Guidance on Supervisory Interaction with Financial Institutions on Risk Culture

Questions for Public Consultation

On 18 November 2013, the Financial Stability Board (FSB) published the consultative document *Guidance on Supervisory Interaction with Financial Institutions on Risk Culture* (Guidance). This addendum sets out some questions to consider in preparing the submissions on the consultative document.

General questions

1. Are there areas not addressed in the Guidance that should be considered in assessing risk culture?

2. Are there areas of the Guidance where further elaboration or clarity would be useful, without becoming too granular?

3. Would the Guidance benefit from further elaboration on the definitions of corporate culture, risk culture and sub-cultures within business lines, and on the relationship between them?

4. What tools would assist, in particular supervisors, to effectively assess the risk culture of financial institutions (e.g. interviews, questionnaires, analyses of internal documents such as board self-assessments, code of ethics for employees, risk appetite statements)?

5. What is the expected supervisory response if, for example, the board of directors failed in its responsibility of setting the adequate tone from the top and consequently in promoting a sound risk culture?

6. What suggestions do you have to improve the engagement of supervisors with financial institutions on risk culture, in particular when discussing the underlying causes of behavioural weaknesses?

Indicators of a sound risk culture

7. Are the indicators identified in the Guidance sufficient for assessing risk culture and adequately capturing the multifaceted nature of risk culture?

8. Are there specific examples of good practices that can be used to support the indicators?

9. Are the indicators identified in the Guidance commonly considered by the board and senior management when internally discussing risk culture? Are there other indicators that should be included?

10. Does the paper appropriately describe the different roles of the board, senior management and other control functions in relation to defining, implementing and monitoring risk culture?

11. What tools or processes are used to make risk culture tangible within the organisation?

12. Are there useful descriptors of an institution's risk culture, both good and bad, that would be helpful to include in an attachment to the paper? For example "growth for growth's sake" or "it's someone else's problem".