

## CULTURE DRIVES PERFORMANCE

Why is it so difficult to cultivate desired behaviors and values to create a strong culture? Changing a culture takes years of committed leadership and firms often do not know where to start. While there is no one size fits all approach, this guide outlines best practices and important questions to ask to ensure your firm is nurturing a strong culture as essential to organizational success.

# MEASURING ORGANIZATIONAL CULTURE

BEST PRACTICE GUIDELINES

**(MENA FCCG)**  
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## CHALLENGES

While control systems are the first line of defense against business risks, we cannot rely exclusively on controls or processes to achieve desired outcomes. Controls can be out-manuevered, sometimes inadvertently or on purpose. In addition, we cannot anticipate every situation nor automate every decision. Employees on the other hand, are constantly making choices and as such, we have to consider the quality of choices, not just the reliability of processes. Further, as the intensity of regulatory requirements expand,

understanding the motivations and details of employee compliance actions bring to the fore the significance of nurturing a culture of ethics.

Ignoring the moral dimension of choices carries significant risk. This is evident in a quick scan of news where large penalties continue to be levied on banks due to regulatory breaches, including AML and sanctions violations, despite having implemented state-of-the-art compliance solutions. The violations can be mostly attributed to a weak compliance culture which brings to the fore the significance of “conduct risk”. While the concept is hard to pin down, it generally refers to the way

in which a firm and its staff conduct themselves towards clients, counterparties, and the financial system as a whole, including willful or negligent conduct.

A culture of ethics is then required to create good conduct across the organization and it is the most important aspect when looking at enterprise risk. This underlying mindset motivates ethical behavior and encourages employees to make good choices consistent with the firm’s vision, purpose, and values, and not just permissible choices. Conversely, culture is broken when there is cynicism, friction between departments, evasion, blaming, low morale, and indifference among staff.

## WHAT DOES SUCCESSFUL ORGANIZATIONAL CULTURE LOOK LIKE?



Culture builds on the collective values, attitudes, norms, and behaviors of the organization – it reflects the underlying mindset of the organization and how decisions are made, including the levels of risk taking. It is easy for an organization to have a beautifully written core values statement and a wonderful risk management framework on paper, but if not used and embraced by the business in its day-to-day priorities and decisions, it will not add value. In addition, good culture goes beyond minimum legal requirements. While compliance refers to laws, rules, and regulations as well as company policies and procedures, ethics embedded in good culture

is about motivating staff to want to do the right thing. The United Kingdom’s (UK) Financial Conduct Authority (FCA) defines culture as “habitual behaviors and mind-sets that characterize an organization”. The UK regulator identifies four key drivers it believes, if not managed well, may lead to harm; Purpose, Leadership, approach to rewarding and managing People, and Governance. Moreover, the FCA highlights four key themes worth considering when implementing an organizational culture – psychological safety over fear, leadership and management capabilities, incentives and recognition, and firms’ assessment of culture.

## WHAT DO REGULATORS EXPECT FROM YOU?

In the UK, the FCA outlines that it is the responsibility of everyone in financial services to focus on culture. It expects leaders to manage the drivers of behavior and to create and maintain culture that reduces potential for harm. The FCA has found that culture has been a major root cause of conduct failures in the past. The FCA has its Senior Managers and Certification Regime (SMCR) that encourages the development of a culture where staff understand and take ownership of their responsibilities. The regime sets standards of personal conduct that make individuals personally liable and accountable for their actions.

The regime, as outlined by Themis<sup>1</sup> in a recent briefing note, features three key elements, the first of which requires employees to be certified to perform their specific roles. The second two elements deal more directly with culture, namely Conduct Rules that set out minimum standards of behavior and Senior Manager Regime (SMR). The SMR requires senior management to obtain approval from the FCA before starting their roles, bestowing specific responsibilities upon them to hold them accountable. The UK also enacted a new criminal offence through the Banking Reform Act that is designed to make senior financial sector employees

liable for decisions that cause a financial institution to fail and can result in imprisonment for up to seven years. Moreover, the FCA requires banks to have a member of senior management serve as a “whistleblowers’ champion”, responsible for ensuring the integrity, independence, and effectiveness of the firm’s policies and procedures on whistleblowing.

The European Union (EU) also has specific requirements related to whistleblowing. The EU’s Whistleblower Directive of 2019 requires firms to abide by specific whistleblower protection rules designed to increase protections for whistleblowers to encourage individuals to voice their concerns around poor conduct and practices. Certain EU countries have begun developing their own senior manager accountability regimes, such as Ireland’s Senior Executive Accountability Regime (SEAR) that is based on the UK’s SMCR. In Germany, for example, under the German Stock Corporation Act members of a management board can face personal or joint liability for breaching duties unless they can demonstrate they acted with due care and skill.



