents good governance rather than encourages it, as overlapping committees and unclear escalation paths prevent good decision-making and drain management time.

Organisations must regularly challenge its governance structures and approach to ensure they are fit for purpose. This can be done in several ways. Firstly, through in-depth reviews of both meeting materials and Terms of Reference to assess an organisation's governance structure. This review must identify any overlaps or gaps in decision-making authority, the effectiveness of escalation paths, and whether meetings are operating in line with a firm's culture, strategic and regulatory priorities.

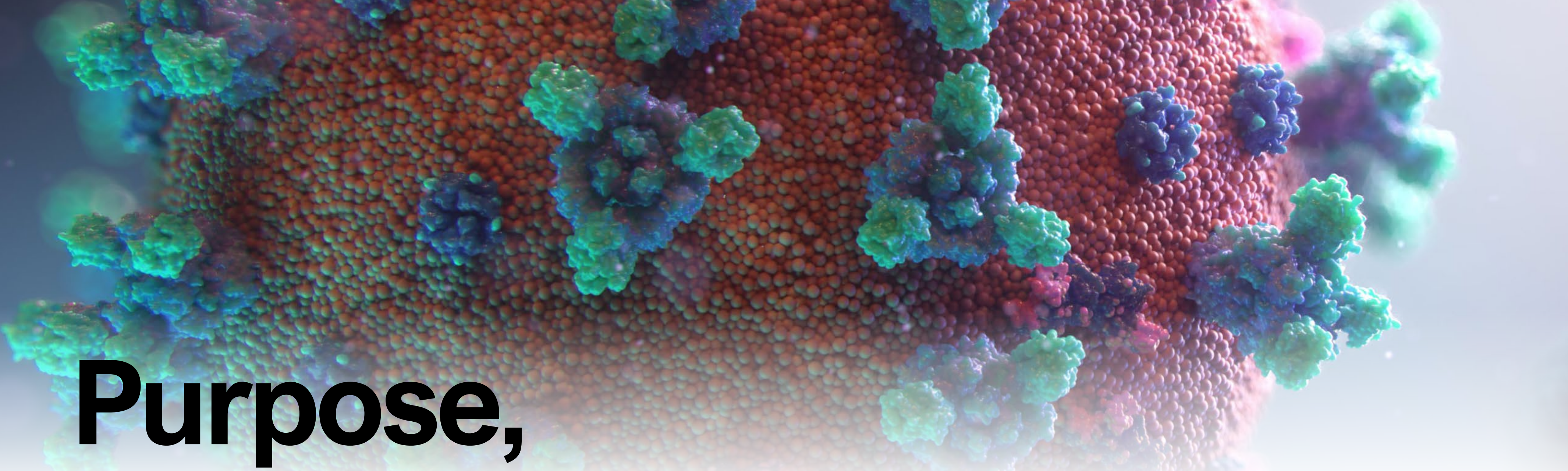
This approach is best suited to smaller organisations and is unsuitable for large organisations as the scope will be too narrow and it will not identify duplicative or inefficient meetings. In these cases, a different type of governance review should be used, where firms identify all meetings taking place before analysing against requirements and streamlining where required. This approach is particularly useful for global organisations working across geographies and regions with multiple business lines.

To reap the full benefits, a governance structure review covering both approaches should take place regularly, at least once every two years.

Governance quality is key

In order to reduce the risk of consumer harm, firms must focus on their overall governance quality rather than finding examples of regulatory compliance. Through focussing on three key items: stakeholder engagement, good quality meeting materials and regular governance reviews, firms can improve the overall quality of their governance and thereby improve decision making and reduce the likelihood of consumer harm.

BCS has helped a wide variety of firms build high-quality governance structures and practices. We are experienced in all areas of governance including material reviews, governance effectiveness assessments, and governance design analysis and improvement.



Purpose, Culture and Covid-19

The last straw – or a golden opportunity?

by Patrick Butler, Managing Partner, Armstrong Wolfe Institute

Grasping the nettle to build culture management frameworks and skills and reinvigorate purpose can be the path to sustainable success in a business environment beset by unexpected or unfathomable political and natural challenges. Investment in behaviour that underpins a coherent strategy, with a clear purpose can be shown to drive surprising financial returns.

Since the most recent financial crisis, banking regulators moved towards a behavioural, or conduct-based supervision approach. The idea was to make individuals accountable for short term profit-oriented decisions that had damaging long-term consequences for customers, the integrity of the markets and ultimately whole economies. This has evolved into a broader cultural agenda, in which personal integrity and intent, including non-financial misconduct become highly relevant at the micro and macro level. Regulators are using new more direct methods to gain insight to individuals and incentives that formally or informally drive decision making at banks. This includes anonymous reciprocity free coffee mornings with those in the middle of the organisation to get an inside track into the real culture of the firm. The regulator's core interest is whether this culture supports or undermines a well-articulated purpose, at the personal and corporate level, which has a corresponding impact on customer outcomes and market integrity.

A year into a global pandemic that governments still struggle to address and that no hedge fund quant can effectively master, both encouraging and discouraging behaviours have been evident.

Add to this the uncertainty of political change, such as the departure of the UK from the EU, without any substantive agreement for Financial Services and the flipping of political power in the US as Trump leaves office and challenges for the industry from the board to the post room (sorry, IT department) continue to rise. How we respond will show the true character and culture of those within the financial industry. Given the increasing transparency afforded by technology we can count on being audited by any stakeholder from shareholder to employee to client to taxpayer and found either to have been an impediment to, or a reinvigoration of economic activity.

The smart players will use the unprecedented nature of the disruption to reinvent themselves and position themselves for a new reality. (**NB** there is unlikely to be any such thing as "Post-Covid".) This will require an open perspective and the willingness to innovate at all levels. The key to achieving sustainable success will be to have a culture in which everyone is aligned and motivated towards the same purpose, underpinned by a coherent strategy.

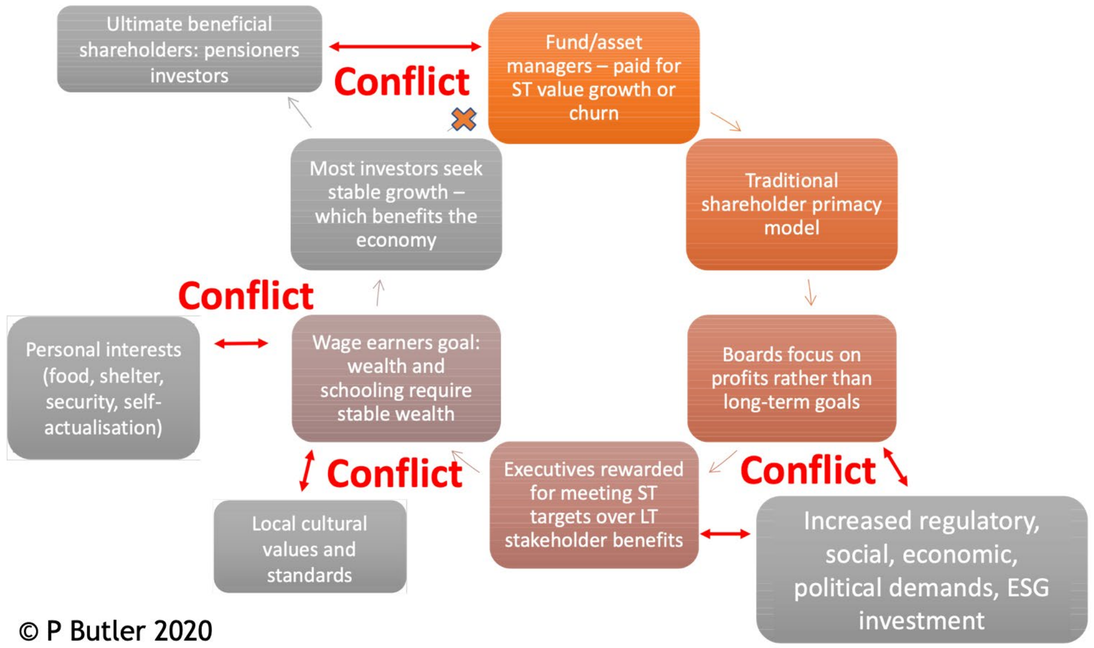
Purpose is now the key part of the culture audit toolkit. This must be a clear statement of the firm's reason for existence, aligning all activities, whether strategic, operational or support. Purpose relates to the long-term focus of a firm – it is not a PR stunt. It requires firms to move beyond the short-term profit focus of outdated shareholder primacy principles, in which measuring performance by short-term ratios (often driven by fund manager priorities) is shown to create perverse incentives[1] that perpetuates conflicts of interest (see diagram).

Such individual wealth creation undermines the fundamental basis for the finance industry: supporting trade and economic growth through risk transfer, capital liquidity and innovation, for the good of all society. This does not mean that banks should not make a profit or pay for good performance. However, the focus of boards and senior management must stretch beyond the next quarterly earnings forecast. To ensure sustainable growth, reward must be drastically rebalanced towards the behaviours that underpin sustainable growth, or value creation through innovation in its different forms, especially during challenging circumstances[2] such as those the world now faces.

The Pre-Covid regulatory trend has not changed.

Led by the UK and Netherlands, financial regulators have refined their supervision models to drive positive and authentic change in Culture based on modern behavioural models (see sidebar). We know these changes cannot take place unless led from the top. The new models now assess the character and behaviour of boards and senior managers and link them to individual accountability regimes that place responsibility to maintain a healthy, safe culture that aligns staff with a clear business Purpose squarely on the shoulders of boards and senior managers.

