



**Irish Banking
Culture Board**

**Annual Report
2019 - 2020**



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Culture Board**

Foreword from IBCB Chairman	1
Foreword from IBCB CEO	3
Overview of IBCB	5
Year One Activities	13
Governance Structure	37
Financial Review 2019 – 2020	49

**The Irish Banking
Culture Board has one
overriding mission:**

**To rebuild trust
in Irish banking**



Foreword from IBCB Chairman

Mr. Justice John Hedigan

It has been a most challenging and satisfactory year since we launched the Irish Banking Culture Board (IBCB).

Charged with the task of assisting the banking sector to regain the public trust by promoting the highest standards of behaviour, we literally had to invent ourselves. Six months of preparation led to the formal launch of the board in April 2019. A wide public consultation process was conducted involving the key stakeholders in the Irish banking sector. A survey of 25,000 bank staff was commissioned. The resulting reports of these surveys, published on the same day as our launch, painted a sobering picture of the many problems that faced us in striving to achieve our goal of changing banking culture.

In September 2018, an open competition was launched to recruit a chair for the new board. This resulted in my appointment in January 2019. Over the following three months, in consultation with then acting, now permanent, CEO Marion Kelly, I chose the members of the Board. Its composition is majority non-banking. I believe this group of 14 people are each fully committed to the goal of creating a banking sector that adheres to the highest standard of ethical conduct, the highest standard of professionalism and that ensures fair customer outcomes. To achieve these goals, we have adopted a highly structured approach. We have two pillars of focus:

Internal cultural change within our member Irish banks from the perspective of bank staff; and

Cultural change in the Irish Banking industry from the perspective of bank customers and wider societal stakeholders.

Drawing upon the findings of our two reports, we have identified nine work themes which are further described in this annual report. Each of these embody the main problem areas that face the banking industry in the task of regaining the public trust. In order to achieve this, the industry must demonstrate that it is worthy of that trust. To this end, these nine themes are being directly addressed in specific working groups. These are made up of Board members, IBCB staff, member bank experts in the specific areas being addressed and other relevant parties. I am confident that this structured approach to the problem areas identified will result in the kind of change required in the banking industry in terms of culture and competence.

It has been a privilege over the last year to have met with so many of the people that compose the stakeholders of the Irish banking sector. These include so many strains of Irish society. Whilst everywhere there remains great challenges to the task of regaining the public trust, there is also a clear determination that this must be achieved. The Irish people deserve no less than a banking system that enjoys their confidence and trust.

“The Irish people deserve no less than a banking system that enjoys their confidence and trust.”

“Although drawn from diverse backgrounds, we work together in harmony and with a clear focus on where we want to go and how we want to get there. I meet regularly with the CEOs of our member banks to update them on our progress.”

In these difficult days and in the challenges that face us over the coming months and years there is a special onus upon us to work diligently toward this goal. The IBCB staff is now a small team of full-time employees. Each of them is highly motivated and totally committed to the task at hand. The Board members have amply

fulfilled my expectations of them. Although drawn from diverse backgrounds, we work together in harmony and with a clear focus on where we want to go and how we want to get there. I meet regularly with the CEOs of our member banks to update them on our progress. They continue to assure me of their commitment to the goals of the board. The challenge facing the IBCB and the banking sector remains a daunting one. The changes we pursue will take time to achieve, to monitor and maintain. I

believe however that we have made a good start and I look forward to the second year of our existence with optimism and confidence.



Foreword from IBCB CEO

Marion Kelly

The IBCB is a relatively unique construct, many of the members of the IBCB Board would rarely previously even have been in the same room together and by joining the Board, each member has made a commitment to work collectively to improve bank culture.

The diverse range of views and experience around the Board room table is a real strength of the IBCB and one which we are determined to use for the benefit of positive change in the industry.

Following our official launch on the 15th of April 2019, the first meeting of the Board was held on the 24th of May 2019. An initial priority was to facilitate the various members of the Board to get to know and trust each other, and to share their aspirations for the IBCB. Our primary focus at Board level was agreeing the purpose

and vision for the IBCB, in addition to our year one priorities which form part of our work programme.

Over the course of the past number of months, we established working groups composed of members of our Board and expert representatives from our member banks focussing on the nine priority themes within our work programme. Much of the focus of these working groups in late 2019 will lead to initiatives to be launched over 2020, however some initial initiatives were launched in 2019. Details of our work programme are included later in this document. Two initiatives that I would mention specifically here relate to the Common Commitment of Care for Bereaved Customers and interactive sessions with a range of bank staff across the country focussed on how to improve the 'Speak Up' process across member banks. The positive energy and enthusiasm of bank staff who participated in these sessions was fantastic and I would like to thank them for their willingness to get involved and to contribute to the work of the IBCB and positive cultural change for bank customers and staff.

As we moved from establishment to operational phase in 2019, we began recruiting for the IBCB's permanent staff. Our small team of six full-time staff, including myself, are now in situ and I look forward to working with each of them in progressing the IBCB's objectives into the future.

As a new organisation, it was important for the IBCB to develop its external profile and forge relationships with a range of external organisations. We have been doing this over the past year via speaking at events, participating in radio and press interviews and through regular interactions with organisations representing our various stakeholders. A particular highlight was our

appearance, in October 2019, before the Oireachtas Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach.

As a small organisation with a singular focus on culture, we do not wish to duplicate or replicate the work of other organisations in the sector, therefore we seek to partner with and support them as relevant, while at the same time always being conscious of our independence and our remit to consider the views of a wide range of stakeholders in the industry, most particularly bank customers and bank staff. Over the past year, we have publicly commented, as considered appropriate, on relevant industry issues as they emerge as well as engaging directly with member banks and our Board as issues have arisen.

We entered our second year of existence just as the seriousness of the Covid-19 pandemic was becoming apparent. The health, mobility, economic and financial consequences of the crisis will be with us for a long period ahead – globally and nationally. How we as individuals and companies treat those who rely on us during these difficult times will impact on our reputations and trust levels for many years to come.

While the crisis will affect every one of us to some extent, we must ensure that we are paying particular attention to the needs of the vulnerable. Vulnerable means many different things. Those who were vulnerable prior to Covid-19 may well face an exacerbation of their circumstances, while a whole raft of others will become vulnerable solely because of the impact of the virus on their health and/or financial circumstances. The manner in which our member banks support their customers, particularly the vulnerable, through the

“The diverse range of views and experience around the Board room table is a real strength of the IBCB and one which we are determined to use for the benefit of positive change in the industry.”

Covid-19 crisis will be critical to determining how they, and indeed the IBCB, are perceived in the future.

Over the past year, each of our member banks has expressed, and demonstrated, their strong commitment to supporting the objectives of the IBCB in improving customer outcomes and advocating for humanity, decency and respect in the banking sector. The IBCB's activities and areas of focus for 2020 will remain aimed at delivering on these objectives, with a particular focus on how our member banks are delivering on these in the context of the ramifications of Covid-19.

I look forward to continuing my work with the Chairman, the Board, the IBCB staff, and all of our wider stakeholders in 2020. As we have said since the outset, cultural change and the earning back of trust are not things that can be achieved quickly. As we enter 2020, the IBCB is at the very early stages of this journey and the road ahead will be marked by obstacles and the learning of lessons along the way. We recognise that the restoration of trust in an industry which has been the subject of so many challenges and issues will not be easy but, we are confident that, over time, we can contribute to positively changing bank culture to the benefit of the two cohorts most impacted by this culture – bank customers and bank staff.

Vision & Purpose

The Irish Banking Culture Board (“IBCB”) was established in April 2019, and is an **independent industry initiative**, fully funded by the five retail banks operating in Ireland (Allied Irish Banks, Bank of Ireland, KBC Bank Ireland, Permanent TSB & Ulster Bank) with the aim of **rebuilding trust in the sector** through demonstrating a change in behaviour and overall culture.

