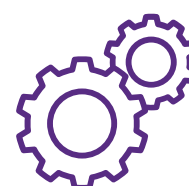


FROM TICK BOX TO TRUST

Embedding Consumer Duty through Culture Change



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Executive summary

The Financial Conduct Authority (FCA) has made it clear: culture sits at the heart of regulatory expectations in financial services. With the introduction of the Consumer Duty, firms are now required to go beyond compliance processes to demonstrate that consumer outcomes are embedded in the way business is conducted every day. For leaders, this represents both a challenge and an opportunity. A culture that is genuinely consumer-focused not only meets regulatory requirements but also strengthens trust, reduces risk, and builds long-term sustainability.

This paper sets out a practical roadmap for delivering culture change in financial services firms, using the Consumer Duty as an example, but it is relevant to all important compliance topics from SMCR, to managing third parties, to avoiding financial crime. Any of these risks can be monitored and, to a certain extent mitigated through a 'tick box' set of processes. However, this type of compliance is reliant on authority and risk of negative consequences if not adhered to. A genuine compliance culture is living and breathing, people follow it because it is "How we do things around here", modelled and rewarded by senior leaders and seen to be the "right" thing to do.

We begin by explaining why culture and behaviours are central to positive compliance outcomes. We will explore how firms can diagnose their current culture, whether it is "tick-box" or genuinely consumer-focused and consider what steps are needed (if any) to improve. We go on to explain how culture is developed—through leadership behaviours, aligned HR and reward processes and a psychologically safe working environment. Finally, we will share some specific tips and guidance that you can use to nurture and sustain your positive 'Culture of Compliance'.

1. Why Culture Matters Under Consumer Duty

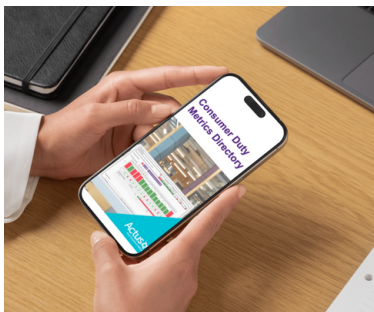
The FCA has repeatedly highlighted that **culture is a key driver of behaviour and outcomes**. While rules and controls are essential, they cannot substitute for the shared values, assumptions, and behaviours that shape how employees act when no one is watching.

Under Consumer Duty, the focus has shifted firmly to **outcomes rather than inputs**. Firms are expected to evidence that customers:

- receive good products and services that meet their needs,
- are provided with the right information at the right time,
- receive fair value, and
- are supported throughout their relationship with the firm, particularly if they are vulnerable.

These expectations cannot be met through processes alone. A **tick-box culture**—equated with form-filling and training reminders, where compliance is the course of least resistance, doesn't cut it in the long term. By contrast, a **consumer-focused culture** embeds the customer perspective into everyday decisions, aligning strategy, governance, and staff behaviours with the aim of improving the way consumers are managed.

A firm's culture can therefore be both a regulatory obligation and a commercial differentiator. Those that succeed in embedding Consumer Duty at a cultural level are likely to have highly engaged people who want to grow and stay with the firm helping them to build competitive advantage through enhanced trust and consumer loyalty.



2. Diagnosing Your Existing Culture continued

What is your current culture like? It is helpful to spot signs and diagnose it, before attempting to develop or change it because every culture is slightly different.

Signs of a predominantly 'Tick-Box' Compliance Culture

- Heavy reliance on process metrics (training completions, policy sign-offs) with limited focus on real-world outcomes.
- Employees speaking about "what the Regulator/Compliance/HR requires" rather than "what the customer needs."
- Fear-driven compliance, where staff follow rules to avoid blame or punishment rather than to deliver value.
- An apparent disconnect between leadership messages and day-to-day behaviours.

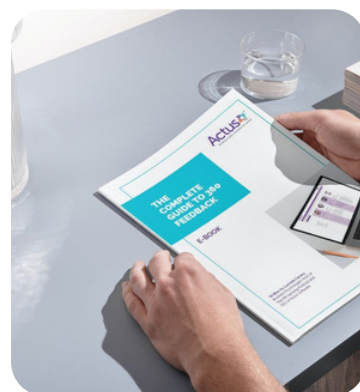
Signs of a Consumer-Focused Culture

- Staff routinely ask: "How will this decision impact our customers?"
- Empowerment at all levels to challenge decisions that could cause consumer harm.
- Outcome testing and consumer feedback actively drive business improvement.
- Leaders are visible in modelling customer-first behaviours

Tools for Cultural Diagnosis

- **Employee surveys and focus groups:** measuring perceptions of leadership integrity, psychological safety, and customer orientation.
- **Consumer insight data:** complaints trends, customer journey mapping, Net Promoter Scores (NPS), and vulnerability feedback.
- **Governance reviews:** analysing how often consumer outcomes appear on board agendas.
- **Culture audits:** structured external reviews that identify alignment—or gaps—between stated values and lived behaviours.

A rigorous diagnosis ensures that any subsequent interventions are targeted, evidence-based, and aligned with both regulatory and organisational goals.



