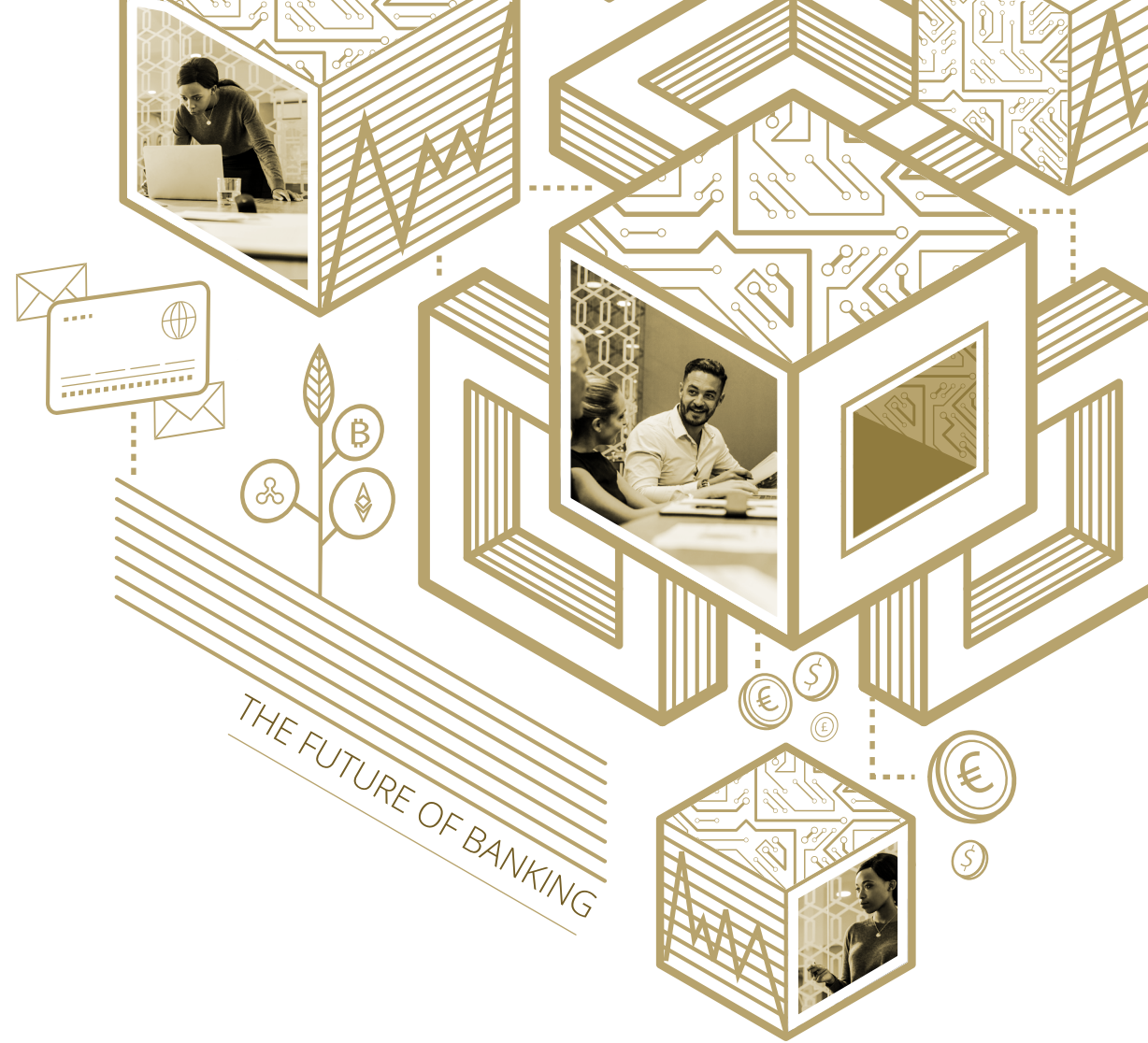


# ANNUAL REPORT 2019

Chartered Banker





|  |           |
|--|-----------|
| <b>Foreword by President of the Chartered Banker Institute, Robert Dickie FCBI</b> | <b>2</b>  |
| <b>The Institute in Numbers</b>  | <b>6</b>  |
| <b>Trustees’ Report</b>  | <b>7</b>  |
| The Role of the Chartered Banker Institute   | 8         |
| Achievements and Performance   | 10        |
| Engaging with our Members  | 19        |
| Building Influence   | 27        |
| Growth at the Institute  | 29        |
| Financial Review and Results   | 34        |
| Plans for the Future   | 37        |
| Legal and Administrative Information   | 39        |
| Structure, Governance and Management   | 41        |
| Trustee Selection, Appointment and Competence                                      | 43        |
| Trustees’ Responsibilities Statements  | 48        |
| <b>Independent Auditor’s Report</b>  | <b>49</b> |
| <b>Statement of Financial Activities</b>   | <b>53</b> |
| <b>Balance Sheet</b>   | <b>55</b> |
| <b>Statement of Cash Flows</b>   | <b>57</b> |
| <b>Notes to the Financial Statements</b>   | <b>59</b> |

## Foreword by President of the Chartered Banker Institute, Robert Dickie FCBI

Our Institute, the first institute of bankers in the world, was founded 144 years ago, in 1875, as the Institute of Bankers in Scotland. To mark our centenary in 1975, we received our first *Royal Charter* and became the Chartered Institute of Bankers in Scotland. I am delighted to announce that at the end of 2018 we received a new *Royal Charter* from H.M. The Queen, establishing our Institute as the Chartered Banker Institute, the UK's professional body for bankers, with growing global impact and influence.

The award of the Institute's new *Royal Charter* recognises the collective efforts of our Council, colleagues, supporting banks and, in particular, our 32,000 members to enhance and sustain professionalism in banking in recent years. Becoming the Chartered Banker Institute ensures we remain relevant to bankers across the UK and beyond, and gives our growing membership a new, global identity linked by a common commitment to high standards of professionalism in banking.

Our new *Royal Charter* also modernises our Institute's governance. In June 2019, Council will be replaced by a new Board of Trustees. We have also completed the recruitment for our new Membership Forum, responsible for ensuring that members' views are appropriately reflected in the direction and activities of the Institute.

I have been an active member of the Institute for over 40 years. As I near the end of my two-year term as President, I feel extremely proud to have presided over a rapidly growing professional body and one that, 10 years on from the financial crisis, has been at the vanguard of leading change in the banking profession.

I am encouraged to see that the number of members joining the Institute continues to grow. Last year saw member numbers increase by more than 3% to over 32,487, including 8,005 Student members from over 87 countries. We also saw a significant increase in the number of our members following university routes this year, with 648 learners on accredited university partner courses.





# Foreword

## continued

As at the end of February 2019, there were 11,414 individuals studying for Institute qualifications (not including those studying with our university partners) and, during 2018, some 4,998 individuals completed an Institute qualification.

A highlight of last year was the relaunch of our flagship Chartered Banker level qualification. Our new Advanced Diploma in Banking and Leadership in a Digital Age supports the emerging needs of banks and bankers in the digital era. We also expanded our qualification offering to a new area by launching the Green Finance Certificate, the world's first benchmark qualification for green finance professionals.

Meanwhile, our international influence continues to grow and, at the same time, so do our relationships with other banking institutes. Our partnership with the Financial Services Institute of Australasia (FINSIA) is a very positive example of this. For the last few years we have helped them to develop their own suite of banking qualifications, three of which were launched this year. Last autumn, Dame Susan Rice, Chair of the Chartered Banker: Professional Standards Board (CB:PSB), alongside the Chairs of the two main Australian regulators, provided a keynote speech at

FINSIA's first Professionalism Summit in Sydney, following the publication of the *Royal Commission's Interim Report*. Her visit was extremely helpful in raising FINSIA's profile and reputation, and the importance of professional standards and qualifications.

Susan stood down as Chair of the CB:PSB and from Council at the end of 2018. I would like to pay tribute to Susan for her leadership of this important, unique and successful initiative over a 10-year period, and for her numerous other contributions to the Institute. Establishing the CB:PSB, marked the first collective response to raising professional standards in banking after the financial crisis of 2008. In many ways, this move also pre-empted the focus on these issues from 2012 onwards. Over 163,448 individual bankers achieved the Foundation Standard in 2018 and around 600,000 bankers in the UK and globally are now covered by the *Chartered Banker Code of Professional Conduct* – a substantial achievement.

Our work as the Chartered Body Alliance with our counterparts at the Chartered Insurance Institute (CII) and the Chartered Institute for Securities and Investments (CISI) has continued to raise the profile of Chartered

status to financial services professionals and to other key stakeholders. We submitted (in conjunction with our Chartered Body Alliance partners) a joint response to the Financial Conduct Authority's (FCA's) consultation on the *FCA Register/Directory*. We also ran a letter-writing campaign, which involved approximately 500 individuals responding to the FCA consultation, to support our position – the second largest response received to an FCA/Financial Services Authority (FSA) consultation of this kind. Following this campaign, in March 2019, the FCA announced it was going to include a requirement in the new *Directory*, for relevant individuals to list their professional body affiliation.

The rising influence of the Chartered Body Alliance is further demonstrated by all three CEOs being invited to become members of the UK Government's Financial Services Skills Taskforce, which among other things will identify and codify key skills required for future financial services professionals. The Taskforce will be putting forward a series of recommendations to the UK Government later this year.

The Institute has also continued to build its influence in the area of apprenticeships over the past year, both as an End Point Assessment provider for apprenticeships

# Foreword

## continued

in England, and by aligning our qualifications framework with apprenticeship standards where appropriate. Our *Apprenticeships Insights Paper*, published at the Institute's Annual Professional Banking Education Conference in November, set out the good practice being demonstrated in apprenticeships in the banking sector, as well as offering constructive criticism on how apprenticeships in banking could be improved still further.

It was an important contribution to the debate on apprenticeships, and its conclusions and recommendations should be studied by

policymakers and regulators, as well as by those involved in developing and delivering apprenticeships in the banking sector.

Alongside our work to support apprenticeships, a key priority going forward is to develop our thought leadership on the future of banking. This work will consider the changing nature of the banking profession in the digital era; green and sustainable finance; the ethical issues involved in the increasing use of technology in banking; and the impact on the skills, expertise and professional judgement of future bankers.

Our 2018 Chartered Banker Young Banker of the Year competition final was held at the Mansion House on Wednesday 19 September, with the judges awarding the main prize to Alistair Gilfillan from Lloyds Banking Group, while Tom Foster from NatWest won the audience prize. Alastair's winning idea, 'Split the Difference', was a smart savings plan that will make saving easy and achievable for vulnerable customers, helping to reduce worries they have about money.

The Institute also supports young bankers through our 2025 Foundation, which was set up ahead of our 150<sup>th</sup> anniversary. It aims to

identify and support talented young people who would benefit from financial and other support to pursue a career in banking.

Almost £220,000 of the £1m total we aim to raise by 2025 has already been donated or pledged. I would like to thank all our Fellows and members who have already contributed, and to urge those who have not yet done so to give generously.

Our over-arching goal at the Institute is to enhance and sustain customer-focused, ethical professionalism in banking. As well as showcasing some of the many achievements we have made to this end in the past year, our *Annual Report* also sets out our future plans. I hope you will find it an interesting and informative read.

If you have any further questions, please don't hesitate to get in touch with us at: [info@charteredbanker.com](mailto:info@charteredbanker.com)

**“ I am encouraged to see that the number of members joining the Institute continues to grow ”**

*R. S. Dickie*

**32,487**

Last year saw member numbers increase by almost 3%

**648**

learners on accredited University partner courses.



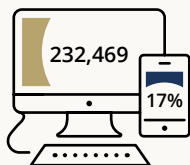




# The Institute in Numbers



Reached **32,487** members (**54%** of them female) – an increase of almost **3%** from **31,535** at the start of 2018



Increased our Twitter following by **17%**; increased our LinkedIn following by **29%**



**414**  
New and Continuing Chartered Banker MBA Students



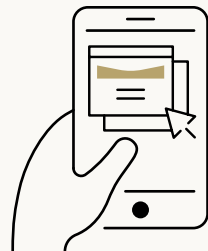
**4,998**  
qualification completions



**11,414** new and continuing learners are currently working towards an Institute qualification



Reached **4,193** subscribers to our BrightTALK channel and received **9,932** webcast views to date



Launched our new website with **232,469** visits

[www.charteredbanker.com](http://www.charteredbanker.com)



Worked in over **87** countries, across **6** continents



**7,906** new learners have enrolled to study during 2018



**10,266** assessments have been undertaken (via assessment partner and Learning Management System)



Achieved **8,841** page views of our online continuous professional development (CPD) toolkit



**11%** increase in entries for our Young Banker of the Year competition



Supported **163,448** bankers to achieve the Foundation Standard globally



from **15** university learning partners and awarded Centre of Excellence status to nine universities



# Trustees' Report

# The Role of the Chartered Banker Institute

## Enhancing and sustaining professional standards in banking

**Founded in 1875, the Chartered Banker Institute is proud to be the oldest institute of bankers in the world and the only remaining institute of and for bankers in the UK.**

Once again, over the past year, the Institute has continued to increase its reach, impact and influence both in the UK and internationally. Last year saw the Institute make substantial investment in learning delivery and launch innovative new programmes, including the Advanced Diploma in Banking and Leadership in a Digital Age, and the world's first Green Finance Certificate. Internationally, we launched professional banking qualifications and routes to Chartered Banker status with banking institutes in Australia and India.

We have continued our work to enhance and sustain high standards of conduct and expertise in banking, and to rebuild pride in the banking profession. A decade on from the financial crisis, this has never been more important, as customer-focused, ethical professionalism remains one of the strongest defences against a recurrence of these events.

In recognition of the growth of the Institute in recent years, in December 2018 we received a new *Royal Charter*, formally establishing us as the Chartered Banker Institute. This reflects the collective efforts of our Council (past and present), supporting banks, colleagues and, in particular, our growing membership, to enhance and sustain professionalism in banking. Becoming the Chartered Banker Institute ensures we remain relevant to bankers across the UK and beyond, and gives our growing membership a new, global identity linked by a common commitment to high standards of professionalism in banking.

### Our objectives and activities

The objectives for which the Institute is constituted are set out in our Royal Charter as follows:

- To encourage the highest standards of professionalism and conduct amongst its members in the public interest;
- To improve and extend the knowledge and expertise of those engaged in banking and financial services;
- To conduct examinations and promote the continued study of banking and financial services in all their aspects and to award certificates to candidates who meet the standards laid down by the Institute;
- To establish links and to co-operate with other professional or educational bodies with a view to the pursuit of common objectives and to represent the banking profession both nationally and internationally.



## The Role of the Chartered Banker Institute continued

The Institute continues to see sustained membership growth, which now stands at a record level of 32,487 – an increase of 3%. This reflects both our increased reach and the fact that we continue to invest in services that deliver real value to our members. As noted in previous annual reports, the majority of Institute members (54%) are now female, reflecting the greater diversity now found within the wider banking profession as a whole.

