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# **FAQs: FCA Culture and non- financial misconduct survey findings**



## **FAQ: Culture and non-financial misconduct survey – findings**

### **What is the purpose of the FCA's Culture and Non-Financial Misconduct Survey?**

The Financial Conduct Authority (FCA) conducted this survey to gather data on non-financial misconduct incidents within regulated wholesale financial services firms. This data serves as a baseline to understand how firms detect and handle such incidents, enabling the FCA to assess the effectiveness of current practices and identify areas for improvement.

### **What types of misconduct were included in the survey?**

The survey focused on various types of non-financial misconduct, including bullying and harassment, discrimination, sexual harassment, violence and intimidation, and "other" non-financial misconduct. The "other" category encompassed issues like inappropriate workplace behaviour, misuse of company resources, and data protection breaches.

### **How were firms detecting non-financial misconduct incidents?**

The most common method of detection was through reactive routes like grievances or formal escalation processes. Other notable methods included whistleblowing, particularly in wholesale banks, and firm-led detection methods like market surveillance. Interestingly, the use of monitoring and surveillance tools was relatively low across all firms.

### **What were the typical outcomes of reported incidents?**

The outcomes of reported incidents varied significantly. While disciplinary actions were taken in a considerable percentage of cases, many incidents were not upheld after investigation. This was particularly evident in cases of discrimination and bullying and harassment. The survey results also highlighted a decrease in the use of settlement and confidentiality agreements.

### **Were there any trends related to firm size and misconduct?**

The survey results revealed a correlation between firm size and the number of reported incidents. Larger firms tended to have a higher number of reported incidents, likely due to their larger workforce. However, smaller firms also demonstrated a notable number of incidents per 1,000 employees.

### **Did the survey assess firms' policies and procedures related to misconduct?**

Yes, the survey evaluated the adoption of various policies across different types of firms. Notably, not all firms had implemented whistleblowing policies, despite regulatory requirements. Discrepancies in the adoption of remuneration policies were also observed, possibly due to varying regulatory obligations across sectors.

### **What are the FCA's expectations for firms based on the survey findings?**

The FCA expects firms to use this data to benchmark their performance against their peers and critically evaluate their internal processes for addressing non-financial misconduct. This includes ensuring robust reporting avenues, effective investigations, and appropriate disciplinary actions when misconduct is substantiated.

### **What actions will the FCA take based on the survey results?**

The FCA will utilise the survey findings to inform their supervisory activities and engagement with firms. They will focus on firms with outlying results and work with trade associations to drive industry-wide improvement. Furthermore, the FCA will consider policy changes based on feedback from their consultation on diversity and inclusion in the financial sector.

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