

Overview

Moody's Analytics' Minimising Conduct Risk (MCR) is an essential e-learning course that addresses the root causes of employee misconduct. The course makes employees aware of common, pervasive influences, pressures, and biases that can lead to unethical behaviour, and provides guidance on how to overcome them.

MCR begins by defining conduct risk and establishing a foundation for understanding its consequences for clients, the institution, and the employee. It then provides deep awareness – accompanied by many examples from different areas of the institution – of critical factors that contribute to suboptimal employee behaviour. These factors include (i) job-related and outside influences, (ii) job requirements and team pressures, and (iii) heuristics and biases. Finally, the course provides actionable tips and techniques for mitigating, overcoming, or altogether avoiding these influences to minimise conduct risk and its negative impact.

Course Benefits

UPON COMPLETION, EMPLOYEES WILL:

- » Know how to treat internal and external customers fairly, along with the implications of not doing so;
- » Appreciate the nature of working in a financial institution and the stresses it creates;
- » Understand fiduciary responsibility and what it means to properly care for customer resources;
- » Be aware of influences, pressures, and biases to which you're frequently subjected, and how they can make it difficult to behave ethically, even when you're trying to do the right thing;
- » Have tools and techniques at your disposal that give you greater control over your actions and decrease the likelihood of personal misconduct.

Who Should Enrol?

All financial institution employees. There is no prerequisite course work or experience.



Course Outline

MODULES		LESSONS
1	Risk and Conduct: Setting the Stage	1 Treating Customers Fairly (TCF) Framework
		2 Risk and Behaviour in Financial Institutions
		3 Risk Culture
		4 Fiduciary Responsibility
2	Influences on Behaviour: Raising Awareness	5 Job Requirements
		6 Influences and Team Pressures
		7 Heuristics and Biases
3	Influences on Behaviour: Minimising Their Impact	8 Overcoming Influences and Team Pressures
		9 Overcoming Heuristics and Biases

Using Conduct Coach with Minimising Conduct Risk

Both individual employees and the organisation benefit from the use of Conduct Coach Scenarios in tandem with MCR. These scenarios consist of case studies and multi-dimensional diagnostic tests. Upon completion, they provide insight – at individual, team, and institution levels – into the most prevalent causes of misbehaviour within the organisation. Additionally, they assign employees MCR modules that can help them improve. The graphic below depicts a common Conduct Coach – MCR sequence and its typical outcome:

- 1 Diagnoses using smart testing
- 2 Uncovers exact knowledge gaps
- 3 Identifies personalized learning to fill skill gaps
- 4 Provides individual and group-level reporting

Detailed Lesson Summaries

MODULE 1 RISK AND CONDUCT: SETTING THE STAGE

- » **Treating Customers Fairly (TCF) Framework** explains that TCF is an outcomes-based approach designed to help ensure clearly articulated fairness outcomes for bank customers. The rationale for considering TCF as an individual employee, and then behaving in accordance with this framework, is explained. In addition, the lesson provides tips and examples to help learners apply the framework on the job – to both external and internal customers.
- » **Risk and Behaviour in Financial Institutions** examines the professional lives of individuals working at financial institutions. The concepts of risk and behaviour are defined, and the concept of “conduct risk” is introduced. The more or less constant balancing act between doing one’s job, helping customers, supporting colleagues, and following the supervisor’s directives is also discussed. Participants learn that very few jobs in a financial institution are completely free of risk and the decision-making requirements that go with it.
- » The **Risk Culture** lesson defines the term, and explains what that definition means for an institution, its individual employees, its work teams, and its customers. Participants learn that, in spite of pronouncements, rules, and guidelines, no risk culture is optimal until every employee internalises his or her role as a ‘risk officer’, and proactively works to identify, mitigate, and manage risk.
- » **Fiduciary Responsibility** examines the somewhat unique position in which financial services employees find themselves, given their access to customer financial information and their responsibility to handle funds and financial data prudently, honestly, and in accordance with all applicable laws and regulations. The lesson puts a premium on compliance, but also highlights the challenge of handling fiduciary responsibilities without blemish while faced with sometimes daily influences to behave otherwise. Participants also learn the critical financial and reputational implications of failure to handle fiduciary responsibilities appropriately.

MODULE 2 INFLUENCES ON BEHAVIOUR: RAISING AWARENESS

- » As a starting point to this module’s focus on behaviour influences, this lesson on **Job Requirements** discusses how important it is for employees to understand their assigned position, along with their associated tasks and responsibilities. Students learn that close adherence to approved task performance practices is key to minimising conduct risk, and that deviations from these practices can be forms of misconduct, or can lead to misconduct. Participants are encouraged to learn all they can about their assigned tasks and accepted performance parameters to help them avoid misguided behaviour and its consequences.
- » With the express objective of improving learner awareness, the **Influences and Team Pressures** lesson lists and describes a range of internal and external forces and motivations that affect employee behaviour on the job. Among those explored are monetary and reputational incentives, career aspirations, elevated living expenses and other home and lifestyle-related pressures, and the flaw of “assuming you know better” than your supervisor or bank policy. Participants will also learn about pressures – both intentional and subconscious, negative and positive – that arise from work teams, including bullying, groupthink, and conflicts of interest. The lesson provides examples of how these influences can wield power; and participants learn that, even in the most isolated job, no one works in a vacuum.
- » **Heuristics and Biases** identifies, defines, and explains key types of biases, including anchoring bias, confirmation bias, overconfidence bias, framing bias, and herding bias. It also defines heuristics, and the role that these types of mental shortcuts can play in decision-making...sometimes for better and sometimes for worse. The lesson provides examples of how employees can be pulled toward inappropriate behaviour, even without realising its happening. The difference between conscious and unconscious biases is explained and participants learn that, regardless of the level of self-awareness or intent, allowing biases or heuristics to influence behaviour more often than not lures one further away from accepted conduct, rather than closer to it.

MODULE 3 INFLUENCES ON BEHAVIOUR: MINIMISING THEIR IMPACT

- » **Overcoming Influences and Team Pressures** provides guidance in addressing and withstanding outside influences and negative team pressures, and devising appropriate responses.
- » **Overcoming Heuristics and Biases** provides practical tips for overcoming these patterned thought processes on the job. The lesson provides numerous examples that compare positive outcomes arising from overcoming preconceptions and limiting tendencies to negative outcomes that result from giving in to those influences and engaging in inappropriate actions.