

No industry is immune from damage to reputation, but taking a more rigorous, ethical approach will help to maintain high standards

LAYING THE FOUNDATIONS

Cookie the *Blue Peter* cat, Liz Kershaw's phone-in quiz show and a supposed spat between the Queen and celebrated rock star photographer Annie Leibowitz are an unlikely combination, but they all illustrate problems at the BBC. For many years, it was regarded as a beacon of integrity, but the BBC has recently been portrayed as having a culture of deception.

Unsurprisingly, this has raised the issue of trust again. The media stirs, the public seethes, the BBC's image takes another battering and its director-general has to remind employees of the basic principles of behaving with integrity.

Trust is like reputation: once lost, it is hard to recover. This is one reason why regulators in several Middle Eastern countries, which are keen to become global financial centres, are now seeking the SII's assistance in devising a code of conduct and creating a strong integrity-based culture.

While regulators in Egypt, Dubai and Lebanon are adopting the Institute's code of

conduct, it is noticeable that the FSA has, in the past, shied away from the whole subject of ethics and integrity, preferring to stick to clear rules and guidance.

However, there are signs of change. In the recently published CP 07/4 on training

“What are ethics if they are not principles-based?”

and competence, the FSA stated for the first time that “appropriate ethical behaviours are also important – these are closely linked to the corporate culture of the firm and a key responsibility of senior management.”

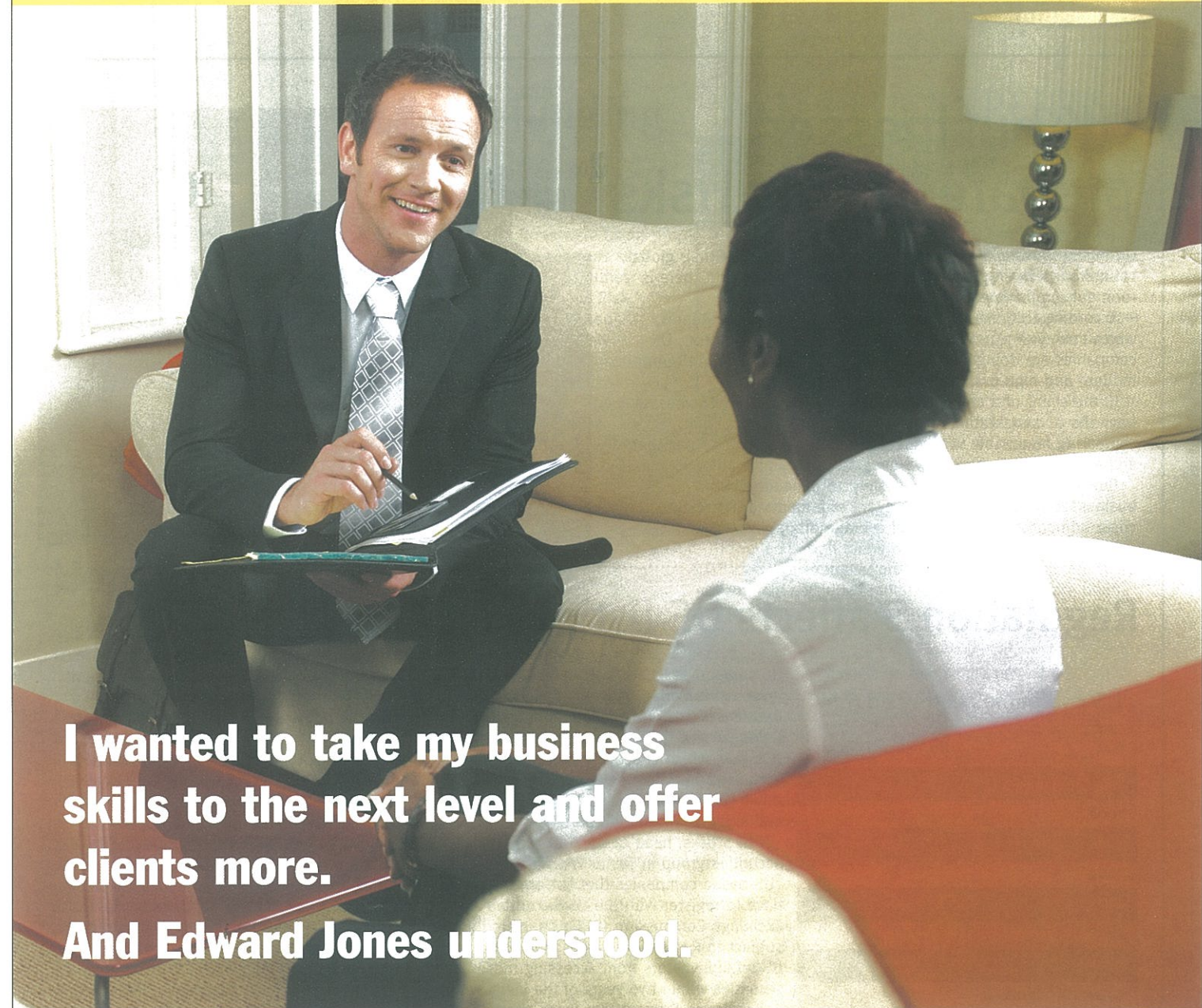
This is welcome, as it is hard to see how the FSA can avoid the ethical arena, particularly as it is adopting a more principles-based approach. After all, what are ethics if they are not principles-based?

There should be total synergy between what the FSA is exhorting the industry to do in treating its customers fairly and members' responsibilities to their clients under the SII's code of conduct. It would be strange if these approaches differed.

Therefore, given that more than 35,000 members, 35 firms and at least three other countries' regulators have adopted the code of conduct or support the principles behind it, why doesn't the FSA publicly either adopt or adapt the code, just as the SII adapted it from the good work done by the Worshipful Company of International Bankers?

The UK took quite a knock as a global financial centre a couple of months ago, with queues of people waiting to withdraw their money because of a panic-induced lack of trust in one financial institution.

An industry in which individuals, firms and regulator each have a common and clear values system, built on the sound ethical cornerstones of honesty, openness, fairness and transparency, can only enhance the reputation of the industry. ■



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