

BANKING
STANDARDS
BOARD



ANNUAL REVIEW 2018/2019



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CHAIRMAN'S FOREWORD

Ten years have passed since the financial crisis of 2008, which had enormous repercussions for people's welfare and the economic stability of many countries. There have been major developments as a consequence, many of them in the area of financial regulation. Regulation and the sanctions of the law have a very important part to play in responding to such catastrophic events.

In the UK, the Parliamentary Commission on Banking Standards* ranged widely in its work to try to get to the bottom of what had happened and why. The Parliamentary Commission had some penetrating things to say about how the failures of the financial services sector had badly affected people's trust in the financial system. And one of the consequences of this suggested focus on 'trust' and 'trustworthiness' was the project to establish a Banking Standards Board (BSB).

The distinctiveness of the BSB, which opened its doors in early 2015, was that it was not, and is not, a product of the law. It is instead a non-statutory collaborative effort, financed by the industry but steered by a strategic board, which has a majority of its people drawn from public life and working alongside industry practitioners. The second element of its distinctiveness is that it aims to focus on what it believes is the fundamental driver of how things are done in any business — the culture of the business.

The BSB's starting point is that the distinctive culture of any business will be a fundamental determinant of outcomes. And that, unless and until the culture of a business, which (among other things) involves a common purpose shared and carried through by everyone at all levels in the business, is clearly and consistently focused on doing the right things, then a business will not be worthy of trust.

Trustworthiness is of the essence for the financial sector, as we saw in 2008, when it was lost.

The BSB has developed a set of metrics for measuring key elements of the culture of its member firms. In this Review we report on the progress that has been made by firms themselves over the past three years in understanding their culture and, in some cases, changing it. I say 'in some cases': some, both large and small, have distinctive cultures that lead to good outcomes, and their membership of the BSB and participation in our work helps us all to understand the deep drivers of combining good business with good outcomes for customers, clients, members, employees and indeed society as a whole.

This Annual Review reports on the results of our third Survey to which more than 72,000 people responded. We have also held many focus groups to explore specific issues and spoken individually with a large number of senior executives and board members.

Key issues that have emerged, and which are unpacked in more detail in the body of this report include:

- Senior leaders in the banks are now perceived by their colleagues to be taking more responsibility and to be more credible. As we note later, this result is of course consistent with, and no doubt reflects, the considerable regulatory focus on responsibility and leadership in recent years.
- The counterpart of encouraging people to speak up is a willingness to listen and act, at all levels of a business. The Survey results show a much less positive picture here, reflecting either a fear of consequences, or a conviction that speaking up would be futile.

* <http://www.bankingstandardsboard.org.uk/wp-content/uploads/2016/03/banking-standards-report.pdf>

- A quarter of all employees in our Survey say that working at their firm has had a negative impact on their health and wellbeing — a number that has barely changed in the three years we have been carrying out this Survey.
- Complex internal systems and processes are frequently identified by people working in firms as the main barrier to being able to serve customers well.
- Perceptions of equality of opportunity between men and women are strongly influenced by the leadership, or failure to exercise leadership, in this area by senior people in the firm.

All of this is discussed in much greater detail in what follows.

The overall picture is one of uneven progress.

Is this a cause for concern?

From the many discussions we have with firms in the BSB, we would say: these results are telling us that, making continuing significant changes to the method of operation of large and/or long established businesses is a hard slog, and that many firms are in the hard yards of achieving progress in improving their culture.

The results in 2018 are not, in our view indicative of any reduction in the strong commitment of our member firms to making continuing improvements to their culture and practices, in the interest of their customers and their employees.

The data accumulated over a (now) three-year period also allow us to focus on a wide range of issues that between them, go to make up a culture of trustworthiness.

Rebuilding trust, and making themselves worthy of being trusted, is a long job. But the very fact of the existence of the BSB, and the participation of leading firms in the industry, is an important measure of firms' commitment to the job.

The BSB does a lot more than running the Survey, the results of which are reported here. We are committed to identifying, supporting and sharing best practice across a wide range of issues, and to helping firms develop practical interventions and assess the effectiveness of these interventions. To carry through this wider work, we are very much supported not only by many member firms but by organisations in other sectors and wider civil society.

We are grateful to you all.

In the coming year we will be working with firms, both inside and outside the banking sector, particularly on:

- decision-making — using both the BSB Survey and other approaches to understand better the connection between decision-making, a firm's social purpose, and outcomes.
- technology and culture — digging down into the perspectives of the people who design and manage technology for our member firms and their customers or members.
- speaking up and listening — collaborative work to understand best practice and to share it.

I am personally grateful to the members of the Board of the BSB for all their hard and effective work this year. Two new members joined us this year, Loretta Minghella and Sir Alan Wilson, and each has brought new dimensions to our work.

And I have been very pleased to be able to support the Irish banking industry in the setting up of the Irish Banking Culture Board.

I am also grateful to all those in the UK and overseas who have worked with us this year and look forward to their continuing support for the BSB.



Dame Colette Bowe, Chairman



CHIEF EXECUTIVE'S REPORT

Every organisation has its own culture (and some may have several); a continually evolving product of its leadership, people, environment and history. The question for boards and leadership teams of UK banks and building societies — and indeed for firms in any sector, in any jurisdiction — is not why they should care about culture. The implications of not doing so have made headlines on all too many occasions. The question is how best to create and maintain a good culture.

Our annual Assessment examines the extent to which characteristics that we would expect to be associated with any type of good organisational culture, are demonstrated by and within firms. Over the three years that the BSB has been open for membership, we have seen member firms across the banking sector invest considerable time and resource in efforts to understand and manage their cultures. That our Survey scores in 2018 showed, on aggregate, little change, may therefore seem surprising as well as disappointing. This makes it all the more important that we understand developments over the past year; not in order to ignore the sideways move or pretend it does not matter, but so as to interpret it correctly and act on it effectively. Three observations may be helpful here.

- First, on the data itself. While Survey scores across firms in aggregate showed little change in 2018, movement was more evident within and between firms and business areas, and the overall sideways pattern followed broad-based increases in 2017. Taking 2016 to 2018 as a whole, the picture is one of improvement but with the gains concentrated in the earlier part of the period and then maintained but not extended. 2019 will help us see which year was the more representative of the direction of travel.
- Second, on causality. We cannot infer from these results that firms 'tried harder' in 2017 or took culture less seriously in 2018. Changing an organisation's culture takes time and progress is likely to be uneven. The more positive picture of 2017 will have reflected in part initiatives that began well before that year, and the sideways pattern in 2018 could be consistent with firms having taken effective action, but with more time needed before the results are felt. Or, of course, neither of these may be the case. The effectiveness of what firms are doing (or could do) to manage their culture is, however, a question that we hope to cast light on both as our evidence base grows over successive time periods, and through our newly established Insights team.
- Third, on context. UK firms are operating in an environment of considerable change — domestic, global, technological and competitive — bringing its own uncertainty and pressure for employees at all levels. This is not to say that more improvement should not have been seen in 2018, or to excuse the lack of it. It is, rather, to consider whether firms may have been running hard simply to stand still. If so, this makes it all the more important that ongoing efforts to manage organisational culture are carefully targeted, and that outcomes are appraised and learned from so that more substantive progress can be achieved.

To help us analyse the Assessment data, translate it into practical information and work with firms to test the effectiveness of specific interventions, we have increased the BSB's capability and capacity in behavioural economics and behavioural science. This is enabling us both to work with a wider range of experts and partners globally, and to learn more from the BSB's unique and rapidly growing data set. 72,024 employees at 26 firms responded to the Survey in 2018; this followed 36,268 respondents in 2017 and 28,113 in 2016. Nine firms in 2018 also took part in the qualitative Assessment exercise, during which we listened to 837 employees in 89 focus groups around the UK and interviewed 59 senior executives and 12 non-executive directors.

The 2018 Assessment saw us undertake the Survey outside the UK banking sector for the first time. This included both the non-UK banking operations of some member firms, and member-firm non-banking operations in the UK. We also ran the BSB Survey in autumn last year for a number of banks in Ireland, providing a set of baseline data for these firms and for the newly established Irish Banking Culture Board. While this Annual Review focuses only on results drawn from UK banking sector members, the underlying approach — one in which firms take responsibility for managing culture, and are prepared to ask themselves difficult questions, invite independent scrutiny, and focus on outcomes — has application beyond the UK and outside the banking sector.

We are grateful to all those employees, executives and board members who participated in the 2018 Assessment and helped with the practicalities of running the exercise at their firm. We would also like to thank the members of our Certification Regime Working Group (whose experience has underpinned the publication of a set of widely shared good practice guidance on this topic). Thank you also to everyone who has attended, hosted or spoken at BSB events and workshops through the year, sharing experiences and perspectives on issues ranging from wellbeing to what research tells us about ethical behaviour, and from disruptive technology to the role of general counsel in banking.

For banks and building societies, raising standards of behaviour and competence across the sector is a collective as well as an individual challenge. More than this, it is a responsibility and an opportunity. In an environment of ongoing change, having the right culture — a culture that promotes high standards, and produces good outcomes for customers, clients, members, employees, the economy and society as a whole on a sustainable basis — becomes all the more important. Even standing still, in such a context, may take considerable effort. Simply standing still, however, is not enough.



Alison Cottrell, Chief Executive

EXECUTIVE SUMMARY

2018 marked the third year of the BSB's annual Assessment. This is an exercise designed to inform, support and challenge banks and building societies that are committed to managing their cultures and raising standards of behaviour and competence across the sector, and prepared to invite an independent and comparative perspective in order to help them do this as effectively as possible. 72,024 employees across the UK and at all levels responded to the 2018 Survey, sharing their observations and perspectives on their firms. We also held focus groups with 837 employees to explore particular themes in more detail, received submissions from boards, and talked individually with 71 senior executives and non-executive board members.

Drawing on all of this information enables us to build a picture of how far individual firms, and firms collectively, demonstrate characteristics that we would expect to be associated with good organisational cultures, i.e. cultures that produce good outcomes for a firm's customers, clients or members, employees, the economy and society as a whole. Participating firms can monitor their progress and that of different business areas within the organisation, both over time and relative to other firms; and looking across the results as a whole, the BSB can identify common themes, emerging issues or areas of good practice that can then be explored with members to promote continuous collective improvement.

Survey scores in 2018 showed, on average, little change across firms as a whole. This followed improvements in most question scores in 2017. The gains of the previous year were therefore maintained in 2018 but not, on aggregate, extended, despite the ongoing investment of time and resource by firms in managing their cultures. The reasons for this could be many and various. 'Easy wins' may, for example, have been exhausted, and some initiatives in managing culture may have been less effective than others. Initiatives already underway may prove to be effective, but may not have had time to come to fruition. As banking and society continue to change, banks and building societies will need to persevere in determining what does and does not work.

The scale of participation in the Assessment exercise, as well as firms' engagement with the BSB's work more broadly, signals a strong commitment on the part of member firms to continuous improvement and to raising standards across the sector. As we continue to analyse the 2018 results, a number of initial observations can be made that firms will wish to take into account and that will help shape the BSB's own work over the coming year.

In the context of largely unchanged headline Survey scores in 2018, perceptions of leaders continue to improve

Survey scores were, on average and across all firms, largely unchanged in 2018 (though greater movement was seen between and within firms). Scores relating to perceptions of leaders, however, continued to improve. The Survey question that has seen the largest positive change since it was first asked in 2016, relates to whether employees see senior leaders take responsibility when things go wrong. This ongoing improvement in leadership-related scores comes in the context of a considerable focus on leadership over recent years, and the introduction of the Senior Managers and Certification Regime.

Listening up is as much of an issue as speaking up

Of those employees who said in 2018 that they had wanted over the past year to raise a concern about something at work, 63% said that they had done so. 40% of those who spoke up said, however, that they had not felt listened to or taken seriously, and a further 19% were unsure.

The experience of those who do speak out about something may affect the willingness of others to do likewise (whether that experience is relayed directly or observed at a distance). A firm that wishes to encourage people to say when something is going wrong or could be improved, needs to demonstrate beyond doubt — and keep on demonstrating — that it welcomes feedback and is prepared to listen to it.

Our findings also suggest a mismatch within individual firms between the extent to which those who choose not to speak up, think that they would be listened to and the experience of those who do speak up. These mismatches can run in either direction (i.e. the reality may be better, or worse, than the expectation), posing different challenges for firms in addressing them.

Our 2018 results also suggest that individuals are more likely to be prepared to challenge what they see as behaviour or practices that might damage the firm, its customers or markets than they are to speak up about bullying, discrimination and harassment. Firms need to consider how to encourage speaking up on both organisational issues and personal concerns, recognising in particular the importance of how the firm itself listens and responds, and is seen to listen and respond.

A quarter of banking employees say that working at their firm has a negative impact on their health and wellbeing; a proportion that has barely changed over three years, notwithstanding the attention that firms have been giving this issue

More than four in ten employees who took part in the BSB Survey in 2018 said that they felt under excessive pressure at work. This picture was consistent across all business areas.

A quarter said that working at their firm had an adverse impact on their health and wellbeing, with the most common reasons given for this being an excessive workload, the pressure of expectations and a lack of resources. Issues relating to line management, working relationships and the physical working environment were also frequently mentioned. Some factors were more prevalent in different parts of the banking sector. A relatively high proportion of employees in Retail Branch, for example, cited targets and goals as affecting their health and wellbeing, while in Investment Banking long hours and a poor physical working environment were mentioned more frequently than elsewhere.

This does not of course mean that employees in the banking sector are necessarily under greater pressure than in other sectors, or that an adverse impact of work on wellbeing is particularly marked in banking. The proportions may be higher or lower in other sectors. They may also, within the banking sector itself, have been higher or lower in previous periods. None of this, however, detracts from the need for the banking sector to address its own present problems. Issues around wellbeing and stress matter if we want and expect people to be able to exercise judgement, manage risk, take decisions and demonstrate high standards of behaviour and competence at work.

Customer-facing employees point to the complexity of internal systems and processes as the main barrier to being able to serve customers well

55% of employees said that their firm's internal processes and practices were a barrier to continuous improvement. This proportion has shown little change over the three years of the Survey. Efforts to address the issue may, however, be starting to have an effect; for the first time in our Survey, 'innovative' was more commonly used by employees to describe their firm than 'bureaucratic'.

As in 2017, 79% of employees said that their firm put customers at the centre of business decisions; 9% disagreed.

Retail and Commercial Banking employees described greater efforts being made by their firms, using different methods and new technology, to provide information in a way that catered to the needs of different customers. Employees in both business areas, however, also referred to insufficient resources or an overly risk-averse approach as constraining them in their efforts to serve customers well.

Perceptions of equality of opportunity between men and women are more positive in business areas where leaders are seen to take responsibility for the need to improve

On average, 83% of men and 80% of women said that opportunities at their firm were equal irrespective of gender. There was some variation between firms and business areas; perceptions among women were

most negative in Investment Banking, where 24% of women felt that men had greater opportunities in their firm.

Employees in most focus groups noted the limited representation of women in senior positions at their firm. Other common observations were that:

- taking maternity or paternity leave hindered career progression;
- policies to promote gender equality were applied inconsistently across the firm; and
- their firm’s culture was itself a barrier to gender equality.

In areas of firms that scored relatively highly on perceived equality of opportunity, focus group participants were more likely to talk about gender inequality as a challenge for the firm itself, to be self-critical on the part of the firm, and to refer to senior-sponsored initiatives to raise awareness of gender inequality and address it. In focus groups from lower-scoring business areas, gender tended to be described more as a sector-wide problem than a firm-level issue, and employees were more likely to mention concerns about positive discrimination.

Where leaders take personal ownership of tackling gender inequality and take steps to raise awareness of and tackle the issue in their own firm, employees are more likely to recognise and be critical of the progress the firm still needs to make, but also more likely to see equal opportunities by gender within the firm. Accepting the issue as an industry fact of life, by contrast, does not appear to reduce its resonance within the firm; rather, a perceived reluctance to discuss or take responsibility for tackling gender inequality is associated with employees being less likely to regard opportunities as equal within the firm.

Next steps

Over the coming year, and informed by both the results of the 2018 Assessment and our wider work, the BSB will explore three themes in particular:

- decision-making — using both the BSB Survey and other approaches to understand better the connection between decision-making, a firm’s social purpose, and outcomes.
- technology and culture — digging down into the perspectives of the people who design and manage technology for our member firms and their customers or members.
- speaking up and listening— collaborative work to understand best practice and to share it.

Alongside this, we will continue with work already underway on important topics such as wellbeing, the question of what ‘good’ looks like for consumers of banking services, and (with our Certification Regime Working Group) effective implementation of the Certification Regime. Sharing learning and experience across member firms through BSB events and our Member Forum will remain a key activity. As we continue to analyse the cumulative body of Assessment data and work with member firms and with other organisations (both within and outside the UK banking sector), further topics and issues may of course emerge, and our work programme will be kept under review.

We are continuing to develop the BSB Assessment with a view to making it ever more useful for member firms. The Survey was run in 2018 across different countries and with some non-banking business areas of global banking groups, demonstrating the scalability and applicability of this exercise for international members and firms based outside the UK. While designed with the banking sector in mind, the issues that the Survey explores are not unique to any sector or jurisdiction and we are continuing to talk with a variety of organisations outside the UK banking sector.

THE 2018 ASSESSMENT APPROACH

2018 was the third year in which the BSB conducted its Assessment with member firms. The Assessment exercise is designed to provide firms with feedback and information to help them manage culture within their organisations. It does not measure or rank ‘culture’ directly. Each firm will have its own individual culture; some firms may contain several. There is no one good or model culture against which others can be measured and ranked, and no single template or checklist for firms to adopt. Financial services is also no exception to the ongoing change affecting all business sectors and their customers (domestic and global, technological and competitive, social and demographic); a dynamic context that has been continuous through BSB events and activities over the past year, and captured in particular by Howard Covington, Chairman of the Alan Turing Institute, at a member event in February 2019.

That culture does not lend itself to measurement, however, does not mean that it cannot or should not be assessed and appraised in order to manage it more effectively. In what follows we first describe our Assessment approach and the way in which the results are presented in this Review and provide contextual information on last year’s Survey (e.g. numbers of respondents). We then set out the 2018 Survey results and, drawing on these latest results, explore in more detail some of the thematic work undertaken by the BSB over the last year (on speaking up and listening, values and customer focus, and wellbeing). Finally, this Review highlights areas of work for the coming year arising from the Assessment findings, policy development and broader engagement.

Fig. 1 BSB Assessment Framework



The BSB Assessment: explaining our approach

The starting point of our Assessment approach is that good organisational cultures are defined not by their type but by their outcomes. Good cultures are those that produce good outcomes for customers, members, clients, employees, investors and the economy and society as a whole. Poor cultures are those that produce poor outcomes. Culture is important, in other words, not for its own sake but because of what results from it.

Measuring outcomes is itself, however, not straightforward. The outcome of a financial services transaction may only be apparent some time — years, even — after the event, and retail customers in particular may lack the information and experience to be able confidently to assess outcomes (as opposed to satisfaction with the service provided, which is also important but not necessarily representative of the wider outcomes picture).

The BSB Assessment addresses this challenge by approaching it from a slightly different direction. It asks how far a firm demonstrates characteristics that we might reasonably expect to be associated with good outcomes for customers, clients and members; characteristics that we would expect to be associated with any good culture in banking (and the absence of which would be likely to denote a poor culture). These nine characteristics, illustrated in figure 1, encompass both ethical and professional attributes. A firm that demonstrates these to a high degree would, we would argue, be better equipped and motivated to serve its customers, clients and members well than one in which these characteristics were lacking. In applying this framework, we take both a quantitative and a qualitative approach.

The quantitative element consists of an employee Survey that asks respondents to strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree or strongly disagree with 36 statements about their firm; each question relates to one of the Assessment framework's nine characteristics, and the responses are transformed into a score of between 0 (the negative extreme) and 100. We also ask employees for three words that they would use to describe their firm.

These 37 questions remain the same each year, allowing us to observe differences and change not only between and within firms, but over time. Alongside these questions, we may also in any particular year ask a small number of additional one-off questions; these are not used for benchmarking, but inform our thematic work. In 2018, these additional questions related to speaking up, wellbeing and equality of opportunity by gender.

To support our analysis and help us understand the feedback, we also ask respondents for information on a small number of demographic attributes (e.g. tenure and business area). The anonymity of respondents is of course protected throughout the process, from beginning to end.

Firms can choose to run the Survey on a sample basis (i.e. across a representative sample of their workforce large enough to give statistically valid results) or on a census basis (i.e. across all employees).

The primary type of analysis we run on the Survey results is an 'ordered logit regression'. This allows us to explore how important one attribute (the 'variable') is relative to another (the 'base attribute'), in explaining how different questions are answered across the respondent population. We might, for example, want to know whether people who are new to a firm — once all other known factors have been allowed for — respond differently to those who have been with the firm for several years. The list of attributes that we use in our analysis, and the base attribute against which each is compared, are shown in figure 2.

The results of this analysis are presented in the form of 'odds ratios'. If, for example, being female rather than being male makes it likely — after controlling for all other factors — that a question will be answered more positively, the odds ratio will be greater than one. If, allowing for all other characteristics, women are likely to respond more negatively to a question than are men, the odds ratio will be less than one.

Throughout this Annual Review we illustrate odds ratios using circles of different sizes and colours. Green circles indicate that possessing a particular attribute, e.g. being a line manager, positively influences answers to that question in a statistically significant way (denoted by the 'p-value') relative to someone with the base attribute (which in this example would be not being a line manager). Red circles conversely, indicate that having a particular attribute negatively influences the response to that question, relative to having the base attribute. The darker the shade of each circle, the greater the statistical significance. The size of the circle indicates the strength of the influence of the attribute concerned on the answer.

For the purposes of this analysis, negatively phrased questions in the Survey are reversed, so that for every question — whether positively or negatively phrased — a green circle represents a more positive response for the variable attribute relative to the base.

Figure 2 displays the actual ordered logit regression results in 2018 for Q1.

Fig. 2 Making sense of BSB Survey data (using Q1 as an example)



Note: Firm-specific effects are controlled for but not shown here

The qualitative part of the Assessment uses a variety of approaches to obtain views and perspectives from all levels and parts of the firm. The approaches used may vary from year to year. In 2018 they included written submissions by the boards of participating firms, interviews with non-executive directors and executives, and focus groups with employees. The BSB website provides further detail on both the quantitative and qualitative components of the BSB Assessment exercise.

Nine of the 26 firms that participated in the Survey in 2018 also chose to take part in the qualitative Assessment exercise. The themes of this year’s exercise were those of our additional Survey questions (speaking up, wellbeing and equality of opportunity by gender) and customer focus. We explored these issues in 89 focus groups covering 837 employees, and in interviews with 71 executives and non-executive directors.

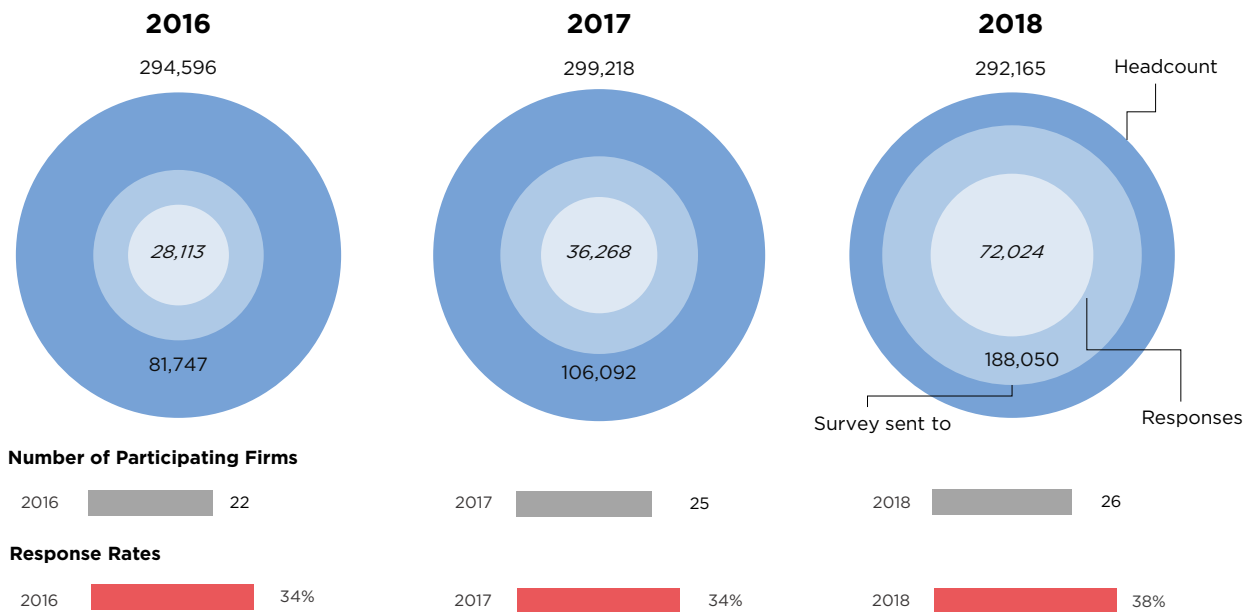
FINDINGS FROM THE 2018 SURVEY

Who responded to the Survey and participated in the Assessment in 2018?

The BSB Survey underpins the largest assessment of behaviour, competence and culture in banking not only in the UK, but globally. It provides the BSB and its member firms with a unique and valuable dataset on organisational culture. 72,024 employees from 26 banks and building societies across the UK (for further information see Annex B) responded to the Survey in 2018; this followed 36,268 responses in 2017, and 28,113 in 2016 (figure 3).

We undertook the Survey for the first time in 2018 outside the UK banking sector. This involved working both with the non-UK banking operations of some member firms and with member firm non-banking operations in the UK. We also ran the Survey in autumn 2018 for a number of banks in Ireland, providing a first year of baseline data for these firms and for the newly established Irish Banking Culture Board. The numbers in this Annual Review relate only to UK banks and building societies, and not to this wider work. As the latter demonstrates, however, the underlying approach has applicability beyond the UK and beyond the banking sector, and we have been happy to share ideas and experiences across a range of sectors and jurisdictions: <https://www.bankingstandardsboard.org.uk/governance-and-culture-reform-new-banking-standards-board-survey>.

Fig. 3 BSB Survey responses 2016 – 2018



The increase in response numbers in 2018 reflects in part an increasing preference among member firms for a census (rather than sample) approach to running the Survey, to give all of their employees the opportunity to take part in the exercise and have their views reflected. Figures 4 and 5 describe the composition of respondents in 2018 by business area, tenure, gender, management responsibility, whether they have a customer-facing role, and location.

