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Jimmy Kelly – Regional Secretary  
**IRELAND REGION**



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## **FIT AND PROPER REGIME**

Changes in the banking culture are needed to successfully influence senior managers, executives and directors to be fit and proper for their positions.

### **BONUSES**

All bonuses being paid (currently discretionary/ performance related / money or share options etc), should be the same amount to all employees of the banks.

This allows a sharing in the profitability of the banks, but avoids incentivising individuals to act in a narrow, short term, self focused manner at the possible expense of the long term viability of the bank. See the 2010 Annual Report of Swedish bank Handelsbanken.

### **CHANGES TO CONTRACTS**

A date should be set, after which the necessary changes are inserted into the contracts of senior management, executives and directors.

If there is no provision in the employment contract for Regulatory Change, then the appropriate termination of contract should be given, with the understanding that a new contract, allowing for such Regulatory Changes to be implemented.

All senior managers, executives and directors should have contracts allowing Regulatory Changes to be implemented without the legal obstructions.

### **FITNESS FOR PROBITY**

On an ongoing basis, where a person is being investigated on being proposed for a senior position, or if the Regulatory authorities feel the need to carry out an investigation of a person already in a senior position, employees in that particular bank should be notified that they may make relevant submissions.

This will insure that people in senior positions will act appropriately and respect prudential banking values at all times.

There is something similar in existence for all publicans and auctioneers, where individuals may go to the annual court hearing for the retention of their licence, to make an objection, which might not otherwise be known to the judge.

Sometimes the best people to know what might be inappropriate are the people working in the same organisation, rather than just a small number of regulators.

## **EMPLOYEE DIRECTORS**

Each bank should be required to have at least one worker director to insure at all times prudential banking values are maintained when considering issues such as profitability, the existence of employee directors may contribute to encouraging / ensuring that the Board of Directors act not just within the law, but also acting in a fit and proper manner.