

Chartered Banker

**The Chartered Banker Institute
Response to
FCA CP16/29
Markets in Financial Instruments Directive II Implementation
Consultation Paper III**

General Comments

Our Institute is focused on raising professionalism across the financial services sector 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 improve outcomes for consumers through the regulatory regime.

Below, we have commented only on those aspects of CP16/29, which fall within the Institute's expertise and on which we are expected by our members to comment.

This specifically relates to Chapter 14 of CP 16/29: Knowledge and Competence, and we would ask that the FCA is mindful of the relationship between these proposals and those of the recent UK Government in September 2016 on: Amending the Definition of Financial Advice¹. Whilst we did not submit a response on that matter, we fully support the views of the Financial Services Consumer Panel² in their view regarding the potential, if not probable, impact a move to the phrase 'guidance' rather than 'non-advised sales' could have, particularly when considering the objectives of the proposals, as stated in CP 16/29 Section 14.6, to ensure *'that customers in the regulated financial services markets deal with firm employees who are competent'*.

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

Specific responses:

Q53: Do you agree with our approach to implementing the guidelines in TC and SYSC 5?

We support the FCA's plans to adopt the new minimum and maximum timeframes for adviser qualification, and agree with the proposals for implementing the ESMA guidelines by amending TC and SYSC appropriately. However, it would be remiss were we not to stress that these do remain minimum requirements. Professional bodies, such as ours, continue to work to ensure relevant, accessible, supported pathways for individuals to achieve Chartered status. Regulators could do more to encourage and support individuals in striving to qualify beyond such minimums, and we welcome the opportunity to discuss with the FCA our ideas in this regard.

Whilst the ESMA guidelines do not specifically require a competent authority to supply a list of those meeting the regulatory requirements, it is our view that it is in the public interest that such a single central register exists. We and like-minded bodies are investigating alternative solutions to the FCA register. However, we believe that for such a register to succeed it will require significant endorsement from regulators.

¹ www.gov.uk/government/consultations/amending-the-definition-of-financial-advice-consultation

² https://www.fs-cp.org.uk/sites/default/files/fscp_response_hmt_amending_the_definition_of_financial_advice.pdf

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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

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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 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 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

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Lady Susan Rice. The CB:PSB is a unique initiative, led by 9 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 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 2016⁴.
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, Tesco Bank, United Trust Bank and Virgin Money; covering over 300,000 individuals in the UK employed by CB:PSB firms.

⁴ [CB:PSB Annual Progress Report 2016](#)