

19 November 2013

[Access to Information as a driver for Compliance](#)

Posted in: [Roger McCormick](#)

By Roger McCormick, Visiting Professor and Director of Sustainable Finance Project, LSE

In a document entitled “The Consumer Panel’s response to the FCA’s ideas” enclosed with a letter addressed to the FCA dated 26th March 2013 from the Chair of the Financial Services Compensation Panel, Adam Phillips, the following suggestion was made:

“The Panel is of the view that the information consumers need to make an informed decision may often be available somewhere but it is rarely easily accessible or conveniently located in one place. We believe the collation and presentation of a regulatory history report would greatly improve the way in which consumers engage and use information already in the public domain. In addition, an easily accessible history of behaviour could put direct pressure on boards to improve a firm’s reputation. To this end we recommend that the FCA should facilitate, on its website, a section where consumers and other interested parties can find out about the regulatory history of a firm or an individual. This should include findings by FOS, contextualised complaints data, prosecutions both successful and otherwise, sanctions, closures etc. As far as possible, the record of poor practice should have a money value attached — for example, the money amount of compensation paid — to enable comparison across firms and over time. It would be important to have a clear chronology to enable readers to discount, if they were so minded, those penalties that occurred in the distant past.”

In my article “What Makes a Bank a Sustainable Bank?” (published in 2012 and set out on the project’s LSE blog) I made the suggestion that bank sustainability reports could be improved in the following areas:

- ” Reducing the amount of material that relates to what the bank would have to do to comply with the law anyway or that is simply good customer relations (eg reducing queues in branches);
- Presenting information that, as far as possible, enables verification and/or is accompanied by a statement from a third party that is confirmatory in nature.
- Presenting information in a way that reflects a consensus (which, admittedly, may still need to be established) as to which are the more important issues and which are relatively peripheral;
- Increasing the amount of material that is related to the bank’s own business model and culture and its sustainability;
- Increasing the amount of material on the bank’s disciplinary record;

- As far as possible, present material in a way that (i) makes comparison with previous years and with other banks easy (ii) distinguishes clearly fact from subjective commentary^[1];
- Improving the navigability of internet based documents so that, for example, (i) the indices of the Global Reporting Initiative are (where relevant) easily found (not the case, for example, with the RBS document) and (ii) one can easily follow a link to any cross-referenced item (either in the same document or elsewhere, such as the Annual Report) with appropriate page and paragraph references; and
- Ensuring, as far as possible, that all banks present the same kind of information under the same headings (bearing in mind the widespread use of imprecise terminology such as “engagement”) and omit information and “PR material” that is not relevant to those headings.”

Our project is making a start!

[1] According to the FSSS of GRI, “Comparability is necessary for evaluation performance. Stakeholders using the report should be able to compare information reported on economic, environmental, and social performance against the organisation’s past performance, its objectives, and, to the degree possible, against the performance of other organisations.” Clear and unambiguous language would seem to be an implicit requirement if this objective is to be met.