Fig. 4 BSB Survey 2018 responses, by business area

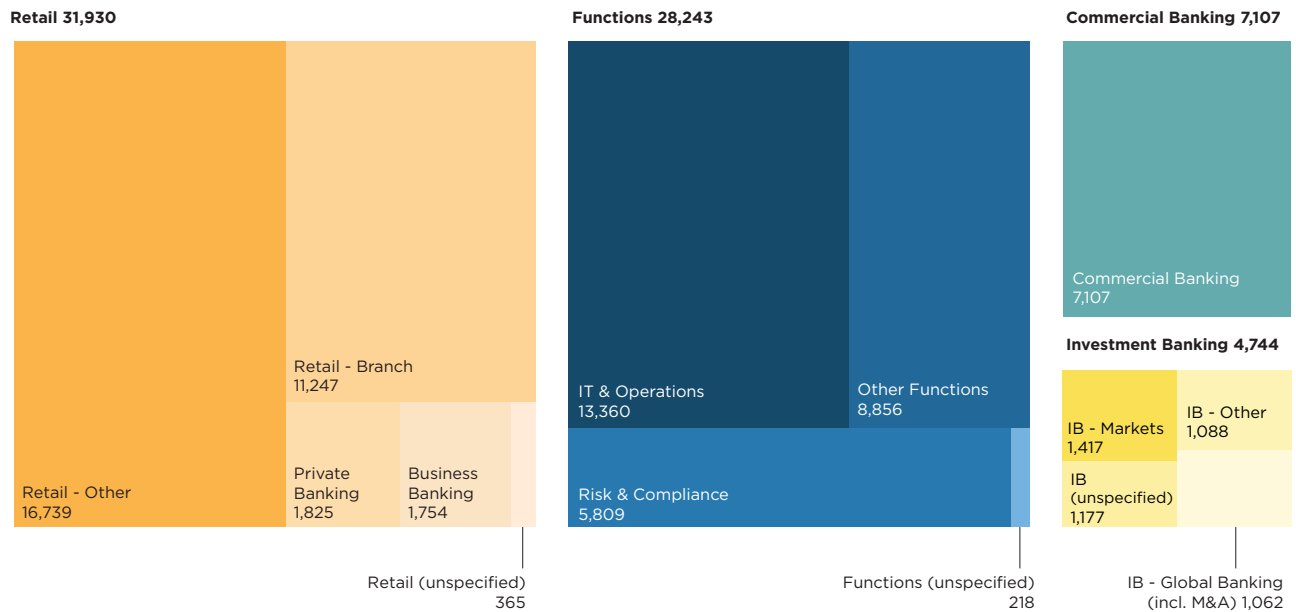
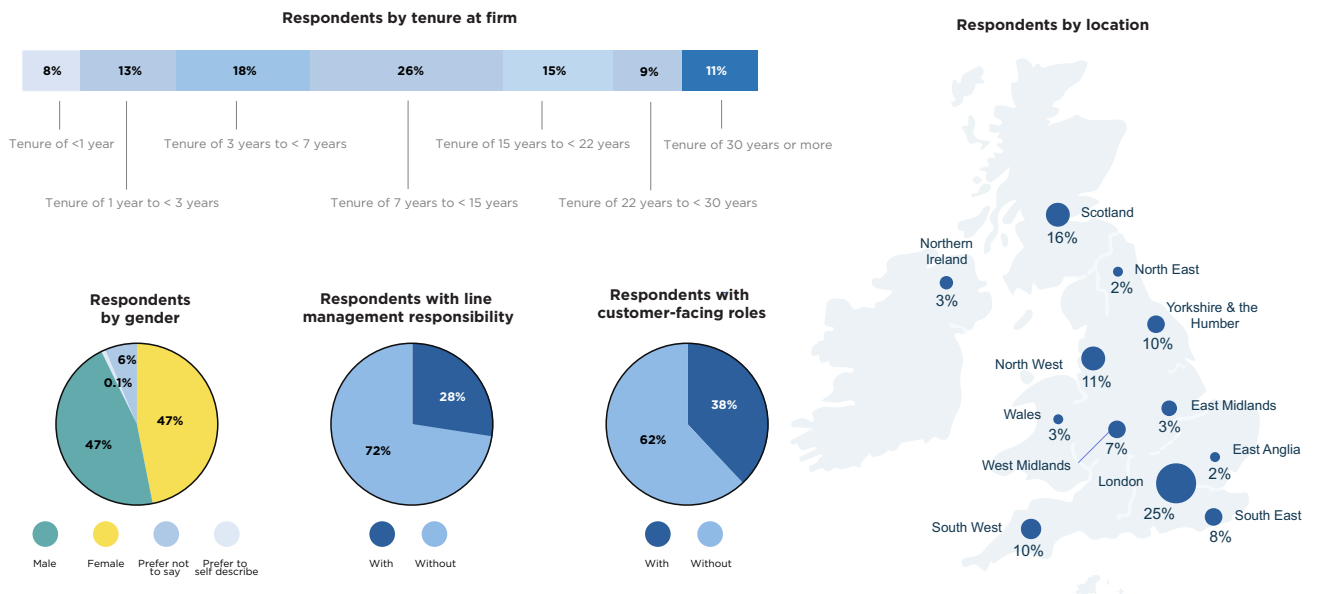


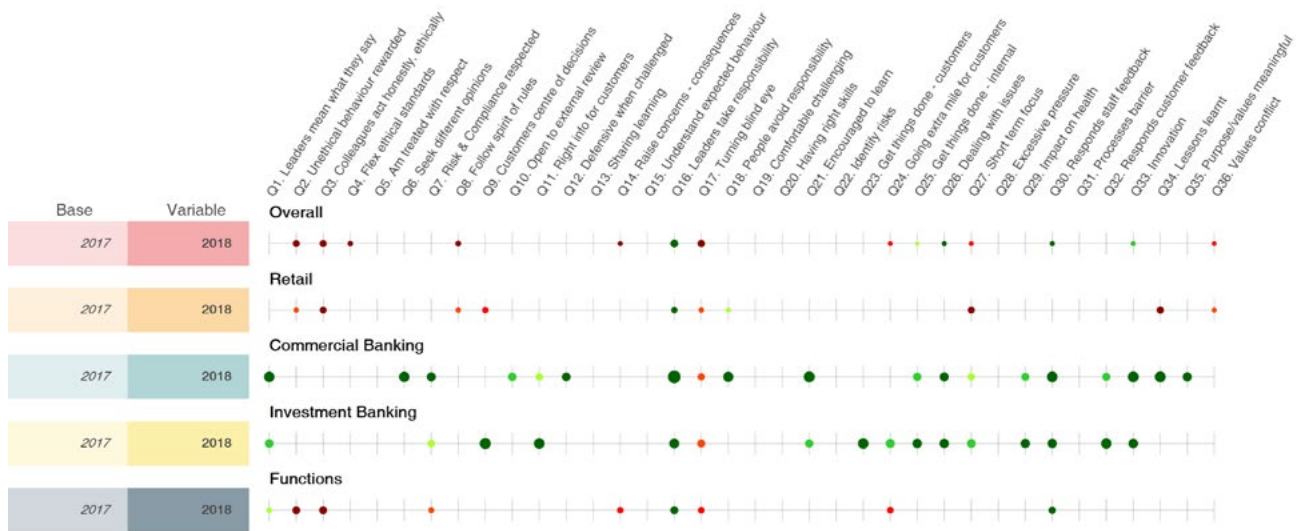
Fig. 5 Who responded to the BSB Survey in 2018?



Running the Survey over successive years allows the BSB and member firms to see to how results change over time, in both absolute and relative terms. We now have Survey data covering three years, allowing us to analyse change in both 2017 and 2018, and over the 2016 to 2018 period as a whole.

For firms in aggregate, scores across the core 36 Survey questions held largely stable at the aggregate firm level in 2018 with no marked increases or decreases. Figure 6 illustrates the year-on-year change using our ordered logit regressions and green or red circle notation. The first row of the table shows the aggregate 2018 results for firms, relative to those of 2017. Subsequent rows show the results by business area, with improvements continuing to be made in Commercial Banking, and some increases in scores also evident in Investment Banking.

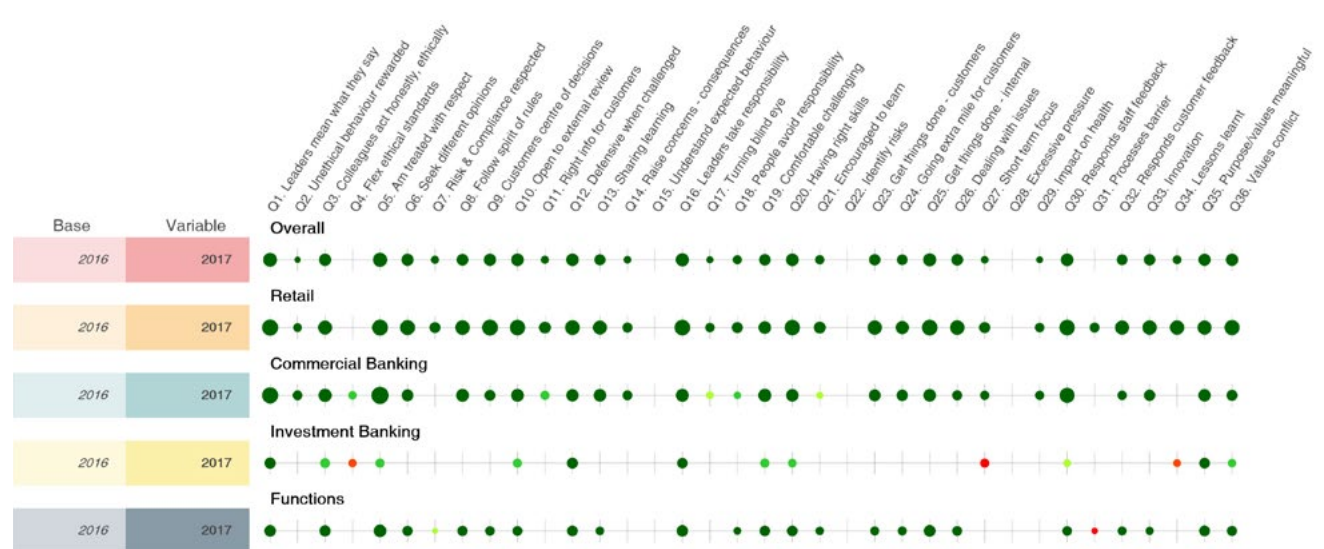
Fig. 6 BSB Survey results — 2018 change from 2017



Note: The wording of Q15, Q22 and Q28 was amended in the 2017 Survey. While changes in results for these questions from 2016 to 2017 may reflect in part changes in the perceptions and observations of firms' employees, they will also reflect the modified framing of these questions. Changes in results for these questions are therefore not included here.

The relatively stable 2018 picture followed a year in which scores either rose or held unchanged across all of the comparable Survey questions. Improvements in 2017 were particularly evident on questions relating to leadership, shared purpose, aspects of respect and perceptions of the competence and reliability of colleagues. By business area, scores in 2017 improved most notably in Retail and in Commercial Banking, and to a lesser extent in Functions. The changes in 2017 are illustrated in figure 7.

Fig. 7 BSB Survey results — 2017 change from 2016



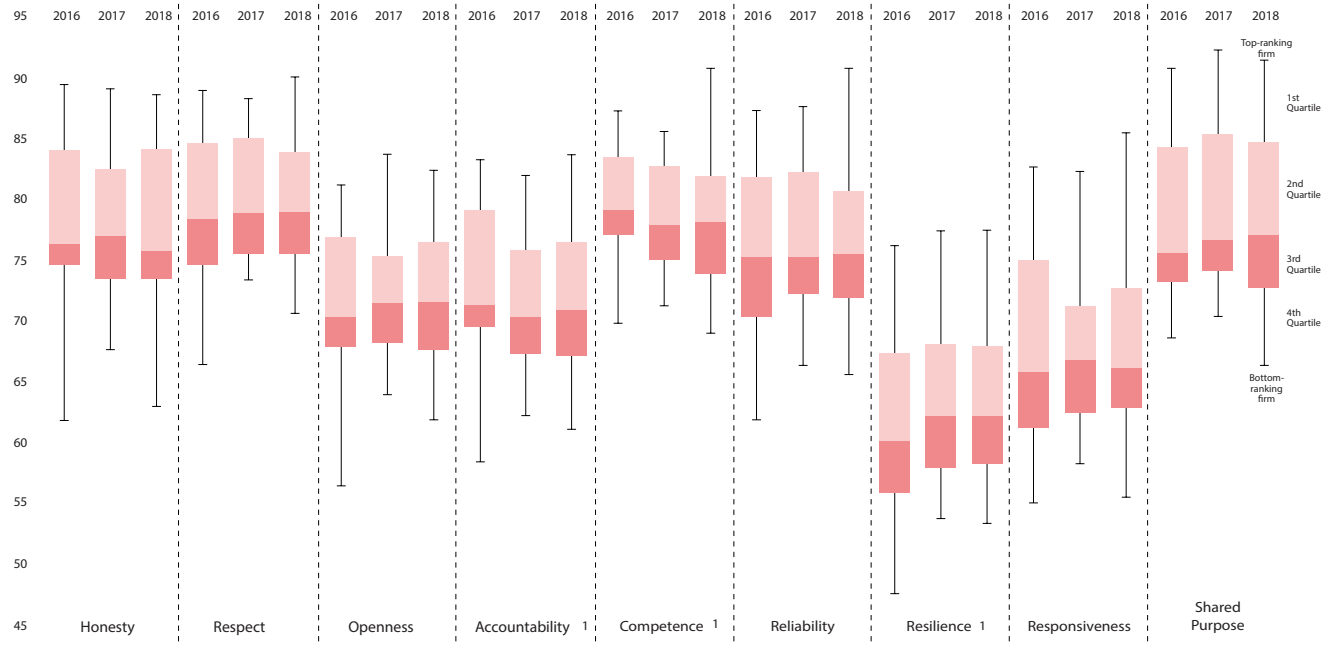
Note: The wording of Q15, Q22 and Q28 was amended in the 2017 Survey. While changes in results for these questions from 2016 to 2017 may reflect in part changes in the perceptions and observations of firms' employees, they will also reflect the modified framing of these questions. Changes in results for these questions are therefore not included here.

Survey scores in aggregate in 2018 therefore held onto, but did not extend, the improvements of 2017. The picture over the two years taken together is one of improvement overall, but with momentum concentrated in the earlier part of that period.

The results illustrated so far have all related to aggregate scores across firms or business areas. Even where this cross-firm picture shows little change, as in 2018, more movement may be evident between and within firms. The aggregate picture is not necessarily representative of each individual firm in terms of either the level of or direction of change in scores.

While the BSB does not report publicly on individual firms' Survey scores, we show each year the range of scores and whether and how this is changing. Figure 8 shows the range, distribution and median of firm scores against our nine Assessment characteristics, in 2018 and the preceding two years. More detailed analysis, including the range of results by business area and Survey question, can be found in the Assessment section of the BSB website.

Fig. 8 BSB Survey scores by characteristic 2016 – 2018

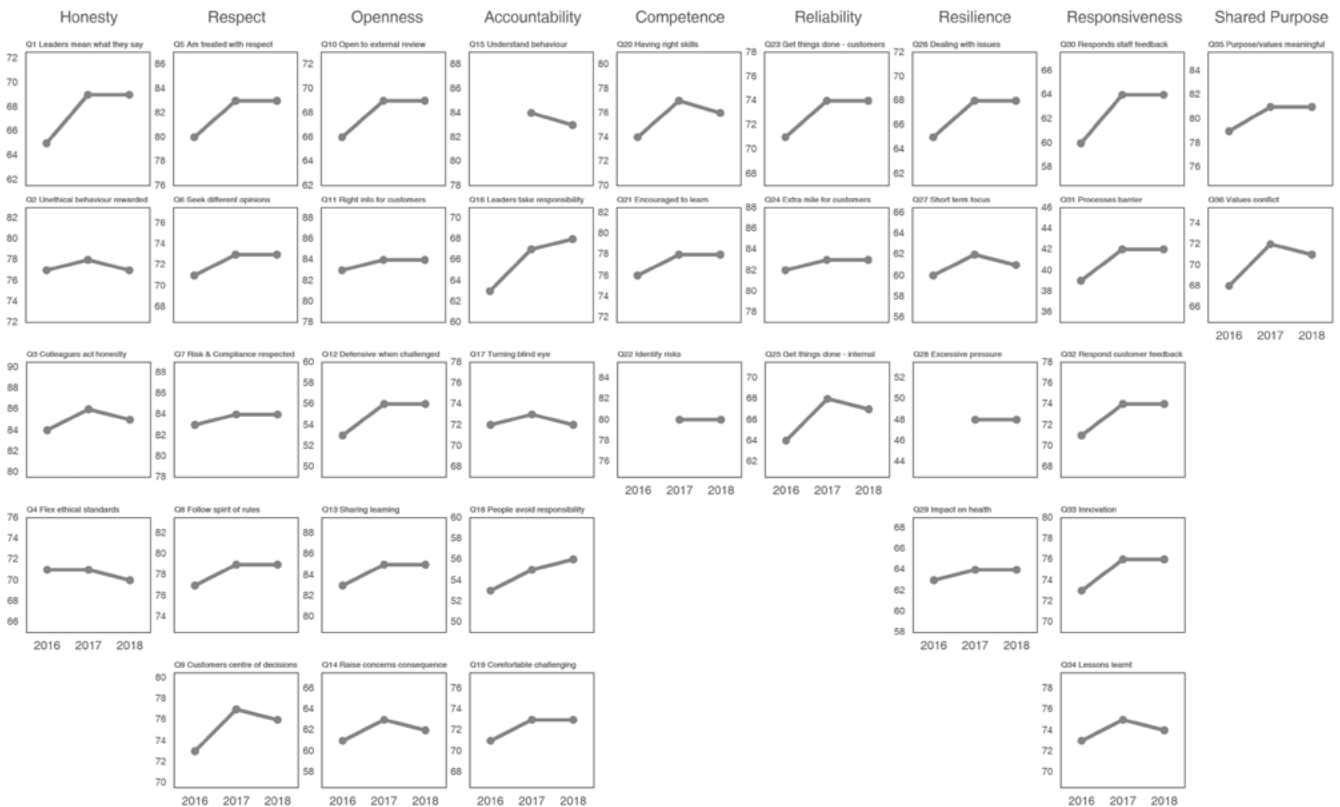


1 The wording of three questions changed between 2016 and 2017. This may have affected the trend for accountability, competence and resilience.

Figure 9 shows the aggregate score across all participating firms for each of our core 36 Survey questions over the past three years. We can see even more clearly here the general pattern of scores rising in 2017, and these gains then being maintained but not extended in 2018. An exception is Q16, which asks whether senior leaders are seen to take responsibility. The scores here improved markedly in both years.

While these results are unconditional and not controlled for any other factors, the same pattern is evident in the results only of those firms that participated in the Survey in each of the three years, i.e. it is not a function of changes in the set of participating firms during this period.

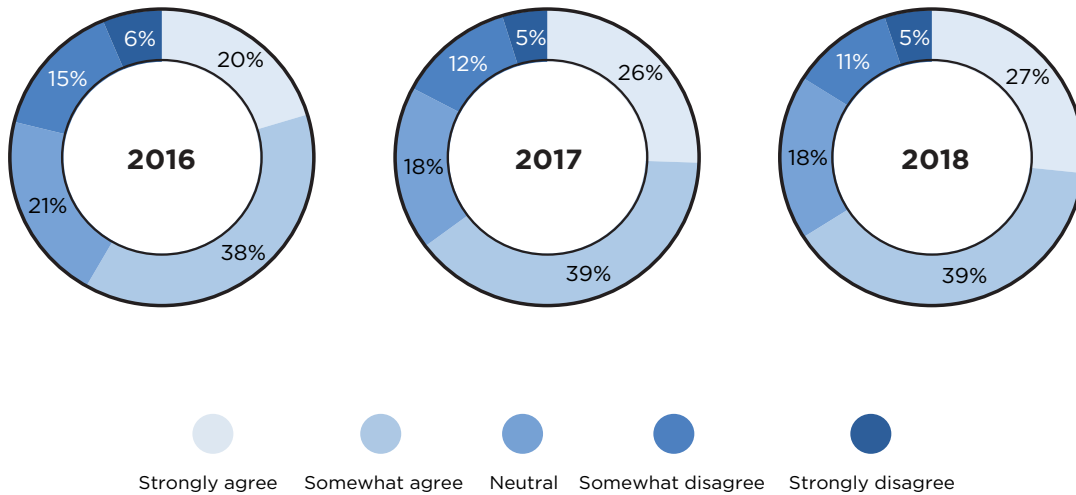
Fig. 9 BSB Survey scores by question 2016 – 2018



¹ The minimum and maximum of the vertical axis differs for each chart, but the scale is consistent so that a one point improvement is always the same size.
² The wording of Q15, Q22 and Q28 was amended in the 2017 Survey. While changes in scores on these questions from 2016 may in part reflect changes in the perceptions and observations of firms' employees, they will also reflect the modified framing of these questions. Score changes for these questions between 2016 and 2017 are therefore not included here.

Figure 10 looks in more detail at Q16 (on senior leaders taking responsibility) which, as well as improving in both 2017 and 2018, registered the largest sustained improvement of any question over the two years taken together. In 2016, 58% of employees said that senior leaders took responsibility, especially if things went wrong. This rose to 65% in 2017 and 66% in 2018; a change accompanied by improvement also in our other leadership-related question (Q1, on believing that senior leaders meaning what they say). This ongoing improvement in leadership-related scores comes in the context of a considerable focus on leadership over recent years, and the introduction of the Senior Managers and Certification Regime.

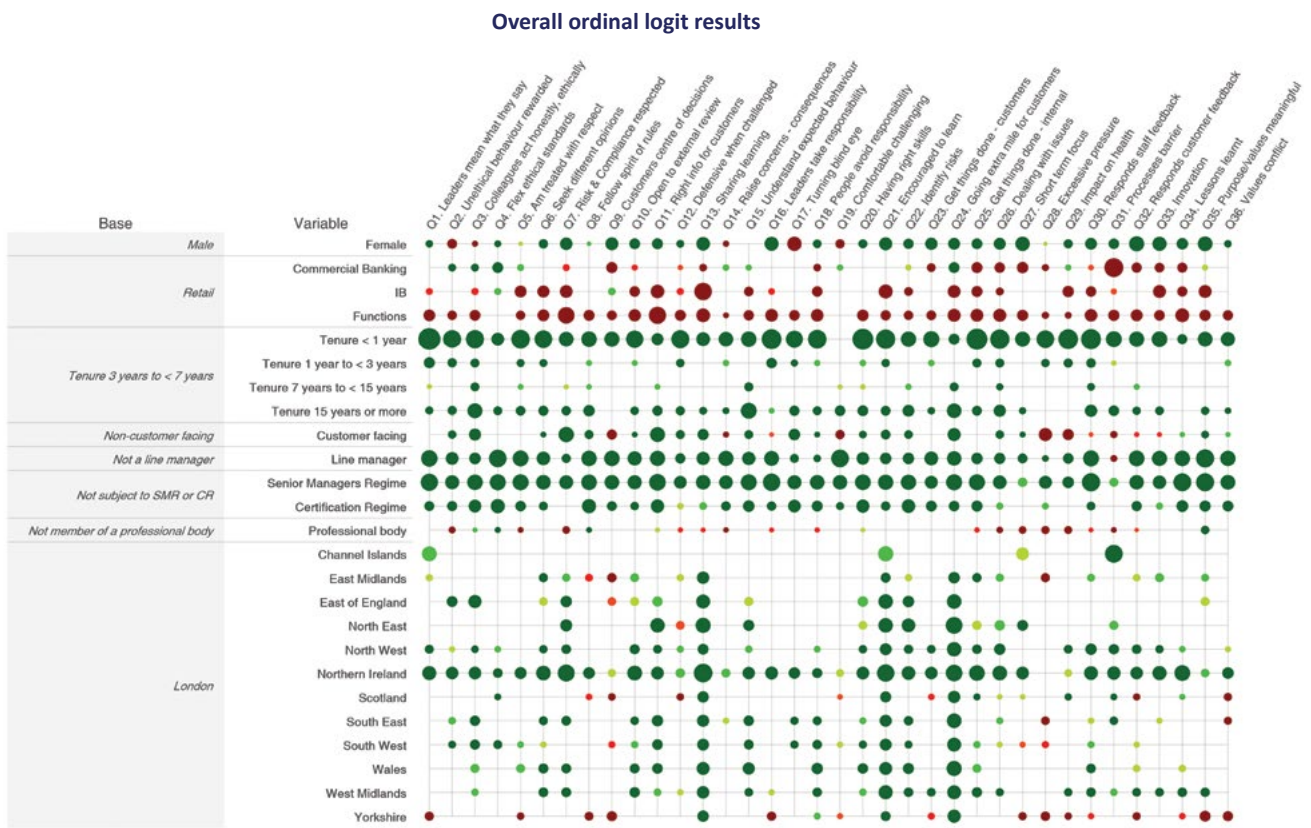
Fig. 10 BSB Survey Q16 'I believe senior leaders in my organisation take responsibility, especially if things go wrong' 2016 – 2018



Having looked at individual Survey questions, we now explore in more detail the extent to which respondents' demographic characteristics affect the way in which, on aggregate, questions are answered.

Figure 11 uses the same visual approach as figure 2, but presents results now for all 36 of our core Survey questions. It shows that, for example, respondents who are new to a firm are likely to answer more positively than those who have been there for any length of time, and managers to answer more positively than those without line management responsibilities.

Fig. 11 BSB Survey 2018 results, by characteristic



Note: Firm-specific effects are controlled for but not shown here

Turning next to differences in responses by business area, we can see from figure 11 that, controlling for other factors, respondents in Retail tended to be more positive in their responses in 2018 than employees in other business areas (Retail is the 'base' attribute in figure 11; the other business areas that are then compared to Retail show primarily red circles, indicating that their scores were lower than in Retail). Respondents in Functions, by contrast, tended to be less positive than those elsewhere.

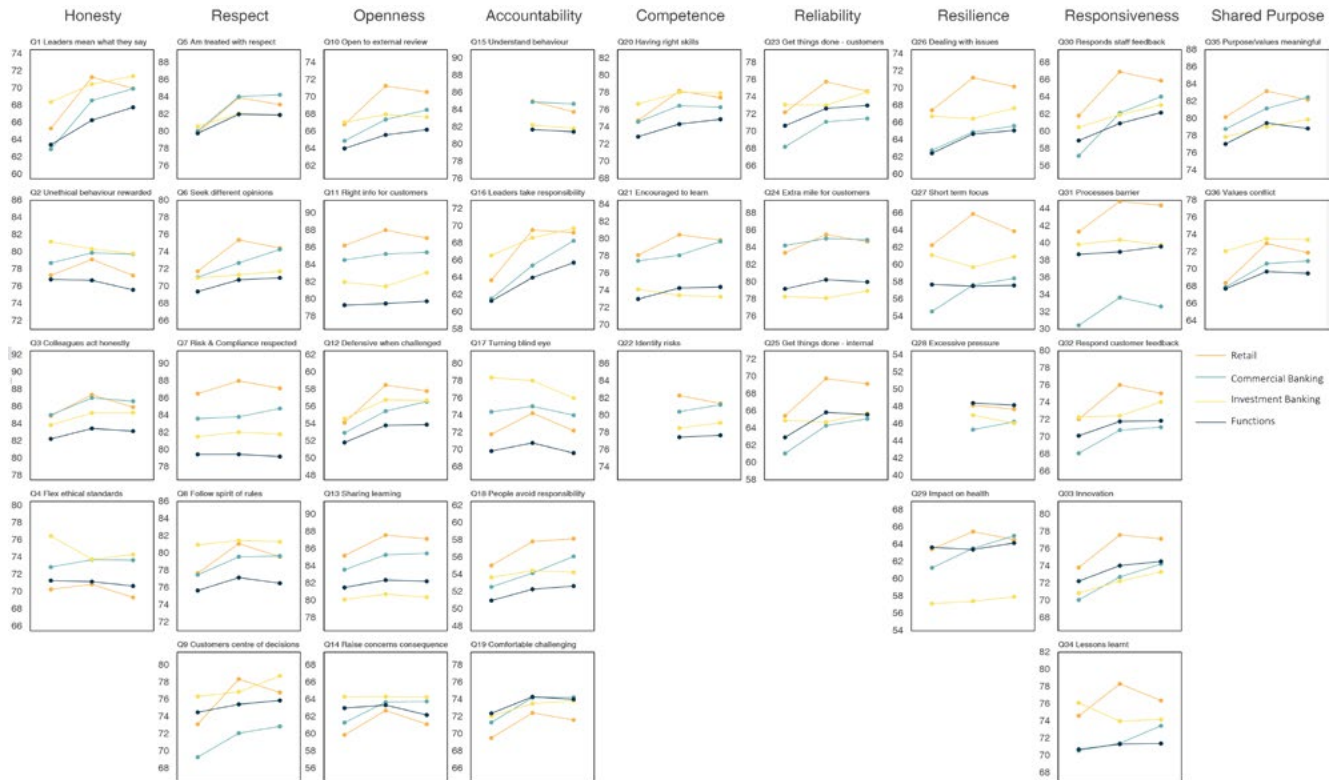
Relative to other business areas, Retail respondents were particularly positive in relative terms about sharing learning and good practices with others (Q13, relating to openness) and innovating in the interest of customers (Q33, relating to responsiveness).

