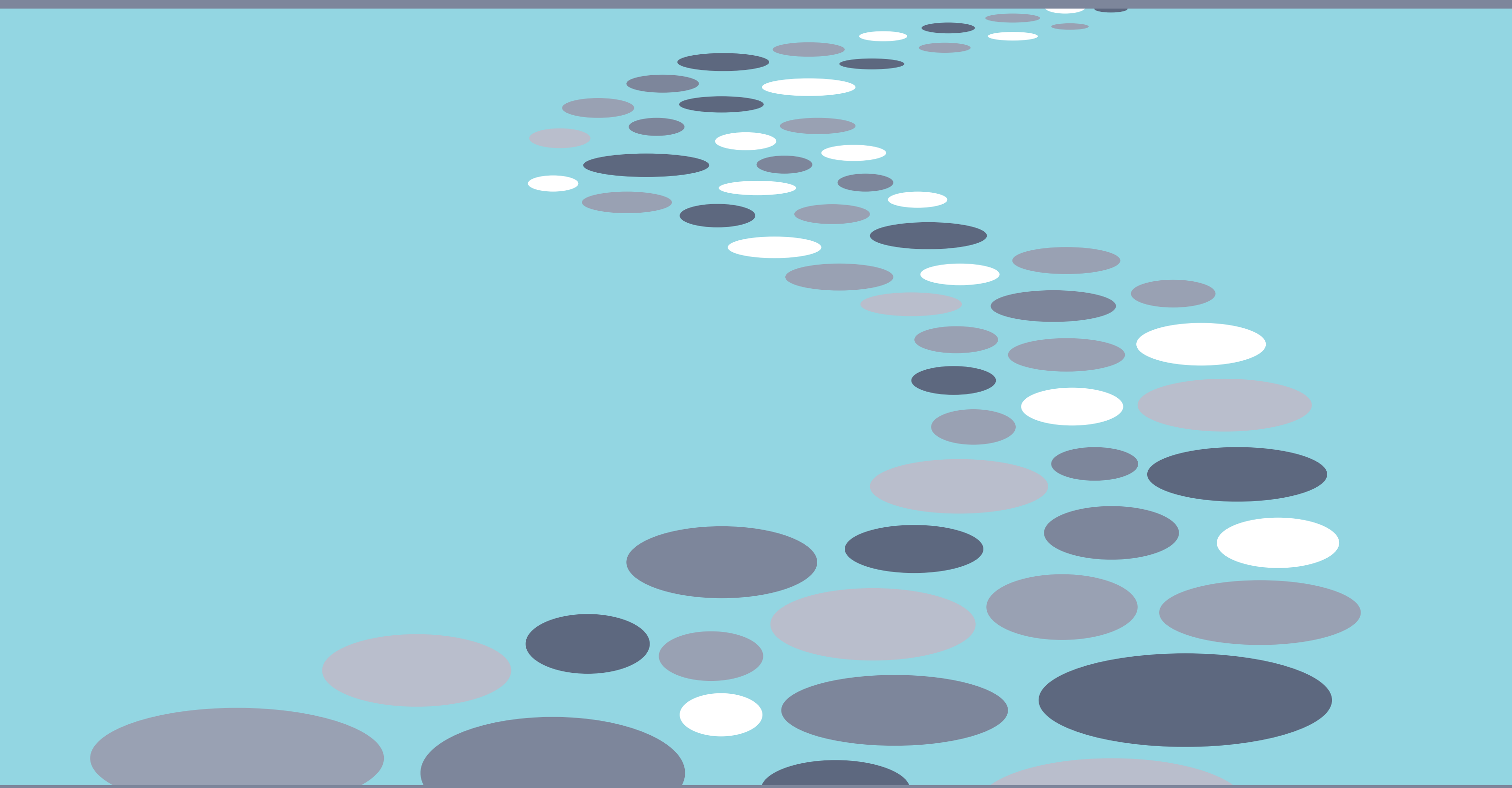
Pathway to Long-Term Value:

Identifying and Defining Long-term Value Drivers for Banks



Executive Summary

A Final Report of the BankingFutures Dialogue

This report, and the process that led to its creation, is a team effort. The report is authored by Andy Griffiths, Sophia Tickell and Anne Wade, but would not have been possible without the research, project management and editorial support of the BankingFutures team – Sayo Ayodele, Becky Buell, Lydia Garrett, Marloes Nicholls, Prarthana Rao and Cassie Tickell-Painter. We are deeply appreciative of their work. Thank you also to Jane Garton and Corinne Welch, for their meticulous copy-editing and creative design work, but also for working so ably to such tight deadlines. Any misinterpretation or errors are the authors' alone.

