

Succeeding in your FCA/PRA Senior Manager interview

The implementation of the Senior Managers and Senior Insurance Managers Regimes has forced greater accountability on the Board members of every deposit taker and insurer. No longer can senior leaders claim they saw nothing untoward whilst misdemeanours and unacceptable behaviours took place on their watch.

One of the consequences of the new accountability regime has been much greater scrutiny of those being appointed into key senior roles within a firm. Since the financial crisis more Senior Manager interviews have been undertaken routinely by the regulators prior to granting approval, particularly in the roles of Chairman and Chief Executive. More recently, however, we have seen an increasingly tough approach to determining who has the requisite technical skills, competencies, and behaviours to undertake a particular role in a firm. This can only be a good thing for financial services in the long term, but it seems to have led to a trend of more second interviews (some where Enforcement are also present) and a greater disposition on the part of the regulators to conclude they are 'minded not to approve' an individual for the position they have applied to fill.

So, how do you navigate the approved person's interview successfully?

Regulators are curious beings – typically risk averse, sometimes with little commercial experience, but generally wanting to do the 'right' thing. Most of them enjoy the challenge of catching out the 'opposition' on occasion. But most will be seeking assurance that the firm and its staff are competent, appreciate the risks faced, and have appropriate controls in place to mitigate them.

Therefore, their objective is two-fold. First, to establish **your** knowledge & understanding of the role, the effectiveness with which you will carry it out, your understanding of the business model and culture of the firm. Second, to check that you understand the context of **the firm** itself, what risks it might pose to regulatory objectives, and how you will play your part in helping the firm fulfil the PRA Fundamental Rules and/or FCA Principles.

Prepare, prepare, prepare.....

It might seem a little obvious, but preparation is key. Consider what competencies and capabilities are expected for the role you are applying for, and how those relate to relevant conduct and prudential matters. As well as the many softer skills expected of senior leaders in any industry, the regulators will be looking for relevant knowledge and experience of:

- the firm's particular market or sector;
- the regulatory framework and associated requirements;
- governance, oversight, and controls;
- financial analysis and controls; and
- the firm's business model and culture.

Judging the degree of depth and breadth the regulator expects is the next balancing act, but usually depends on:

- (1) The nature, scale, and complexity of the firm.
- (2) The firm's own unique circumstances. For example are you applying to become MLRO following a recent s166 on financial crime issues? If so, the expectations will be that bit higher because the regulator believes you will face a less than satisfactory situation on the ground where the ability to lead and deliver change will be vital characteristics of the right candidate.
- (3) The nature of the role. For example greater breadth will need to be demonstrated if you are applying to perform more than one function.

Whatever the role and circumstances the key is self-awareness of your strengths and development areas. It is rare for an applicant to have absolutely every competence or capability desired, so having a realistic learning and development plan that is agreed and supported by the firm is one way to put yourself on the front foot. Moreover, a well considered articulation of this kind shows your willingness to devote time to enhancing and refreshing your skills.

Be credible

Coming across as credible during the interview is vital if you are to convince regulators you have what it takes to undertake the role successfully. This is quite a subjective area that can be influenced by a whole host of cues. Some you can control (at least to some degree) such as body language, tone and pace of voice, whereas others fall at the mercy of the interviewers unconscious biases. Nonetheless I believe there are a few practical do's and don'ts that can enhance your credibility in front of the regulators.

Do - Take your time before answering a question, show you understand the question and the regulator's objectives, give good examples and quote hard data where relevant, say so if you don't know the answer, ask for clarification if appropriate.

Don't - take in files of papers, be vague, fail to answer the question, get side-tracked or over-lengthy.

This is an area where a preparatory mock interview or coaching session can be invaluable. Clients tell me just how much they learn for themselves through a roleplay scenario where they hear out loud (usually for the first time) the way in which they answer a question. The experience can bring a remarkable clarity around the ingredients they need to be able to come across as credible to others.

And, on a very practical note, know that you could be interviewed by a panel of up to eight interviewers. If the firm is dual regulated then the PRA and FCA will have at least two attendees each, and if you're lucky enough to be part of Lloyds you may find someone from the Society attends as well. This can be very daunting indeed, and I have seen the horror on the face of an interviewee when they enter the room not expecting quite so many people to be sat on the other side of the table.

A few additional suggestions for Independent Non-executive candidates

The regulators look to non-executives to play a particularly important role in overseeing executive management and providing an independent perspective. They look for some very specific qualities. Being able to articulate what you bring to the Board that delivers diversity of thought and relevant expertise is an absolute must, as is the ability to offer one or two good examples of how you've challenged important issues in a constructive way.

Finally, think carefully about what would actually make you pick up the phone to the regulator. The trick here is to show a willingness to do so should there be a material breach of regulatory requirements, but only when all of the usual internal channels for dealing with it within the firm have been exhausted.

In my next article I'll explore how to handle a regulatory visit - practical points to help the process run as smoothly as possible.

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As a qualified coach of the International Coaching Federation she combines her passion for leadership development with a deep insight of regulatory expectations to support Boards to achieve even greater effectiveness.

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