

Page numbers followed by *f* and *t* refer to figures and tables, respectively.

Accountability, 39, 40
 as principle of good governance,
 123–129
 raising standards for, 136–137
 and sustainable communities, 163*t*

Adoboli, Kweku, 20

After-sales service, ethical issues with, 92

Amazon, 159

Annual General Meeting (AGM), 129

Armitage, Simon, 15

Aspirations, as dimension of corporate faith,
 181–182

Assumptions, as dimension of corporate
 faith, 179–180

Audits, 117–119

AXA, 132

Balanced Scorecard (BSC), 89

Bangladesh, 159

Bank fines, 143

Bank of Credit and Commerce International
 (BCCI), 12*t*, 98

Bank of England, 12*t*

Bank of International Settlements (BIS),
 99–100

Banks, social usefulness of, 158–159

Barclays, 19, 71, 73

BCCI (Bank of Credit and Commerce
 International), 12*t*, 98

Behavioural economics, 168–169, 170*t*,
 171

Beliefs, as dimension of corporate faith,
 179–180

Billiton, 132

BIS (Bank of International Settlements),
 99–100

BNP Paribas, 132

Board:
 composition/diversity of, as principle of
 good governance, 107–111
 gender diversity on, 110
 role of, in governance, 98–100

Board members:
 compensation of, 106
 ethics training for, 43

Bonus culture, 16, 143

Boundaries, creating strong, 74

Bribery Act, 61

British Standard for community
 sustainability (BS8904), 161

Brown, Gordon, 16

BSC (Balanced Scorecard), 89

Business, ethics in, 31, 58*t*

Business cases, 133–134

Business competence, of board of directors,
 109*t*

Business improvement, 190*t*, 191

Butland, Cameron, 3

Cadbury Code, 97–98, 101

Cadbury Report, 96, 97

Cadbury Review, 96

Career freedom, and independence, 104

Casino banking, 158

Cavitation, 198–199

CBA (cost-benefit analysis), 12*t*

CDOs (collateralized debt obligations), 16, 20

CEO compensation, 135–136

Challenge frameworks, 43, 114

Checks and balances, as principle of good
 governance, 115–119

Citibank NA, 19

Client needs, focus on, 38

Climate change, 24

Codes of conduct, 36

Collateralized debt obligations (CDOs), 16, 20

Collective leadership, 103

Communication, and independence, 104

- Community(-ies), 155–174
 and behavioural economics, 168–169, 170*t*, 171
 and corporate social responsibility, 167
 definition of, 160–161
 and developmental matrix, 164, 165*t*–166*t*, 167
 importance of, 156
 and new reporting standards, 167–168
 principles of, 161–162
 and role of companies, 156–157
 and role of compliance, 159–160
 and social usefulness of banks, 158–159
 and sustainable principles, 162, 163*t*–164*t*
 vulnerable sections of, 171–174
 Community engagement, and governance, 134–135
 Community legitimacy, 159
 Companies, purpose of, 156–157
 Compensation:
 of auditors, 119
 of CEOs, 135–136
 of directors, 106
 and mis-selling, 20
 Competence:
 of board of directors, 108, 109*t*, 110–111
 ethical issues with, 92
 and independence, 104
 Competent decision making, 90*t*
 Complaints, 91
 Compliance, 190*t*
 development of, 185–186
 as essential function, 3–4
 ethics in, 29–30
 judgment-based, 18*c*
 and legacy of failure, 18–19
 social role of, 159–160
 Compliance 10-year plan, 192
 Compliance costs, 15–25
 and demotion of compliance to second-rate operational function, 18–19
 and Global Financial Crisis of 2008, 16–17
 increases in, 22
 and post-2008 issues, 19–21
 and principles of effective supervision, 22–23
 and unconformity between compliance and regulation, 15
 Compliance culture, 189–190
 Compliance–performance gap, 132–133
 Compliance practitioners, 32
 Compliance professionals, 41
 Compliance revolution, 68, 200
 Comply or explain approach, to governance, 100–101
 Conduct risk, 67–68
 Connectedness, 161, 163*t*
 Connected parties, 105–107
 Constructive challenge, as principle of good governance, 111–112
 Consumers:
 advice provided to, 57
 empowering, 23
 and FSA/FCA training/compliance requirements, 77
 and rate fixing, 19
 vulnerability of, 171–174
 Continuing professional development (CPD), 97, 110
 Co-operative Bank, 21
 Corporate citizenship, 157
 Corporate culture, *see* Culture
 Corporate ethics, steps for identifying/applying, 35
 Corporate faith, 175–186
 building and implementing, 183–184
 and corporate maturity, 197
 defining, 176–177
 dimensions of, 179–183
 and judgment-based compliance, 186
 and lag effect, 177
 managing, 177
 and professionalism, 184–186
 value of, 177–178
 Corporate maturity, 187–220
 and corporate faith, 197
 defining, 187–189
 and direction of travel, 189, 190*t*, 191–194
 elements of, 176*f*
 framework for, 197, 198*f*
 process of, 8
 stages of, 192–194, 193*t*
 and stages of development, 199
 and unconditionality, 194–195
 underlying process leading to, 195–197
 and value cavitation, 198–199
 Corporate social responsibility (CSR), 134–135, 167
 Cost, governance viewed as, 133–134