This diversity also extends to ethnicity. Our most recent survey results, when compared to the most recent *UK Census* results, suggest that Institute membership contains higher proportions of black, Asian and mixed/multiple ethnic groups than the wider UK population. Members undertake a wide variety of roles, but the majority work in business banking, retail banking, banking operations, support services or private and wealth management.

London remains the Institute's largest membership hub in the UK. However, we also have hubs elsewhere in the UK, including significant membership presences in Edinburgh, Birmingham, Manchester and Cardiff, as well as in other UK financial services centres. We are also extremely proud to have extended our international reach. We now have members in over 87 countries across the globe, all of whom share a common commitment to the *Chartered Banker Code of Professional Conduct*.

32k

The Institute continues to see sustained membership growth, which now stands at a record level of **32,487** – an increase of **3%**.



# Achievements and Performance

## Professional learning and development

**The number of learners completing a programme of study with us in the past year was 4,998.**

### Relationship management

This has been a successful year for the Institute's Relationship Management team, which has been building trusted partnerships with an increasing number of banks across the whole of the UK.

In addition, we have been engaging with apprenticeship providers and banks to make sure that we understand the new dynamics of working in partnership with training providers to deliver a high level of service to both students and banks.

With the launch of our new qualifications and an ever-changing/challenging environment, our Relationship Management team is busier than ever.

### Advanced Diploma in Banking and Leadership in a Digital Age

Our new flagship qualification, the Advanced Diploma in Banking and Leadership in a Digital Age, has been well received, attracting almost 300 module enrolments from both corporate cohorts and individual members since its launch in October. It is encouraging to see the number of students who are studying at this level increasing, since these students are, for the most part, our next generation of banking leaders.

Developing the Advanced Diploma has been a major undertaking for the Institute and our partners. The curriculum blends core banking knowledge and skills with bank strategy, leadership and technological innovations, as well as knowledge of the major global forces shaping the future of banking today; all within the context of a customer-focused, ethical and professional culture. We believe we have created a very high-quality, flexible, professional banking qualification for the digital age. Each of the five modules that comprise the Advanced Diploma is also available as a stand-alone certificate.

### Green Finance Certificate

This year also saw the launch of our prestigious Green Finance Certificate, designed to set the benchmark for the knowledge and skills required of green finance professionals worldwide, and the first Institute qualification for which e-learning was developed in house. The Certificate is aimed at helping professionals to play a leading role in developing the sustainable banking and financial services industry of the future, with a renewed sense of social purpose. The Certificate includes study of the scientific underpinnings that have influenced the development and evolution of green finance products and services; the significance of green finance's vision, principles, strategy and performance measurement; and the opportunities and challenges of mainstreaming a green finance approach.

### Professional Banker Diploma

During the past year, we have also updated and developed e-learning for three Professional Banker Diploma modules: Introduction to Credit, Team Leadership, and Complaint Handling. E-learning for Team Leadership and for Complaint



## Achievements and Performance

### continued

Handling has been developed in house, to encourage those who have completed the Professional Banker Certificate to progress to the Diploma.

In 2019 we will be developing a new version of our Professional Banker Certificate to meet the needs of those who are new to banking. As well as covering the fundamentals of banking, the new version will focus on the principles of responsible banking in a digital age and will be aimed at international students, as well as those based in the UK.

#### Bespoke qualifications

Bespoke qualifications developed in collaboration with a major client continue to attract enrolments and new members. Although this year saw a fall in enrolments, the number of completed qualifications rose by 7%, bringing the total to 7,070. With a 5% growth in new members from this source, we now have almost 7,700 members who have either completed, or are studying towards, a qualification in the bespoke portfolio, representing 24% of Institute members.

#### Chartered Banker by Experience

Our accelerated route to Chartered Banker status for experienced banking professionals was launched in the summer of 2018. Chartered Banker by Experience is aimed at individuals with at least 10 years of business experience, including 5 years of banking and financial-services-based experience, and provides a flexible yet rigorous route to Chartered Banker status.

With a global target audience, it is ideal for experienced professionals who want recognition for their expertise, experience and contribution to banking. Assuming successful pre-screening, candidates must complete a critical self-evaluation, a professional ethics assignment and a presentation and professional discussion.

With several pilot groups in place with key organisations, and with future registrations looking promising, Chartered Banker by Experience is a welcome addition to our portfolio of products and is an ideal route to achieving Chartered Banker status for experienced banking professionals.

#### Apprenticeships

The impact of apprenticeships continues to be significant for the Institute as employers continue to integrate delivery models. Since 2013, the Institute has been working with employers, training providers, End Point Assessment (EPA) organisations and other professional bodies on the implementation of banking and wider financial services standards. The majority of the Institute's qualifications have been approved for use in the new Trailblazer apprenticeship frameworks, including the cutting-edge Advanced Diploma in Banking and Leadership in a Digital Age. The Institute is also established as an EPA organisation in its own right for a number of banking standards.

7%

the number of completed bespoke qualifications rose by **7%**, bringing the total to **7,070**.



## Achievements and Performance continued

### Apprenticeship insights research

During 2018, reflecting the increasing influence of apprenticeships, the Institute produced a substantive insights paper, formally launched at the Institute's Education Conference in November. The insights paper was a result of in-depth interviews with employers, training providers and other professional bodies. While apprenticeships offer fantastic opportunities, there are also substantial challenges emerging. The paper identified eight key recommendations intended to address the principle current issues.

#### 1. Standards update as a strategic activity

The industry needs to take a firm and pro-active hold of standards review and creation and treat it as a cross-industry strategic activity. Currently, it is felt that some of the financial services apprenticeship standards, created initially under Trailblazers, just 3 years ago, are somewhat backward-looking, being concerned with the issues and challenges of the recent past, rather than seeking to prepare apprentices for the future financial services environment.

#### 2. Consistency across apprenticeships and professional standards

Employers should work with professional bodies to urgently revise the apprenticeship standards. Professional standards should be consistently aligned to apprenticeships – rather than being something separate or additional.

#### 3. Facilitating the review of financial services apprenticeship standards

Employers need support and resources to review apprenticeship standards to ensure that they are fit for current and future sector requirements.

#### 4. Integrated provision from professional bodies

Professional bodies (PBs) continue to support apprenticeships and ensure that their qualification offering is aligned and in support of the apprenticeship model. The style and content of professional qualifications should be suited to the changing audience apprenticeships bring, and in context with how broader apprenticeship training is delivered.

# Achievements and Performance

## continued

### 5. Alignment across the UK

Bank employers have strongly expressed the need for one streamlined apprenticeship approach across the UK, with their preference being *Trailblazer Apprenticeship Standards* using funding from the levy.

### 6. Monitoring the impact of financial services apprenticeships

The UK Government needs to provide sector-based apprenticeship data. This would support the financial services sector and its professional bodies to review the status of apprenticeships and better target support to increase engagement.

### 7. Co-ordinated cohorts for smaller organisations

Financial services institutions need support to co-ordinate smaller cohorts to enable viable apprenticeship delivery, especially for some of the new standards, where delivery is neither established nor widespread yet in some cases.

### 8. Promotion of financial services degree apprenticeships

There is an appetite for undergraduate and master's degree-linked apprenticeships in the financial services sector. A platform for universities to promote their degree offerings linked to financial services apprenticeships would be helpful.

An over-arching theme of the paper was the need to determine that banking is developing apprenticeships that are both appropriately forward-looking and well-matched to a career in banking. In launching the paper, Simon Thompson noted:

*“It is deeply concerning, therefore, to see evidence that the value of sector-specific education is, once again, being eroded – driven this time by the lack of relevant apprenticeship standards and misaligned incentives created by the Apprenticeship Levy. As other sectors embrace apprenticeships (accounting, for example) it is noteworthy that sector-specific qualifications continue to play a central role. We must act to ensure they do the same in banking too.”*

The Institute will continue to closely engage with all apprenticeship stakeholders in 2019, noting that existing standards are under review.

In September, the Chartered Banker Institute helped to set up the Apprenticeship Scotland Employer Group, which we still support and participate in. This group's purpose in coming together was to understand how to utilise the *Apprenticeship Levy* in Scotland and to overcome some of the emerging challenges. The group's membership includes representatives from financial services employers, as well as from Skills Development Scotland (SDS).



Performed **8,119**  
enrolments – an  
average of  
**677** a month

## Achievements and Performance

### continued

The Apprenticeship Scotland Employer Group has identified a number of challenges in the apprenticeship system for employers who work across the UK – particularly cross-border differences. These challenges will require support across political boundaries and different government agencies. Some of the challenges can be addressed through collaboration with Skills Development Scotland and will have a clear implementation path. Others will require a formal recommendation via the Financial Services Advisory Board (FiSAB), a Scottish-Government-led group, and its related structure for consideration by the relevant Scottish and UK ministers.

The purpose of the Apprenticeship Scotland Employer Group is to:

1. Form specific workstreams to manage projects that will support changes to the apprenticeship environment for financial services, specifically to drive increased numbers of financial services apprenticeships in Scotland and to improve the efficiency and effectiveness of apprenticeship processes.

2. Form detailed recommendations of actions that can be taken by the Scottish or UK Governments to support financial services apprenticeships, for submission to FiSAB.

The Apprenticeship Scotland Employer Group will collaborate across Trailblazer groups, SDS, Education and Skills Funding Agency (ESFA), and financial services employers to deliver specific packages of work that will support the purpose of this group.

#### Accreditation, assessment and certification

Accreditation and certification activities are core to the work we do with UK banking groups. Most accredited programmes provide credits to our qualification framework and are used towards gaining a professional qualification, either via a standard accredited route or via a bespoke pathway developed for individual banks.

Large numbers of individuals continue to become professionally qualified in this manner – demonstrating that our external validation of the quality of internal learning programmes is valued both by banks and by those who undertake the programmes.

#### Assessment activity

The year to 28 February 2019 was another busy year for the Institute's awarding body function in respect of the number of assessments administered. During this 12-month period, candidates undertook 10,266 assessments. The breakdown of assessments conducted last year is as follows:

- **Multiple choice examinations** – 6,917 (6,969)
- **Written examinations** – 2,093 (1,773)
- **Assignments** – 1,203 (1,004)
- **Work-based assessments** – 53 (86).

*Figures to 28 February 2018 in brackets for comparison purposes*

## Achievements and Performance

### continued

Other highlights from 2018 included a greatly increased number of candidates from the Asian Institute of Chartered Bankers in Malaysia, working towards and subsequently gaining, their Chartered Banker Diploma qualification, partly as a result of regulatory changes. We have also recently received the first assignment submissions for modules towards our new Advanced Diploma in Banking and Leadership in a Digital Age and anticipate the first awards of this new qualification to be made in the near future.

In January 2019, following the Institute's successful *Quadrennial Full External Review*, and the separate *Quadrennial Review* by the Scottish Credit and Qualifications Framework (SCQF) in 2018, the Institute carried out its annual self-assessment of credit rating operations with the SCQF.

During 2018, the Institute, along with delivery partner Calibrand, carried out a root and branch review of the financial adviser qualification, Diploma in Professional

Financial Advice, against updated FCA criteria. This work was completed by mid-2018 and the Institute's Awarding Body team then undertook a formal review visit to Calibrand. This confirmed the continuation of the arrangement that sees Calibrand deliver the qualification and the Institute oversee and award it.

At the end of 2018, an independent external review determined that the Institute continues to meet the FCA's criteria in respect of our Accredited Body services.

The work of the Awarding Body is overseen and supported by the Quality and Standards Committee under the Chairmanship of Council member Susan Younger.

### Professional Standards

The Chartered Banker Professional Standards Board (CB:PSB) was conceived in 2008 against the backdrop of the global financial crisis. Prompted by the Institute and Dame Susan Rice (CB:PSB Chair since its inception), Chairmen

and CEOs agreed the need to work collectively to rebuild banking on a solid foundation of ethical professionalism.

A decade later, the CB:PSB has delivered considerable success, including:

- A common *Code of Conduct* that covers around 600,000 individuals globally
- The largest professionalism programme in modern banking – the CB:PSB Foundation Standard was met and re-validated 845,548 times between 2013 and 2017
- The Foundation Standard, which 163,448 members met in 2018, demonstrating its longevity and continuing appeal
- An open architecture approach which recognises the range of professional qualifications, pathways and providers that exist in banking.

## Achievements and Performance

### continued

Stepping down as Chair at the end of 2018, Dame Susan Rice passed the baton to Steve Pateman, Institute Vice-President and CEO of Hodge Bank. Overseeing a transition period, Steve is working with CEOs to determine how to build on the CB:PSB platform, and leverage its framework and expertise to support bankers in an evolving, digital and socially-focused environment.

The CB:PSB Board has suggested that the future direction of banking professionalism lies with the Chartered Banker Institute rather than the CB:PSB.

Steve said: “Our aim is to capitalise on the successes of the CB:PSB while aligning to a broader and deeper professional agenda spearheaded by the Institute, and support the uptake of relevant, modern professional qualifications.”

Welcoming a new approach, the CB:PSB Independent Monitoring Panel noted in its second *Annual Report*, that the banking sector should, “maintain and build on its efforts to grow professionalism”.

Recognising the clear successes of the CB:PSB – most importantly the Foundation Standard and its open architecture approach – the Panel suggested that the CB:PSB should align more closely with the Chartered Banker Institute, to provide greater clarity for customers, colleagues and banks.

#### National and international appeal

##### UK academic partnerships

The Institute has continued to expand its range of learning partnerships both in the UK and internationally.

In the UK, nine universities are now recognised as Centres of Excellence. This scheme, launched in 2015, provides a framework for collaboration with higher education institutions that enables appropriate degrees to be formally accredited by the Institute, offering an accelerated pathway to an Institute qualification or to the award of membership status.

In order to be acknowledged as a Chartered Banker Centre of Excellence, a university must:

1. Have a relevant banking and finance degree accredited against the Institute's Advanced Diploma in Banking and Leadership in a Digital Age
2. Host jointly branded events, providing opportunities to bring together academics and banking professionals to share knowledge and experience, as well as enabling expansion of professional networks
3. Collaborate on areas of research, which are of interest to the Institute's membership.



## Achievements and Performance

### continued

The following universities are currently recognised as Chartered Banker Centres of Excellence:

- Bangor University
- University of Cambridge Judge Business School
- Cass Business School
- University of Edinburgh Business School
- University of Exeter Business School
- Leeds University Business School
- University of Liverpool in London
- Newcastle University Business School
- Nottingham University Business School.

Our relationships with these institutions continue to strengthen and we have received high levels of engagement across a number of our university partners.

The MSc Banking and Finance at Nottingham features prominently, and the Institute has worked closely with them to support the growth and development of the course. It was particularly pleasing to receive 317 new students

on the Chartered Banker pathway last year, and also to share in the achievements of those who had successfully completed the course at graduation.

