

GFIA response to FSB recommendations for consistent national reporting of data on the use of compensation tools to address misconduct risk

General comments

GFIA appreciates the opportunity to comment on the FSB's recommendations for consistent national reporting of data on the use of compensation tools to address misconduct risk. GFIA wishes to comment favourably on section 1 of the paper, with regard to the document not advocating a "one size fits all" or a prescriptive approach, and section 4 of the paper, with regard to the need to "take into account the cost of implementation balanced with supervisory objectives within applicable law." GFIA also wishes to raise concerns with regard to reporting the data set forth under section B of the data set. There should be full legal and confidentiality protection if any of this data is required to be reported. If not, it should not be required to be reported and in any event should not be publicly disclosed.

Questions from the paper

Q1: Is the proposed "Data Set" sufficient to help (a) supervisors and (b) firms to monitor the effectiveness of the use of compensation tools to address misconduct?

Yes, with the caveat that section B of the data set raises many serious concerns in the absence of full legal and confidentiality protections for the reporting firm.

Q2: If not, which additional data/information should be collected?

See response to Q1.

Q3: Are there any impediments to (a) firms and (b) supervisors in (i) gathering or (ii) using the Data Set?

Yes, there are substantial impediments on reporting the data provided by section B of the data set. This type of data is highly sensitive. Without legal and confidentiality protection, firms should not be required to submit this data.

Q4: Are there any elements in the "Data Set" that may not be relevant to a particular financial sector?

Not that GFIA is aware of, keeping in mind concerns with section B of the data set.

Q5: Are there any additional elements that should instead be considered for a particular financial sector?

Not that GFIA is aware of.

Q6: What elements of the Data Set are not already utilised by firms in their own monitoring of compensation and misconduct risk management practices?

This question is firm specific and specific firms would be better positioned to answer it.

Q7: What types of information have been most useful to firms in their monitoring and assessments of potential misconduct, and when assessing the effectiveness of compensation tools?

See response to Q6.



Q8: What are the most important changes that have occurred in firms' management of compensation and conduct risk in recent years? Do the current Recommendations focus enough on these developments that may help to better achieve alignment of risk and reward?

See response to Q6.

Q9: How do firms monitor and validate the use of compensation tools when misconduct occurs to ensure an appropriate balance between risk and reward? What analytics support firms' judgments in these areas?

See response to Q6.

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About GFIA

Through its 42 member associations, the Global Federation of Insurance Associations (GFIA) represents the interests of insurers and reinsurers in 61 countries. These companies account for around 87% of total insurance premiums worldwide. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.