

Conference for Independent Non-Executive Directors (with photos)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) hosted the second annual Conference for Independent Non-Executive Directors (the Conference) today (October 3) in Hong Kong.

Building on the success of the inaugural conference last year, this year's Conference was a continuation of the HKMA's effort to equip and empower Independent Non-Executive Directors (INEDs) to perform a more effective role on the boards of banks in Hong Kong. The Conference was attended by nearly 80% of all INEDs of the banking industry.

At the Conference, the Chief Executive of the HKMA, Mr Norman Chan, remarked that "Promoting sound culture in the banking sector is important because regulation and supervision are more effective in prescribing what constitutes unacceptable behaviours or outcomes, but much less so in defining and driving what is good and desirable. A bank and its staff must internalise good culture and values in such a way that they behave properly not because they are afraid of being caught and punished by the supervisors or the law enforcement agencies but because they think it is unethical to do otherwise."

Member of the Board of Directors of the Dubai Financial Services Authority and former Superintendent of the Office of the Superintendent of Financial Institutions of Canada, Ms Julie Dickson, delivered a keynote speech on "Implementation of Sustainable Culture". She took the view that INEDs play an important role in driving the sustainability of sound culture in banks. They can be lulled into a false sense of security that culture is sound, fail to react quickly enough when problems are identified, and may also underestimate forces leading to cultural weakness. Therefore, they should always stay alert and should not understate their responsibility in upholding sound culture in banks.

The Chief Executive Officer of the Banking Standards Board (BSB) in the United Kingdom, Ms Alison Cottrell, also shared her view on the "Assessment of Bank Culture". Ms Cottrell observed that there is no one template of what a "good" bank culture should look like; each firm will have its own identity and culture reflecting its own history, leadership, people and many other factors. Despite these differences, banks can use comparative data and evidence to help them assess and manage their own culture and raise standards across the sector. She described how this approach is being undertaken in the United Kingdom banking sector, with the BSB providing Boards with objective and comparative evidence on different parts of their organisation, over time and relative to other firms.

Other speakers attending the Conference included:

- The Global Chief Investment Officer of State Street Global Advisors, Mr Richard Lacaille, who talked about short-termism in the banking industry. He highlighted the need to address possible causes for short-termism including unsustainable culture, inappropriate incentives, poor governance, and outside pressure.
- The Chief Executive Officer of Ping An Technology, Mr Ericson Chan, who spoke on how technology like blockchain, cloud computing and artificial intelligence would impact financial services. He was joined by the Executive Director (Banking Supervision) of the HKMA, Mr Raymond Chan, who shared his views on the application of RegTech and SupTech, as well as how INEDs could play a role in helping banks cope with technological changes.