The backdrop to the establishment of the IBCB was comprised of heavy public, media, political and regulatory criticism of the behaviour of the sector pre, during, and after the Financial Crisis of 2008/2010 which resulted in the Irish State ‘bailing out’ a number of the retail banks operating in the sector at that time at a cost of approximately €42 billion. However, the key catalyst contributing to the establishment of the IBCB was the behaviour of the sector in relation to the sale, and subsequent withdrawal of so-called ‘Tracker Mortgage¹’ products in Ireland. Each of the five Irish Retail Banks has been the subject of a specific regulatory inspection by the Central Bank of Ireland (CBI) in relation to the sale of Tracker Mortgages, which has resulted in significant redress programmes and which will result in regulatory sanctions. In July 2019², the CBI reported that lenders had paid €683 million in redress and compensation and over 40,000 customers had been identified as impacted at that point. At the time of writing, just one of these inspections is complete, which culminated in the imposition of a fine of €21million on Permanent TSB – the largest fine to date imposed by the CBI in Ireland under its powers of enforcement.

1. ‘During a period of increased competition in the Irish mortgage market between 2003 and 2008, tracker mortgages – which tracked the European Central Bank (‘ECB’) interest rate by a margin – grew in popularity as a product. When interest rates started to rise between 2006 and 2008, many customers on variable interest rates (including tracker interest rates) decided to fix their interest rate for a period in order to have certainty about their monthly mortgage repayments. From 2008, due to the economic and banking crises, lenders’ funding costs rose and were no longer aligned to ECB rates. As a result, all lenders in the market stopped offering tracker interest rates to new customers. However, in doing this, lenders sometimes failed to take account of their obligations to existing customers, including customers who had a contractual right to a tracker rate of interest – or the legitimate expectation of a tracker rate based on documentation or other influencing factors – when their fixed rate mortgage expired. In particular, some customers who had chosen to fix their interest rates between 2006 and 2008, lost that tracker interest rate, or were not offered that tracker interest rate, during the remaining term of their agreements. This resulted in often significant overcharging of customers, over a prolonged period of time in some cases.’ – Source: The Tracker Mortgage Examination – Final Report, July 2019, Central Bank of Ireland.

2. The Tracker Mortgage Examination – Final Report, July 2019, Central Bank of Ireland.





In tandem with the Tracker Mortgage investigation, the CBI commenced Behaviour and Cultural Reviews of the five Retail Banks in 2017 using a model based on that developed by the Dutch Central Bank, resulting in the publication of its report ‘Behaviour and Culture in Irish Banks’ in July 2018. During this period, culture programmes were established in each of the individual banks, however it was recognised that in addition to individual bank programmes, there was scope for the industry to cooperate to focus on the issue of culture and behaviour, and as a result the IBCB was established.

The IBCB is not a regulator, and is not an industry body, our remit is to work with all stakeholders in the industry – the banks, their customers and wider Irish Society to improve bank culture and contribute to a restoration of trust in the sector.

“Following a loss of trust in the banking sector, rebuilding wider society’s **confidence in the industry** will not happen overnight; it will take time, courage and commitment”



– Mr. Justice John Hedigan, Chairman IBCB.



“I am delighted to be welcoming the launch of such an important organisation today. It is clear that **public trust in banking is diminished** and has been for some time. Rebuilding trust is critical, necessary and overdue. The establishment of the Irish Banking Culture Board (IBCB) with its clear focus on culture is, I believe, a crucial step in that process...”

Michael D’Arcy TD, Minister of State at the Department of Finance and the Department of Public Expenditure and Reform – 15 April 2019

The IBCB aims to work with the banking sector to earn the trust of society. The IBCB will promote and measure an environment in which ethical behaviour lies at the heart of banking, fair customer outcomes are achieved, staff are supported and reputation for competence is discovered.

Our activities in year one have focussed on hiring permanent staff and developing a programme of activities to address the findings of the research conducted prior to our establishment with the public and stakeholders in the banking sector as well as with bank staff (see our section on our Work Programme for details of these activities).

Looking to the future, the activities of the IBCB will remain focussed on our core goals. Many of the themes we have identified in our year

one work programme such as supports for the vulnerable, enhancing communications, improving financial awareness and identifying means for banks to support communities will remain our key priorities into the future. We will also continue to focus on working with our member banks to ensure that bank staff feel supported and confident to report issues internally without fear of the personal consequences and that all staff working within our member banks are clear on the ethical behaviour required of them.



“I understand, of course, that you cannot **change culture overnight**. I accept that changing culture is not so much a New Year’s Resolution as a lifestyle change. And I accept that lifestyle changes take time and effort to achieve - as anyone who has watched Operation Transformation can testify.”

Remarks at the launch of the Irish Banking Culture Board
- Director General Derville Rowland 15 April 2019 Speech – 15 April 2019

The economic, financial and social impact of the Covid-19 crisis on our country and the role of our member banks in supporting their customers through these difficulties will be a particular area of focus for us in the coming period. We will be working with our member banks and wider stakeholders to identify the role of the banking sector in rebooting and rebuilding our economy, founded on the principles of fairness, competence and transparency. Clearly, how the banks act in the face of this crisis will determine how they are perceived in the future.

In order to assess whether banking culture is improving via initiatives from the banks themselves and through the work of the IBCB, it is important that we conduct periodic independent surveys. Our last surveys were carried out in late 2018, over the course of 2020 we will be designing and running further assessments to gauge progress on various aspects of bank culture. Results will be published to inform the debate and identify further areas of focus for the IBCB.



Work Programme

Culture means many things to many people. It was necessary to focus the initial activities of the IBCB on particular aspects of **cultural change** which would resonate with key stakeholders. For this reason, we decided to ask for, listen to and act on the views of those two cohorts of stakeholders most impacted by this culture – **bank staff** and **bank customers**.

