

# Chartered Banker

## The Chartered Banker Institute Response to FCA CP16/26 Guidance on the duty of responsibility: amendments to the Decision Procedure and Penalties Manual

### General Comments

We welcome the guidance proposals within this paper, and consider them to be well constructed and fair. This paper has been read and considered alongside PRA CP 34/16.

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

### Our response:

#### **Q.1 Does the draft guidance in Appendix 1 provide clarity on the FCA's proposed application of the duty of responsibility?**

As mentioned in a previous Institute response [our response to FCA CP14/13], we believe that firms should have the flexibility to allocate responsibilities in a way that accommodates different models and organisational structures as appropriate. It is therefore equally appropriate that in enforcement the regulators should adopt an approach that can accommodate these differences and assess each case as it presents itself.

It is our view that the proposed guidance does provide clarity and an appropriate level of insight into how the FCA will enforce the 'duty of responsibility'.

We believe that the work of the Institute complements that of the FCA. Within the proposed guidance there are areas where we can further support our members and the wider banking community through relevant professional development initiatives, for example with regards to ethical decision making and delegation.

Furthermore, the work of the Chartered Banker Professional Standards Board (CB:PSB) can provide firms with valuable assistance in helping embed these proposals, both in terms of the letter and spirit. The CB:PSB has already provided firms with a range of useful resources to support the new regime. Examples of such resources are the two versions of translation tools, details of each having been previously shared with the FCA. The Foundation Standard Translation Tool shows the read across from the Foundation Standard requirements to the 5 Individual Conduct Rules and shows how a member firm can demonstrate how and where their activities align with the Individual Conduct Rules. The Leadership Standard Translation Tool shows the read across from the Leadership Standard requirements to elements of the SM&CR. CB:PSB will look closely at the clarity of responsibility mapping and statements as it extends the implementation of the CB:PSB Foundation, Intermediate and Leadership standards amongst member firms.

Finally, we take this opportunity to again remind the FCA of the fact that under the current framework, it remains difficult in some circumstances for professional bodies in the banking sector, such as ours, to discipline members as we do not have investigatory powers. With the move to evidencing a 'duty of responsibility', we ask that the FCA gives some consideration as to how professional bodies might be engaged in this process in order that we too may sanction members who have failed to meet the high standards expected.

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## APPENDIX 1

### 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.

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5. The Institute currently has over 30,000 members. In addition, over the past 5 years, a further 25,000 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, with Bangor University) and apprenticeship/higher apprenticeship programmes. 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 the Bahamas, Hong Kong, Ireland, Malaysia, Malta and Pakistan. Nearly 400 emerging banking leaders from 49 countries are currently studying on the Chartered Banker MBA programme (offered in partnership with Bangor University). In Malaysia, more than 1,000 individuals are currently studying to become Chartered Bankers, and seven bank CEOs became the first Malaysian Chartered Bankers in November 2015 with strong support from Bank Negara (Malaysian Central Bank). The first 500 students to gain the Professional Banker Certificate (China) qualified in 2016, via the Institute's partnership with the training division of the People's Bank of China.
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](http://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 9 UK banks<sup>1</sup> 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,

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<sup>1</sup> CB:PSB members are Barclays, Clydesdale & Yorkshire Banks, HSBC, Sainsbury's Bank, Santander UK, RBS, Tesco Bank, United Trust Bank and Virgin Money; covering over 300,000 individuals in the UK employed by CB:PSB firms.

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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 70% 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 250,000 bankers, including 173,986 in the UK, achieved the Foundation Standard in 2015. As well as increasing the numbers who achieved the Foundation Standard, some CB:PSB firms have started working towards the Leadership Standard (CB:PSB's second standard launched in 2015) and expect a number of senior individuals to meet this exacting standard in 2016<sup>2</sup>.
  
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](http://www.cbpsb.org) for more information on the CB:PSB and its professional standards.

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<sup>2</sup> [CB:PSB Annual Progress Report 2016](#)