



## Key Facts

- Effective from 1 January 2009
- Enhances and replaces existing Code of Conduct and Code of Practice
- Applies to all members
- Nine principles with guidance notes

# Code of Professional Conduct

## Introduction

All individuals working in the banking and financial services industry are required to act in a fair and honest manner. This is to protect the interests of customers, colleagues and counterparties; and the wider interests of society as a whole. As a minimum, compliance with legislation, regulation and industry/employer codes and standards is expected.

Membership of the Chartered Institute of Bankers in Scotland (CIOBS) brings with it additional responsibilities. All members (including Fellows, Members, Associates and Students) are expected to display the highest standards of professionalism and a commitment to ethical conduct, giving at all times due care and consideration to others and putting the public interest first.

To help members maintain these high standards, the Code of Professional Conduct identifies key attitudes and behaviours expected of members and provides guidance to help members recognize and develop appropriate behaviours. Failure to meet the high standards expected may result in suspension or expulsion from CIOBS.

## Code of Professional Conduct

### As a member of CIOBS I will:

1. At all times act in a professional and ethical way and uphold the highest standards of honesty, trust, fairness, integrity and diligence.
2. Consider the risks and implications of my actions, be accountable for them, and for the impact my actions may have on others.
3. Comply with all current regulatory and legal requirements, and endeavour to follow best industry practice.
4. Treat information with appropriate confidentiality and sensitivity.
5. Be alert to and manage potential conflicts of interest which may arise whilst performing my role, and not act for personal gain or advantage.
6. Treat all customers, colleagues and counterparties with respect and take responsibility for the advice and services provided to them.
7. Lead by example and act as a positive role model to others.
8. Continuously develop and maintain my technical and professional knowledge and competence.
9. Uphold the name and reputation of CIOBS, the banking profession and the financial services industry as a whole.

## Code of Professional Conduct-Guidance

The nine principles set out above introduce the key attitudes and behaviours expected of all members of the CIOBS. To help members develop and demonstrate these attitudes and behaviours in the workplace, guidance for each principle is set out below.

### As a member of CIOBS I will:

#### 1. At all times act in a professional and ethical way and uphold the highest standards of honesty, trust, fairness, integrity and diligence.

The ethical conduct of banking and the reputation of the banking profession depends to a large extent on the approach and attitude of individual bankers at all levels. Standards of ethics and professionalism cannot be created or maintained by written rules alone: ultimately the ethical conduct of banking depends upon the integrity and behaviour of those engaged as professionals in the industry.

Banking is founded on mutual trust and public confidence; consequently, all persons engaged in banking must be conscious of the need to maintain the highest standards of personal integrity in order to safeguard that trust and confidence. Personal integrity is a quality which implies adherence to generally accepted principles of honesty and fair-mindedness. Members should conduct themselves in an entirely honest and honourable manner and their business dealings should always be fair minded and inspire confidence. They are expected to show the highest standards of ethics and professionalism in all their dealings.

Members may find it helpful to refer to the CIOBS "Professionalism & Ethics" coursebook, which can assist them in understanding how to apply concepts of honesty, trust, fairness, integrity and diligence in the workplace and in their dealings with others.

#### 2. Consider the risks and implications of my actions, be accountable for them, and for the impact my actions may have on others.

Members should be aware of the potential impact their decisions and actions may have on others, including customers, counterparties, colleagues, employers and the community. They should think through the likely consequences of actions, seek to identify the risks to all stakeholders involved in a course of action and take steps to mitigate such risks where possible.

For example – deliberately over-estimating a customer's annual income on a mortgage application to help them purchase property may appear to be helping an individual improve their standard of life, but can have serious negative consequences. If economic conditions change, these could include the customer facing unaffordable monthly repayments, and the lender being forced to take steps to recover a non-performing loan.

#### 3. Comply with all current regulatory and legal requirements, and endeavour to follow best industry practice.

Members should observe and comply with all relevant laws and regulations of countries in which they conduct business.

It can be difficult for members to identify examples of best practice outside their own organisations, but by participating in CPD and networking events expertise and experience can be shared between individuals and organizations to the benefit of all.