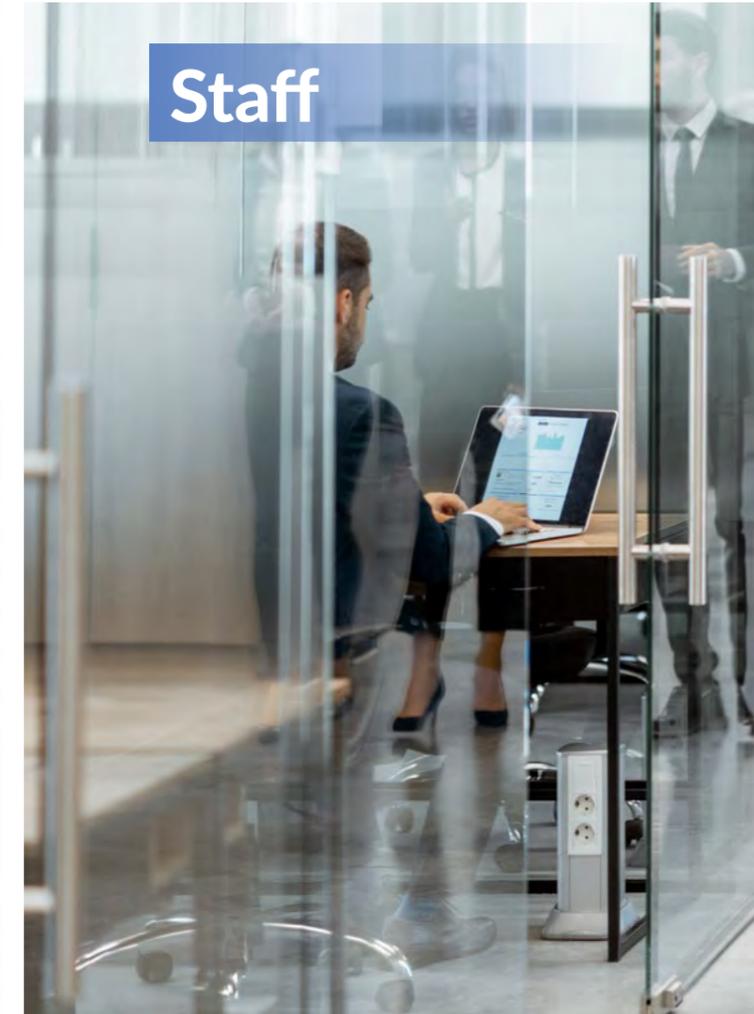
Introduction

We conducted two pieces of research prior to our establishment. Firstly, we commissioned the UK Banking Standards Board (BSB) to conduct a survey in October 2018 of the 25,000 bank staff across our founding member banks to gauge their views on the internal culture of their institutions. Secondly, we conducted a **Public and Stakeholder Consultation exercise**. Through a website yoursaybankingculture.ie, which was supported by a press and radio advertising campaign, we received hundreds of responses from members of the public in relation to bank culture. The stakeholder consultation exercise involved 38 face to face interviews with individuals and organisations from right across Irish society, including consumer organisations, small and large businesses, farmers, charities, youth groups, students, trade unions, the elderly, media, politicians and regulators.

The findings of these two pieces of research were published in two separate reports in April 2019. These findings have set the baseline of what the perceptions are of banking culture in Ireland and what needs to change. These findings have also been used to inform the IBCB's initial work programme. This work programme is comprised of two pillars of focus – one focussing on internal aspects of bank culture – including issues such as Ethics & Behaviour, Speaking Up and Staff Pressures and Resilience, and the second pillar focussing on external and more customer impacting issues such as Respectful and Transparent Communications and Financial Awareness. Within the financial awareness workstream, supports for specific customer groups such as SMEs and Farmers, Customers in a Vulnerable Position and Bereaved Customers have been identified as priorities. In addition, our third area of focus relates to the banking needs of communities.

Workstream Themes

There are two themes of workstream; **Customer**, and **Staff**.



Workstreams in Detail

The Year One workstream themes are described in more detail below:



Transparent & Respectful Communications



Financial Awareness



Support for Communities



Customer
Current & Future



Staff



Speaking Up & being heard



Ethics & Behaviour



Staff Pressures and Resilience



Customers in a Vulnerable Position



SMEs & Farmers

Customer cohorts

SMEs / Farmers and Customers in a Vulnerable position were identified as customer groups in particular need of support. Work activities for these groups are included in all customer workstream activities. Bereaved Customers was an area of focus in support of Customers in a Vulnerable Position.



Bereaved Customers

Customer Pillar



Transparent & Respectful Communications

Respectful and transparent customer communication is a key requirement in rebuilding trust in the banking sector. 60% of respondents to the IBCB Public and Stakeholder Consultation listed a culture of transparency as an important area for the IBCB to focus on¹. Members of the public felt banks were impersonal and unempathetic in their communication. Respondents felt there was a need for the sector to treat all customers – both profitable and less so, those in arrears or part of vulnerable groups with greater respect. Experts reported customer difficulties in communicating with their bank, citing lack of contact details, scripted and inflexible call centres, delays in responding to queries and particular difficulties for customers experiencing financial difficulties or in the event of a bereavement. Respondents called for less jargon in documentation and transparency when things go wrong. Customers expect to communicate with someone knowledgeable, who takes ownership for issues and deals with them in a straightforward and honest manner.

A working group was formed with senior representation from our five member banks and from the IBCB and an initial workshop identified a number of key themes to focus on. These include consistent communication standards, use of straightforward language, removal of jargon and technical descriptions. We are developing a programme of work, with initiatives to address these issues over 2020/21. The programme will also look at one off communications, such as procedural changes and incidents impacting customers. It includes a specific focus on communications with customers who are in arrears.

The programme will take into consideration existing initiatives underway in member banks, so that the programme maximises existing initiatives.

¹Source: IBCB Public and Stakeholder Consultation Report 2019.



60% of respondents to the IBCB Public and Stakeholder Consultation listed a **culture of transparency** as an important area for the IBCB to focus on.

“I want to change the narrative from customers engaging with their bank, to banks engaging with their customers.”

Angela Black, CEO, Citizens Information Board

“Customers want to communicate with banks but they can’t find anyone to talk to.”

John Trethowan, Head of the Credit Review Office

Respondents felt there was a need for the sector to treat all customers – both profitable and less so ... with greater respect.

Key finding from the IBCB Public and Stakeholder Consultation

Customer Pillar



Financial Awareness

Feedback from the public in the Public and Stakeholder Consultation noted that one in ten respondents want the IBCB to help promote financial literacy and education amongst the public. This was further supported by stakeholder responses, who highlighted a lack of financial literacy and understanding of financial products amongst many bank customers. A working group was formed with senior representation from our five member banks and the IBCB to consider how to promote financial literacy in Ireland. Four broad themes were identified including promoting awareness, partnering with other relevant bodies, targeting specific customer cohorts (e.g. those within and outside formal education structures) and the necessity to simplify language and documentation. We also held a dedicated session focussed on SME and farmer cohorts which identified the following as their primary financial awareness needs: product selection, the credit application process and risk management awareness.

IBCB member banks each have a range of initiatives in place to promote financial literacy amongst their customers, with many banks having dedicated teams and programmes focussed on this issue. In addition, there are a range of other organisations who provide support for improved financial education and literacy for consumers and businesses and with whom the IBCB will be working closely.

Through our work on this topic thus far, we have had the opportunity to liaise with Safeguarding Ireland and the Competition and Consumer Protection Commission. The IBCB has also joined the Safeguarding Ireland National Safeguarding Advisory Committee. We will continue to identify opportunities to collaborate with other relevant industry bodies, including, as relevant, the Banking and Payments Federation Ireland.

Key Findings from the Public and Stakeholder Consultation 2019

1 in 10
Respondents want the IBCB to help promote financial literacy and education amongst the public



Customer Pillar

SMEs & Farmers

IBCB research with the Farming and SME communities identified a need for more specific banking supports for these sectors, and a particular need for banks to look at their approach to relationship building and communications. Previously, farmers and SMEs heavily relied upon their relationship with their local bank manager to facilitate their banking needs. With reduced branch networks and increasing use of on-line services, these relationships have changed significantly. Feedback was received from farmers that when they try to access loans or financial advice, it can be difficult to speak to a staff member with experience in farm lending.

In conjunction with our Board members representing the Farming and SME sectors, Martin Stapleton of the IFA and Sue O'Neill of the SFA, the IBCB has been focusing on developing actions with our member banks which will assist with these difficulties.

In a workshop held with representatives from member banks and IBCB Board Members representing the SME and Farming sectors, enhanced financial education for SMEs and Farmers was highlighted as a requirement. It was noted that SMEs and Farmers would benefit from support with the development of business plans. Applicants frequently do not provide enough information in credit requests, which results in declined lending requests. There is also a need for further awareness and information on available products, in particular, alternative credit options and on long-term financial planning. Communication was also highlighted as an area for improvement.

These themes overlap with other work activities of the IBCB, namely Financial Awareness, Transparent and Respectful Communications and Support for Society and Communities and it was agreed that going forward our work on SMEs and Farmers would be encompassed into these workstreams.



“The banks need to stand in their customers’ shoes to truly understand their business, to make sense of the challenges and opportunities they face, and truly learn how they can support them most effectively”

Simon McKeever, CEO, Irish Exporters Association

Customer Pillar



Customers in a Vulnerable Position

61% of respondents to the IBCB Public and Stakeholder Consultation believed that actions to ensure that customers are treated fairly should be a priority for the IBCB¹. Respondents felt that banks are often detached and unempathetic when dealing with customers' problems, in particular where customers are vulnerable.

