

## What is Conduct Risk?

Broadly speaking, Conduct Risk in the retail environment is the risk of unfair or detrimental outcomes to an institution's customers. Conduct Risk is unique to each institution, and as such no two Conduct Risk definitions across institutions should be the same. When defining Conduct Risk, institutions should take into account the specific customers, products and distribution channels they operate within.



## Questions Management/Leadership should be asking themselves

- 1 Do we have a view of our top 10 Conduct Risks?
- 2 What proactive steps do we have in place to ensure that we are identifying and responding to Conduct Risks prior to the risk surfacing?
- 3 Are we confident that we are looking at appropriate data from across the whole institution to inform our Conduct Risk Management?
- 4 Have our efforts to identify Conduct Risk to date identified any gaps and have we implemented activities to remediate those gaps?
- 5 How do we ensure that across the institution, staff understand that they have a responsibility for managing the institution's Conduct Risk and what have we done to enable staff to improve the conduct of their business/function?

## Key Components for the Sustainable Delivery of a Conduct Risk Programme

	Governance, Risk and Compliance	Culture	Measurement, Reporting and Monitoring	Remediation
Methodology	<ul style="list-style-type: none"> <li>Market Conduct framework development</li> <li>Market Conduct framework assessment</li> <li>Governance and oversight structures review</li> <li>Evaluate conduct competence/awareness across the institution</li> <li>Training on Ethics, Culture and Conduct Risks</li> </ul>	<ul style="list-style-type: none"> <li>Assessment and Current culture assessment</li> <li>Analysis to understand strengths and gaps to drive desired behaviour</li> <li>Key Indicator (KI) development and assessment in the context of Market Conduct</li> <li>Culture change model application</li> <li>Market Conduct training</li> </ul>	<ul style="list-style-type: none"> <li>Conduct Risk Identification</li> <li>Conduct Standard for Banks TSM (Gap analysis (CBR))</li> <li>Regulatory assessment analysis (CBR)</li> <li>Data management (Quality, Completeness and Validity)</li> <li>Data Dictionary for populating CBR's</li> <li>Automation of process to populate CBR's</li> <li>Market Conduct KI's and thresholds</li> <li>Outcomes testing</li> <li>Dashboard and visualisations</li> </ul>	<ul style="list-style-type: none"> <li>Remediation of inappropriate product/service sales</li> <li>Training and awareness</li> <li>Remediation plan development and management thereof</li> </ul>
Capabilities	<ul style="list-style-type: none"> <li>Risk expertise</li> <li>Market Conduct Regulatory expertise</li> <li>Human Capital expertise</li> </ul>	<ul style="list-style-type: none"> <li>Market Conduct Regulatory expertise</li> <li>Human Capital expertise</li> </ul>	<ul style="list-style-type: none"> <li>Market Conduct Regulatory expertise</li> <li>Deep Financial Services Industry sub industry expertise</li> <li>Data management expertise</li> <li>Analytics expertise</li> <li>Visualisation specialists</li> <li>Architects</li> </ul>	<ul style="list-style-type: none"> <li>Diverse skill set depending on underlying cause</li> </ul>

### Measurement, Reporting and Monitoring technology

#### Tools that support a Conduct Risk Programme



**BEAT:** A behavioral and emotion analytics tool

**TrueVision:** A conduct analytics solution that monitors your digital journey interactions to check that it provides the right outcomes for your customer.

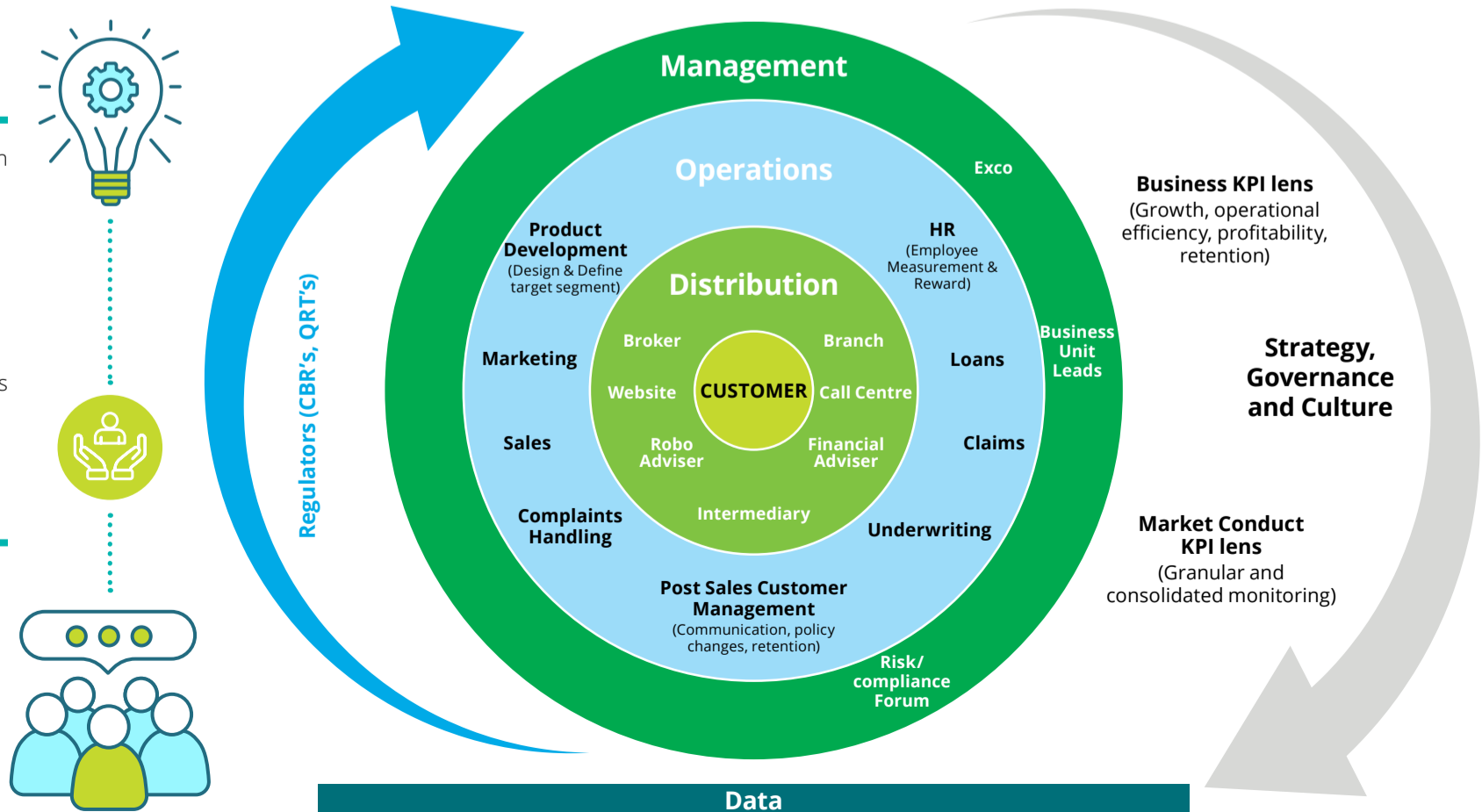


**OneView:** A tool that transforms the way insurance companies manage and report on their third party relationships

**Customer Portal:** Assists in improving insurance product development, customer journeys or staff training.

## The Breadth of Conduct Risk

Institutions are coming to terms with the breadth and extent of Market Conduct impact. Considerations at every level of management, operations, distribution and customer are necessary. What becomes evident is that almost all elements of business are impacted and thus extensive business process analysis with a Market Conduct lens is required.



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