BankingFutures

An Inclusive, Multi-Stakeholder Process

BankingFutures is a structured dialogue aiming to create a healthy, resilient and inclusive banking sector in the UK. It is a partnership run by Leaders' Quest and Meteos, two non-profit organisations committed to improving the role business plays in society.

The dialogue has taken place in two phases. Phase One began in June 2014 and sought to provide civil society, customer and regulatory input to a leadership group of senior banking executives, investors and experts on banking reform. The original leadership group committed significant time over the course of 14 months, for internal working group meetings and external roundtables with stakeholders. Over 200 stakeholders contributed views through these meetings and via interviews. The first phase of the project, which was described as one of the most societally inclusive projects on banking reform, concluded with the publication of the report, *Banking on Trust: Engaging to Rebuild a Healthy Banking Sector*.

This is a report on Phase Two of the project, which launched in May 2016 and created Action Groups to explore two topics in depth: how banks can better contribute to the real economy, and how communication and dialogue can be improved between banks, investors and other stakeholders in order to enhance banks' ability to deliver long-term value. The work of the groups was overseen by a Steering Group of senior banking leaders, investors, financial reform experts and civil society representatives (see Appendix A). Steering Group members agreed to use their positions of influence to further the project's final recommendations.

Action Group One sought to identify actions that would forge stronger links between the financial system and the small and medium enterprise (SME) sector of the real economy. The group was composed of bank leaders, representatives of SMEs, representatives of the responsible finance and community development financial institutions (CDFI) sector, and civil society organisations working on finance. Its work incorporated insights of academics, economists and policy-makers. The group met regularly over the course of 14 months and exchanged views between meetings; these took place in London, Bristol and Sheffield, with a view to engaging with cities and regions where there is a greater need for improved access to financial services. The meetings included site visits, with leaders from organisations working to understand and support the needs of the real economy.

Action Group Two was charged with exploring how to reintroduce a long-term culture into investing in banks, in partnership with the Investor Forum. It sought to identify practical measures to contribute to a longer time horizon in investment and management decision-making, as well as a more comprehensive definition of long-term value. This group was made up of bankers, investors and representatives of organisations seeking reform from within and outside of the investment community. This group met five times for day-long workshops over the course of the project's duration and, as above, participated in a combination of immersive learning with sector experts and site visits to underserved communities in London's East End, complemented by internal group discussions.

Introduction

from the BankingFutures Directors

We set up the BankingFutures dialogue three years ago to support the development of a healthy, resilient and inclusive banking sector in the UK, capable of underpinning UK economic development and enabling everyone to participate in the economy. This leadership dialogue is run jointly by our organisations, Leaders' Quest and Meteos, and in partnership with the Investor Forum for our work on long-termism. It is an invitation to senior bank leaders, institutional investors and civil society representatives to come together to agree what changes are needed in the sector, and to find common ground on how these can be achieved.

In this second phase of the project we have focused on two priorities: how banks can better support small and medium enterprises (SMEs) in the real economy, and how to improve communication and dialogue between banks, investors and other stakeholders in order to enhance the ability of banks to deliver long-term value. The dialogue concludes with a separate report on each topic.

Although seemingly different, these topics are ultimately interdependent. Banks' ability to adequately address the needs of SMEs is already challenging due to the high or unknown risk of doing so. This long-term challenge has been made more acute by recent changes to the banks' business models, which are partly a result of an increased focus on the demands of capital markets. For investors, SME lending and banks' contribution to society are a low priority because they are a small part of a global bank's balance sheet. As a result, investors are more likely to praise the introduction of efficiency measures – such as closure of bank branches – than to consider the effects of closures on a bank's ability to meet the needs of small companies. This matters because the SME sector is the backbone of the economy and critical to employment and social cohesion, making it vital it has access to the finance it needs. It also affects society's perception of banks.