At Leeds University Business School, we have provided ongoing consultation to help inform and shape the structure of their undergraduate BSc Banking and Finance, and an innovative new postgraduate master's launching later this year, the MSc in Financial Technology. These high-quality qualifications will be valuable additions, allowing candidates to navigate the shifting financial landscape, while also fostering their affiliation with the Institute.

We were recently delighted to accredit the prestigious Master of Finance programme at Cambridge Judge Business School and welcome them as the newest member of this initiative. We also expect to accept another distinguished university in 2019, as the final stages of review near completion.

In the current financial year, 277 students gained Chartered Banker status through our Centre of Excellence partners.

In addition to Centres of Excellence, another six universities have had degree courses accredited by the Institute. As their research output expands, some will be considered for Centre of Excellence status in future.

### International partnerships

The Chartered Banker MBA, which has been delivered in partnership with Bangor University since 2011, maintains its popularity, attracting students from over 70 countries. In 2018, 98 individuals gained the Chartered Banker MBA qualification, and there are currently 414 new and continuing students registered on the programme.

## Achievements and Performance continued

Our strategic partnership agreement with the Financial Services Institute of Australasia (FINSIA), to develop, accredit and support a framework of professional standards and qualifications in Australia, goes from strength to strength. The first qualification, Professional Banking Fundamentals, launched in February 2018 and has been followed by the Certified Professional Banker, with several modules now developed and accepting registrations, and work now underway on additional modules. Chartered Banker by Experience has also been implemented by FINSIA.

We continue to work closely with our partners, the Asian Institute of Chartered Bankers (AICB) in Malaysia, to implement the outputs of our major *Qualifications Review*. This will help AICB more closely align their qualifications with our own, with key areas being qualification updates and transitional arrangements.

In 2018, a total of 704 individuals were studying for Chartered Banker accredited qualifications with AICB, and 58 individuals became Chartered Bankers. As Bank Negara (the Malaysian Central Bank) have mandated that only qualified Chartered Bankers will be able to submit returns

to the bank, the number of future registrations will increase significantly, with c. 400 confirmed already for 2019. Continuous growth is anticipated over the coming years.

Following on from the experience gained in working with the Indian Institute of Banking and Finance (IIBF) to recognise their Certified Associate (CAIIB) qualification, a similar process for the Junior Associate (JAIIB) qualification has been agreed, building in a route to Associate Chartered Banker status. This involves study of our Professionalism, Ethics & Regulation module, and successful completion of a reflective assignment.

As the IIBF is the world's largest banking institute, with more than 750,000 ordinary members, aligning both bodies' qualification frameworks in this way presents significant opportunities, and we will be collaborating closely to ensure mutually beneficial outcomes.

Closer to home, our long association with our colleagues in the Institute of Banking in Ireland (IoB) continues, and we now have over 508 Chartered Bankers registered as International members through our partnership agreement.



# Engaging with our Members

## New Membership Forum

**In December 2018, the Institute received a new Royal Charter confirming a number of changes to the Institute's governance arrangements, including the establishment of a new Membership Forum. The Membership Forum will be responsible for representing the membership and ensuring that members' views are appropriately reflected in the direction and activities of the Institute. It will provide an opportunity for a much larger and more diverse group of members to get involved in the governance and strategic direction of the Institute and will also play an important role in promoting the Institute and the benefits of membership within the banking industry.**

### Continuing professional development (CPD)

Last year we continued to remain member-centric in relation to content, delivery methods and accessibility of our Continuing Professional Development (CPD) resources.

We have introduced a monthly CPD newsletter for members, in which we highlight trending topics of interest and give links to CPD resources, including upcoming events, webcast recordings, content from our CPD toolkits and

new website content. The weekly emails supporting our e-CPD and e-CC toolkits also received a refresh and we have observed the positive impact this has had on the resources which members access.

Research with members has previously indicated that they were keen to see more content on the public side of our website and we have introduced a series of blogs in which contributors from across financial services give their views on a wide range of subjects. The launch of our new website in April also gave us the facility to introduce featured resources, allowing us to ensure that members are kept aware of the most recent content.

Our Ethics Assessment has been piloted as part of a bespoke CPD package for a major client. This has been well received and garnered positive feedback from users. We will use this feedback to inform a more widespread launch.

We continued to keep our e-CC (ethics, culture and conduct) toolkit under review, to ensure that the content remains up to date and relevant. The toolkit has been enhanced with the addition of new resources, including new 'discovery' sessions such as 'Building a Culture of Integrity' and 'Ethical

Issues in Banking and Technology'. We have also added additional 'Ethical Decisions' self-assessments.

We regularly update our e-CPD (leadership, management and personal development resources) toolkit with topical content. In total, nearly 9,000 resources have been accessed across the two toolkits in the past year.

There are 37 webcasts covering a wide range of topics available on demand via the Institute's BrightTALK channel and these have attracted an all-time audience of 4,055 worldwide subscribers to date and have been viewed on 9,369 occasions.

### 2025 Foundation

During 2018, we continued to promote and develop the work of the 2025 Foundation, the aim of which is to provide opportunities to pursue a career in banking to young people and individuals historically under-represented in the banking profession. These include individuals from minority groups and specific socio-economic backgrounds who would not normally consider a career in the banking profession. Put simply, the Foundation's aim is to change lives.



## Engaging with our Members

### continued

#### A message from the Chair of the 2025 Foundation

Our Institute, which is the oldest banking institute in the world, was founded to promote education and development for young bankers entering the profession. With the 2025 Foundation, we have the opportunity to continue these fine aims by supporting talented young people and individuals to pursue a career in banking, who would otherwise find it difficult due to their background or financial circumstances.

We have just completed our first full year of operation and have spent much of it engaging with different stakeholders to explore the most effective business model to ensure our message reaches the people who need our help most. This has led to a partnership with the Robertson Trust, which we agreed in the summer. Together, the 2025 Foundation and the Robertson Trust have identified a number of activities to help pro-actively attract Robertson Scholars who are currently undertaking degrees across Scotland and who fall within the 2025 Foundation's target demographic. Collectively these activities will be referred to as the 'Banking Stream'.

The Foundation held a Scottish launch event last year, on 28 March, with a reception in the historic surrounds of The Bank of Scotland premises on the Mound, to brief attendees on the Foundation's aims. The event was hosted by Philip Grant, a former Institute President. Marlene Shiels OBE, CEO of Capital Credit Union; Andrew Bailey Chief Executive Officer of the Financial Conduct Authority (FCA); and Bill McCall, Vice President of the Institute, were among the assembled guests, along with many Institute Fellows and members.

---

# 218k

raised **£218,589**  
towards the  
work of the  
2025 Foundation

---

## Engaging with our Members

### continued

In October, we held an event at RBS Group's Gogarburn HQ to meet some of the young people interested in a career in banking. There were presentations from the 2025 Foundation Committee and an opportunity to network for the young people in attendance. We are now exploring internship opportunities with banking partners, and actively engaging with the scholars regarding opportunities to access careers in banking.

Alongside the development of our relationship with the Robertson Trust, the 2025 Foundation has been working throughout 2018 to promote opportunities to young people across the UK who would be interested in pursuing a career in banking. Through our network of My Skills and Future schools, the message that we are offering funding to young people is reaching a wide audience.

The Foundation has raised almost £220,000 to date, as a result of generous personal donations received from several of our Fellows and members, as well as from corporate donations from the Institute, United Trust Bank and Edinburgh and Lothians District Centre. Our aim is to raise £1m by 2025.

The Foundation's primary objective is to positively change the lives of young people by offering them the opportunity to gain internships, qualifications, mentoring, and ultimately permanent employment in our profession. I would encourage all Fellows and members of the Institute to get involved in this very worthwhile initiative, whether by helping to provide internship opportunities, through personal donations, or by identifying young people we can help. I would also like to thank all of our Fellows and members who have so generously contributed so far.



David Thorburn  
Chair, 2025 Foundation

### Support the 2025 Foundation

We are looking for pledges of support in one or more of the following three areas to reach the aims of the 2025 Foundation:

1. **Make a donation:** We are asking Fellows and members who have benefitted from the banking education provided by the Institute to give something back, by making a charitable gift towards supporting the Foundation. You can make a one-off or regular monthly donation via our online donation page. More information is available at: [www.charteredbanker.com/2025foundation](http://www.charteredbanker.com/2025foundation)
2. **Become a mentor:** We are inviting Institute members with 10 or more years' banking experience to volunteer to mentor 2025 Foundation scholars. The Institute provides a range of online resources on mentoring and we will also run workshops and events for 2025 Foundation supporters and scholars that will help bring mentoring advice and guidance to life, as well as bringing together the current and future generations of professional bankers. If you are interested in becoming a mentor, please email: [2025@charteredbanker.com](mailto:2025@charteredbanker.com) for more information and an application form.

## Engaging with our Members

### continued

**3. Internship opportunities:** We are looking for potential internship opportunities. Can your organisation offer practical work experience for a young person? We are currently working with the Robertson Trust in Glasgow to help find internship opportunities for young people in their third year at various universities across Scotland to access opportunities in banking and finance. To find out more, go to: [www.charteredbanker.com/2025foundation](http://www.charteredbanker.com/2025foundation) or email: [2025@charteredbanker.com](mailto:2025@charteredbanker.com)

### Member engagement

#### Our survey says...

During 2018, the Institute published the results of its second *Professionalism Index Survey* – intended to capture the degree of professional pride felt by individuals working in the banking sector. Analysis by Professor James Devlin at Nottingham University Business School, comparing the results with those of research conducted by the CB:PSB, indicated that Institute members continue to demonstrate much higher levels of professional pride in comparison with non-members employed in the banking sector.

In September, as part of our review of *Chartered Banker* magazine, we surveyed members about their views on the content and design of the existing magazine. We were pleased to note that responses were exceptionally positive, however, we were still able to make improvements and to develop new features based on members' feedback.

With a steadily growing membership, we were keen to explore levels of knowledge and understanding with regards to the Institute's purpose and services, particularly among newer members. Working with one of our corporate clients, we undertook research with a targeted population within the bank and were pleased to discover not only a high level of awareness but also active engagement within the bank community, including discussion and member-generated content. The results provided valuable insight into new ways to communicate with members from across all of our learning partners.

We also carried out a volunteering survey in December to assess the engagement levels of our members with volunteering, and what types of activity they would like to see facilitated by the Institute. In 2019, we hope to improve

the offering within the volunteering hub and give members access to new opportunities.

### Changes to our channels

As noted above, the past year saw us undertake a comprehensive review of the Institute's membership magazine *Chartered Banker*. Following member feedback and seeking to make the most of our new website, we have moved to a more integrated approach between our magazine content and the articles and information published online.

To facilitate this change, we have moved to a re-designed quarterly magazine, with the first edition published in January 2019. As part of this change, we have introduced new features and a stronger online presence that's 'always on', including regular blog posts and new content.

Recognising the value in making our magazine content more accessible online, particularly for mobile devices, we have also introduced a new 'Readymag' channel, which features content drawn from each magazine's special report, alongside other Institute publications.

## Engaging with our Members

### continued

Our profile, reach and impact on social media continues to grow, with a 17% rise in Twitter followers and a 29% increase in LinkedIn subscribers. Our thought leadership content has also continued to grow, with the launch of the Institute's new blog and revised Knowledge Hub. This has increased our activity on LinkedIn and our other social media channels significantly, and we have seen strong engagement with the content and referrals to our website as a result.

The next phase of development for the Institute's mentoring scheme also took a huge step forward in 2018, with the launch of a new online mentoring platform. This allows users to create and view profiles; streamlines the matching process and helps to facilitate communication between mentors and mentees.

#### Digital transformation

The Institute operates a 'digital first' strategy, which prioritises delivering web-based services for members. However, this strategy continues to be much broader and requires us to look differently at everything we do.

By focusing on simplifying and automating processes, we can build capability, allowing us to work on the things that are central to our core purpose, and which deliver enhancements to the member experience.

One of the most significant improvements delivered has been the launch of our new website in April. This followed extensive consultation with members, including detailed user experience testing, allowing us to focus on their critical needs. Some of the new features include: improved navigation; an expanded Knowledge Hub, including a new Institute blog; featured resources, allowing users to quickly see the latest content; and a revamped CPD log, making it easier to track progress. In addition to the visible features, the underlying functionality will, over time, allow us to improve personalisation and provide better integration with a range of Institute services. We have also invested in analytics tools, which will allow us to better monitor and understand how visitors use the website, as well as supporting its continuous improvement.

Alongside the new website, came the launch of our live webchat service, giving members a new channel for communication and promoting a significant increase in customer contact. The service has proven particularly popular with our international students.

We also introduced change request meetings to review and implement continuous improvement suggestions put forward by Institute colleagues. We implemented 35 suggestions in the last year, ranging from improvements in customer communications, automations, policies and service level agreements (SLAs) to creating more efficient internal processes.





## Engaging with our Members continued

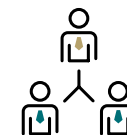
For 2019, we are reviewing our assessment and examination proposition and looking at new ways of working, in order to streamline our activities and to provide an improved customer offering. Enhancements include moving to a new way of using our 'Turnitin' plagiarism identification software. This will include self-service assignment loading with enhanced marking within the system. We will also be offering a 'remote invigilation' option for some of our examinations.

### Face-to-face events

Every year, the Institute organises a diverse programme of live events. We held a total of 34 in 2018. Our third Professional Education in Banking Conference in November was one of the highlights, bringing together a mix of banking sector learning and development specialists, academics, Institute members, policymakers and partner institutions, with the common aim of improving professional education for bankers. The main theme for the day was 'Technology, Professionalism and the Future of Banking' – looking at how

we develop the future skills needed by bankers. We were delighted to welcome speakers including David Blunt, Head of Conduct Specialists, FCA, and Sir Gerry Berragan, CEO, Institute for Apprenticeships.

At our AGM lecture, which took place in June, we were very privileged to hear Philippa Foster Back CBE, of the Institute of Business Ethics (IBE), share her insights into the challenges of ethics in a digital age and the work of the IBE. We also made a live webcast of the lecture available for members unable to attend in person.



Provided over **60** online and face-to-face networking/event opportunities for members

## Engaging with our Members

### continued

Towards the end of the year, we looked at green finance and how banks and bankers can support the transition to a low-carbon economy, with a panel including Sir Roger Gifford, Chair of the UK Green Finance Taskforce and CEO of SEB Bank. We were also delighted to welcome Sarah John, Chief Cashier at the Bank of England, to speak about the future of cash from a Bank of England perspective.

In recognition of the fact that many of our UK members are not necessarily based in or around London, we continued to increase the number of event locations across the country, hosting events in six UK cities. London and Edinburgh continued to host the majority, however, and as London-based members make up our largest geographic membership group, this remains a particular focus for events and networking activity. Last year's programme covered topics such as pay, diversity and inclusion and professional ethics.