In 2021, the UK regulator has made clear it will begin implementing Culture Audits, as it rebalances its supervisory approach on its growing confidence with behavioural models after 8 years of the Conduct regime.



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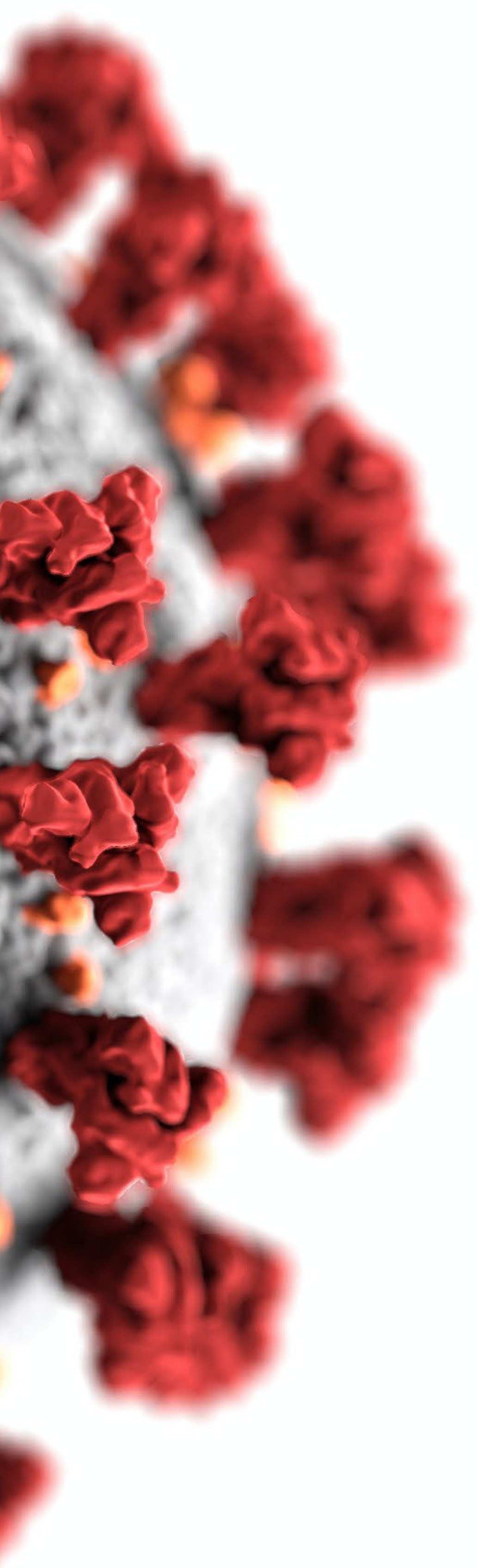
[1] Rehabilitating Corporate Purpose, Malcolm S. Salter, HBS Working Knowledge, May 2019

[2] The Innovator's Dilemma, 1997; The Prosperity Paradox, 2019; Clay Christensen



So what?

What does this mean for the things that those with personal accountability at the top care about? Well, what DO they care about and what drives their decision making?

Is it really superior outcomes for clients - or to meet the RoE targets handed down by boards from shareholders?

Is it market integrity to ensure that there is a level playing field that all participants can trust, so that there is little impediment to trade and the critical transfer of risk that enables investment and economic vitality - or to tick the compliance box so that they do not get blamed for any possible failures by a "rogue" trader or a deficiency in some product design by some?

…and now?

Faced with the economic impact of the spread of Covid 19 and national countermeasures, boards, management and staff in the financial services can choose a point on the spectrum between two extremes:

Withdrawal to survival mode:

Take what you can, maximise profit by reducing activities not directly producing revenue and cut the riskier or less profitable customers, while optimising PR to mitigate the longer-term reputational impact.

In this new digital age, the intense scrutiny by social media and the willingness of individuals to publicise unfair practices, makes real the risk of being judged later to have failed to treat customers fairly, to have caused detriment and so be in breach of conduct rules. Short term profitability, rather than sufficient investment in ensuring the right behaviour to meet the core purpose of the company will derail the best firms – in Finance, regulators fine and enforce change, in industry, companies suffer and may fail. Nokia's mobile phone business and Boeing's 737 Max debacle are perfect examples of this.

A further resetting of the relationship between society and the corporate world is under way as governments put huge amounts, up to 4% of GDP in the EU, into economic support[3] to combat Covid-19. Companies that retooled to support countermeasures will thrive, those who drag their feet may find they do not survive as society and stakeholders withdraw support, in many cases towards smaller local businesses struggling to survive.

Reassess the Purpose of the firm:

Focus on the future needs of society (the rise of ESG standards is a clear signpost) and learn to change your culture for what lies ahead in a world adapted to Covid-19 and post the UK departure from the EU as the balance of financial power shifts[4].

This approach marks a return to finance's historic role as the lifeblood of economic activity requires courage, resilience and reflexivity – may need some more uncommonly seen attributes – all of which will be part of any audit of culture.

The calls for a greater focus on ESG standards are growing louder, not quieter. Still indebted to governments that bailed them out in 2008, financial firms are under growing pressure to scale back executive pay and suspend dividends. Any bank or business that receives government support during the pandemic will lose autonomy in these areas. If they do not change their approach to all stakeholders, they may indeed lose their Social Licence well before any restriction on authorised business activity.

Again, so what?

What benefit could there be in implementing more "values" based change, when this soft stuff is impossible to measure or manage and the industry has been grappling with this for years?

Let me deal with the second issue quickly: behavioural models, frameworks and technology solutions have advanced impressively to meet the shift to a behavioural form of regulation. Although there is no single best practice, it is perfectly feasible to develop metrics for behaviours that will lead to better or worse outcomes for clients or businesses. It is not easy, but it can be done. It takes courage (see sidebar) at the senior level to accept that there may be better ways to do things (including reframing reward and recognition practices), but with discussion and an innovating mindset, a lot can be done with surprisingly little.

To address the first issue - that of value creation – I offer an example that can and has made a difference to decision making at the CEO and Board level to demonstrate that investing in better behaviour can have remarkable financial returns, if the links are thoughtfully drawn. It is one value lever at the heart of a model that demonstrated 25-40% return in investment pa over a 7-10 year period (see diagram).

This focusses on operating loss calculations usually managed by Operational Risk in conjunction with Compliance and the business and applies if the firm subscribes to the Advanced Measurement Approach of quantifying capital requirements for Operational Risk:

Loss Scenarios are compiled collaboratively between the business, Compliance and operational risk and those that are subject to (mis)conduct are categorised as such. Each scenario has independent measures of Impact ($ loss) vs frequency (1 every 10, 25 50 100 years) parameters. If the business has a strong culture, the frequency parameter can be reasonably reduced due to an improved Business environment and internal control factor (one of the hour data points), e.g. from an event occurring once every 10 to once every 25 years. This reduces the loss distribution and therefore the amount of capital the firm has to hold under Basel II.

Take a possible loss scenario resulting from a misconduct outcome such as mis-selling or fraud, the UBS/Kweku Adoboli event may be one of the external data points that informs the loss distribution. Say the loss to the firm is similar $2bn, plus fines, legal fees, lost revenue from reputational damage, lost clients, client lawsuits etc. based on the limits traders are subject to, the checks and controls (policies and governance structures) you have in place. Your culture assessment to determine if the likelihood of such activity slipping through due to poor manager oversight or colleague pressure, laxity, compliance training effectiveness (not bums on seats – see below) engagement etc allows you to reduce the frequency in the AMA.

In the world of better MI this will offer a more robust justification when the regulators look at your assumptions and methodology and decide how credible it is. If they are unsure the regulator may allocate an extra capital requirement on as a buffer. This could be $1bn or 2bn depending on the firm, which is costly to tie up as you cannot use it to fund trading, to offer in loans or invest in product. The firm may have to go to the market to raise it with the attendant additional costs. Not to mention the impact on the share price when the use of capital is disclosed. With this link established an investment in behaviour that costs, say $10m per annum over a programme of a few years, could save the firm the order of $1-2 bn.

Not a bad return!

3 How major economies are trying to mitigate the coronavirus shock, FT, 30 March 2020

4 How UK finance can thrive after Brexit, FT 6 January 2021

Leadership Character

Courage is key - to admit that the current model no longer works or is good for society and economies as a whole; to do something different and risk failure or that competitors may not follow; or that the reward of those who do not create value for all stakeholders needs real change (Turkeys voting for Christmas…).

Courage is one of the key characteristics that regulators assess in boards and senior management, together with humility… but governments are ill-equipped to restore economic vigour alone. The industry itself could make bigger strides to rebuild trust, by fostering collaboration, humanity and justice. These traits emerged in the more encouraging anecdotes of new mindsets and working practices in response to the pandemic.

These build confidence and engagement in employees, regulators and customers that make any business a competitive advantage.

NB These attributes form part of the framework developed at Ivey Business School by a form of which the UK FCA assesses Senior Managers under the Individual accountability regime, SMCR, and which they have shared with their North American counterparts.