Understanding how to encourage banks and investors to focus more on what is going to drive long-term value to all stakeholders, and less on short-term financials, is a crucial part of what will permit banks to make investments in the real economy that require patient capital. The BankingFutures participants committed themselves to trying to square this circle. Our desire was for the project to strengthen the bridges between people in the financial system and real economies. Our groups embraced the opportunity to meet some of the most financially excluded people in the UK. Hearing from them helped focus our minds on the need to fix the system. The groups worked together with the intellectual rigour you would expect of such leaders, but they also worked respectfully and carefully, listening to each other's perspectives even when they were at odds, and with a commitment to finding joint solutions. We are deeply grateful for their openness to work in this way and to such good effect. We would also like to thank the many experts who allowed us to interview them and who were more than generous with their ideas and suggestions.

The outcome of the process is this report and a counterpart report on SMEs, banks and the real economy. Each report is a standalone. However, to reach a solution on either will require tackling both issues simultaneously. There are ways to do this which we outline in each report, and we therefore encourage you to read them both.

We are proud to have achieved our original goals of identifying actionable things that can be done by specific people or institutions to make a difference. This is the result of adopting a comprehensive multi-stakeholder approach in which the views of all stakeholders are sought and actively considered. The virtue of this approach is that participants come to mutually acceptable outcomes. For some, the recommendations may be a stretch, for others they may not go far enough. This is not a weakness. Along the way participants have heard and acted on each other's concerns meaning that when the recommendations are finally launched, they are much more likely to get real traction in the real world. In this way, we hope that the creative energy that has gone into BankingFutures lives on in a tangible way that contributes to a healthy banking system, in service to society.

Sophia Tickell and Anne Wade • *July 2017*

Introduction
from the Investor Forum

The BankingFutures dialogue created a structured opportunity for a group of the industry's leaders to work together to identify tangible steps to contribute to a banking industry that can deliver value for all of its stakeholders.

In facilitating this dialogue on long-term value, Meteos, Leaders' Quest and The Investor Forum have been able to bring together executives from highly competitive institutions to collaborate, and have demonstrated that there is a more inclusive way to approach and address systemic challenges. The commitment by participants to step back from the day-to-day pressures and explore these important issues has been crucial. By listening and engaging with multiple stakeholders, BankingFutures offered a differentiated approach to address this complex issue.

The BankingFutures 'Pathway to Long-Term Value' and the associated recommendations represent a series of tangible steps that bank and investment leaders can take to focus discussions on the issues that really matter to understand value – culture, employees, customers, risk appetite and the impact on society – and to enhance confidence in order to create a banking system that is valuable for all. Banks can do much more to better articulate their approach to these important issues.

This process has revealed the need for a much broader dialogue if investors are to better understand long-term value and avoid an excessive focus on short-term issues and quarterly reports. New information will be required to inform this evaluation, and it is therefore incumbent on investors to demonstrate their appetite for this broader conversation and its value to decision-making.

On behalf of all the participants in this dialogue, I would like to offer a collective 'thank you' to Sophia Tickell of Meteos and Anne Wade of Leaders' Quest – together with their colleagues – for the skill, dedication and professionalism that they have brought to these conversations. The process has created a rich dialogue and a platform for lasting change.

The Investor Forum has been delighted to support this process given our twin objectives to make the case for long-term investment approaches and to create an effective model for collective engagement. We will continue to work in support of the practical application of both the pathway and the recommendations.

Andy Griffiths • *July 2017*

Executive Summary

Identifying and Defining Long-term Value Drivers for Banks

This is one of two reports on the findings of the second phase of the BankingFutures dialogue. It addresses the question of how to respond to the negative impacts of short-termism on investor decision-making and on internal bank culture. It reports on how banks, investors and other bank stakeholders can work together to share concerns and understand how profound, structural changes to bank business models will affect the ability of all banks to meet societal and shareholder expectations.