We also ran several events in association with partner organisations, including a session on the ethics of artificial intelligence in financial services as part of the Chartered Body Alliance, with Antony Jenkins, Founder and Executive Chairman of 10x Future Technologies.

#### Recognising and rewarding emerging talent

The UK-wide Young Banker of the Year competition, which sees the banking sector put forward its highest calibre of candidates, is another highlight in the Institute's annual events calendar. Once again, we were extremely impressed by the quality of first-round entries received in 2018.

The award is a prestigious accolade for rising stars in the sector and recognises and rewards those individuals who embody the customer-focused, ethical professionalism advocated by the *Chartered Banker Code of Professional Conduct*.

The final of the competition in September returned to London's Mansion House, where the Lord Mayor of the City of London, Alderman Charles Bowman, presented the top prize. The judging panel included Dame Susan Rice, Chairman of the CB:PSB; Sian Fisher, Chief Executive of the Chartered Insurance Institute; Miles Celic, Chief Executive of TheCityUk; and Robert Dickie, President of the Chartered Banker Institute. The 2018 final proved to be one of the most fiercely contested, with Coutts & Co's David Akers, NatWest's Tom Foster and Coutts & Co's Nathan Williams all delivering impressive presentations on their business proposals. However, the accolade of Chartered Banker Young Banker of the Year 2018 went to Alistair Gilfillan from Lloyds Banking Group.



## Engaging with our Members continued

### Fellowships and prize-winners

The Institute was delighted to welcome Jane Howard as a newly elected Fellow in 2018/19. We also awarded Honorary Fellowships to Clemens Spoorenberg and Mario Spatafora.

A variety of recognition events took place across the year, some in association with banks, others in association with learning partners, but all celebrating the success of those who have attained professional status with the Institute. These included graduation events with students from The University of Edinburgh, Bangor University, and Nottingham University Business School, who all attained Chartered Banker status.



Every year, the Institute gives out prizes to graduates who have attained exceptional results in their examinations. For 2018, the subject prize-winners from the Chartered Banker Diploma included:

- **Applied Business and Corporate Banking:** James Munro
- **Banking for High Net Worth Individuals:** Louise Iberson-Hurst
- **Contemporary Issues in Banking:** Dominique Hall
- **Credit and Lending:** Shelby Leith
- **Operations Management:** Louise Elliot
- **Retail Banking:** Sam Dodd
- **Risk Management in Banking:** Adam Cunningham
- **The Hutton Prize (Gold Medal):** Adam Cunningham, for achieving the highest mark in the examination for Professionalism, Ethics and Regulation
- **The Torrance McGuffie Prize:** Mark Smyth, for achieving the second highest overall mark in the Chartered Banker Diploma examinations
- **The Sir Bruce Pattullo Award:** Lloyd Stocker, for achieving the highest overall mark in the Chartered Banker Diploma examinations.



# Building Influence

## Chartered Body Alliance

Our work as the Chartered Body Alliance with our counterparts at the Chartered Insurance Institute (CII) and the Chartered Institute for Securities and Investments (CISI) has continued to raise the profile of Chartered status to financial services professionals and to other key stakeholders. We submitted (in conjunction with our Chartered Body Alliance partners) a joint response to the FCA's consultation on the *FCA Register/Directory Consultation* and we also ran a letter-writing campaign with approximately 500 individuals, responding to the FCA consultation to support our position – the second largest response received to an FCA/FSA consultation of this kind. Following this campaign, in March 2019, the FCA announced it was going to include a requirement in the new *Directory* for relevant individuals to list their professional body affiliation.

The first major event organised by the Alliance took place in May 2018 and was on the subject of the 'Ethics of Artificial Intelligence in Financial Services', with Antony Jenkins and Dr Emma Byrne from 10x Banking as the keynote speakers.

It was attended by 130 people and received excellent feedback from attendees. We followed this with two successful fringe meetings on the same theme at the 2018 Conservative and Labour Party Conferences.

The rising influence of the Chartered Body Alliance is demonstrated by all three CEOs being invited to become members of the UK Government's Financial Services Skills Taskforce, which among other things will identify and codify key skills required for future financial services professionals. The Taskforce will be putting forward a series of recommendations to the UK Government later this year.

### Regulator and stakeholder engagement

Throughout the year, 78 key stakeholder meetings took place with regulators, trade associations, consumer and other representative groups. Members of the Institute's leadership team were involved in 35 speaking engagements across the UK and internationally, helping to promote the profile of the Institute and its importance in the banking sector.



## Building Influence continued

Reviewing and responding to consultations undertaken by regulators, the UK Government and its agencies, remains an important part of our work to maintain the Institute's reputation and to raise our profile. In 2018/19, we provided a total of seven responses, on matters ranging from conduct to climate-related risks, and wrote three letters to senior regulators on key issues relating to professionalism in banking. Through this work and additional engagement with regulators and other influencers, we have kept up pressure for a single public register of suitably qualified individuals, announcements about which are expected during 2019.

The CB:PSB Stakeholder Forum, chaired by Professor Robin Jarvis, convened in the summer of 2018. The Forum debated research findings presented by IPSOS Mori, which considered the topic of professionalism in banking.

We published a total of 18 press releases in 2018, 10 of which were added to Journolink, a new media platform we have started using. A highlight of the coverage received, was the Young Banker of the Year 2018 winner featuring in *CityAM*. We also received coverage of several articles in

*the Fintech Times, Business Money, CCR Magazine, Thomson Reuters, FE News, The Banker and International Banker*, among others. As a result, the Institute received more press coverage than ever recorded before.

### Member conduct

At the Institute we believe that ensuring our members comply with the Institute's *Code of Professional Conduct* is an important step towards enhancing and sustaining confidence and trust in our profession. To ensure that these standards are upheld, the Institute regretfully initiated disciplinary action against 26 members during the year, including:

- Ten members, who admitted minor breaches of the *Code of Professional Conduct*, were admonished and who accepted sanctions imposed by the Institute
- Four members, who were found to have breached the Institute's *Code of Professional Conduct* following investigation by Disciplinary Committees. Appropriate sanctions were applied.

### Making a difference in the community

As well as upholding rigorous standards of professionalism, the Institute is also recognised for its public interest work. Much of this reflects our role in and commitment to enhancing and sustaining the aforementioned professional standards in banking, however, our work in this area also encompasses promoting financial capability. We spearhead the work of the My Skills and Future project – formerly the Financial Education Partnership (FEP), and established in 2000 as the Banking Education Partnership, to provide free financial capability workshops for school children and others. The My Skills and Future project, as it is now known, is managed by the Chartered Banker Institute and is delivered by a team of dedicated volunteers.

# Growth at the Institute

## Our people

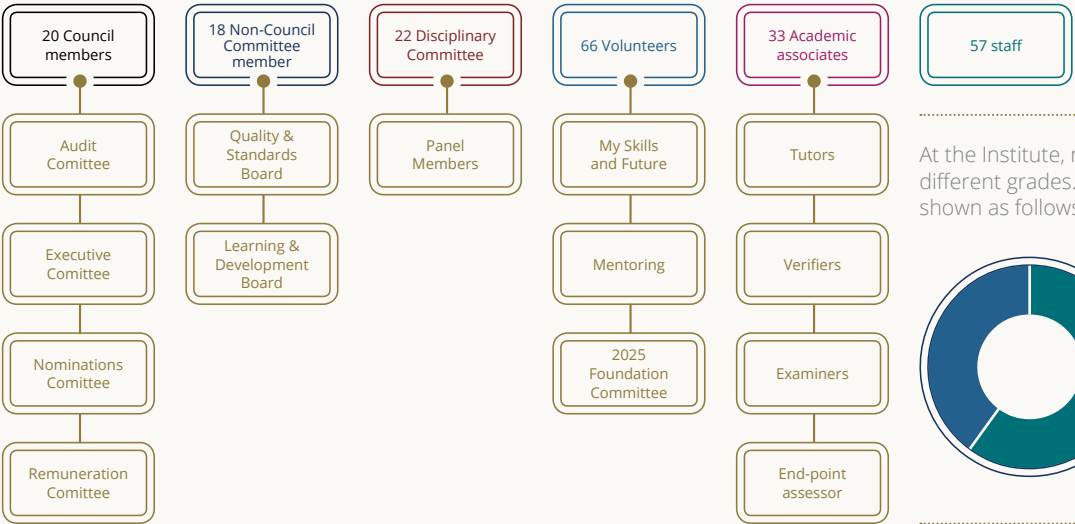
At the Institute we place great emphasis and importance on our people, whether they are members or our colleagues. By recruiting, developing and retaining talented individuals, we achieve the strategic aims of our professional body, while offering a fulfilling career to our colleagues.

In addition to our permanent team of 57 colleagues, the Institute is made up of Council and non-Council committee members, a Disciplinary Committee, volunteers and academic associates.

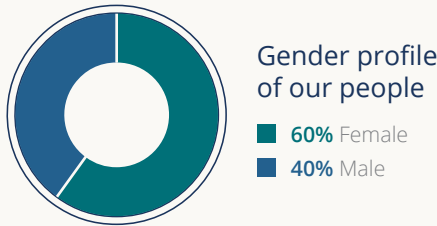


Answered over **3,070** email and **3,193** telephone queries, as well as **2,201** webchats

The full Institute make-up: The diagram below gives further detail

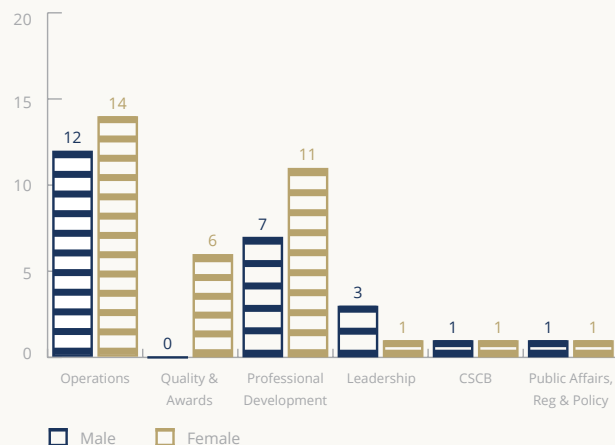


At the Institute, roles are divided into five different grades. Our gender profile is shown as follows:



## Growth at the Institute continued

### Gender diversity by business area



### Building Institute capability

The Institute grew significantly in 2018/19, as we continued to build capability, particularly to support the digital delivery of learning, development and qualifications. We were delighted to welcome the following new colleagues:

- **Scott Nicholls**, Senior Project Manager
- **Madhura Pradhan**, E-Learning Designer
- **Aimee Wilson**, Business Partner, Legal & Governance
- **Chloe Stevenson**, Modern Apprentice, Business Support
- **Nick Reilly**, CRM Developer
- **Calum Inglis**, Relationship Manager
- **David Kennedy**, E-Learning Designer
- **Matthew Jackson**, Modern Apprentice, Finance
- **Ade Oderinde**, Modern Apprentice, Business Innovation & Improvement
- **Anna Young**, Marketing and Events Co-ordinator

10 new  
colleagues  
recruited

We ensure that new colleagues follow a well-designed induction programme, where they are given not only thorough on-the-job coaching, but training in areas such as health and safety and the General Data Protection Regulation (GDPR). New colleagues also receive a full overview of our core values and how we translate these into the way we work.

### Achieving excellence

In order to develop in their roles and build capability, colleagues regularly collaborate with their line manager, peers and mentors to identify specific areas of development, and we ensure that a personal development plan (PDP) is put in place to support achievement.

We invest resources in relevant training for our people in line with both organisational and individual development needs.

443.5  
learning hours  
completed

4  
colleagues  
currently studying  
for Institute  
qualifications.

# Growth at the Institute

## continued

We are proud to acknowledge the following achievement in 2018/19:







- **Giles Cuthbert** achieved an MA in Applied and Professional Ethics.
- In addition, we have enjoyed continued success with modern apprenticeships and have mentored another successful apprentice towards completion:
- **Chloe Stevenson** achieved her Modern Apprenticeship in Business Administration (Level 3).

We aim to retain our talent through open and honest feedback, a competitive benefits package, as well as through delivering a programme of learning and development opportunities. As a result of our continued focus on development, we have seen the following colleagues promoted over the past year:

- **Joanne Murphy** became our Chief Operating Officer
- **Valerie Bauckham** became our Head of Business Support.

### Our core values

Our core values dictate our behaviour and actions towards each other, our members and stakeholders. They are:

|               |            |   |   |
|---------------|------------|---|---|
| INTEGRITY     | INNOVATION | <br>HR system introduced to digitalise processes | <br>39 nominations for Core Values Awards, 7 champions awarded |
|               |            | <br>Wellbeing programme launched                 | <br>Response rate of 91% on Employee Engagement Survey         |
| COLLABORATION | EXCELLENCE | <br>2 Step Count Challenges completed            | <br>Annual Colleague Awards Introduced                         |

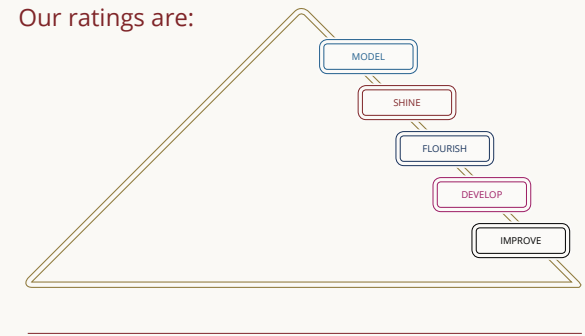
## Growth at the Institute continued

- Continuing to use technology to engage with our colleagues across our UK offices and those who work peripatetically. Our digital newsletter for colleagues is distributed bi-monthly and we also communicate using several digital applications available through Office 365, such as Yammer, Teams and Planner, to optimise the flow of information. A monthly CEO update on activity, and cross-functional updates are also distributed to all colleagues and are available online to aid sharing of information.
- We introduced a new HR system to digitalise our HR processes, including requesting holidays, absence reporting and training.
- Core Values Champions are nominated internally every quarter to reward colleagues for living our values – 39 nominations were received in 2018. In addition, we introduced the Annual Colleague Awards in December to recognise colleagues' achievements in various different categories.
- We continue to use PULSE surveys and annual employee engagement surveys to track engagement levels. (Our employee engagement survey in 2018 received a 91% response rate.) We also held focus groups to establish more detailed feedback on certain areas. The results of the survey and feedback from the focus groups helped to inform our engagement action plan, which has been implemented throughout the year.
- Our Core Values Working Group aims to give employees a voice and to involve them in ensuring that the Institute remains a great place to work.
- In addition, we have implemented a wellbeing programme, which focuses on five different aspects of wellbeing. As part of this, a Wellbeing Committee was established to ensure initiatives were planned and implemented. Our wellbeing programme, 'Inst-a-well', was launched in February 2019.

