

The Chartered Banker Institute Response to FCA CP17/37 – Industry Codes of Conduct

We welcome the opportunity to comment on these proposals. Our Institute is focused on raising professionalism in banking and in promoting to our members, and others, the very highest standards of knowledge, skill, integrity, trust and behaviour. We are therefore supportive of all efforts to rebuild confidence and trust in the sector. In our response we have provided some general thoughts and only comment specifically on those questions which fall within the Institute's expertise and on which we are expected by our members to comment.

Information about the background and ongoing work of our Institute can be found in [Annex One](#) to this response.

General Comments

Voluntary codes are extremely important to our sector and need the public support of regulators. We appreciate the challenges faced by the FCA in balancing its objectives under SMCR with the delineation of the regulatory perimeter and believe this paper expresses these clearly.

In his recent speech for the Bank for International Settlements, the Governor of the Bank of France stated: *'over and above the good intentions, declarations and codes of conduct, which did nothing to prevent the excesses that caused the 2008 crisis, the challenge now is for all actors from the bottom to the top of these organisations to adopt an ethical approach.'*¹

We and like-minded bodies, such as those forming the Chartered Body Alliance², are already working hard to ensure our members and those achieving our professional standards are ready for this challenge, regardless of where they sit within their organisational hierarchy, or their role in terms of the regulatory perimeter. We would argue, given the FCA's concerns raised in this paper regarding the impact voluntary codes may have on individual judgement, that our work and the work of similar bodies at the individual actor level is just as important as that of bodies such as the FMSB and LSB at firm level, and as such would benefit from greater recognition by the regulators as a partner in rebuilding trust and confidence in the sector.

¹ Speech by Francois Villeroy de Galhau at the 6th 'Ethics and Trust In Finance Global Prize Ceremony, January 2018-
<https://www.bis.org/review/r180131a.htm>

² Details about the Chartered Body Alliance can be found [in Annex 2](#) of this document.

Specific Comments:

Q1. Do you agree that the FCA should support the take-up of industry codes through the general approach described?

Yes, as stated above we believe that credible and robust voluntary codes, with appropriate oversight, implementation, monitoring and reporting mechanisms that support and promote the regulators' objectives should be publicly supported.

A number of professional body codes in the financial services sector are implemented and monitored with much greater rigour than before through mechanisms such as the CB:PSB's professional standards, and professional membership of Chartered bodies. With greater support from regulators like the FCA for such codes, operating at the level of the individual, the consequences of breaches for individuals (and, in some cases, their firms) would become more severe. This in turn would add to the credibility and standing of such codes within the sector and the public at large.

Q2. Do you agree with our proposal to recognise certain industry codes in unregulated markets?

Yes. This will make it clearer from our perspective in offering guidance and support to our members on these codes and how they interact with our own Code of Professional Conduct. Wherever possible and relevant we will engage with the work of those developing industry standards, ensuring they are aware of the standards we expect of members and those achieving our professional standards. We in turn can ensure that members themselves are suitably skilled and knowledgeable to step up and help drive change through these new codes: confident in their own skills and knowledge to speak out when they see a better way of doing things.

In addition, we believe that consideration should also be given to the recognition of relevant industry codes in regulated markets, where these support the objectives of the FCA and other regulators.

Q3. What challenges do you foresee for the FCA or industry with recognising certain industry codes?

We believe your paper captures the significant challenges. Of specific interest to our members is the concern regarding the impact on 'individual judgements' as raised in section 4.11 of the paper. As noted above, we will continue in our work to ensure that our members and those achieving our professional standards are confident in their knowledge and skills to challenge and question where they have concerns.

Annex 1 - Chartered Banker Institute: Overview

The Institute in Numbers



Institute Background

1. The Chartered Banker Institute (“the Institute”) is the oldest professional banking institute in the world. The Institute was founded in 1875, operates in all UK nations, and has a significant and growing international presence. The Institute has driven an agenda of ethical professionalism throughout its existence; promoting professional standards for bankers, providing professional qualifications for retail, commercial and private bankers in the UK and overseas, and offering professional membership to qualified individuals.
2. The Institute received Royal Charters of incorporation in 1976 and 1991. In 2000, approval was received from the Privy Council to award the “Chartered Banker” professional designation to individuals meeting the Institute’s highest standards and qualification requirements for ethical, professional and technical competence. The Chartered Banker Institute is the only body able to award this title. For an individual to become a Chartered Banker requires Masters-level study of modules in: (a) contemporary issues in banking, (b) credit & lending, and (c) risk management, plus a choice of elective modules in subjects including retail banking, corporate banking and private banking. All students must also complete a Masters-level module in Professional Ethics and Regulation. Qualifications are offered by the Institute itself, as well as by a range of university partners.
3. Post qualification, all Chartered Bankers and the great majority of the Institute’s members must satisfy the Institute’s Continuing Professional Development (CPD)

requirements, including mandatory annual ethics refresher training, to continue to use the “Chartered Banker” designation.

