

Yorkshire Building Society

Financial Promotions Policy Overview

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1. Purpose

The Purpose of the Policy

The Policy aims to ensure that Financial Promotions meet regulatory requirements in being “clear, fair and not misleading”, and that other risks associated with the use of Financial Promotions are controlled. Key risks include that Financial Promotions:

- Mislead customers and create unfair outcomes
- Conflict with the Society’s culture, values or strategic priorities
- Cause damage to the Society’s brand and reputation.

Applicable Regulations and Legislation

Financial Promotions play a key role in the FCA’s overall aim of delivering an efficient and effective retail market in financial services and in helping customers achieve a fair outcome.

A single overarching principle is that all Financial Promotions must be “clear, fair and not misleading.”

Legislation and regulation of Financial Promotions is an area of considerable complexity. It is beyond the scope of this policy to detail all legislation and regulations that have implications for Financial Promotions.

However, the following are the main (though not exhaustive) areas of legislation and regulation that impact the scope of this policy.

- Financial Services and Markets Act (**FSMA**), the resulting remit of the FCA, their requirement for **Treating Customers Fairly Principles**, and its interpretation in the “**Clear, fair and not misleading**” rule.
- **BCOBS** - Banking: Conduct of Business sourcebook
- Payment Services Regulations **2009 (PSRs)**
- British Code of Advertising Sales Promotion and Direct Marketing
- **COBS** - Conduct of Business Sourcebook
- **PERG** - Perimeter Guidance
- **CONC** - Consumer Credit Sourcebook
- Consumer Credit (Advertisements) Regulations 2010
- Consumer Credit Act (**CCA**) and the Unfair Trading in Consumer Credit Regulations (**UTCCR**)/ Consumer Rights Act 2015 (from 1 October 2015)
- **ICOBS** - Insurance: Conduct of Business sourcebook
- **MCOB** - Mortgage Conduct of Business
- Misleading Advertisement Regulations 2003
- Data Protection Act 1998 (**DPA**)
- Advertising Codes (**CAP, BCAP**) and decisions from the Advertising Standards Authority (**ASA**)

Requirements of the Policy

All individuals and departments engaged in the origination, approval and review of Financial Promotions should be aware of this Financial Promotions policy and adhere to the approach set out in the Customer Communications Process Manual.

2. Scope

This policy applies to all individuals and departments engaged in the origination, approval and review of Financial Promotions:

- Marketing
 - Origination of Financial Promotions
 - Management of the Financial Promotions approval procedures
 - Oversight and checking of Financial Promotions
 - Ongoing refresh of Financial Promotions that reach their expiry date
- E-commerce, Product teams,(and any other Originating teams)
 - Origination of Financial Promotions
 - Adherence to the Financial Promotions approval procedures
 - Checking of Financial Promotions
 - Ongoing refresh of Financial Promotions that reach their expiry date
- Customer Division Risk
 - Oversight, checking and approval of Financial Promotions
 - Oversight of the Financial Promotions policy and approval procedures
 - Guidance in respect of standards and regulation to originators of Financial Promotions
 - Training and support for teams within YBS that originate Financial Promotions
 - Monitoring and reporting
- Compliance & Oversight Risk
 - Oversight, guidance and advice
- Legal
 - Sign off of Non Financial Promotions that require specialist Legal advice and guidance such as Terms and Conditions and Application Forms.
 - Note that Legal will not be a 'default' sign off party for all Financial Promotions though will provide ad hoc advice and support to Originators, and approve where required e.g. use of trademarks.

This policy applies to all Financial Promotions offered by all YBS brands.

It applies to all promotions, whether in support of Society or Third Party (R&SA, Dignity) products.

It applies to all media, both written and otherwise, including, but not limited to:

- In-branch posters, window decals, screens and leaflets
- Direct marketing material, letters, e-mails, door drops and leaflets
- Hard copy advertisements such as those in newspapers and magazines
- Broadcast advertisements on TV and radio
- Online materials including static webpages, banner ads, and search-engine marketing content
- Social media postings

Communications that do not meet the definition of Financial Promotions are out-of-scope e.g. post-sale servicing communications; press releases; internal and non-customer facing forms / documents.

3. Definitions

Financial Promotions are communications which invite customers and /or businesses to transact with the Society. The Financial Conduct Authority (FCA) defines a Financial Promotion as follows:

“A financial promotion is a communication that is an invitation or an inducement to engage in investment activity.”

The Originator of a Financial Promotion is the individual who initiates and owns the communication, ensuring it follows the Policy and procedures in the Customer Communications Process Manual.