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1. Themis Briefing Note, The Senior Managers & Certification Regime: The Buck Stops Here (2021) <https://static1.squarespace.com/static/5c12a68fc258b4c36480afb6/t/609bb5a3c17fd678dcac48e5/1620817323808/Briefing+Note+-+The+Senior+Managers+%26+Certification+Regime+The+Buck+Stops+Here.pdf>

Other countries are also increasingly looking to hold individuals accountable for corporate actions. Singapore has an Individual Accountability and Conduct Guidelines, which aim to increase personal accountability of senior managers for the conduct of business and the actions of employees in their areas of responsibility. Australia's proposed Financial Accountability Regime (FAR), seeks to strengthen the Banking Executive Accountability Regime (BEAR), and sets out conduct standards and financial consequences for 'accountable persons' in the event of failure of accountability and responsibility. MENA regulators have also intensified their focus on cultural controls. In 2019, the Central Bank of UAE issued new regulations and standards on Corporate Governance requiring

boards of banks to be proactive in developing a strong and healthy corporate governance culture. In 2023, Central Bank of Bahrain updated the High Level Controls Rulebook to explicitly reinforce the collective oversight and risk governance responsibilities of the board, and emphasize key components of a risk culture and risk appetite. The Central Bank of Jordan Corporate Governance Instructions of 2023 explicitly stipulate the board is required to set the organizational core values and harness a culture of integrity while senior management is responsible for ensuring ethics training and awareness.

Internationally, the Financial Action Task Force (FATF) has emphasized in its Guidance on Risk Based Supervision (2021) the importance of a strong

compliance culture within financial institutions to effectively combat money laundering and terrorist financing. Further, in its Guidance, it requires supervisors to look beyond the specific controls and processes to assess the overall effectiveness of firms' AML/CFT frameworks, including broader corporate governance environment and compliance culture as both enable effective AML/CFT internal controls. The Financial Stability Board, an international body promoting financial stability, has also published recommendations<sup>2</sup> for strengthening governance frameworks to mitigate misconduct risk. It outlines financial drivers that dictate a firm's culture, highlighting leadership, decision-making processes, and values and behavioral norms as three key drivers.



2. FSB Strengthening Governance Frameworks to Mitigate Misconduct Risk: A Toolkit for Firms and Supervisors (2018)

## WHAT ROLE DOES RISK MANAGEMENT PLAY IN CULTURE?

Regulators point to a risk-based approach as key to successful culture, maintaining that a rule-based, box-ticking approach will create weak culture and processes. Under its Guidance on Risk Based Supervision, FATF argues that firms should foster a corporate culture that contributes to effective risk management and compliance with national laws. An effective Combating Financial Crime (CFC) risk framework should address vulnerabilities and regulatory requirements through detailed policies, procedures, and systems and controls. As outlined by Themis<sup>3</sup>, everyone in an organization should understand their firm's risk framework and be comfortable discussing financial crime risks. Moreover, senior management should openly discuss financial crime risks and risk management, assessing competency around risk awareness.

## MEASURING CULTURE

The principles underpinning a culture of ethics including integrity, fairness, responsibility, and respect are hard to gauge and monitor leading at times to focus on the control itself rather than its efficiency in actually positively influencing behavior. Good culture is the will to do the right thing rather than being driven by shame, guilt, or fear of punishment.

The Questionnaire offers a practical and holistic approach for bringing a firm's core values into practice including tangible actions relating to role modelling, motivating ethical behavior, and an array of enforcement tools swaying employees towards celebrating ethics rather than merely obeying codes, controls, and rules. Inevitably, each firm's culture is different and as such, measuring culture is not a one-size-fits-all exercise

Firms should consider adjusting measurement approaches in line with home regulatory requirements as well as business size and complexity of operations. How the questionnaire is completed can also vary. As one example, the Chief Compliance Officer can complete the questionnaire while soliciting the opinions of various senior leaders and middle management across the firm.



Recognizing the complexities associated with cultivating a culture of ethics in practice, the MENA Financial Crime Compliance Group (MENA FCCG), a voluntary body comprised of leading MENA banks committed to enhancing the fight against financial crime across the region and beyond, in collaboration with Themis, developed this Culture Assessment Guide and Questionnaire ([Click to view the Culture Assessment Questionnaire](https://static1.squarespace.com/static/5c12a68fc258b4c36480afb6/t/5cb98137c830251c310e408c/1555661112017/Do+you+have+an+effective+AFC+culture.pdf)).

3. Themis Paper: Banking - do you have an effective Anti-Financial Crime culture? (2019) <https://static1.squarespace.com/static/5c12a68fc258b4c36480afb6/t/5cb98137c830251c310e408c/1555661112017/Do+you+have+an+effective+AFC+culture.pdf>

**THE QUESTIONNAIRE SETS OUT FOUR KEY PILLARS THAT ARE ESSENTIAL COMPONENTS OF ANY SUCCESSFUL CULTURE:**

**I. VISION, PURPOSE, AND STRATEGY**

Firms should have a clearly defined vision, purpose, and strategy to drive employee behavior. The board is responsible for exercising effective oversight and ensuring tone at the top cascades top down across the firm and there are clear answers to the following: To what extent does the organization’s vision, mission, and purpose excite and motivate leaders and employees?