It is written at a time of intense change. Since 2007/08 the UK banking sector has experienced waves of external regulatory reform to promote financial stability and improve bank conduct, mirrored by internal restructuring processes to achieve the same goals. More recently, bank leaders have faced the additional tasks of accommodating the very significant financial consequences of the wrongdoings of the past, as well as new challenges, such as financial crime. All this is taking place as a technological revolution continues unabated, with artificial intelligence, automation and digitisation having profound impacts on business models.

It is clear that these revolutionary changes have huge implications for banks themselves, for their customers, for their employees, for their shareholders and, crucially, for society as a whole. As no one can be certain what the future holds, there is an extraordinary opportunity for bank leaders to engage more fully with stakeholders on these long-term value drivers to understand what their stakeholders hope and expect of this economically and socially vital sector.

Short-term pressures make this difficult. The focus on the latest quarter encourages management to feel pressured to deliver financial targets, in timescales that are significantly shorter than the business cycle. It affects employee morale, and it affects management's ability to implement strategic plans and to take bold decisions about investment expenditure. It means senior leadership teams spend disproportionate amounts of time talking to investors about short-term financial developments rather than the long-term trends affecting the sector or the volatile external operating environment.

All parties can see significant advantages to moving away from the current excessive focus on quarterly reporting, even if there appear to be many impediments to doing so. There is an important opportunity for bank directors and investors to come together to achieve that objective. A longer-term focus would allow bank managements to direct their energies to the longer planning cycle required by the business, rather than pursuing earnings growth to meet short-term expectations. It would allow investors to act on the growing realisation that understanding culture, attitudes to risk, and longer-term perspectives are key both to identifying the sustainable success stories of the future and increasing confidence in the quality and predictability of earnings.

Investors – some of the banks' most influential stakeholders – are also changing, in part spurred by growing political and regulatory scrutiny. Investors are beginning to reflect on how their own business practices are contributing to short-termism, and there is increasing pressure to provide greater transparency regarding their incentive systems. The timing for investors and banks to improve how they communicate on long-term value drivers could not be better. To do this well, three challenges need to be addressed:

- **Banks, investors and other stakeholders need to identify and understand the drivers of long-term value.** Information flowing between banks and investors currently contains too much financial reporting and not nearly enough indicators about the non-financial fundamentals that underpin the health of the business. Investors and banks need to work with other stakeholders to define what these are, and to find a way to incorporate them into bank evaluations.
- **Banks, investors and other stakeholders need to determine what non-financial information to communicate, and when.** Investors and other stakeholders are seeking independent information and increasingly determining for themselves the issues they consider to be essential to a bank's long-term future. Bank reporting on such information is currently situated in a number of different places, often published at different times during the year and against varying timeframes.
- **There is a need to address the absence of comprehensive and comparable non-financial data from the banks.** Specifically, there is strong demand from investors for banks to provide information on culture, conduct and other long-term value drivers – what is being incentivised and what rewarded, and how and whether management is tracking progress. Banks, however, are hesitant to meet to such demands. Having spent time and effort on developing and tracking such metrics, many now see their internal cultural reform processes as a source of competitive advantage and are therefore reluctant to make them public.

These rising demands for new and better communications offer banks a huge opportunity to demonstrate visible and forward-looking leadership on how they plan to engage with their stakeholders and on what they consider to be important for the long-term health of the business. If managed well, improved understanding should incentivise stakeholders to engage with those companies they believe to be serious about things they care about, and encourage the belief that banks care and are willing to meet society's desire for a more inclusive financial sector. In the process, it will improve perceptions about the trustworthiness of banks.

Investors, for their part, need to take leadership in ensuring they match their call to banks for comprehensive non-financial information, with a commitment to then embed that data into their valuation frameworks, and to actively prioritise discussion of these drivers of long-term value in their engagement with boards and management. This will create a positive feedback cycle that enables banks to know their material is being well received and valued, and for investors to clearly signal that these issues are important to them.

There are early signs that banks, investors and regulators are finally coming to an emerging consensus about how banks can create long-term value. There is growing alignment around the idea that a comprehensive evaluation of a bank should include an assessment of the value it is perceived to offer to employees, customers, civil society and regulators, as well as to shareholders.

