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Culture Capabilities

MAS Issues Information Paper on Culture Capabilities

On 12 August 2026, the Monetary Authority of Singapore (**MAS**) issued an Information Paper on Culture Capabilities for Effective Remediation and Sustainable Change (**Information Paper**), which applies to financial institutions (**FIs**).

The Information Paper sets out supervisory observations on four culture capabilities (each, a **Capability**) associated with more effective remediation of serious risk events and lower likelihood of recurrence. The Capabilities can also be applied pre-emptively before risk events occur. The Information Paper builds on MAS' Information Paper on Culture and Conduct Practices of Financial Institutions (2020), which set out culture and conduct outcomes for FIs.

The Information Paper provides illustrative good and poor practices observed through MAS' supervision. Recognising that each FI has its own unique desired culture and circumstances, and that FIs may be at different stages of maturity in developing these Capabilities, MAS strongly encourages FIs to take reference and learn from the Information Paper and adapt the good practices to their own contexts.

At a glance

- The Information Paper sets out MAS' supervisory expectations on four Capabilities associated with more effective remediation of serious risk events and lower likelihood of recurrence, and which can also be applied pre-emptively.
- Remediation will often need to go beyond changes to policies, procedures or organisational structures to address the underlying culture drivers.
- Both monitoring and validation need to go beyond tracking task completion or implementation status, and validation should be performed by an independent function or an external party.

We highlight below the key features of the Information Paper.

Four Culture Capabilities

MAS has observed behavioural patterns that suggest deeper cultural issues contributing to the build-up of risks within some FIs. At the leadership level, these include excessive focus on short-term objectives and a failure to learn from past mistakes. Among staff, common patterns include avoiding accountability, inconsistent execution of controls, and reluctance to escalate concerns. Unless the underlying culture drivers are addressed, similar risk events are more likely to recur.

For effective remediation, the board of directors (**Board**) and senior management play an important role in setting the direction to drive the culture change (Capability 1) and steering the FI to build the subsequent Capabilities 2 to 4 to execute and sustain the required changes. The four Capabilities are:

(a) **Driving culture change**: Establish effective Board and senior management leadership and oversight to steer and sustain the desired culture.

(b) **Culture root cause analysis**: Conduct a robust and evidence-based root cause analysis to identify behavioural patterns and culture drivers underlying repeated serious risk events.

(c) **Culture interventions**: Develop a set of interventions that target the identified culture drivers and address their interconnections sustainably.

(d) **Culture monitoring and validation**: Monitor and validate effective and sustainable change towards the desired culture.

Developing these Capabilities is iterative rather than linear, such that they remain aligned and mutually reinforcing.

Capability 1: Driving Culture Change

(a) The Board and senior management of an FI are accountable for shaping and sustaining a sound organisational culture that supports robust risk management and ethical business practices. In practice, effective culture change is driven by the Board and senior management through:

(b) **Steering culture change**: Including by setting the right tone-from-the-top and modelling desired behaviours, and demonstrating ownership and understanding of culture change.

(c) **Providing sufficient resources**: With appropriate competence and independence to support change efforts.

(d) **Governance and oversight**: Establishing clear governance and oversight arrangements.

FIs are more likely to sustain culture change where they devote sufficient resources across the three lines of defence in a manner proportionate to their scale and complexity. Access to expertise in behavioural science and culture change management can be used to strengthen the following:

(a) **Assessments**: Assessments of behavioural patterns and culture drivers (Capability 2);

(b) **Interventions**: The design of effective interventions (Capability 3);

(c) **Monitoring and validation**: The ability to draw reliable insights from monitoring and validation (Capability 4).

In addition, parties conducting culture assessments and validation perform their roles and responsibilities more effectively when they have sufficient independence and appropriate stature.

Reporting and escalation

Clear processes for regular and proactive reporting help maintain visibility over the desired culture and required change efforts to support effective governance. The reporting frequency is calibrated to the severity of the potential impact if the desired culture is not achieved. Reporting may include:

(a) **Approach and outcomes**: The approach and outcomes from culture root cause analyses and other culture assessments;

(b) **Design and iterations**: The design and iterations of culture interventions;

(c) **Measurable results**: Measurable results from culture monitoring and outcomes from independent culture validation; and

(d) **Potential areas of concern**: Potential areas of concern include cultural derailers, change management risks, delays and challenges.

Capability 2: Culture Root Cause Analysis

The process of remediation starts with a robust and evidence-based culture root cause analysis (**RCA**). A culture RCA uncovers systemic behavioural patterns and their underlying culture drivers, and goes beyond examining deficiencies in governance structures, control systems, policies and procedures. A robust and evidence-based culture RCA would typically:

(a) **Recurring behavioural patterns**: Identify behavioural patterns that recur across repeated serious risk events.