To what extent is authority and responsibility delegated to those who have the best and most up-to-date information to make the best decision? To what extent do people truly believe that they can affect the business in a positive way and add value to customers and society? Are people motivated, passionate, and inspired to do great things for the organization? To what extent is there a reasonable risk-taking culture in place in which people believe they can take risks and failure is seen as an opportunity

to grow and become better? Purpose-driven organizations perform better as they provide a framework for staff to turn to when faced with complex decisions.

Equally important are comprehensive policies and procedures enforcing the ethical values and bringing the firm’s vision, purpose, and strategy into practice. However, articulate policies, procedures, and statements of core values may be in vain if an organization does not also foster a sense of safety to speak up and take action. Protecting whistleblowers is a key aspect of fostering a safe environment. The OECD has published research<sup>4</sup> on the key role that whistleblowers and whistleblower protection can play in the detection of financial crimes such as bribery.



4. OECD The Role of Whistleblowers and Whistleblower Protection (2017)

## II. LEADERSHIP



Leadership from the top is key. Themis' SMCR briefing note<sup>5</sup> explains that leadership failure, which can range from simply doing nothing to active participation in unethical behaviors, is most often at the core of compliance failures. Senior management should demonstrate a clear commitment to compliance efforts, setting the tone for a strong compliance culture and consistently reinforcing that culture including as it relates to CFC. Further, senior management should be able to clearly articulate their responsibilities. Additionally, senior management role in leading by example and embracing the core values is critical in demonstrating the firm walks the talk and creating the sense of security necessary for raising concerns without fear of reprisal.

## III. PEOPLE

While leadership and company structure are key to establishing an effective compliance culture, it is also important not to overlook the role of each individual within the organization. The FCA outlines<sup>6</sup> the principle of individual accountability as a core element for successful compliance culture. Accountability can help avoid what is often referred to as the "slippery slope" issue, which is when individuals constantly redefine their acceptable boundaries of behavior, justifying potentially harmful or unethical behavior. Researchers Max Bazerman and Ann Tenbrunsel from Harvard University have outlined<sup>7</sup> how initial tolerance for small, non-serious instances



of unethical behavior can lead to this slippery slope phenomenon. Tying ethics responsibilities to employee incentives and performance evaluations via clearly defined conduct metrics encourages a culture of responsibility and ethical decision-making. It is equally important for firms to invest in compliance and ethics training and awareness at all levels to enhance staff understanding of potential risks and the importance of addressing them. Training should also include practical examples of ethical dilemmas involving competing rights that are relevant to the firm's business.

5. Themis Briefing Note, The Senior Managers & Certification Regime: The Buck Stops Here (2021) <https://static1.squarespace.com/static/5c12a68fc258b4c36480afb6/t/609bb5a3c17fd678dcac48e5/1620817323808/Briefing+Note+-+The+Senior+Managers+%26+Certification+Regime+The+Buck+Stops+Here.pdf>

6. FCA: Transforming Culture in Financial Services (2018)

7. Ethical Breakdowns, Harvard Business Review (April 2011)

#### IV. GOVERNANCE



An effective compliance governance & risk management framework is crucial for the success and sustainability of any organization. With a structured framework in place, management and staff can make informed choices, considering potential risks and rewards, leading to outcomes that are more successful. An effective risk framework will address these risks and rewards, as well as regulatory requirements, through detailed policies, procedures, and systems and controls. The FCA outlines<sup>8</sup> a firm's governance arrangements, controls, and key processes as an essential component of its culture. Ensuring effectiveness requires ongoing monitoring, timely reporting and escalation of issues as well as reviews including self-assessments. Equally important is for the firm to properly utilize data to evidence effectiveness across the various areas of compliance facets, including as it relates to CFC and fair consumer outcomes. In addition, the firm's risk management framework needs to also cater to other compliance areas that present unique risks including privacy and data protection and reliance on third parties.

## CONCLUSION

An effective compliance governance & risk management framework is crucial for the success and sustainability of any organization. With a structured framework in place, management and staff can make informed choices, considering potential risks and rewards, leading to outcomes that are more successful. An effective risk framework will address these risks and rewards, as well as regulatory requirements, through detailed policies, procedures, and systems and controls. The FCA outlines a firm's governance arrangements, controls, and key processes as an essential component of its culture. Ensuring effectiveness requires ongoing monitoring, timely reporting and escalation of issues as well as reviews including self-assessments. Equally important is for the firm to properly utilize data to evidence effectiveness across the various areas of compliance facets, including as it relates to CFC and fair consumer outcomes. In addition, the firm's risk management framework needs to also cater to other compliance areas that present unique risks including privacy and data protection and reliance on third parties.