BankingFutures is proposing a 'Pathway to Long-Term Value' which identifies five milestones and a series of practical recommendations that, if achieved, would create a comprehensive understanding of a bank's total value and resilience, by providing non-financial indicators to complement financial metrics. These interlocking, achievable and relatively small steps, when taken as a whole would contribute to significant change in both the evaluation of and support for total bank value. Each recommendation has identified a strategic partner that is able to further develop the work and comment publicly on progress. Some of these partners, like the Investor Forum,[1] are well established. UK Finance, however, does not formally begin work until after the report is published, so will need time to consider the recommendations before it responds. The five milestones on the Pathway are as follows:

1. 'UK Finance – Representing UK Finance and Banking' is the UK's new financial trade association, launching in July 2017. It is a merger between six bodies representing the finance industry: the Asset Based Finance Association, British Bankers' Association, Council of Mortgage Lenders, Financial Fraud Action UK, Payments UK and the UK Cards Association.

Milestone 1
Improved dialogue between banks and their investors

The banking sector will be better placed to embrace the opportunities and weather the challenges it faces if all its stakeholders are more aligned about what is likely to drive value for the sector and society over the long term. To achieve this goal, information flows between banks and their investors must move from a focus on short-term financials to concentrate on other important indicators of total bank value. It will require banks to innovate and provide high-quality information about their franchises and to decide how to respond to investor desire for independently verifiable data. Investors will need to justify requests for additional disclosure by demonstrating that they do indeed take into account a broader range of multi-stakeholder considerations in assessing the value of a bank, and to signal to banks their clients' and customers' increasing interest in these issues.

Milestone 2
Collaborative agreement on determinants of long-term value

BankingFutures has demonstrated to banks the value of working collaboratively and engaging with their stakeholders on issues they believe to be material to the bank's long-term success. It has also shown investors the value of doing so. Finding a way to agree and regularly assess these determinants of long-term value would demonstrate the sector's interest in stakeholder concerns and, in the process, enhance trust and generate a better understanding of the sector. Banks should therefore commit to an ongoing collaborative process which results in agreement on key drivers or determinants of non-financial, long-term value. Once this agreement on the essential determinants of non-financial, long-term value has been reached, banks should be free to determine independently how they report on them, and on any additional issues they consider important.

Milestone 3
Improved insight into management thinking on long-term objectives, culture and value of the bank via the Strategic Report

The Strategic Report is the most logical place for investors and other bank stakeholders to find the bank's long-term strategy and management's views on the best path to value creation. There is an opportunity for banks to commit to improve the Strategic Report such that it provides easily accessible, fundamental information about the bank's long-term health. It should also be the primary means by which company directors disclose the execution of their duties under Section 172 of the Companies Act, which requires them to have regard for additional stakeholders (as well as members, i.e. shareholders).

Milestone 4

High-quality, consistently reported non-financial data

BankingFutures identified a number of issues on which stakeholders are seeking more information in order to evaluate a bank's ability to deliver value over time. Banks, investors, regulators, civil society and consumer advocates are largely in agreement that reliable, convincing information that provides insights into a bank's culture as well as its approach to customers and conduct, is absolutely key to such evaluation. However, understanding and measuring culture, in particular, is highly challenging and only truly understood by spending long periods of time inside the organisation and with senior leadership. As access of this kind is impracticable for most bank stakeholders, reasonable proxies need to be found.

Banks are understandably reluctant to use standard metrics on cultural issues, arguing that successfully managing conduct and culture will be a key determinant of competitive advantage. Further, they point out that culture is by definition distinct to each entity, and that the process of standardising and 'numerating' it risks losing the essence of that culture. Importantly, they are also sceptical about whether investors are genuinely interested in non-financial data.

For their part, investors and other stakeholders say that specific metrics on culture and values – both positive and negative trends – would enable them to identify those institutions which are best in class and those that are weaker on these crucial value drivers, and so they are seeking consistency and comparability between banks.

There is therefore a need for banks to identify and agree the essential determinants of non-financial value. However, once agreement has been reached on the themes on which to report, individual banks should be free to manage and report on them in innovative and creative ways that highlight the bank's approach and achievements.

Culture: An organisation's culture shapes management decision-making, reveals the degree to which there is scrutiny and challenge at senior levels of the organisation, demonstrates management approaches to risk, and – through incentive and reward systems – exposes what leadership really cares about. Information on how leadership and values shape the bank's culture can be found in employee views on leadership and organisational culture, incentives and total employee remuneration, and risk appetite.

