

# Taking the wolf out of Wall Street

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Some members of the Banking and Finance Oath board, standing from left: Pauline Vamos, Simon Longstaff, Steven Harker and Steve Tucker. On seat: Clare Payne and Stephen Dunne. Photo: Nic Walker

Clare Payne recalls that when she was an associate director managing the Integrity Office of Macquarie Bank, “people outside, and sometimes within the industry, would scoff at the title of my role, suggesting it wasn’t taken seriously”.

It was just after the global financial crisis, and the dominant public response was to abandon trust in the finance industry en masse and demand tougher laws to police bad behaviour. Payne decided that something more was needed. She joined the St James Ethics Centre as a consulting fellow and started writing to industry leaders to see what they thought should be done about the shaky image of the industry’s ethics.

Few thought that regulation could fix the problem, but there was nothing the industry had to say in response that wouldn’t appear self-serving. Out of discussions was born the Banking and Finance Oath, a voluntary self-governing organisation that has devised an oath of integrity, which individuals in the industry are encouraged to sign up to.

So far only 100 people have taken the oath, but BFO board members say they want to get a critical mass of industry leaders and influencers on board before they start a membership drive.

Stephen Dunne of AMP Capital Investors says that inertia and a “wait and see attitude” are the challenges the BFO board will have to overcome to get a real groundswell of support.

“The launch of the BFO could have been accompanied by a PR blitz, but we could foresee that many people would be cynical,” says Simon Longstaff, director of the St James Ethics Centre, who sits on the BFO board. “Commentators would have dismissed the initiative as just a bit of fluff. Instead, we are trying to build a mass movement through the exercise of leadership and influence.”

"I don't think we have been active enough in selling the message to a broad enough group of people," says ANZ Australia chief executive Phil Chronican. He is the only major bank executive who has signed, so far and acknowledges the BFO will need more resources to get the message out.

There are risks to joining. A 12-person BFO Panel will review individual cases of unethical behaviour. The panel can name and shame signatories, and ultimately remove from the signatory list those they believe are guilty of not upholding the desired ethical standards of the BFO. But only members can be so exposed.

Might individuals be dissuaded from signing up to the BFO because they are worried that if they abide by the oath, they won't be able to do their jobs? "As more leaders in the industry sign any perception like this will evaporate," says Dunne.

Unlike the proverbial elephant in the room, which everyone sees but doesn't talk about, sentiments like "everyone else is doing it" or "because it's always been done that way" create willful blindness. "The BFO will help take the blinkers off so that we start to have that questioning," he says. The main area where the industry needs to strengthen its focus is in fiduciary duty to clients.

Pauline Vamos, chairman of the Association of Superannuation Funds of Australia, who sits on the BFO board, adds: "We need to be more open about talking about and calling each other on ethical issues.

"I haven't seen the movie [*The Wolf of Wall Street*] yet. Doesn't it all go pear shaped in the end? There has to be a good message there!"

## **BANKING AND FINANCE OATH**

Trust is the foundation of my profession.

I will serve all interests in good faith.

I will compete with honour.

I will pursue my ends with ethical restraint.

I will create a sustainable future.

I will help create a more just society.

I will speak out against wrongdoing and support others who do the same.

I will accept responsibility for my actions.

My word is my bond.

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