



Ethical Dilemma, Integrity and Competence: Theory to Practice

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An introduction





Integrity and Competence

Competence

- Ability to perform duties effectively, responsibly, and in line with rules and regulations.

Integrity

- Integrity means adhering to moral and ethical principles consistently.
- Acting with integrity builds trust and credibility in personal and professional relationships.
- It involves honesty, transparency, and accountability in decision-making.
- Integrity requires aligning actions with values, even under pressure.
- Demonstrating integrity fosters a positive organizational culture and reputation.

Ethics and ethical dilemmas

- Ethics are values of what is considered right and wrong – our actions are guided by a set of moral values
- Ethical dilemmas occur when choosing between conflicting moral principles.
- They often involve situations with no clear right or wrong answer.
- Decision-makers must weigh competing values and possible consequences.
- Ethical dilemmas challenge personal and professional integrity.
- Resolving dilemmas requires careful reflection and sometimes compromise.



JFSC Guidance: Integrity and Competence



Integrity

- From a regulatory perspective, ensuring regulated entities and individuals conduct themselves with integrity is of fundamental importance to maintaining the Island's reputation as a finance centre.
- The JFSC's Policy Statement: Licensing Policy includes the following on integrity:
 - “To a very large extent, the integrity of an applicant, especially where an applicant is a small or medium sized organisation, is a reflection of the individuals employed by or associated with the applicant.”
 - “An applicant must be able to demonstrate that it intends to, and on an ongoing basis through compliance with the relevant Codes of Practice, will:
 - conduct its business with integrity;
 - have due regard for the interests of its customers; and
 - provide appropriate supervision and training to those employed by or associated with it.”



Integrity

- The JFSC highlight the following as non-exhaustive examples of behaviours which may indicate a lack of integrity:
 - Turning a blind eye to matters that should raise obvious concern or cause enquiry.
 - Failing to appreciate or manage conflicts of interest.
 - Preferring personal interests above those of the customer.
 - Producing misleading or back-dated documents.
 - Making statements to others on which they will or may rely with reckless disregard as to whether they are truthful or with wilful disregard to information contradicting the truth of such statements.
 - Failing to deal with the JFSC in an open, transparent and co-operative manner.
 - Failing to comply with the law, regulatory requirements and professional standards expected.

Competence

- In addition to integrity, competence is another of the threshold conditions established under Article 9 of the FS(J)L which apply on an on-going basis to registered persons, principal persons and key persons.
- Section 6 of the JFSC's Policy Statement: Licensing Policy includes the following on competence:
 - “Competency, with respect to those employed by or associated with an applicant may be evidenced by the attainment of relevant qualifications or by having sufficient relevant experience for the function they are charged with performing”
 - “An applicant must be able to demonstrate that it is, and will have procedures that will assist it to remain, competent to undertake its regulated activities, including the ability to comply with the aspects of the regulatory framework relevant to the proposed regulated activities of the applicant.”
 - “An applicant must be able to demonstrate appropriate supervision and training of both entities and individuals charged with performing particular functions.”
 - “The JFSC has specific interest in the collective competence of those that govern the entity, for example, the Board of the applicant; a Board (or its equivalent) should comprise individuals with a wide range of relevant skills and competence.”



Competence

- The JFSC highlight the following as non-exhaustive examples of behaviours which may indicate a lack of competence:
 - Failing to document concerns, report them to the board members and the JFSC. Failing to appreciate or manage conflicts of interest.
 - Authorising a transaction without fully understanding it.
 - Failing to act when presented with unusual situations/red flags.
 - Acting in a capacity for which the person lacks appropriate skills.
 - Failing to adhere to professional standards or codes of conduct.
 - Failing to abide by laws, orders and other regulatory requirements.
 - Failing to seek independent advice/guidance.



JFSC Guidance

- In their concluding statement with the JFSC Guidance, the JFSC reference a passage from a Royal Court judgement in the case Francis [2017]JRC203A:
 - “We did not hear full argument on this topic but for the purposes of this appeal, we proceed on the basis that dishonesty and lack of integrity are not synonyms and that the observations of Holman J in Wingate and of Morris J in Newell-Austin correctly describe the position. We found particularly helpful the quotation in the note to the Board referred to above, namely that ‘even though a person might not have been dishonest, if they lack either an ethical compass or their ethical compass to a material extent points them in the wrong direction, that person will lack integrity.’”
- In summary, the JFSC considers integrity and honesty are not the same, consequently a lack of integrity is not synonymous with dishonesty.

Summary

Summary

What is integrity?

- **Integrity** is a core requirement for all regulated individuals and entities. It goes beyond honesty and includes:
 - **Moral soundness** and ethical behaviour.
 - **Transparency** in disclosures and communications.
 - **Accountability** in decision-making and oversight.
 - **Avoidance of conflicts of interest** or knowingly ignoring misconduct.

A person may be honest but still lack integrity if they fail to challenge unethical practices or turn a blind eye to poor conduct.

What is competence?

- **Competence** refers to the ability to perform duties effectively, responsibly, and in line with regulatory expectations. It includes:
 - **Relevant qualifications and experience.**
 - **Ongoing professional development.**
 - **Effective supervision and delegation.**
 - **Understanding of regulatory obligations.**

A competent person not only knows the rules but applies them consistently and seeks guidance when unsure.

What is ethics?

- **Ethics** are actions that align with moral principles. It includes:
 - **externally imposed standards** (whereas integrity are internal values and personal beliefs)
 - **values** of what is considered right or wrong in a society or a profession (ethics can be subjective and may vary across cultures)
 - **A guide** for our social behaviours, (while integrity is a personal accountability)

Ethics are the guidelines, and integrity is how we apply it in our actions

Summary

Why it matters?

- The JFSC assesses **Integrity and Competence** as part of its “**fit and proper**” criteria for principal persons, key persons, and registered entities.
- These traits are essential to protect Jersey’s reputation and ensure trust in the financial services sector.

Practical Expectations

Area	Integrity	Competence
Conduct	Ethical, transparent, fair	Skilled, informed, diligent
Disclosure	Full and honest	Accurate and timely
Supervision	No tolerance for misconduct	Effective oversight and training
Culture	Speak up culture encouraged	Learning and development supported



Summary

Key Takeaways

- **Integrity is non-negotiable** – it is about doing the right thing, even when no one is watching.
- **Competence is dynamic** – it must be maintained and improved over time.
- **Both are essential** for regulatory compliance and professional credibility.
- **Ethics** guide our behaviour

Thank You



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