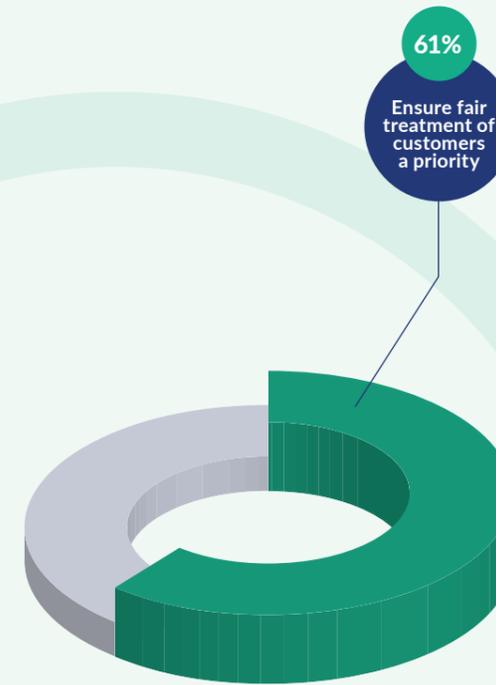
It is recognised that customer vulnerability can be complex and can vary in different stages of life, it can be temporary, or longer term. Marginalised or vulnerable customers and those in rural communities can be impacted by the evolution of the banking model, particularly as banks move towards digitalization of services.

An initial workshop was held with senior representation from our five member banks and the IBCB to discuss the key issues and requirements for vulnerable customers. All IBCB member banks provide supports to vulnerable customers, but it was recognised that enhancements

can be made, through improved communications, bereavement support, financial education, and additional support in the community.

The Covid 19 crisis has brought increased focus on the needs of vulnerable customers. Those who were vulnerable before the crisis may experience an exacerbation of their circumstances and there may be others who find themselves in a vulnerable position because of the impact of the virus on their health or financial circumstances. This topic will continue as a focus of our work in our Year 2 work activities.

Through our work programme thus far, we have had the opportunity to liaise with Safeguarding Ireland (we joined their National Advisory Committee), MABS, the European Consumer Debt Network and the Society of St. Vincent de Paul. The IBCB has also begun working with the European Consumer Debt Network (ECDN).



61% believed that actions to ensure that customers are treated fairly should be a priority.

Customer Pillar



Bereaved Customers

The public and stakeholder consultation conducted in 2018 during the establishment of the IBCB, identified that the bereavement processes in place across Irish banks was inconsistent and often the cause of additional strain on surviving family members. The research found that dealing with banks after the loss of a loved one was a major source of stress and anxiety for many, at what is an already extremely difficult time. Issues highlighted were delays in responding to queries, dealing with multiple people, having to repeat sensitive personal circumstances or repeating steps all of which were adding to levels of distress. It highlighted the need for banks to treat customers with increased empathy and respect. Collectively, our five member banks assist circa 50,000* bereaved customers per annum, making this an issue impacting thousands of people and their families every year.

The “common commitment of care” was the first collaborative announcement by the IBCB. The initiative was delivered by bringing the five IBCB member banks together to establish a common and consistent foundation for assistance.

Establishing the “Common Commitment of Care” was the first step in the Bereavement workstream. To ensure the provision of these services are making a real and tangible difference for impacted customers, the next phase of this workstream will be to assess and measure effectiveness and examine what additional measures could be introduced.

Following the launch of the Common Commitment of Care, the IBCB had the opportunity to work with the Irish Hospice Foundation, who invited us to attend their “Living with Loss” events in both Dublin and Galway, to help further raise awareness about the supports available from member banks.

Going forward, the Irish Banking Culture Board will continue to work with key stakeholders and customer advocates in this space, including the Irish Hospice Foundation and Coroner’s Court to ascertain whether the initiatives introduced are making an impact and what more can be done.

* In Ireland, the annual number of deaths is circa 30,000 each year. Our member banks assist circa 50,000 bereaved customers due to the fact that some people bank with more than one institution.

“Empathy and prompt, sensitive communication are key and this systematic approach will help staff to better support bereaved customers all over Ireland”

Sharon Foley, Irish Hospice Foundation’s chief executive

IBCB MEMBER BANKS ASSIST
50,000
BEREAVED CUSTOMERS PER ANNUM



Customer Pillar



Support for Community & Society

A key finding from our Public and Stakeholder Consultation was that one of the more important ways banks can demonstrate cultural change is by becoming a more positive and proactive servant of the communities in which they operate. Customers want banks to engage with them, rather than expecting customers to engage with banks. They want banks to understand the needs and wants of local communities and people and for banks to be a supporter of the community. Vulnerable and elderly people find challenges with accessibility and barriers to banking in their local community and report feeling unwanted by their bank. Challenges with accessibility and barriers to banking are particularly felt in rural areas, where lack of broadband access makes online banking difficult and access to service can be problematic.

There is a need to fill the gap between what banks currently do for communities, and what communities actually need. During 2020 we will be undertaking some further research on the actual needs and

wants of local communities, to inform our next steps in delivering positive changes for communities and societies in Ireland. Following this research, a more detailed programme of work will be developed, which will enable member banks to utilise existing services to support communities and society and to seek to bridge any gaps identified.

Support for society and communities has become particularly important during the Covid 19 crisis. Our member banks have worked collectively and individually to put specific supports in place for customers, through payment breaks, cocooning support, dedicated helplines for vulnerable and older customers and healthcare workers. The IBCB has worked with all stakeholders to ensure member banks retain a focus on the principles of fairness, transparency and respect and look beyond this to other exceptional supports which may be required.



“Vulnerable and elderly people find challenges with accessibility and barriers to banking in their local community and report feeling unwanted by their bank.”

Staff Pillar



Speaking Up

The Staff survey we conducted in 2018 found that one third of all member bank staff said that they had wanted to raise a concern at work over the last 12 months. Of those who have raised a concern, less than 2 in 5 felt that they had been listened to and taken seriously¹.

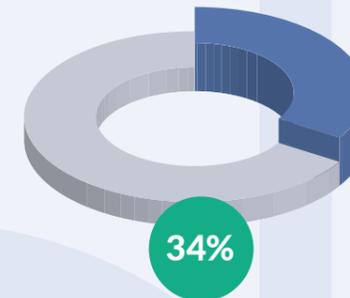
The manner in which leaders, and their organisations, manage the 'Speak up' process is very telling regarding the nature of their individual ethos and culture. If an organisation is not serious about fostering an environment where people feel 'safe' to air alternative views be that at meetings or in one to ones, or in ensuring that the process around the handling of formal 'speak-ups' is robust, transparent and confidential, then it will be extremely difficult, if not impossible to succeed in delivering real cultural change. An open, inclusive, positive, environment must be founded on a structure that promotes the right of individuals to speak freely and openly regarding issues that concern them, or indeed things that can be improved and made more efficient. People must feel that it is possible, and should indeed be encouraged, to challenge – in a positive manner – the status quo. This culture of openness and positive challenge is important to instil at the Board level and all the way down throughout an organisation. Without this environment, there is a real risk that individuals (be they Board, senior management or more junior staff) will feel disempowered and irrelevant.

A working group was formed with senior representation from our five member banks and the IBCB to collaboratively discuss fostering a culture where staff feel they can safely challenge and ultimately 'Speak Up' if necessary. In order to ensure the actions taken under this workstream were effective and meaningful for bank staff, it was critical for the IBCB to obtain the direct input of staff and to hear their views and opinions ourselves. Three regional workshops were held with staff from various levels across our five member banks in Q1 2020. IBCB selected the attendees using a variety of metrics to ensure appropriate diversity at the sessions.