* https://iveybusinessjournal.com/publication/developing-leadership-character/

Better MI, under a more progressive conduct framework would identify the behavioural drivers that would impact the probability of an event and so provide data that can influence decision makers to shift strategy, reward practices, communications and thus culture that would lead to lower loss provisions and better outcomes for clients. Such a framework encompasses a taxonomy of real behaviour, rather than outcomes, to be measured to give advance warning of an event, allowing intervention and thus prevention, reducing likelihood and so cost. One example that comes up often in the UK Finance conduct and culture Academy workshops I run is the need to measure 'effectiveness of training', i.e. what people learn and how they apply it (more difficult, but possible to measure) rather than whether they do the training (easy to measure). Perhaps more importantly you can switch the focus of measurement to develop metrics if how they drive better or positive outcomes for the firm that itself increases client loyalty/product take-up and contribute to increased revenues and better margins……

This is where the magic lies in driving real value from investing in conduct. The disruption of the status quo provided by the pandemic, offers a golden opportunity to reframe the business management approach in this way. If it was easy it would have been done, but there are signs that some firms are waking up to the reality of it, in some cases pushed hard by the regulator, but also by the realisation that it is simply good business.

These concepts will be explored in more detailed workshops, briefings and courses to be offered by the Armstrong Wolfe Institute.

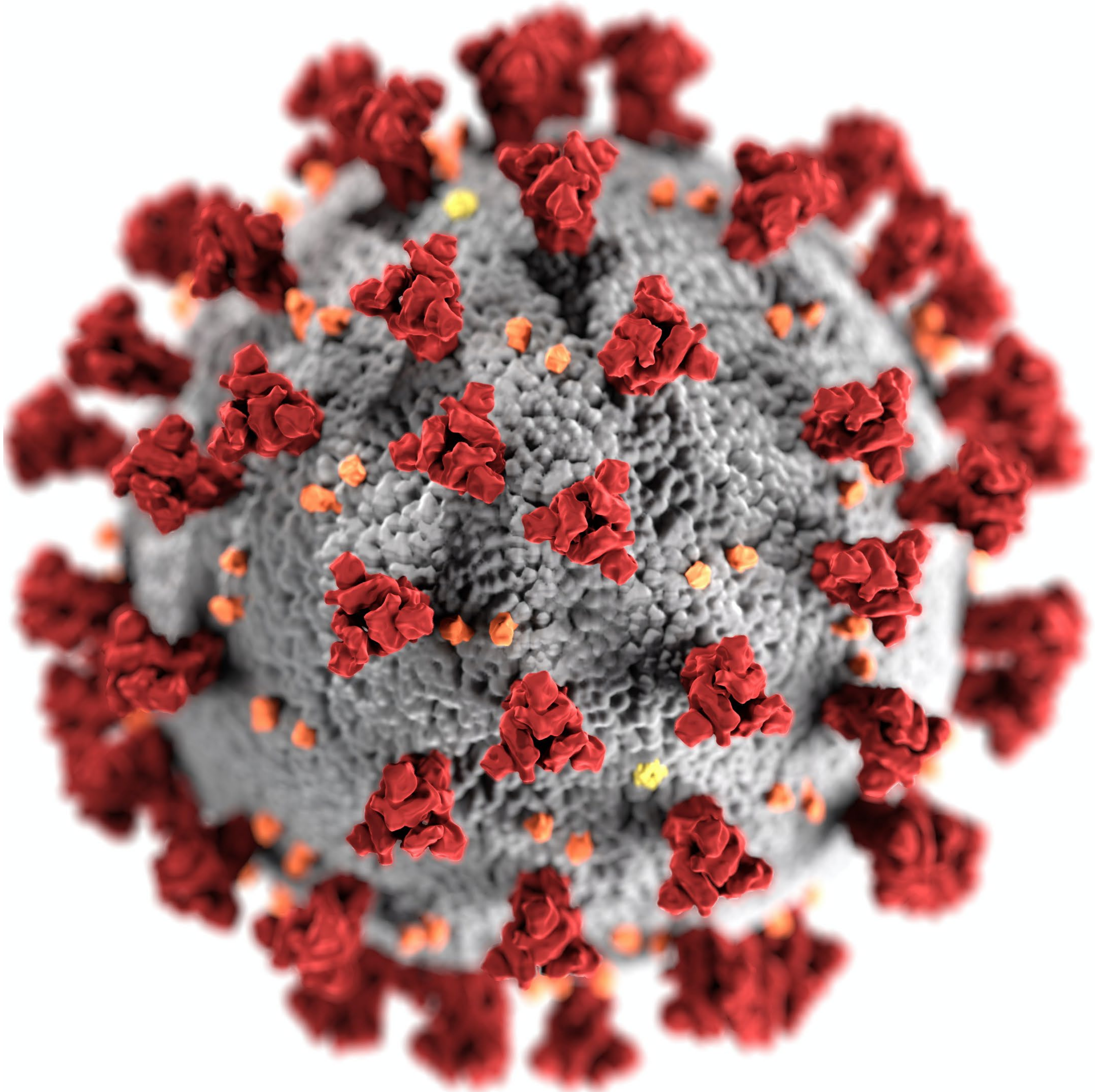
Now what?

Boards and senior managers in financial services wield enormous influence on how the economy will evolve. With the expectation of society and the increased leverage of governments from further bail-outs – banks, insurers and investment managers may find this opportunity to rebuild public trust too good to pass up. It is a chance to break the old mould, forge a new purpose and take a leading role to foster a more value creative economy, based on respect, trust and collaboration, without which there can be little growth.

The firsts step should be a courageous, deep and reflective audit of Culture then clearly articulating the purpose of the bank and what that means for staff, with guiding principles of how they are expected to work, how the firm will support them and how this will in fact accelerate successful delivery of the firm's Purpose.

The focus of these audits in the coming months will need to be the extent to which the Culture actively supports economic resilience and helps companies and individuals to survive and succeed, beyond the previous focus of avoiding harm. This may offer fresh insight into the behaviours that need to be encouraged (and those to be discouraged) together with the sort of operational and governance changes required to achieve this.

If Boards and Managers can reinvent a clear, stakeholder-led Purpose and learn how to create a healthy Culture that supports this, individuals, businesses and other organisations that support or enrich society, may not just survive the continued extraordinary change - but thrive.



Transforming the way we work: Workplace Week International 2020

The pandemic has changed how businesses within financial services operate in innumerable ways, from the adoption of new technologies and the development of new services to the real estate and management of employees. It has forced business leaders to re-evaluate what it is their employees need, the support they can provide them, the role of workplaces, and the benefits of greater flexibility and virtualisation.

Last year, the CEO of the Chartered Institute of Personnel and Development, Peter Cheese, said that the pandemic period had brought "a moment of real change in the world of work." A change, he added, that "puts employees at the centre of organisations' operations".

A survey by KPMG and the Financial Services Skills Commission in the autumn found that around half of workers in the financial sector want to continue to work from for at least part of the week, while more than a quarter said that they want to make the switch permanently. An increasingly popular term to describe what comes if next if organisations are to make such decisions is 'hybrid work', a model that gives employees more flexibility and control of where and how they work, whether it's in the office, the home, on the move, or in other 'third' spaces such as co-working buildings, cafes, and client premises.

Workplace Week International 2020, a virtual event organised by global change management consultants Advanced Workplace Associates, recently gave delegates an opportunity to see how leading organisations across sectors, including professional and financial services, have adapted to the challenges of 2020 and the transformations taking place to their workplaces and work models.

A London landmark

Lloyds of London is the world's oldest insurance market with a legacy that stretches back some 350 years and boasts one of the most iconic office buildings in all of London.

From the outside, the tower's distinct jagged metal shape feels ultra-modern. But this disguises a more traditional interior that gives plenty of hints to the organisation's rich and storied history.

Before the pandemic, Lloyds had identified that it needed to bring much of the building into the 21st century and so began programme of refurbishment and digitisation. Despite around 5,000 staff and guests entering the building every day, much of it was underutilised. The organisation's underwriters also wanted more space that could support collaborative and flexible working. Meanwhile, lots of Lloyds's neighbours were building fabulous new creative spaces, which left the organisation fearful about falling behind in the talent war.

Lockdown hit while the design and build team were working on the first phase of the fifth floor.

However, this provided Lloyds with an opportunity to test many of the issues it had already identified as part of the digitisation project. Lockdown helped determine important issues, such as the activities that employees would need to do in the office in a hybrid system. It gave the organisation unprecedented insight into how a hybrid system would also impact things like onboarding, connecting with colleagues, and holding client meetings, upskilling teams to manage and work remotely, employee wellbeing, and health & safety.

Lloyds was also able to identify some significant teething problems with flexible working. As lockdown rules eased over the summer and employees returned to the office, for example, Tuesday, Wednesday and Thursday became the busiest days. A situation whereby the building is overloaded in the middle of the week and empty either side of the weekend is unsustainable.

Now, Lloyds says that its workplace transformation is just the first step on a never-ending journey. The demands on employees and workspace will continue to change and the organisation must be ready to adapt.

It's a silly business

Ratnabali is an investment firm in Kolkata, India. The organisation employs around 60 staff who it calls "members". Having cultivated a close-knit, family-orientated environment, the organisation wants its workplace to feel like home.

The work that members do is mentally tough, so Ratnabali also recognises that it has a responsibility to keep everyone "physically engaged, mentally focused and emotionally attached". With this in mind, its office has been designed to be ergonomic and clutter-free. It features lots of plants and a mix of private clusters and collaborative areas for different activities. Members are also encouraged to share the space irrespective of seniority.

As early as January, Ratnabali formed a committee to plan its response to the pandemic. The organisation immediately began running training sessions for members on virtual meetings in anticipation of what was to come. Then, in mid-March, prior to the Indian government's national lockdown order, the committee shut the Kolkata office.

During the home working period, Ratnabali put a great deal of effort into keeping everyone engaged and connected. Members were encouraged to join two scheduled Zoom calls each day – one in the morning and the other in the evening.