Sustained improvements in Commercial Banking over the past two years mean that scores in this business area are, on a number of questions, now close or comparable to those in Retail. Commercial Banking respondents continue, however, to have relatively negative perceptions about aspects of responsiveness and reliability, and in particular about internal processes and practices (Q31, relating to responsiveness).

Among the other demographic characteristics illustrated in figure 11, we can see that customer-facing employees tended to be slightly more positive than those not in customer-facing roles. This is, however, not the case for questions relating in particular to personal resilience (Q28, which asks about excessive pressure, and Q29, which asks about the impact of working at the organisation on health and wellbeing). Line managers, as already noted, tend to respond more positively than employees without line management responsibility, and employees subject to the Senior Managers Regime tend to be more positive than those outside the regime's scope. Geographic area differences tend on the whole to be small. Northern Ireland showed the most positive responses relative to other areas, and employees in most geographic areas responded more positively than in London to questions relating to sharing learning (Q13), being encouraged to learn (Q21) and going the extra mile for customers (Q24).

Figure 12 shows the scores (uncontrolled for other factors) for each Survey question by business area over the last three years.

Fig. 12 BSB Survey scores by business area 2016 – 2018

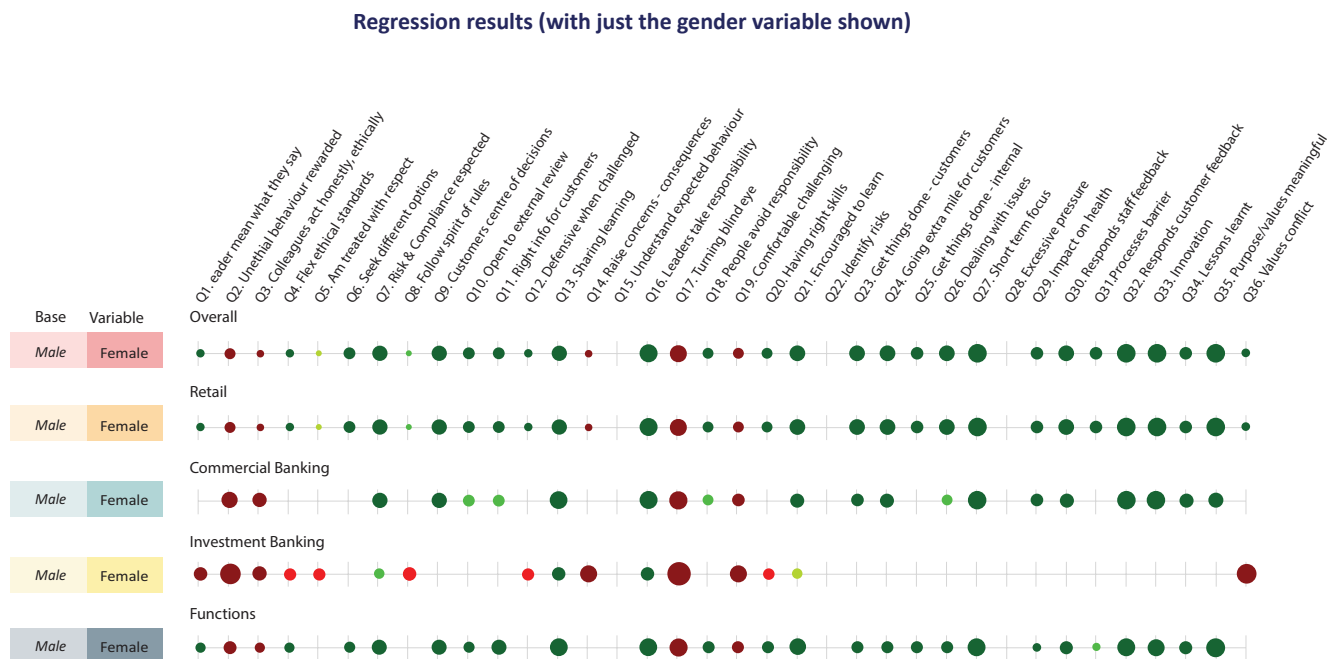


¹ The minimum and maximum of the vertical axis differs for each chart, but the scale is consistent so that a one point improvement is always the same size.
² The wording of Q15, Q22 and Q28 was amended in the 2017 Survey. While changes in scores on these questions from 2016 may in part reflect changes in the perceptions and observations of firms' employees, they will also reflect the modified framing of these questions. Score changes for these questions between 2016 and 2017 are therefore not included here.

Looking at what figure 13 tells us about the link between some of these demographic characteristics and the way that Survey questions are answered, we can see that women responded more positively than men on most Survey questions. This was also the case in 2017 and 2016.

When we look beneath the aggregate firm-level data, however, we find that while this pattern was evident in Retail, Commercial Banking and Functions, it was not the case in Investment Banking. In Investment Banking, women's perceptions tended, where there was a difference, to be less positive than those of men. This reflected differences in both women's and men's responses. Women in Investment Banking answered our questions somewhat more negatively than women in other business areas, and men in Investment Banking tended to respond slightly more positively than men elsewhere.

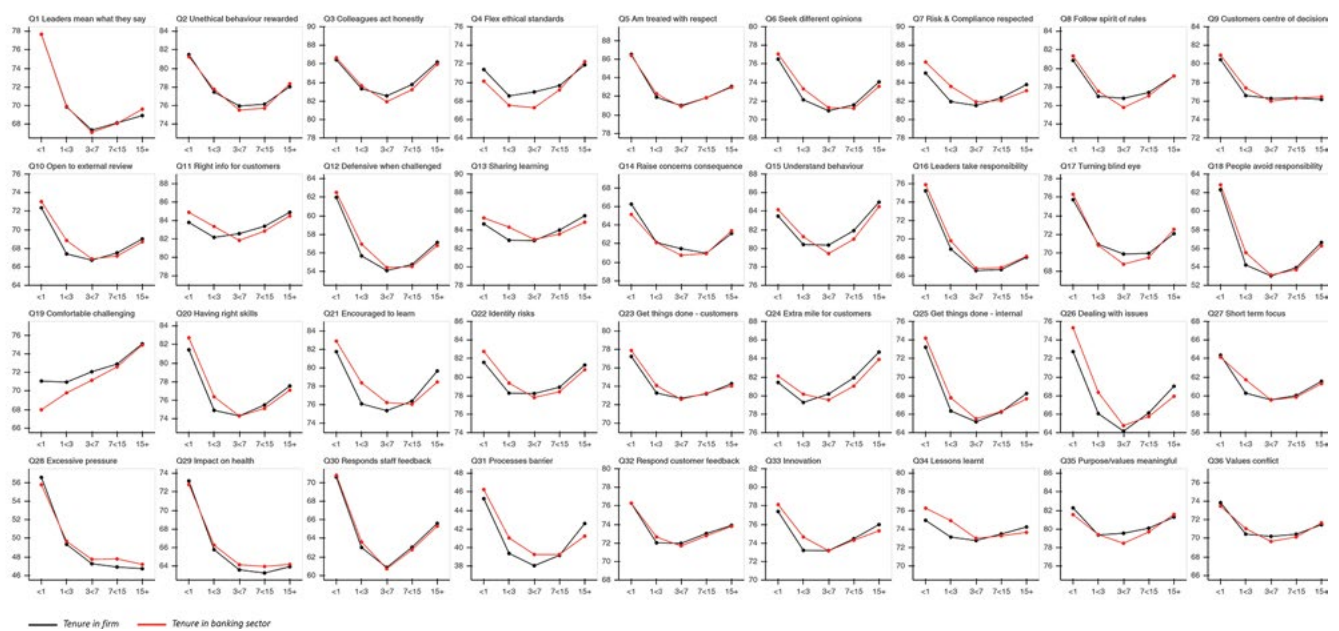
Fig. 13 BSB Survey 2018 results — women’s responses relative to those of men



A factor that emerges very clearly from figure 11 as having an impact on Survey responses is that of tenure. The perceptions of new employees are, on almost all questions, considerably more positive than those who have been at their firm for a year or longer. While the BSB Survey is not itself an engagement Survey, this observation is consistent with the findings of many engagement Surveys, and chimes with intuition. We would expect, in most cases, someone who has only recently joined a firm to feel positive about that decision, and a relatively new arrival may not yet have had sufficient experience of the firm and the way it works to feel able to offer an informed view, whether positive or negative.

Respondents tend, in aggregate, to answer the Survey questions less positively as their time with the firm (or in the sector) increases. Among those who have been with their firm or in banking for 15 years or longer, however, scores begin to rise again; a relationship of scores and tenure that looks like a reverse ‘J’ (figure 14). The exception to this pattern is Q19, which asks how comfortable employees feel when challenging their manager. Employees generally feel more comfortable challenging their manager the longer they have been at their firm.

Fig. 14 BSB Survey 2018 scores by tenure in firm and banking sector



Q37 of the BSB Survey invites respondents to describe their firm in three words. In 2016, the three words most commonly used by Survey respondents to describe their organisations were ‘customer’ (or ‘client’), ‘bureaucratic’ and ‘ethical’, and in 2018, ‘customer’ (or ‘client’), ‘innovative’ and ‘ethical’. The 25 most commonly used words in each year are shown in figure 15.

Fig. 15 Top 25 words employees used to describe their firm 2016 – 2018

Rank	2016	Frequency	2017	Frequency	2018	Frequency
1	customer/client	16.3%	customer/client	11.8%	customer/client	10.7%
2	bureaucratic	8.1%	ethical	7.7%	innovative	8.4%
3	ethical	7.9%	focused	7.3%	ethical	7.1%
4	change	5.8%	bureaucratic	7.3%	focused	6.6%
5	innovative	5.6%	innovative	6.8%	bureaucratic	6.1%
6	fair	5.4%	fair	5.9%	fair	5.7%
7	focused	5.3%	change	5.7%	honest	5.2%
8	honest	5.2%	honest	5.5%	professional	4.4%
9	big	5.0%	trustworthy	4.5%	changing	4.3%
10	professional	4.0%	big	4.5%	friendly	4.0%
11	complex	3.9%	professional	4.1%	challenging	3.9%
12	challenging	3.5%	complex	3.9%	complex	3.9%
13	trustworthy	3.4%	challenging	3.5%	slow	3.6%
14	improving	3.2%	improving	3.3%	flexible	3.4%
15	global	3.1%	friendly	3.3%	diverse	3.3%
16	slow	3.1%	global	3.2%	supportive	3.2%
17	friendly	2.7%	diverse	3.2%	global	3.1%
18	driven	2.7%	inclusive	3.2%	trustworthy	3.0%
19	reliable	2.5%	strong	2.9%	inclusive	3.0%
20	diverse	2.4%	slow	2.9%	large	3.0%
21	responsible	2.2%	reliable	2.8%	reliable	2.9%
22	flexible	2.2%	flexible	2.8%	improving	2.8%
23	open	2.1%	supportive	2.6%	caring	2.7%
24	respected	2.1%	open	2.5%	driven	2.6%
25	supportive	2.0%	driven	2.4%	open	2.6%

By business area, the word most commonly used by respondents across all areas — Retail, Commercial Banking, Investment Banking and Functions — has in all three years of the BSB Survey related to customers or clients (figure 16). That ‘bureaucratic’ has declined overall from the second-most-used word in 2016 to the fifth in 2018, reflects a sharp fall in its resonance among Retail employees. In other business areas, it remains one of the most commonly cited descriptors. ‘Innovative’ has climbed up the scale in all business areas, and particularly in Investment Banking and Functions.

Fig. 16 Top 25 words employees used to describe their firm, by business area 2016 – 2018

Rank	RETAIL			COMMERCIAL BANKING			INVESTMENT BANKING			FUNCTIONS		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
1	customer/client	customer/client	customer/client	customer/client	customer/client	customer/client	customer/client	customer/client	customer/client	customer/client	customer/client	customer/client
2	ethical	fair	fair	bureaucratic	bureaucratic	bureaucratic	bureaucratic	bureaucratic	global	bureaucratic	bureaucratic	innovative
3	fair	ethical	innovative	change	change	innovative	big	global	bureaucratic	ethical	change	bureaucratic
4	innovative	focused	ethical	ethical	focused	focused	global	ethical	ethical	change	focused	ethical
5	honest	innovative	focused	innovative	innovative	ethical	ethical	big	innovative	big	innovative	complex
6	focused	honest	honest	professional	ethical	changing	complex	slow	slow	slow	complex	ethical
7	bureaucratic	trustworthy	professional	focused	honest	professional	slow	complex	diverse	innovative	complex	changing
8	professional	professional	friendly	honest	professional	complex	conservative	innovative	complex	focused	big	fair
9	change	change	challenging	fair	big	slow	professional	honest	large	honest	improving	honest
10	trustworthy	friendly	trustworthy	challenging	complex	global	change	diverse	honest	honest	diverse	diverse
11	big	challenging	changing	big	trustworthy	diverse	innovative	focused	professional	improving	honest	flexible
12	challenging	big	supportive	global	improving	challenging	honest	professional	focused	global	fair	slow
13	friendly	bureaucratic	caring	complex	slow	honest	focused	conservative	collaborative	challenging	global	challenging
14	driven	reliable	reliable	improving	global	inclusive	diverse	friendly	open	slow	challenging	large
15	reliable	caring	busy	slow	challenging	fair	inefficient	integrity	ambitious	diverse	inclusive	improving
16	improving	strong	driven	respected	fair	supportive	trustworthy	change	friendly	professional	trustworthy	global
17	helpful	supportive	helpful	trustworthy	strong	flexible	integrity	open	conservative	determined	flexible	inclusive
18	slow	inclusive	flexible	conservative	diverse	respected	challenging	strong	big	trustworthy	professional	professional
19	supportive	driven	bureaucratic	strong	inclusive	improving	open	collaborative	fair	flexible	slow	friendly
20	strong	improving	open	reliable	respected	strong	fair	fair	respected	friendly	collaborative	supportive
21	complex	flexible	inclusive	supportive	reliable	open	international	challenging	challenging	responsible	friendly	ambitious
22	respected	open	strong	open	supportive	driven	respected	trustworthy	integrity	driven	supportive	reliable
23	flexible	helpful	slow	diverse	flexible	large	responsible	responsible	dynamic	inclusive	responsible	collaborative
24	global	diverse	diverse	responsible	progressive	friendly	hardworking	risk averse	reliable	reliable	reliable	trustworthy
25	caring	progressive	progressive	driven	open	trustworthy	improving	inefficient	strong	open	strong	progressive

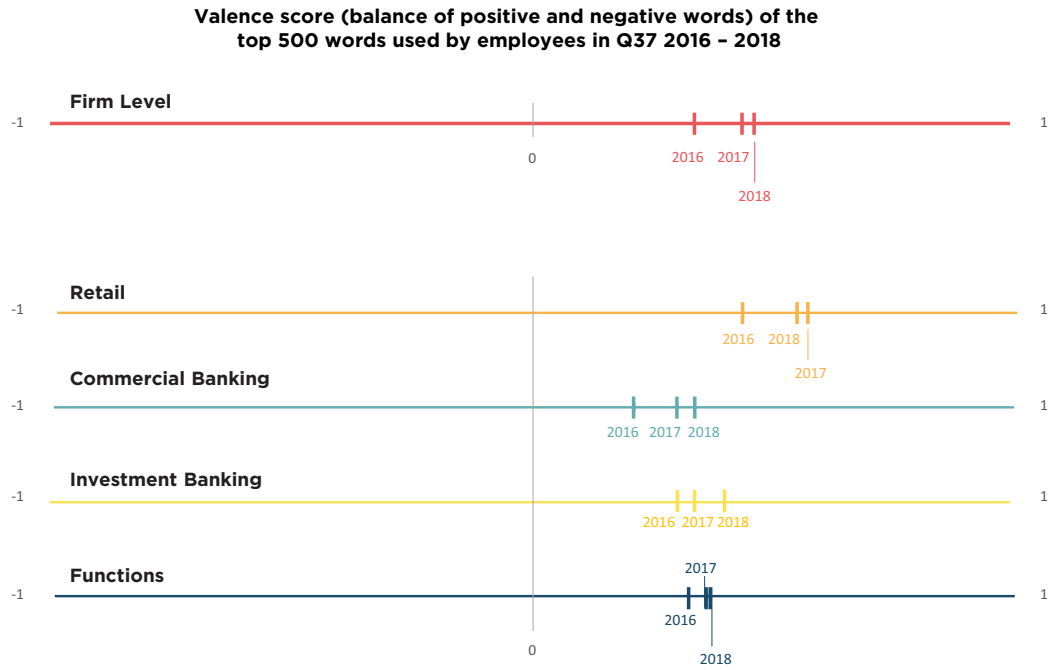
Note: ‘customer’ and ‘client’ have been grouped together for the purposes of this analysis.

As well as the distribution of words used by employees to describe their firm, we can also look at their overall tone. Are most of the words used, on aggregate, positive or negative, and how does this balance differ between firms and business areas, or change over time?

To help answer this, we took each response to Q37, ‘What 3 words would you use to describe your organisation?’, and assigned to each word a positive (+1), neutral (0) or negative (-1) score depending on its tone. The resulting net sentiment indicator (or valence) for 2018 and the previous two years of the Survey are shown in figure 17. At a firm level, aggregate net sentiment improved materially in 2017 and edged forward very slightly in 2018; the same pattern of improvement followed by consolidation that, as we have seen, emerged from the scores for Q1 to Q36.

By business area, this pattern in net sentiment is also evident in Retail and Functions. In Investment Banking (and to a lesser extent in Commercial Banking) the improvement is more evenly spread across both years. Retail has the highest valence (i.e. the most positive balance of net sentiment) of any business area, and Commercial Banking the least. Commercial Banking has, however, shown the greatest improvement in net sentiment over the three years of our Survey, while Functions has shown the least.

Fig. 17 On balance, how positive are the words used by employees to describe their firm?



SPEAKING UP AND LISTENING

In 2017, drawing on the Assessment results of the previous year and our discussions with firms and others, we explored the theme of how to create a culture of accountability and not of blame. In 2018, informed by a second year of Assessment findings and our wider work (including BSB events, discussions with boards and executive teams, our ongoing work with our Certification Regime Working Group on the effective implementation of regulatory references, and our engagement with firms, professional bodies and a range of other organisations in and outside the banking sector through our 2017/2018 Professionalism Forum), we decided to explore a particular aspect of this theme — speaking up — in greater depth.

Speaking up, in the context of the BSB's work, is about much more than whistleblowing. When we talk about speaking up, we are referring to the readiness of employees to speak about, question or challenge something about which they feel uncomfortable, concerned or unsure at work. Doing so requires them to trust their own judgement and to take the risk of questioning decisions, actions or accepted norms. This is not easy in any environment, and can be particularly difficult in the workplace. It is, however, precisely in the workplace that speaking up, questioning and challenge is vital, not only to prevent or expose bad behaviour and to catch and remedy mistakes, but to foster innovation and continuous improvement.

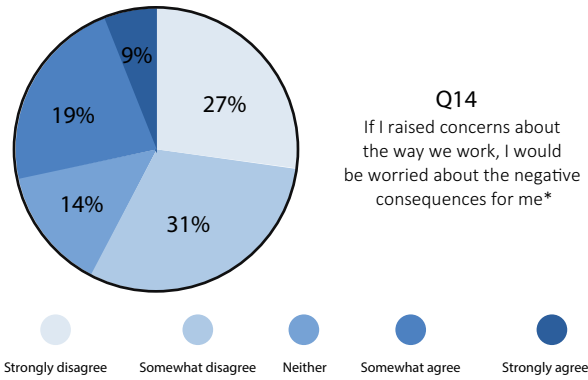
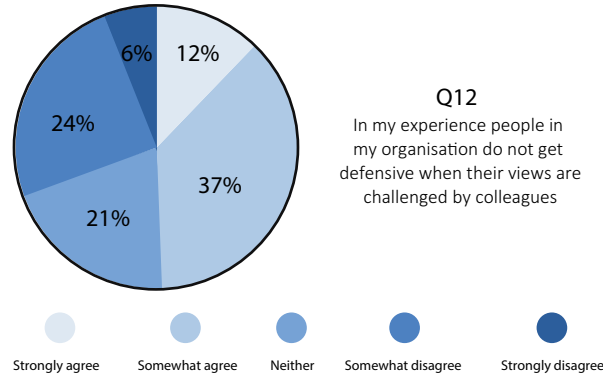
Speaking up, diversity and inclusion are inextricably linked. The wisdom of crowds works only when the crowd contains a diversity of thought and each individual feels safe to voice their thoughts. In a firm where different views are welcomed, respected and encouraged, such views will be offered, and the organisation as a whole will be better placed to learn more quickly, catch problems earlier and enhance both its competitiveness and its appeal as an employer. Where employees bring a diversity of experience and perspectives to work but do not find an organisation willing to listen, they will remain silent or go elsewhere, while the firm questions the tangible benefits (beyond box-ticking) of diversity and wonders why it has a retention problem in parts of its workforce.

How to encourage speaking up has been a strand of many aspects of the BSB's work over the past year. A member event with Margaret Heffernan facilitated a very open and wide-ranging discussion, drawing on experience in the banking sector and elsewhere. It also reinforced the importance of firms avoiding making something that is already intrinsically difficult, all the harder through their organisational processes or culture. Observational techniques, as used in ethnography, can be helpful in this context. We caught up in 2018 with member firms that had participated in a series of workshops we ran the previous year with Professor Daniel Beunza at the London School of Economics. These workshops taught techniques for stepping back and observing, as if watching an organisation for the first time, how people work together, communicate and interact. This approach, as we learned from our follow-up, had enabled participants to identify issues that were getting in the way of better working and communication within their firm and address them. The difficult part was not making what were generally simple and practical changes, but spotting from the inside what needed to be changed in the first place.

As part of our work on speaking up, we also used the 2018 BSB Survey to learn more about the experiences and perceptions both of employees who spoke up about issues that concerned them, and those who had concerns but chose to remain silent.

Three of our core Survey questions (Q12, Q14 and Q19) relate to speaking up. Scores on these questions held stable in 2018 after very small improvements the previous year (figures 18 and 19). Over a quarter of respondents said that they would be worried about the negative consequences for them if they raised concerns; a similar proportion to each of the previous two years.

Fig. 18 BSB Survey 2018 responses to speaking up questions (Q12, Q14 and Q19)



*Key for negatively phrased questions

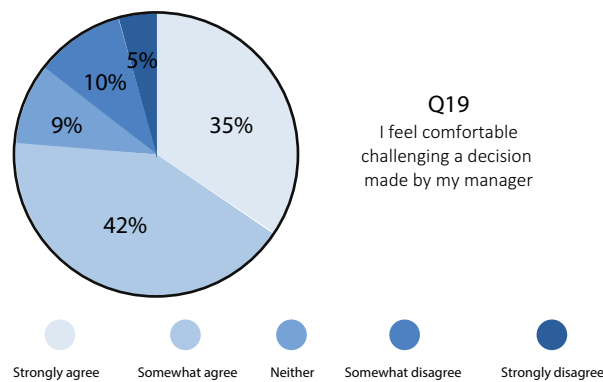
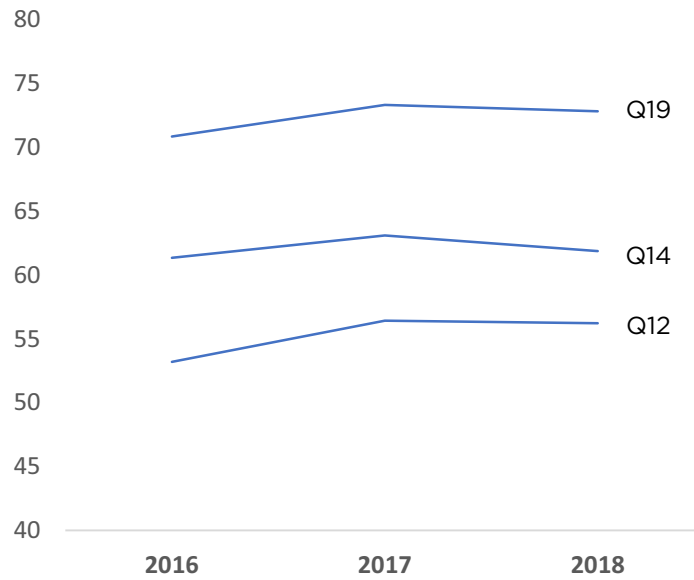
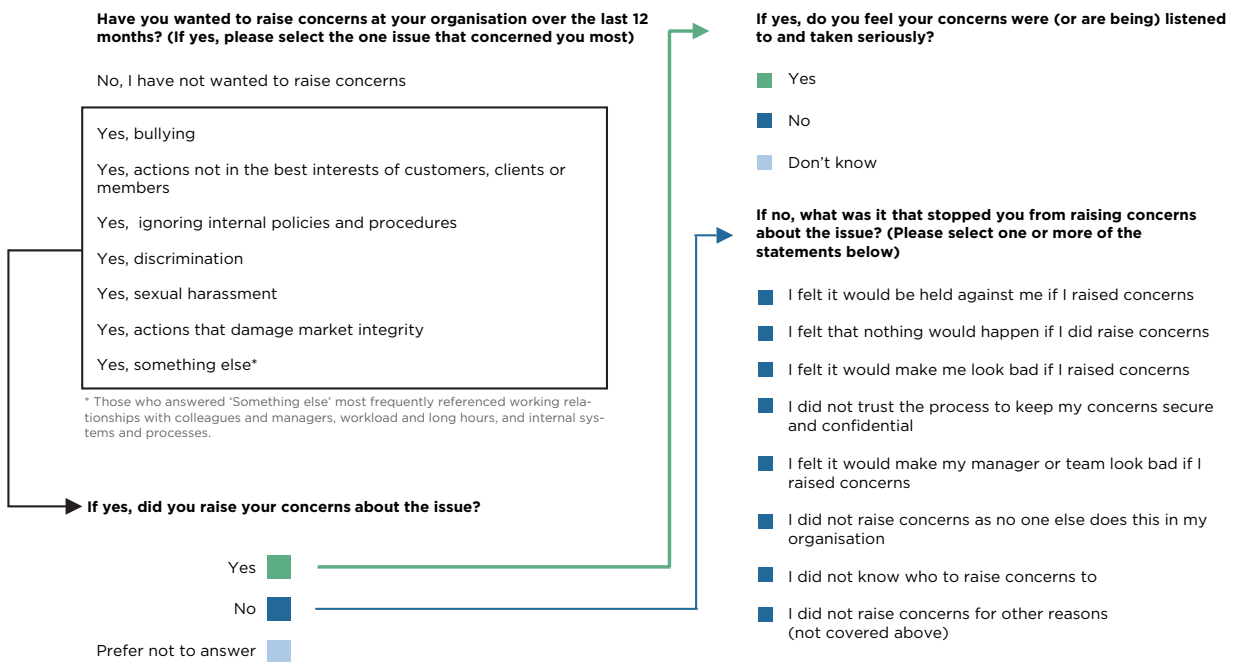


Fig. 19 BSB Survey scores — speaking up questions (Q12, Q14 and Q19) 2016 – 2018



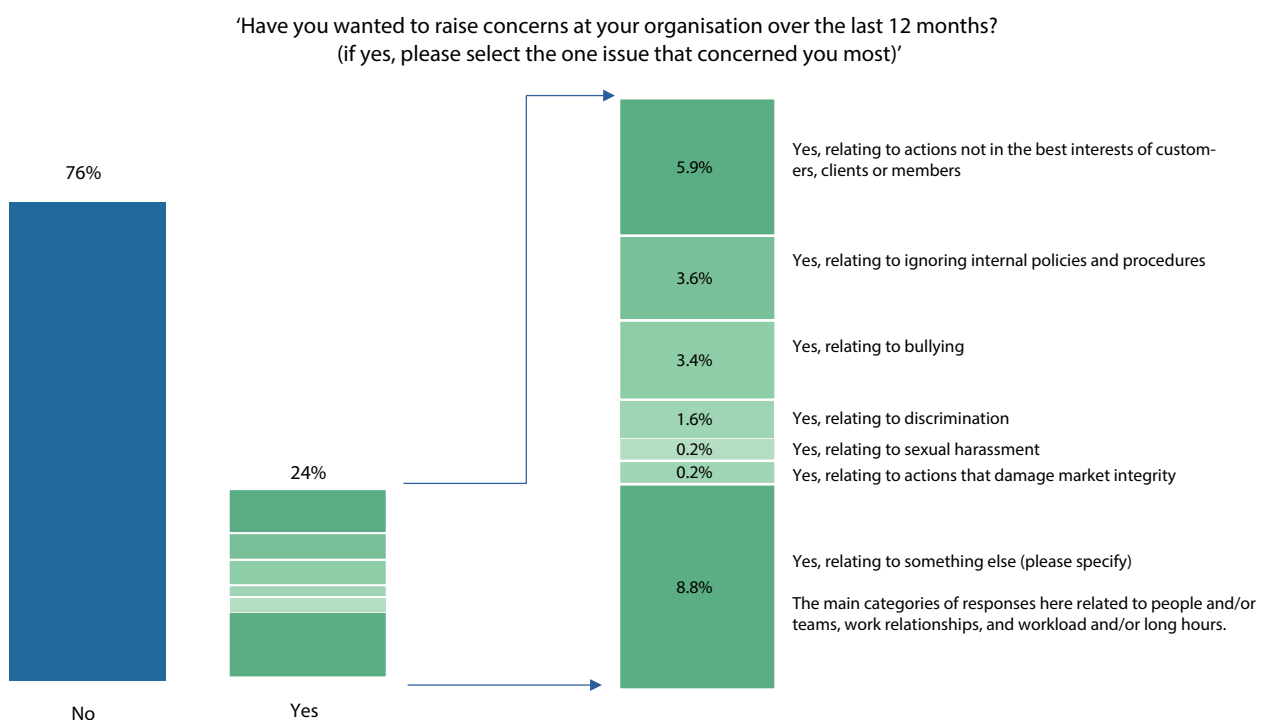
In 2018 we asked some additional questions in our Survey to help inform our work on this theme. We asked respondents whether they had wanted to voice a concern in the last 12 months; whether they had in fact spoken up; if so, what their experience had been; and if not, what had prevented them from speaking up.