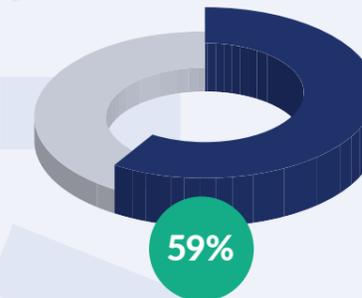
The objective of the workshops was to delve further into the reasons and causes underpinning the results outlined above. Following the three workshops hosted in Q1, a feedback session was hosted with senior representatives from each of our member banks where the collated findings and suggested actions were relayed. Each member bank has taken the feedback on board and committed to focusing their attention on actions to make a tangible difference in this regard. The outputs of these workshops will also feed into our work programme for 2020.

¹ quote is from the IBCB Employee Survey 2018

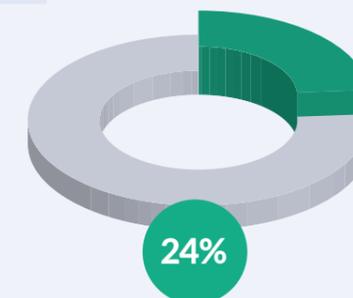
Key Findings from the IBCB Staff Survey 2018



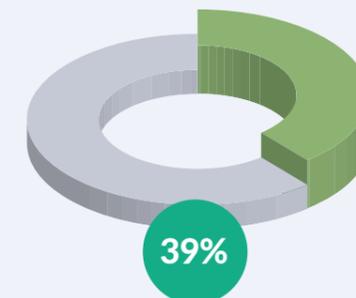
34% wanted to raise a concern



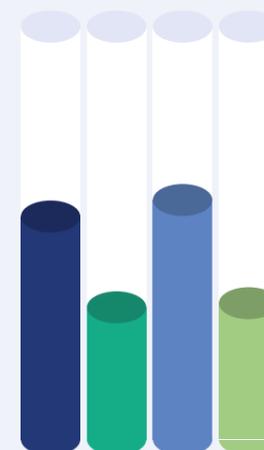
Only 59% said they had done so



24% chose not to raise their concern



Only 39% said they were listened to or taken seriously



- 54% They felt nothing would happen as a result (54%)
- 32% They felt that doing so would make them look bad (32%)
- 58% They felt it would be held against them if they did (58%)
- 33% They said they did not trust the confidentiality of the process (33%)

Staff Pillar



Ethics & Behaviour

The bank staff survey we conducted in 2018 found that nearly one fifth of staff see a conflict between their organisation's stated values and how business is done.

- 10% of staff surveyed said that their colleagues did not work in an honest and ethical way.
- 15% of staff said they had seen instances where unethical behaviour was rewarded, rising to 19% in IT and Operations.
- 20% of staff have said it is difficult to make career progression without flexing ethical standards¹.

Although over recent years, many banks have made a move towards providing online Ethics training, through feedback from staff and engagement with peers in other jurisdictions, it was evident that to be effective a topic like this requires additional training, in a face to face setting, supported by meaningful content and material.

The working group leading this work stream are currently designing a decision-making framework for use in bank staff training in a face to face and discursive context.

The IBCB works closely with the Institute of Banking (IoB) and has encouraged member banks to support staff interested in completing two IoB courses focussed explicitly on conduct and ethics. The level 7 programme "Consumer Protection Risk, Culture and Ethical Behaviour in Financial Services" and the level 9 programme "Leading Cultural Change and Ethical Behaviour in Financial Services" were launched in 2019 and to date 485 staff from across the five IBCB member banks have completed these courses.

Nearly 1 in 5

See a conflict between their organisation's stated values and how business is done

Key Findings from the IBCB Staff Survey 2018



10% 10% of staff surveyed said that their colleagues did not work in an honest and ethical way.

15% 15% of staff said they had seen instances where unethical behaviour was rewarded, rising to 19% in IT and Operations.

20% 20% of staff have said it is difficult to make career progression without flexing ethical standards¹.



¹ Source: IBCB Employee Survey 2018.

Staff Pillar

Staff Pressures & Resilience

The Staff survey we conducted in 2018 found that a significant number of bank staff have said they feel under excessive pressure to perform at work. They also feel that working at their firm is having a negative impact on their health and well-being.

Following our first session with the working group on Staff Pressures and Resilience we held a series of workshops with staff from various levels across our five member banks, to explore further the issues relating to staff pressures which were identified in the IBCB staff survey 2018.

Three workshops were held regionally Q1 2020. IBCB selected the attendees based off a variety of metrics to ensure diversity.

The objective of the workshops was to delve further into the reasons and causes underpinning the results outlined above. Following the three workshops, a feedback session was hosted with senior representatives from each of our member banks where the collated findings and suggested actions were relayed. Each member bank has taken the feedback on board and committed to focusing their attention on actions to make a tangible difference in this regard. The above outputs of these workshops and actions to address them will also feed into our work programme for 2020.

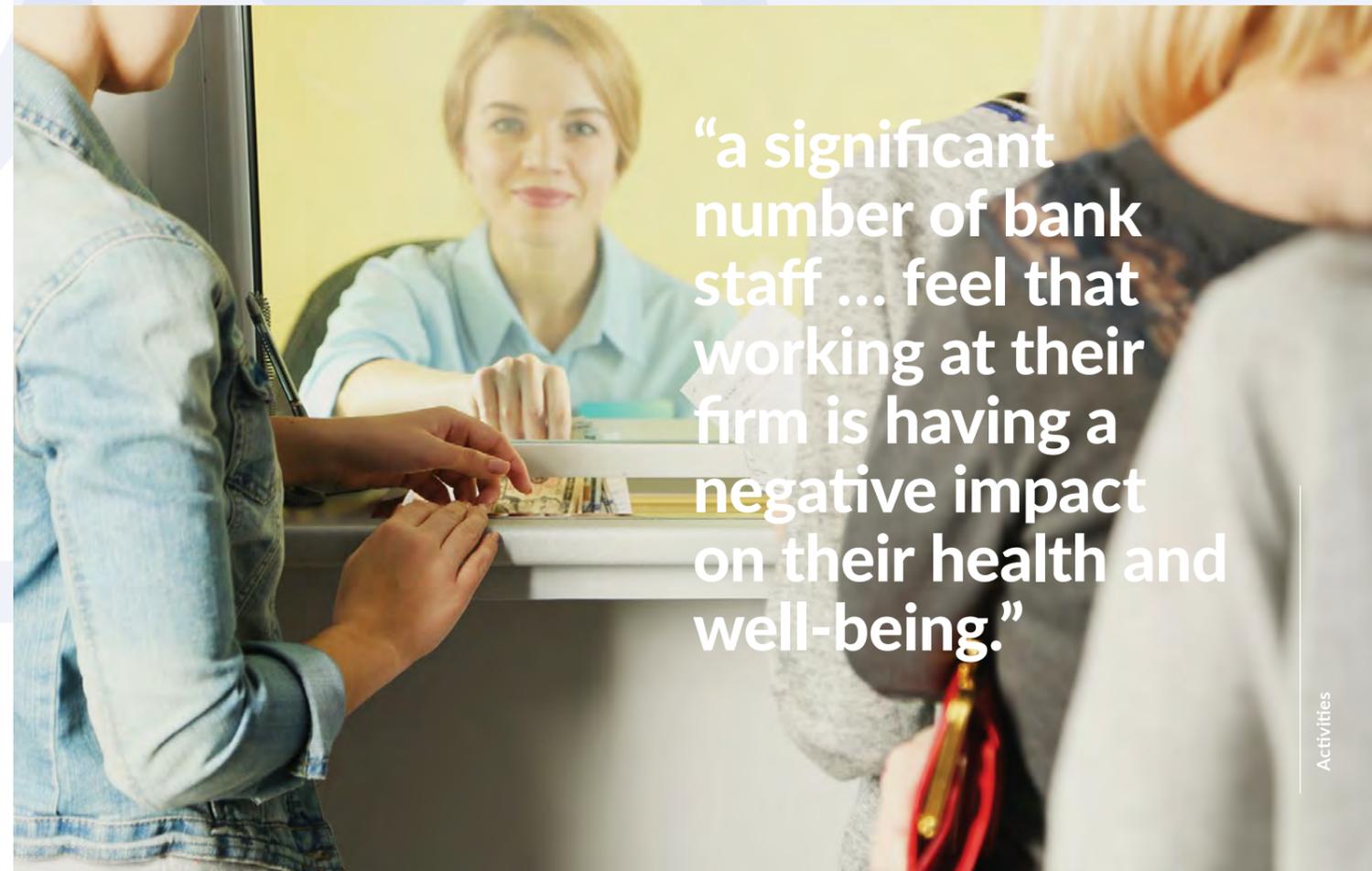
Following the onset of Covid-19 a particular area of focus for 2020 will be the impact of increased remote working on Staff Pressures and Resilience.

