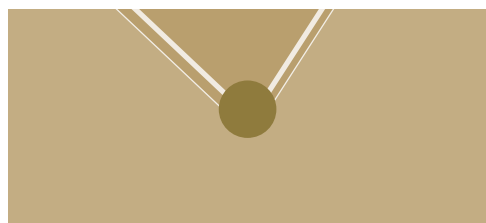
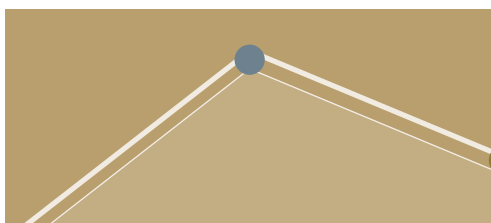


Chartered Banker

Module specification
Edition 1, October 2019

PROFESSIONAL AND RESPONSIBLE BANKING IN A DIGITAL AGE



LEVEL: SCQF Level 7 and broadly comparable to EQF Level 5

CREDITS: 13

QUALIFICATIONS TO WHICH MODULE CONTRIBUTES:

Professional Banker Certificate
Professional Banker Diploma

AUDIENCE:

All bank employees in the UK and internationally, particularly those new to banking, and regardless of their own specialism, who want to expand their knowledge and understanding of the business they are in – the business of banking – and have that knowledge and understanding recognised through the award of a professional banking qualification.

AIM:

To develop the learner's knowledge, understanding and skills relating to the business of banking in a digital age, combining study of core banking principles and practice with learning about the forces that are transforming the way we bank, and how banks are responding to meet the changing expectations of customers in an increasingly competitive environment. With key themes being responsible and sustainable banking, and what it means to be a professional in banking in the current environment, the learner will be better able to apply those principles to help their bank deliver its strategy, perform well at work, and serve customers, communities, and the wider environment well.

LEARNING OUTCOMES:

On completion of this module, the learner will be able to:

1. explain the purpose and functions of different types of banks and banking in a digital age, the role that banks, banking and bankers play in society, and the ways in which the UN Principles for Responsible Banking provide the framework for sustainable banking
2. describe the range of products and services banks provide, and explain the impact of digital and data-driven innovations on the ways in which: (a) banks develop and deliver banking services; and (b) customers conduct their banking through a wide range of distribution channels
3. explain the principles of a sound and responsible approach to lending, and how these principles are applied to ensure fair outcomes for customers
4. describe a range of different types of risk that banks face in a digital age, and outline ways in which risk can be effectively mitigated and managed
5. describe the purpose of a range of legal and regulatory principles and frameworks that apply to banking and the ways in which these influence how banks operate
6. explain what is meant by professionalism and ethics, the importance of professionalism and ethical conduct in banking, and reflect on what they do in their role to ensure that they behave ethically and professionally, and in accordance with the *Chartered Banker Code of Professional Conduct*.

DELIVERY METHODOLOGY:

Professional and Responsible Banking in a Digital Age has six units. The learning approach includes:

- reading and self-study
- learning activities
- e-learning
- online knowledge checks
- applying learning at work.

LEARNING RESOURCES:

Learning resources include:

- a workbook for core reading and learning activities
- case studies and online resources
- recommended further reading
- e-learning modules
- online knowledge checks.

ASSESSMENT:

Professional and Responsible Banking in a Digital Age is assessed by one online examination, lasting 1 hour and 15 minutes, and consisting of 60 multiple choice questions.

Unit 1: Banks and Banking in a Digital Age

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	The learner can:	
<p>LO1: Explain the purpose and functions of different types of banks and banking in a digital age, the role that banks, banking and bankers play in society, and the ways in which the UN Principles for Responsible Banking provide the framework for sustainable banking.</p>	<p>1.1 Identify what customers want from their bank.</p> <p>1.2 Explain what a bank is and differentiate between different types of banks and banking activity.</p> <p>1.3 Explain how banking has evolved, and is continuing to evolve.</p> <p>1.4 Describe a range of technological innovations that are having an impact on banks and banking, and their implications for what is meant by being a professional in banking.</p> <p>1.5 Explain the core functions and purpose of a bank.</p> <p>1.6 Explain the role of a bank as a financial intermediary and how it supports the creation of credit in the economy.</p> <p>1.7 Identify groups of bank stakeholders and their respective interests in the success of the bank.</p> <p>1.8 Explain the purpose of the financial services organisation for which they work in terms of its mission, vision, values and objectives.</p> <p>1.9 Explain what is meant by sustainability and the role of banks and banking in society and the wider environment.</p> <p>1.10 Describe the <i>UN Principles for Responsible Banking</i> and the ways in which these provide the framework for sustainable banking.</p>	<ul style="list-style-type: none"> • What customers want • What is a bank? • Types of banks and banking • The evolution of banking • The digital and data revolution • Digital innovations in banking • Core bank functions and purpose • Financial intermediation/disintermediation • Stakeholders, strategy and purpose • Sustainability • UN Principles for Responsible Banking

