

## Press Release

### **New study highlights significant gap between perception and practice of ethical behaviour in financial services**

#### ***Addressing culture must be a top priority for creating a resilient and trustworthy financial services industry, says CFA Institute***

**11 December 2013, London/Prague** – A study released today by the Economist Intelligence Unit and sponsored by CFA Institute has shown that although financial services executives overwhelmingly recognise the importance of ethical behaviour in the industry, there is still a significant gap between that belief and the industry's practices. The study, [\*A Crisis of Culture: Valuing Ethics and Knowledge in Financial Services\*](#), shows that strengthening culture based around driving integrity and financial knowledge across firms is a priority for the financial services industry.

Despite the importance placed on creating a stronger ethical culture since the financial crisis, a serious disparity still exists when it comes to executives' recognition that adhering to those higher standards will help earn trust, foster career progress and support financial performance. Although 91% of survey respondents placed equal importance on ethical behaviour and financial success, more than half (53%) think career progression at their firm would be difficult without being "flexible" on ethical standards, and just 37% believe that their firm's financials would improve if the ethical conduct of employees improved.

The study also looked at the critical issue of knowledge in the industry. Whilst 97% of respondents said that they are well qualified for their own role, 62% admit that their colleagues know very little about what goes on in departments beyond their own. This shows that a silo culture is pervasive in the industry, with departments acting unilaterally rather than viewing themselves as part of the wider business, suggesting integrated functional and management approaches to risk-proof organisations remains weak.

John Rogers, CFA, president and CEO of CFA Institute, commented:

"CFA Institute sponsored this study in order to take the temperature of the financial services industry as we begin to emerge from the financial crisis. The results show that the industry has further to go on its journey to drive up ethical standards and embrace professional education. It also shows signs of a shift in culture by recognizing the benefits of global ethical standards and industry knowledge, and addressing agency issues. If we are to move the industry forward it is incumbent upon everyone within the industry to align their personal and organizational values with those that serve client, shareholder and societal needs. Aspiring to adopt these values will create more resilient firms and a stronger future for finance."

#### **Statistical Highlights:**

##### ***Ethics***

- 91% of financial executives support the notion that aspiring to a globally recognised set of ethical standards would make the financial services industry more resilient
- 67% of firms have raised awareness of the importance of ethical conduct by all employees
- 53% of financial services executives say strictly adhering to ethical standards inhibits career progression at their firm

### Financial Knowledge

- 62% of financial executives don't know what is going on outside their department
- 60% of financial executives highlight gaps in employees' knowledge as a significant risk for their firm
- 59% of financial executives agree improving knowledge of the industry as a whole would help make their firm more resilient
- 12% say they are confident in their knowledge of the global regulatory environment

### NOTES TO EDITORS

#### About the survey

A crisis of culture: Valuing ethics and knowledge in financial services is based on an Economist Intelligence Unit survey of senior managers carried out September 2013. The 382 respondents are split regionally as follows: Europe (42%), Asia-Pacific (34%), North America (20%).

All respondents are from the financial services industry, and are distributed as follows: nearly one-fifth (18%) are executives from asset management firms, 16% are from commercial banks, 15% are from retail banks, 12% are from insurance and reinsurance firms, 11% are from private banks, 11% are from fund management firms, 9% are from investment banks, and 8% are from wealth management firms. One-half are C-suite executives, and the rest are senior executives and managers.

The EIU also surveyed 50 executives from firms supporting the financial services industry across a number of areas including technology, marketing and business processes.

#### About CFA Institute

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organisation is a champion for ethical behaviour in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 116,000 members in 147 countries and territories, including 109,000 CFA charterholders, and 139 member societies. For more information, visit [www.cfainstitute.org](http://www.cfainstitute.org).

#### About The Economist Intelligence Unit

The Economist Intelligence Unit is the world leader in global business intelligence. It is the business-to-business arm of The Economist Group, which publishes *The Economist* newspaper. As the world's leading provider of country intelligence, the Economist Intelligence Unit helps executives make better business decisions by providing timely, reliable and impartial analysis on worldwide market trends and business strategies. More information about The Economist Intelligence Unit can be found at [www.eiu.com](http://www.eiu.com) or follow us on [www.twitter.com/theEIU](https://twitter.com/theEIU).

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