8. FCA Mission: Approach to Supervision (2019)





**MENA FCCG**

Making a Collective Impact

# **MENA FCCG CULTURE ASSESSMENT QUESTIONNAIRE**



**Building**

**Organizational**

**Culture**

A culture of ethics reinforces formal controls ensuring the firm brings its core values into practice; it enhances brand value and customer loyalty.

**MENA FCCG Culture Assessment Questionnaire**

Key Drivers	Driver Weight	Factor	Factor Weight	Best Practice Elements	Weight	Culture Maturity Rating	
I. Vision, Purpose, & Strategy	25%	Scope & Definition	25%	The firm has a clearly articulated Vision, Purpose, & Strategy that fulfills the interests of all stakeholders (e.g. regulators, community, shareholders, customers, employees).	10%	1	
				The firm's Vision, Purpose, & Strategy seeks to exceed minimum legal requirements to do the right thing where success is achieved only the right way and without ethical compromise.	10%	1	
				The firm's Vision, Purpose, & Strategy aims to ensure sustainable, transparent, and fair business practices, including fair consumer outcomes.	10%	1	
				The firm's Vision, Purpose, & Strategy aims to ensure compliance with national and international human rights standards and laws.	10%	1	
				The firm's Vision, Purpose, & Strategy aims to ensure the quality of life for employees / becoming "employer of choice" .	10%	1	
				There are procedures in place to asses the Vision, Purpose, & Strategy against the raising of the bar in relation to fulfilling interests of all stakeholders.	10%	1	
				The Vision, Purpose, & Strategy is communicated to Senior Management on annual basis or earlier in case of changes.	10%	1	
				Senior Management is held accountable for communicating and disseminating the Vision, Purpose, & Strategy across their business lines.	10%	1	
				Senior Management ensures staff understand Vision, Purpose, & Strategy and articulate it in their daily actions.	10%	1	
				The firm has clear Core Values/Statement of Ethics that is communicated to all employees, including temporary workers and trainees, as well as third parties working on its behalf.	10%	1	
	<b>Factor Score</b>				100%	1.00	
			Board Oversight	25%	The Board ensures Senior Management is provided with dedicated training /guidance on how to model the organizational core values and desired behaviors, including how it aligns with employees' accountabilities.	10%	1
					The Board of Directors Code of Conduct explicitly provides for their role in fostering a culture of ethics across the organization.	10%	1
					The Board of Directors is responsible for ensuring the firm's practices balance the interests of all stakeholders (e.g. regulators, community, shareholders, customers, employees).	10%	1
					The Board of Directors Code of Conduct explicitly provides for their role in ensuring fair consumer outcomes including as it relates to business strategy and product and service suitability.	10%	1
					The Board of Directors ensures robust governance structures as necessary to validate the effectiveness of control measures.	10%	1
					A consumer duty champion serves on the Board to ask significant questions about its purpose and ensure fair outcomes and promote a culture of ethics and customer centricity as a standard agenda items.	10%	1
					The Board of Directors oversees the effectiveness of the firm's Combating Financial Crime (CFC) Program by keeping pace of evolving threats and best practice risk mitigation measures.	10%	1
					The Board of Directors exercises oversight over employees' fair treatment (e.g. including in relation to performance evaluations, compliance with human rights/ employee well-being best practice).	10%	1
					The firm has assigned a senior personnel for culture and ethics championship within the organization with clear roles and responsibilities.	10%	1
The Board of Directors ensures Senior Management responsibility for instilling a culture of ethics and customer centricity is clearly articulated and cascaded top down across the organization.					10%	1	
<b>Factor Score</b>				100%	1.00		