- Cost-benefit analysis (CBA), 12*t*
- CPD (continuing professional development), 97, 110
- Credit cards, 148*t*
- CRH, 132
- Crises stage (of general model of regulatory and compliance development), 9, 12*t*
- Cross-border cooperation, 23
- Crowd sourced financing, 20
- Crucibles, 74–80
and board of directors, 111, 114
composition of, 74*f*
examples of creating, 77–80
and judgment-based compliance, 74–77
in practice, 79*f*
- CSR (corporate social responsibility), 134–135, 167
- Culture, 67–93
changing/embedding, 70–73
compliance, 189, 190*t*, 191
crucibles for changing, 74–80
definition of, 69
ethical, 191*t*
and fair dealing guidelines in Singapore, 88–89
indicators for, in UK, 83–88
measuring, 89–92
pro-compliance, 68
and regulatory methodologies, 80–82
and values-led mindset, 69, 70*f*
- Cummings, Peter, 87–88
- Currency, new forms of, 24
- Customer understanding, 86
- Cybercrime, 21, 24
- Darwin, Charles, 7, 199
- Data protection, 21
- Davis, Lord, 110
- Debt management, 168, 173
- Decision making:
composition of, 76*f*
computation in, 169, 170*f*
ethical, 46–56
measuring, 90*t*
quality, as principle of good governance, 112–115
- Decision-making competence, of board of directors, 109*t*
- Deposits, 148*t*
- Derivative ethics, 32
- Developmental matrix, 164, 165*t*–166*t*, 167
- Development matrix, 147, 148*t*, 149
- Development model(s), 7. *See also* General model of regulatory and compliance development
- DiMauro, Julie, 22
- “Direction of travel,” 189, 190*t*, 191–194
- Disclosures, protected, 121–122
- Diversity, of board of directors, 110
- “Does Regulation Make It Worse?” (Jackman), 143
- Dow Jones Sustainability Index, 168
- Drugs money, 21
- Duty to uphold the law, 40
- Effectiveness, raising standards for, 136
- “Effective Tenets of Regulation” (Singapore, 2010), 149
- EFGHI, *see* Ethics Foundation Governance Health Index
- Embedding, 33
- Employment, provided by companies, 157
- Empowered decision making, 90*t*
- Empowerment, allowing, 75
- Endgame, 155
- Enforcement, and outcomes, 150–151
- Engagement:
in developmental matrix, 165*t*
raising standards for, 137
and sustainable communities, 163*t*
- ENI, 132
- Equitable Life, 12*t*
- Ethics, 29–66
of board of directors, 109*t*
in business, 31
in compliance, 29–30
compliance practitioner’s approach to, 32
in decision making, 46–56
definition of, 29
derivative/secondary, 32
in financial services, 30–31
and principles, 29, 57–65
in regulation, 29–30, 56–57, 60–65
steps for developing, 33–34
steps for establishing, 35
tools for identifying/applying corporate, 35
training in, 42–45
and values, 29
at work vs. at home, 33