Fig. 20 BSB Survey 2018 additional questions — speaking up



24% of all employees said that they had wanted to raise a concern at work over the previous 12 months. These concerns related most commonly to actions not in the best interest of customers, clients or members, ignoring internal policies, bullying or discrimination (figure 21).

Fig. 21 BSB Survey 2018 additional question — issues about which employees had wanted to raise concerns

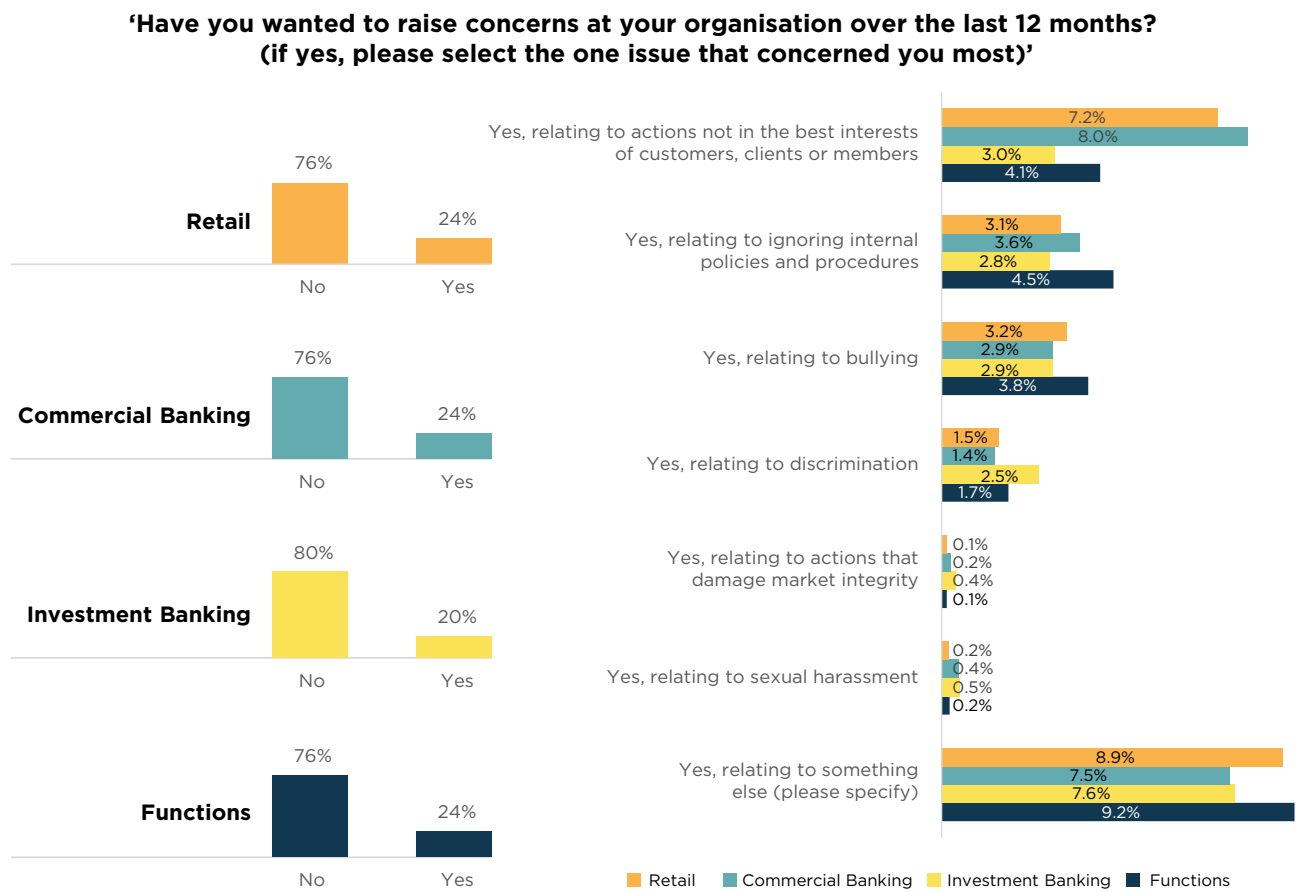


Note: The free text responses of those stating their concern as 'something else' were categorised in the process of analysis.

Looking at the responses by business area, the percentages of employees who said that they had wanted to raise a concern over the past 12 months were very similar, ranging from 20% in Investment Banking to 24% in Retail, Commercial Banking and Functions.

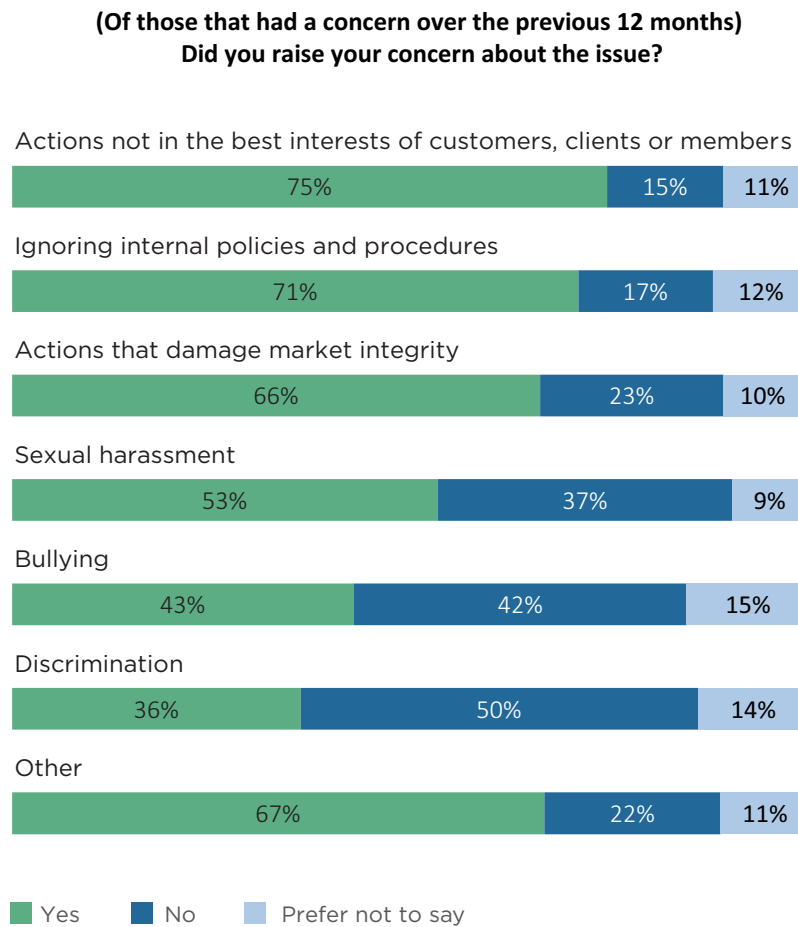
In Retail and Commercial Banking, the most common concerns that employees had wanted to raise related to ‘actions not in the best interests of customers, clients or members’. In Investment Banking and Functions, by contrast, the proportion of employees saying that they had wanted to raise a concern of this type was similar to the proportions who had concerns about ‘ignoring internal policies and procedures’ and ‘bullying’.

Fig. 22 BSB Survey 2018 additional question— issues about which employees had wanted to raise concerns, by business area



Employees who wanted to raise a concern were more likely to speak up when this related to organisational issues (actions not in the interest of customers, ignoring policies or market integrity) than personal concerns (sexual harassment, bullying or discrimination). Among employees who wanted to speak up about organisational issues, 66% to 75% did (depending on the issue). Among those who had concerns relating to personal issues, 36% to 53% did so (again, depending on the issue).

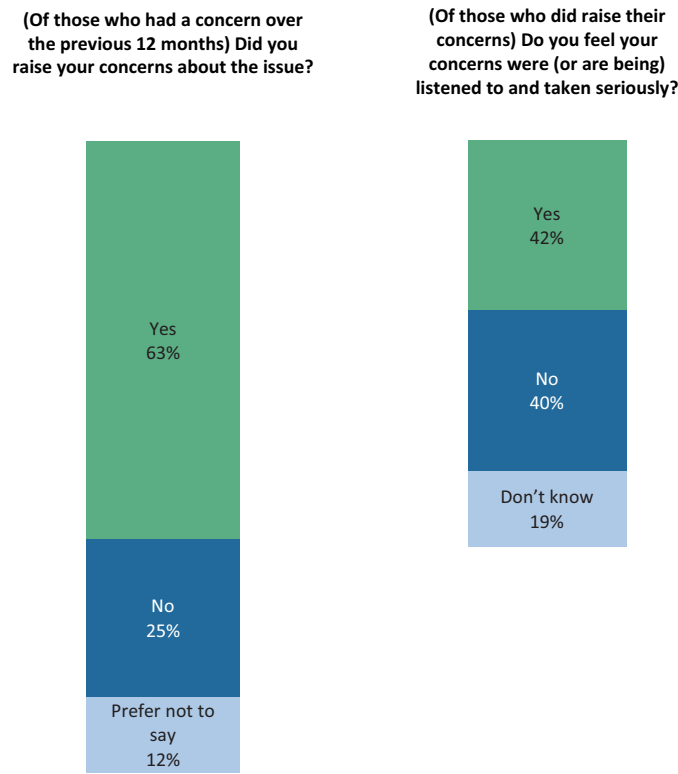
Fig. 23 BSB Survey 2018 additional question — proportion of employees who had wanted to raise concerns, who did so



Of those respondents who had wanted to raise a concern over the previous 12 months, 63% said that they had spoken up (figure 24). A quarter said they had not done so, while the remainder preferred not to say. Among those employees who said that they had spoken up about their concern, 42% said that they were listened to and taken seriously, and 40% that they were not (with the remainder unsure).

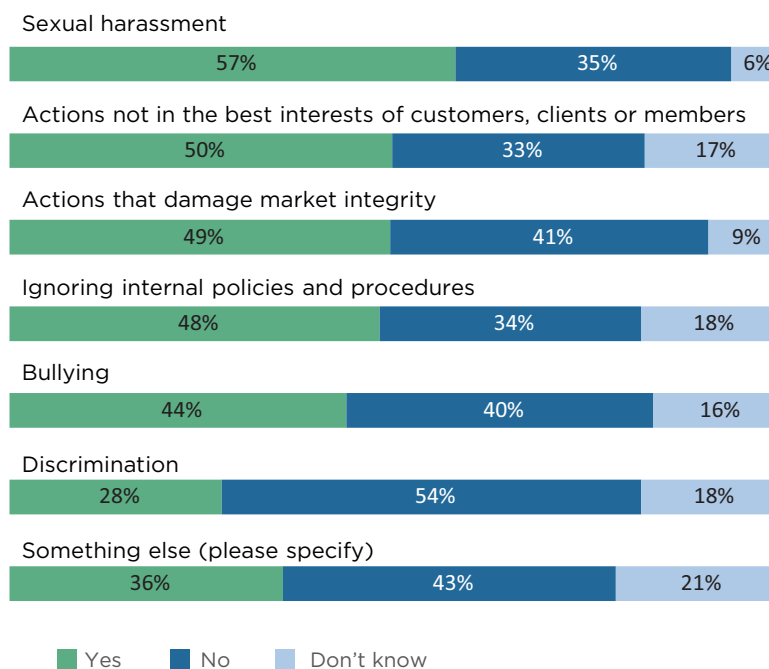
If firms are to create environments in which people feel able and encouraged to speak out, they need to focus also on how they respond to challenge and feedback when it is offered. For every person who speaks up and feels that they were not listened to and taken seriously, there may be many more who, aware of their colleagues' experience (or given what they have heard about their colleagues' experience), are discouraged from doing so, to the detriment of the organisation and its customers.

Fig. 24 BSB Survey 2018 additional question — (Of those who did raise their concerns) Do you feel your concerns were (or are being) listened to and taken seriously?



When employees did speak up, they were most likely to say that they had felt listened to and taken seriously when their concern related to sexual harassment (57% of those who spoke up). Among those who had spoken up about discrimination, in contrast, 54% said that they had not felt listened to and taken seriously, and only 28% that they had (figure 25).

Fig. 25 BSB Survey 2018 — employees experience of whether they felt listened to, by type of concern



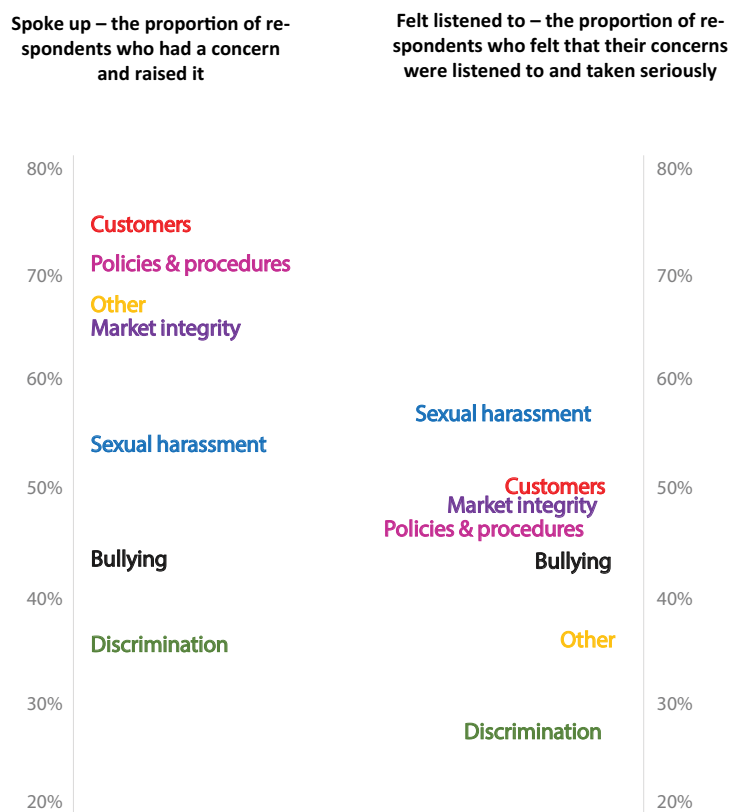
Our Survey responses show that employees' willingness to raise a concern depends on the issue it relates to. The extent to which employees who do speak up feel that they are listened to, also varies by issue.

As figure 23 illustrated, the issues that employees who had a concern were most likely to speak up about related to actions not in the interest of customers, clients or members. Three-quarters of those who had a concern about actions not in the interest of customers, clients or members raised it yet only half of those said that they felt listened to (figure 25). Both of these proportions, for ease of comparison, are brought together in figure 26.

Compared with organisational issues such as customers, procedures and market integrity, employees were less likely to have spoken up about sexual harassment. When those who did have concerns about sexual harassment spoke up, however, they were more likely to feel listened to than those who spoke up about other concerns. Employees were least likely to raise concerns around discrimination, and least likely also to say that they were taken seriously when they did so.

As figure 26 shows, the proportion of employees who say that they feel taken seriously when they do speak up, varies considerably by issue. Even at the top of the range — where the issue relates to sexual harassment — the proportion is only 57%. An industry that wants its people to speak up when things are going wrong, and to suggest how things could be done better, needs to think harder about how it responds to the feedback and challenge it receives, whatever the issue.

Fig. 26 BSB Survey 2018 — proportion of employees who raised a concern and proportion who felt listened to, by issue



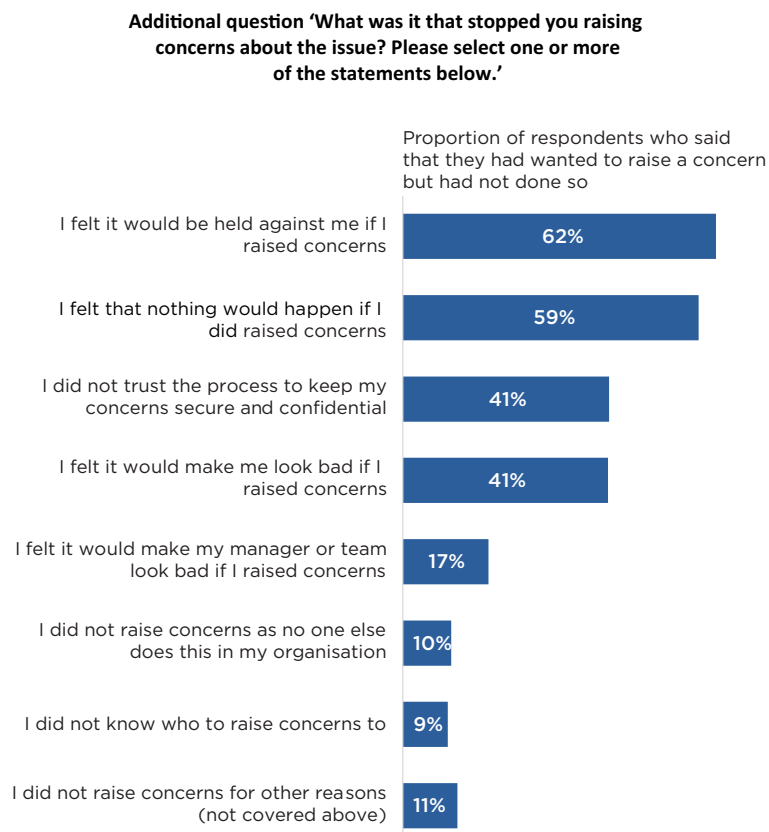
Having looked at the reported experiences of employees who had a concern and spoke up about it, we turn now to the experience of those who chose not to.

Among those who had a concern over the previous 12 months but chose not to raise it, the most common

reasons given for not speaking up were that they felt it would be held against them if they did, or that nothing would happen as a result — the dual barriers, in other words (and as identified in our 2017/2018 Annual Review) of fear and futility. Smaller but still substantive proportions also chose not to speak up because they felt that doing so would make them look bad, and/or because they did not trust the confidentiality of the process (figure 27).

If firms are to encourage people to speak up and to create an environment in which speaking up is the norm, they need to address all the barriers to doing so. It is clearly important, for example, to have clear and trusted speaking up mechanisms, both formal and informal. These routes and procedures will not, however, be used as much as the firm would wish, if those with something to say see no point in doing so. Their perceptions will also be shaped by the experience of or stories about colleagues in the firm who did speak up, and especially when that experience was not a good one.

Fig. 27 BSB Survey 2018 — reasons given by employees for not speaking up



What is clear from figure 27 is the wide range of factors that can prevent people from speaking up. Alongside the aforementioned fear and futility, these can include communication channels and not knowing who to speak to; trust in the system; the impact of speaking up on colleagues, or on how it would make the individual themselves look to others; and social norms around speaking up.

Looking at the reasons given for not speaking up on different types of issue, the most common reason given by employees who had wanted to raise a concern but chose not to, was the fear that doing so would be held against them. As figure 28 illustrates, this was cited by 75% of employees who had wanted to speak up about discrimination but did not, 68% of those who had been concerned about bullying, and 60% of those concerned about policies being ignored. The sense that nothing would happen even if they did speak up, was also an important factor in the decision not to speak up, and particularly where the issue related to organisational rather than personal matters (e.g. to actions not in the best interests of customers, or to market integrity).

Employees who had wanted to raise a concern about sexual harassment but did not, were more likely than those who had held back from raising other types of concern to say that this was because ‘no one else does this in my organisation’.

Fig. 28 BSB Survey 2018 — reasons given by employees for not speaking up, by concern type

Respondents could give several reasons for not having spoken up about their concern

	I felt it would be held against me if I raised concerns	I felt that nothing would happen if I did raise concerns	I felt it would make me look bad if I raised concerns	I did not trust the process to keep my concerns secure and confidential	I felt it would make my manager or team look bad if I raised concerns	I did not raise concerns as no one else does this in my organisation	I did not know who to raise concerns to	I did not raise concerns for other reasons
Actions not in the best interests of customers, clients or members	53%	61%	33%	38%	22%	9%	8%	9%
Actions that damage market integrity	37%	45%	13%	44%	27%	7%	20%	0%
Ignoring internal policies and procedures	60%	59%	31%	42%	16%	9%	7%	7%
Sexual harassment	50%	50%	55%	53%	28%	27%	12%	25%
Bullying	68%	54%	43%	49%	13%	11%	5%	13%
Discrimination	75%	56%	48%	47%	17%	10%	8%	7%

The BSB Survey data, along with other internal information available to firms, can be analysed to help firms that wish to encourage employees to speak up, do so in the most effective way. We have begun, for example, to analyse the 2018 data in order to help firms address the perception that speaking up will have no effect. This includes helping the firm identify, in the first instance, whether the problem is primarily one of substance (i.e. when people speak up they do not feel listened to) or communication (i.e. when people speak up they do feel listened to, but this is not the perception of those who choose not to speak up and may be a factor in their not doing so).

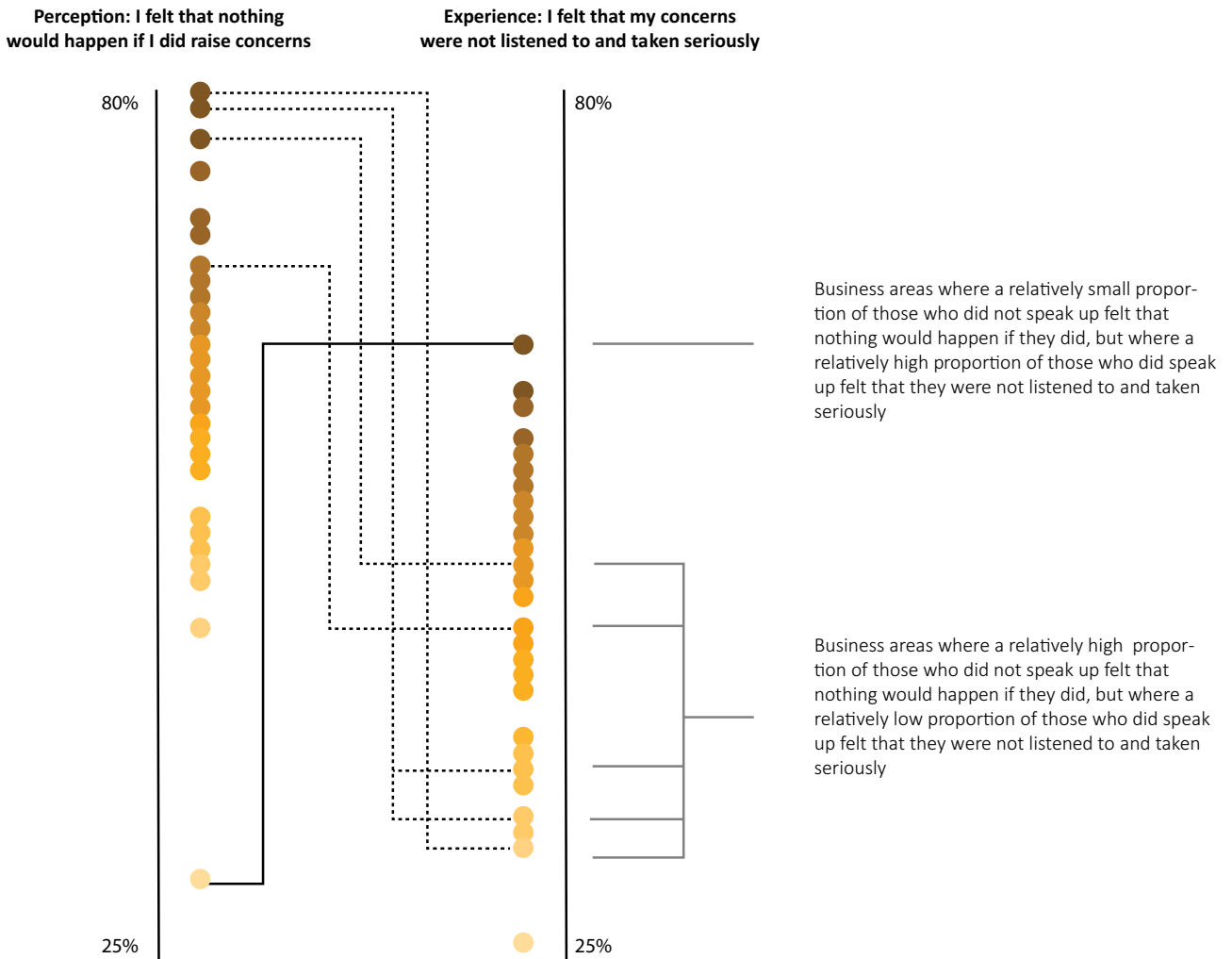
Employees’ perceptions of how likely they are to be listened to on a particular type of issue may not always tally with the experience of those who do speak up on that issue, and the types of concern that are most likely to be raised by employees may not be those that are most likely to be perceived as listened to. Using data from the 2018 Survey, figure 29 shows, on the left-hand side, the proportion of employees in individual business areas at firms who had wanted to raise a concern but chose not to, and said that that this was because they felt that nothing would happen as a consequence. The right-hand side takes those same business areas and shows the proportion of employees in each area who did speak up and felt that they had been listened to. The left-hand side, in a sense, depicts ‘perceived futility’ in different business areas of firms; the right-hand side, ‘experienced futility’ (i.e. employees not feeling listened to or taken seriously) in those same business areas.

Dotted lines link those individual business areas where a high proportion of employees who did not speak up, chose not to because their expectation of any response was low (left-hand side), but where the experience of those who did speak up was a positive one (right-hand side). Where this is the case, firms may — as well as continuing to ensure that even more of those who speak up feel listened to — wish to focus primarily on how to communicate and share the positive experiences of speaking up, in order to encourage others to do likewise.

In other business areas, the opposite may be the case; perceived futility may not be among the most common barriers to speaking up among those who choose not to do so, but the actual experience of speaking up may leave a relatively high proportion of those who do, feeling that they were not listened to or taken seriously. An example of this is the business area joined on each side of figure 29 by the solid line. Where this is the case, the issues that the firm needs to address in the first instance will be of substance and process rather than communication.

We are continuing to analyse the 2018 Survey data in relation to speaking up. Our new Insights team is beginning to work with individual member firms on interventions to encourage both speaking up and listening. We would welcome questions, thoughts and ideas on this theme from firms and organisations — within and outside the banking sector, and in the UK and elsewhere — as this work continues over the coming year.