But the organisation could sense the loss of its workplace. Colleagues were missing out on the "silly stuff" that allowed them to socialise, like informal awards (one team member received a prize for eating the most biscuits) and regular office games.

So, another committee was formed in early June to form a return-to-work plan. Once Ratnabali was able to reopen its office, measures were put in place to keep the environment sanitised and ensure that members maintained a safe physical distance, while a moratorium was placed on all business travel. The organisation noticed an immediate uptick in business productivity.

However, the Ratnabali admits that the home working period has brought some lasting change. The organisation has become technically-savvy. Zoom meetings remain the norm. It's also more travel averse, more hygienic and "post-Covid conscious".

If hybrid work is the future, the Workplace Week seminars showed that it will happen in the intersection between organisational culture and employee needs. In many ways, the pandemic has simply accelerated changes that were already taking place. The workplace isn't dead, but the future of work will be smarter, more dynamic and more intuitive.

To watch all of the content from Workplace Week International 2020, please visit www.workplaceweek.com/recordings. All the proceeds from the event go to Workplace Week's global charity partners BBC Children in Need, the Make-A-Wish Foundation and the I Have a Dream Foundation.

WCOOC
Inspiring women in Financial Services

by Gwen Wilcox, MD, COO, WCOOC Global Lead

The 2021 WCOOC programmes will specifically promote the cause of diversity and inclusion for a healthy, collaborative culture and good conduct to support women and underrepresented groups to leadership positions in our industry.

WCOOC is a safe place to create real connections with your peers and encourage you to network.

This is achieved by delivering access to knowledge sharing through podcasts, content and online events for which we recruit engaging speakers from within and outside the industry, and of course we do this through you, our members, ambassadors and steering committee members.

At the forefront of our agenda for 2021 we will promote topics specifically focusing on why gender equity is the key to a strong economic recovery and how companies should come out of COVID-19 ahead by putting the Diversity and Inclusion topic at the centre of their crisis management efforts.

We will also create content addressing how best to manage our mental health with our career coaches and help create a health toolbox.

In addition, we will focus on what more can be done to promote the positive steps taken by the Financial Services industry that remove barriers for a more inclusive workplace.

We will do this by discussing:

Culture cohesion, specifically on best new practices on how to embed new starters, lead and manage staff and reshape culture to reflect the new norm – whilst embedding diversity training at the heart of the conversations.

And more importantly how we as a collective foster and cultivate diversity and a shared sense of purpose in the new norm we are currently building.

In addition to our Diversity and Inclusion programmes, we are set to launch the COO Career Scheme. This initiative will address the significant underrepresentation of minority heritage talent in the financial services community. Working with global banks and with existing programs offered by these banks, we will be targeting young talent in the final year of secondary schooling to provide business training and internships, with the aim for them to progress into either further education or directly into careers within financial services business management.

I hope you find value in attending our online forums, receiving our content, and supporting our 2021 forums and promises to you and I look forward to welcoming you all soon.

I hope you enjoy reading Loretta Marcoccia and Pascale Moreau's interviews - both have been a pleasure to interview.

Taking women's careers and businesses to the next level

An interview with Loretta Marcoccia, EVP & COO, Global Banking and Markets, Scotiabank

What is The Scotiabank Women Initiative™ for Global Banking and Markets, and why is it important?

Let me step back and talk about the original launch of The Scotiabank Women Initiative™.

My colleague Gillian Riley, now President and CEO of Tangerine Bank, first conceived of and launched The Scotiabank Women Initiative in December 2018 to support women-owned, women-led businesses in Canada. The program was originally designed to help women entrepreneurs take their businesses to the next level through access to capital, mentorship and education.

We knew from the outset that The Scotiabank Women Initiative could also be game changing for clients in Global Banking and Markets (GBM)– and our business – but recognized that the challenges faced by our clients were different from commercial and small business customers. So, determining the specific opportunities for our GBM initiative took time.

We spoke to our clients, and with their input, we created The Scotiabank Women Initiative for Global Banking and Markets - a tailored, comprehensive program helping women clients – and leaders and companies who stand behind an inclusion agenda – to help take their careers and businesses to the next level.

While much progress has been made over the years, women remain underrepresented in the C-Suite and the boardroom. Our initiative provides unique and meaningful opportunities to connect with our clients and to share Scotiabank's leading advice and solutions through our three pillars – Advisory, Education and Innovation. Our offering ranges from education sessions on industry topics to specialized training to prepare women for a board seat.

We wanted to leverage and share our resources to help fuel the change that needs to take place.

How does The Scotiabank Women Initiative for GBM program work?

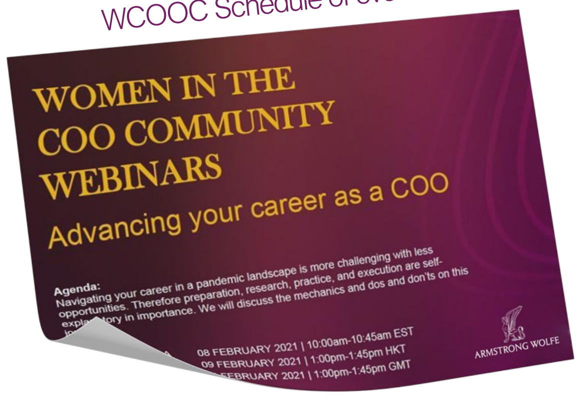
Our initiative seeks to support women and their professional futures through programming under three pillars: Advisory, Education and Innovation.

Under the Advisory pillar, our Good Corporate Governance Program aims to support our women clients in senior leadership roles on their path to board participation, helping both new and seasoned board members elevate their effectiveness. We also have a curated list of women who are board ready, some of whom have also completed our bespoke board training program. We are delighted to refer these women to our clients who are looking to build diversity on their boards.

Under the Innovation pillar, we are collaborating with our clients to generate ideas and develop innovative strategies and products that help advance socially responsible initiatives. Our work builds on the Bank's success in having established a Diversity and Inclusion office within our wholesale banking division, the first Canadian bank to do so.

Under the Education pillar, we provide access to relevant resources and forums to help empower and build subject matter technical expertise through knowledge sharing and providing training that is specific to the industry. The wide breadth of topics has ranged from cybersecurity to payments modernization to derivatives strategies. These sessions give participants the opportunity to build their knowledge and also provide an opportunity to network with other women in similar industries and roles.

Click to view our WCOOC Schedule of events



Loretta will be speaking at the forthcoming WCOOC webinar: "Advancing your career as a COO" on February, 8 2021.

Please contact info@armstrongwolfe.com to register.

Scotiabank WOMEN INITIATIVE

You've had a successful career in a traditionally male-dominated industry. What has it been like for you in your journey?

I always felt that if I worked hard and others could see what I bring to the table, that I would be recognized in my role; and for the most part that has been true. But having said that, I was often the only woman at the table and that dynamic can make it difficult for women to speak up. That's why programs like The Scotiabank Women Initiative are critical.

I have always said that it is a law of numbers – the only way that we can change the game is by recruiting more women and getting them trained and moving up the ranks. I see it as our job – all of our jobs, not just women and not just leaders – to attract more women to the industry, so more women will reach the top jobs.

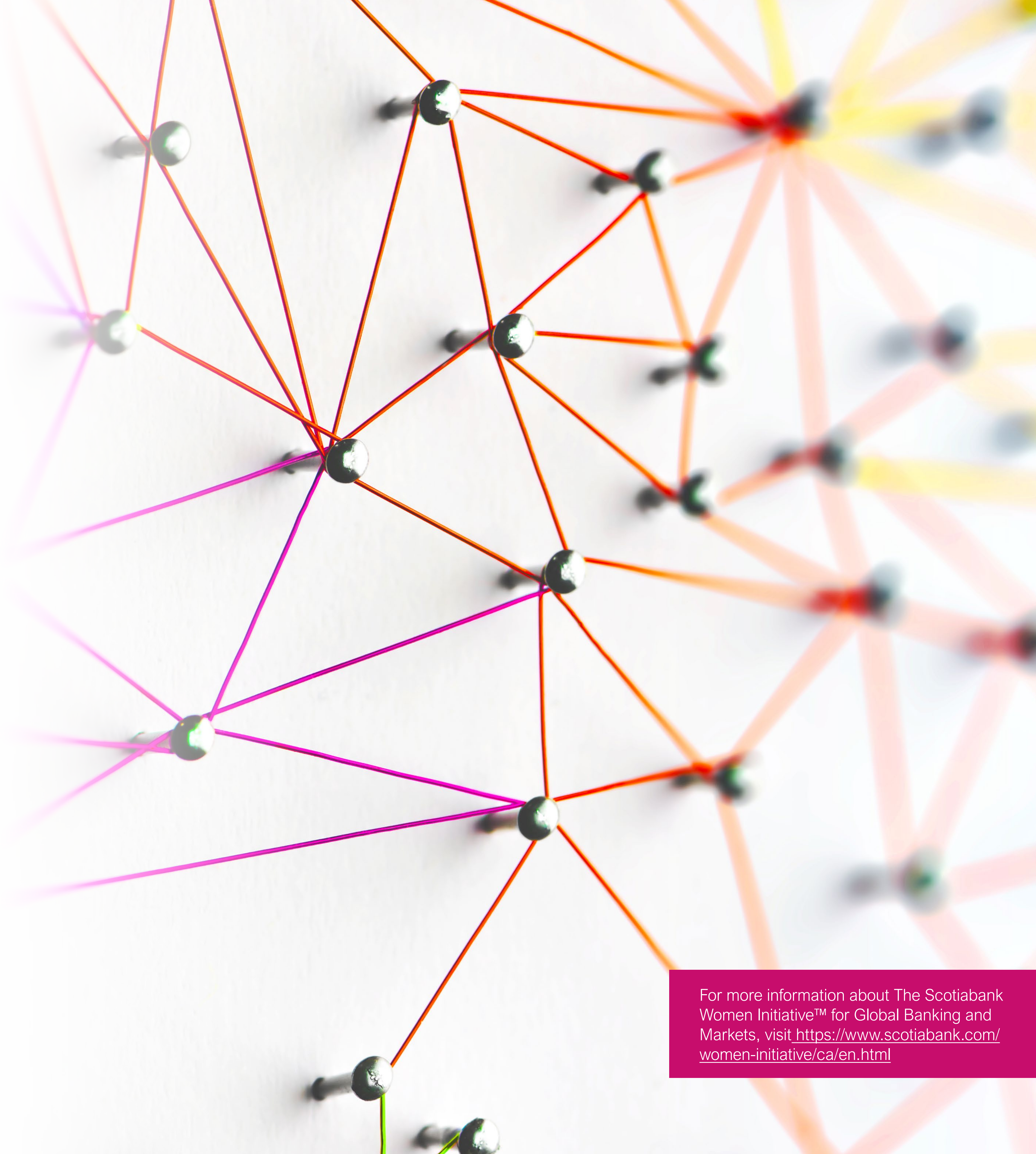
At the end of the day, a diverse leadership team allows for greater diversity of thought, which helps the organization do better, be more profitable, and deliver more value to their clients and shareholders. Through The Scotiabank Women Initiative for GBM, we have the opportunity to raise awareness, and as advisors to our clients, to share our knowledge and create products that help them to advance the inclusion agenda. That's something that certainly didn't exist when I was progressing in my career.