Key Drivers	Driver Weight	Factor	Factor Weight	Best Practice Elements	Weight	Culture Maturity Rating			
I. Vision, Purpose, & Strategy	25%	Policies & Procedures	25%	The firm has a high level public statement such as a Code of Conduct that provides the moral compass for employees in their daily actions.	10%	1			
				Employees are required to read and sign annually that they have read the Code of Conduct that includes specific Codes of Conduct/ attestation forms for staff in higher risk positions (e.g. Procurement / Treasury).	10%	1			
				The firm has an Anti Corruption and Bribery Policy or equivalent policy document that includes an explicit statement of the no-bribes policy including prohibition of facilitation payments.	10%	1			
				The firm has clear policies and procedures including approvals matrix covering sponsorships and charitable contributions to avoid exploitation for personal gain.	10%	1			
				The firm has clear gifts policy and procedures including thresholds, reporting procedures, and logs that are maintained by Compliance or are readily available to Compliance upon request.	10%	1			
				The firm maintains procedures on entertainment and hospitality that include specific and clear monetary thresholds.	10%	1			
				The firm maintains comprehensive policies and procedures for ensuring fair customer outcomes including as it relates to product suitability and fair and transparent communication.	10%	1			
				The firm maintains comprehensive policies and procedures on privacy and personal data protection.	10%	1			
				The firm has clear procedures for anticipating risks and regulatory changes including evolving financial crime threats.	10%	1			
				The firm has dedicated policies and procedures for ensuring social inclusion and diversity, including employment practices to ensure ethical behavior and anti-discrimination. For example, women in leadership roles, employees of different ages, people with a disability, including health and well-being of staff, flexible employment options, workshops/seminars on healthy living, etc.	10%	1			
				<b>Factor Score</b>				100%	1.00
	25%	Whistle Blowing Framework	25%	The firm provides secure and accessible channels through which employees can raise concerns and report violations in confidence and without risk of reprisal.	10%	1			
				There are secure and accessible communication channels that encourage and allow business partners or other external parties to raise concerns and report violations in confidence and without risk of reprisal.	10%	1			
				The firm circulates ongoing communication and awareness across the organization on the significance of whistleblowing as a means of encouraging reporting of any misconduct.	10%	1			
				The firm conducts proper analysis on whistleblowing incidents and undertakes actions to address root causes as applicable.	10%	1			
				The Board receives regular reporting on whistleblowing incidents including action taken and confirmation of appropriate resolution.	10%	1			
				The whistleblowing channels include a third party service provider.	10%	1			
				The firm maintains procedures on internal management of whistleblowing incidents including confidentiality, competence, authority, and impartiality.	10%	1			
				The firm has a procedure for monitoring the well-being of whistleblowers for potential future retaliation.	10%	1			
				The firm maintains proper procedures on incidents record retention.	10%	1			
				The firm maintains proper procedures on incidents' internal and external escalation and reporting including criteria for disclosure to regulatory authorities where necessary.	10%	1			
				<b>Factor Score</b>				100%	1.00
				<b>Driver I Score</b>					25%

Key Drivers	Driver Weight	Factor	Factor Weight	Best Practice Elements	Weight	Culture Maturity Rating	
II. Leadership	25%	Leading by Example	33%	Senior Management ensure the Core Values are consistently reinforced as part of the day-to-day employee experience (e.g., modeling, incentivizing and correcting behavior).	10%	1	
				Senior Management demonstrate 'zero-tolerance' approach to poor conduct including as it relates to anti-financial crime / ethical values.	10%	1	
				Senior Management are able to provide evidence of how they model the organizational values and desired behaviors including via documentation of decision-making.	10%	1	
				Senior Management foster agility and innovation; support change activities undertaken by other functions and encourage cross-functional collaboration and seek to avoid siloes.	10%	1	
				Senior Management are able to provide evidence of how the tone from the top cascades top down across the firm.	10%	1	
				Senior management demonstrate staff accountability and absence of a "blame culture" and are available to staff and frequently "floor walk".	10%	1	
				Senior Management define what a good outcome would be for their customers and apply that consideration at every stage of delivering a product, service, or initiative.	10%	1	
				Senior Management raise ongoing awareness on significance of compliance and ethics including as it relates to CFC/fair customer outcomes and have the integrity to admit to mistakes they have made.	10%	1	
				Senior Management in income generating functions foster "customer serving" rather than customer selling.	10%	1	
				Senior Management succession plan specifically factors integrity/ leading by example competencies.	10%	1	
	<b>Factor Score</b>					<b>100%</b>	<b>1.00</b>
			Employee Empowerment	33%	Employees understand how their work supports the firm's Vision, Purpose, & Strategy.	10%	1
					Senior Management ensures goals, roles, and performance plans are clear to all employees.	10%	1
					Senior Management fosters teamwork, building on one another competencies to collectively deliver high-quality and timely work.	10%	1
					Senior Management regularly engages in transparent and authentic communication with employees, encourages employee input, feedback, and suggestions.	10%	1
					Senior management regularly uses two-way communication to gather employees' input or ideas.	10%	1
					Senior management encourage an environment of psychological safety whereby staff are comfortable to challenge management.	10%	1
					Senior management regularly communicates to employees compliance and ethics learning priorities and approaches.	10%	1
					Senior Management prioritize learning and development among employees by ensuring time and resource availability.	10%	1
					Senior Management identify failure as a learning exercise and share lessons learned with stakeholders	10%	1
Senior Management support change initiatives including via transparent communications with employees, capacity building, and collecting their feedback.					10%	1	
<b>Factor Score</b>					<b>100%</b>	<b>1.00</b>	