4. In addition to the flagship Chartered Banker qualification, the Institute offers a wide range of professional banking and regulatory qualifications, to support individuals at all career levels, all of which involve study of professional ethics.
5. The Institute currently has over 30,000 members. In addition, over the past 5 years, a further 28,000 individuals have participated in a training programme delivered by an employer, university, college or other training provider, accredited by the Institute against our professional and qualifications standards, and providing a pathway to achieving a professional qualification awarded by the Institute.
6. The Institute works with a very wide range of education partners, including universities, colleges, other professional bodies, and training providers to support the initial and continuing professional development of bankers. This includes a wide range of UK university degree partnerships (including the unique Chartered Banker MBA, delivered in partnership with Bangor University for the past 5 years, which has continued to grow in popularity, attracting students from over 50 countries.) and apprenticeship/higher apprenticeship programmes (the Institute has recently become one of a relatively small and select group of professional bodies to be granted End Point Assessment (EPA) status for apprenticeships in England) We also work with banks themselves, and their chosen learning partners, to develop, implement and accredit training programmes aligned to the Chartered Banker framework, creating pathways to professionalism linked to banks’ own employee journeys.
7. Internationally, the Institute’s impact and influence is growing, with partnerships with professional bodies in Australia, the Bahamas, Hong Kong, Ireland, Malaysia, Malta and Pakistan. We are now proud to have both student and professionally qualified members in 59 countries across the globe, all of whom share a commitment to the Chartered Banker Code of Professional Conduct.
8. *Young Banker of the Year Award* - In 1989, the Institute established the Young Banker of the Year competition, and this continues to be the highlight of the Institute’s annual event calendar. The competition seeks to highlight the contribution of one individual with the potential to lead positive, customer-focused change, as judged by a distinguished panel of industry figures, chaired by the Lord Mayor of London, and plays an important role in promoting a revitalised banking profession by recognising the qualities of young bankers, who through their ideas and actions can help to improve the reputation of the industry.
9. See www.charteredbanker.com for more information on the Institute and its activities.

10. In 2008, the Institute began work leading to the launch of the Chartered Banker Professional Standards Board (CB:PSB) in October 2011, chaired by Lady Susan Rice. The CB:PSB is a unique initiative, led by 10 UK banks³ and the Chartered Banker Institute, to enhance and sustain professional and ethical standards in banking in the UK. The CB:PSB develops and, through its member banks, implements professional standards (standards of conduct and expertise) for individual bankers which will contribute to the restoration of public trust and confidence and promote a culture of professionalism in the banking sector.
11. In October 2011, the CB:PSB published the Chartered Banker Code of Professional Conduct, to which all member banks subscribe, and which encompasses approximately 46% of the UK banking workforce. In July 2012, the CB:PSB launched its first standard, the Foundation Standard for Professional Bankers (the Foundation Standard). Nearly 145,000 individual bankers in the UK, achieved the Foundation Standard in 2016, according to figures in its annual [Progress Report 2017](#). Along with its Foundation Standard, the CB:PSB has also developed an Intermediate Standard and a Leadership Standard for individuals working in banks.
12. The CB:PSB works closely with regulators, and also with the Banking Standards Board (BSB). The BSB's mission is the development, promotion and encouragement of professional high professional standards in the banking sector, with a focus on institutions. The CB:PSB focuses on professional standards for individuals.

See www.cbpsb.org for more information on the CB:PSB and its professional standards.

³ CB:PSB members are Barclays, Clydesdale & Yorkshire Banks, HSBC, Sainsbury's Bank, Santander UK, RBS, Shawbrook Bank, Tesco Bank, United Trust Bank and Virgin Money.

Annex 2 - Chartered Body Alliance Overview

Recognising our primary duty to the public of enhancing and sustaining professionalism in financial services, three of the leading Chartered professional bodies in the sector (the Chartered Insurance Institute, Chartered Institute for Securities & Investment and the Chartered Banker Institute) launched the Chartered Body Alliance in March 2017.

The Chartered Body Alliance strongly believes that by working together the alliance will achieve greater public benefit, continuing to raise professionalism and trust across financial services by promoting high standards of knowledge, skill, integrity and behaviour.

While the activities of each body focus on different areas of financial services, between them they cover a wide range of activities including wealth management, insurance, financial planning, banking and capital market activities.

The Alliance's joint membership of almost 200,000 professionals have much in common, and by working together can demonstrate a substantial collective commitment to enhancing professionalism and improving public confidence and trust in financial services.

For more information please visit: www.charteredbodyalliance.org

About the Chartered Banker Institute

The Chartered Banker Institute ("the Institute") is the oldest professional banking institute in the world.

The Institute was founded in 1875, operates in all UK nations, and has a significant and growing international presence

The Institute has driven an agenda of ethical professionalism throughout its existence; promoting professional standards for bankers, providing professional qualifications for retail, commercial and private bankers in the UK and overseas, and offering professional membership to qualified individuals. The Institute currently has over 30,000 members.

About the Chartered Institute for Securities & Investment (CISI)

The CISI's mission is to help members attain, maintain and develop their knowledge and skills and to promote the highest standards of ethics and integrity in the securities and investment industry.

Based in the City of London, the CISI is a global organisation with representative offices in financial centres such as Dublin, Barcelona, Singapore, Hong Kong, Manila, Dubai, Mumbai and Colombo. We work in close cooperation with regulators, firms and other professional bodies worldwide and over 40,000 examinations were sat in 80 countries in the last twelve months.

With 45,000 members in 104 countries the CISI is the professional body which sets examinations and offers qualifications for those working or looking to establish a career in the financial planning, wealth management and capital markets industry.

About the Chartered Insurance Institute (CII)

The CII is the largest professional body for the Insurance and Financial Planning professions, with 125,000 members located across 143 countries.

Our purpose is to build public trust in insurance.

We do this through the provision of insightful leadership, relevant learning, and an engaged membership.