Key Findings from the IBCB Staff Survey 2018

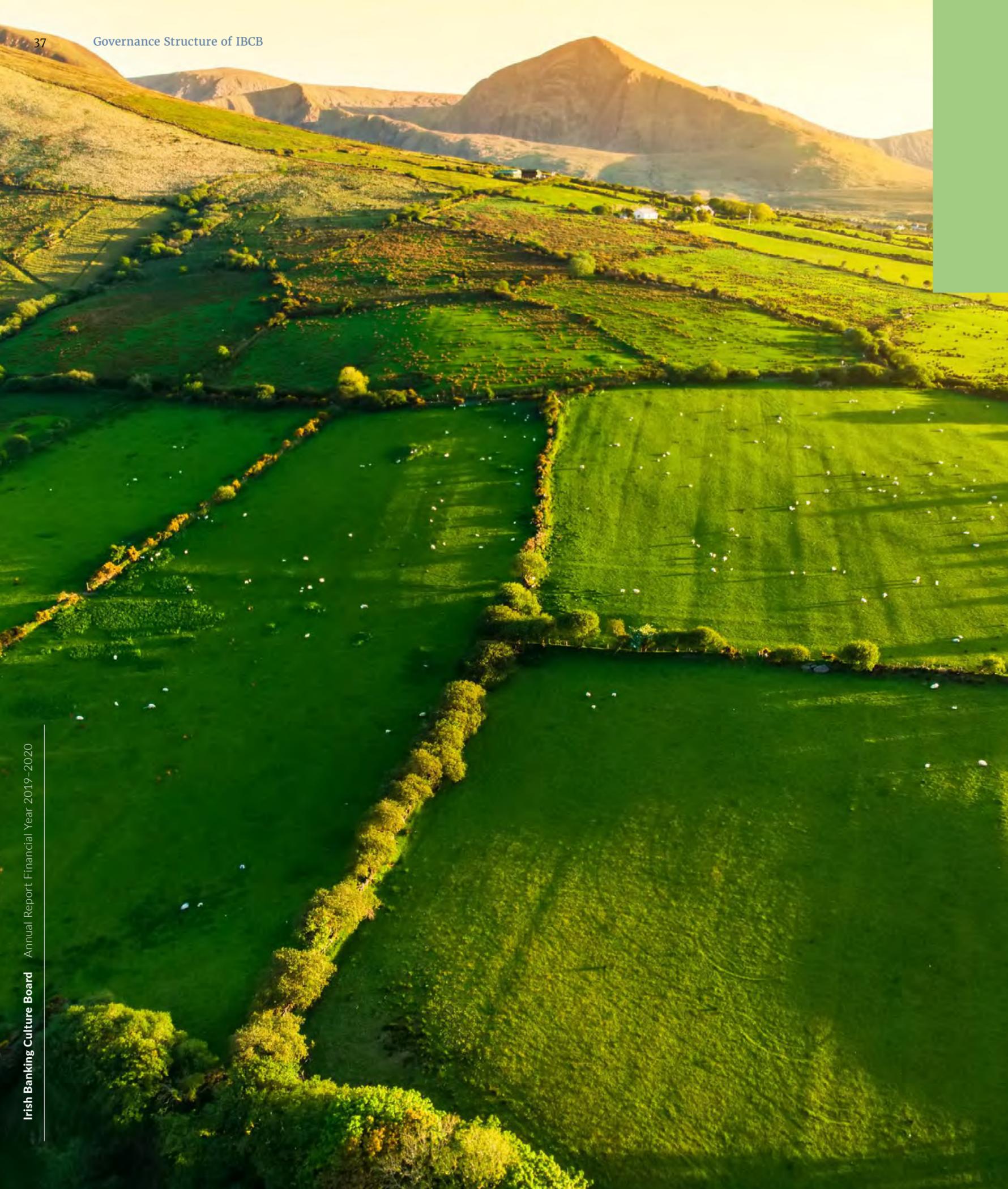


55% of employees said they felt under pressure to perform at work

33% of employees said that working in their firm had a negative impact on their health and well-being



“a significant number of bank staff ... feel that working at their firm is having a negative impact on their health and well-being.”



Governance Structure

There has understandably been much scepticism around the independence of the IBCB given it is funded by the sector and there is also scepticism around the ability of the IBCB to really influence cultural and behavioural change.

In relation to the first of these issues – **IBCB independence**, the corporate governance structure that has been put in place has been designed to ensure and demonstrate independence. The role of Chairman of the IBCB Board was publicly advertised and the selection process was **run by a panel entirely independent of the Irish banking sector**. This process resulted in the appointment of Mr. Justice John Hedigan to the role of IBCB Chair. Mr. Justice Hedigan is a former Judge of the Irish Court of Appeal and the High Court. He also served as a Judge of the European Court of Human Rights from 1998-2007.

The selection process for the IBCB CEO was run on behalf of the Board by a leading Dublin based firm of recruitment consultants. The role, which was **advertised publicly**, generated significant interest and the short-listing and interview process was managed by the recruitment consultants in conjunction with a panel led by the IBCB Chairman. This process resulted in the appointment of Marion Kelly to the role in March 2020. Marion had previously been the acting CEO of the IBCB.

The IBCB Board is comprised of fourteen Directors in total, with the majority being non-bank. In addition to the Chair and CEO, there are seven non-bank Directors drawn from across Irish society. Three Directors represent the interests of Consumers, two others represent other specific bank customer groups – most notably SMEs and Farmers. There is a Director from the Financial Services Union, acting as a voice for staff and a Director who is a leading academic with expertise in corporate governance and culture. In addition to these seven Directors, each of the founding member banks of the IBCB are represented on the Board by Senior Executives from each respective institution who, at a minimum, are a direct report of the CEO, with one being a CEO. This senior representation ensures that the IBCB has direct access at the highest level in our member banks. The diverse representation on the Board ensures diversity of thought and perspective.

In line with good Corporate Governance practice, the Board is supported in the execution of their duties by a Board Audit Committee and a Remuneration Committee.

Governance Structure



Mr. Justice John Hedigan

JOIN DATE MAY 2019

Chairman of Irish Banking Culture Board (IBCB), member of the Remuneration Committee

John Hedigan was born in Dublin. He attended Belvedere College, Trinity College Dublin and Kings Inns. In Trinity, with other students, he re-founded the college branch of Amnesty International. He sat on the National Executive of Amnesty chaired then by Sean McBride SC and in company with Mary Robinson. In the later 1970s he was National Coordinator of Amnesty's Campaign against Torture.

He was called to the bar in 1976 and had a wide-ranging practice as a barrister. He became a Senior Counsel in 1990. In 1998 he was elected a Judge of the European Court of Human Rights. He served on that court until 2007 when he was appointed a Judge of The High Court and returned to Ireland. On the High Court he worked in Judicial Review, presided over the jury list and finally worked on the Commercial Court. In 2016 he was appointed to The Court of Appeal where he sat on both the civil and the criminal side. He retired from the bench in October 2018 having reached the compulsory retirement age. Mr. Justice Hedigan is an honorary bencher of Kings Inns, is Judge in residence in DCU and is a member of the Judicial Council of the International Association of Law Schools. He is Chair of the National Archives Advisory Council. He was appointed as Chair of the Irish Banking Culture Board in January 2019.