### Appraisal and performance management

To retain and engage our talent we ensure that we set challenging objectives and monitor the progress of these regularly. Our robust appraisal process is the first step towards helping us to identify areas of success and of development, along with goal setting for the year ahead. Ratings are then provided based on our core values and business objectives. Our ratings are:

Our ratings are:





## Growth at the Institute continued

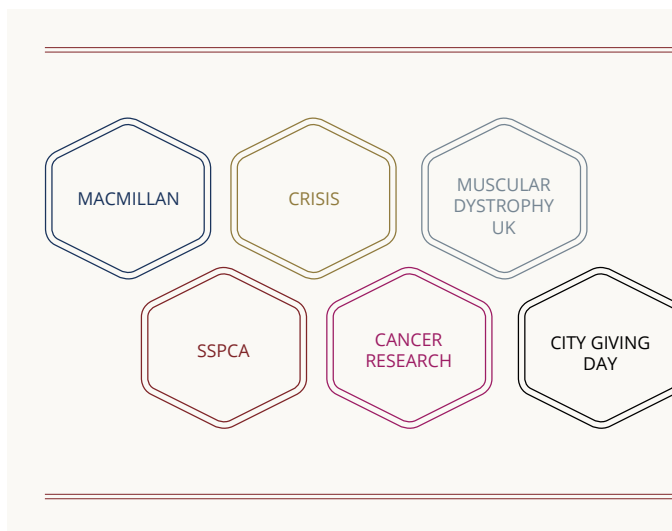
### Giving something back

At the Institute we are committed to giving back to local communities and a variety of charities. Last year, we supported several charities through fundraising initiatives. We took part in City Giving Day by holding 'The Great Institute Bake Off'. All funds raised were divided between City Giving Day (80%) and Macmillan Cancer Support, a charity chosen by colleagues (20%).

We also support our colleagues' charitable efforts. We raised funds to support several of our employees who were taking part in the Mighty Hike for Macmillan Cancer Support. We also donated to Muscular Dystrophy UK through supporting a colleague to take part in a golf challenge, and Cancer Research UK, through supporting a colleague to take part in the Race for Life.

We also raised money through our dress down days and our annual Christmas Jumper Day. Our colleagues chose to divide the total raised through this event between three charities: Macmillan Cancer Support, Crisis and the SSPCA.

We supported the following charities in 2018/19:





## Financial Review and Results

**During the year ended 28 February 2019, the Institute recorded a turnover of £4.83m (2018: £5.15m).**

**During the year ended 28 February 2019, the Institute had net outgoing resources of £446,045 (2018: net incoming resources of £200,684).**

**The Institute has net assets at 28 February 2019 of £3,369,988 (2018 £3,816,033). This strong position allows for significant investment in the current year and beyond.**

Having built up a strong reserves position in previous years, due to recording significant surpluses, the Institute made significant investments and spending decisions in 2018. These mainly supported the development of new qualifications, including the Advanced Diploma in Banking and Leadership in a Digital Age, and the Green Finance Certificate, and the capability (including staff and technology) to develop and deliver these. As a result, both depreciation and costs were higher than in many previous years, leading to the Institute recording a deficit in the year.

### Investment policy

The cash reserves of the Institute are held in interest-bearing accounts. Council members keep this arrangement under regular review and pay particular attention to the requirements to ensure that sufficient liquidity is maintained to enable the Institute to manage its commitments.

### Reserves policy

The Institute's reserves policy requires that readily realisable reserves be maintained at a level which ensures that the Institute's core activities could continue during a period of unforeseen difficulty. Council considers that readily realisable reserves should normally be maintained to achieve this desired level, at approximately 6 months of expected future total resources expended.

The balance held as unrestricted funds at 28 February was £3,100,944, of which £1,568,290 is regarded as free reserves, after allowing for funds retained in tangible fixed assets and investments. The Trustees consider the level of free reserves to be sufficient to comply with the reserves policy.



## Financial Review and Results

### continued

The Trustees consider the reserve requirements of the restricted funds separately. The income from the restricted CB:PSB funds is generated from support pledged until June 2019. The CB:PSB funds retained at 28 February were £222,518 against an annual spend of £522,720. Other restricted funds retained at 28 February amounted to £46,526 against an annual spend of £900.

#### Risk management

As a professional body, operating in the public interest and with a long-term perspective, the Institute has a low risk appetite and adopts a prudent and professional approach to managing risk.

Oversight of our Risk Management policies and procedures, including financial control systems and procedures, is delegated to the Audit Committee, which reports to Council on these matters. The Audit Committee undertook a full review of the governance and management of risk in 2014, and conducts an annual review of risks, most recently in February 2018. The full Risk Register and all High Risk Treatment Plans are reviewed at each Audit Committee

meeting, and the Committee receives an annual Risk Report from the Chief Executive, which, following consideration by the Audit Committee, is presented to Council.

In line with best practice elsewhere, identifying, monitoring, mitigating and managing risk is fully incorporated into the operational and management processes of the Institute. The Institute's Chief Executive and Directors discuss risk at monthly leadership meetings, where the full Risk Register and detailed Risk Treatment Plans for risks identified as 'High,' are reviewed. In addition, any risks identified as 'High,' are reviewed by the Institute's Executive Committee at their quarterly meetings.

The Audit Committee believes that, for the current year, the risks identified appear to be appropriate to the Institute's risk appetite, size and the nature of its operations, and that where major risks have been identified, appropriate plans have been made, and are being implemented, to mitigate these as far as possible.



# Financial Review and Results

## continued

The Chief Executive, Directors and Trustees have identified the following four principal risks and uncertainties facing the Institute over the next 12 months:

**i. Member conduct issues:** Unprofessional behaviour by members, particularly members in senior positions in the banking industry, could impact negatively on the Institute's reputation and bring the Institute into disrepute. We continually review regulatory investigations and decisions where they may involve Institute members. In addition to more rigorous disciplinary regulations introduced in 2015, a wide range of resources to help members identify, understand and work through ethical dilemmas have been introduced, and are continually updated. Further enhanced processes (including interviews) for new Fellowship applications and reinstatements have been introduced to help further assure appropriate member conduct.

**ii. Economic and political uncertainty and volatility:** This could lead to a significant economic downturn, in turn leading to a fall in student enrolments and membership, although we have not seen any significant impact on enrolments to date. Nonetheless, we are adopting a prudent approach to diversification, including increasing international and online enrolments, to seek to mitigate any possible downturn.

**iii. Commercial impact of the Apprenticeship Levy and the evolution of the CB:PSB to a new model:** The introduction of the *Apprenticeship Levy* in May 2017 has had a significant impact on banks' training and development decisions, and has reduced demand for professional banking qualifications in some areas, as we set out in our November 2018 *Apprenticeships Insights Paper*. We are working with banks and apprenticeship providers to try to increase demand, with some success during 2018. In addition, the Institute has become an approved provider of Apprenticeship End Point Assessments. The CB:PSB's member banks and the

Institute have agreed to work, during 2019, to implement a new, Institute-led 'open architecture' model. This would not require annual, organisational membership fees but would be supported via increased numbers enrolling for qualifications and individual membership subscriptions. If successful, this would have no overall effect on Institute revenues, but Trustees recognise that there is a significant risk in moving to this new model.

**iv. Delivery of international assessments:** It is challenging to deliver online examinations, assignments and experiential assessments internationally under secure conditions. Time zones, the availability of assessment centres, and internet reliability also create difficulties. To ensure the successful delivery of assessment at scale internationally, we will pilot remote invigilation and, if successful, seek to roll this out more widely. In addition, we are working with our assessment partners and our international partner institutes to offer more flexible, 24-hour support.

## Plans for the Future

**Each year, Council members review the strategic purpose and aims of the Institute to ensure that they remain relevant and fit for purpose. In September 2018, Council members reviewed the Institute's 5-year *Strategic Plan* and began the development of the *Institute's Annual Business Plan for 2019-20*. This was to ensure that they remained well-aligned to our strategic purpose and that the Institute remained relevant and fit for purpose, in light of a changing strategic landscape.**

The Institute's strategic purpose remains unchanged: to lead the re-professionalisation of UK banking, and to play a significant role in re-professionalising banking internationally, contributing through this to rebuilding confidence and trust in banks and bankers, and restoring pride in the banking profession. In support of that purpose, our key aims are to:

### Enhance and sustain professional standards in banking

- as the recognised and growing professional standard-setting body for individuals (a) working in UK banking, and, (b) overseas; and
- by growing professional membership and by providing initial and continuing professional development for individuals to help them develop and demonstrate professional and technical competence.

### Enhance the quality and provision of banking education

- by developing our role as the awarding, accrediting, assessment and certification body for banking education and development programmes in the UK and internationally; and
- by increasing the number of Institute learning partners in the UK and overseas offering high-quality learning and development programmes to help individuals achieve an Institute qualification and professional membership.

Council agreed that, while the Institute's main focus remains in and on the UK, we will play a more active role internationally, working both directly overseas and with carefully chosen international partners. This is with the intention that by 2023, approximately 60% of our efforts and resources will be focused on the UK, and 40% will be focused internationally.

The main aim of our international activities with partners and local banking institutions will be to gain international recognition, for the Institute and the Chartered Banker brand, as the global standard-setter for building future banker capability. It will also reduce our dependency on a single national market and help us to maintain our status as an independent and sustainable professional body.



## Plans for the Future continued

Our plans for 2019-20 emphasise continuing to raise the reputation and profile of the Institute in the UK and beyond, as well as building a wider professional community of Institute members and affiliated supporters. Council agreed the Institute's priorities in 2019/20 should therefore include:

- Enhancing the reputation of the Institute in the UK and internationally, through the continued development of our intellectual property (IP) (qualifications and other learning materials) and thought leadership
- Focusing on building a wider, more engaged professional community of members and other supporters
- Supporting the UK banking sector in the development and delivery of apprenticeship standards and expertise in EPAs, aligned to the Institute's professional qualifications
- Delivering sustainable revenue to support the continued growth of the Institute, although recognising that this should not drive or incentivise inappropriate activities or behaviours.

A further focus in 2019 will be implementing our new *Royal Charter*; communicating the changes to members; our key learning partners, the banking industry and stakeholders. A new Board of Trustees and Membership Forum will be recruited to oversee the growth of the Institute in future years.

Council also noted the need, in 2019, to successfully implement the Institute's new *Royal Charter* and accompanying governance reforms.



## Legal and Administrative Information

Chartered Banker Institute is a Charitable Body, number: SC013927. The Institute was founded in 1875 as an unincorporated body. In 1975, it received a *Royal Charter of Incorporation*, and *Supplementary Charters* were obtained in 1991 and 2018.

The Institute's principal office is at Drumsheugh House, 38b Drumsheugh Gardens, Edinburgh EH3 7SW. It also has an office at 2<sup>nd</sup> Floor, Bengal Wing, 9A Devonshire Square, London, EC2M 4YN.

The charity Trustees (otherwise known as members of Council) at present, together with any others who served in the year, and the committees on which they serve, are:

### President

R Dickie FCBI (re-elected 15 June 2017 FR) (elected as President 15 June 2017) **EXC, NC, RC**

### Vice Presidents

W McCall, FCBI Chairman, McCall & Partners (re-elected 23 June 2016 FR) (re-elected as Vice President 15 June 2017) **EXC**

K Falconer FCBI (re-elected 20 June 2015 FR) (re-elected as Vice President 15 June 2017) **AC, EXC**

S Pateman FCBI, CEO Shawbrook (elected 25 June 2015 FR) (elected Vice President 15 June 2017) **EXC**

### Council Elected and Appointed

S Alexander, FCBI, Chief Operating Officer, Hampden & Co (elected 23 June 2016 FR) **QSC**

A Brener FCBI (elected 23 June 2016) **QSC**

H Boag FCBI, Branch Manager, Inverness, Handelsbanken (re-elected 25 June 2015 DCR) **AC**

R Bulloch\*, FCBI Managing Director, Lloyds Bank and Bank of Scotland, Retail (appointed December 2015 FPR) **NC**

S Gunn, Vice Chair Wheatley Group (appointed 26 June 2014 LM) **EXC, NC**

I Hardcastle FCBI, (appointed 25 June 2015 FR) **LDB**

D May FCBI\*, Director of Learning & Development, Royal Bank of Scotland (appointed December 2016 FPR) **NC**

B McCrindle FCBI, (elected 23 June 2016 FR) **AC**

G McGregor FCBI, Head of Partner Management, Retail Chief Operating Office, Lloyds Banking Group (re-elected 23 June 2016 FR) **AC**

W MacDonald FCBI, Managing Director, Craigcrook Management Services Limited (elected 23 June 2016 MR) **NC**

R McElroy, Head of Ring-Fenced Implementation, HSBC (re-elected 15 June 2017 MR) **AC**

Professor B MacKay, Chair of Strategic Management, University of St Andrews (appointed 26 June 2014 LM) **EXC**

H McKay FCBI, (appointed 23 June 2016 MR) **QSC, RC, NC**

S Rice FCBI, Chair, Chartered Banker Professional Standards Board (re-elected 15 June 2017 FR)

# Legal and Administrative Information

## continued

S Thompson FCBI, Chief Executive, Chartered Banker Institute (ex-officio) **EXC**

S Younger, Chairwoman, Cairn Mhor (re-elected 25 June 2015 LM) **NC QSC**

| KEY |   |
|-----|---|
| *   | Appointed bank representative             |
| CPR | Corporate patron representative           |
| FPR | Founder patron representative             |
| FR  | Fellow representative                     |
| MR  | Member representative                     |
| DCR | District Centre representative            |
| LM  | Lay member                                |
| EXC | Member of Executive Committee             |
| AC  | Member of Audit Committee                 |
| LDB | Member of Learning and Development Board  |
| NC  | Member of Nominations Committee           |
| QSC | Member of Quality and Standards Committee |
| RC  | Member of Remuneration Committee          |

### Executive Team

Simon Thompson, FCBI (Chief Executive)

Colin Morrison, FCBI (Deputy Chief Executive)

Giles Cuthbert (Managing Director,  
Chartered Banker Institute)

Joanne Murphy, MBA MCBI (Chief Operating Officer)

### Agents and Advisors

*Auditor:* Chiene + Tait LLP, Chartered Accountants and  
Statutory Auditor,  
61 Dublin Street,  
Edinburgh EH3 6NL

*Bankers:* Bank of Scotland, 38 St Andrew Square,  
Edinburgh EH2 2YR

# Structure, Governance and Management

## Council and committees

The Institute is governed by a Council of members (the charity Trustees) ultimately responsible for the management and administration of the Institute, its property and affairs, except where the *Royal Charter* or *Rules* prescribe that approval is required by the Institute in General Meeting.