- Ethical culture, 191*t*
- Ethical Framework for Financial Services, 31
- Ethical questioning, 51, 51*f*
- Ethical Space, 195, 195*f*, 196, 199
- Ethics code, 35–42
 for a bank, 37–38
 code of conduct vs., 36
 for large company, 36–37
 for small firm, 37
 sources of reference for, 38–41
 using an, 42
- Ethics Code (ICA), 185
- Ethics Foundation, 131
- Ethics Foundation Governance Health Index (EFGHI), 131, 132, 134, 135
- European Union (EU), 110
- Evaluation:
 as principle of good governance, 123–129
 raising standards for, 137
- Expansion stage (of general model of regulatory and compliance development), 9, 12*t*
- External audits, 118–119
- External engagement, as principle of good governance, 129–130
- External evaluation, of board of directors, 108
- External relationships, shared, 162, 164*t*
- Extraterritorial regulation, 23
- FAIR, 67, 88–89
- Fair Dealing Guidelines (Singapore), 88
- Fair Dealing initiative (Singapore), 67, 80
- Fairness, 38
- FATCA (Foreign Account Tax Compliance Act), 23, 181
- FATE, 23
- FCA, *see* Financial Conduct Authority
- FIMBRA (Financial Intermediaries, Managers and Brokers Regulatory Authority), 12*t*
- Financial Advice Act (Singapore), 67
- Financial Advisers Act (Singapore), 80
- Financial Conduct Authority (FCA), 12*t*
 banks fined in 2014 by, 12*t*, 19–20
 behavioural economics and proposals of, 169
 and consumer vulnerability, 171–174
 culture assessed by, 80–82
 and ethics, 57–58
 and focus on outcomes, 140
 formation of, 67
 and outcomes, 149–150
 training/competence requirements of, 77–80
- Financial freedom, and independence, 104
- Financial Intermediaries, Managers and Brokers Regulatory Authority (FIMBRA), 12*t*
- Financial Reporting Council (FRC), 112
 on boiler-plate statements, 100
 and remuneration, 122
- Financial services, ethical framework for, 30–31
- Financial Services and Markets Act (FISMA), 12*t*, 30
- Financial Services Authority (FSA), 12*t*, 16, 21
 and ethics of regulation, 30–31
 training/competence requirements of, 77–80
- Financial Times Stock Exchange (FTSE), 110, 125, 134
- FISMA (Financial Services and Markets Act), 12*t*, 30
- Flowers, Paul, 21
- Foreign Account Tax Compliance Act (FATCA), 23, 181
- Forster, E. M., 187
- FRC, *see* Financial Reporting Council
- FRC Stewardship Code, 97
- FSA Handbook, 57
- FTSE (Financial Times Stock Exchange), 110, 125, 134
- Gender diversity, of board of directors, 110
- General model of regulatory and compliance development (GMRCd). *See also specific stages, e.g.:* Start-up stage
 limitations of, 10
 stages in, 8–9, 8*f*, 12*t*
- General Principles of Public Life, 40
- GlaxoSmithKline, 132
- Global Financial Crisis (GFC) of 2008, 1
 causes and accelerators of, 16–17
 and focus on outcomes, 142–143
 and general model of regulatory and compliance development, 10
 and transition from stage 3 to 4/5, 14
- GMRCd, *see* General model of regulatory and compliance development
- GNP (Gross National Product), 158
- Good governance, 101–102. *See also* Governance