Key Drivers	Driver Weight	Factor	Factor Weight	Best Practice Elements	Weight	Culture Maturity Rating
II. Leadership	25%	Diversity, Inclusion, & Belonging	33%	Senior Management succession plan specifically factors duties in relation to diversity, inclusion, and belonging.	10%	1
				Senior management encourages feedback and diversity in thought.	10%	1
				Senior Management attract, develop, and retain individuals from diverse backgrounds.	10%	1
				Senior Management encourage inclusion throughout all business practices including as it relates to new / product service development.	10%	1
				Senior Management invest in employee well-being (physical, emotional and mental).	10%	1
				Senior Management foster a sense of belonging among its employees.	10%	1
				Senior management assess staff fairly and in line with promoting a good culture.	10%	1
				Senior management appreciate efforts and encourages going the extra mile.	10%	1
				Senior Management practice patience, understanding, and empathy.	10%	1
				Communications with third parties specifically include ESG accountabilities including human rights compliance and green practices.	10%	1
				<b>Factor Score</b>		
<b>Driver II Score</b>					<b>25%</b>	<b>1.00</b>
III. People	25%	Accountability for Ethics & Compliance	33%	Employees are provided with guidance on expected behaviors including how it aligns with the firm's Vision, Purpose, & Strategy.	10%	1
				Employee's accountability for ethics and compliance is explicitly articulated in related function's Policies and Procedures.	10%	1
				Employee job descriptions explicitly include ethics and compliance accountability.	10%	1
				Employee job descriptions explicitly include CFC responsibilities.	10%	1
				Roles and responsibilities of each staff member across the organization are clearly documented.	10%	1
				Firm recruits individuals using value behavioral assessments to ensure the individual's values are consistent with the corporate values.	10%	1
				Incidence escalation channels are communicated to staff and are easily accessible.	10%	1
				The second and third lines of defense have the necessary seniority.	10%	1
				The second and third lines of defense are appropriately and adequately resourced.	10%	1
				Dedicated training is provided for second and third lines of defense to keep pace with evolving compliance risks (including those driven by advanced technology) and best practice.	10%	1
				<b>Factor Score</b>		

Key Drivers	Driver Weight	Factor	Factor Weight	Best Practice Elements	Weight	Culture Maturity Rating		
III. People	25%	Training & Awareness Programs	33%	There are procedures to ensure appropriate awareness is given to new recruits on the firm's Vision, Purpose, & Strategy.	10%	1		
				There are procedures in place to ensure enhancements to Vision, Purpose, & Strategy (in alignment with evolving practices) are communicated to all employees, including delivering refresher ethics training across the organization.	10%	1		
				Appropriate ethics induction/orientation training is given to new recruits so that they clearly understand the firm's ethics and compliance expectations and the sanctions procedure in the event of a violation.	10%	1		
				Training Programs encompass role specific face to face training.	10%	1		
				New hires training must be completed within set period, e.g. 3 months of hiring with end of probationary period contingent upon completion of ethics induction training.	10%	1		
				Ethics and compliance training and awareness includes guidance on how to address potential ethical dilemmas/managing competing rights (relevant to the firm's business)/ conflict of interest in day-to-day activities.	10%	1		
				The results of the training are reported to the Board / Committee of the Board.	10%	1		
				Aside from training initiatives, there is a procedure to ensure ongoing circulations across the organization on ethics and compliance e.g. awareness messages, newsletters, etc.	10%	1		
				The firm maintains procedure for reviewing training curriculum against evolving threats and compliance best practice, including job-related compliance training delivered on risk-basis (e.g. tackling specific financial crime exposure).	10%	1		
				The firm's training programs focus on embracing change, technological advancements and innovation, including communicating its ethical expectations to third parties (e.g. via specific conduct of conduct).	10%	1		
	<b>Factor Score</b>				100%	1.00		
			Remuneration Structures	33%	The Board of Directors ensures remuneration structures encourage ethical behavior and align with the Core Values and the firm's Vision, Purpose, & Strategy.	10%	1	
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					10%	1		
					10%	1		
<b>Factor Score</b>				100%	1.00			
<b>Driver III Score</b>					25%	1.00		