Marion Kelly

JOIN DATE MAY 2019

CEO of Irish Banking Culture Board (IBCB)

Marion was appointed as CEO of the Irish Banking Culture Board (IBCB) in March 2020, having previously been Acting CEO since April 2019. Marion initially joined the IBCB in August 2018 on secondment from Bank of Ireland (BOI) as Programme Director leading the establishment of the IBCB.

Marion joined BOI in 2006 and held a range of senior leadership roles across BOI in Regulatory Compliance, Operational Risk, Internal Audit and Recovery & Resolution planning.

Prior to joining BOI, Marion worked with PwC Dublin for 7 years within the FS Regulatory advisory practice, and prior to that spent 4 years working in Brussels with both the European Savings Banks Group and the European Commission.

Marion qualified as a Certified Bank Director with the Institute of Bankers (IoB) in 2018, she holds a Masters in European Economic and Public Affairs and a BA in Economics and German both from UCD.

Marion completed the Institute of Banking's Professional Diploma in Leading Cultural Change and Ethical Behaviour in Financial Services in February 2020.



Angela Black

JOIN DATE MAY 2019

Chief Executive, Citizens Information Board

Angela Black has been Chief Executive of Citizens Information Board (CIB) since 2014. CIB provides information, money advice and advocacy through www.citizensinformation.ie, and funding a network of over 200 locations in Ireland.

In 2018, CIB restructured 93 of its funded services into a regional model of 8 MABS and 8 CIS companies. Co-ordinating MABS' Dedicated Mortgage Arrears and Abhaile schemes, CIB also supports National Traveller MABS and 66 free legal advice (FLAC) clinics in Citizens Information Centres; National Advocacy Service for People with Disabilities, and Sign Language Interpreting Service. Special projects include the Personal Microcredit "It Makes Sense" Credit Union loan scheme. Qualified in banking risk, Angela has several years' experience in consumer financial services in the Department of Finance and European Commission. She represented Ireland's EU negotiations on e-money, consumer credit, insurance and financial markets legal instruments. She led European Commission work in Brussels from 2007-2011 on distance marketing, bank fees, switching, quality of investment advice and credit/APRC issues. She chaired European Parliament negotiations, reaching agreement on the Mortgage Credit Directive during Ireland's 2013 EU Presidency.



Professor Blanaid Clarke

JOIN DATE MAY 2019

BCL, MBS (Banking & Finance), BL, PhD, FTCD Deputy Chair of IBCB and Chair of Audit Committee

Blanaid holds the McCann FitzGerald Chair in Corporate Law at Trinity College Dublin. Her research interests include corporate law, corporate governance, financial services law and takeover law and she has published extensively in these areas.

Blanaid is the Irish representative on the OECD Corporate Governance Committee. She is a member of the European Securities and Markets Authority Takeover Bids Network and the European Securities and Markets Authority Securities and Markets Stakeholder Group. She also serves as a Vice President of the Academic Board of the European Banking Institute in Frankfurt. Blanaid works with the Irish Takeover Panel and was a member of the Irish Central Bank Commission (2010-2018). Previously, she was also a member of the European Commission's Informal Expert Group on Company Law (2014-2018) and Reflection Group on the Future of EU Company Law (2010-2011).

Governance Structure



Jane Howard

JOIN DATE MAY 2019

CEO, Ulster Bank

Jane Howard has worked in the financial services industry for more than 37 years. She has operated at Executive level for the last 14 years in risk management, and leading large scale operations and customer facing businesses.

Jane's previous role, to August 2018, was that of Managing Director, Personal Banking for RBS, one of the largest UK Banks. Under Jane's four year leadership, Personal Banking implemented a Financial Health check for customers, reshaped the network so that customers have more physical and digital ways to bank than ever before and launched a professional development programme to enable customer-facing colleagues achieve an externally recognised Professional Banking Certificate. In August 2018, Jane was appointed as CEO, Ulster Bank DAC commencing in role early September 2018. Jane is a certified Bank Director from the Institute of Banking (Dublin) and also holds a degree in Banking and a compliance diploma. Jane is a fellow of the Chartered Banker Institute in Scotland.



Padraic Kissane

JOIN DATE MAY 2019

Padraic Kissane Financial Services

Padraic has over 30 years' experience in the Financial Services Industry with extensive knowledge and experience in all areas of Financial Services. A member of 'Brokers Ireland', Padraic Kissane Financial Services is regulated by the Central Bank of Ireland.

Padraic is one of the foremost experts on Tracker Matters in Ireland and has been heavily involved in what has become known as 'The Tracker Debacle'. He was the first to recognise the enormity of the problem through his investigation work on behalf of customers. Padraic has worked tirelessly to get the matter properly investigated. Padraic has appeared on many media forums as well as having made presentations to the Oireachtas Finance Committee on a number of occasions in relation to the Tracker Investigation.



Ger Mitchell

JOIN DATE MAY 2019

Group HR Director, Permanent TSB, Chair of the IBCB Remuneration Committee

Ger joined the Branch Banking division of the Dublin Savings Bank in 1993 and in the following years held a variety of roles across Branch Banking, Intermediary development, Regional General Management.

Ger was appointed to the Permanent TSB Group Executive Committee (ExCo) in late 2012 as Group Lending & Insurance Director. In 2015, following the successful IPO of Permanent TSB, he was selected by the Group Board to lead the Mortgage Product Review Group. In 2017, Ger was appointed Chief Human Resources Officer and has since led the restructure of the HR function, the refresh of the HR Strategy and the establishment of the Bank wide culture programme. Ger chairs a number of group committees; Corporate Social Responsibility; Security Crisis Management and the Organisational Culture Programme. Ger is a Certified Bank Director (IOB/UCD 2016) and, along with a number of other General Management & Finance qualifications, he completed a Business Masters (MSC) through UCC/IMI (2014) specialising in Strategic HRM and Business Strategy & Innovation.



Lavinia Morris

JOIN DATE SEPTEMBER 2019

Chief Operations Officer, KBC Bank Ireland

Lavinia was appointed Chief Operations Officer at KBC Bank Ireland in September 2019. Prior to this, Lavinia was Senior Vice President of Information and Technology at SMBC Aviation Capital, one of the world's largest aircraft leasing companies.

Before joining SMBC in 2014, Lavinia held various senior Technology and Operations positions in Friends First Group, Fujitsu Consulting and AIB. Lavinia is actively involved in the technology industry in Ireland, serving as a member for the Technology Ireland ICT SkillNet Innovation Forum Expert Group, Committee Member of the NSAI Blockchain International Standards Committee as well as Blockchain Ireland, and former Chair of the Cloud Computing Working Group of the Irish Internet Association.

Governance Structure



Robert Mulhall

JOIN DATE MAY 2019

Managing Director, AIB UK

Robert's career in AIB has spanned almost 25 years, covering a variety of roles up to senior executive management level in areas including Retail and Commercial Banking, Digital Channels Innovation, Retail Banking Distribution, Customer Relationship Management, Business Intelligence, Strategic Marketing and Development, Sales Management and Operations.

In addition to Robert's current role, he is also the bank-wide sponsor for Diversity and Inclusion, as well as Culture, within AIB. Prior to being appointed as Managing Director, AIB UK, Robert was AIB's Managing Director of Consumer Banking in the Republic of Ireland.

Coupled with his AIB Career, Robert also held the position of Managing Director, Distribution & Marketing Consulting and Financial Services with Accenture in North America from 2013 to 2015, during which time he brought his industry experience and subject matter expertise to build a growing consulting practice in the fast-moving and innovative areas of Financial Services. Robert holds a BSc degree in Applied Physics, an MA in Finance and is also QFA and CFA qualified.