Fig. 29 BSB Survey 2018 — *futility and speaking up: perceptions and experiences, by business area*



● Each circle represents the position of a single business area at a firm, where we have sufficient data on these aspects of speaking up and listening up. This analysis covers 44 business units.

PERCEPTIONS OF GENDER EQUALITY

As we have already noted in the context of speaking up, diversity — allied to the inclusive culture that allows the benefits of diversity to be realised — matters for business. A now substantial body of research points to diverse and inclusive teams performing better at solving problems, being more creative, having a better understanding of their customers and attracting a wider range of talent, and this is before even taking into account the wider benefits for the economy and society.

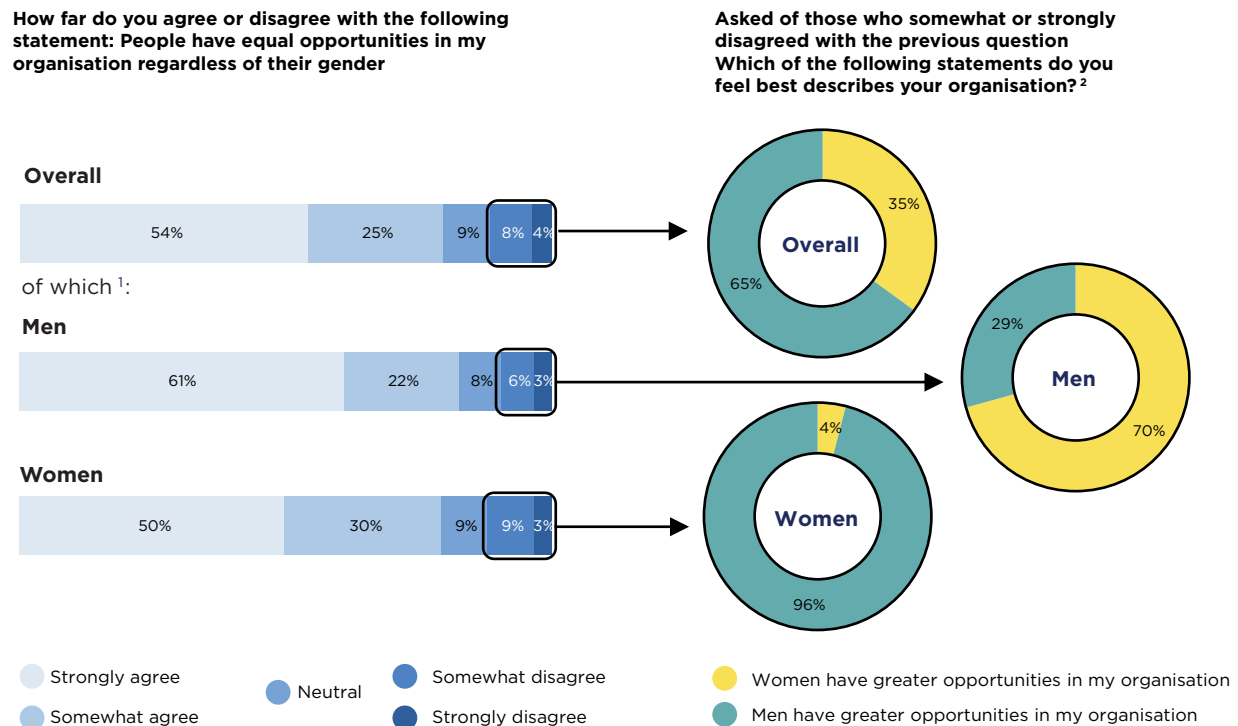
Diversity itself has a range of dimensions: demographic (e.g. age, gender, ethnicity, sexual orientation), experiential (what we have experienced, what has shaped us, what we have learned to date) and cognitive (how we think and approach problems). All three are important for organisations aiming to perform as effectively as they can. Diversity is a prize, not a box-ticking exercise. Given the interaction between diversity, inclusion and culture, diversity is also an issue of interest to the BSB.

In 2018 we explored in the BSB Assessment one aspect of one component of one type of diversity — that of equality of opportunity by gender. Gender diversity is not, of course, a new issue in financial services or in business and society more generally. Many financial services firms have now signed up to HM Treasury's Women in Finance Charter. Launched in 2017, this calls on firms to commit to supporting the progression of women into senior roles and report publicly on progress. Many firms are putting considerable effort into removing obstacles to female representation in senior roles. The scale of the ongoing challenge in even this one dimension of diversity was, however, highlighted in the first annual disclosure of Gender Pay Gap figures in April 2018.

Data is already available to firms from their own internal information on the composition of their workforce and the representation of women in senior roles and at levels just beneath this. What we were interested in understanding better through our Assessment exercise, was how employees perceived gender equality of opportunity within their firm. We explored this both in the Survey and in focus groups; in the former to get a sense of employees' perceptions, and in the latter to try to understand what might shape these perceptions and distinguish environments that were seen as more equal from those that were regarded as less so.

As figure 30 shows, a large majority of employees (79%) thought that people in their firm had equal opportunities regardless of their gender. Overall, 12% thought that this was not the case, while the rest were neutral. When we look at this result by gender, of women, 12% thought that opportunities were unequal, compared with 9% of men. Almost all the women who said that opportunities were unequal, said that men had the greater opportunities at their firm. Among men who perceived there to be inequality of opportunity, just over two-thirds said that women had greater opportunities than men.

Fig. 30 BSB Survey 2018 additional questions — perceptions of equality of opportunity, by gender

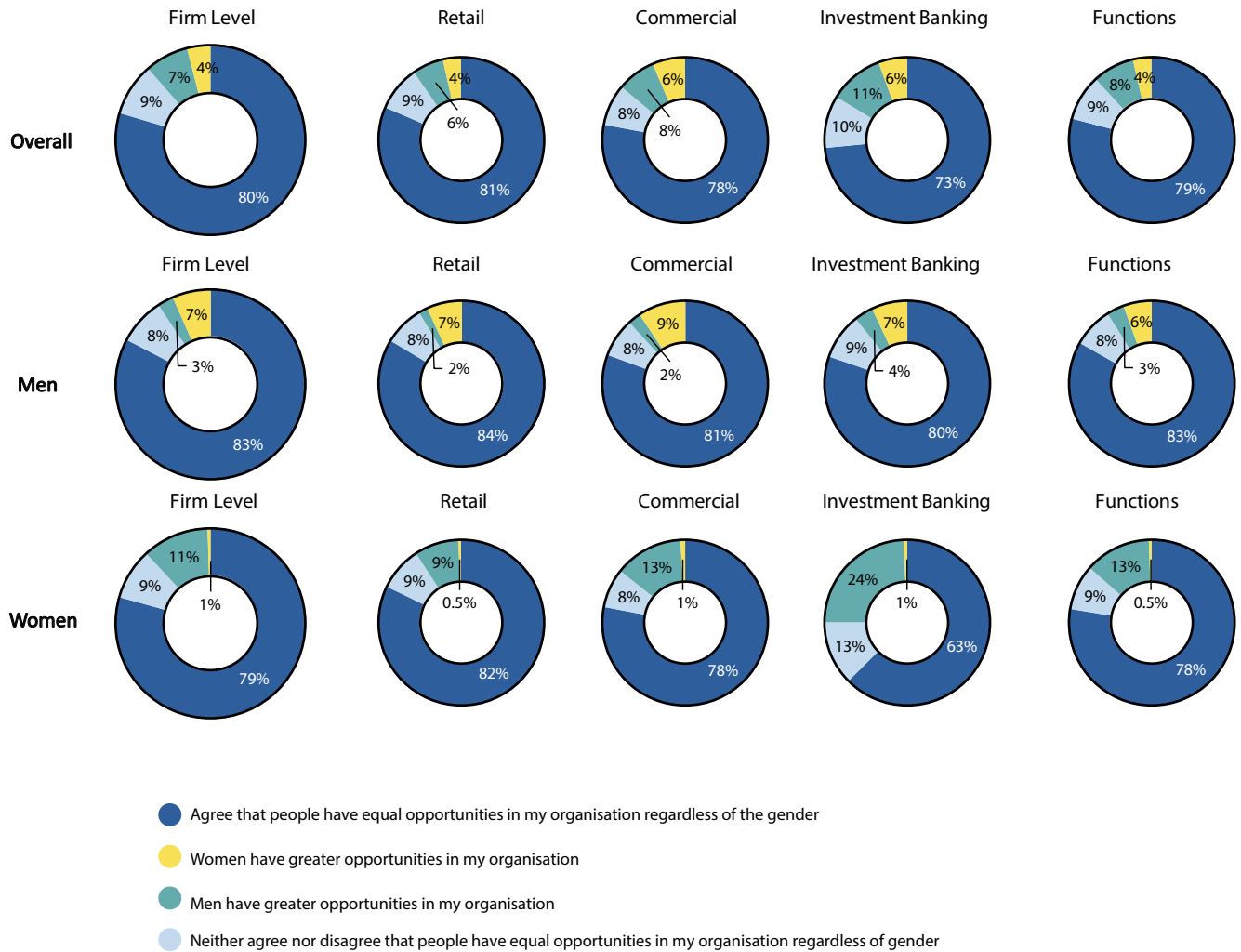


Note: ¹ Specific breakdowns of the results for those respondents who gave their gender as 'Other' or 'Prefer not to say' are not provided due to the small proportions involved.

² Results are calculated and presented here without incorporating the sample who answered 'Other (please specify)' in the Survey.

By business area, perceptions of inequality of opportunity by gender were most marked in Investment Banking (figure 31), where 17% of employees said that opportunities were unequal. This reflected primarily the much more common perception of inequality among women. 24% of women in Investment Banking said that opportunities were unequal, compared with 14% of women in Commercial Banking and Functions, and 10% in Retail Banking; fewer than two-thirds said that opportunities were equal. The proportion of men in Investment Banking who thought that opportunities were unequal was, by contrast, similar to that of men in other business areas.

Fig. 31 BSB Survey 2018 additional questions — perceptions of equality of opportunity, by gender and business area



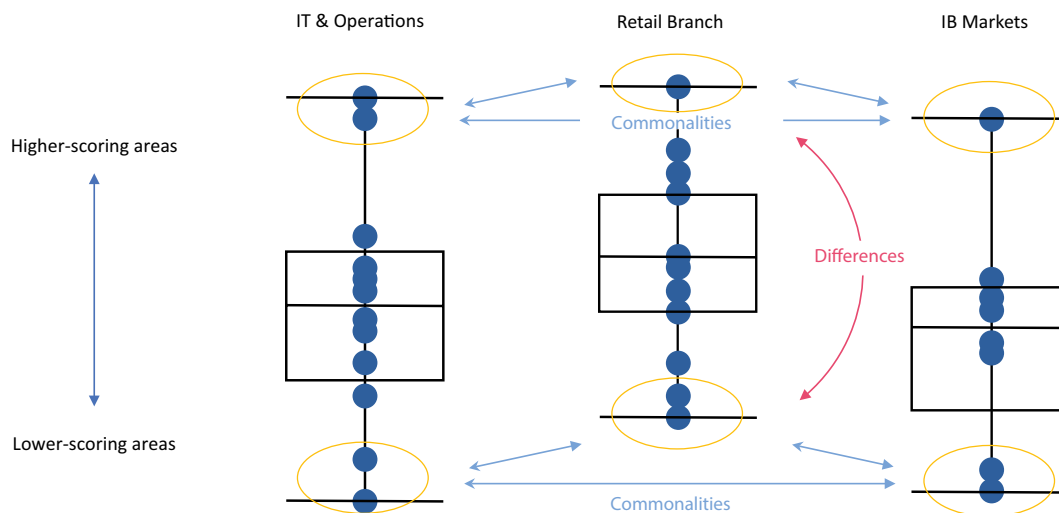
To help us understand better what lies behind these differences in perception and enable firms to address them, we analysed the Survey data alongside our information from focus groups. To do this we deployed the same ‘grounded theory’ approach as presented in our 2017/2018 Annual Review and summarised in Box 1.

Box 1: Explaining our grounded theory approach

Our aim in this approach is to identify factors that may explain what distinguishes a higher-scoring firm or business area on any issue from a lower-scoring one, thereby helping all firms learn and improve. In this case, we were looking at the issue of gender equality of opportunity.

We start by identifying the business areas in firms (e.g. IT & Operations in firm A) that registered the most and least positive responses to our 2018 Survey question on whether there was gender equality of opportunity at the respondent’s firm. Having found the business areas that fall at either end of the scale (figure 32), we then identified from our qualitative work the corresponding focus groups that were composed of employees from these higher or lower-scoring business areas (e.g. the focus group of employees from IT & Operations in firm A).

Fig. 32 Qualitative analysis — choosing focus groups on which to apply grounded theory based on higher or lower Survey scores

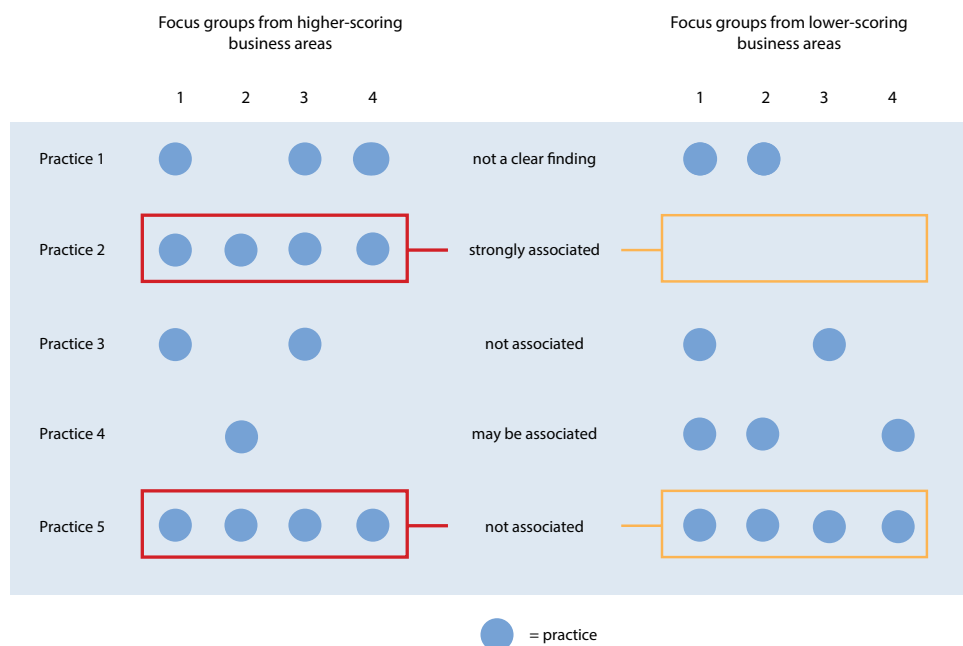


Note: We use box and whisker plots in this illustration, where higher scoring business areas on relevant aspects of our Survey sit near the top of the charts, and lower scoring areas at the bottom. Each dot’s position reflects the score for one firm’s business area.

We then analyse what was said in each of the selected focus groups and code all of the characteristics and practices that are mentioned. By noting the frequency with which different characteristics or practices are mentioned in focus groups from higher and lower-scoring business areas, we can see whether any given practice is strongly associated, associated or not associated with higher Survey scores on a particular question (and potentially, therefore, with good or bad outcomes).

If, for example, a practice is mentioned by participants in all focus groups from higher-scoring business areas, but not in any focus groups from lower-scoring business areas, this practice may be strongly associated with more positive employee perceptions, and relevant when considering good and effective business practice (figure 33). Where, however, a practice is mentioned in focus groups from both higher and lower-scoring business areas, it is unlikely to be associated with the difference in the scores (although the practice itself may nevertheless be important, and potentially necessary but not sufficient for a good outcome).

Fig. 33 Identifying practices associated with good environments



Using the grounded theory approach described in Box 1, we analysed evidence from 18 focus group discussions to try and identify what might distinguish business areas in firms where employees were more likely to say that there was equality of opportunity in their firm regardless of gender, from those where they were much less likely to say so. Figures 34 and 35 summarise the results.

The types of practice mentioned in focus groups are shown at the left-hand side of each figure. The next two columns then show the frequency with which each practice was mentioned; first, across the nine focus groups drawn from higher-scoring business areas of firms (i.e. those where a greater proportion

of employees saw equality of opportunity), and second, across the nine focus groups drawn from lower-scoring business areas (i.e. those where perceived equality of opportunity by gender was less marked). In each column, one shaded segment refers to one focus group. That the banking sector was seen as male dominated, was mentioned for example in four of the nine focus groups from higher-scoring business areas, and in seven of the focus groups from lower-scoring business areas.

Figure 34 shows practices that were mentioned to different degrees in focus groups drawn from higher-scoring and lower-scoring business areas.

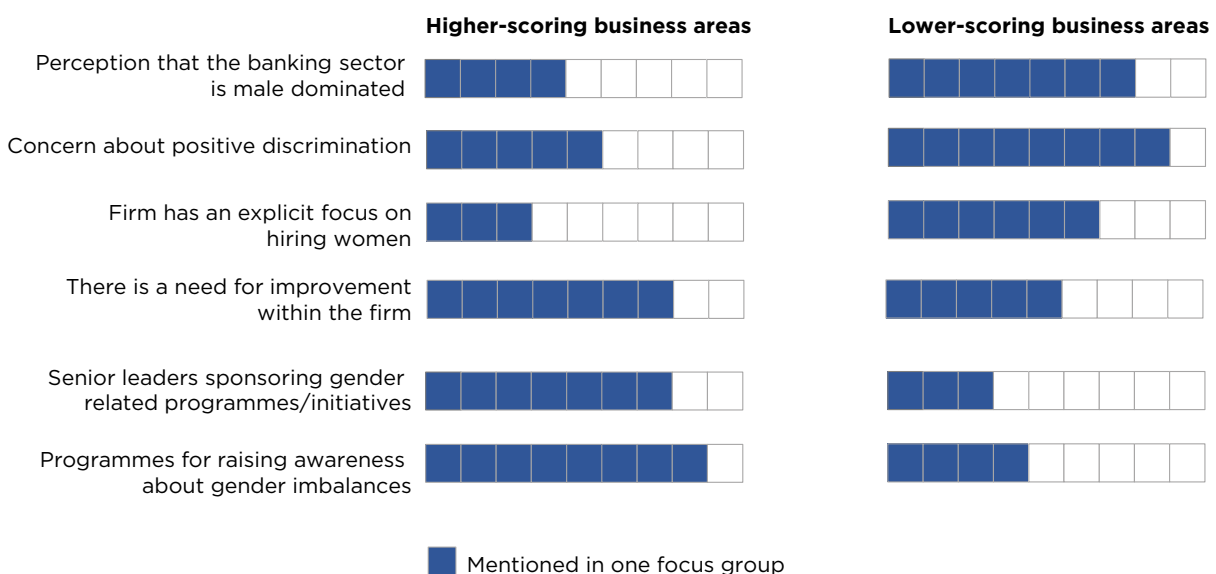
In focus groups drawn from lower-scoring environments, employees were more likely to describe a lack of gender equality as a sector-wide problem, and less likely to say that more needed to be done to improve gender equality in their firm. They were more likely to say that their firm had an explicit focus on hiring women and more likely to express concern about positive discrimination (an issue was also raised in higher-scoring environments, albeit less frequently).

Employees from higher-scoring business areas, in contrast, were less likely to refer to gender inequality of opportunity as a banking sector problem and more likely to say that their own firms needed to do more. They were more likely to describe senior-sponsored initiatives at their firms to improve gender equality, and programmes designed to raise awareness of gender imbalances.

We may infer from this analysis that, where leaders are open with employees about the steps they are taking to promote equality of opportunity, this is likely to support more positive perceptions. This appears to be associated with senior leaders being seen to take personal responsibility for the challenge, and employees seeing it as an issue to be faced within their firm rather than something that can be excused as an industry problem. Drawing attention to gender inequality as a problem for the firm, and being self-aware — self-critical, even — of the firm’s own progress, may promote confidence in the firm’s commitment to equality of opportunity.

A relative lack of self-awareness, self-criticism and senior-sponsored initiatives, by contrast, is associated not with gender equality being seen as less of an issue within the firm, but with employees seeing it as a greater problem.

Fig. 34 Gender equality — frequency with which issues were mentioned in focus groups from higher and lower-scoring business areas in 2018 (differentiating factors)



Some practices and characteristics were raised frequently by focus groups from both higher and lower-scoring business areas. While not of themselves sufficient to help explain differences in scores, they are nevertheless interesting in that they point, in this context, to shared challenges facing firms of all types in the banking sector on the issue of gender equality.

These shared challenges (figure 35) included the perception that taking maternity or paternity leave hindered career progression, the observation that policies to promote gender equality were applied inconsistently across the firm, and the sense that the firm’s own culture was itself a barrier to gender equality. Employees from most focus groups also noted the lack of women in senior positions.

Fig. 35 Gender equality — frequency with which issues were mentioned in focus groups from higher and lower-scoring business areas in 2018 (shared factors)



VALUES AND CUSTOMER FOCUS

‘Shared purpose’ sits at the centre of the BSB Assessment Framework. A strong sense of collective purpose is central to the motivation and collaboration that supports an innovative, problem-solving and productive business. Instilling shared purpose means that each individual needs to be confident of what their organisation is there to do, how it has decided to go about doing it and how he or she him or herself fits into this collective endeavour. Firms’ stated values, and the extent to which these values are seen to be demonstrated in the way firms do business — something that is closely linked for many employees with customer focus — has therefore been an area of interest in the BSB’s work.

Most firms and organisations in any sector have a set of stated values. These generally describe what the firm sees as important in the way that it does business, what it expects of its employees, and what anyone it employs, serves or engages with should be able to expect in the way that they are treated.

All firms taking part in our Assessment have their own sets of stated values. When we looked at the 25 firms that took part in the BSB Survey in 2017, these 25 sets contained 88 values in total. Many of these, of course, were shared across firms. Sometimes the wording was identical: ‘customer focused’, for example, appears in a number of sets of values. In other cases, the wording might be different but the meaning very similar. Analysing the values of these 25 firms, they fall into eight broad categories, as set out in figure 36.

Fig. 36 Grouping together firms’ stated values

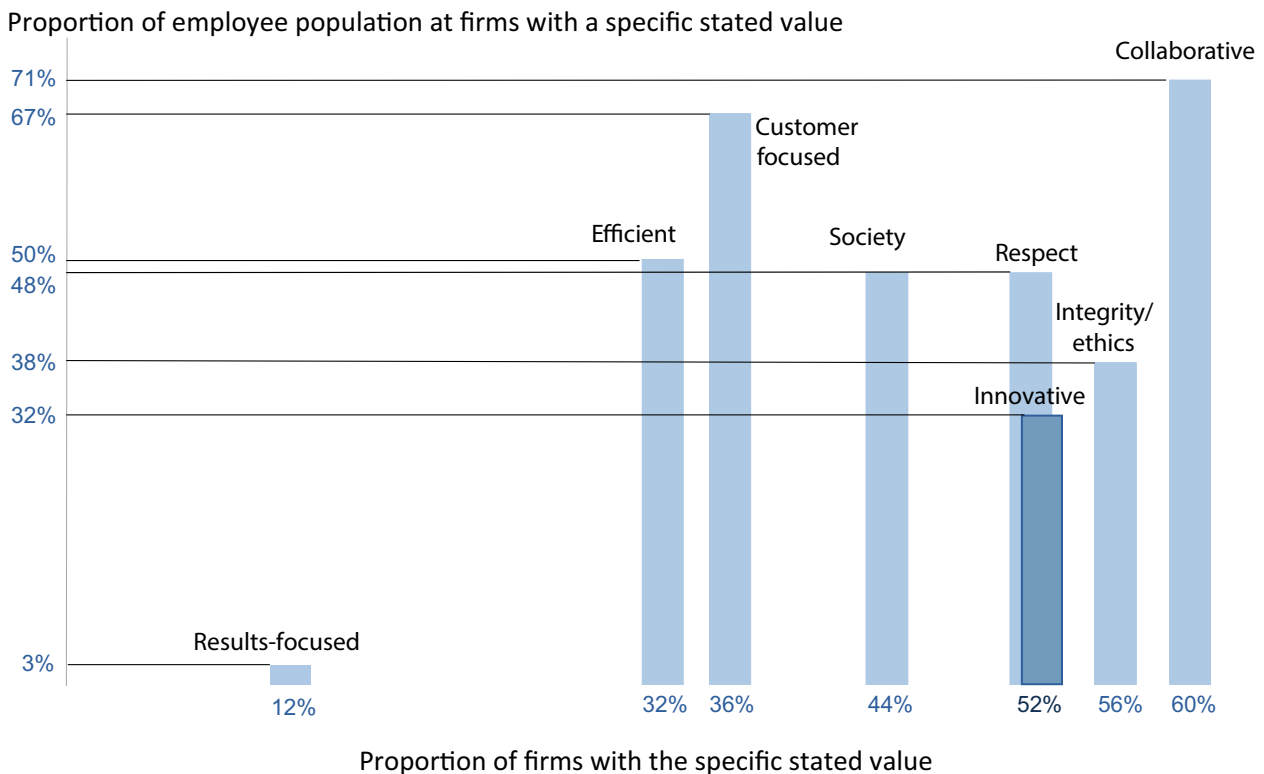
<p>Collaborative: this includes succeeding together; helping colleagues; common purpose; connected; making a difference together; teamwork; working in harmony; working together; actively collaborating</p>
<p>Customer-focused: this includes serving customers; putting customers/ clients/ members first; respecting customers; customer satisfaction; being customer centred</p>
<p>Efficient: this includes reliable; straightforward; dependable; simple; responsive</p>
<p>Innovative: this includes expert; excellence; ingenuity; leadership; rising to challenges; creative; leading with exceptional ideas</p>
<p>Integrity/ethics: this includes doing the right thing; fairness; trust; honesty; standing up for what is right</p>
<p>Respect/openness: this includes treating people how they want to be treated; listening; open to ideas and cultures; personal; transparent with customers</p>
<p>Results-focused: this includes commitment to drive the business forward; delivering on shareholder goals; striving for results</p>
<p>Society: this includes responsible finance/ investment; giving back; taking responsibility; stewardship; enabling social development; thinking long term; environmentally responsible; building a greener society</p>

Note: This analysis is based on information shared by the 25 firms that took part in the 2017 BSB Assessment

Figure 37 illustrates the distribution of firms' stated values, both by the proportion of firms with a particular category of value and by the percentage of employees covered by those value categories. The most common category of values found among participating member firms was 'collaborative' (60% of firms), followed closely by 'integrity/ethics' (56% of firms), 'respect' and 'innovation' (each 52% of firms).

Larger firms were more likely to have values relating to 'collaborative', 'customer focus' and 'efficient', meaning that these three categories of values covered a relatively high proportion of employees. 'Collaborative' covered 71% of employees, 'customer focus' 67%, and 'efficient' 50%.

Fig. 37 Distribution of firms' stated values

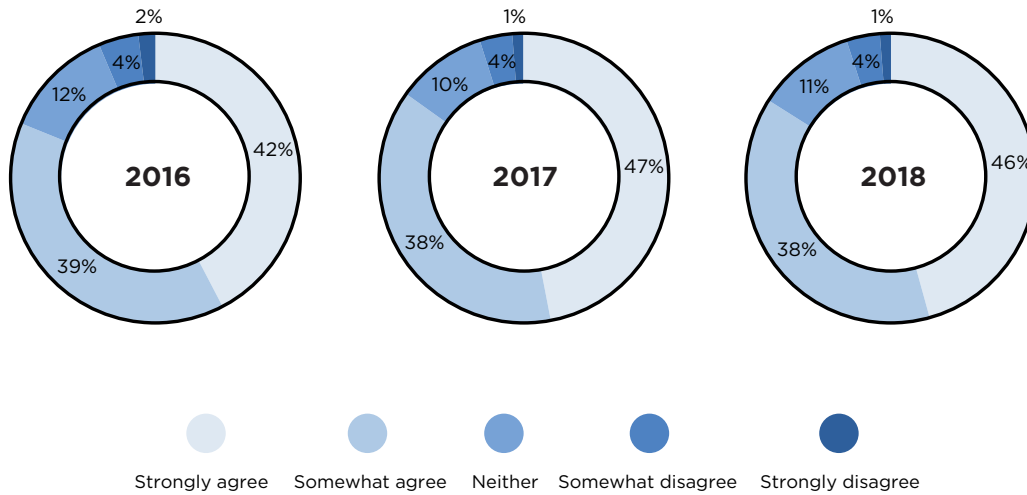


Note: This analysis is based on information shared by the 25 firms that took part in the 2017 BSB Assessment

It is one thing to have a set of stated values for the organisation, it is another for them to be meaningful to employees, and another again to ensure that they are lived in the way that the firm does business.

