



Managing behavioural risk: the key to sustainable organizational change

Insight into ING's approach to managing behavioural risk

November 2022

Today's agenda

- Personal introduction
- The importance of managing behavioural risks
- Behavioural Risk Management at ING
- Case study
- Q&A

Nice to meet you!

- Born in 1983 in Amsterdam
- Lives in Amsterdam
- Husband: Menno
- Two children: Olivier & Thomas



What do you think?



“I believe behavioural risk should be a part of the risk function at all financial institutions.”

Agree/don't agree

Behavioural patterns in a social setting

- People have a deep desire to be acknowledged and appreciated by others.
- They are social creatures that want to belong to a group.
- They are heavily influenced by the groups they belong to.
- They do not want to deviate too much from the group.

Where people work together, there is behavioural risk

- **Behaviour** is everything people do that can be perceived by others: what you can see and hear, what you observe and express.
- **Behavioural patterns** are recurring behaviours that are performed automatically and unconsciously.
- **Behavioural risk** occurs when behavioural patterns are (part of) the root cause of financial and non-financial risks in our organisation. It is the risk resulting from the way we normally do things, and the drivers underlying this behaviour.
- Looking through a **behavioural risk lens** means looking at an organisation as a social system.

“If you have been trained to think in a certain way and are a member of a group that thinks the same way, how can you imagine changing to a new way of thinking?”

- Edgar Schein

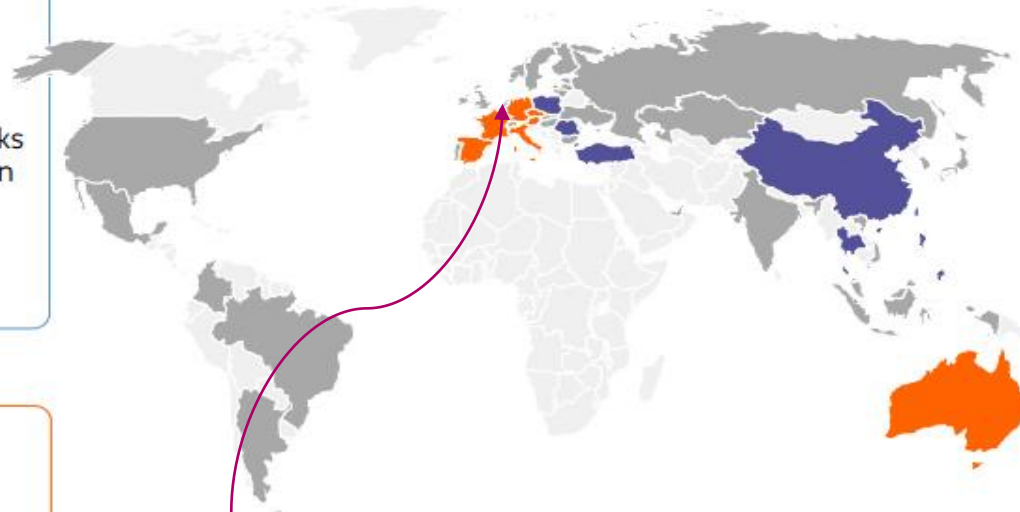
Risk Culture & Behavioural Risk is part of ING's Global Risk Organization

Market leaders:
The Netherlands, Belgium, Luxembourg

- Leading retail and wholesale banks
- Cross-border customer interaction platform with mobile-first customer experience and cost efficiency

Challenger countries:
Australia, Austria, Czech Republic, France, Germany, Italy, Spain

- Digital retail banks developing scalable platform with uniform, mobile-first customer experience
- Broadening product capabilities
- Wholesale banks



Head office:
located in the Netherlands

- Development and execution global strategy
- **Risk Culture & Behavioural Risk is a Centre of Expertise within the Global Risk organisation**

Growth markets:
Poland, Romania, Turkey, the Philippines, and our stakes in Asia

- Retail and wholesale banks in economies with high growth potential
- Developing differentiating customer experience, based on mobile-first approach

Wholesale Banking only:
international network and global franchises

- Extensive international client base across all regions
- Sector-focused client business in lending, capital structuring and advisory, transaction services, sustainable finance solutions and financial markets

Managing behavioural risk is high on ING's agenda

Objective Behavioural Risk Management contributes with **expert-based and data-driven ways** to detect and intervene on behavioural patterns in the organisation that drive risks and mitigates these risks through behavioural change.

Approach

Diagnosis

Identification & Assessment

Identify areas that are prone to behavioural risks. Then, assess behaviours and drivers of behaviour that can contribute to the root causes of financial and non-financial risks within ING via focused behavioural risk assessments.