Key Drivers	Driver Weight	Factor	Factor Weight	Best Practice Elements	Weight	Culture Maturity Rating	
IV. Governance	25%	Monitoring Reporting, & Evaluation	25%	Breach reporting is encouraged / process exists for reporting issues or concerns (including reporting criteria) to Senior Management and the Board/ Committee of the Board.	10%	1	
				The Board receives meaningful ethics and culture MI (including Code of Conduct violations, compliance and ethics training completion percentage,..etc).	10%	1	
				The Board receives meaningful customer-centric MI (e.g. product performance dashboards, customer satisfaction surveys).	10%	1	
				The firm has a procedure for self-reporting bribery incidents as appropriate to the authorities.	10%	1	
				The firm has a procedure for conducting self-evaluations of the organizational culture.	10%	1	
				The firm's Internal Audit Charter explicitly covers ABC including gifts logs and entertainment records.	10%	1	
				The firm's Internal Audit Charter explicitly covers "fair customer outcomes".	10%	1	
				The firm applies a mechanism to measure its culture though employee and/or third surveys (including how they perceive middle and senior management).	10%	1	
				The organization identifies opportunities to improve the organizational culture at least once a year.	10%	1	
				The firm has a clear procedure for monitoring of employee accounts, as well as third parties for questionable transactions or conduct.	10%	1	
	<b>Factor Score</b>				<b>100%</b>	<b>1.00</b>	
			Fair Customer Outcomes	25%	The firm has a clear definition of 'fair value' for customers tailored to its business and products and services, and ensures employees possess the appropriate knowledge of product features whether advantages or disadvantages to communicate to customers properly.	10%	1
					New products/services development process includes clear procedures for ensuring fair customer outcomes for targeted customer segments, including needs of vulnerable customers.	10%	1
					The firm maintains procedures for avoiding abusive sales practices, as well as for monitoring products/services to ensure they continue to deliver as promised.	10%	1
					The firm maintains procedures for ensuring strategic decisions such as change management programs and outsourcing arrangements strongly reflect the fair treatment of customers.	10%	1
					Customer complaints are managed by independent and qualified staff or by Compliance, where required by the Regulator.	10%	1
					There are procedures for ensuring complaints are resolved timely and root causes identified and remedied to enhance the overall customer experience.	10%	1
					Marketing approaches are tailored to the target customer segments; customer communications are balanced (emphasizing potential benefits and disadvantages equally) and understood by different customer segments.	10%	1
					The firm effectively utilizes data (leverages necessary technology for insights) to evidence outcomes for consumers at all stages of the customer journey and product lifecycle.	10%	1
					Meaningful MI is reported to Senior Management and the Board (e.g. cancellations information, changes in sales volumes per product type, customer complaints resolved outside target time, complainants' profiles, etc.) and necessary actions undertaken.	10%	1
The firm has clear procedures for "empowering customers" enabling them to make decisions in their interests and to pursue their financial objectives, including ensuring customers do not face unreasonable barriers when changing products, switching providers, or making a claim.					10%	1	
<b>Factor Score</b>				<b>100%</b>	<b>1.00</b>		

Key Drivers	Driver Weight	Factor	Factor Weight	Best Practice Elements	Weight	Culture Maturity Rating
IV. Governance	25%	Third Party Management & External Relations	25%	The firm has thresholds of authority for approving the business case prior to appointment of third parties.	10%	1
				The firm has procedures to undertake risk-based due diligence reviews and negative media checks before appointing third parties including as it relates to ethical commitments (anti-bribery and corruption, human rights compliance).	10%	1
				The firm has procedures for ongoing monitoring of third parties ensuring third party delivers on commitments.	10%	1
				Contracts with third parties explicitly incorporate ethics and compliance responsibilities (e.g. anti-bribery and corruption, human rights compliance).	10%	1
				Contracts with third parties grant the firm the right to exit in the event of any unethical conduct (e.g. bribery and corruption, human rights violations).	10%	1
				Contracts with third parties grant the firm the right to audit the third party for compliance.	10%	1
				The firm ensures third party engagements do not impact the firm's operational resilience.	10%	1
				The firm champions a culture of ethics externally (e.g. via partaking in international taskforces, participating in forums and seminars in the areas of ethics and customer centricity).	10%	1
				The firm seeks to build open communication channels with regulatory authorities including as it relates to proposed legislation.	10%	1
				The firm focuses on ethics and integrity in its discussions with regulatory authorities (e.g. as it relates to selection of Senior Management, MLRO).	10%	1
				<b>Factor Score</b>		
	25%	Privacy & Data Protection	25%	The firm has appointed a Privacy and Data Protection Officer or has allocated equivalent responsibilities to designated personnel (e.g. within Legal, Compliance, Risk Management).	10%	1
				Board members exercise oversight over the firm's Privacy and Data Protection program that includes dedicated training and awareness programs on Privacy and Data Protection.	10%	1
				The firm maintains a clear procedure for collecting customer consents on processing of their personal data in line with applicable mandates, consistent with their Privacy Notice.	10%	1
				The firm ensures transparency towards customers concerning the processing of their personal data as well as online identifiers e.g. via Privacy Notice, Cookies Notice.	10%	1
				Personal data is not processed beyond purposes for which it was initially collected unless explicit consent is collected (e.g. opt in for direct marketing).	10%	1
				The firm maintains procedures for responding to data owners requests to exercise their rights via a vis their data within timeframes stipulated under local mandates (e.g. right to rectify data, right to data portability, etc.).	10%	1
				The firm conducts dedicated Privacy and Data Protection assessments on new/revised products/services/systems as necessary for a "Privacy by Design" approach, as well as prior to use of AI/ML/Robotics as critical for avoiding bias in AI data mining.	10%	1
				The firm maintains procedures on Breach Management that ensures breach containment and timely reporting to regulatory authorities and data owners as required under local mandates.	10%	1
				The firm conducts comprehensive data security reviews prior to engaging with third parties acting as Personal Data Processors, including maintaining processes for ensuring ongoing validity of the security posture of third parties acting as Personal Data Processors.	10%	1
				The firm incorporates dedicated data protection clauses in agreements with Personal Data Processors in alignment with best practice (including as it relates to data security, data breach escalation, and cooperation in responding to data subject requests to exercise their rights).	10%	1
<b>Factor Score</b>				<b>100%</b>	<b>1.00</b>	
<b>Driver IV Score</b>					<b>25%</b>	<b>1.00</b>
<b>Overall Assessment Score &amp; Rating</b>					<b>100%</b>	<b>Weak</b>