- Google, 159
- “Google tax,” 159
- Governance, 28, 95–137
- and BIS principles, 99–100
 - board composition/diversity as principle of, 107–111
 - board’s role in, 98–99
 - checks and balances as principle of, 115–119
 - and community engagement, 134–135
 - and compliance–performance gap, 132–133
 - comply or explain approach to, 100–101
 - constructive challenge as principle of, 111–112
 - as cost vs. opportunity, 133–134
 - defining, 97–98
 - evaluation and accountability as principle of, 123–129
 - external engagement as principle of, 129–130
 - “good,” 101–102
 - importance of, 96–97
 - independence as principle of, 103–107
 - and intent, 135–136
 - as key driver of regulatory outcomes, 96
 - leadership as principle of, 102–103
 - mediocrity in, 133–134
 - model of good, 101–102
 - as part of GRC structure, 130, 131, 131*f*
 - quality decision making and judgments as principle of, 112–115
 - raising standards for, 136–137
 - remuneration/reward as principle of, 122–123
 - in Singapore, 99
 - whistleblowing as principle of, 119–122
- Governance, Risk, and Compliance (GRC) structure:
- framework of, 131*f*, 154
 - governance as part of, 130, 131
- Governance competence, of board of directors, 109*t*
- Governance failings, 21
- GRC structure, *see* Governance, Risk, and Compliance structure
- Greenbury Report, 98
- Gross National Happiness, 158
- Gross National Product (GNP), 158
- Guidance to the Financial Advisers Act (Singapore), 31
- Habits, 168, 170*f*
- Hampel Report, 98
- HBOS, 71, 72, 87–88
- “Heating,” 75
- “Here for Good” campaign (Singapore), 70–71
- Higgs Report, 98–99
- Honesty, 38, 40
- HSBC Bank Plc, 17, 19, 21, 22, 132, 150
- Hume, David, 29
- Iberdrola, 132
- ICA (International Compliance Association), 40–41, 185
- ICB (Independent Commission on Banking), 181
- Identity, as dimension of corporate faith, 179
- Identity theft, 21
- Iksil, Bruno, 20
- IMRO (Investment Management Organisation), 12*t*, 78
- Inclusivity, 163*t*
- Independence, as principle of good governance, 103–107
- Independent Commission on Banking (ICB), 181
- Independent external advice, 123–124
- Individual leadership, 103
- Induction, ethics training upon, 43
- Informed decision making, 90*t*
- Insight, allowing, 75
- Insurance, 148*t*
- Integrated reporting, 168
- Integrity, 38, 40, 109*t*
- Intent, 30, 135–136
- InterContinental, 132
- Intergenerational equity, 161–162, 164*t*
- International Compliance Association (ICA), 40–41, 185
- International Standards Organisation (ISO), 161, 168
- Interpersonal competence, of board of directors, 109*t*
- Intracommunity equity, 161, 163*t*, 166*t*
- Investment decisions, consumer, 156
- Investment Management Organisation (IMRO), 12*t*, 78
- Ireland, 22, 106–107
- Irish Corporate Governance Code, 107
- ISEQ, 125
- Ishiguro, Kazuo, 175