Customer and Conduct: All banks say the customer is their number one priority, so bank stakeholders are calling for specific information on two other key metrics – customer outcomes and conduct. They argue that high-quality, comparable – and, ideally, independently verifiable – data on customers would permit stakeholders – investors, civil society and, most importantly, those customers – to evaluate how banks are managing this long-term strategic priority. To assess conduct, stakeholders are asking for data that allows them to understand a bank's historic performance by division. They want it to be comparable between banks, where possible, to allow sector-wide comparison, and to be consistently reported over time to permit assessment of progress against objectives.

Milestone 5

Annual structured stakeholder feedback

The importance of the views of other (non-shareholder) bank stakeholders in understanding a bank's long-term value was a consistent theme throughout the dialogue. These stakeholders include employees, customers, civil society, standards-setters and others who want to engage with companies in the financial sector. Value can be derived by ensuring that the relationships with these key stakeholders are well managed and that bank management listens to, and takes on board, the concerns they consider legitimate. Critical to this process is for stakeholders to feel heard, and to know that bank management has considered their input and acted upon it where appropriate. This will require company directors, as the ultimate owners of corporate strategy and culture, to engage with these stakeholders and to provide public feedback on how they have been influenced by their views.

Pathway to Long-Term Value Recommendations

RECOMMENDATION ONE:
Investors signal to bank management (and report to their own stakeholders) their interest in understanding the range of value drivers that will impact long-term value

- Asset owners (and their investment consultant advisers) signal to asset managers their interest in long-term value delivery from investments in the banking sector.
- Asset managers, in their client reporting, to demonstrate the importance of both long-term timeframes and non-financial information in the evaluation of a bank's ability to deliver value.
- Asset managers to use their engagement with bank boards and management teams to explore and provide challenge on a comprehensive range of issues that drive long-term value, rather than excessively focusing on short-term financial measures.
- Asset owners and asset managers to adopt a model of inclusive engagement with banks to break down the silos that exist between 'ESG (environment, social and governance) engagement' and the process of traditional financial analysis.
- Asset managers to clearly communicate to banks where they require more information (e.g. long-term strategy, competitive positioning, customer and culture data, etc.); where information needs to be simplified/reduced (e.g. remuneration consultation, quarterly earnings); and what (financial) information they do not value, in order to prevent a further increase in the volume of company reporting.
- Asset managers to commit to embed non-financial information in their valuation frameworks, in order to demonstrate the importance of those investment criteria and this broader range of information to investee companies.
- Asset owners and asset managers to examine the structures within their own organisations in order to align investment timeframes and incentive structures to the long term.

Strategic Partner: **Investor Forum**

Investor Forum to survey investors and provide survey results by the end of 2017.

RECOMMENDATION TWO:

Banks to work with UK Finance to agree key elements of non-financial information disclosure

In recognition of the need for banks to both set their own strategic priorities and consult with stakeholders on their views, BankingFutures recommends that UK Finance convene regular roundtables between banks and their stakeholders to define priorities for non-financial reporting. UK Finance is encouraged to set up an initial meeting with the Investor Forum to jointly convene investors, banks and other capital market participants, to make the case for enhanced non-financial information and to review the requirements for quarterly reporting. UK Finance is then encouraged to convene multi-stakeholder roundtables including investors and civil society organisations to bring societal perspectives into the process. The roundtables should be run on BankingFutures multi-stakeholder principles of inclusion and diversity. They should build on the BankingFutures non-financial priorities outlined below, and may be informed by additional experience and insights of external experts in organisational culture. Banks should commit to an ongoing, regular process such that best practices are revisited on a structured and scheduled basis. The roundtables are designed to:

- Come to agreement on core themes that could help in the evaluation of culture.
- Demonstrate a commitment by the industry to embrace non-financial reporting.
- Identify what data is needed to allow bank stakeholders to evaluate and compare across banks, but be flexible enough not to constrain individual banks from innovating and communicating significant further progress.
- Attain a level of stakeholder confidence and trust in banks that existing ESG and corporate social responsibility (CSR) reports have not yet been able to deliver.

