

Organisational Culture and Behavioural Risk

Learn how behavioural economics will help protect your firm from conduct risk, create better outcomes for your customers and keep the regulator happy.

Core Details

9.30am — 12.30pm
City of London



3 CPD Hours

To Book

Call
0203 178 4230
Email
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Online
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Your Consultant

Simon Griffiths

Simon's professional background covers financial management, corporate treasury and risk management. His experience has been gained across a number of industry sectors including banking, publishing, IT, retail and manufacturing. During the last 14 years Simon has held a number of senior positions within the retail and commercial banking sector.

Simon became an independent trainer, consultant and lecturer in 2015 and his current areas of interest include enterprise risk management, regulatory compliance and corporate governance.

People like to think they make rational buying decisions. But the evidence points to a different conclusion: they don't. Errors made by consumers are persistent and predictable.

Complex financial products are even harder for people to understand – which increases the likelihood of poor decision-making. Behavioural economics can provide valuable insights into how and why customers make poor financial product decisions.

So it's no surprise this has become a hot topic for the FCA.

The regulator intends to increase its use of behavioural economics as a tool for future investigations and reviews. With limits to "buyer beware", firms need to be sure they're not using behavioural insights in a way that exploits customers.

What is good for the customer is good for the firm

But this regulatory evolution is not just a threat; it's an opportunity. The best financial services firms are the most consumer focussed. PwC estimates that since 2008, those firms that have best put the customer at the heart of their business model have outperformed the market by 2.2 times.

Behavioural insights help you better understand the fallibility of your customers' decision making. And thus make it easier for you to design strategies, products and information that help your customers make better product decisions – improving outcomes for them and your firm.

So make the smart decision to join us for this one-day fascinating and practical look at behavioural economics:

- Get an insightful introduction into the topic of behavioural economics
- Better understand the link between behavioural economics and conduct risk
- Get the latest FCA view and understand why it cares so much about this topic
- Better understand how your customers make buying decisions
- Realise just how bad people are at assessing risk and uncertainty
- Discover how emotions affect buying decisions
- Learn how complex financial products are erroneously simplified by consumers
- Learn how to spot and mitigate consumer biases in relation to the key conduct risks

Behavioural economics can change the way you operate

Gain a competitive advantage – By adopting the behavioural economic principles faster than your rivals, you will gain the advantages of developing a more compliant, sustainable and customer-centric business model.

Better serve your customers – When you can better understand why your clients behave the way they do, you can design products to best serve their needs and, ultimately, make your firm more competitive

Better manage conduct risk – By gaining greater insight into how your customers and prospects interact with financial services, you can better understand how actions lead to miss-selling and consumer detriment.

Proactively respond to the regulator – Instead of waiting until regulations change, like many firms do, this course helps you get on the regulatory front foot. This means you can deal with change in a more gradual and strategic manner.

Future-proof your business – Some will look to exploit consumer decision-making flaws. But savvy firms know the regulator will come down hard on those that knowingly, or unknowingly, take advantage of our propensity to make bad decisions.

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Agenda

Cost

£395 / person + VAT £474

A discount of 10% per person is available when booking for 2 or more delegates on the same course in a single booking.

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Call

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Email

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Online

fstep.co.uk

In-house Course?

This course works well as an in-house event, contact us to discuss your needs on 0203 178 4230 or email info@fstep.co.uk



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Session	Learning Outcomes
An introduction to behavioural economics:	<ul style="list-style-type: none"> • What does behavioural economics mean? • Where does it come from? • Why is it coming to the fore now?
Behaviour and why we're often our own worst enemy:	<ul style="list-style-type: none"> • How humans are programmed • Information processing and decision-making • Procrastination and paralysis • Illusion of control • Over-optimism and over-confidence • Gullibility and information overload • SYNDICATE EXERCISE – Why do <i>you</i> buy?
How do biases affect consumer decisions?	<ul style="list-style-type: none"> • Beliefs – What are they? • Preferences – Why do we prefer to act in a certain way? • Decision-making – What is your preferred style/process? • SYNDICATE EXERCISE – What's the current FCA view, and what does this mean to you and your role within the firm?
What we can learn from the past?	<ul style="list-style-type: none"> • Bubbles and how to avoid them • Biases and where they can lead you • What's the current capability of the UK buying public (and how does this affect the way they interact with your firm)? • And why consideration must be given to this in the research, development and distribution of new products and services • SYNDICATE EXERCISE – What products and services do you offer? What are the high-risk areas?
The implications for you and your firm:	<ul style="list-style-type: none"> • What can we do to help consumers make the right choices? • The considerations between face-to-face, telephone and online services • Consider the simple parts of your processes that can play to customer biases • CASE STUDY – What consumer biases are at play in financial services decision-making processes (and what can be done to reduce the risks)?
Conduct risk and the link to behavioural economics:	<ul style="list-style-type: none"> • What is the current FCA view on conduct risk? • What do they believe are the latest key drivers? • What does this mean for you and your business? • What does the regulator look for when assessing firms' 'conduct culture'? • Exploring the links between conduct culture and risk appetite • Managing and addressing gaps between organisational culture and conduct culture • PRACTICAL – What are the key conduct risks for this year (and how can consumer bias exacerbate these)?
Designing products: Making sure consumer behaviour is considered	<ul style="list-style-type: none"> • Improving product/service design processes • Conducting better customer research • Testing processes with samples • How do you bring it all together?
Summary and close:	<ul style="list-style-type: none"> • Review of session objectives • Review of key learning points