

# Annual General Meeting 2016

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November 2016

George Clark, Chair

**The Institute of Operational Risk**

## Review of the year

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- A new Chair and Council
- Affirmation of strategic imperatives set out in 2015
- 2 new Chapters – Ireland and Nordic
- Membership 2015 (725 inc. 12 Corporates) and 2016 (759 inc. 15 Corporates)
- Investment in Education and Operations
- Income stable on increased costs but reserves still increased by £41,774
- IOR submission to BIS on SMA
- Strategy conference to develop longer term vision

# Our Leadership Creed

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## **Stewardship**

- We must leave things better than we found them and aim to protect and enhance our reputation and legacy at all times
- We should pioneer innovative and better ways to do things

## **Integrity**

- We must say and do the right things, even when no one is watching
- We must challenge what we believe to be wrong and be open to the challenge of others
- We must have rigour in what we do

## **Respect**

- We collaborate to get the best results and place our shared interests ahead of any individual or group
- We listen and are open to others opinions, even when we disagree

# Structure

## NED

- Fellows and Education – John Thirlwell
- Conduct and Ethics – Jennifer Moodie
- Audit – Bharat Thakker
- Governance – Caroline Coombe

## The Council of the Institute

## DwP

- Chair - George Clark
- Chapters - Caroline Tinsley
- Regulatory and Industry Bodies – Michael Grimwade
- Marketing – Alan Dunk
- Operations and Membership – Stephen Murgatroyd
- Risk and Compliance – Trevor Bedeman
- Finance – Matthew Behan

## Supporting Activity

- Education Programme – Iris Fenn
- Sound Practice Guidance – Heather Morrison

## Immediate Strategic priorities

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- Education
- Chapters
- Operational maturity
- Finances
- Stakeholder engagement
- Making the Institute more professional

## Longer Term Strategic priorities

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- Professional Body
- Funding
- Education
- Resourcing

# The environment in which we operate

“The financial services sector and banking in particular have been battered ever since well before the 2007/08 crisis with accusations of unethical behaviour, sharp practices and downright fraud. Since the crisis, public outrage has escalated, amid calls that bankers must be “brought to book” – whatever that means.” *Director, CSFI*

“We aren’t trusted enough by people who rely on us....and on whom, in turn we rely for our business success. And in banking trust is not a nice to have – it is a commercial essential” *Bank CEO*

“A large majority, probably more than three-quarters – of the half million who work in UK Banking do not have a professional qualification” *CSFI, Setting Standards: professional bodies and the financial services sector.*

“We regard trust and integrity as one of the three pillars of professionalism, alongside helping students and members to attain and maintain their competencies” *CEO, CISI*

“They (the Banks) could, if they wanted insist that the professional bodies raised their game. They could demand simpler and more rigorous qualifications and they could make such qualifications a necessary step along the path to promotion. The banking industry wont get the professional standards it so obviously needs so long as this attitude prevails...the BSRC will be endeavouring to encourage banks along a different path”  
*Sir Richard Lambert, Interim Chair (to October 2014), Banking Standards Review Council*

# The three pillars of professionalism

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A profession must be controlled by a governing body, acting in the public interest, which (among other things):

- Sets adequate standards as a condition of entry
- Ensures that training and education continue throughout a members professional life
- Sets ethical rules and standards designed for the public benefit
- Takes disciplinary action against transgressors

Lord Benson, submission to the House of Lords, 8 July 1992

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## 5 rules for effectiveness

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What makes professional bodies effective?

First and foremost credibility but the CSFI report suggests 5 indicators of efficacy.

**Relevance** - critical and especially where a professional body does not have a statutory role.

**Authority** – being recognised and respected by employers and decision makers and being seen as experts in their field with an influential voice in industry debates.

**Independence** – which above all means being seen to challenge the sector on behalf of the public interest. Institutes are not lobbyists for their members employers.

**Rigour** – the perception that they actively challenge their members to improve competence and to uphold ethical behaviour. An Institutes exams need to be seen as demanding, not as an easy option.

**Teeth** – the ability (in some sense) to police a code of conduct and other conditions of membership.

## Tactical priorities for 2017

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- Financial governance
  - Communication
  - Member benefits
  - CPD processes and approach
  - Resourcing
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