Vincent Mulvey

JOIN DATE MAY 2019

Group Chief Risk Officer, Bank of Ireland Group, member of the IBCB Audit Committee

Vincent is responsible for Risk and Compliance oversight including Conduct and Regulatory matters at Bank of Ireland. He believes that good customer outcomes and effective risk management are intrinsically linked through culture.

At Bank of Ireland, he is Chair of the Group Risk Policy Committee and the Group Culture Steering Committee, which guides the Bank's culture transformation program. He is also a member of the Group Customer Board. Vincent has over 30 years banking experience across Branch banking, Business and Corporate lending and Risk management. He previously served as Head of Group Credit before joining the Group Executive Committee in 2009 as Chief Credit and Market Risk Officer. He is a Fellow of the Association of Chartered Certified Accountants and the Institute of Banking, a graduate of NUI Galway, and is a member of the editorial board for the Risk Management Association (RMA) Journal.



Gareth Murphy*

JOIN DATE MAY 2019

Head of Industrial Relations and Campaigns, Financial Services Union

Gareth is the Head of Industrial Relations and Campaigns of the Financial Services Union, the trade union which represents workers across the banking and finance sector.

He has worked for the Union for over 10 years and is committed to providing a professional voice for bank and finance staff with employers, the Government and more generally. Gareth is current undertaking a PhD in Queens University in performance management, technology and trade union responses and is also involved in his local GAA club.

*Gareth Murphy's tenure with the board concluded in May 2020 and John O'Connell, General Secretary of the Financial Services Union was appointed to the board in July 2020.



Philip O'Leary

JOIN DATE MAY 2019

Consultant Solicitor, FitzGerald Legal & Advisory, member of the IBCB Audit Committee

Philip is a member of the Law Society of Ireland with experience specialising in Banking and Security and commercial lending and debt advisory.

Philip was appointed by the Minister for Justice and Equality as Chairperson of the Irish Legal Aid Board for five-year term in 2016 and was appointed by the Minister for Justice and Equality as Chairperson of the Property Services Appeals Board for a term of 4-years, from May 2020. Philip has a long standing and consistent commitment to access to justice issues and to principles of fairness from the consumer perspective. Philip's qualifications include BCL (Hons) University College Cork (UCC) and LLB (Hons) University College Cork (UCC).

Governance Structure



Sue O'Neill

JOIN DATE MAY 2019

Council Member of the Small Firms Association (SFA) and Managing Director of Shellcove (AMC), member of the IBCB Remuneration Committee

Sue O'Neill is a Council Member of the Small Firms Association and Managing Director of Shellcove, an Association Management Company (AMC), which she founded in 2004.

The company offers bespoke management services that help organisations to grow and remain relevant. Shellcove acts as a headquarters or provides individual support solutions which deliver scalability of staff or services. Sue is also a board member of Microfinance Ireland. She holds an MBA from Dublin City University, a Diploma in both Digital Marketing and Print Management and is a graduate of the IMI Business Development Programme.



Martin Stapleton

JOIN DATE MAY 2019

Treasurer, Irish Farmers' Association (IFA)

Martin Stapleton is a Dairy farmer based in Limerick. Initially involved with Macra from 1997-2001, he joined IFA in 2002. In 2020, he was appointed Association Treasurer of the IFA. Until 2019, he was Chair of IFA's National Farm Business committee. Martin also sits on both the Advisory Board of the Property Registration Authority and the Advisory Group on Small Business.

The Farm Business committee's roles included developing IFA's annual pre-budget submission; developed taxation policy proposals for farm businesses; as well as identified measures necessary to support farm investment. Access to credit and the cost of credit are also relevant issues that were dealt with by liaising with the banking sector on behalf of the Association. During his term as Chair, Martin had further developed the IFA's Debt Support Team, a service for members who have Non-Performing Loans or who are encountering serious credit difficulties.



Dr. Martin McAleese

JOIN DATE MAY 2019

Patron of Irish Banking Culture Board

Dr Martin McAleese holds an honours B.Sc. degree in physics from the Queen's University of Belfast and B.A., M.A. and B.Dent.Sc. degrees from Trinity College Dublin.

He worked for many years as financial controller and company secretary with a number of Aer Lingus subsidiary companies before qualifying as a dentist and becoming a partner in a large dental practice in Northern Ireland. He is a former independent member of Seanad Eireann. Martin is currently Chancellor and Chair of the Governing Authority of Dublin City University, Chair of the PwC Ireland Public Interest Body, a trustee of the Edwards MacLiammoir Gate Theatre Trust and joint Patron of the 30% Club with his wife Professor Mary McAleese, former President of Ireland.

Financial Statements

Financial statements for the year ended 31 March 2020.

Irish Banking Culture Board CLG

Statement of Income and Retained Earnings

For the period ended 31 March 2020

	2020
	€
Administrative expenses	(865,320)
Other income	865,320
Operating profit	-
Profit for the financial year	-

The financial information shown does not constitute full accounts within the meaning of the Companies Acts. This information has been extracted from the audited financial statements of the Irish Banking Culture Board CLG for the year 1 ended 31 March 2020.

Financial statements for the year ended 31 March 2020 have been uploaded to the CRO. Copies of the full audited financial statements can be obtained from the Companies Registration Office at their website www.cro.ie

Irish Banking Culture Board CLG

Balance Sheet

As at 31 March 2020

	2020	2020
	€	€
Fixed assets		
Tangible assets		2,952
		2,952
Current assets		
Debtors: amounts falling due within one year	34,339	
Cash at bank and in hand	546,632	
	580,971	
Creditors: amounts falling due within one year	(583,923)	
Net current (liabilities)/assets		(2,952)
Total assets less current liabilities		-
Net assets		-
		-
Reserves		-

Irish Banking Culture Board CLG

Notes to the Financial Statements

For the period ended 31 March 2020

	2020	2020
	No.	€
Employees		
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries		453,692
Social insurance costs		8,120
		<u>461,812</u>
The total compensation paid to key management personnel during the financial year was €391,250		
Capitalised employee costs during the financial year amounted to €NIL.		
The average monthly number of employees, including the directors, during the period was as follows:		
Directors	8	
Employees	1	
	<u>9</u>	
Directors' remuneration		
Directors' emoluments		391,250
		<u>391,250</u>

Irish Banking Culture Board CLG

Company Information

Directors

Angela Black

(appointed 1 May 2019)

Blanaid Clarke

(appointed 1 April 2019)

Justice John Hedigan

(appointed 1 April 2019)

Jane Howard

(appointed 1 May 2019)

Marion Kelly

(appointed 1 April 2019)

Padraic Kissane

(appointed 1 May 2019)

Gerard Mitchell

(appointed 1 May 2019)

Lavinia Morris

(appointed 26 September 2019)

Robert Mulhall

(appointed 1 May 2019)

Vincent Mulvey

(appointed 1 May 2019)

Gareth Murphy

(appointed 1 May 2019)

Gareth Murphy's tenure with the board concluded in May 2020 and John O'Connell, General Secretary of the Financial Services Union was appointed to the board in July 2020.

Philip O'Leary

(appointed 1 May 2019)

Sue O'Neill

(appointed 1 May 2019)

Martin Stapleton

(appointed 1 May 2019)

Irish Banking Culture Board CLG

Company Information

Company secretary Wilton Secretarial Limited

Registered number 648151

Registered office 38/39 Lower Baggot Street
Dublin 2

Independent auditors BDO
Statutory Audit Firm
Beaux Lane House
Mercer Street Lower
Dublin 2

Bankers AIB
1 Lower Baggot Street
Dublin 2

Solicitors William Fry
2 Grand Canal Square
Dublin Docklands
Dublin 2



**Irish Banking
Culture Board**



IBCB