What's next for your initiative? Where do you go from here?

We have been fine-tuning our offerings and adjusting to the circumstances we're in – and of course, pivoting online in these challenging COVID-19 times. The truth is, we have found that we have more people participating in our education series virtually because it has become easier for them to attend – and no matter their personal or work commitments, they can watch live or access the replay on our website through the Knowledge Centre. We have more sessions planned for this year.

Going virtual has also allowed us to extend the reach of our Good Corporate Governance Program, created and facilitated by Julie Walsh, Scotiabank's Senior Vice President, Corporate Secretary and Chief Corporate Governance Officer. We plan to offer it across the country, as well as in the U.S. and Europe. I'm optimistic that these efforts will help to level out the gender imbalance at the upper echelons of many corporations in the coming years.

But my hope is that eventually our program, and the multitude of other efforts that have similar objectives, lead to a business environment in which women and other underrepresented groups are in prominent roles throughout the corporate landscape and this will simply be the way business operates.



For more information about The Scotiabank Women Initiative™ for Global Banking and Markets, visit https://www.scotiabank.com/women-initiative/ca/en.html

An interview with Pascale Moreau, Global Markets COO, Business Transformation & Oversight, Societe Generale

Could you present yourself in a few words?

I am a market activities professional through and through. I started in this industry 25 years ago, starting as a quant just after graduating from my engineer school – Ecole Polytechnique. I then learned the trading and market making roles on swaps and options. Societe Generale then gave me the opportunity to switch into the sales universe where I progressed vertically since 2000. This year, I changed position and I am now Global COO of Global Markets, Societe Generale's markets activities department, and a member of its Executive Committee. This has been a big and exciting change for me; one that I am very pleased to embrace as it gives me an even broader view of market activities.

What attracted you to the financial markets' environment?

That's easy: high-tech, the always evolving nature of market activities and associated drive for innovation, and the required sophistication of engineering the right solutions to meet client needs – these are all elements that caught my eye 25 years ago and still do today!

When switching to the sales side, I realized that the connections with the whole Bank where crucial to having a broader view on flows, investments and markets. Such a view opened up a whole new perspective for me. In my previous job, as Global Head of Corporate Sales for our Fixed Income & Currencies division, I particularly developed our client advisory activities that aimed to support our clients in their strategic moves, overseas investments and capex programs; all while taking the specific needs of their industries and the macro-economic environment conditions into account. In other words, with my teams, we were able to materialize the fundamental link between markets and the real economy.

While this may seem obvious to market practitioners, it is not always so for the public at large. I take great pride in the work that we do: enabling companies to materialize their plans, to invest in tomorrow's infrastructure and jobs thanks to investing, financing and hedging solutions implemented on financial markets. The link between markets and the real economy is a very strong one and a key duty of the financial industry.

You've pretty much worked your entire career at Societe Generale. What kept you there?

Societe Generale gave me many opportunities and supported me in my professional development. But just as importantly, the values that the Bank holds at the core of its culture – innovation, responsibility, commitment and team spirit – are fully aligned with my own and have allowed me to accomplish myself professionally.

- **Innovation:** this is a key driver in our business. In a world where the competition is high, bringing value is key. Innovation can be everywhere. It is not only a new product offer or pay-off, but it can also be in a dedicated approach that makes sense or a new service. There is no limit to innovation, and innovation is not equal to complexity. The best ideas are always the simplest.
- **Responsibility:** no one in a market activities business can consider that he/she isn't the bearer of large responsibilities. Understanding the reach of our actions and acting responsibly is a key feature of our day-to-day job: our decisions impact clients, markets, the bank and ourselves. Acting responsibility is paramount.
- **Commitment and team spirit:** these are areas where managers can really have an impact and make a difference. To create engagement, a manager must share a vision and inspire their teams. He/she must also show exemplarity and push everyone to give their very best. Support, autonomy and recognition are key. The more a team is well balanced and the more its members enjoy working together, the easier it is reaching a common goal. I have spent a lot of time finetuning this capacity to engage people. It is very important and has direct impacts on a business' achievements.

As a woman, do you find it harder to succeed in a traditionally men dominated industry? And what advice would you give new joiners?

I would say that there are some habits to have: you must speak louder, be clear, concise and straight to the point otherwise you may be interrupted! I must say though that there has been a lot of change over the past 10 to 15 years across the industry.

Societe Generale is at the forefront of this topic and has implemented policies to ensure that talented women have access to management role and progress and career development support For example, the bank recently announced a set of commitments to speed up progress around gender equality: https://www.societegenerale.com/en/news/press-release/new-diversity-objectives-management-bodies.

In terms of advice to new joiners, I would simply say that it is important to stay curious and openminded. Many innovations or new initiatives are in fact old ideas that are developed in a different way. Everything can be a source of inspiration.

I also find that mentoring is very important. I am always keen to support the younger generations in their development and share insights based on my experience.

What did you particularly appreciate in your career journey?

I would say that I had the chance to work for managers who trusted me and gave me the means to develop myself. I became a young manager when in my sales role and developed a new approach which aimed at bringing solutions to structured finance borrowers. It was a dense period of my life, but I learned a lot and I particularly enjoyed the challenge of having to convince people to work with me on these solutions.

Once I had the mandate, I was able to recruit and build my team, build a brand-new franchise of "cross selling" activities. This kept me very busy but what an experience, both in terms of personal and professional development. I also discovered the world of structured finance.

Following the success of that initiative, I was given more and more responsibilities and continued to develop my skills as a manager and as a financial market professional. It is this upward trajectory of learning and increasing responsibilities that I have enjoyed and continue to enjoy the most. This was only possible thanks to support of my managers, the strong network that I build in the bank and my exposure to the corporate finance world which allowed me to develop the advisory angle in my market activities roles.

Finally, my career has given me the chance to have a real impact on my industry and environment. An example that is dear to me is sustainability. With my colleagues, we are currently pushing a initiative which aims at speeding the integration of "Sustainable & Positive Impact Finance"

(SPIF) and "Environmental, Social and Governance" (ESG) criteria across all areas of our market activities.

While we are on the social aspect, working at Societe Generale has allowed me to get involved in many fundraising and volunteering opportunities organized by the bank to give back to our communities. As bankers, we have specific skill sets that allow us to give back, to help civil society organizations develop and finetune their pitches for funds, to fundraise to help disenfranchised segments of society. I have also carried this on personally on my private time, getting involved in associations to help the fight against cancer.

What are the stakes in your new COO role? Any thoughts for 2021?

I took this role at a very critical time: in the midst of the COVID-19 crisis. With my teams, we have been fully mobilized to ensure that our global business was able to continue to function normally while having to adapt to new realities and conditions that varied from country to country! For a regulated activity, switching large parts of the teams to a work from home setup, while keeping critical staff in the office in a safe environment, was definitely a challenge.

And all that while ensuring that the "normal" COO activities run smoothly; including: the transformation of the activity, business oversight, risk management, alignment with the growing regulatory requirements, etc. My objective is the foster and implement agile and efficient end to end processes.

While 2021 will bring its share of challenges, I am definitely optimistic. As the sanitary crisis is progressively solved, we will continue to do our best to support the economy and help corporates, financial institutions and citizens, back on their feet. I look forward to playing my part with all the energy and dedication that the situation deserves.

COO Career Scheme

Creating opportunities for underrepresented talent

Purpose and approach

Armstrong Wolfe will launch the COO Career Scheme in 2021. The goal of the Scheme is to encourage greater opportunities for entry into financial services by talent from diverse socioeconomic background, particularly those under-represented communities. The Scheme will be run on a not-for profit basis.

Working with a consortium of up to 9 global banks, the Scheme will operate in harmony with existing programs offered by those banks and, in the first instance target young talent in their final year of secondary schooling (Series A).