3. Developing the Culture that you aspire to

Culture does not exist by accident; it is continually shaped by the behaviours of leaders; the systems and processes in place, and the degree of trust and openness within the workforce. Understanding these drivers is essential for embedding Consumer Duty into daily practice.

a. Leadership Behaviours

Leaders act as the most visible symbols of organisational culture. Employees take their cues not from policies, but from what leaders prioritise, reward, and tolerate. For Consumer Duty, this means leaders must:

- Consistently frame decisions around consumer outcomes.
- Role-model transparency and accountability.
- Avoid sending mixed messages—for instance, encouraging customer focus in words but rewarding staff solely on sales volumes.

b. Aligned Processes and Systems

Culture is reinforced by the systems that underpin daily operations. Performance management, recruitment, promotion, and recognition processes all send strong signals about what the organisation values. If staff are rewarded for behaviours that contradict stated cultural goals, the result will be confusion and disengagement.

This is where setting SMART performance objectives are helpful. Employees at all levels should have objectives that are:

- Specific: clearly linking their role to delivering positive consumer outcomes.
- Measurable: including both qualitative and quantitative indicators.
- Achievable: realistic in the context of business demands.
- Relevant: aligned with Consumer Duty and organisational values.
- Time-bound: ensuring accountability within reporting cycles.

c. Consistency of Reward and Recognition

Reward and recognition must also be consistent. Firms that incentivise only short-term financial gains risk undermining cultural progress. Instead, staff should be rewarded for behaviours aligned with the desired culture—such as proactively supporting vulnerable customers, or escalating potential consumer harm.

d. Psychological Safety

For culture change to take hold, employees must feel able to raise concerns, admit mistakes, and suggest improvements without fear of blame. This concept of psychological safety is critical in financial services, where consumer harm often arises from issues that were known but left unspoken.

Leaders must actively build environments where employees feel safe to challenge and learn from mistakes, ensuring that speaking up is recognised as an act of responsibility, not disloyalty.

e. Communication and Learning

Finally, culture is reinforced through everyday communication. Clear, consistent, and repeated messages about consumer outcomes are vital, supported by learning interventions that go beyond compliance training to develop judgement, empathy, and customer-centred decision-making.

4. Shifting from Tick-Box to Outcome-Focused

Moving from a compliance-driven culture to one that truly prioritises outcomes requires deliberate effort.

The Risks of Lip-Service Compliance

A tick-box approach creates an illusion of safety. Processes may be in place, but without the right culture, employees may find ways to circumvent them or prioritise short-term pressures over consumer outcomes. This can result in regulatory breaches, reputational damage, and consumer harm.

Making Consumer Outcomes Real

Employees need to see the tangible impact of their decisions on customers. Techniques include:

- Using **customer personas** in training and decision-making.
- Sharing **case studies** of where poor decisions led to harm—and where good practice prevented it.
- Embedding the question “*What does this mean for the customer?*” into governance processes.

Aligning Strategy and Values

Consumer Duty must not be treated as an additional layer of compliance but integrated into the organisation's purpose and strategy. Values should be refreshed to include consumer outcomes explicitly, with clear links between strategy, operations, and behaviour.

Empowering Managers

Line managers play a pivotal role as **culture carriers**. They translate organisational messages into daily reality and influence whether employees feel empowered or constrained. Investing in manager capability is therefore critical to embedding culture change.



5. Practical Steps to Deliver Sustainable Culture Change

The following seven steps provide a practical roadmap for firms seeking to embed culture change under Consumer Duty:

Leadership Alignment

- Gain senior agreement on what Consumer Duty means for the firm.
- Ensure leaders role-model customer-first behaviours.

Cultural Diagnosis

- Conduct a robust audit of current culture using surveys, data, and external reviews.
- Identify gaps between current and desired culture.

Vision and Values Refresh

- Translate Consumer Duty requirements into clear, actionable values.
- Ensure values are lived through behaviours, not just words.

Embed Through Systems

- Align recruitment, appraisals, promotions, and incentives with desired culture.
- Integrate SMART objectives linked to consumer outcomes at every level.

Build Psychological Safety

- Train leaders in creating safe spaces for challenge.
- Recognise and reward employees who raise potential consumer issues.

Measure and Monitor

- Develop dashboards that track both hard metrics (complaints, redress, product performance) and soft metrics (consumer sentiment, staff perceptions of culture).
- Regularly review outcome testing to ensure continuous improvement.

Communicate and Reinforce

- Share stories of positive consumer outcomes.
- Keep consumer focus visible through campaigns, town halls, and everyday discussions.



6. Challenges and Pitfalls

Despite good intentions, many firms struggle with culture change.

Common pitfalls include:

- Culture change fatigue: attempting too much at once without visible progress.
- Over-reliance on training: treating training as a silver bullet rather than part of a wider system.
- Inconsistent leadership behaviours: leaders saying one thing but doing another, undermining credibility.
- Project mentality: treating culture change as a finite initiative rather than an ongoing journey.

Avoiding these pitfalls requires sustained leadership commitment and a willingness to embed culture at every organisational level.



Conclusion

Delivering culture change in a financial services environment is not easy—but it is essential. Under Consumer Duty, firms can no longer rely on process compliance; they must evidence that positive consumer outcomes are embedded into culture, systems, and behaviours.

A successful approach requires diagnosis of the current culture, alignment of leadership behaviours, integration of consumer focus into processes and performance objectives, and reinforcement through psychological safety, communication, and consistent reward systems. This is something that needs to be living and breathing, with regular monitoring and review. Innovative software like Actus Oversight can help you to achieve this.

Those firms that make this shift will not only satisfy regulators but also strengthen consumer trust, enhance reputation, and achieve long-term resilience. In short, culture change is not just a compliance requirement—it is a strategic opportunity.

Further Support

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