



The right measure

Launch of Irish Banking Culture Board

On 15 April 2019, the new Irish Banking Culture Board (“IBCB”) was launched.

The IBCB is a banking industry-funded initiative of the five retail banks in Ireland - Allied Irish Banks, Bank of Ireland, KBC Bank Ireland, Permanent TSB and Ulster Bank.

It has no regulatory role; nor does it have any industry lobby role. Rather, according to the Chairman of the IBCB, Mr Justice John Hedigan, its role will be to:

“Promote and measure an environment in which: ethical behaviour is made inevitable; fair customer outcomes are achieved; and reputation for competence is rediscovered.”

At the launch, the IBCB also announced its appointed Board members and published the results of its:

- Public and stakeholder consultation
- Bank employee survey

It is anticipated that the IBCB’s work programme will be finalised in the coming months.

Findings of the IBCB’s consultation and survey: The banks have considerable work to do to rebuild trust

The IBCB’s findings set out in its Public and Stakeholder Consultation report make for sobering reading for the banks. The consultation involved interviews with 51 stakeholders and a review of responses from 747 members of the public. Overall:

“This consultation process has identified a great deal of frustration, anger and distrust around the current banking system, especially among the members of the public consulted but likewise among the various academic experts, policymakers and industry commentators interviewed”.

It was found that trust levels in the Irish banking sector are 22 points below trust levels in the global banking sector (40% in Ireland vs. 62% globally). Also, a:

“Perceived lack of ethical behaviour is, unquestionably, one of the key driving forces behind the trust deficit surrounding the banking sector. Often, this is expressed in terms of greed, a blinkered focus on profits and a lack of respect for and transparency with customers”.

As to the separate survey of bank staff, responses were received from 14,300 staff (just over 58% of all bank staff). The survey aimed to assess the extent to which the banks demonstrate particular characteristics: honesty, respect, openness, accountability, competence, reliability, responsiveness, personal and organisational resilience and shared purpose. The points of note from the survey include:

- Only **59%** of respondents believed that senior leaders in their organisation meant what they said;
- **49%** of respondents stated that they see instances where unethical behaviour is rewarded;
- **47%** of respondents believed that if they raised concerns about the way they work, they would be worried about the negative consequences for them;
- Fewer than two in five employees who raised a concern said they were listened to and taken seriously;
- Over **70%** of employees at retail branch level stated that they often feel under excessive pressure at work;
- One-fifth stated that it is difficult to make career progression without flexing ethical standards.

The banks’ signal of intent: Appointment of a strong independent Board

Although the launch of the IBCB was greeted with a certain amount of scepticism in the national press, the setting up of this organisation may well amount to an important step on the road to culture reform in the banking industry.

In this regard, the appointment of a strong independent Board, chaired by Mr Justice John Hedigan, is an encouraging sign that the banks are serious about reform.

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The Board is composed of 14 members, five of which are very senior executives from each of the five retail banks, including Jane Howard, CEO of Ulster Bank. The other seven non-banking industry members include Professor Blanaid Clarke, Chair in Corporate Law at Trinity College Dublin (and, until recently, a member of the governing body of the Central Bank of Ireland (“CBI”) - the Central Bank Commission of the CBI) and Padraic Kissane, who has been at the forefront of assisting customers dealing with tracker mortgage issues.

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