4. Policy Statements

4.1 Design of Financial Promotions

- Originators of Financial Promotions will ensure that they are “clear, fair and not misleading”. This includes ensuring that adverts and promotions do not encourage customers to purchase inappropriate products.
- Financial Promotions will be developed to help customers to understand fully “the deal”, comprising features, benefits, risks, exclusions and costs of the products they buy.
- Financial Promotions will be “standalone compliant”. This means they will be compliant with any relevant regulations and legislation as a single communication and will not rely on important additional information found elsewhere.
- The Society will take a “common sense approach” to Financial Promotions, considering both the objective of the promotion and the target audience for the activity in the creation of the communication.
- Financial Promotions will be as simple as possible and seek to reduce or eliminate small print.
- All claims will be substantiated.

4.2 Origination, Approval and Review of Financial Promotions

- Financial Promotions can be originated from departments other than Marketing and E-commerce.
- It is the responsibility of the originating area to understand the definition of Financial Promotions and to follow the approval procedures contained within the Customer Communications Process Manual.
- Financial Promotions must be authorised by a minimum of Originator, the Product Team / Specialist Business Area, Team Leader/peer review , and Customer Division Risk.
- YBS SharePlans (Share Incentive Plan or SIP documents) are approved by their own First Line of Defence (FLOD) without being referred to Conduct and Operational Risk for final approval.
- Financial Promotions will only be authorised for print if the Customer Communication approval process has been followed satisfactorily and reviewed by the Marketing team.
- All Financial Promotions will be approved for a defined period. Originators of Financial Promotions are responsible for ensuring that they are reviewed at their expiry, or earlier if there is a material change that affects the validity of the Promotion. Any expired / obsolete items must be withdrawn by the Originator until their re-approval.

4.3 Record Keeping

- The Society will ensure adequate records are kept of communications with customers, and their approval, to ensure there is visibility over its promises and customer expectations.
- All Financial Promotions approvals will be retained for a minimum of 3 years from the date of approval, in line with regulatory requirements for the retention of records.

4.4 Reporting

- The Aprimo approval system will produce real time Management Information for Team Managers of teams who originate Financial Promotions, to identify any cases that 'fail' approval (before external publication to customers).
- Monthly Management Information will be produced to summarise the number of Financial Promotions submitted for approval, as well as the outcome of the first line assessment of each promotion.
- A monthly Financial Promotions review meeting will be held involving Risk Assurance, Marketing, Product teams and Legal. Any 'fail' cases are reviewed to establish the root cause and agree appropriate corrective action.

5. Implementation and Monitoring

Implementation

Financial Promotions training forms part of the induction process for all new entrants to the Marketing function.

All new colleagues must demonstrate competence - via completion of training and associated competency assessment - before they are granted a licence to use the Aprimo system to originate Financial Promotions.

Existing colleagues are assessed continually with 100% of cases reviewed.

Any colleague identified as needing support will be required to undertake refresher training and successfully complete a competency assessment.

Financial Promotions training is required for all Originators of Financial Promotions on an annual basis.

The licence to use the Aprimo system will be withdrawn if a colleague is unable to demonstrate their competence to originate Financial Promotions.

Monitoring

The Society operates a Three Lines of Defence (LoD) approach towards risk management. Each LoD has different responsibilities for managing the risk and therefore carries different actions.

The first LoD is directly responsible for the day to day management and control of risk throughout the business, generally within business functions. They monitor the implementation of this policy through:

- Reviews conducted by a business team manager, who is prompted to check each Financial Promotion as part of the Aprimo review cycle.
- Reviews undertaken by Customer Division Risk, who are required to approve all Financial Promotions

Approvals are managed through the Aprimo system, which produces real time Management Information on all Financial Promotions including any that 'fail' their approval cycle.

Monthly Management Information is produced by Customer Division Risk to provide an assessment of all Financial Promotions submitted for approval, including root cause of any cases that 'fail' at review stage (before publication externally).

The second line is accountable for competent risk management across the society and overseeing the effectiveness and integrity of the Enterprise Risk Management Framework. Compliance & Oversight Risk may include Financial Promotions within their annual Compliance Monitoring Plan. The final LoD is providing independent assurance across the first and second LoD through our internal Audit function. They will assess whether to include Financial Promotions approvals within the annual Audit Plan.

6. Approval

The policy is to be approved by Customer and Commercial Risk Committee.

The policy needs to be reviewed on an annual basis.