- ISO (International Standards Organisation), 161, 168
 ISO 37101, 161, 168
- Jackman, David, 3, 92*t*, 132*f*
 JPMorgan Chase Bank NA, 19, 20, 22
 Judgments, quality, as principle of good governance, 112–115
 Judgment-based compliance, 186
- Kervial, Jerome, 20
- Lag effect, 177
 Lauto (Life Assurance and Unit Trust Regulatory Organisation), 12*t*
 Leadership, 39, 40
 as principle of good governance, 102–103
 raising standards for, 136
 and TCF initiative, 84
 Leadership competence, of board of directors, 109*t*
 Learning, by board of directors, 109*t*
 Lehman Brothers, 16, 20
 Leonard, T. Arthur, 155
 LIBOR fixing scandal, 12*t*
 Life Assurance and Unit Trust Regulatory Organisation (Lauto), 12*t*
 Lloyd's Insurance, 36–37
 Local economies, 157
 London Stock Exchange, 77
 “London Whale” trades, 20
- McDermott, Tracey, 88
 MacDonald, Oonagh, 77
 Marketing, ethical issues with, 91
 MAS, *see* Monetary Authority of Singapore
 Maturity, process of, 8. *See also* Corporate maturity
 Maturity matrices, 147
 Maturity matrix, 198*f*
 Maturity shift, 189
 Maxwell newspapers, 98
 Mexico, 21
 MiFID, 80
 Mindset, values-led, 69, 70*f*
 Minimum standards, 189, 190*t*
 Mis-selling, 20
 Mission statements, 177
- Models, 7
 Monetary Authority of Singapore (MAS), 13, 20, 22–23, 68, 89, 149
 Money laundering, 21
 More principles-based regulation (MPBR), 12*t*, 58
 Mortgages, 12*t*, 17, 148*t*
 MPBR (more principles-based regulation), 12*t*, 58
 “Murdoch’s fork,” 143
 Mutuality, 161, 163*t*, 165*t*
- New compliance, 3–6
 challenge of, 3–4
 and regulation, 5–6
 traditional vs., 4–5
 New Labour, 16
The News of the World, 97
 Nomination committee, 116–117
 Noncompliance, 189, 190*t*
 Non-executive directors (NEDs), 5
 competence of, 111
 decision making by, 113
 and diversity, 110
 and independence, 104, 105
 and raising standards, 136
 and regulatory pressure, 124–125
 Northern Rock, 17
- Obama, Barack, 144
 Objectivity, 39, 40
 Olympus, 105
 Openness, 32, 39, 40
 Open-to-challenge decision making, 90*t*
 Opportunity, governance seen as cost rather than, 133–134
 Outcome(s), 139–152
 defining, 141–142
 development matrix approach to, 147, 148*t*, 149
 and enforcement, 150–151
 importance of, 142–144
 measuring, 144–146
 in Singapore regulation, 149
 in UK, 149–150
 Outcomes stage (of general model of regulatory and compliance development), 9, 12*t*, 27, 96, 139–140
 Ownership, 39

- Patriot Act, 23
- Payment protection insurance (PPI), 20, 150
- Pensions, 12*t*
- Pension funds, 98
- Pensions dashboard, 169
- Personal competence, of board of directors, 109*t*
- Personal judgment, 40
- Phone hacking scandal, 11, 97
- Place, sense of, 161, 163*t*
- “Plighting,” 75
- Polly Peck, 12*t*, 98
- Power, as dimension of corporate faith, 180–181
- PPI (payment protection insurance), 20, 150
- Principles, 29, 57–65
- advantages and disadvantages of, 58, 59*t*
- as basis for regulation, 60–65
- community, 161–162
- Pro-compliance culture, 68
- Product design, ethical issues with, 91
- Professionalism, 41, 184–186
- Professional Standards Board for Banking, 57
- Prosperity, in developmental matrix, 166*t*
- Protected disclosures, 121–122
- Public opinion, 9
- Pull factors, 28
- Purchasing decisions, consumer, 156
- Purpose, 153–154, 179
- Rate fixing, 19–20
- RBS, *see* Royal Bank of Scotland Plc
- Recorded decision making, 90*t*
- Registered Representative exams, 77
- Registry of Credit Unions (Ireland), 22
- Regulation:
- creating crucibles in, 77–80
- ethics in, 29–30, 56–57
- and new compliance, 5–6
- principles-based, 60–65
- role of, 5
- Regulatory faith, 183
- Remuneration and reward, as principle of good governance, 122–123
- Reporting:
- integrated, 168
- raising standards for, 137
- Reporting standards, community focus and new, 167–168
- Resources Governance Index (RGI), 131–133
- Respect for others, 39, 40
- Responsibility, 39, 179
- Results, *see* Outcome(s)
- Retail Distribution Review, 180
- Retrospective reviews, 21
- Reviews, retrospective, 21
- RGI (Resources Governance Index), 131–133
- Ring fencing, 23, 158, 181
- Rio Tinto, 132
- Risk:
- and compliance, 5
- conduct, 67–68
- Rogue traders, 20
- Role, as dimension of corporate faith, 179
- Royal Bank of Scotland Plc (RBS), 16, 20, 21, 97
- FSA report on, 71–72
- “*Yes Check*” in code of conduct of, 50
- Runaway growth, myth of, 16
- Salary ranges, 135
- Sariz Review (Barclays), 73
- Sarbanes–Oxley Act, 23, 57
- Secondary ethics, 32
- Securities and Investment Board (SIB), 12*t*, 77
- Segregation of duties, 115–119
- Self-invested pension plans (SIPPs), 21
- Selflessness, 40
- Self-regulatory organisations (SROs), 12*t*
- Senior management:
- ethics training for, 43
- and fair dealing in Singapore, 89
- insufficient focus by, 87
- role of, in governance, 100
- Shadow banking, 24
- Shiller, Robert, 17
- SIB (Securities and Investment Board), 12*t*, 77
- Singapore, 11, 13, 22–23, 31
- compliance officer survey in, 18–19
- fair dealing in, 88–89
- governance in, 99
- outcomes of regulation in, 149
- Singapore Corporate Governance Code, 99, 105
- SIPPs (self-invested pension plans), 21
- Sir David Walker Review, 110
- Smith, Adam, 7, 199
- Social activity, regulation as, 11