#### 4. Treat information with the appropriate confidentiality and sensitivity.

One of the basic tenets on which banking has been founded is confidentiality of information. Any information acquired in the course of professional work must not be disclosed other than in exceptional circumstances. While this section clearly covers information regarding the employer's customers, it should also be remembered that it covers the privacy of the employer, of fellow employees and any other individual or grouping where the information acquired has been obtained in confidence and is not generally available elsewhere. Considerable care must be exercised to ensure that any communication by word of mouth, by writing, by electronic means or any other form of communication is treated with the utmost secrecy and sensitivity.

The exceptional circumstances under which information may be disclosed includes the following, although this is by no means exhaustive:

- where consent has been obtained from the client or customer;
- where there is a public duty; and
- where there is a legal duty.

Whilst there are other circumstances, the utmost care and discretion must be taken when considering disclosure and it is strongly recommended that legal advice be sought.

As recent examples from the banking industry and elsewhere have shown, members need to be especially vigilant in safeguarding items such as laptops, computer discs and memory cards that may hold very large amounts of confidential data. Safeguards relate not only to the physical safety of these items but also to ensuring that appropriate encryption and protection is used at all times.

#### 5. Be alert to and manage potential conflicts of interest which may arise whilst performing my role, and not act for personal gain or advantage.

Conflict between an individual's private interests and those of an employer or customer should be avoided. Where this situation may arise the member should initially refer to internal codes of conduct or similar for managing these conflicts. Most such conflicts can be satisfactorily resolved by following appropriate codes and guidance.

Any acceptance of gifts, services or rewards which could affect the independent judgment of a member is likely to lead to a conflict of interest and is highly dangerous. Even where no conflict of interest occurs, the perception of such a conflict is likely to arise. Members should consider establishing a system of regular internal reporting for disclosure of any gifts, services or rewards (including corporate hospitality) to ensure that potential conflicts are disclosed and managed, where such systems are not already in place.

#### 6. Treat all customers, colleagues and counterparties with respect and take responsibility for the advice and services provided to them.

Members should remember that the way we treat our customers, colleagues and counterparties can have an impact on their lives and on the lives of others. Integrity in relationships with those to whom professional services are being rendered is

one of the foundations on which banking has been built.

For example, granting inappropriate facilities or services which the customer cannot afford or which adds little or no value is irresponsible. Not only may this damage a customer's livelihood; it can also damage a bank's reputation and the reputation of the banking profession overall.

A member must be careful to ensure that the legal requirements are followed when advice is being sought by, and advice is being given to, a customer. A member must also be aware when it would be inappropriate to proffer any advice. These rules must be scrupulously observed.

#### 7. Lead by example and act as a positive role model to others.

Members should set the standards for their organization and for the banking profession that they themselves would like to see by modeling positive behaviours that reflect the values and attitudes set out in this Code. Members in senior and leadership roles have a particular responsibility to establish 'tone from the top' but all members should encourage colleagues to adopt the highest standards of ethical and professional behaviour.

Members should help colleagues develop their professional and technical knowledge and skills where appropriate. This may take the form of mentoring, encouraging and supporting colleagues studying for the Institute's examinations, or supporting other forms of education, training and development.

For example, members in leadership roles may encourage their team to debate and discuss ethical dilemmas such as those published regularly in the Institute magazine, and consider how they may deal with similar situations should they arise.

#### 8. Continuously develop and maintain my technical and professional knowledge and competence.

Members should equip themselves to carry out their duties with proper regard to the technical and professional standards expected of a qualified banker. Constant and rapid change is a permanent feature of banking, and members should keep abreast of current developments to ensure that their particular expertise is constantly kept up-to-date.

All members are expected to keep their technical and professional knowledge and skills up to date, whether formally or informally. Participation in the Institute's Continuing Professional Development (CPD) scheme is a mandatory requirement for all Chartered Bankers.

#### 9. Uphold the name and reputation of CIOBS, the banking profession and the financial services industry as a whole.

Membership of the CIOBS is a privilege which carries duties and responsibilities. It is incumbent on members to uphold the professional standards of the CIOBS and to act with complete integrity towards customers, colleagues, counterparties and others with whom they may come into contact in a professional capacity.

Where appropriate, all members should seek to promote the aims and objectives of the CIOBS, and assist CIOBS and their employer in embedding a culture of professionalism within their organization.

For example – members are encouraged to play an active role in the establishment and operation of a local District Centre, or may volunteer to host or speak at a CIOBS event. Members should also act as "champions" for the CIOBS within their organisations, encouraging colleagues to join CIOBS and become professionally qualified.