

Starling's 2025 Compendium on Banking Governance and Supervision Published Today

A Global 'Crisis of Trust' Imperils Capitalism and Democracy; Reform of Culture Risk Governance and Supervision Is Needed to Restore Legitimacy

WASHINGTON, VA, UNITED STATES, June 23, 2025 /EINPresswire.com/ -- Starling, a pioneering risk

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Tiff Macklem, Governor of the Bank of Canada and Chair of the GHOS

governance solutions provider, released today its flagship annual report, the Starling Compendium. Available on its Starling Insights knowledge-sharing [platform](https://insights.starlingtrust.com) (<https://insights.starlingtrust.com>), the report describes a “crisis of trust” in our core institutions and argues that this is undermining faith in capitalism and democracy. Addressing this will require a fundamental rethinking of current approaches to culture risk governance and supervision, the report argues.

Sub-titled “Culture & Conduct Risk in the Financial Sector” and now in its eighth year, the Starling Compendium has become an industry must-read publication, featuring

insights contributed by 21 global leaders, updates on regulatory trends witnessed in the past year among major global financial centers, and Starling’s own industry-leading research and analysis.

Drawing a powerful analogy to the 19th-century scientific revolution, the report posits that today’s leaders are in a position similar to that of pre-modern physicians confronting invisible pathogens. Breakthroughs by innovators like Louis Pasteur were not merely scientific, but narrative; in Pasteur’s telling, the unseen enemy — ‘le microbe’ — was rendered visible and thus treatable. The Compendium argues that a similar breakthrough is now needed to make invisible yet decisive forces of organizational culture subject to proactive risk management.

The report assembles a sweeping body of evidence demonstrating a systemic decline in public trust. It cites compelling warnings from contributors like political scientist Francis Fukuyama and groundbreaking trust researcher Richard Edelman on a resulting “crisis of grievance” that leaves a majority of young people ready to adopt hostile acts as a means of driving change. This erosion of trust has diminished the “soft power” pull of democratic government and is

undermining faith in capitalism. The recent gunning down of business and political leaders alike stands as alarming confirmation of the trends described in the Starling report.

Many of the Compendium's contributors diagnose the problem as a failure of governance and supervision. Former U.S. Comptroller of the Currency Eugene Ludwig argues that a growing "hostility towards regulators comes from a loss of accountability," while Stanford political scientist Margaret Levi notes that government is seen as "bloated, slow, and inefficient." Bank of England Governor Andrew Bailey is cited for his depiction of culture as a problem that operates "everywhere and nowhere," illustrating the lack of a clear means of culture risk management.

Surveying across leading jurisdictions, the 2025 Compendium documents how the pendulum is swinging decisively toward prioritizing economic growth and competitiveness, fueling a powerful argument for deregulation. This movement is no longer framed simply as a rollback of old rules but as a necessary modernization aimed at dismantling what proponents see as an outdated, unduly burdensome, and illegitimate regulatory regime that stifles innovation and investment.

This profound recalibration brings foundational principles into question, a reckoning explored by several contributors: IOSCO Chair Jean-Paul Servais warns that a push for competitiveness risks a dangerous fragmentation of a global system that relies on international alignment to function effectively; legal scholars Peter Conti-Brown and Kathryn Judge argue that the very function of oversight is at stake, forcing a test of whether core principles of accountability, independence, and public trust can survive such a fundamental redesign; and LinkedIn co-founder Reid Hoffman argues that we must bring AI to bear in the policy realm to foster renewed institutional trust.

The Compendium argues for a paradigm shift, moving beyond blaming "bad apples" to focus on "barrels" – the cultural environments that shape behavior. Social scientists like Harvard's Roy Baumeister and Oxford's Harvey Whitehouse explain that human behavior is driven by powerful, predictable social dynamics like the "need to belong" and the imperative of group conformity. This scientific lens reframes culture not as a soft, intangible concept, but as an observable and structural architecture for behavior.

To make this architecture visible, the report points to the transformative potential of AI and



2025 Compendium Cover

computational social science, with attendant opportunity and risk. Columbia Professor Sandra Matz explains how AI can reveal the deep-seated psychological and cultural patterns governing human behavior among groups; while former Microsoft scientist Craig Mundie warns that, unless we establish a reliable “trust architecture,” AI risks perfecting the systems of manipulation that helped to promulgate today’s trust crisis.

In Closing Comments to the report, Tiff Macklem, Governor of the Bank of Canada and Chair of the Group of Governors and Heads of Supervision that sets international standards, argues that the drive for growth through deregulation is not merely a technical adjustment but a high-stakes gamble that will determine the enduring legitimacy of supervisory institutions.

“Recurrent breakdowns – in conduct, governance and stability – demonstrate that resilience is not achieved through capital alone,” he writes. “Resilience depends upon decision-making. And decision-making is shaped by the norms, incentives, and behaviors that define how institutions operate. It is shaped by culture.” Macklem calls upon supervisors to attend to their own culture challenges and lead by example in the adoption of new frameworks and AI-powered tools.

Ultimately, the 2025 Compendium calls for a new model of culture risk governance and supervision. Instead of reactive enforcement, this new model would be grounded in foresight. It would equip leaders and supervisors with a shared language and a common evidentiary basis by which to diagnose cultural drift and to govern risk proactively, before it metastasizes into failure. The future legitimacy of capitalism and democracy depends upon a readiness to make proactive culture risk governance and supervision an immediate priority, the report concludes.

The full report is available online, in hardcover, and as a free PDF download on [Starling Insights](#).

ABOUT THE STARLING COMPENDIUM

Starling Compendium chronicles efforts to bolster trustworthiness in the financial sector through improved culture and conduct risk governance and supervision. The report is widely read by policymakers, regulators, investors, boards, executives, standard-setting bodies, industry associations, scholars, and the media, worldwide. We are humbled to have been entrusted with the curation of deep thinking from the remarkable group of over [200 leaders](#) worldwide who have contributed to the series since its 2018 inception.

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