Intervention

Design and execute targeted and scale-up interventions based on the outcomes of the assessment, and thereby mitigating behavioural risks.

How does applying a behavioural risk lens work at ING?

1

DIAGNOSIS

Behavioural Risk Identification

Identify areas that are prone to behavioural risks and/or can benefit from better understanding underlying human behaviours.

Behavioural Risk Assessment

Identify behavioural risks in a designated area, inform about outcomes and identify opportunities to trigger the right behaviours.

2

INTERVENTIONS

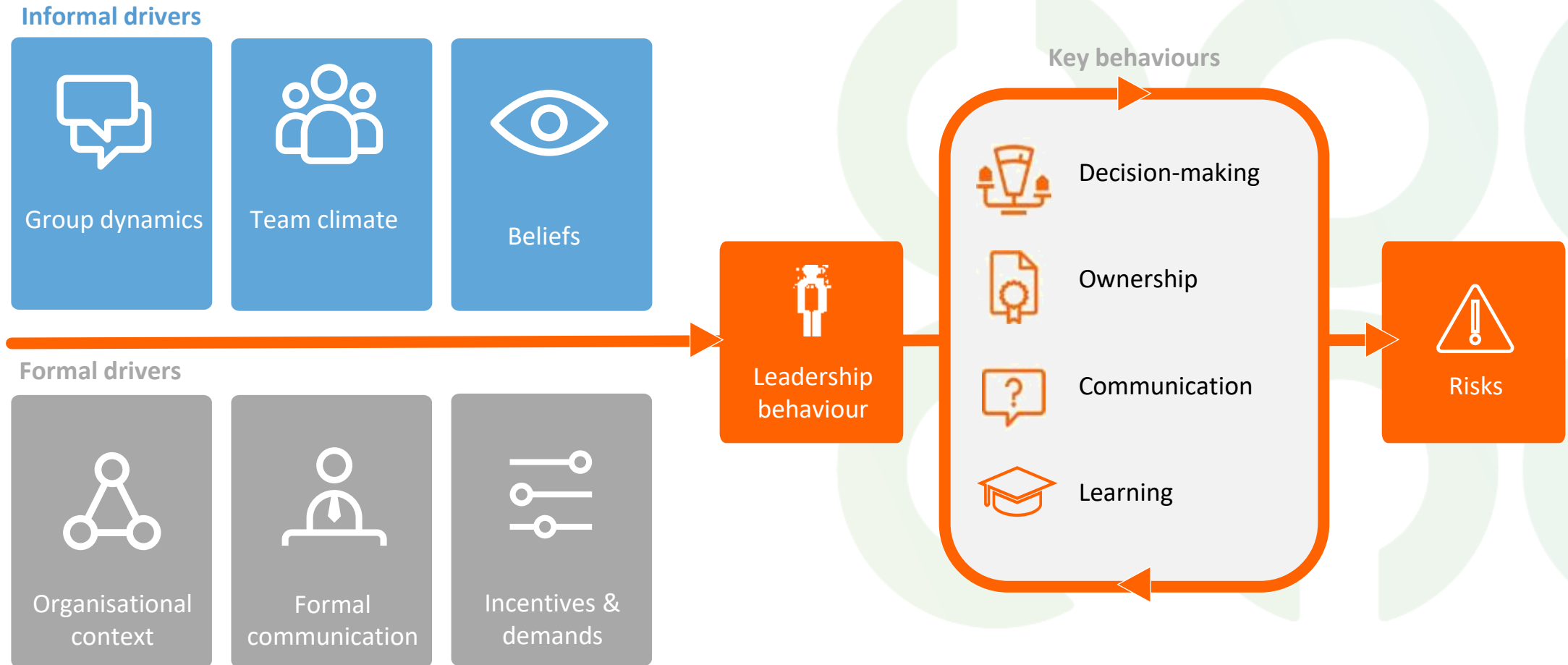
Targeted Interventions

Facilitate the organisation to mitigate behavioural risks itself by jointly reflecting on behavioural challenges and work towards sustainable solutions.

Scaled Interventions

Scale up relevant local, targeted interventions to bank-wide level.

