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SUMMIT 2017

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L O N D O N

Implementing a positive Compliance culture

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Implementing a positive Compliance culture



Why the growth in importance of Compliance?

- Financial crisis 2007/08 – inadequate controls & misconduct
- Navigating complex and far reaching regulation, both domestically and from Europe (e.g. MiFID II)
- Improving individual accountability and governance – Senior Managers regime
- Financial Crime – particularly anti-terrorism financing
- Greater regulatory scrutiny – individual and company fines

Libor rigging trial: Former Barclays bankers jailed

7 July 2016 | Business | [f](#) [t](#) [b](#) [e](#) [Share](#)



Four City traders have been ordered to serve jail sentences after being convicted of rigging the Libor rate.

FCA bans £43,000 fare dodger from working in financial services

Financial Conduct Authority says conduct of former Blackrock MD Jonathan Patu Burrows fell short of the standards expected in the City



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Home / News / FCA fines Deutsche Bank £163 million for serious anti-money laundering controls failings

FCA fines Deutsche Bank £163 million for serious anti-money laundering controls failings

Press Releases | Published: 31/01/2017 | Last updated: 31/01/2017

The Financial Conduct Authority (FCA) has today fined Deutsche Bank AG (Deutsche Bank) £163,076,224 for failing to maintain an adequate anti-money laundering (AML) control framework during the period between 1 January 2012 and 31 December 2015. This is the largest financial penalty for AML controls failings ever imposed by the FCA, or its predecessor the Financial Services Authority (FSA).

UBS rogue trader Kwaku Adoboli over 'UK's biggest fraud'

Junior City player, 32, sentenced to seven years after dispensing with hedging safety nets and racking up losses of over £1.5bn



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Total FCA Issued Fines 2009 – 2017:

Year	Amount
2017 (as of 05/10/2017)	£163,402,013
2016	£22,216,446
2015	£905,219,078
2014	£1,471,431,800
2013	£474,163,738
2012	£311,569,256
2011	£66,144,839
2010	£89,121,281.50
2009	£35,005,522



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FCA Issued Fines 2009 – 2017 (Firms and Individuals):

Date	Firm / Individual name	Reason	Amount
2017	Deutsche Bank AG	Breaches of SYSC related to governance and financial crime in investment banking	£163,076,224
2016	Shay Reches (Coverall Worldwide Limited)	Performing a controlled function without approval	£1,050,000 + additional penalty of £13,130,000
2014	The Royal Bank of Scotland Plc	FX G10 Spot voice trading	£217,000,000
2014	JPMorgan Chase Bank	FX G10 Spot voice trading	£222,166,000
2014	HSBC Bank Plc	FX G10 Spot voice trading	£216,363,000
2014	Citibank N.A.	FX G10 Spot voice trading	£225,575,000
2014	UBS AG	FX G10 Spot voice trading	£233,814,000



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The growth of Compliance:

- Post financial crisis, the financial services industry has seen strong growth in legal, Compliance and risk related employment roles
 - Key hiring areas have been in front office control functions: Product Advisory, Surveillance and Advisory and Monitoring, following the Libor-rigging events in 2013 (Robert Walters 2016)
 - JPMorgan have hired roughly 8000 Compliance and control staff since the 2008 crisis (Bloomberg 2015)
 - HSBC spending on 'regulatory programmes and Compliance rose by 12% (to \$800m) within first quarter of 2017
 - 1600 extra Compliance staff (particularly Financial Crime) hired since end of 2016 to add to their already 6000 Compliance workforce (Guardian 2017)
- Hiring has also become more specific in Compliance – AML, Cyber Security, data analysis etc.
 - Recruitment for Compliance related roles to niche areas, such proprietary high frequency trading, have seen an increase in 2017 (Barclay Simpson 2017)
- Compliance spending likely to continue to increase for the foreseeable future – regulatory costs
 - 2017 Duff & Phelps survey - Compliance spending as a percentage of total revenue for firms could rise from on average 4% to 10% by 2022



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Why is a positive compliance culture important?

1. The potential for silo effects – Compliance vs the business
2. Working with the business – helping the business continue to comply with applicable regulations
3. Avoiding regulatory scrutiny (fines) and ensuring positive company reputation



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How can a positive Compliance culture be implemented?

1. Tone from the top – senior managers instilling the right Compliance attitude to the front line – ‘trickle down effect’
2. Setting the scene – depicting the current regulatory environment (highlighting instances of industry malpractice)
3. Locational – situating Compliance staff on the trading floor and being visual to front office staff (Compliance exist to help the business, not to be a hindrance)
4. Being approachable – helping the business to navigate complex regulation
5. Training sessions and workshops – both face-to-face and online (reinforcing regulatory expectations and good practice)



The background is a solid blue color. In the corners, there are abstract, overlapping geometric shapes in red, white, and light blue, creating a sense of depth and movement. The shapes are rectangular and trapezoidal, some appearing to be layered on top of each other.

Q&A

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Thank You!