The scheme will offer insight and training on financial products, career path options and coaching to optimize success for those students as they progress from secondary schooling either into further education or directly into careers within financial services via the business management function.

As part of supporting the Scheme each of the sponsoring banks is expected to hold a number of suitable experiential positions open to students who complete the program in good standing (such as summer internships and work experience). The Institute will work with sponsoring banks pre-launch to establish the specific composition of roles and the framework in which they operate.

In addition to the Series A programme, a second route will be developed aimed at talent approaching graduation from tertiary level education (Series B). This may involve enabling Summer internships for qualifying undergraduates, with supplementary training modules in the fundamentals of Financial Services.

The Armstrong Wolfe Institute will work alongside sponsoring banks and their graduate recruitment teams to ensure a collaborative, positive experience. Series B talent are expected to be placed into graduate level functions within the Business Manager track at those banks.

For banks that do not traditionally have business manager functions at this level, the Institute will help define those functions, establish a core competency framework, provide necessary training over and above in-house offerings targeted specifically at those business management functions, and will ensure common experience is gained by talent across the consortium of banks.

Armstrong Wolfe will also develop a network for participating talent to maintain and enhance panindustry relationships to promote the sharing of best practice that is at the heart of the Armstrong Wolfe COO Community.

The Scheme will initially focus on the North American and UK Financial Services Hubs, but if successful will expand to the rest of Europe, Middle East, Asia and Africa.

Next Steps – “Series A”

Q1 2021

1. Armstrong Wolfe will confirm consortium participa COO leadership representatives.

2. Armstrong Wolfe will present examples of success programmes and moderate a discussion to determin effective way forward.

3. Determine target catchment areas/communities w both the COO Career Scheme and each banks’ obje

4. Determine selection and success criteria.

5. Consortium to refine offering and to determine log requirements pertinent to each bank and present tar operating model to all members.

Q2 2021

6. Finalize Year 1 course content and logistics, incluc costing and time requirements per sponsoring bank.

7. Engage with potential feeder schools, determine tl anticipated number of students and reconcile with fir demand, including the projected number of “summer work experience” students and recipient banks.

Q3 2021

8. Launch Year 1 campaign in early summer 2021 wi expectation that in-school program commences Octo 2021, or remote programme start in September.

Next Steps – “Series B”

Q1 2021

Subject to consortium appetite and capacity, prograr for Series B will be developed in parallel to executior above steps for Series A.

Intent to launch in Spring 2021 for tertiary education to roll into the program over the summer of 2021, eitl through summer internship or recruitment campaign:

Successful Series B talent will have access to the sui training, career development and support programs the AW Institute’s Learning Hub.

Further information on the evolving Business Manage Leadership, Executive Leadership, Career Managem Culture and Conduct training can be obtained directl AW Institute.

Armstrong Wolfe Institute

for COO and CCO Professionals

The output of the International COO Community discussions convened by Armstrong Wolfe has demonstrated clearly that there is extraordinary breadth and depth of ideas, challenges, and opportunities to transform the Operations and Control functions in banking in a way that will enable firms to thrive, not just survive.

While the traditional definition of a Company COO defines it as the internally focussed running of the whole business, there is also a wide variety in the remit depending on the business, the historic structure of the organization and the emergence of new risks and challenges that often do not sit neatly in other functions of the business.

The current pandemic and the continued pace of regulatory change to change the way supervision and enforcement is executed make this role a critical one for an industry that continues to work to rebuild trust with communities, clients and society.

At Armstrong Wolfe we recognize that to support this community better, there is a need to articulate a clearer purpose and to turn the discussions into actionable ideas that can help strengthen the influence and impact of the Chief Operating and Chief Control offices.

The new Armstrong Wolfe Institute for Chief Operating and Chief Control Professionals will be the catalyst for curating the output of discussion, driving research and analysis to develop practical solutions to new and entrenched issues. Its purpose is to raise the profile and impact of the COO and CCO function in Finance by driving innovation, while redefining and enhancing its role and capabilities.

The goals of the Institute are to:

- Redefine the role of the Operating and Control Officer functions, from Business Manager to COO or CCO to meet the emerging challenges of the finance industry and in a way that drives business value and builds trust
- Advance the development of innovation, solutions, competencies and skills in a targeted, balanced manner to support the COO and COO's evolving function
- Develop opportunities and a career path for talent from diverse backgrounds to bring rich perspective and a deeper, effective source of leadership in this critical role, whether direct from secondary/tertiary education or laterally from other functions or industries

In 2021 the Innovation Hub of the Armstrong Wolfe Institute will build on discussions as prioritized by the forum and run targeted workshops and analysis, to develop practical outcomes to these discussions:

- Senior leader workshops to address specific issues and to develop thinking to address emerging trends
- Independent Research papers based on surveys and external thinking,
- Analysis and benchmarking based on internal surveys
- Developing frameworks and models to inform solutions and introduce innovative services and concepts e.g. new Reward and recognition/ governance frameworks or MI solutions

Patrick Butler, Managing Partner, Armstrong Wolfe Institute

Patrick is one of the UK's leading experts on building effective culture, conduct and risk management practices in regulated industries. He advises and coaches senior management and boards and works with firms to design and implement innovative operating models and bespoke programmes which drive sustainable value while meeting regulatory requirements. He has helped a range of clients introduce cutting edge approaches to conduct, culture and risk, including Barclays Bank, RBS, TOTAL, Natixis, Commerzbank and FinTrU.

As well as working with individual firms, Patrick is also involved with a number of executive education foundations: He has been a Programme Director and taught at CEDEP in France and is a guest speaker at INSEAD's International Directors in Banking programme. He co-founded and continues to deliver the Conduct and Culture Academy at UK Finance – a course which builds on his deep understanding of the latest regulatory thinking, advanced behavioural models, strategic models and practical expertise. He is regularly invited as an expert panellist at industry conferences and roundtable discussions.

Patrick's practitioner approach comes from many years working in banking. Having started out as an investment banker with HSBC, he moved into strategy and operations roles before heading EMEA Global Banking Compliance at Bank of America Merrill Lynch, where, based on Conduct principles, he successfully restructured the Investment Banking, Debt and Equity Capital Markets and Equity Research Compliance functions, following the merger of the two banks.

Before his career in banking, Patrick was a British Diplomat with a focus on the Far East.

Areas for early focus will include:

- Improving the effectiveness of the three lines of defence
- Responding proactively to the new working practices driven by Covid-19
- Defining the roles and necessary capabilities of the COO and CCO functions
- Threading a value driven approach to Conduct and Culture through the business in a way that gets ahead of the regulatory agenda and creates tangible financial returns

In parallel and based on learning needs identified from this work the Learning Hub will develop an ecosystem geared to meet the evolving competencies at all levels of the function. This will build on the components of the previous Armstrong Wolfe Academy to provide curricula, inhouse and outhouse training and development offerings to complement those provided in house by member firms. These offerings will range from new entrant bootcamps in finance services, operations and regulation for newcomers to the industry to briefings by some of the leading experts on Conduct and Culture, Operations, and Industry innovation.

It will include, where needed, curated courses from Internationally Accredited Academic Institutions as well as one-to one coaching:

- Executive Coaching
- Leadership Training
- Career Management Services
- Culture Workshops
- The Conduct Ambassador's Course
- Business Manager to Senior Managing Director COO Career Track Training
- The evolving COO Career Scheme
- Targeted training for those new to Finance, with a balance of Technical, Contextual and Behavioural content

The Armstrong Wolfe Institute will be led by our new managing partner, Patrick Butler. Patrick will be a regular part of the iCOOC and WCOOC forums and be warned - he will be asking for volunteers for a steering group to help prioritize and focus the Institute's activities!

Please address queries to [Patrick at p.butler@armstrongwolfe.com]

In the Spotlight

An interview with David Whiteing, Group Chief Operating Officer, Standard Chartered Bank

by Maurice Evlyn-Bufton, CEO of Armstrong Wolfe

“I need a change agent” was one of the first comments Bill Winters (CEO, Standard Chartered Bank) noted to David Whiteing, then at Commonwealth Bank of Australia. This statement and not ‘I need a COO’ were key in shaping David’s thoughts as to the potential opportunity, alongside the vital nature and interaction of the relationship he would have with Bill as his manager.

David would consider himself principally as a product owner, many would say a world class one. His career and pedigree have been based upon embracing technologies and technological innovation, where understanding the art of the possible is a fundamental attribute, he believes, in being able to work within and drive transformation.

At his previous employer, he was the Group CIO, responsible for all the technology and operations teams of the Group and for delivering the Group’s strategic pillar of ‘world leading application of operations and technology.’

He has a wealth of executive experience and, prior to joining Standard Chartered Bank, a track record of delivering cultural transformation and changing mindsets to meet future challenges. Prior to joining the CBA Group in 2013, David was Vice President of Enterprise Systems at BP in the UK and is a former Accenture technology and operations partner. Technology and transformation are intertwined as the DNA of his career. It is this, aligned to his passion for driving cultural change through leadership to establish a platform for structural charge, that the Group COO position offered the right mandate to take advantage of his experience and offer him the right and next challenge in his career.

Since joining Standard Chartered Bank as its Group Chief Operating Officer, David summarises his and Bill’s journey as being one of discovery. The CEO had joined in June 2015 and had steered the bank through some challenging times and taken it into calmer waters. It was now an opportunity to turn attention to the future and to take the bank forward, but this would need transformation in its purest form to enable the bank to pivot its attention and energies forward.