Unit 2: Products and Services, Distribution Channels, and the Customer Experience

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	The learner can:	
<p>L02: Describe the range of products and services banks provide, and explain the impact of digital and data-driven innovations on the ways in which: (a) banks develop and deliver banking services; and (b) customers conduct their banking through a wide range of distribution channels.</p>	<p>2.1 Describe different types of customer that a bank could serve.</p> <p>2.2 Explain what is meant by a 'vulnerable' customer and what can be done to support vulnerable customers.</p> <p>2.3 Explain what is meant by financial inclusion and financial capability, and the role of education and training in improving financial capability.</p> <p>2.4 Describe a range of products and services that banks might offer.</p> <p>2.5 Describe a range of payment mechanisms provided by banks and other providers of payment services.</p> <p>2.6 Describe a range of distribution channels that banks use to deliver products and services to customers.</p> <p>2.7 Differentiate between multichannel banking, omnichannel banking, and optichannel banking.</p> <p>2.8 Explain what is meant by the customer experience and its significance in banking.</p> <p>2.9 Describe eight different types of customer in terms of how they feel about, and engage with, new technologies, and explain how this could affect their banking experience.</p> <p>2.10 Describe what banks are doing to enhance the customer experience.</p>	<ul style="list-style-type: none"> Types of customer Identifying and supporting vulnerable customers Financial inclusion, capability and education Products and services Payment services and other ways to pay Multichannel, omnichannel, and optichannel banking The customer experience What customers look for when choosing a bank Segmenting customers in a digital age Enhancing the customer experience

Unit 3: Principles and Practice of Bank Lending

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	The learner can:	
<p>L03: Explain the principles of a sound and responsible approach to lending, and how these principles are applied to ensure fair outcomes for customers.</p>	<p>3.1 Explain what is meant by lending from the perspective of both lender and borrower.</p> <p>3.2 Differentiate between different types of interest and interest rates.</p> <p>3.3 Explain why a lender charges different prices for different loans.</p> <p>3.4 Outline the scope and key principles of the Standards of Lending Practice and the customer outcomes that the standards aim to achieve.</p> <p>3.5 Explain what is meant by the 'lending cycle'.</p> <p>3.6 Explain what is meant by the principles of lending and how these are applied when evaluating an application for credit.</p> <p>3.7 Explain what is meant by credit scoring.</p> <p>3.8 Explain why a lender would take security for a loan and describe the attributes of a good security.</p> <p>3.9 Describe the customer outcomes in the Standards of Lending Practice relating to customers in financial difficulty and vulnerable customers, and describe what can be done to support achievement of these outcomes.</p> <p>3.10 Describe the economic and social effects of lending, and recognise the need for sound and responsible lending practices in making ethical decisions to lend.</p>	<ul style="list-style-type: none"> • What is lending? • Interest and fees • Risk and return • Standards of Lending Practice • The lending cycle • The principles of lending: evaluating a loan application • Credit scoring • Security for lending • Customers in financial difficulty • Responsible lending

Unit 4: Bank Risks

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	The learner can:	
<p>LO4: Describe a range of different types of risk that banks face in a digital age, and outline ways in which risk can be effectively mitigated and managed.</p>	<p>4.1 Explain the nature of risk in banking and describe a range of risks to which a bank is exposed.</p> <p>4.2 Differentiate between risks arising from the external environment and inside a bank.</p> <p>4.3 Describe a generic process for managing risk and five key components of an enterprise-wide approach to risk management.</p> <p>4.4 Explain what is meant by credit risk and outline ways in which credit risk can be managed.</p> <p>4.5 Explain the key risks arising from the use of algorithms and machine learning and their causes, and outline three components of a framework that could be used by banks to effectively manage algorithmic risks.</p> <p>4.6 Explain what is meant by the term 'stranded assets' within the context of climate-related risk, and why this is a concern in the financial sector.</p> <p>4.7 Differentiate between physical and transition climate-related risks, and explain how climate-related risks can affect other types of bank risks.</p>	<ul style="list-style-type: none"> • The nature of risk • Types of risk • External and internal risk factors • Risk management • Credit risk • Algorithms and machine learning risk • Climate-related risk • Operational risk • Cyber crime and cyber risk • Operational resilience

Unit 4: Bank Risks (Cont'd.)