Our work is guided by the Behavioural Risk Management Framework



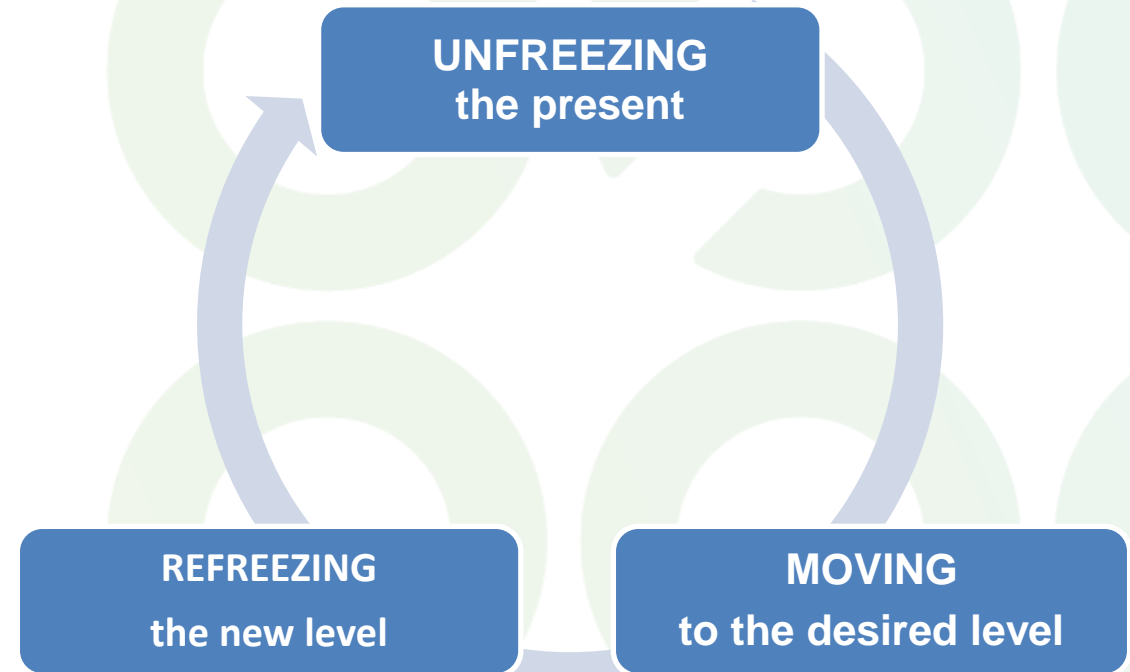
Diagnosing behavioural risk at ING

- Behavioural Risk Management structurally collects and interprets internal and external information to identify signals of behavioural risk in the organisation
- ↓
- Subsequently, data is collected by means of multiple data sources, both qualitative and quantitative, for instance:
 - Survey
 - Group and individual interviews
 - Work floor observations
- ↓
- Afterwards, the data is systematically analyzed by our Assessment team.
- ↓
- Results are reported to relevant stakeholders.

Navigating the different phases of behavioural change

In effectively applying this adaptive approach and achieving behavioural change, it is important to understand the different **phases of change** in the context of the organisation: unfreezing, moving and refreezing.

With the different phases of change as a starting point, we design and execute **interventions**, using a combination of critical thinking and the best available evidence, where we fulfil the role of “process consultant”.



*Kurt Lewin

We have build a portfolio of interventions on both leadership and employee level

Leadership level
Employee level
All

Feedback session

A feedback session is **the starting point** of our intervention approach. During a feedback session, the overall results of the BRA are presented to all participants in scope. This session gives participants the opportunity to **reflect on the findings**. This is a first and important step towards **internalising the outcomes** on behavioural risk.

Whole System in the Room

Bringing together the **different viewpoints** of key leaders of the process in scope in one (virtual) room. Discuss findings of the BRA, give insight in applying a behavioural (risk) lens and working towards **concrete solutions**. The WSitR provides a balance between knowledge sharing and interactive problem solving.

Dialogue starter

The dialogue starter is a hands-on tool for team leads and managers that can be used to further reflect on the outcomes of the BRA together with their team. This bottom-up approach helps to **unfreeze the present** and **move towards the desired behaviours** by enhancing an open conversation around the results and reflecting on the outcomes in a team setting. The tool provides in a step-by-step approach to facilitate an open dialogue and create a team goal.

World Cafe

A World Cafe is a powerful social technology to engage people in **conversations that matter** around the behavioural challenges and together identify opportunities. A World Cafe is a large scale intervention that involves the whole system to (1) create **common ground** amongst colleagues with regard to (behavioural) challenges, (2) to establish a feeling of ownership and stimulate self-management and (3) to enhance the capacity for change and learning in order to sustain change on the longer term.

Questions?

RISKEVENT'22



The role of leaders is crucial: they create the conditions for change

Leaders play an incredibly important role in behavioural change as well. In fact, their behaviour is a “mediating driver” in mitigating behavioural risks. Leaders **create the conditions for change**. They do this by:

1

Setting
the tone



2

Offering a safe
environment



3

Giving
space