Strategic Partner: **UK Finance**

RECOMMENDATION THREE:

Banks to enhance and prioritise the Strategic Report

The Companies Act requires the Strategic Report in annual reports to be 'fair, balanced and understandable'. BankingFutures recommends that banks move beyond the minimum requirements prescribed in law and signal willingness to prioritise the Strategic Report as the bank's key all-stakeholder report, by including data-driven information on:

- The company's purpose.
- The culture sought by the bank's senior leadership and related incentives, clearly articulated.
- Long-term strategy, including information about which issues and stakeholders the bank considers to be a priority, and why.
- Key objectives relating to each of these issues and stakeholder groups.
- The systems and processes in place to deliver those objectives.
- Annual progress indicators against those objectives.
- How the bank is supporting the real economy, given the role of the sector in underpinning economic activities, social cohesion, job creation and innovation.[2]

BankingFutures recommends that the bank creates a two-page summary of this report, with specific indicators of progress against strategy, values and behaviours, and summarised evidence of its stakeholder engagement. Highlights of key topics of strategic interest should also be included in its investor updates throughout the year. With the upcoming adoption of the EU Non-Financial Reporting Directive there is an opportunity for the banking sector to take a lead in communicating a more holistic view of activities for the 2017 financial year.

Strategic Partner: UK Finance

To ensure consistency across the sector, BankingFutures recommends that banks work with the Financial Reporting Council (FRC) and UK Finance to create a model to strengthen, evaluate and provide feedback on the quality of Strategic Reports. Discussions with the FRC indicate strong support for companies to prioritise this enhanced role for the Strategic Report.

2. Real economy refers to activities undertaken by households and businesses, as opposed to transactions between financial entities.

RECOMMENDATION FOUR:

Individual banks to disclose company-specific, non-financial information to help stakeholders evaluate the bank's long-term health and prospects

The BankingFutures process revealed consensus among banks, investors, regulators, customers and other stakeholders that providing information on the non-financial topics generated by BankingFutures discussions and outlined below, would permit stakeholders to better understand and evaluate the bank's long-term health and prospects. This is a complex undertaking which will require achieving an appropriate balance between banks' desire to innovate and compete, and investors' desire for comparability and differentiation. Banks should be free, however, to decide which issues they consider to be priorities, and to find creative and innovative ways to comprehensively report on them.

BankingFutures recommends that banks commit to build on the themes identified during the dialogue and outlined below, and to report on related internally developed metrics consistently and over time (both positive and negative trends), to allow investors and other stakeholders to assess progress or change.

Culture:

- **Leadership and Values**
  - Banks to publish comprehensive internal metrics, which should be consistent over time, that demonstrate employee views of the bank's culture and leadership. This should include:
    - Information on systems and processes used to underpin the values articulated by senior leadership.
    - Evidence of open leadership culture.
    - Employee views and statistics regarding job satisfaction, training opportunities, retention, diversity and inclusion.
- **Incentives**
  - Banks to commit to adopt a simplified and enhanced statement on incentives to demonstrate how they are designed to generate long-term value creation (see Appendix B for an example of BankingFutures Performance Metrics and Remuneration Template).
  - Banks to articulate more fully how the pay structure is linked to long-term performance.
- **Risk Appetite**
  - Regulators should continue the recent trend of highlighting emerging potential sectoral risks for broader evaluation and scrutiny by investors and all stakeholders (e.g. the recent warnings from the Financial Policy Committee on growth in unsecured consumer credit and extended interest-free credit card product offers).
  - Banks should strengthen information in the Strategic Report about what they consider to be top and emerging risks, and how they will manage them. This disclosure should be the principal mechanism to enable stakeholders to understand and evaluate the likely opportunities and threats, and how the bank is responding to them.
  - Banks to take coordinated steps to give a clear explanation of the impact of IFRS 9 on historical risk data series and its potential impact on prospective future risk decisions.

Continued overleaf…

Customers:

- Banks to produce an annual public report on customer outcomes, articulating what they consider to be the most significant metrics to measure this, and why. This could include product and service offerings, and support to vulnerable customers or underserved communities.