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	The learner can:	
LO4: Describe a range of different types of risk that banks face in a digital age, and outline ways in which risk can be effectively mitigated and managed.	4.8 Explain what is meant by operational risk and identify key operational risks for banks. 4.9 Describe a range of cyber crimes that financial institutions face, and explain the associated risks for banks and their customers. 4.10 Explain the need for operational resilience and how enhanced levels of operational resilience might be achieved.	

Unit 5: The Legal and Regulatory Environment

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	The learner can:	
<p>LO5: Describe the purpose of a range of legal and regulatory principles and frameworks that apply to banking and the ways in which these influence how banks operate.</p>	<p>5.1 Explain the need for regulation in the banking sector.</p> <p>5.2 Explain the purpose of three main types of financial regulation.</p> <p>5.3 Describe the role, purpose and functions of central banks, financial regulators, and other organisations that protect the public in relation to financial services.</p> <p>5.4 Explain what is meant by the 'financial safety net' and what it is designed to achieve.</p> <p>5.5 Describe the principles of good regulation and conduct.</p> <p>5.6 Explain what is meant by the principle of 'treating customers fairly' and the ways in which banks can ensure the fair treatment of customers.</p> <p>5.7 Explain what is meant by corporate governance and why it is particularly significant in the banking sector.</p> <p>5.8 Identify a range of key statutes, codes of practice and regulatory regimes that influence the ways banks operate.</p> <p>5.9 Explain how the Payment Services Directive (PSD2) and open banking could transform the provision of banking services.</p> <p>5.10 Explain what is meant by regulation technology and how it is being applied in banking.</p>	<ul style="list-style-type: none"> • The need for financial regulation • Types of regulation • The role of central banks, financial regulators, and other organisations that protect the public in relation to financial services • The financial safety net • Principles of good regulation and conduct • Fair treatment of customers • Corporate governance • Key statutes, codes of practice and regulatory regimes • PSD2 and open banking • Regulation technology

Unit 6: Professionalism and Ethics in Banking

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	The learner can:	
<p>LO6: Explain what is meant by professionalism and ethics, the importance of professionalism and ethical conduct in banking, and reflect on what they do in their role to ensure that they behave ethically and professionally, and in accordance with the <i>Chartered Banker Code of Professional Conduct</i>.</p>	<p>6.1 Describe the impact of unprofessional and unethical behaviour in banking.</p> <p>6.2 Explain the nature of a profession and professionalism in banking and differentiate between rules-based and principles-based codes of practice.</p> <p>6.3 Explain the meaning of each of the seven commitments to professionalism in banking in the <i>Chartered Banker Code of Professional Conduct</i>, and identify what they can do in their role to demonstrate their personal commitment to the <i>Code</i>.</p> <p>6.4 Explain what is meant by ethics and how a range of theories and approaches to ethical thinking can influence the way decisions are made.</p> <p>6.5 Explain what is meant by an 'ethical dilemma' and how it can be identified and resolved.</p> <p>6.6 Identify four psychological components of moral behaviour.</p> <p>6.7 Describe and apply a nine step ethical decision-making model.</p> <p>6.8 Assess the need for whistleblowing and describe how wrongdoing in the workplace can be identified and reported.</p> <p>6.9 Identify key ethical issues arising from the use in banking of artificial intelligence and 'big data'.</p> <p>6.10 Explain why banks have a moral obligation towards the environment.</p>	<ul style="list-style-type: none"> • Impact of unprofessional and unethical behaviour and the drive for professionalism in banking • The nature of a profession • Codes of practice, conduct and ethics • The <i>Chartered Banker Code of Professional Conduct</i> and banking as a profession • What is ethics? • Ethics and the law/regulation • Ethical theories and approaches • Ethical dilemmas • Ethical values and codes • Psychological aspects of moral behaviour • Ethical decision-making • Whistleblowing • Ethics and technology • Banks' moral obligations towards the environment

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