(b) **All three layers of drivers**: Examine culture drivers across all three layers (organisational, leadership and social) without undue focus on only the most visible drivers.

(c) **Clear linkages**: Establish clear and credible linkages between culture drivers, behavioural patterns and outcomes.

(d) **Evidence-based**: Draw on both quantitative and qualitative sources.

(e) **Critical conclusions**: Produce objective, critical conclusions that help to inform the design of culture interventions.

MAS has observed that robust culture RCAs are strengthened when FIs triangulate insights across multiple data sources and methods to derive and evidence reliable conclusions and recommendations. To achieve this, FIs are encouraged to employ both quantitative and qualitative tools. Robust culture RCAs generally include adequate and representative participation across different groups and at various levels.

A well-executed culture RCA would be able to show how such linkages between culture drivers, behavioural patterns and outcomes go beyond generic labels like “poor culture” or “lack of accountability”.

In a negative example cited in the Information Paper, an FI's culture RCA identified low psychological safety as a potential culture driver, but did not trace how it affected staff behaviour in the circumstances surrounding the control failures. Without establishing this linkage, the FI did not identify fear of adverse consequences as a specific driver of weak execution and the recurrence of similar risk events.

Capability 3: Culture Interventions

Where a culture RCA has identified behavioural patterns and underlying culture drivers, effective remediation usually involves designing and implementing a coherent set of interventions that directly target those drivers and support sustainable behavioural change. Effective interventions are grounded in a robust culture RCA and a clearly articulated and documented gap between the current and future desired state.

FIs commonly rely on organisational interventions, such as restructuring, governance changes, revised policies and procedures, incentive adjustments, or increased communication and training, to address leadership and social drivers of behaviour. While important, these interventions do not directly target the underlying drivers and may therefore have limited effectiveness. Effective interventions directly target the specific culture drivers identified for change and collectively provide adequate coverage across the prevailing drivers.

Beyond individual interventions, an FI may also consider how the full set of interventions interacts. Interventions that are misaligned, or that address only one driver in isolation, risk sending mixed messages, creating conflicting goals, or producing unintended consequences.

Capability 4: Culture Monitoring and Validation

Monitoring is generally more useful when conducted on a regular basis to provide timely insights into whether the interventions are producing progress, and to identify cultural derailers and change management risks. Validation is typically conducted on a timely, periodic basis to challenge the design adequacy of the culture change programme and evidence whether the interventions have been effective.

In addition, both activities need to go beyond tracking task completion or implementation status to assess actual changes in culture drivers and behaviours. To strengthen objectivity and enable effective challenge, both activities should preferably be performed by different parties, and validation should be performed by an independent function or an external party.

Effective monitoring frameworks are usually tailored to the FI's desired culture and the required change efforts. In general, useful culture indicators need to reflect the identified behaviours and culture drivers that require change, and include both leading and lagging indicators.

FIs commonly track cultural derailers through their existing monitoring processes and key risk indicators, such as process failure rates, whistleblowing cases, internal and external audit findings, regulatory breaches and customer complaints. These indicators are better understood as signals of cultural deviation rather than measures of cultural progress. By contrast, more direct indicators of culture change are tailored to the desired behavioural outcomes and the future state of culture drivers that FIs are working towards.

Validation programmes typically cover the design adequacy and the operating effectiveness of the FI's culture change programme, including an assessment of the prevailing state of culture against the future desired state.

Pre-emptive Application and Next Steps

While the Information Paper focuses on remediation following repeated or serious risk events, the Capabilities are equally relevant as preventive measures. FIs are encouraged to build these Capabilities over time to strengthen their ability to identify, manage and mitigate behaviour and culture risks before they result in serious risk events. Where an FI chooses to apply these Capabilities pre-emptively, it is sensible to start by building capabilities for the Board and senior management to drive culture change (Capability 1). Thereafter, one approach is to begin with culture monitoring and validation (Capability 4) to identify emerging behavioural risks and hotspots, then assess the underlying culture drivers of undesired behaviours that may lead to poor outcomes (Capability 2), before designing and implementing targeted culture interventions (Capability 3).

MAS will continue to work with industry bodies, such as the Culture and Conduct Steering Group (CCSG) and the Insurance Culture and Conduct Steering Committee (ICCSC), to support collective learning and sharing of good practices across the sector.

If you would like information and/or assistance on the above or any other area of law, you may wish to contact the Partner at WongPartnership whom you normally work with or any of the following Partners:

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