The powers of Council include the ability to appoint from its number such committees as are required for the conduct of business, and to delegate to these committees such powers as it considers appropriate. The main committees and their responsibilities as of 28 February 2019 are:

- **Executive Committee:** reviews business plans, budgets and financial policy; monitors business and financial performance and the implementation of the Institute's strategy.
- **Audit Committee:** monitors the integrity of the financial statements of the Institute; reviews and approves the *Annual Report* for recommendation to Council; reviews the effectiveness of the Institute's internal controls and risk management systems and oversees the relationship with the external auditors.
- **Learning and Development Board:** provides advice and guidance on the design, development and delivery of the Institute's education programmes and approves the structure and content of programmes and any regulations which govern them.
- **Nominations Committee:** makes recommendations to Council on succession planning for office bearers and executive positions; makes recommendations on the nomination of new Council members and their subsequent re-appointment; makes recommendations on membership of the Audit and Remuneration Committees; makes recommendations on the recruitment of the Membership Forum.
- **Quality and Standards Committee:** develops and implements a quality assurance framework and monitors the standards and quality of Institute provision.
- **Remuneration Committee:** reviews, assesses and recommends to the Executive Committee the level and constituent elements of remuneration to be paid to Institute Directors.



# Structure, Governance and Management

## continued

- **Disciplinary Committee:** adjudicates alleged breaches of the Institute's *Code of Professional Conduct* and imposes any sanctions that might be appropriate. (Members of Disciplinary Committees are chosen from a panel of Fellows, Members and legal professionals, who are not members of Council.)

Each of these committees, with the exception of the Learning and Development Board, the Remuneration Committee and the Disciplinary Committees, reports directly to Council, which approves major decisions and has overall responsibility for all the Institute's activities.

In addition, the Institute has established, oversees or supports the work of a number of other bodies, including:

- **The Chartered Banker Professional Standards Board (CB:PSB):** chaired by a member of Council and the Institute's Chief Executive as an ex-officio member of the Board. The CB:PSB's activities are supported by a Professional Standards team provided by the Institute.
- **Chartered Banker 2025 Foundation:** has been established in anticipation of the Chartered Banker Institute's 150<sup>th</sup> anniversary in 2025 and is aligned with the original aims of the Institute: the promotion of education and development of young bankers entering the profession. Chaired by David Thorburn FCBI, a former Institute President, and overseen by a committee of Council members and Fellows, the Foundation aims to raise £1m by 2025 to identify and support talented young people who would benefit from financial and other help pursue a career in banking.
- **My Skills and Future** (formerly the Financial Education Partnership): established in 2000 as the Banking Education Partnership, to provide free financial capability workshops for school children and others. The My Skills and Future project, as it is now known, is managed by the Chartered Banker Institute and is delivered by a team of dedicated volunteers.
- **Committee of Scottish Bankers (CSCB):** formerly the Committee of Scottish Clearing Bankers, the CSCB is governed by an executive management committee, comprising senior representatives of full member banks, and the Institute's Chief Executive. Institute colleagues support the activities of the CSCB.



## Trustee Selection, Appointment and Competence

**The current Council consists of at least 15 people, who are both elected and appointed members. The powers and composition of Council, periods of office, terms of re-appointment and re-election are prescribed in the Rules.**

Currently, Clydesdale Bank, Lloyds Banking Group and The Royal Bank of Scotland, as Founder Patrons, are each entitled to appoint one representative for a 3-year term. The remaining members comprise up to two voting members nominated to represent the Institute's Corporate Patrons (not including the banks above), two or more voting members who are Fellows (FCBI) of the Institute, two or more voting members who are Members (MCBI), Associates (ACBI), Certificated members or Student members of the Institute, up to three voting members representing the District Centres, two or more 'lay' voting members who are not members of the Institute (there are currently four lay members) and the Chief Executive (ex-officio). Elected members hold office for 3 years and are eligible for re-election. Appointed members hold office for 3 years and are eligible for re-appointment. A President, Senior Vice-

President and two or more Vice-Presidents are elected by the Institute in General Meeting from among the elected or appointed Council members. Those elected hold office for 1 year and may be eligible for re-election.

Any Council vacancy arising before the expiry of the term of office may be filled by the Council through the co-option of a successor whose tenure subsists until the end of the AGM following their co-option.

New Council members receive an induction pack to acquaint them with the Institute's aims and activities; its policy and practice, management and governance; and also, with what is expected of them as Trustees under charity law, with particular reference to the requirements of *The Charities and Trustee Investment (Scotland) Act 2005* and the guidance issued by the Office of the Scottish Charity Regulator (OSCR).

The Nominations Committee conducts an annual review of the composition of Council to inform its recommendations concerning nominations and re-appointments.



# Trustee Selection, Appointment and Competence

## continued

### Council attendance in 2018

|  |                  | Due for re-election+ | Council attendance in 2018 |
|--|------------------|----------------------|----------------------------|
| Nominated to represent the Founder Patrons | Robin Bulloch    | n/a                  | 4                          |
|  | David May        | n/a                  | 2                          |
| Corporate Patron Representatives (elected) |                  |                      |                            |
| President                                  | Robert Dickie    | n/a                  | 4                          |
| Fellow Representatives (elected)           | Stuart Alexander | n/a                  | 2                          |
|  | Alan Brener      | n/a                  | 4                          |
|  | Kerry Falconer   | n/a                  | 1                          |
|  | Ian Hardcastle   | n/a                  | 4                          |
|  | Bill McCall      | n/a                  | 4                          |
|  | Brian McCrindle  | n/a                  | 3                          |
|  | Gary McGregor    | n/a                  | 4                          |
|  | Hugh McKay       | n/a                  | 3                          |
|  | Steve Pateman    | n/a                  | 4                          |
|  | Susan Rice       | n/a                  | 0++                        |

# Trustee Selection, Appointment and Competence

## continued

### Council attendance in 2018 (continued)

|   |                   | Due for re-election+ | Council attendance in 2018 |
|---|-------------------|----------------------|----------------------------|
| Member Representatives (elected)          | Rob McElroy       | n/a                  | 1**                        |
|   | William MacDonald | n/a                  | 4                          |
| District Centre Representatives (elected) | Hamish Boag       | n/a                  | 2**                        |
| Lay Members                               | Sheila Gunn       | n/a                  | 2                          |
|   | Brad Mackay       | n/a                  | 0**                        |
|   | Susan Younger     | n/a                  | 3                          |
| Ex-Officio Members                        | Simon Thompson    | n/a                  | 4                          |

\*\* Retired from Council in June 2018

+ Council will be replaced by a new Board of Trustees following the Annual General Meeting in June 2019

++As Chair of CB:PSB, Susan Rice attended all CB:PSB Board Meetings during the year

# Trustee Selection, Appointment and Competence

## continued

### District Centres

The rules governing the establishment and management of District Centres are set out in the *Council Rules* and a *District Centre Handbook*. The District Centres are the focus of local activity for members, providing opportunities for CPD, as well as social events. District Centres offer a varied educational and social programme, relevant to the needs of their local members.

### Founder and Corporate Patrons and other relationships

The Institute recognised the following banks as Founder or Corporate Patrons during 2018/19: Clydesdale Bank, The Royal Bank of Scotland and TSB. The status of Corporate Patron was introduced to allow the Institute to formalise existing relationships with banks and supporting organisations and to recognise their valuable contribution to the professional development of the financial services sector.

The Institute also recognised PwC as a sponsor in 2018.

It is Institute policy to maintain links and co-operate with other professional or educational bodies with a view to the pursuit of common objectives and to represent the banking profession both nationally and internationally. The Institute also maintains links with a wide range of organisations that work with, advise or regulate the financial services sector.

### Key Management and Remuneration Policy

The Institute considers its key management personnel to be its Chief Executive, Simon Thompson and the following Directors: Colin Morrison, Deputy Chief Executive, Giles Cuthbert, Managing Director and Joanne Murphy, Chief Operating Officer. The total employment benefits of key management personnel for the year 2018/19 were £577,866.

Remuneration of the Chief Executive and Directors is set by the Institute's Remuneration Committee. The Committee approves the payment of annual bonuses to the Chief Executive and Directors, in line with the *Institute's Discretionary Bonus Policy* applicable to all colleagues and recommends an appropriate level of annual salary payable to the Chief Executive and Directors, in line with similar roles in similar institutions.

### New Royal Charter and Governance Review

The Institute was established in 1875 as the Institute of Bankers in Scotland, granted *Royal Charter* status as the Chartered Institute of Bankers in Scotland in December 1975, and a new *Charter* was granted in 1991. In July 2000, the Institute was given the unique right to confer 'Chartered Banker' status upon qualified members. We are the only body in the world approved by the Privy Council able to confer Chartered Banker status, and the term 'Chartered Banker' is now in common use and widely recognised in the UK and internationally.



## Trustee Selection, Appointment and Competence continued

In 2016-17, Council established a Working Group chaired by our current President, Robert Dickie FCBI, which conducted a wide-ranging review of the Institute's *Royal Charter* and governance arrangements. Council endorsed the Working Group's recommendations that both the current *Royal Charter*, and the Institute's governance, would benefit from changes to reflect the Institute's wider UK and international role, the scale and scope of the Institute's activities, and the changing composition of the Institute's membership.

At the June 2017 AGM, proposed changes to the Institute's *Royal Charter* and *Rules* were approved, subject to the approval of the Privy Council. In December 2018, the Institute received a new *Royal Charter* formally establishing us as the Chartered Banker Institute, introducing new designatory letters for qualified members to reflect this change of name, and confirming a number of changes to the Institute's governance arrangements.

These changes, which will come into effect following the Institute's Annual General Meeting in June 2019, include:

- Replacing the Institute's existing Council with a smaller Board of Trustees, comprising (as now) of both member Trustees and lay members ('Independent Trustees'). There will be 13 members of the new Board of Trustees, recruited via open selection.
- Establishing a new Membership Forum to provide an opportunity for a much larger and more diverse group of members to get involved in the governance and strategic direction of the Institute. The new Forum, which will comprise more than 30 members, will advise the new Board of Trustees on strategy and matters of interest and concern to Institute members.



# Trustees' Responsibilities Statements

**The Council are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).**

The law applicable to charities in Scotland requires the Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Council are required to:

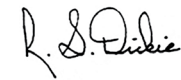
- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements, comply with the *Charities and Trustee Investment (Scotland) Act 2005*, the *Charities Accounts (Scotland) Regulations 2006* (as amended) and the provisions of the *Charity's Founding Deed*. The Trustees are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council are responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**On behalf of the Council of the Institute**



**Robert Dickie FCBI, President**



**Simon Thompson FCBI, Chief Executive**  
9 May 2019

A man and a woman are standing in a modern office with large windows. The man, wearing a light blue button-down shirt and dark trousers, is holding a tablet and pointing at the screen. The woman, wearing a grey dress, is holding a white coffee cup and a blue clipboard. They are both smiling and looking at the tablet. The background shows a glass railing and a bright, airy office environment.

# Independent Auditor's Report

to the Trustees of the Chartered Banker Institute



# Independent Auditor's Report to the Trustees of the Chartered Banker Institute

## Opinion

We have audited the accounts of the Chartered Banker Institute for the year ended 28 February 2019, which comprise the *Statement of Financial Activities*, the *Balance Sheet*, the *Statement of Cash Flows* and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and *United Kingdom Accounting Standards*, including *Financial Reporting Standard 102*, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- Give a true and fair view of the state of the charity's affairs as at 28 February 2019, and of its incoming resources and application of resources, for the year then ended;

- Have been properly prepared in accordance with *United Kingdom Generally Accepted Accounting Practice*; and
- Have been prepared in accordance with the requirements of the *Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006*.

## Basis for opinion

We conducted our audit in accordance with *International Standards on Auditing* (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Accounts' section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's *Ethical Standard*, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you, where:

- The Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- The Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the accounts are authorised for issue.



# Independent Auditor's Report to the Trustees of the Chartered Banker Institute continued

## Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially mis-stated. If we identify such material inconsistencies or apparent material mis-statements, we are required to determine whether there is a material mis-statement in the accounts or a material mis-statement of the other information. If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the *Charities Accounts (Scotland) Regulations 2006* require us to report to you if, in our opinion:

- The information given in the accounts is inconsistent in any material respect with the Trustees' Report; or
- Proper accounting records have not been kept; or
- The accounts are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

As explained more fully in the *Trustees' Responsibilities Statement* set out on page 48, the Trustees are responsible for the preparation of accounts which give a true and

fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material mis-statement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under *section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005* and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material mis-statement, whether due to fraud or error, and to issue

## Independent Auditor's Report to the Trustees of the Chartered Banker Institute continued

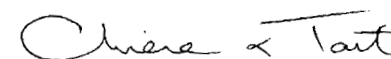
an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material mis-statement when it exists. Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities) (this description forms part of our *Auditor's Report*).

### Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with *Regulation 10 of the Charities Accounts (Scotland) Regulations 2006*. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them

in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Chiene + Tait LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL  
9 May 2019

Chiene + Tait LLP is eligible to act as an auditor in terms of *Section 1212 of the Companies Act 2006*.



A man with dark hair, wearing a white dress shirt and a dark tie, is seated at a desk, focused on his work. He is leaning forward, typing on a silver laptop. His left hand has a ring on the ring finger, and his right wrist has a watch. On the desk, next to the laptop, is a pair of glasses and a clear plastic cup with ice. The background shows a modern office environment with large windows, a potted plant, and a dark tufted chair. A semi-transparent gold banner is overlaid on the left side of the image, containing the text "Statement of Financial Activities".

# Statement of Financial Activities

# Statement of Financial Activities

(Incorporating Income and Expenditure Account) for the year ended 28 February 2019

|   | Notes | General Funds<br>£ | Restricted Funds<br>£ | Total 2019<br>£  | Total 2018<br>£  |
|---|-------|--------------------|-----------------------|------------------|------------------|
| <b>Income and endowments from</b>   |       |                    |                       |                  |                  |
| <b>Charitable activities</b>  |       |                    |                       |                  |                  |
| Membership subscriptions  |       | 737,519            | -                     | 737,519          | 779,063          |
| Education programmes  | 2     | 3,297,546          | -                     | 3,297,546        | 3,577,925        |
| Events, meetings and special projects   | 3     | 52,361             | 468,834               | 521,195          | 511,650          |
| <b>Other Trading Activities</b>   |       |                    |                       |                  |                  |
| Corporate Patronage   |       | 120,000            | -                     | 120,000          | 120,000          |
| Management fee  |       | 149,669            | -                     | 149,669          | 149,869          |
| Rent  |       | -                  | -                     | -                | 10,000           |
| <b>Investment</b>   |       |                    |                       |                  |                  |
| Other   | 4     | 4,494              | 402                   | 4,896            | 379              |
|   |       | -                  | -                     | -                | 7,045            |
| <b>Total income</b>   | 5     | <b>4,361,589</b>   | <b>469,236</b>        | <b>4,830,825</b> | <b>5,155,931</b> |
| <b>Expenditure on</b>   |       |                    |                       |                  |                  |
| <b>Raising funds</b>  |       |                    |                       |                  |                  |
| <b>Charitable activities</b>  |       |                    |                       |                  |                  |
| Membership subscriptions  | 6     | 179,906            | -                     | 179,906          | 167,269          |
| Education programmes  | 6     | 579,016            | -                     | 579,016          | 553,128          |
| Events, meetings and special projects   | 6     | 3,824,345          | -                     | 3,824,345        | 3,698,540        |
|   | 6     | 169,589            | 523,620               | 693,209          | 636,310          |
|   |       | 4,572,950          | 523,620               | 5,096,570        | 4,887,978        |
| <b>Total Expenditure</b>  | 6     | <b>4,752,856</b>   | <b>523,620</b>        | <b>5,276,476</b> | <b>5,055,247</b> |
| <b>Net (expenditure)/income and net movement in funds for year before gains and losses on investments</b> |       | (391,267)          | (54,384)              | (445,651)        | 100,684          |
| Unrealised (losses)/gains on investment assets  |       | -                  | (394)                 | (394)            | 100,000          |
| <b>Net expenditure and movement in funds</b>  | 7     | <b>(391,267)</b>   | <b>(54,778)</b>       | <b>(446,045)</b> | <b>200,684</b>   |
| <b>Funds Reconciliation</b>   |       |                    |                       |                  |                  |
| Total funds at 1 March 2018   |       | 3,492,211          | 323,822               | 3,816,033        | 3,615,349        |
| <b>Total funds at 28 February 2019</b>  |       | <b>3,100,944</b>   | <b>269,044</b>        | <b>3,369,988</b> | <b>3,816,033</b> |

All of the charity's activities are continuing.