David is indifferent to the title he carries, focused solely on the mandate and the empowerment he is awarded to make good on this mandate. His role on joining the Bank was new, an integration of the former COO organisation with operations and since his arrival, this mandate has been extended. “The fact the mandate was new made things easier” David noted, as he was able to shape the role, its axis, and priorities that he felt best fitted the objectives set.

“What shapes your thoughts when you are entering a process of organisational change and the need to design the operating model that will deliver and take the business forward?” I asked.

“It is very important to not get tied down in the corporate title of the role but focus on your interest in it and apply the right attitude in bringing the mandate to life” he responded.

“More so, it is a mindset. A mindset focused on customer outcomes, where I continually ask myself ‘what can I do for the business?”

It is clear this same questioning is expected as the norm by his team, which in turn shapes a culture to one focused on transformation and value creation.

The role of the COO has increasingly become aligned to being a central one in shaping and delivering organisational culture. Culture has found a platform for its voice to be heard louder in recent times, where its sibling purpose is finding expression in the corridors of the regulators. More recently the pandemic has enhanced the challenge related to maintaining cultural cohesion with a dislocated workforce. This runs parallel to a challenge to the norm, where culture had historically been seen to be set by the tone from the top, but now is a responsibility equally carried by all.

"It is very important to not get tied down in the corporate title of the role but focus on your interest in it and apply the right attitude in bringing the mandate to life" mindset.

"I see the building blocks of culture to be context and design"

David says, this point one that is clearly close to his heart. "Leaders set the context and they must empower their managers to execute on the design", leading to a mindset and a culture based upon empowerment with a transformative spirit. Cognitively this makes sense, where design divorced from the context in which a product is to be used is of little value. Conversely you could say from a leadership perspective, that context becomes the purpose of any transformative effort. How this relates to leadership is a moot point and David may argue against it but it is clear in his own thoughts that context and design are the cornerstones of success. This stems from his leadership beliefs and proven track record of delivering transformation.

From his leadership position his view on conduct is important. David's cross industry experiences at Accenture, perspectives shaped when working at BP amidst its own crisis and then his Banking exposure have given an enriched perspective of what defines good conduct and behaviour. Perhaps more interesting, is how values and beliefs were mentioned on several occasions throughout the discussion but never spoken about directly. The question you must ask yourself David noted, 'is how can I make an impact, how can I add value, how can I help the business?', but what is unspoken is not just what you do but how you do it and this is where your personal values influence the manner in which you perform.

David talks with a passion about diversity in his team. He seeks out those that are different to him, will bring fresh perspectives and challenge his own. He strongly believes that any organisation benefits from a diversity of thinking and is an avid reader of those authors who challenge the status quo and support the belief that leaders must continually learn and grow to stay relevant. To this end the relaxed Pacific Island shirt that welcomed me on Zoom when I met David, an insight to the man before me, was a counter balance to the clear-cut and thoughtful dialogue to unfold.

To be effective any CEO and COO must be complementary in skillsets, in experiences, in strengths and weaknesses, and must have common ground on vision, commercial imperatives, the use of technology and in purpose and values. These are the building blocks of the CEO-COO relationship, which then must be balanced with trust, respect, and an acknowledgement that both can learn from each other to the benefit of those they lead.

There is obviously a strong working relationship between David and Bill, where complementary skillsets and characters are producing results and taking the bank forward.

From a values perspective, Standard Chartered Bank plays a leading role, more so important and challenging allowing for its geographical footprint and the multi-jurisdictional and cultural challenges it faces. David's values, his principles on diversity and inclusion are aligned to the bank and very closely to its CEO Bill Winters. Bill signed a statement of support for the United Nations Women's Empowerment Principles, in April 2018: seven principles underpinning the work the bank is committed to which supports women in the workplace, and said of gender diversity:

"We're in a war for customers, a war for service, a war for talent all the time. How could we possibly win if we're limiting our pool of talent to half the population?"

This year the bank has taken a leading role within sustainability, with its CEO being appointed the chairman of the newly created Taskforce on Scailing Voluntary Carbon Markets, created under the initiative of Mark Carney, the UN Special Envoy for Climate Action and Finance. Bill further called for a market solution to climate change through a larger and more active carbon credit market. To fulfil its role in this market evolution the bank will need to innovate, to transform and embrace evolving technologies but equally in all it does to achieve this objective, do so in a manner committed to good conduct and to a positive customer and client outcome. To this end, this responsibility falls on David to execute.

At Sibos 2019 Bill was further interviewed in Views from the Top with Bill Winters. He noted in 2015, his first year as CEO, the bank spend USD$650 million on technology, by 2019 this had risen to USD$1.6 billion, much into strategic technological investment. A third was committed to innovation and a third to innovation within what the bank was already using, improving what the bank had. The CEO's message was clear that its success was reliant on an increasing investment in technology and in partnering the technology sector, large and small players. Its success was equally and perhaps more so reliant on the CEO having a leadership team that embraced technology and had transformative capabilities. This was the context that led to the need to appoint a Group COO that could execute on this vision. In this context alone, David was the perfect fit.

"What would you like your legacy to be?" I asked at close.

"I don't seek a legacy, I see statues when I think of legacy, but if pressed it would be a leadership team that carries forward the transformation of what we have started and indeed wherever they go, they take this mindset with them."

How employers and employees are envisioning the reimagined workplace

As lockdowns are lifting, organizations are beginning to imagine new methods of working, collaboration and effective leadership.

Three questions to ask

- **What digital workplace tools are critical to an organization's future work experience?**
- **What areas are employers and employees not aligned?**
- **How are business leaders putting humans at the center of long-term plans for value creation?**

As lockdowns are lifting in many regions of the world, millions of employees deemed essential continue to work as usual while other segments are returning to the physical workplace for the first time after several months of either working from home or being furloughed. Many companies have extended flexible working with regard to when and where employees work in order to maintain social distancing in workplaces as well as to provide alternatives given that not all schools and childcare have opened. Companies also realize that now that many employees have experienced reduced commuting times and have maintained productivity, some prefer to continue working remotely. This has necessitated completely new methods of working, collaboration and effective leadership. It's been a massive challenge for employers and a big shift for employees.

The EY team surveyed over 4,000 employers and employees in June and July 2020 to see how these impacts are affecting the rollout of the future of work. The survey results showed strong alignments between the experiences and priorities of companies and their workforces, but also some key disconnects.

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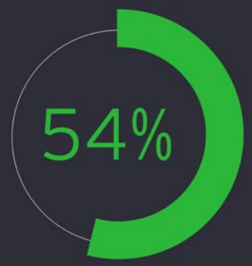
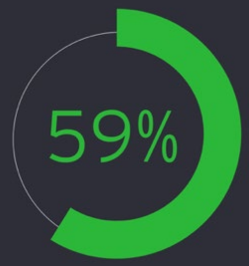
Employers surveyed believe that their business is in ‘extensive distress’ because of COVID-19



Employees agree that the impact of COVID-19 has been ‘extensive’



Employees think that their organisation is not yet completely ready to adapt to changing customer behaviour and demand post-COVID-19

	Employees	Employers
Areas of alignment	**84%** of employees are looking for **better digital tools** **Top 5 concern** for all countries and generations is **physical health** **#1 ranked L&D focus** is employees want employers to enhance online/ virtual learning approaches	**79%** of employers are looking to extensively/moderately change **digital workforce tools** **86%** of employers plan to make extensive/moderate changes to **workplace safety** **64%** of employers are looking to enhance **online/virtual learning** approaches
Areas of disconnect	**38%** of employees want **updated pay/bonus plans** for enhanced work efforts **76%** of employees would like to continue some form of **business travel**	**77%** of employers believe there will be extensive/moderate change to **workforce costs** **74%** of employers believe there will be extensive/moderate **change to business travel** with reductions across most types of travel

Both employees (84%) and employers (79%) identify the adoption of digital workplace tools as critical to the future work experience. They also agree that health and safety in the workplace are new priorities: employees rank this as a top five concern, and 86% of employers plan to enhance workplace safety. Employees rank online or virtual learning as their top learning and development focus, and almost two-thirds (64%) of employers are looking to strengthen virtual learning.

However, the survey responses reveal that employers and employees are not aligned in all areas. Perhaps predictably, while almost 4 in 10 (38%) employees want to see bonuses for improved work efforts, 77% of employers think there will be moderate to extensive reductions to workplace costs. In business travel, employers see yet another opportunity to cut costs, with 74% planning to limit most types of company travel, while 76% of employees would like to continue traveling for business.

Amid the data analysis, one finding stands out as a potential red flag to employers that they should not ignore. While 9 in 10 employers say they put humans at the center of long-term plans for value creation, fewer than 7 in 10 (69%) of employees believe them. The EY team has emphasized that the future of work, while enabled by transformative digital tools, must put humans at the center, including well-being, diversity and culture. Employers need to not only put talent at the core of their strategy but also to demonstrate that commitment to their workforce with authenticity — and reimagine what the new workplace will look like for their organization.

Summary

COVID-19 has impacted the global workforce extensively, and as organizations slowly begin to return to a physical workplace, there are notable differences in priorities between employers and employees. Importantly, employers must put employee well-being, diversity and culture at the center of a reimagined workplace

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Business services for the Chief Operating Officer & Chief Control Officer communities

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Larry List
Partner

Simon Longden
Partner

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Armstrong Wolfe is proud to manage content for the International COO Community - Find out more about the Membership (iCOOC)

We are the only group membership dedicated to supporting business management professionals in Financial Services.