Q35 of our Survey (figure 38) asks employees if they find their respective firm's purpose and values meaningful. 84% of employees said in 2018 that they did, 5% that they did not. This was similar to 2017 and an improvement on 2016, when 81% said that they found their firms' purpose and values meaningful.

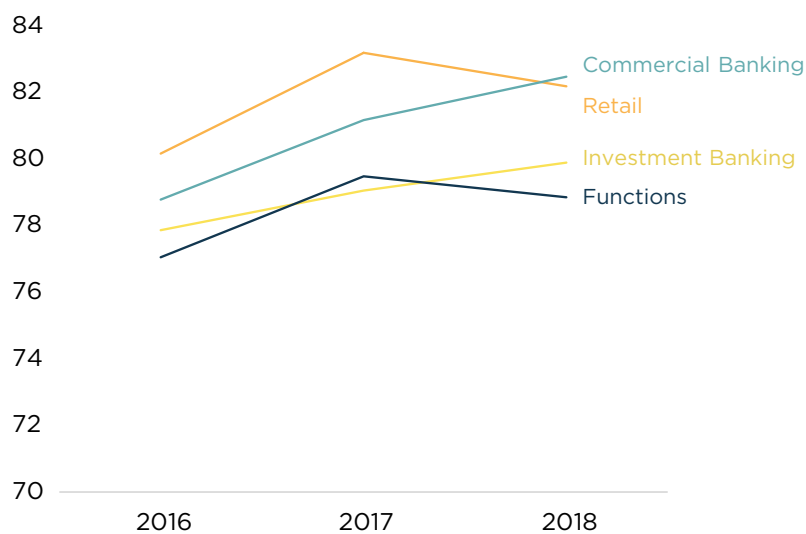
Fig. 38 BSB Survey Q35 'My organisation's purposes and values are meaningful to me'



As figure 39 illustrates, scores on this question improved slightly in 2018 in Commercial Banking and Investment Banking, and dipped slightly in Retail and Functions (while remaining above 2016 levels).

Women generally responded more positively than men to Q35, as did employees with line management responsibilities (relative to those without) and employees subject to the Senior Managers Regime (relative to those not in scope of this regime).

Fig. 39 BSB Survey Q35 'My organisation's purposes and values are meaningful to me', by business area 2016 – 2018

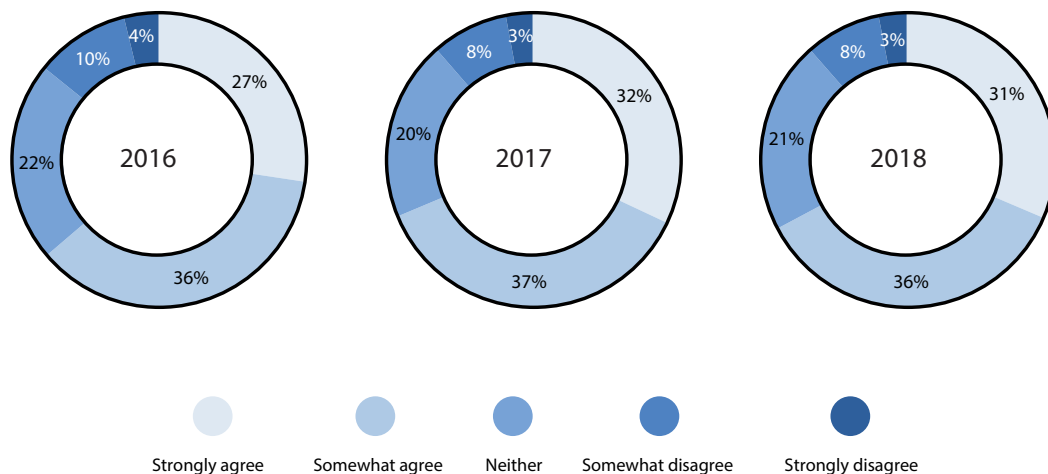


Q36 of our Survey asks employees whether they see any conflict between their firms' stated values and the way in which business is done.

In 2018, 67% of employees said that there was no conflict between their firms' stated values and how business was done. 11% did see such a conflict, and one-fifth neither agreed nor disagreed. This again was broadly similar to the results of 2017, holding on to the improvements of 2016.

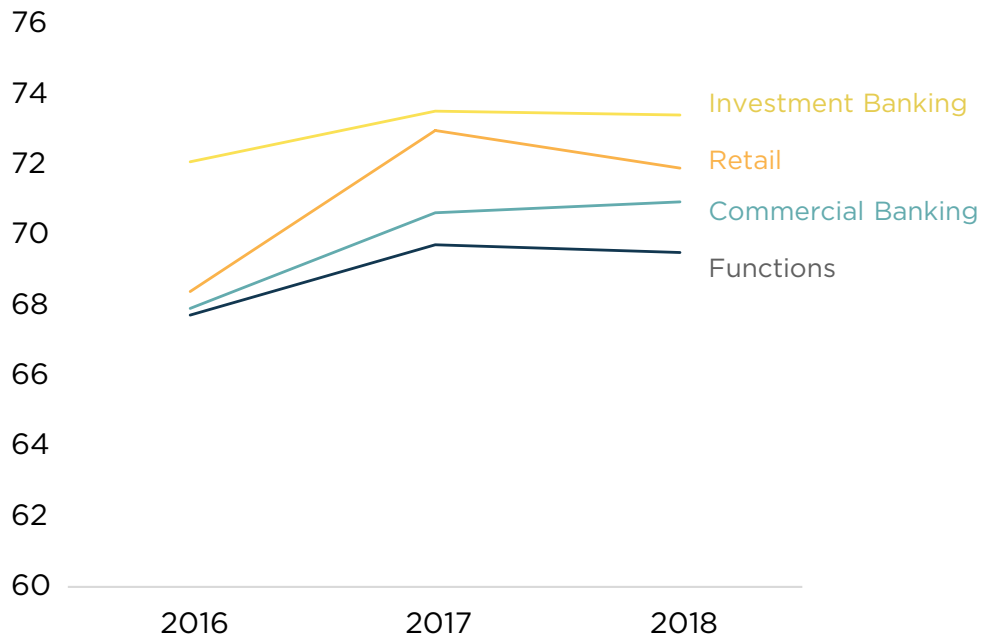
By business area, the score for this question remains lowest in Functions. Within Functions, employees in IT & Operations were most likely to see a conflict between their firms' stated values and the way in which business is done.

Fig. 40 BSB Survey Q36 'There is no conflict between my firm's stated values and how we do business', at firm level 2016 – 2018



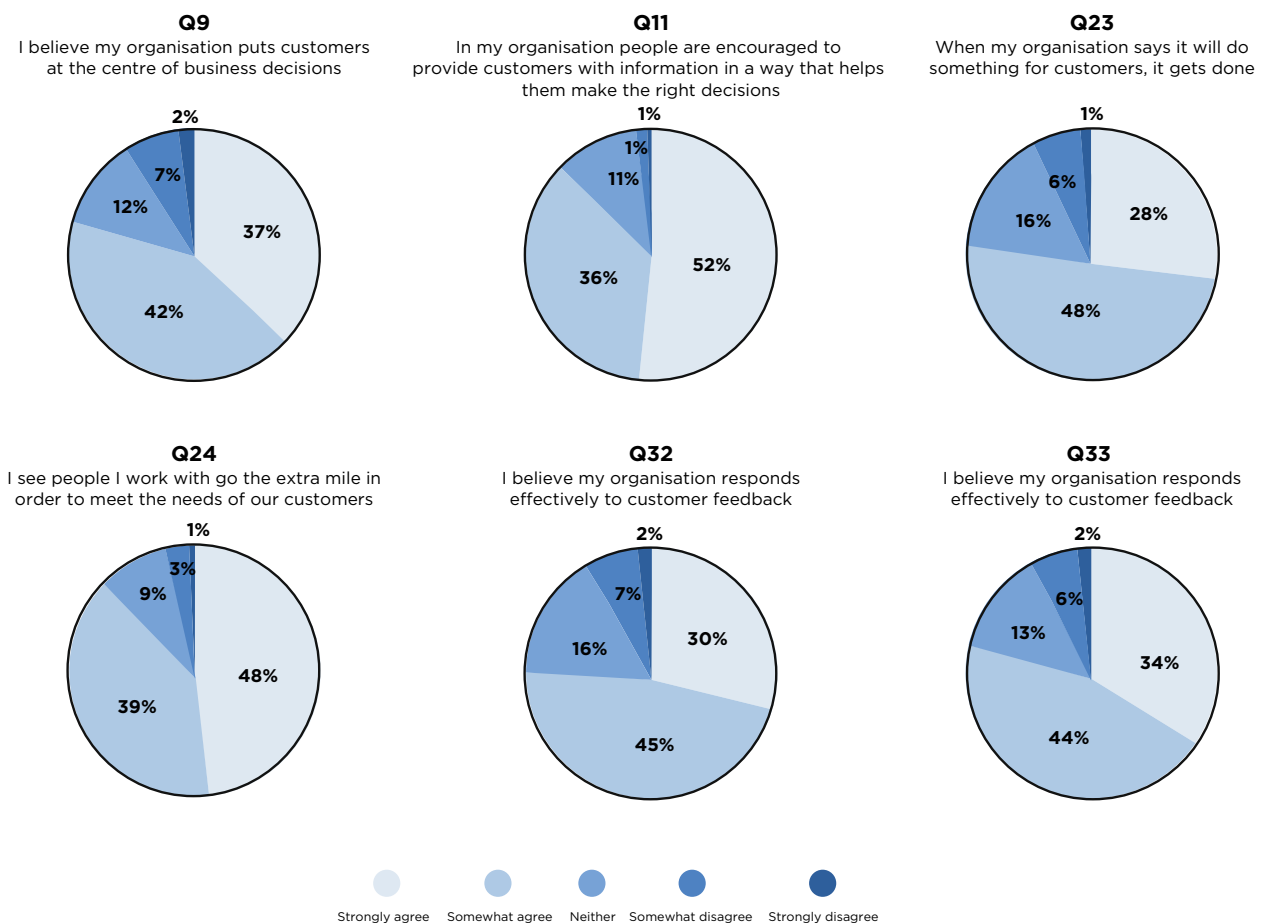
One of the themes we explored in our focus groups in the 2017 Assessment was that of the alignment of firms' stated values with the way in which business was, in practice, done. Focus group participants frequently saw this issue through the lens of doing what was in the best interest of customers. This is consistent with our analysis of the Survey results, where we find the results of Q36 'There is no conflict between my firm's stated values and how we do business' to be most highly correlated with those of Q9 'I believe my organisation puts customers at the centre of business decisions'.

Fig. 41 BSB Survey Q36 'There is no conflict between my firm's stated values and how we do business', by business area 2016 – 2018



The BSB Survey contains six questions relating to customers. While these questions relate to different characteristics of the BSB Assessment Framework (they inform scores on respect, openness, reliability and responsiveness), we also bring them together and analyse them as a set of ‘customer focus’ questions. The six questions, and the way in which respondents answered them in 2018, are shown in figure 42. As with the pattern across Survey scores in general, scores on the customer focus cluster of questions were stable in 2018 after improvements the previous year.

Fig. 42 BSB Survey 2018 responses to customer-related questions (Q9, Q11, Q23, Q24, Q32 and Q33)



In 2018, we asked focus group participants in Retail (24 focus groups) and Commercial Banking (seven focus groups) to tell us about what their firms were doing well and less well on the topic of customer focus.

A range of practices and issues were mentioned by participants in the context of these discussions. Having identified and categorised these practices, we analysed what was said in each focus group to get a sense of whether the balance of views on each practice or issue was positive, mixed or negative, or of course if no views were expressed at all. Having determined the frequency of each practice and issue reflected by focus groups, we then aggregated these to give us a picture across both Retail and Commercial Banking of those that were most prevalent. This picture is shown in figure 43.

This approach does not take account of the proportion of employees in each area of a firm, or the size of

the firm in the sector. It also reflects only the extent to which issues were mentioned and whether the context was, on balance, positive or negative; it does not try to take into account the strength of feeling involved or the numbers within the focus group holding that view. It may, nevertheless, be useful to firms in confirming or informing their understanding about the issues employees see as constraining or supporting them in serving customers well.

Fig. 43 Analysis of qualitative evidence gathered from focus groups on customer focus



Complex internal systems and processes, and outdated technology, were the factors most commonly cited by focus group participants as problematic. They said that dealing with customers was often systems driven, making it difficult to meet customers’ needs flexibly, and that teams and departments could be reluctant to take ownership of customer issues that did not fit neatly prescribed criteria, creating delays in responding. That sentiment on this issue was particularly negative in Commercial Banking, is consistent with the BSB Survey results. In 2018, Survey respondents in Commercial Banking were more likely than those in any other business area to describe their firm as bureaucratic (Q37), while 62% — compared to 55% of all employees — said that internal practices and processes were a barrier to continuous improvement (Q31).

At the opposite end of the sentiment scale, focus group participants in both Retail and Commercial Banking were most positive about the methods and tools that their firms had developed to provide information in appropriate ways to a range of customers. This is again consistent with the Survey results. In 2018, 88% of respondents said that people in their firm were encouraged to provide information to customers in a way that helped them make the right decision, with only 2% disagreeing (Q11).

One additional factor that was mentioned by focus groups in both Retail and Commercial Banking when discussing customer focus, but that did not lend itself to being captured in a simple positive/negative sentiment balance and so is not included in figure 43, was performance management — the firm’s approach and the metrics used. Reward and incentive structures are an important influence on behaviour. As Dr Celia Moore observed at a BSB breakfast event in 2018, if individuals are presented with a mixed basket of objectives, most of which are qualitative and one of which has a number attached to it, they will be more likely to focus on the one with the number. Employees talked about the increased emphasis now being given to the quality of customer relationships (as opposed to just the quantity) in reward structures, which they saw as facilitating good customer service. Discussions in some focus groups, however, also suggested that where sales targets had been removed, they sometimes seen as remaining implicit in practice; something that firms will wish to be alert to.

WELLBEING

The personal resilience and wellbeing of employees in the banking sector has been a theme of the BSB's work since we opened for membership in 2016. We explored this topic in some detail in our Annual Review 2017/2018, available on our website at: <https://www.bankingstandardsboard.org.uk/annual-review-2017-2018>. Employee wellbeing should matter first and foremost to firms in their capacity as good employers. It is also, however, an important factor in the firm's ability to serve its customers, clients and members well. Personal resilience describes the ability of individuals to recover quickly from difficulties and shocks. A substantial body of medical, neurological and business research attests to the debilitating effect of stress, excessive pressure, exhaustion and poor wellbeing on people's ability to exercise judgement, gauge and manage risk, and maintain high standards of behaviour and competence. As was noted by Dr Paul Litchfield, Chair of the What Works Centre for Wellbeing, at a BSB member event designed to facilitate the sharing of experience and practical lessons on wellbeing, the benefits of improved wellbeing are often perceived primarily in terms of reducing the cost of illness-related absence. Far more important to the firm and the economy as a whole, however, is the boost that good wellbeing and resilience give to productivity. From whatever angle you approach it, employee wellbeing matters; the results of successive BSB Assessments are not, in this context, reassuring.

This is not to say that firms and others have not been investing considerable time and resource in this issue. Many have, and we have seen many good examples of work underway in member firms (in particular with respect to mental health), and of firms working with other organisations and learning from good practice and initiatives outside the banking sector.

Given, however, as we shall see in this section, the entrenched nature of the challenge, more needs to be done to identify and address the underlying causes. A visualisation of the factors that evidence suggests affect wellbeing can be found here: <https://www.bankingstandardsboard.org.uk/bsb-highlights-eight-areas-of-focus-that-promote-employee-wellbeing-and-personal-resilience>. We have spoken, worked with and learned from a wide range of leading organisations and experts over the past year in order to help firms identify practical steps and channel their efforts most effectively. We are particularly grateful in this context to, among others, the What Works Centre for Wellbeing, the Chartered Institute of Personnel Development, City Mental Health Alliance, the City of London Corporation and Mind.

Turning to the results of our Survey, 44% of banking employees said in 2018 that they felt under excessive pressure to perform in their work (Q28); another 19% neither agreed nor disagreed (figure 44). These proportions are identical to those of 2017. A 2016 comparison is not available for this question, as its wording was adjusted in 2017, having previously referred to feeling under 'considerable' pressure.

Fig. 44 BSB Survey Q28 'I often feel under excessive pressure to perform in my work', at firm level 2017 and 2018

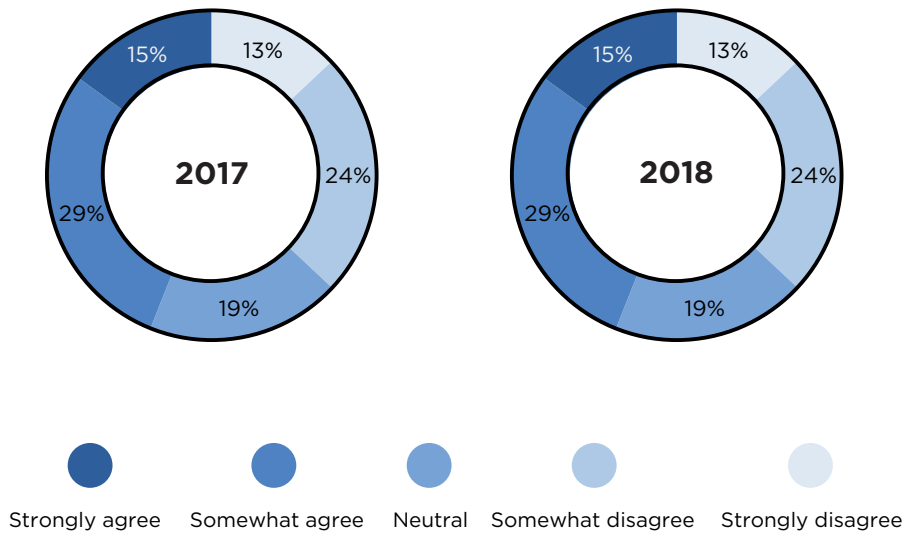
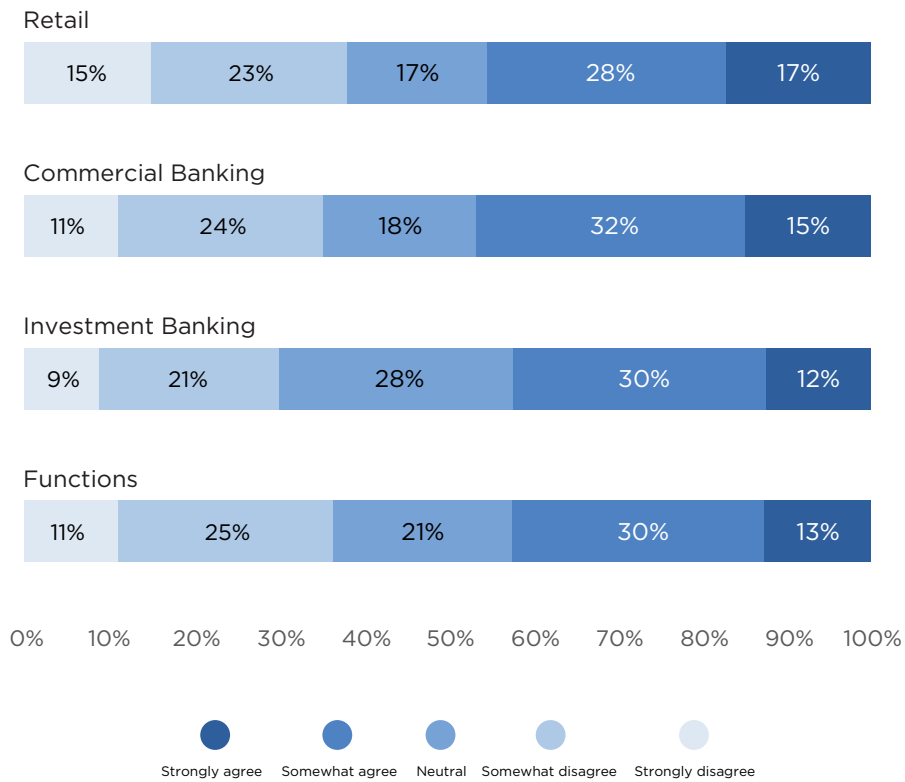
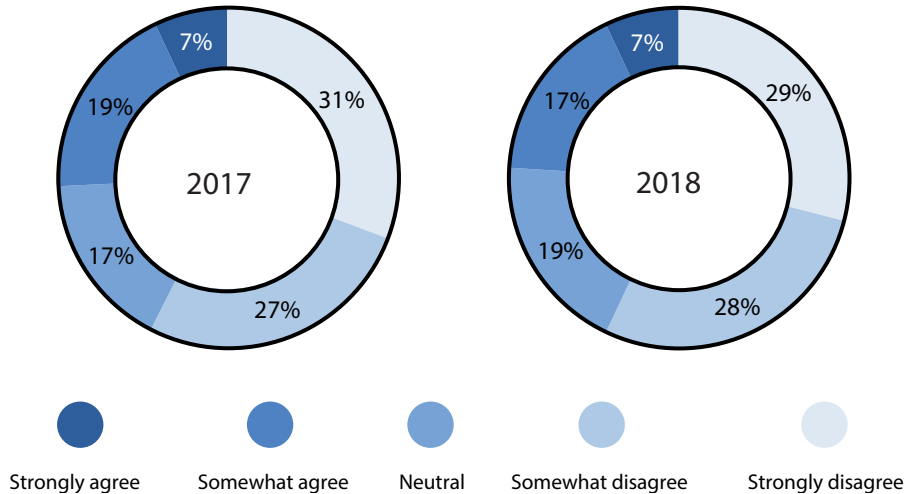


Fig. 45 BSB Survey 2018 Q28 'I often feel under excessive pressure to perform in my work', by business area



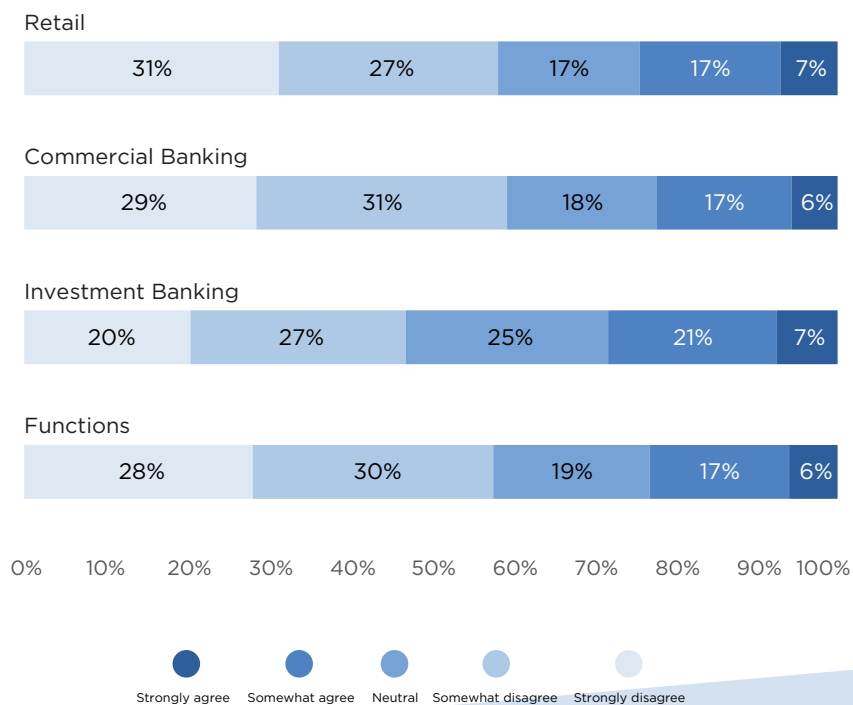
Q29 of the Survey asks whether working at their firm has a negative impact on the respondent’s health and wellbeing. Around a quarter of employees said in 2018 that it did (24% in 2018, from 26% in both 2017 and 2016). Fewer than three in five said that it did not (figure 46).

Fig. 46 BSB Survey Q29 ‘Working in my organisation has a negative impact on my health and wellbeing’, at firm level 2017 and 2018



By business area, the highest proportion of people who said that working at their firm was bad for their health and wellbeing was found in Investment Banking (figure 47). This area also had the highest proportion of people who neither agreed nor disagreed with the statement in Q29. Within Investment Banking, the highest proportion of people who said that working in their organisation had a negative impact on their health and wellbeing was found in Global Banking (including Mergers & Acquisitions).

Fig. 47 BSB Survey 2018 Q29 ‘Working in my organisation has a negative impact on my health and wellbeing’, by business area



In 2018 we asked an additional question of the 24% of Survey respondents who said that work was having a negative impact on their health and wellbeing, to help us understand what might be causing this.

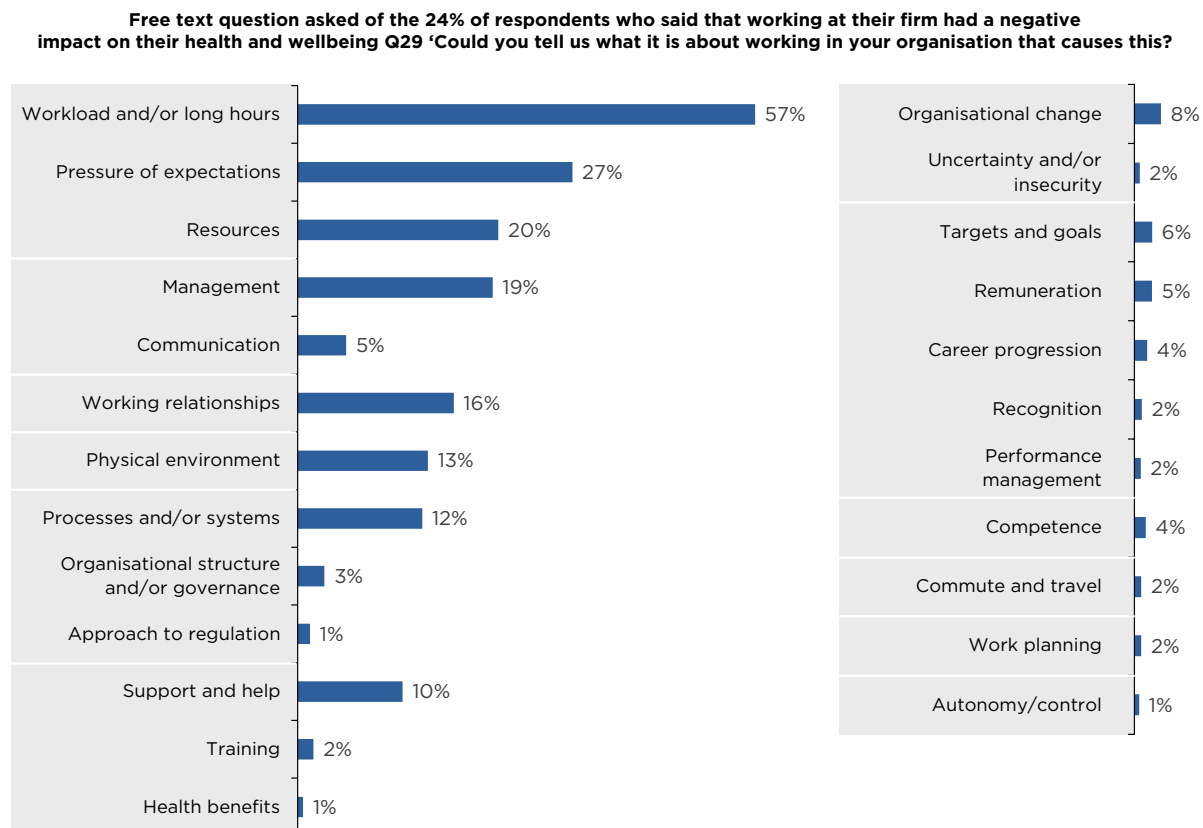
This question was, ‘In an earlier question you said that working in your organisation was having a negative impact on your health and wellbeing. Could you tell us what it is about working in your organisation that causes this?’ We received more than 17,000 free text responses, which we analysed and categorised.