The Notes to the Accounts on pages 59 to 74 form part of these accounts.



# Balance Sheet



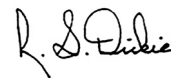
# Balance Sheet

as at 28 February 2019

|                                     | Notes | 2019<br>£               | 2018<br>£               |
|-------------------------------------|-------|-------------------------|-------------------------|
| <b>Fixed Assets</b>                 |       |                         |                         |
| Tangible Fixed Assets               | 9     | 1,532,654               | 1,417,797               |
| Investments                         | 10    | 3,996                   | 4,390                   |
|                                     |       | <u>1,536,650</u>        | <u>1,422,187</u>        |
| <b>Current Assets</b>               |       |                         |                         |
| Stocks                              | 11    | 44,052                  | 69,445                  |
| Debtors                             | 12    | 1,283,477               | 1,214,005               |
| Cash and Bank Balances              |       | <u>1,361,838</u>        | <u>2,350,090</u>        |
|                                     |       | 2,689,367               | 3,633,540               |
| <b>Current Liabilities</b>          |       |                         |                         |
| <b>Creditors</b>                    |       |                         |                         |
| Amounts falling due within one year | 13    | (856,029)               | (1,239,694)             |
| <b>Net Current Assets</b>           |       | <u>1,833,337</u>        | <u>2,393,846</u>        |
| <b>Net Assets</b>                   |       | <u>3,369,988</u>        | <u>3,816,033</u>        |
| <b>The Funds Of The Charity</b>     |       |                         |                         |
| <b>Restricted Funds</b>             |       |                         |                         |
| Prize Funds                         | 17    | 23,698                  | 24,590                  |
| Professional Standards Board        | 17    | 222,518                 | 276,404                 |
| Other Restricted Funds              | 18    | 22,828                  | 22,828                  |
| <b>Unrestricted Funds</b>           |       |                         |                         |
| Accumulated Fund                    | 18    | 2,262,786               | 2,706,415               |
| 2025 Foundation                     | 18    | 204,276                 | 151,914                 |
| Revaluation Reserve                 | 18    | <u>633,882</u>          | <u>633,882</u>          |
| <b>Total Charity Funds</b>          |       | <u><b>3,369,988</b></u> | <u><b>3,816,033</b></u> |

Approved by the Council of the Institute and signed on their behalf by:

**Robert Dickie FCBI**  
**President**



**S Thompson FCBI**  
**Chief Executive**



The Notes to the Accounts on pages 59 to 74 form part of these accounts



# Statement of Cash Flows



# Statement of Cash Flows

## for the year ended 28 February 2019

|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| <b>Cash used in operating activities</b>                 |                  |                  |
| <b>Net movement in funds</b>                             | (446,045)        | 200,684          |
| Add depreciation   | 218,686          | 164,024          |
| (Gain)/loss on sale of asset                             | -                | (7,045)          |
| (Gain)/loss on sale of heritage asset                    | -                | -                |
| Deduct investment income                                 | (4,896)          | (379)            |
| Add revaluation losses/(gains)                           | 394              | (100,000)        |
| Decrease/(Increase) in debtors                           | (69,472)         | 77,607           |
| (Decrease)/Increase in creditors                         | (383,665)        | (586,166)        |
| Decrease in stock  | 25,393           | 138,017          |
| <b>Net cash used in operating activities</b>             | <b>(659,605)</b> | <b>(113,258)</b> |
| <b>Cash flows from investing activities</b>              |                  |                  |
| Purchase of fixed assets                                 | (346,514)        | (360,470)        |
| Proceeds from disposal of fixed asset                    | 12,971           | 17,000           |
| Interest and dividends received                          | 4,896            | 379              |
| <b>Net cash flow used in investing activities</b>        | <b>(328,647)</b> | <b>(343,091)</b> |
| <b>Decrease in cash and cash equivalents in the year</b> | <b>(988,252)</b> | <b>(456,349)</b> |
| <b>Net change in cash and cash equivalents</b>           |                  |                  |
| Cash and cash equivalents at start of year               | 2,350,090        | 2,806,439        |
| Change in cash and cash equivalents in the year          | (988,252)        | (456,349)        |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>1,361,838</b> | <b>2,350,090</b> |



# Notes to the Financial Statements



# Notes to the Financial Statements

## for the year ended 28 February 2019

### 1. Accounting Policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include investments and heritage assets at market value. The financial statements have been prepared in accordance with the revised Statement of Recommended Practice for Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

#### Going Concern

The financial statements have been prepared on a going concern basis. Council Members have assessed the Institute's ability to continue as a going concern and have reasonable expectation that the Institute has adequate resources to continue in operational existence for the

foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

#### Taxation

The Institute obtained charitable status for tax purposes in June 1980.

#### Funds structure

Restricted prize funds, and other restricted funds, are funds which are to be used in accordance with specific restrictions imposed by the donor.

The unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Designated funds are unrestricted funds that have been earmarked for a particular purpose by Council members.

Transfers may be made from unrestricted to restricted funds at the discretion of trustees.

Further details of each fund are disclosed in note 19.

#### Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Institute is entitled to the income, it is probable the income will be received and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Subscriptions, contributions and educational income are accounted for on an accruals basis, after adjustments for any deferred income which is included in the balance sheet as creditors.
- Sale of publications and Institute gifts is recognised when receivable.
- Investment income is included when receivable.
- Other income, including management fees, is included when receivable.

# Notes to the Financial Statements

## continued

### Resources expended

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay for expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

### Raising funds

The cost of raising funds consists of all expenditure associated with generating income.

### Charitable activities

The cost of charitable activities comprises all expenditure associated with professional programmes, events, meetings and special projects and publications. The costs include both direct and indirect costs relating to these activities.

Direct costs are allocated on an actual basis to the relevant expense heading.

### Allocation of expenditure

Costs directly attributable to cost of raising funds and charitable activities are allocated to the appropriate activity. Support and governance costs, including staff costs, which cannot be directly attributed to an activity are allocated on the basis of the time spent by staff on each activity. Governance costs comprise all costs involving the public accountability of the Institute and its compliance with regulation and good practice.

### Investments

The Institute has an investment pool for its restricted prize funds. The investments in the pool are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Institute does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Institute is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

### Realised and unrealised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

# Notes to the Financial Statements

continued

## Fixed Assets

Individual assets costing £500 or more are capitalised at cost.

The cost or valuation of fixed assets is written off by annual instalments over the expected useful lives as follows:

|                          |                            |
|--------------------------|----------------------------|
| Computer equipment       | 4 years                    |
| Motor vehicles           | 4 years (reducing balance) |
| Fixtures and fittings    | 10 years                   |
| Course development costs | 4 years                    |

## Property

Heritable property is stated at market value. Depreciation is provided at a rate calculated to write off the cost less the estimated residual value evenly over the expected useful life of 50 years. The estimated residual value is in excess of the cost and consequently there is no charge for depreciation in the current year (2018 - Nil).

## Stocks

Stocks of goods for resale are valued at the lower of cost and net realisable value. Provision is made for obsolete or slow moving stock where appropriate.

## Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

## Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised

at their settlement amount after allowing for any trade discounts due.

## Financial instruments

The Institute only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

## Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

## Pensions

The Institute was a member of a multi-employer defined benefit pension scheme which required contributions to be made to a separately administered fund. Membership of this scheme ceased on 31<sup>st</sup> October 2018. Since October 2006 this scheme has been closed to new entrants and payments on behalf of new employees are made to a defined contribution scheme and charged to the Statement of Financial Activities in the period to which they relate.





# Notes to the Financial Statements

## continued

### 2. Education

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| Enrolment and exemption fees – Chartered Banker and bespoke | 2,945,142        | 3,324,546        |
| Certificate course fees, RQF and Short Courses Income       | 352,404          | 253,379          |
|   | <u>3,297,546</u> | <u>3,577,925</u> |

Income from Education was £3,297,546 (2018:£3,577,925) all of which was unrestricted.

### 3. Events, meetings and special projects

#### Unrestricted

|                |               |               |
|----------------|---------------|---------------|
| 2025 Donations | 52,361        | 11,400        |
|                | <u>52,361</u> | <u>11,400</u> |

#### Restricted

|        |                |                |
|--------|----------------|----------------|
| CB:PSB | 468,834        | 500,250        |
|        | <u>468,834</u> | <u>500,250</u> |

|              |                       |                       |
|--------------|-----------------------|-----------------------|
| <b>Total</b> | <b><u>521,195</u></b> | <b><u>511,650</u></b> |
|--------------|-----------------------|-----------------------|

### 4. Other

|                             |          |              |
|-----------------------------|----------|--------------|
| Gain on sale of fixed asset | -        | 7,045        |
|                             | <u>-</u> | <u>7,045</u> |

### 5. Total Income

#### Unrestricted Restricted

|              |                         |                         |
|--------------|-------------------------|-------------------------|
|              | 4,361,589               | 4,655,477               |
|              | 469,236                 | 500,454                 |
| <b>Total</b> | <b><u>4,830,825</u></b> | <b><u>5,155,931</u></b> |

# Notes to the Financial Statements

## continued

### 6. Allocation of governance and support costs

The breakdown of support costs and how these are allocated between governance and other support costs is shown in the table below:

|   | 2019<br>£<br>Total Allocated | Governance<br>related | Other Support<br>costs | 2018<br>£<br>Total |
|---|------------------------------|-----------------------|------------------------|--------------------|
| Staff Costs   | 2,646,032                    | 225,303               | 2,420,729              | 2,647,907          |
| Printing, stationery and office expenses                | 85,833                       | 1,717                 | 84,116                 | 132,137            |
| Postage and telephone                                   | 48,453                       | 969                   | 47,484                 | 50,012             |
| Legal fees  | 39,933                       | 798                   | 39,135                 | 32,620             |
| Bank interest and charges                               | 9,684                        | 194                   | 9,490                  | 10,122             |
| Staff training  | 42,013                       | 840                   | 41,173                 | 23,938             |
| Motor expenses  | 1,926                        | 39                    | 1,887                  | 1,738              |
| Irrecoverable VAT                                       | 253,970                      | 5,079                 | 248,891                | 203,846            |
| Computer costs  | 106,208                      | 2,124                 | 104,084                | 115,347            |
| Rent paid, rates and insurance                          | 108,270                      | 2,165                 | 106,105                | 98,607             |
| Light, heating, repairs, cleaning and professional fees | 50,731                       | 1,015                 | 49,716                 | 27,481             |
| Entertainment   | 13,229                       | 265                   | 12,964                 | 14,753             |
| Travel expenses   | 179,165                      | 3,583                 | 175,582                | 192,548            |
| Marketing   | 186,177                      | 3,724                 | 182,453                | 56,966             |
| PSB Support   | 129,720                      | -                     | 129,720                | 97,811             |
|   | <u>3,901,344</u>             | <u>247,815</u>        | <u>3,653,529</u>       | <u>3,705,833</u>   |
| <b>Governance Costs</b>                                 |                              |                       | <b>2019</b>            | <b>2018</b>        |
| Auditor's remuneration                                  |                              |                       | 6,550                  | 6,550              |
| Support and staff costs                                 |                              |                       | <u>247,815</u>         | <u>250,705</u>     |
|   |                              |                       | <u>254,365</u>         | <u>257,255</u>     |

The total support and staff costs attributable to charitable activities and other trading activities is then apportioned pro rata to the income received as shown overleaf. All governance costs are met from unrestricted funds so no allocation or charge is made to restricted funds for any governance related costs.

# Notes to the Financial Statements

## continued

### Allocation of governance and other support costs

|                                       | 2019<br>£        | 2018<br>£        |
|---------------------------------------|------------------|------------------|
| Cost of Raising Funds                 |                  |                  |
| Bank contributions                    | 22,512           | 19,202           |
| Management fee                        | 143,587          | 138,207          |
| Rental Income                         | -                | -                |
| Charitable activities                 |                  |                  |
| Membership subscriptions              | 383,667          | 353,580          |
| Education programmes                  | 2,742,056        | 2,682,681        |
| Events, meetings and special projects | 616,072          | 518,713          |
|                                       | <u>3,907,894</u> | <u>3,712,383</u> |

### Total expenditure

|                                       | Other<br>direct<br>£ | Staff,<br>support and<br>governance<br>costs<br>£ | Dep'n<br>£     | Total<br>2019<br>£ | Total<br>2018<br>£ |
|---------------------------------------|----------------------|---|----------------|--------------------|--------------------|
| Charitable activities                 |                      |   |                |                    |                    |
| Membership subscriptions              | 158,208              | 383,667   | 37,141         | 579,016            | 553,128            |
| Education programmes                  | 917,188              | 2,742,056   | 165,101        | 3,824,345          | 3,698,540          |
| Events, meetings and special projects | 74,500               | 616,072   | 2,637          | 693,209            | 636,310            |
|                                       | <u>1,149,896</u>     | <u>3,741,795</u>                                  | <u>204,879</u> | <u>5,096,570</u>   | <u>4,887,978</u>   |
| Cost of Raising Funds                 |                      |   |                |                    |                    |
| Bank contributions                    | -                    | 22,512  | 6,043          | 28,555             | 23,430             |
| Management fee                        | -                    | 143,587   | 7,538          | 151,125            | 143,487            |
| Rental Income                         | -                    | -   | 226            | 226                | 352                |
|                                       | <u>-</u>             | <u>166,099</u>                                    | <u>13,807</u>  | <u>179,906</u>     | <u>167,269</u>     |
| Investment management costs           | -                    | -   | -              | -                  | -                  |
| Total Expenditure                     | <u>1,149,896</u>     | <u>3,907,894</u>                                  | <u>218,686</u> | <u>5,276,476</u>   | <u>5,055,247</u>   |

In 2019 the expenditure on charitable activities was £5,096,570 (2018:£4,887,978) of which £523,620 (2018:£431,589) was expenditure from restricted funds and £4,572,950 (2018:£4,456,389) was expenditure from unrestricted funds. In 2019 the expenditure on raising funds was £179,906 (2018: £167,269 ) of which £nil (2018:nil ) was from restricted funds and £179,906 (2018: £167,269) from unrestricted funds.