Conduct:

- Banks to report a summary of annual findings on internal risk management, including a narrative statement on whistleblowing procedures and experiences.
- Banks to provide an explanation of how they apply their bonus-malus; and in a given year, the number of bonus-malus investigations undertaken, the number of times bonus-malus has been applied and the number of disciplinary actions taken.
- UK Finance to encourage the Financial Conduct Authority (FCA) to revise its website in order to make the significant quantity of conduct data it holds much easier to navigate, and to present it in ways that allow assessment of individual bank performance, by division and over time.

Strategic Partners: UK Finance

UK Finance to provide regular public commentary on banks' evaluation and disclosure of culture, including public customer survey information, as recommended by the Competition and Markets Authority review of retail banking. UK Finance to work with the FCA to make existing information on conduct more readily available, as part of its mandate to enhance market integrity, promote competition and protect consumers.

RECOMMENDATION FIVE:

Individual bank boards and senior management to provide annual public stakeholder feedback

- Bank directors to provide public feedback on how they have been influenced by stakeholders, including employees, trade associations, lobby groups, standards setters, customers and the third sector.
- Banks to give a specified board member responsibility for oversight of the feedback to ensure it provides evidence of how the bank's directors have discharged their duties under Section 172 of the Companies Act.
- Banks to commit to an easily accessible and widely disseminated annual feedback mechanism to present and obtain feedback on stakeholder issues. This could take the form of a report, a specific stakeholder meeting, or could be integrated into the bank's AGM.

Strategic Partner: Individual bank efforts supported by UK Finance

BankingFutures recommends that UK Finance supports bank efforts and enables sharing of best practices.

BankingFutures Participants

BankingFutures Steering Group

Heather Buchanan	Director of Policy and Strategy	All Parliamentary Group on Fair Business Banking
John Flint	Chief Executive, Retail Banking and Wealth Management	HSBC Holdings Plc
James Garvey	Managing Director, Head of Commercial Banking Markets	Lloyds Banking Group
Tony Greenham	Director of Economy, Enterprise and Manufacturing	RSA
Andy Griffiths	Executive Director; Operating Partner	Investor Forum; Corsair Capital
Jessica Ground	Global Head of Stewardship	Schroders
Matt Hammerstein	Head of Retail Products and Segments	Barclays UK
Will Hutton	Principal; Chair of the Steering Group	Hertford College, University of Oxford; Big Innovation Centre
Stephen Jones	Incoming CEO	UK Finance
Stuart Lewis	Chief Risk Officer and Member of the Management Board and Group Executive Committee	Deutsche Bank AG
Francesca McDonagh	Former Head, Retail Banking & Wealth Management, UK and Europe	HSBC Holdings Plc
Glen Moreno	Chairman	Virgin Money
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Bevis Watts	UK Managing Director	Triodos Bank
Helen Wildsmith	Stewardship Director	CCLA

BankingFutures Long-Termism Action Group Participants

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Paul Cox	Senior Lecturer of Finance; Investment Advisor	University of Birmingham; NEST
Lawrence Dickinson	Senior Advisor to the Board and Group Chief of Staff	Barclays
John Flint	Chief Executive, Retail Banking and Wealth Management	HSBC Holdings Plc
Andy Griffiths	Executive Director; Operating Partner	Investor Forum; Corsair Capital
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Will Hutton	Principal; Chair of the Steering Group	Hertford College, University of Oxford; Big Innovation Centre
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Hendrik-Jan Laseur	Founder	Lead the Change
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Eugenia Unanyants-Jackson	Director; Head of ESG Research	Allianz Global Investors GmBH

Real Economy Action Group Participants

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James Corah	Head of Ethical and Responsible Investment	CCLA
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Will Hutton	Principal; Chair of the Steering Group	Hertford College, University of Oxford; Big Innovation Centre
Neil Johnston	Chief Executive Officer	Paddington Development Trust
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Stephen Pegge	Group Competitive Markets and Business Policy Director	Lloyds Banking Group
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Jennifer Tankard	Chief Executive	Responsible Finance
Stephan Wilken	Managing Director, Head of Enterprise and Model Risk	Deutsche Bank AG

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Meteos

LEADERS' QUEST

THE INVESTOR FORUM