Our membership is one degree of separation from primary business decision makers.

They are the ambassadors of conduct with 'COO' a trademark for ethical behaviour.

This community is uniquely positioned to transform financial services.

iCOOC's mission is to help them meet this challenge by working better together.

This trust instilled in us is at the centre of what we do, how we operate, and who we work with to serve our purpose.

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Armstrong Wolfe provides leading, keynote industry speakers and strategic partners to provide thought leadership and solutions development to the COO community. Working with Armstrong Wolfe Partners (AWP), this select group of corporates are recognised for excellence in their field, with AWP ensuring relevance of all content presented to iCOOC members.

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In 2021, Armstrong Wolfe will provide regular peer group COO / CCO cluster calls and forums focused on the following 6 points.

The following are based upon a 100 strong COO survey:

1. Supervisory – how to meet regulatory, client and emerging conduct risk demands?

2. Technology – how to tool staff to be more effective in a WFH environment?

3. Innovation – where and how can digitalisation be adopted to make short term impact?

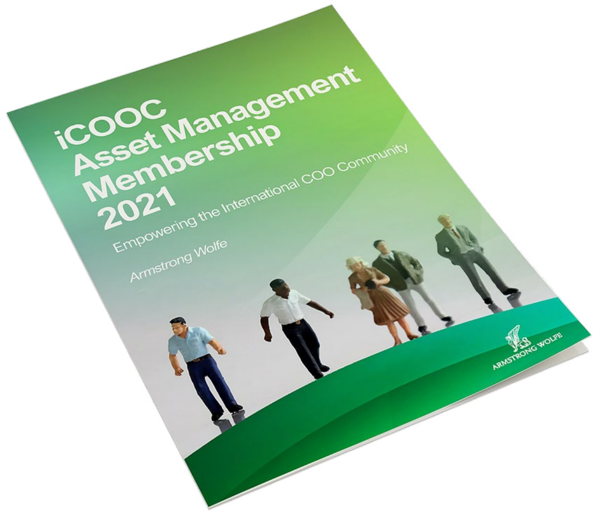
4. Operational Resilience– adapting to threats to withstand and adsorb disruptions.

5. Workforce Planning – what is the operating model for staffing post COVID?

6. Productivity – how to measure performance: appraise and reward in the new normal.

We will extend the 2020 dialogue in relation to the challenge of cultural cohesion and purpose. This will focus on how purpose is being changed by the intersection of the pandemic and the regulated and moral obligations of good conduct and sustainability.

Click here to become a Member



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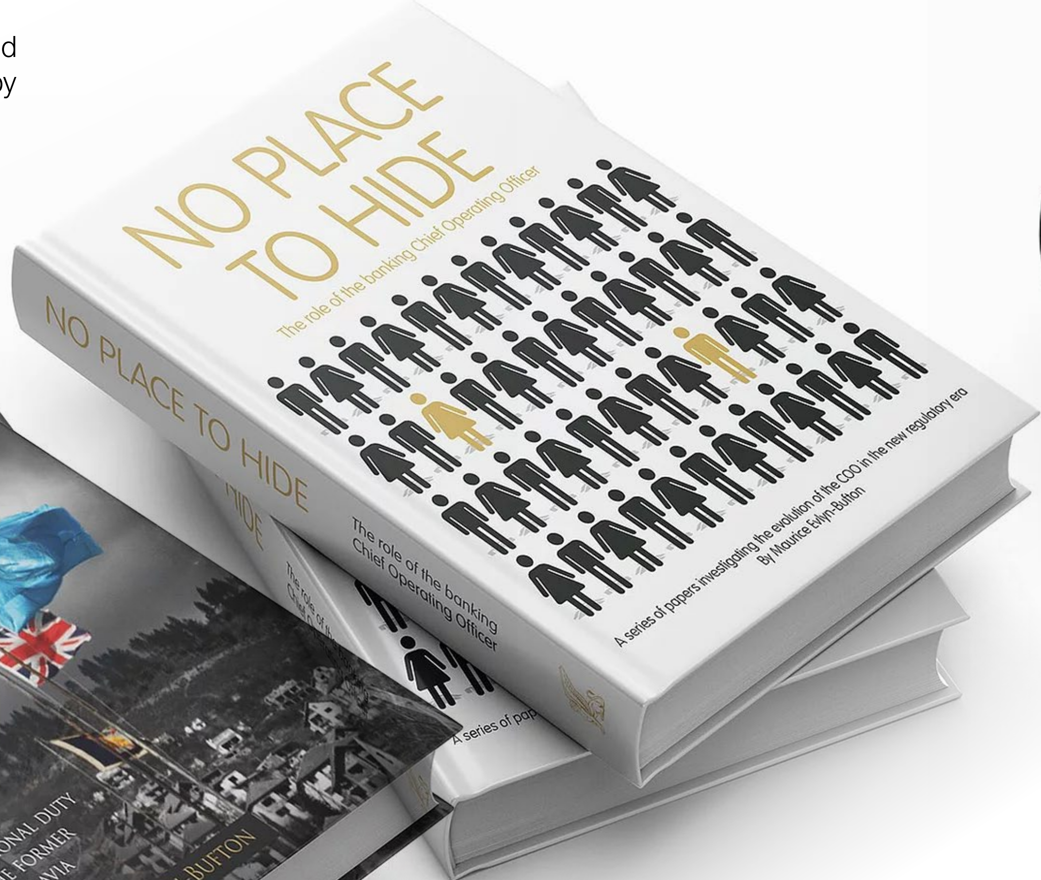
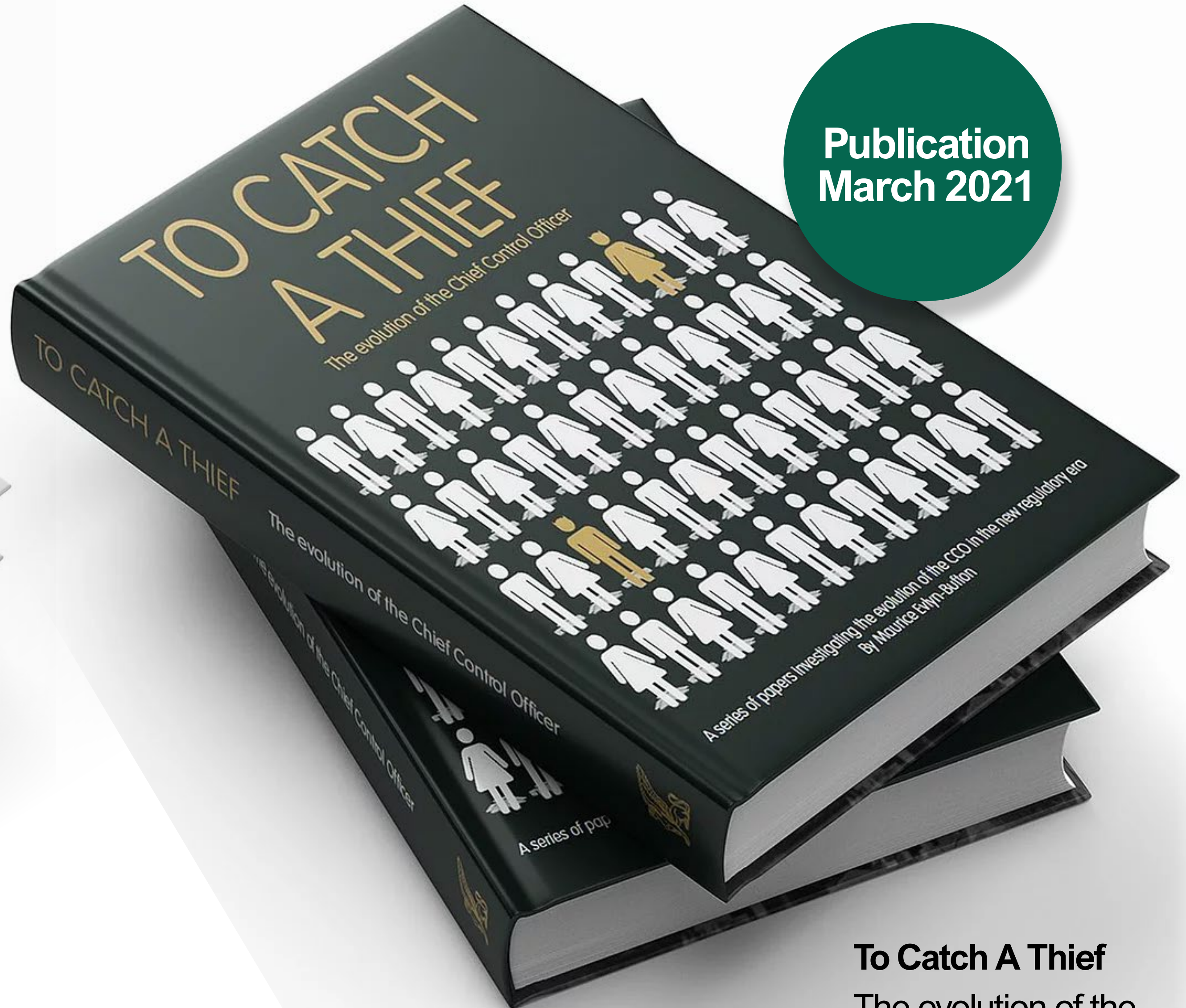
by Maurice Evlyn-Bufton

All proceeds will be donated to Goražde Children's Foundation.

The COO Charity, is providing basic food and essentials to the families affected the most by the pandemic, January 2021.





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