

The IESBA Ethics & Independence Conference 2025
Ethics and Audit Independence: Pillars of Resilience and Competitiveness
in Turbulent Times 15 September 2025 – Lisbon

The Importance of Ethics in Building Trust in Global Financial Markets:

Keynote speech

By

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Introduction

- Ladies and gentlemen,
- Dear Gabriela,
- It is a real pleasure to stand before you this beautiful morning in the wonderful city of Lisbon, and to speak with you about a topic that is particularly close to my heart.

¹ Check against delivery.

- As some of you may already know, I began my career as an auditor—an experience that has proven invaluable. It taught me professional reflexes that continue to serve me well to this day.

On the importance of ethics in instilling trust in global capital markets

- It is hardly necessary for me to remind this expert audience that ethical behaviour is one of the fundamental pillars supporting trust in the financial system.
- In today's interconnected financial landscape, maintaining that trust has become a central and ongoing challenge. Trust in markets, institutions, and corporate actors is part of the foundation on which investment, financial inclusion, and overall market resilience rely.
- In my capacity as Chair of IOSCO and Chair of the OECD Corporate Governance Committee, I would like to share some brief comments on recent work done by IOSCO, as well as broader insights from the OECD's Corporate Governance Committee. While these two roles are distinct, holding both positions provides me with a unique vantage point from which to examine the critical intersections of ethics, governance, and market oversight—all of which are essential for the proper functioning of capital markets.
- IOSCO recognizes the crucial role of ethics in maintaining a healthy financial system. As the global organization that unites securities regulators worldwide, IOSCO is widely regarded as the global standard setter for financial market regulation. It works closely with other international bodies, such as the IESBA but also other standard setters, to advance the global regulatory reform agenda. IOSCO's core objectives are to protect investors, ensure markets are fair, efficient, and transparent, and reduce systemic

risk. In this way, its mission aligns with the audit profession's fundamental goal of building trust.

- This brings me to the importance of ethics in audit. Failure to adhere to ethical standards can have significant consequences, undermining confidence in financial information, which is a major prerequisite for the proper functioning of capital markets.
- The value of an audit—and of auditors themselves—rests fundamentally on their credibility and trustworthiness. Ethical conduct, therefore, is not merely a professional obligation but a matter of profound public interest. Auditors play a crucial and trusted public role in promoting the integrity of capital markets and protecting investors. Bringing the role of auditors more into the spotlight would be a way to attract more young people to the audit profession, which is struggling everywhere to attract young talent and maintain them in the profession.
- The importance of ethical behaviour among auditors is also clearly reflected in the revised G20/OECD Principles on Corporate Governance. These principles, developed by the OECD Corporate Governance Committee, serve as the leading international standard for corporate governance. They also reaffirm the critical importance of exercising due professional care in conducting audits in the public interest.

The times they are a-changing: on the dynamic global landscape and the need to keep the conversation going

- As someone many of you will have heard sing back in the sixties once said: “*The times they are a-changing.*” But if you’ve been around as long as I have, you also know that they always have been.

- Today's political priorities focus clearly on economic growth and competitiveness. I firmly believe in that regard that the international standards and guidance set by IOSCO remain a cornerstone for stable and sustainable growth. These standards not only support innovation but also help reduce regulatory fragmentation. And in doing so, they facilitate the efficient allocation of capital. In my view, competitiveness must never come at the expense of resilience, sound conduct or investor protection.
- What really matters is how ethical principles hold up in the light of such changing circumstances. Yes, priorities are evolving. Yes, new technologies are emerging. And yes, business models are evolving faster than ever. But ethics and trust remain constant anchors. They are not optional virtues, but essential foundations—especially in capital markets, where confidence is everything.
- Therefore, I support and encourage IESBA's commitment to continuing the global dialogue on ethics and independence. This ongoing conversation is vital to reinforcing and advancing consensus on these key issues within the audit profession.
- Continued international engagement on ethical culture and strong governance is especially important for audit firms with global operations. For a shared understanding can enhance consistency and support ethical decision-making across diverse jurisdictions.
- At the same time, I believe it's crucial that frameworks not remain just words on paper. They must deliver real impact in the world. That's why outreach, capacity building, advocacy, and post-implementation support remain so important. These efforts help ensure that professionals across jurisdictions not only better understand but remain committed to international ethical standards. Due process and global consultation will be key to strengthening the buy-in of any new developments in this area.

- As regulators or standard setters, we must also ensure that our policies and supervisory approaches are proportionate, forward-looking, and responsive to market developments, but always – and I will repeat myself here – without compromising trust.

On the rapid technological developments and the risks that come with it

- Technological changes and innovation will play a key role in the future of the audit profession. I understand that a session on this very topic is scheduled for this afternoon.
- Ethical considerations are especially important as we navigate this era of rapid and transformational change. For instance, the swift adoption of artificial intelligence and machine learning in financial markets presents both exciting opportunities as well as important new risks.
- IOSCO's most recent consultation report on artificial intelligence highlights how these technologies can enhance efficiency and decision-making. For auditors the use of AI in data analysis and intensive risk detection has the potential to transform parts of the audit and assurance processes significantly.
- However, AI systems also bring risks—risks related to transparency, explainability, accountability, and bias. That is why we need to devote significant effort to addressing these challenges, without hampering sound innovation. Our goal is to ensure that technologies such as AI develop within a safe and trustworthy environment. One that protects investors, preserves market integrity, and prevents the erosion of trust or the creation of uneven market dynamics.

- The consultation report highlights how industry practices around AI are evolving. It's clear that financial institutions are taking varied approaches to AI governance. Some are integrating AI into their existing risk management and governance frameworks, while others are creating bespoke systems specifically tailored to AI technologies.
- Regulators, too, are responding in different ways. Some are applying existing regulatory frameworks to AI activities, while others are developing new frameworks to address the unique challenges AI presents.
- The OECD's work on responsible AI, though broader in scope, aligns with these priorities of IOSCO in advocating for human-centric, transparent, and accountable approaches to technology.

Conclusion: a few words on firms' ethical culture and the tone at the top

- In conclusion, I would like to say a few words on the importance of an ethical culture at audit firms. In March of this year, I had the pleasure of hosting one of the roundtables that the IESBA held as part of its global outreach program on firms' ethical culture and governance.
- As Chair of both the Belgian FSMA and IOSCO, I fully concur that ethical leadership plays a vital role in advancing firms' culture. Leaders must set the tone at the top and consistently demonstrate ethical behaviour.
- However, the tone at the top cannot—and must not—operate in isolation. It does not exist in a vacuum. It needs to be supported by a comprehensive set of governance mechanisms that promote accountability and ensure incentives are aligned with ethical

objectives. Of course, this transformation will not happen overnight. Changing, enhancing, or maintaining an ethical culture demands sustained commitment over the long term. It involves shaping attitudes, behaviours, and systems at every level of the organisation.

- Thank you for your attention. I wish you all a very inspiring conference.

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