- Société Général, 20
 SPS (Statement of Professional Standing), 57
 SROs (self-regulatory organisations), 12*t*
 Staff, ethics training for, 43
 Stakeholders:
 and outcomes, 141
 participation by, 130
 Standard Chartered, 17, 21, 70–71, 150
 Starbucks, 159
 Start-up stage (of general model of regulatory and compliance development), 8–9, 12*t*
 Statement of Professional Standing (SPS), 57
 Stewardship, 39, 40
 Stieglitz report, 158
 Strategic vision, of board of directors, 109*t*
 Structure, as dimension of corporate faith, 180–181
Sunday Times, 105
 Suppliers, 157
 Sustainability stage (of general model of regulatory and compliance development), 9, 12*t*, 27, 96
 Sustainable community principles, 162, 163*t*–164*t*

 Tax avoidance, 159
 Tax evasion, 21
 TCF, *see* Treating Customers Fairly initiative
 Teamwork, 39
 Technical competence, of board of directors, 109*t*
 Telecom Italia, 132
 The Securities Association (TSA), 12*t*
 Threshold conditions, 26
 Ticking boxes, 191*t*
 “Tone at the top,” 34
 “Too big to fail,” 16
 Toolkits, regulatory, 13
 Traditional compliance, new vs., 4–5
 Training, ethics, 42–45
 Transparency, 32
 Treating Customers Fairly (TCF) initiative, 12*t*, 15, 31, 67, 68, 80, 83–87, 144, 145*t*
 Triangulation, 46, 46*f*, 47, 144, 182
 TSA (The Securities Association), 12*t*
 Turnbull Report, 98
 Turner, Lord, 158
 Turner report, 16–17

 UBS AG, 20
 UK Bribery Act (2010), 23
 UK Combined Code, 98, 101, 113. *See also* UK Governance Code
 UK Corporate Governance Code, 98, 104, 112, 116, 123–124
 UK Governance Code, 113
 UK Institute of Directors, 97
 Unconditionality, 194–195
 Unibail-Rodamco, 132
 United Kingdom (UK), 15
 cultural indicators in, 83–88
 as example of development of financial services regulatory system, 11, 12*t*
 General Principles of Public Life, 40
 governance failings in, 21
 outcomes of regulation in, 149–150
 perceived “regulation burden” in, 18
 phone hacking scandal in, 11, 97
 regulatory interest in governance in, 96–100
 tax evasion in, 21
 training/competence requirements in, 77–80
 United States:
 compulsory registration examinations in, 77
 tax evasion in, 21
 Utility banking, 158

 Values, 29, 182–183
 Value cavitation, 198–199
 Values-led mindset, 69, 70*f*, 190*t*, 191
 Vickers, Sir John, 181
 Volcker Rule, 181

 Wake-up packs, 169
 Walker, Sir David, 71, 110
 Walker Report, 19, 71
 Walker Review, 110, 123–124
 “Walking the talk,” 34
 Walters & Shek IFA, 37
 Whistleblowing, 105, 119–122
 Wordsworth, William, 139
 Work, ethics at, 33

 Yeats, W. B., 95