As figure 48 shows, the most common contributory factors related to workload, pressure of expectations, and resources. Of the 24% of Survey respondents who felt that working at their firm had a negative impact on their health and wellbeing, over half cited workload as a problem. Also frequently mentioned were issues relating to management, working relationships, the physical environment and organisational change.

The categories of issue identified in figure 48 are clearly overlapping; a problem of workload, for example, may also be linked to issues of resources, management or systems. This is the first time, however, that we have been able to provide firms with direct feedback on what employees say is behind this important issue.

The 2018 results alone do not provide all the answers. They do, however, pose a clear challenge to firms. Issues around workload or expectations for example are primarily organisational factors; they are, by and large, in the control of the firm rather than the individual employee. Helping and encouraging employees to have a healthy lifestyle is valuable, and we have seen evidence of excellent initiatives in this space. What figure 48 shows, however, is that it is important in supporting employee wellbeing not to focus solely on personal lifestyle factors and overlook organisational factors. Support for healthy eating or sleeping, for example, may be of limited benefit in the context of long or unpredictable hours or an unmanageable workload.

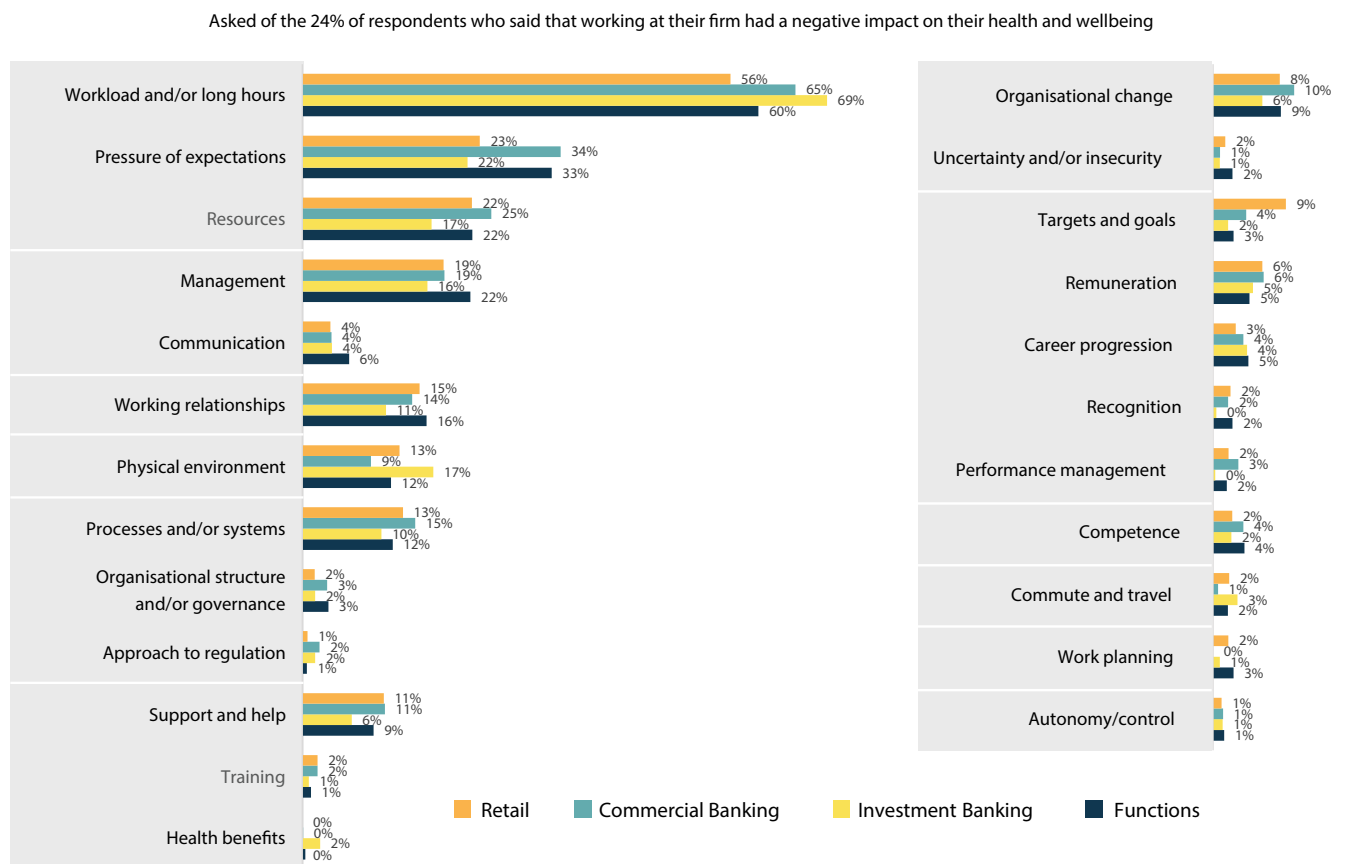
Fig. 48 BSB Survey 2018 additional question — Q29a ‘Could you tell us what it is about working in your organisation that causes this?’, by factor



Turning to some of the contributory factors identified in figure 48 in more detail, workload and/or long hours was the factor most commonly cited by employees as having a negative impact on their health and wellbeing. This was the case not only across all those who responded to this question, but within each business area. Its incidence was particularly marked in Investment Banking (figure 49).

Respondents from Commercial Banking and Functions were more likely than those in other business areas to mention the pressure of expectations, and Retail was a notable outlier on targets and goals (categorised separately here to the pressure of expectations, but perhaps related to it).

Fig. 49 BSB Survey 2018 additional question — Q29a ‘Could you tell us what it is about working in your organisation that causes this?’, by factor and business area



Many firms have told us about how they have moved away from sales targets and incentives; changes that employees, when we have spoken with them in focus groups over the course of successive Assessments, have also mentioned and generally welcomed. As noted in our analysis of the issues raised by focus group participants in 2018 with respect to customer focus, however, some employees see such targets as still implicit in practice, and the responses to our additional wellbeing question are consistent with this perception.

Of the quarter of employees overall who said that working at their firm had a negative impact on their health and wellbeing, 6% referenced targets and goals. We do not know the nature of the targets or goals referred to, and they may bear no relation to sales volumes or financial metrics. There are also marked differences by business area. The 6% who referenced targets and goals rose to 9% in Retail and, within Retail, to 15% in Retail Branch. Differences were also evident between firms. As noted, 15% of Retail Branch employees who said that working at their firm had a negative impact on their health and wellbeing, referred to targets and goals as a factor. By individual firm, however, this proportion ranged from 6% in the firm at the low end of the spectrum, to 22% in the firm at the other. The issue of targets and goals may be one of perception or of substance. Either way, it is one that firms will wish to address.

We are continuing to analyse the data available from the Survey in order to gain as much insight from it as possible on issues relating to wellbeing, and look forward to working with firms and partner organisations on practical steps arising from this work as the year progresses.

NEXT STEPS

Drawing on both our Assessment findings and our wider work with firms, we have identified a number of new and ongoing themes that will shape our work in 2019/2020.

There were, of course, a much larger number of potential themes that emerged from our analysis and that could be explored. Not every potential area of interest can or should, however, be undertaken by the BSB. To ensure that we prioritise effectively and use our resources efficiently, whatever we do must be:

- appropriate, given the BSB's scope and our remit of helping to raise standards of behaviour and competence across the UK banking sector in the interests of customers, clients, members, employees, the economy and society as a whole;
- substantive enough to make a difference;
- timely and relevant;
- realistic, given our capacity and capability; and
- genuinely useful — avoiding duplication of work already being done well, or where BSB involvement would add little practical value.

Taking all of these considerations into account, we plan to focus over the coming year on three themes:

- decision-making – using both the BSB Survey and other approaches to understand better the connection between decision-making, a firm's social purpose and outcomes.
- technology and culture – digging down into the perspectives of the people who design and manage technology for our member firms and their customers or members.
- speaking up and listening – collaborative work to understand best practice and to share it.

Alongside this, we will continue with work already underway (and described in our last Annual Review and other BSB publications over the year), on employee wellbeing, effective implementation of the Certification Regime and articulating what 'good' looks like for consumers of banking services.

In all of these areas, we will continue to facilitate the sharing of learning and experience across member firms through BSB events and our Member Forum, and introduce perspectives also from outside the sector. As we continue to analyse the cumulative body of Assessment data and work with member firms and with other organisations (both within and outside the UK banking sector), further topics and issues may of course emerge, and our work programme will accordingly be kept under review.

We are continuing to develop the BSB Assessment exercise with a view to making it ever more useful to member firms. We expect this process of continuous improvement to include, over the coming year, new information-gathering and analytical techniques, and the quicker provision to firms of Survey reports.

That the Survey was run in 2018 across different countries (including Ireland, for the new Irish Banking Culture Board) and with some non-banking business areas of global banking groups, demonstrated the scalability and applicability of the exercise. While designed with the UK banking sector in mind, the issues that the Survey explores are not unique to any specific sector or jurisdiction, and we would be happy to discuss its broader application with interested firms or organisations over the coming year.

ANNEX A — ABOUT THE BSB

What is the BSB?

The Banking Standards Board (BSB) was established in April 2015 with the aim of helping to raise standards of behaviour and competence across the UK banking sector. It is a non-statutory, voluntary membership body open to all banks and building societies operating in the UK.

The BSB was set up following the report by the UK Parliamentary Commission on Banking Standards into the events that precipitated and exacerbated the financial crisis. Its Chairman, Dame Colette Bowe, was appointed by Bank of England Governor Mark Carney in November 2014 for a five-year term, and its Board announced in April 2015. The new organisation opened its doors to membership from across the sector in January 2016. It is the boards of banks and building societies, with their primary responsibility for culture, that take the decision about whether to join the BSB.

The composition of the BSB's Board reflects its remit and its focus on customer and societal outcomes. The organisation is funded by its members not to represent them, but to inform and challenge them; it speaks with and about, but never for, its member firms. A majority of BSB Board members are, accordingly, appointed from outside the sector. These non-practitioner members (who include the Chairman and Deputy Chairman, Sir Brendan Barber) bring expertise and authority to the Board and ensure its independence and impartiality. Practitioner members, meanwhile, are drawn from across the banking as well as the investor spectrum and bring both a professional and personal commitment to the role.

Given the diversity of a sector that spans banks and building societies, foreign branches and subsidiaries, and retail and investment firms, the BSB engages with a wider range of both firms and partner organisations. We have worked with professional bodies, training providers, industry bodies, other industry organisations (e.g. the Fixed Income, Currencies and Commodities Markets Standards Board), academic institutions, think tanks, regulators, policy makers and professional networks, both in the UK and globally. We aim to work creatively, effectively and efficiently. This includes avoiding duplication of what is already being done well, and stepping in to inform, facilitate, innovate and challenge, and (equally importantly) stepping back again as appropriate to avoid fragmentation or complexity.

Find out more about the BSB Board, please see <https://www.bankingstandardsboard.org.uk/meet-the-board/>

Trustworthiness and culture

The BSB does not exist to encourage trust in the banking sector, but to help raise the trustworthiness of the sector; a very different proposition. The onus is not on customers, members and clients to trust the firm, but on banks and building societies themselves to demonstrate through their actions that they are worth of being trusted. These actions need to encompass the broad spectrum of competence, behaviour and culture.

When we talk about culture in this context, we mean the way that things get done within an organisation; the assumptions, values and expectations that shape the way in which people behave in a group (and which may be very different to how they behave in other groups, or on their own). These assumptions, values and expectations will influence the way in which people identify, communicate and respond to incentives.

¹ <http://www.parliament.uk/business/committees/committees-a-z/joint-select/professional-standards-in-the-banking-industry/news/changing-banking-for-good-report/>

Similar objectives, strategies, business models, responsibility maps and reward structures may produce different results in firms with different cultures. Understanding and managing the culture of the firm it

leads is therefore a core responsibility of any board. It is one that cannot be delegated to regulators, policy makers or a specific function within the firm such as compliance, risk or human resources.

The responsibility that boards of banks and building societies have for managing culture is, given the size and inter-connectedness of the UK banking sector and its centrality to the economy and society, particularly important. A successful, dynamic UK economy needs a secure, reliable and trustworthy banking sector. Higher standards of behaviour and competence matter also for the wellbeing and fulfilment of the many people who work in banks and building societies across every part of the UK. A banking sector that neither demonstrates nor aspires to high standards lets down its customers, members, investors and all who give the sector its 'social licence' to operate.

While every firm shares responsibility for the trustworthiness of the sector of which it is a part, the starting point for each individual firm and the challenges it faces will, of course, be different. For some, the challenge may be about changing and improving their culture; for others, maintaining that culture in a context of changing technology, markets, customer preferences, demographics, competition or other external factors. For others still, aligning local, national and global cultures, or creating the 'right' culture in a newly established firm (or not losing it as the firm expands or restructures). The particular combination of challenges facing each board and executive team will be as individual as the firm, and will itself change over time.

The BSB approach

Work to raise standards and demonstrate trustworthiness requires not only determination but also information. Boards and executive teams need evidence that can help them to identify what needs to be done, prioritise competing demands, determine actions and timescales, and establish a baseline against which progress can be measured.

While every firm is different, some of the issues each faces will nevertheless be shared. Banks and building societies can learn from each other, as well as from firms in other sectors, about how to address such issues in the most effective and efficient way, challenging themselves, and building better business models for their customers, members and clients.

The BSB's assessment and policy work are intended to provide member firms with the evidence, support and challenge to help them achieve and maintain high standards of behaviour and competence, individually and collectively. Underpinning this dual approach is a framework of nine characteristics, both ethical and professional, that we would expect to lead to good outcomes for customers, members, clients, employees or investors and the economy and society as a whole; characteristics that we would therefore expect to be associated with any good culture in banking.

Our Assessment does not assess firms against a template of what a 'good' culture looks like. There is no uniquely good (or bad) organisational culture against which all others can be measured. Firms with very different cultures can produce equally good or bad outcomes for customers and clients and more broadly.

We do not, therefore, set out to measure or rank culture directly. Rather, we ask how far each of our nine characteristics is demonstrated by the firm and relative to other firms. We would expect a firm that strongly exhibited our nine characteristics to be better equipped and more likely to service its customers, members and clients well, than one in which these elements were lacking.

Fig. 53 BSB Assessment Framework

The nine characteristics against which firms are assessed are honesty, respect, openness, accountability, competence, reliability, responsiveness, personal and organisational resilience, and shared purpose.



If these characteristics appear obvious and fundamental, that is precisely as it should be. They are characteristics that customers, members or clients should be able to take for granted as being not only present, but present to a very high degree in any bank or building society that they entrust their money to or deal with, irrespective of the firm’s size, business model, market segment, age, ownership structure or location. Furthermore, given the importance of the banking sector to the economy and the systemic nature of the sector, the public as a whole also has the right to expect the same of every bank or building society operating in the UK, whether or not they engage with it personally and directly.

Assessing firms against our nine characteristics and exploring areas of both strength and weakness, reveals issues relevant to both individual firms and to firms collectively. At the individual firm level, the results of the Assessment are given to each board and discussed with the firm. The BSB does not publish firms’ Assessment reports. It is the responsibility of each board and executive team to decide how to act on and share (e.g. with employees and regulators) the contents of their report.

Members firms join the BSB and engage in the Assessment in order to learn and continuously improve.

Participation in the Assessment, with its cross-firm benchmarking and detailed reporting, demands a readiness on the part of board members and the executives to be self-critical and to ask questions of themselves and their employees that may elicit unexpected and unwelcome answers. A far more comfortable option would be to avoid asking such questions in the first place. BSB membership is voluntary; it is also challenging.

While individual firm reports are owned by the firms concerned, the BSB is committed to publishing evidence of what it finds at the cross-firm level, and identifying the issues and themes that in turn inform its policy work.

The Assessment is, by its nature, undertaken with firms individually. The BSB's policy work, in contrast, focuses on collective challenges that may not necessarily be shared by all firms but will be common to many.

Drawing on evidence from the Assessment and elsewhere, the BSB works with firms to understand better the issues identified and to develop appropriate policy responses, including developing good practice guidance. Good practice guidance, it should be noted, does not impose any legal or regulatory obligation and is not a standard that sets a minimum requirement; nor does the BSB operate on a 'comply or explain' basis. Rather, good practice guidance allows member firms and others in the sector to reference their own policies and procedures against a statement of what 'good' looks like. Guidance is developed in partnership with BSB members and represents a pooling of knowledge and experience. This is an approach that, to be effective, requires firms to be genuinely committed to a culture of continuous improvement; a commitment consistent with the voluntary nature of BSB membership.

In developing its policy work the BSB aims to be innovative, challenging, objective and collaborative, making full use of the flexibility afforded to it by its non-regulatory status. We work not only with firms but a broad range of stakeholders from across industries, consumer organisations, civil society, non-profits, the public sector and academia.

ANNEX B — THE BSB ASSESSMENT OF CULTURE, BEHAVIOUR AND COMPETENCE

Overview of the BSB Assessment

The Assessment exercise asks how far the nine characteristics of the BSB framework are demonstrated within a firm. Repeated annually, it provides boards with an impartial, evidence-based picture of the culture of their firm; not only over time and across different business areas, but also relative to other firms. These multiple perspectives, combined with other internal and external data used by firms, equip boards and executive teams better to gauge progress, set priorities and learn from good practice both within the firm and (including through our policy work) across firms.

The Assessment approach was developed by the BSB, working with leading academics in the fields of organisational psychology and ethnography from the London Business School and the London School of Economics and with strategy consultants. It comprises both a quantitative element (generated from an employee Survey) and a qualitative dimension (including e.g. focus groups, interviews and board questions) that allows the Survey results and any broader themes to be explored in more detail.

All participating firms engage in the Survey, the data from which provides benchmarked results by firm and business area.

Each firm receives its own Survey results, including (assuming that response rates are high enough to be statistically representative of the relevant populations, and, where at least seven firms can be compared) a comparison of its scores on each characteristic and question, with the range of scores of all relevant participating firms. These comparisons are provided not only at a firm level, but also (where relevant to the firm) for Retail, Commercial Banking, Investment Banking and Functions, and at the next level down (e.g. within Retail, for Retail Branch, Private Banking, Business Banking or Retail Other).

Comparisons in each case include a range and quartile against the equivalent category across all relevant firms, though without revealing the identity of any individual firm. The results for retail banking at firm A, for example, are compared with those for Retail at all assessed firms with a retail banking business.

Firms that take part in both the Survey and the qualitative elements of the Assessment receive fuller findings and analysis.

The consistency of the Survey questions (and the nine characteristics of the underlying framework) is central to enabling a dynamic picture to be built up over time, both at and within individual firms and across firms. The qualitative aspect of the Assessment may, in contrast, vary from year to year depending on the themes explored and the most appropriate way of approaching these.

In 2017, we amended a very small number of questions to reflect our learning from the first year of having run the Survey. Where questions are amended, this is always made clear to avoid incorrect comparisons being drawn. We may also ask in any year, a small number of additional, one-off questions to explore further particular issues or themes.

We continue to explore new measurement techniques, as well as whether and how to incorporate firm or third-party information into the Assessment, to ensure that the exercise remains valuable for firms and for their customers, clients, members and employees.

The Assessment methodology

In 2018 the BSB conducted its third annual Assessment. This exercise asks how far the nine characteristics of the BSB framework are demonstrated within a firm, and uses both quantitative and qualitative evidence to inform the answer. Quantitative evidence is gathered through an Employee Survey, the results of which provide firms with comparative results both over time and against other firms. Qualitative evidence was drawn in 2018 from written submissions by firms' boards, interviews with non-executive directors and executives, and employee focus groups.

26 member firms took part in the Survey in 2018 (from 25 in 2017, and 22 in 2016). Of these 26, nine firms also participated in the qualitative part of the Assessment. The firms that took part in 2018 were (with those that participated in the qualitative exercise as well as the Survey highlighted in bold):

Atom Bank, Bank of Ireland, **Barclays**, Buckinghamshire Building Society, **Cambridge and Counties Bank**, Charity Bank, **Citi**, Co-op, CYBG, Ecology, Handelsbanken, **HSBC**, **Lloyds Banking Group**, Morgan Stanley, **Nationwide**, OneSavings Bank, Paragon Bank, Penrith Building Society, **RBS**, Redwood Bank, **Santander**, **Standard Chartered**, State Bank of India, Tesco Bank, Unity Trust Bank and Vanquis Bank.

The BSB Employee Survey

The BSB Employee Survey consists of 37 questions (Annex C). Questions 1 to 36 each correspond to one of the nine characteristics of the Assessment framework. Question 37 invites respondents to enter three words describing their firm in a free text box.

The questions explore employees' perceptions, observations and beliefs about their firm's culture, drawing on personal experience. Questions 1 to 36 are both positively and negatively framed to reduce the risk of acquiescence bias (the tendency of Survey participants to agree with questions) and, apart from the first and last few questions, are presented in a randomised order.

The Survey is run in each firm in the same way, to reduce as far as possible any firm-specific framing effects that might bias answers. It is not carried out as part of or in conjunction with any other Survey or exercise, and has a set appearance and format that positions it clearly as an externally run BSB Survey. Employees completing the Survey do so completely anonymously; the BSB does not know respondents' individual identities, and results are presented to firms in a way that avoids any risk of attribution.

In developing and refining the Survey we conducted cognitive testing with a number of employees across business lines at a diverse set of firms.

Questions 1 to 36 of the Survey use a five-point Likert scale, i.e. strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, strongly disagree. The answers to each question are converted into a score on a scale of 0 to 100, (with 100 representing a situation in which all respondents strongly agreed with a positively framed statement, or strongly disagree with one that was negatively phrased)². The scores for the individual questions relevant to each of the nine Assessment characteristics are then combined (giving equal weight to each of the relevant questions) to give a score of 0 to 100 for each characteristic.

The Survey can be run on either a census basis (i.e. sent to everyone in the firm) or on a sample basis.

In practical terms, the latter approach is used only in larger firms, as the sample required in a smaller firm would be close to the entire population of that firm. Some larger firms that began in 2016 with a sampling approach have subsequently decided to send the Survey to all of their employees.

2. The scores on a scale of 0 to 100 are calculated after applying weights evenly from 0 to 1 to each of the five possible Likert scale responses, i.e. 0, 0.25, 0.5, 0.75, 1. The weighting is reversed for negatively framed questions. This means that a higher score in the results presented always means a more positive outcome irrespective of whether the question is positively or negatively framed.

Where a sample approach is used, the number of respondents needed is determined by what is required to provide statistically representative results and comparisons to firms at the level of individual business lines and functions (i.e. not just at the level of the firm as a whole).

In 2018 the Survey was sent to 188,050 people at 26 firms and received 72,024 responses. This level of responses means our results for individual firms have relatively small margins of error; we can be confident that the views expressed by responding samples are unlikely to be different to the views of the populations they are meant to represent³. In 2017 the Survey was sent to 106,092 people at 25 firms and received 36,268 responses. In 2016, the Survey was sent to 81,747 people at 22 firms and received 28,113 responses (again, in both years, allowing high confidence in the results).

Each firm receives its own Survey results for the organisation as a whole and for different parts of it, and is able to compare its scores for each characteristic and question with those of all other participating firms. Other firms are not identified in a firm's own report.

The Survey results are provided on an interactive dashboard. Firms can see the Survey score for their whole organisation, with a rank and quartile position compared to other participating firms. They can also see the question and characteristic scores for each of their business areas, benchmarked against all other firms with comparable business areas. Firms are also able to analyse the data by some demographic characteristics, though the dashboard prevents the data being cut in any way that would create a risk of attribution for respondents.

With their results displayed in this way, boards and executive teams can see where specifically they are performing well against their peers and where there is room for progress. The annual nature of the exercise, using the same methodology, allows them also to gauge progress over time.

In any one year we may also include additional Survey questions to gather more information on a particular theme. In 2018 we included three such questions (see Annex C), all of which were presented to respondents after questions 1 to 37 had been asked. Additional questions do not feed into the scores of firms or affect comparative rankings.

Gathering qualitative evidence

Nine firms took part in the qualitative aspect of the Assessment in 2018, and evidence for this was gathered in three ways: board questionnaires, interviews with non-executive directors and executives, and employee focus groups.

Board questionnaires

The BSB Chairman wrote to the chairs of each of the nine firms in 2018, asking the following questions.

- Last year, you outlined for us your priorities on organisational culture for 2017/18. How do you feel you have progressed against these priorities?
- Do your priorities remain the same for 2018/19, or have they changed, and why?

The boards' responses provided firm-specific context to inform our interpretation of the wider evidence received.

3. The scores on a scale of 0 to 100 are calculated after applying weights evenly from 0 to 1 to each of the five possible Likert scale responses, i.e. 0, 0.25, 0.5, 0.75, 1. The weighting is reversed for negatively framed questions. This means that a higher score in the results presented always means a more positive outcome irrespective of whether the question is positively or negatively framed.

Interviews with non-executive directors and executives

As part of our qualitative information gathering exercise we also interviewed in 2018 12 non-executive directors (NEDs) and 59 executives from across the nine participating firms. Interviews were semi-structured and covered:

- culture change at the firm during the previous 12 months;
- priorities for the coming 12 months;
- questions relating to diversity and inclusion, customer focus, the relationship between control functions and business areas, the implications of possible future changes to the banking industry and a range of firm-specific themes; and
- any other cultural or behavioural topics that the interviewee wished to discuss.

These interviews at a senior level helped us to understand the perspectives of individual NEDs and executives, including what they felt was going well and anything that they considered needed to change.

Focus groups

The third and very important aspect of the qualitative Assessment in 2018 (as in previous years) was hearing from employees about their firm's culture through focus group discussions. In 2018, we also explored with focus groups the themes of diversity and inclusion, customer focus and the relationship between control functions and business areas.

Each focus group was firm-specific (i.e. participants were in each case from the same firm). Employees were from a mixture of junior and middle levels of seniority, and we asked in each case that no participant's line manager was part of the same focus group. We conducted 89 focus groups in 2018, involving 837 employees from different business areas across the nine participating firms. The focus groups were facilitated by a third party; the BSB itself does not receive or hold information on the identities of the individuals who participate (other than the business area(s) or part(s) of the firm that each focus group is drawn from).