# Notes to the Financial Statements

continued

7. Net Income

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| Net Income is stated after charging/(crediting) |           |           |
| Auditor's Remuneration                          | 6,550     | 6,550     |
| Depreciation                                    | 218,686   | 164,024   |
| Gain on disposal of assets                      | -         | (7,045)   |

8. Analysis of staff costs and remuneration of key personnel

The average number of employees employed by the Institute during the year was 58 (2018 : 54).  
The aggregate payroll costs of these persons were as follows:

|                       | 2018<br>£        | 2017<br>£        |
|-----------------------|------------------|------------------|
| Salaries              | 2,307,405        | 2,285,378        |
| Social security costs | 270,239          | 260,581          |
| Other pension costs   | 68,388           | 101,948          |
|                       | <u>2,646,032</u> | <u>2,647,907</u> |

In accordance with FRS 102 and the SORP , the key management personnel of the Institute are the Trustees and the senior management; the latter being the Chief Executive and the Directors. The total employment benefits of the Institute's key management personnel was £577,866 (2018:£613,896). Included in this amount is one (2018: one) trustee who received total employment benefits of £182,229 (2018: £209,601). Trustees expenses reimbursed during the year were £7,481 (2018:£8,263)

# Notes to the Financial Statements

## continued

### Employees

The number of employees whose emoluments fell within each of the following bands is as follows:

|                  | 2019 | 2018 |
|------------------|------|------|
| 100,000 -110,001 | 1    | 1    |
| 110,001-120,000  | 1    | 1    |
| 120,001-130,000  | 1    | 1    |
| 150,001- 160,000 | 1    | 1    |
| 170,001-180,000  | 1    | 0    |
| 160,001-170,000  | 0    | 1    |

The above analysis of emoluments excluded pension contributions of £55,518 (2018: £84,312) in respect of 4 (2018:4) employees.

### 9. Fixed Assets

|                     | Property<br>£ | Course<br>Development<br>£ | Motor<br>Vehicles<br>£ | Fixtures<br>& Fittings<br>£ | Computer<br>Equipment<br>£ | Total<br>£ |
|---------------------|---------------|----------------------------|------------------------|-----------------------------|----------------------------|------------|
| Cost or valuation   |               |                            |                        |                             |                            |            |
| At 1 March 2018     | 1,050,000     | 230,760                    | 113,544                | 215,687                     | 738,283                    | 2,348,274  |
| Additions           | -             | 220,498                    | 37,444                 | 1,748                       | 86,824                     | 346,514    |
| Disposals           | -             | -                          | (30,749)               | -                           | (295,403)                  | (326,152)  |
| At 28 February 2019 | 1,050,000     | 451,258                    | 120,239                | 217,435                     | 529,704                    | 2,368,636  |
| Depreciation        |               |                            |                        |                             |                            |            |
| At 1 March 2018     | -             | 138,810                    | 42,938                 | 211,620                     | 537,109                    | 930,477    |
| Disposals           | -             | -                          | (17,778)               | -                           | (295,403)                  | (313,181)  |
| Charge for the year | -             | 85,106                     | 23,769                 | 1,480                       | 108,331                    | 218,686    |
| At 28 February 2019 | -             | 223,916                    | 48,929                 | 213,100                     | 350,037                    | 835,982    |
| Net Book Value      |               |                            |                        |                             |                            |            |
| At 28 February 2019 | 1,050,000     | 227,342                    | 71,310                 | 4,335                       | 179,666                    | 1,532,654  |
| At 28 February 2018 | 1,050,000     | 91,950                     | 70,606                 | 4,067                       | 201,174                    | 1,417,797  |

The property at Drumsheugh Gardens, Edinburgh was valued at 28<sup>th</sup> February 2018, on an open market basis, by DM Hall, property surveyors. The historic cost of property was £368,765. Tangible assets held in unrestricted funds were 2019: £1,532,654 (2018: £1,417,797).

# Notes to the Financial Statements

continued

10. Investments

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| Held in investment pool at the cost of original investment | 79,156    | 79,156    |
| Total cost of investments                                  | 79,156    | 79,156    |
| Unrealised loss on investments                             | (75,160)  | (74,766)  |
| Total market value of investments                          | 3,996     | 4,390     |
| Invested as follows  |           |           |
| 6,362 Lloyds Banking Group ordinary stock                  | 3,996     | 4,390     |
|  | 3,996     | 4,390     |
| Attribution  |           |           |
| Restricted prize funds                                     | 3,996     | 4,390     |

The Institute's investment policy is risk adverse and as such the level of investments assets held are such that there is negligible risk to the Institute from financial investments whether with uncertain investment markets or volatility in yield. The Institute is not reliant on dividend yield to finance its work. The investments held are quoted UK shares. Investments held in restricted funds were 2019: £3,996 (2018: £4,390).

# Notes to the Financial Statements

## continued

### 11. Stocks

|                             | 2019<br>£     | 2018<br>£     |
|-----------------------------|---------------|---------------|
| Bespoke Course Material     | 36,845        | 61,460        |
| Certificate Course Material | 5,207         | 5,985         |
| Stationery stock            | 2,000         | 2,000         |
|                             | <u>44,052</u> | <u>69,445</u> |

### 12. Debtors

|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| Other Debtors                              | 829,680          | 876,561          |
| Corporate Patronage                        | 144,000          | 192,000          |
| The Committee of Scottish Clearing Bankers | 204,547          | 24,944           |
| Professional Standards Board Funding       | 105,250          | 120,500          |
|  | <u>1,283,477</u> | <u>1,214,005</u> |

Debtor balances of £1,283,477 (2018: £1,214,005) of which £1,178,227 was unrestricted (2018: £1,093,505) and £105,250 was restricted (2018: £120,500).

### 13. Creditors: amounts falling due within one year

|  | 2019<br>£      | 2018<br>£        |
|--|----------------|------------------|
| Other Creditors                              | 138,157        | 44,960           |
| Taxation & Social Security                   | 5,500          | 5,000            |
| VAT  | 41,502         | 37,171           |
| Accruals                                     | 32,577         | 357,248          |
| Professional Standards Board Income deferred | 111,833        | 412,917          |
| Enrolment and Development Income deferred    | 526,460        | 382,398          |
|  | <u>856,029</u> | <u>1,239,694</u> |



# Notes to the Financial Statements

## continued

|  | Professional<br>Standards Board | Other     | Total     |
|--|---------------------------------|-----------|-----------|
| Deferred Income comprises              |                                 |           |           |
| Brought forward                        | 412,917                         | 382,398   | 795,315   |
| Released to incoming resources in year | (468,834)                       | (421,365) | (890,199) |
| Income arising in year                 | 167,750                         | 565,427   | 733,177   |
| Carried forward                        | 111,833                         | 526,460   | 638,293   |

Creditor balances of £856,029 (2017:£1,239,694) of which £856,029 (2018:£1,1,239,694) was unrestricted and £nil was restricted (2018: £nil).

### 14. Prize funds held in trust

a) The following prize funds are held in trust as at 28 February 2019 (cost)

|   |               |               |
|---|---------------|---------------|
|   | £             |               |
| T McGuffie Memorial Fund                | 3,656         |               |
| Sir Bruce Patullo Prize                 | 75,500        |               |
|   | <u>79,156</u> |               |
| at 28 February 2019                     |               |               |
|   | 2019<br>£     | 2018<br>£     |
| Held in investment pool at market value | 3,996         | 4,390         |
| Short-term cash deposits                | 19,702        | 20,200        |
|   | <u>23,698</u> | <u>24,590</u> |

The main movements on restricted prize funds short-term cash deposits are as follows:

|                          | Investment<br>Income<br>£ | Prizes<br>Distributed<br>£ | Gain/<br>(losses)<br>£ |
|--------------------------|---------------------------|----------------------------|------------------------|
| Sir Bruce Pattullo Prize | 402                       | (900)                      | (394)                  |
| <b>Total</b>             | <b>402</b>                | <b>(900)</b>               | <b>(394)</b>           |

# Notes to the Financial Statements

## continued

### 15. Pension commitments

The Chartered Institute of Bankers in Scotland contributed to the defined benefits pension scheme of The Royal Bank of Scotland plc up until the withdrawal date of 31<sup>st</sup> October 2018. The pension contributions for the current year paid to Royal Bank of Scotland Group were £40,561.76 (2018: £74,647. An amount of £ nil (2018: £17,661) was outstanding at the year end.

Contributions amounting to £27,826 (2018:£37,301) have been paid to a defined contribution scheme .

### 16. Lease commitments

The Institute has committed to expend £3,150 at the balance sheet date (2018: £6,300), under a non cancellable office premises lease which expires on 31<sup>st</sup> March 2019 . The Institute has committed to expend £123,960 at the balance sheet date (2018: £206,500), under a non cancellable office premises lease which expires on 10<sup>th</sup> October 2021.

### 17. Analysis of net assets by fund

|                              | Fixed Assets     | Heritage Assets | Investments  | Net current<br>assets | Total            |
|------------------------------|------------------|-----------------|--------------|-----------------------|------------------|
|                              | £                | £               | £            | £                     | £                |
| <b>Restricted Funds</b>      |                  |                 |              |                       |                  |
| Prize Fund                   | -                | -               | 3,996        | 19,702                | 23,698           |
| First European Project       | -                | -               | -            | 22,828                | 22,828           |
| FEP -European                | -                | -               | -            | -                     | -                |
| Professional Standards Board | -                | -               | -            | 222,518               | 222,518          |
| <b>Unrestricted Fund</b>     |                  |                 |              |                       |                  |
| Accumulated Fund             | 898,772          | -               | -            | 1,364,014             | 2,262,786        |
| Revaluation Reserve          | 633,882          | -               | -            | -                     | 633,882          |
| 2025 Foundation              | -                | -               | -            | 204,276               | 204,276          |
|                              | <u>1,532,654</u> | <u>-</u>        | <u>3,996</u> | <u>1,833,338</u>      | <u>3,369,988</u> |

# Notes to the Financial Statements

## continued

### 18. Analysis of movements on funds

|   | Opening<br>Balance | Incoming         | Expended           | Gains/(Losses) | Closing Balance  |
|---|--------------------|------------------|--------------------|----------------|------------------|
| <b>Restricted Funds</b>                       |                    |                  |                    |                |                  |
| Torrance McGuffie Prize                       | 2,865              | -                | -                  | -              | 2,865            |
| Sir Bruce Patullo Prize                       | 21,725             | 402              | (900)              | (394)          | 20,833           |
| First European Project                        | 22,828             | -                | -                  | -              | 22,828           |
| Chartered Banker Professional Standards Board | 276,404            | 468,834          | (522,720)          | -              | 222,518          |
| <b>Unrestricted Funds</b>                     |                    |                  |                    |                |                  |
| Accumulated Fund                              | 2,706,415          | 4,309,227        | (4,752,856)        | -              | 2,262,786        |
| Revaluation Reserve                           | 633,882            | -                | -                  | -              | 633,882          |
| 2025 Foundation                               | 151,914            | 52,362           | -                  | -              | 204,276          |
| Heritage Assets                               | -                  | -                | -                  | -              | -                |
|   | <u>3,816,033</u>   | <u>4,830,825</u> | <u>(5,276,476)</u> | <u>(394)</u>   | <u>3,369,988</u> |

The Sir Bruce Pattullo Prize is awarded to the candidate scoring the highest total mark in the Chartered Banker Course examinations.

This prize has been established through a generous donation given by Sir Bruce Pattullo CBE.

The individual who obtains the second highest total mark in the Chartered Banker Course examinations is awarded the Torrance McGuffie Memorial Prize.

First European project is a European Lifelong learning initiative.

In October 2011, the Chartered Banker Professional Standards Board (CB:PSB) was successfully launched with the support of nine leading UK banks.

The CB:PSB's overall aim is to restore public confidence and trust in banking and promote a culture of professionalism amongst individual bankers by creating industry-wide standards. Funding for CB:PSB ceases on 30<sup>th</sup> June 2019.

# Notes to the Financial Statements

## continued

### 18. Prior year fund movements

|   | Opening<br>Balance | Incoming         | Expended           | Gains/(Losses) | Closing Balance  |
|---|--------------------|------------------|--------------------|----------------|------------------|
| <b>Restricted Funds</b>                       |                    |                  |                    |                |                  |
| Torrance McGuffie Prize                       | 3,165              | -                | (300)              | -              | 2,865            |
| Sir Bruce Patullo Prize                       | 22,120             | 204              | (599)              | -              | 21,725           |
| First European Project                        | 22,828             | -                | -                  | -              | 22,828           |
| Chartered Banker Professional Standards Board | 206,844            | 500,250          | (430,690)          | -              | 276,404          |
| <b>Unrestricted Funds</b>                     |                    |                  |                    |                |                  |
| Accumulated Fund                              | 2,664,796          | 4,644,077        | (4,602,458)        | -              | 2,706,415        |
| Revaluation Reserve                           | 533,882            | -                | -                  | 100,000        | 633,882          |
| 2025 Foundation                               | 161,714            | 11,400           | (21,200)           | -              | 151,914          |
| Heritage Assets                               | -                  | -                | -                  | -              | -                |
|   | <u>3,615,349</u>   | <u>5,155,931</u> | <u>(5,055,247)</u> | <u>100,000</u> | <u>3,816,033</u> |

### 19. Related Party Transactions

In the normal course of business the Institute undertakes transactions with the organisations represented by the Members of Council. Included within these transactions were the payment of corporate patronage of £120,000 (2018 : £120,000) and funding received in respect of CB:PSB of £468,833 (2018:£500,250).

Payments totalling £16,625 (2018: nil) were made to Charles Sydney Ltd , a company owned by a trustee.

At 28 February 2019 £144,000 (2018: £192,200) was due from corporate patrons and £105,250 (2018: £120,500) due in respect of CB:PSB funding.





# ANNUAL REPORT 2019

**Drumsheugh House**

38b Drumsheugh Gardens  
Edinburgh  
EH3 7SW

**Telephone:** 0131 473 7777

**Email:** [info@charteredbanker.com](mailto:info@charteredbanker.com)

**Web:** [www.charteredbanker.com](http://www.charteredbanker.com)

**London office:**

2<sup>nd</sup> Floor, Bengal Wing  
9a Devonshire Square  
London  
EC2M 4YN