

The Chartered Banker Institute Response to CP17/42 Duty of Responsibility for insurers and FCA solo-regulated firms

We welcome the opportunity to comment on these proposals. As mentioned in our response to FCA CP16/26¹ which introduced the Duty of Responsibility to deposit takers, 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. We agree that this is particularly important when considering the diversity of firms to which the extension of SMCR applies.

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

Specific Responses

Q1. Do you agree that no changes need to be made to our Handbook, beyond those already proposed in our July CPs, to reflect the extension of the Duty of Responsibility to Senior Managers of insurers and FCA solo-regulated firms?

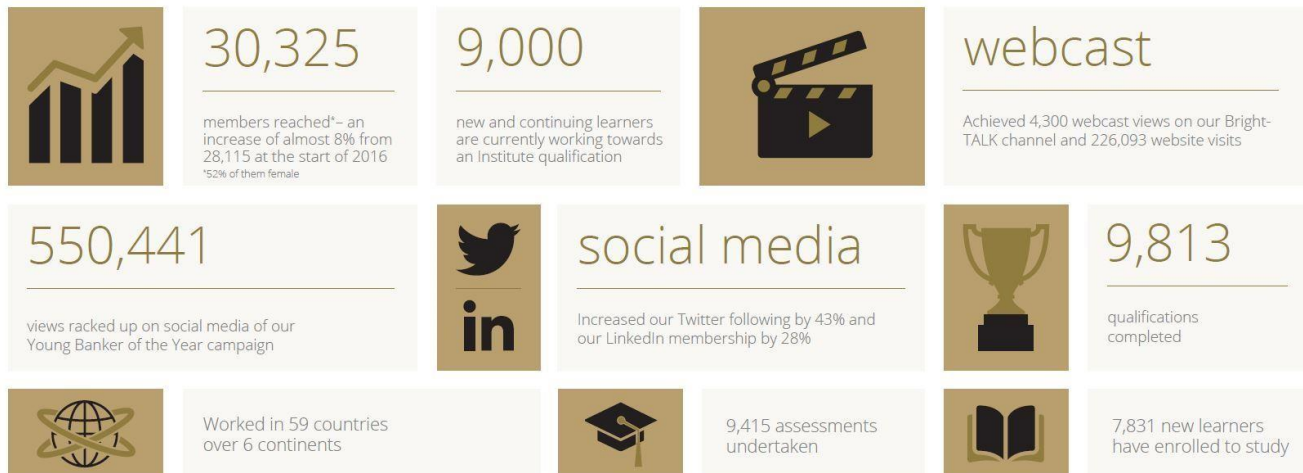
It is our view that the existing guidance does provide clarity and an appropriate level of insight into how the FCA will enforce the 'duty of responsibility' under the existing regime. We believe the FCA should, however remain watchful and sensitive to the diversity of firms to which the extension applies and remains open to suggestions to enhance the guidance going forward.

We note that in applying the Duty of Responsibility, the FCA *will consider what steps a competent Senior Manager would have taken at that time, in that specific individual's position, with that individual's role and responsibilities*. We believe that describes the actions that would be taken by a knowledgeable and experienced professional, such as an appropriate qualified member of a Chartered professional body. Together with our Chartered Body Alliance colleagues we will continue to progress our initiatives through guidance, professional membership, codes of conduct, professional qualifications and standards, and, where appropriate, by issuing Statements of Professional Standing to ensure our members are confident of their professional conduct and clear in their personal and collective responsibilities.

¹ Chartered Banker Institute response to FCA CP16/26 can be [read here](#)

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 banks² 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.

² 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.