## ABOUT THE AUTHORS

### **MICHAEL MATOSSIAN** **EVP and Chief Compliance** **Officer**

Mr. Matossian joined Arab Bank plc in November 2005 as EVP and Global Head of Group Regulatory Compliance. Mr. Matossian has more than 35 years of experience in Regulatory Risk Management, Anti-Money Laundering, and Corporate Governance. Mr. Matossian participates on several national and international task forces addressing anti-money laundering, privacy, and compliance matters and is the Founding Member and Deputy Chair of the MENA Financial Crime Compliance Group and Vice Chair of the Global Coalition to Fight Financial Crime - MENA Chapter

### **ELIZA THOMPSON** **Financial Crime Researcher –** **Themis**

Ms. Thompson is a financial crime researcher with the Themis Insight team, with a focus on illicit financial flows and organised crime in the MENA region. She has led projects examining jurisdictional risks as well as regulatory reform in the UAE, including around private sector awareness and public-private sector engagement. She is also the Themis sanctions subject matter expert. Prior to joining Themis, she worked at a policy consultancy, as well as for the United Nations Interregional Crime and Justice Research Institute. Ms. Thompson has an MSc in European Policy from the London School of Economics and a BA with Honours in Political Science from Stanford University.

### **THOMAS NOONE** **Head of Compliance at Europe** **Arab Bank and Chair of MENA** **FCCG – European Chapter**

Mr. Noone has worked in regulatory and financial crime compliance roles for the past 20 years and is the current Head of Compliance and MLRO at Europe Arab Bank Plc, a subsidiary of the Arab Bank Group. He has a breadth of experience across Banking both retail and institutional, Fund Management, Financial Markets and Consultancy. He has held senior positions at Bank of America Merrill Lynch, Credit Suisse and was the Head of Compliance and deputy MLRO for Lehman Brothers in Administration. Mr. Noone holds a Law Degree (LLB) and is a Certified Anti-Money Laundering Specialist.

## ABOUT MENA FCCG:

The MENA Financial Crime Compliance Group (MENA FCCG) is a voluntary body that seeks to bring collective action in the fight against money laundering and terrorist finance in the region. The Group comprises 13 banks representing eight MENA countries, including Bahrain, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar, and the UAE. The Group is presided over by Dr. Wissam H. Fattouh, Secretary General for the Union of Arab Banks while Michael Matossian is the current Deputy Chair.

The Group also seeks to enhance dialogue among public and private sector actors as the best medium for a more targeted and intelligent approach for responding to the changing face of financial crime. In November 2021, the Group officially launched a Europe Chapter at an inaugural meeting in London. The chapter aims to extend MENA FCCG's objectives to Europe by bringing together compliance professionals of Arab banks operating in Europe to enhance financial crime literacy and support implementation of best practices. The Arab Bankers Association acts as the strategic partner and the Chapter has entered a strategic alliance with Themis Services, a specialist financial crime consultancy.

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## ABOUT THEMIS:

Themis is a purpose-driven, B Corp Certified and award-winning financial crime platform, helping its clients manage their financial crime risk exposure by providing innovative solutions to detect financial crime. The company does this through cutting edge AI-powered technology, driven by their threat-based data, insight and intelligence. It aims to reduce the global impacts of financial crime and acts as an advocate of global best practice based on its experience in serving the financial crime and compliance community over the years.

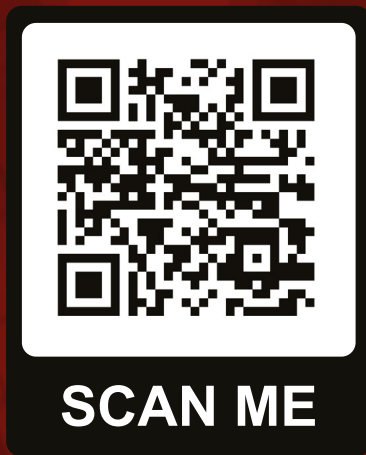
**Member Banks:**



**MENA FCCG Strategic Partners and Alliances**



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**(MENA FCCG)**  
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