ANNEX C — 2018 BSB EMPLOYEE SURVEY QUESTIONS

Honesty	Respect	Openness	Accountability
<p>Q1 I believe senior leaders in my organisation mean what they say.</p> <p>Q2 In my organisation I see instances where unethical behaviour is rewarded.</p> <p>Q3 My colleagues act in an honest and ethical way.</p> <p>Q4 It is difficult to make career progression in my organisation without flexing my ethical standards.</p>	<p>Q5 At my work I feel that I am treated with respect.</p> <p>Q6 At my work people seek and respect different opinions when making decisions.</p> <p>Q7 In my organisation Risk and Compliance are both respected functions.</p> <p>Q8 In my organisation we are encouraged to follow the spirit of the rules (what they mean, not just the words).</p> <p>Q9 I believe my organisation puts customers at the centre of business decisions.</p>	<p>Q10 In my experience, people in my organisation are truly open to review and feedback from external sources.</p> <p>Q11 In my organisation people are encouraged to provide customers with information in a way that helps them make the right decisions.</p> <p>Q12 In my experience, people in my organisation do not get defensive when their views are challenged by colleagues.</p> <p>Q13 In my organisation I am encouraged to share learnings and good practices with others.</p> <p>Q14 If I raised concerns about the way we work, I would be worried about the negative consequences for me.</p>	<p>Q15 In my experience, people in my area clearly understand the behaviour that is expected of them.</p> <p>Q16 I believe senior leaders in my organisation take responsibility, especially if things go wrong.</p> <p>Q17 I see people in my organisation turn a blind eye to inappropriate behaviour.</p> <p>Q18 I see people in my organisation try to avoid responsibility in case something goes wrong.</p> <p>Q19 I feel comfortable challenging a decision made by my manager.</p>

Competence	Reliability	Resilience	Responsiveness
<p>Q20 In my experience, people in my organisation have the skills and knowledge to do their jobs well.</p> <p>Q21 In my role, I am encouraged to continually learn new skills and improve my role-specific knowledge.</p> <p>Q22 I am confident in the ability of people in my area to identify risks.</p>	<p>Q23 When my organisation says it will do something for customers, it gets done.</p> <p>Q24 I see the people I work with go the extra mile in order to meet the needs of our customers.</p> <p>Q25 When people in my organisation say they will do something, I can rely on them getting it done.</p>	<p>Q26 In my experience, people in my organisation are good at dealing with issues before they become major problems.</p> <p>Q27 My organisation focuses primarily on short term results.</p> <p>Q28 I often feel under excessive pressure to perform in my work.</p> <p>Q29 Working in my organisation has a negative impact on my health and wellbeing.</p>	<p>Q30 I believe that my organisation responds effectively to staff feedback.</p> <p>Q31 Our internal processes and practices are a barrier to our continuous improvement.</p> <p>Q32 I believe that my organisation responds effectively to customer feedback.</p> <p>Q33 I believe that my organisation encourages innovation in the best interests of our customers.</p> <p>Q34 I have observed improvements in the way we do things based on lessons learnt.</p>

Shared Purpose
Q35 My organisation's purpose and values are meaningful to me.
Q36 There is no conflict between my organisation's stated values and how we do business.
Free text question
Q37 What 3 words would you use to describe your organisation?

Additional questions for 2018

Speaking up	
<p>Q39 Have you wanted to raise concerns at your organisation over the last 12 months? (If yes, please select the one issue that concerned you most.)</p> <ul style="list-style-type: none"> • No, I have not wanted to raise concerns at my organisation over the last 12 months • Yes, relating to actions not in the best interests of customers, clients or members • Yes, relating to actions that damage market integrity • Yes, relating to ignoring internal policies and procedures • Yes, relating to sexual harassment • Yes, relating to bullying • Yes, relating to discrimination • Yes, relating to something else [please specify] 	<p>Q39a [Only asked of respondents who answered that they had a concern to Q39]</p> <p>Did you raise your concerns about the issue?</p> <ul style="list-style-type: none"> • Yes • No • Prefer not to say <p>Q39b [Only asked of respondents who answered 'yes' that they had raised their concerns to Q39a]</p> <p>Do you feel your concerns were (or are being) listened to and taken seriously?</p> <ul style="list-style-type: none"> • Yes • No • Don't know <p>Q39c [Only asked of respondents who answered 'no' that they had not raised their concerns in the earlier question to Q39b]</p> <p>What was it that stopped you from raising concerns about the issue? (Please select one or more of the statements below.)</p> <ul style="list-style-type: none"> • I did not know who to raise concerns to • I did not trust the process to keep my concerns secure and confidential • I felt that nothing would happen if I did raise concerns • I felt it would be held against me if I raised concerns • I felt it would make my manager or team look bad if I raised concerns • I felt it would make me look bad if I raised concerns • I did not raise concerns as no one else does this in my organisation • I did not raise concerns for other reasons (not covered above)

Perceptions of gender equality	
<p>Q40 How far do you agree or disagree with the following statement:</p> <p>People have equal opportunities in my organisation regardless of their gender.</p> <ul style="list-style-type: none"> • Strongly agree • Somewhat agree • Neither agree nor disagree • Somewhat disagree • Strongly disagree 	<p>Q40a [Only asked of respondents who 'somewhat disagreed' or 'strongly disagreed' with Q40]</p> <p>Which of the following statements do you feel best describe your organisation?</p> <ul style="list-style-type: none"> • Men have greater opportunities in my organisation • Women have greater opportunities in my organisation • Other [please specify]
Wellbeing	
<p>Q29a [Only asked of respondents who 'strongly agreed' or 'somewhat agreed' to the statement in Q29: 'Working in my organisation is having a negative impact on my health and well-being']</p> <p>In an earlier question you said that working in your organisation was having a negative impact on your health and well-being. Could you tell us what it is about working in your organisation that causes this?</p> <p>(Your comments, along with all of the other Survey responses we receive, will help us understand better the factors that may have a negative impact on health and well-being in your organisation and in the banking sector.)</p> <ul style="list-style-type: none"> • [free text box] 	

ANNEX D— METHODOLOGY USED IN THIS ANNUAL REVIEW

Methodology for quantitative analysis

We use a series of regression analyses and additional tests to analyse the quantitative data obtained from the Survey.

Regressions

The 36 questions that form our core Survey are answered on a five-point Likert scale (strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, strongly disagree). This is an ordinal scale, i.e. one where responses can be sorted by a rank order. The primary regression model we apply to the data is therefore an ordered logit model.

Regressions are run for every question separately (so there are 36 different regressions for the 36 Survey questions), and at the level of the individual respondent. Using data from 2016, 2017 and 2018, we ran our models across a total of 136,414 lines of data.

To understand what explains the variation in responses to the Survey questions, we use the demographic and institutional data we gather from Survey respondents relating to gender, tenure, location, role type, business area and firm. We control for firm specific-effects in all our regression models by including (1,0) dummy variables, which identify the firm a respondent is from. We do not, however, report the results of individual firm-specific results in this public report.

We also include a year dummy variable to understand whether responses to our questions differ across years. The regressions that we run are weighted so that the results are representative of the population of participating firms. Some firms follow a sampling approach for the Survey, others send the Survey to their entire populations. Samples in any case are non-linearly related to population sizes. The weighting approach in our regressions accounts for these situations.

Outputs and their interpretation

The coefficients for all variables are calculated and need to be interpreted relative to a base. The results for the variable 'line manager', for example, should be interpreted relative to not having line management duties. Figure 54 shows the explanatory variables in our models and the base in each case.

Fig. 54 Making sense of the data (using Q1 as an example)



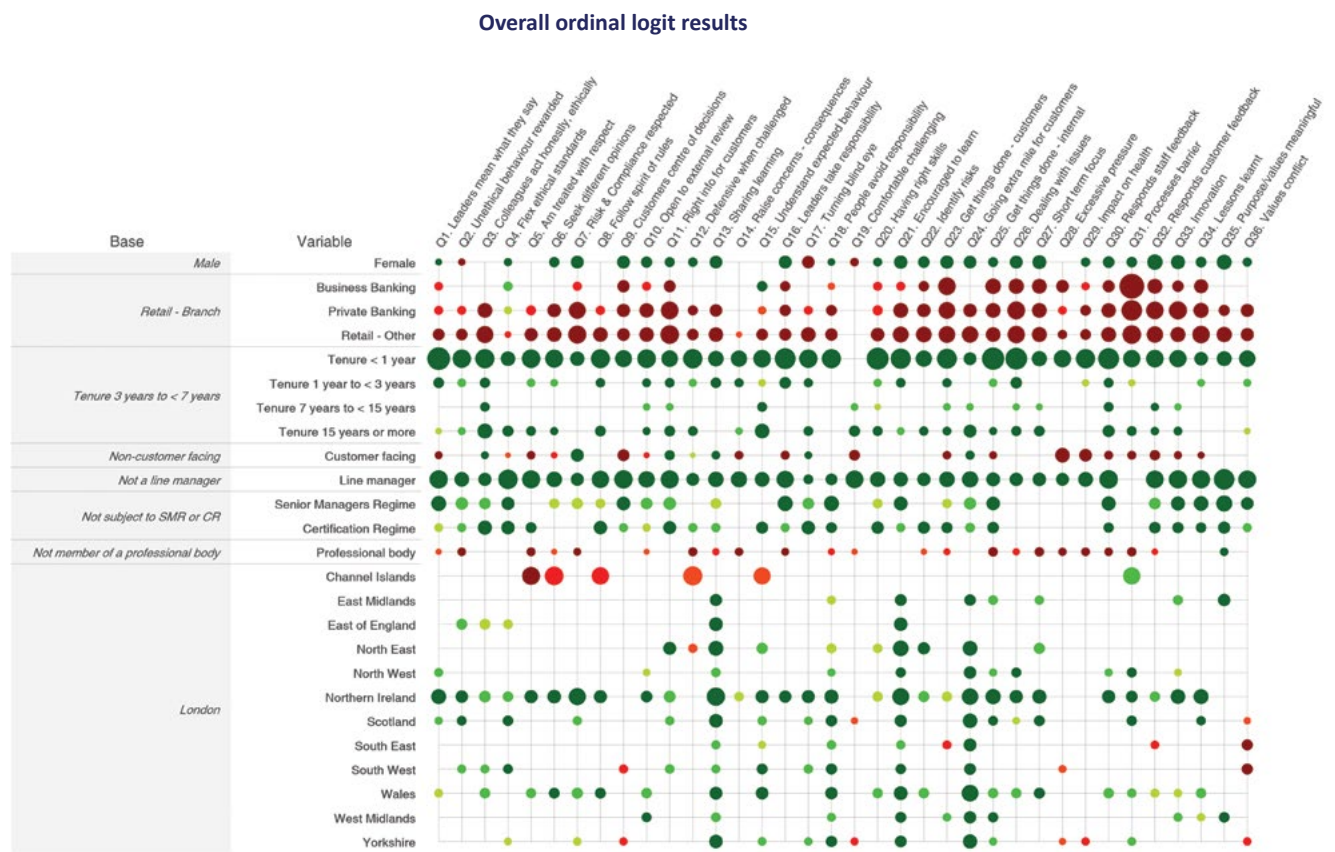
The coefficients for these ordered logit regressions are expressed as odds ratios. If, for example, the odds ratio on Q1 for the variable ‘line manager’ is 1.6, this means that — controlling for all the other factors in our model — the odds of answering more positively are 1.6 times greater for line managers than for those who do not have line management duties. Odds ratios of greater than 1 imply a positive likelihood, and vice versa.

For ease of interpretation, we reverse the order of the Likert scale where a question is negatively phrased, so that higher odds ratios always imply a more positive likelihood for all questions.

Our regressions give us two pieces of information; an odds ratio (which gives a sense of the magnitude of the effect of each explanatory variable on the outcome of interest) and a p-value (which differentiates whether the variable is statistically significant in explaining the outcome). To be able to observe patterns more easily across all the ordered

logit regressions for our Survey questions, the results are presented in the visual format shown in figure 55. The size of the circles denotes the size of the impact of the variable. As the odds ratio increases above 1, the size of the circle increases (a positive relationship of the explanatory variable with the outcome). Correspondingly, as the odds ratio decreases below 1 to 0, the size of the circle increases (a negative relationship of the explanatory variable with the outcome). The colour of the circles reflects whether the variable is statistically significant, and if so in which direction (green for positive and red for negative, with the darker the shading, the greater the statistical significance). The results of the regressions across all our Survey questions are presented in this format in figure 55.

Fig. 55 BSB Survey 2018 results by characteristic

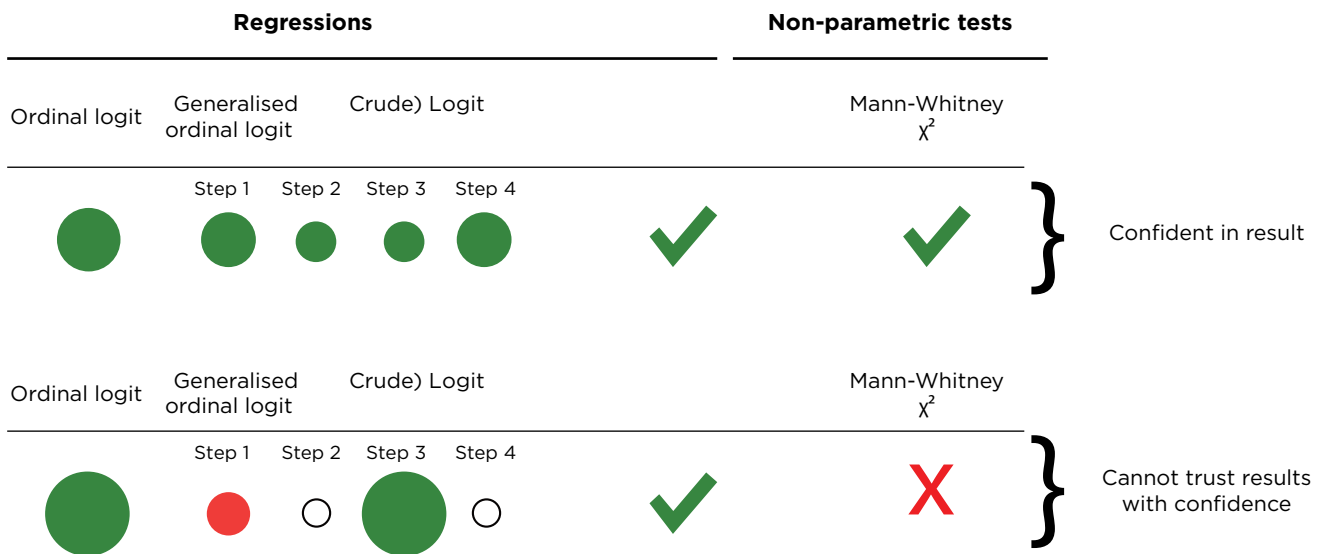


Note: Firm-specific effects are controlled for but not shown here

Robustness checks

An important assumption of ordered logit models is that the relationship between an explanatory variable and the dependent variable should not change for the different categories (in this case, the steps of the Likert scale). This is known as the proportional odds or parallel lines assumption. Tests show that, in our regressions, this assumption is often violated and therefore, in order to establish greater confidence in our results, we conduct additional non-parametric tests and run further types of regression. If the results across all our regressions and tests are consistent, we can be reasonably confident of the direction of the relationship between an explanatory variable and the outcome of interest, as well as the broad size of the effect.

Fig. 56 BSB Series of regressions and tests used to confirm robustness of results



First, we run non-parametric tests (Mann-Whitney and χ^2) to test for differences between distributions. As an example, for each Survey question we test whether the shift in the ordinal distribution from 2017 to 2018 is statistically significant or not.

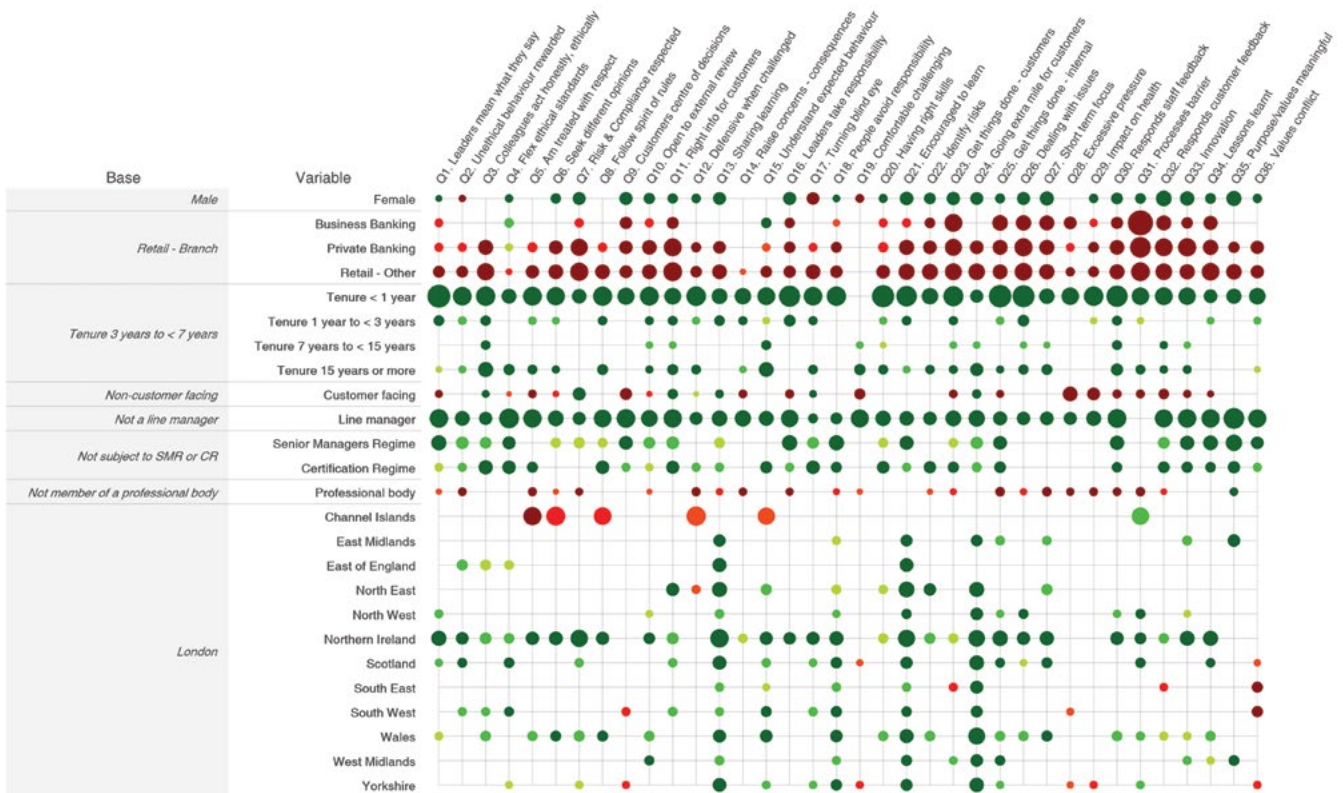
Second, we run generalised ordered logit regressions. This method has the advantage of freeing up the variables from the proportional odds assumption. It also allows us to see how the odds ratios vary at the different thresholds (the steps of the Likert scale). This type of model does, however, introduce greater complexity by generating four sets of coefficients for each regression, making it difficult to present results across our 36 core Survey questions in a way that allows the easy identification of patterns.

Third, we run a simpler logit model by collapsing the two most favourable response categories (strongly agree and agree for positively phrased questions) into one, the two least favourable response categories (strongly disagree and disagree for positively phrased questions) into one, and ignoring all neutral responses. While this is a simpler approach it does not allow us to use the full richness of our data.

We compare the results of all our regressions and tests. Where these are consistent, we can be reasonably confident of the direction and size of the relationship between an explanatory variable and the outcome of interest. In practice we find that, for most of the major cases we explore, the regressions and tests validate each other.

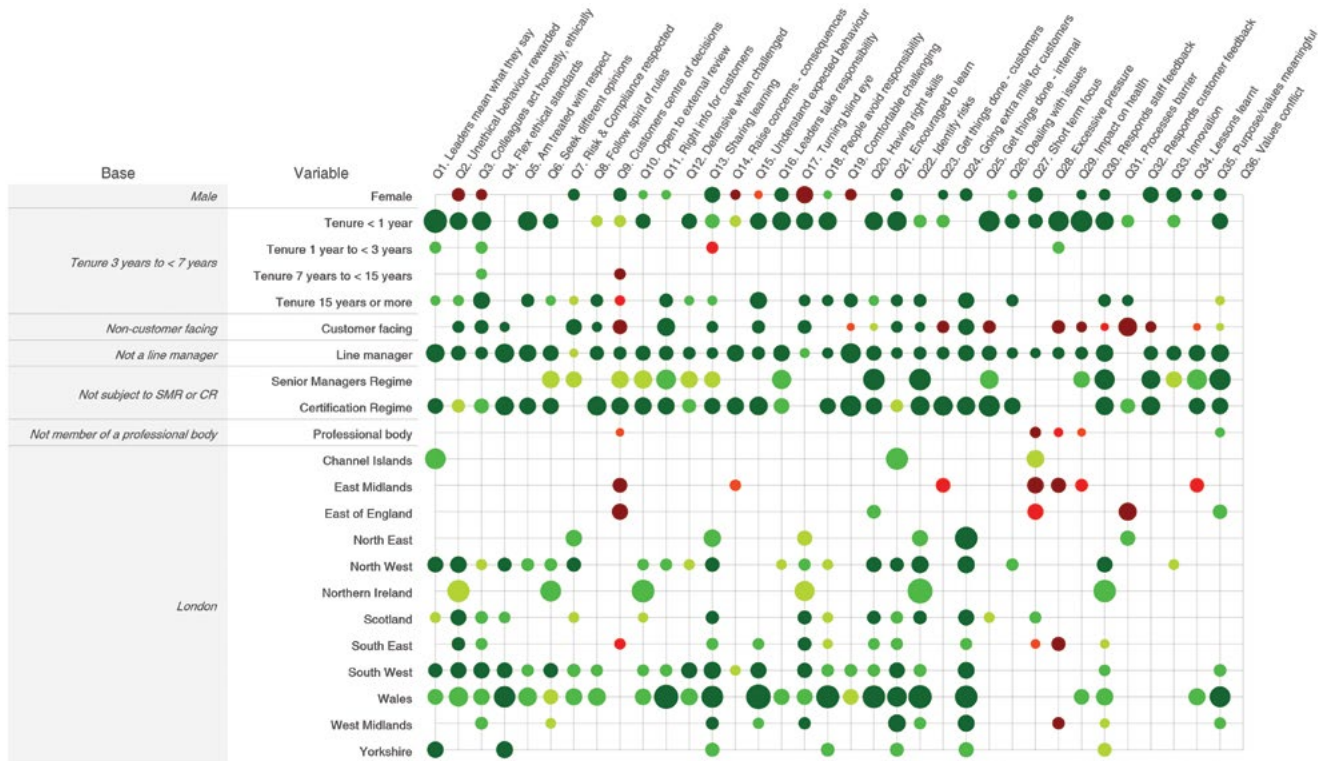
ANNEX E — ADDITIONAL REGRESSION RESULTS BY BUSINESS AREA

Fig. 57 BSB Survey 2018 — Retail ordinal logit results



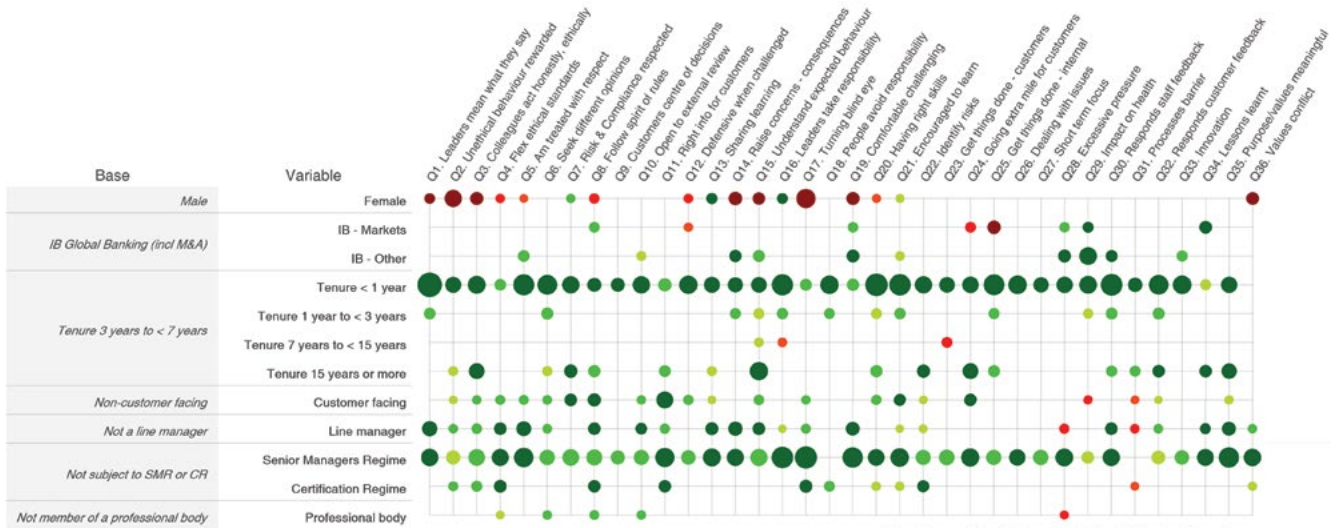
Note: Firm-specific effects are controlled for but not shown here

Fig. 58 BSB Survey 2018 — Commercial Banking ordinal logit results



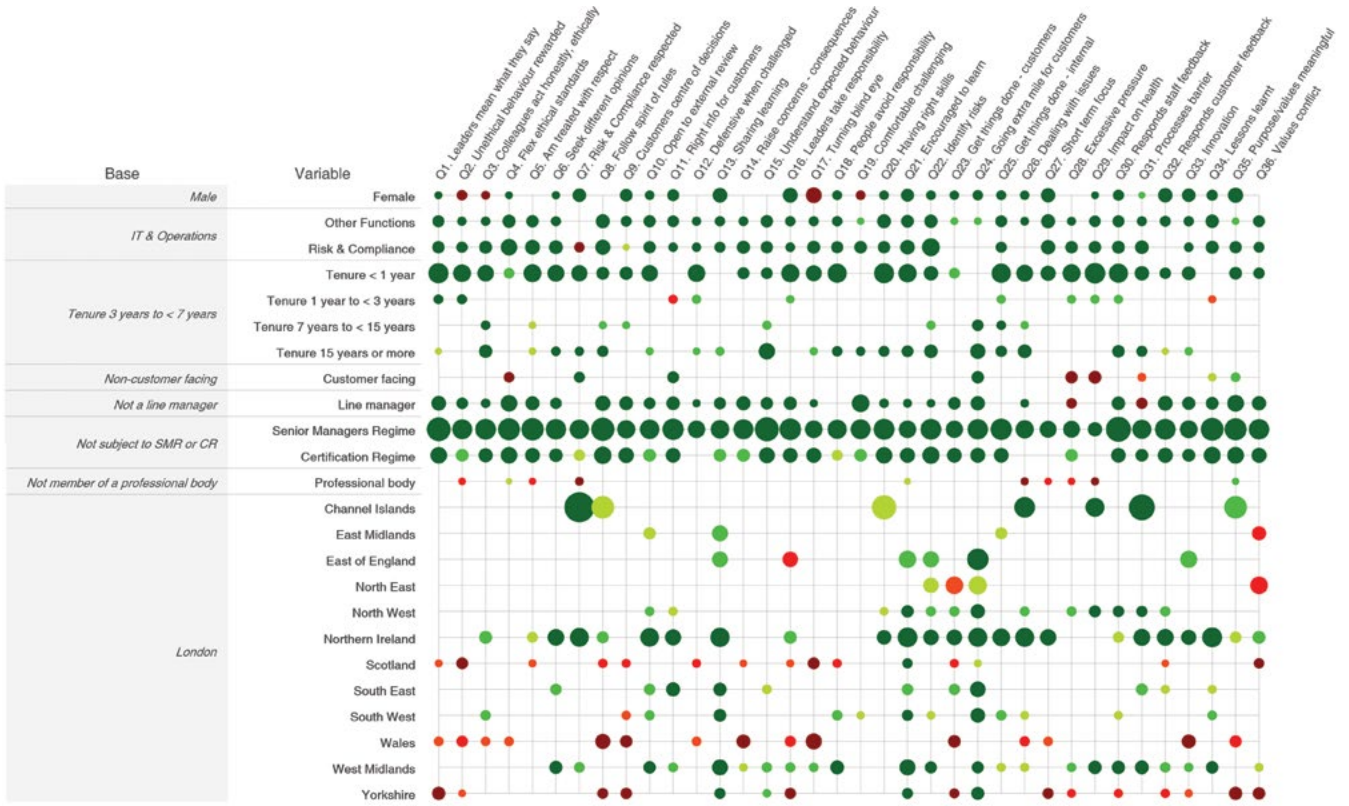
Note: Firm-specific effects are controlled for but not shown here

Fig. 59 BSB Survey 2018 — Investment Banking ordinal logit results



Note: Firm-specific effects are controlled for but not shown here

Fig. 60 BSB Survey 2018 — Functions ordinal logit results



Note: Firm-specific effects are controlled for but not shown here