

# Mindset and behaviour

For a regulated financial services firm, an effective working relationship with supervisors is essential. The PRA's and FCA's principles and risk-based approach to supervisions incorporates qualitative judgments, which can make a difference in various supervisory interactions – e.g. senior manager interviews, routine supervisory meetings, or material risk events. Here we set out some key elements, from a mindset and behaviour perspective, to building effective working relationships with regulators.

## Mindset and Behaviour



### Wider Perspective

#### Take time to understand the regulators' objectives

- Regulators will consider risks that firms or individuals pose to their objectives (in addition to assessing compliance with specific rules)
- A firm should understand these objectives and consider how its business model, purpose, and behaviour can complement the regulators' objectives



### Tone

#### Tone and approach

- Professional and appropriately formal
- Speak the regulators' language – e.g. customer centric (FCA) and prudently minded (PRA)
- Nothing 'goes without saying' - demonstrate thought process and always communicate important issues, even if you consider them to be obvious or self evident



### Openness

#### Be open and collaborative

- Be honest around skills and development points (both in terms of individuals and workforce generally)
- Report breaches of compliance as soon as possible, but with plans to learn lessons and address issues
- This will help build trust, which is important to effective supervision and working with regulators on an ongoing basis



### Broader Role

#### Take your broader responsibilities seriously

- Certain cross-cutting focus areas will apply to all firms, e.g. culture, governance, purpose, conduct risk, whistleblowing, operational resilience, etc.
- Be able to clearly articulate your firm's approach in these areas, demonstrating that it takes its broader responsibilities (in addition to immediate commercial interests) seriously



### Balanced

#### Balanced Strategy and Purpose

- Provide a balanced view of your firm's strategy, demonstrating understanding of risks, realistic growth targets, and wind down plans.
- Clearly articulate how the strategy ties to the firm's purpose, providing a narrative that is customer centric and prudently minded.



### Body Language

#### Body Language and Mannerisms

- There will be instances where you have a greater level of technical knowledge and experience – be patient and considerate in explaining details.
- Your experience and credentials may be challenged, among other difficult questions – this is routine, do not get defensive
- While simple, do not underestimate the importance of these points

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