

## The Chartered Banker Institute Response to CP17/24 Information About Current Account Services

### Introduction

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. 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 the [Appendix](#) to this response.

### General Comments

Whilst we are supportive of the measures proposed, we are disappointed that none of them focus on organisational culture. Rather, they highlight quality in terms of speed and efficiency. Whilst we agree that the proposed measures do differ from those already covered by the CMA Remedies, we had expected that, as a conduct authority, the FCA would introduce measures more aligned to rebuilding consumer trust in the sector; whether re-establishing trust in a familiar brand a consumer had lost faith in, or helping build trust in new [challenger] brands.

Steps are being taken and investment is being made into driving up standards of professionalism, and we are all working to support cultural change in the sector. We believe by not pursuing objective measures, such levels of professional membership [and through this a commitment to continuing professional development], attainment of professional standards and/or qualifications, an opportunity has been missed to maintain pressure on the cultural reset button, keeping providers focused on improving the knowledge, skills and individual accountability of staff.

### Specific Responses

#### ***Q1. Do you agree with our analysis that we should require publication of service information?***

Yes.

**Q2. Do you agree that firms should publish service information related to the areas of service outlined? Are there any others areas we should consider (bearing in mind our discussion of metrics we are not pursuing in Chapter 5)?**

It is our view that the set of information proposed should also include key data reflecting the provider's attitude and approach to cultural change. With reference to Chapter 5 of the paper, we do not believe that the aspects of professionalism discussed accurately reflect those for which we have pressed and which our research supports.

Indicators of professionalism would not only link to the FCA's objectives on competition, but aligns various strands of the FCA's work to improve outcomes for consumers; better qualified and knowledgeable staff have a positive impact on innovation; commitments of this nature indicate not just the letter but the spirit of the regulations are embedded; and helps establish a sector that is going above and beyond the minimum.

Whilst very practical, and possibly relatively quick for providers to adapt from existing data to meet the tight deadline proposed for public dissemination of service information, it is our view that none of the measures proposed encourage a holistic improvement. There is frequent reference to speed of a service which will not necessarily equate to quality. We note that the FCA does address this on a couple of points but our concerns remain that the unintended consequence may be a race to the lowest common denominator in terms of speed and efficiency [where previously this was price] instead of improved quality. We also question whether the proposed indicators have longevity as an indicator of differences between banks, a concern similar to that raised in the FSCP position paper on Consumers and Competition 17 July 2017<sup>1</sup>.

We would also reference the report on professionalism by the Banking Standards Board (BSB) published earlier this year<sup>2</sup>. This clearly indicated that banks themselves wanted professional bodies to work more closely with regulators to support banks in their efforts to address the spirit and not just the letter of the regulatory framework. However, most will acknowledge, given where the sector is currently, that for bodies such as ours to make this impact requires greater regulatory impetus or compulsion. It is our view that none of the proposed indicators develops a more meaningful link to aspects of confidence and trust in the relationship between bank, individual consumer and the wider society, a desire for which, we believe, is voiced in consumers' anecdotal evidence in the supporting research to the CP17/24.

Further anecdotal evidence comes from banks themselves; we are regularly asked by providers for information pertaining to the levels of professional qualifications and membership held by their employees and to compare this against their competitors. We know that the banks themselves hold poor data on this [a point made in the BSB Report on

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<sup>1</sup> [https://www.fs-cp.org.uk/sites/default/files/fscp\\_consumers\\_and\\_competition\\_position\\_paper.pdf](https://www.fs-cp.org.uk/sites/default/files/fscp_consumers_and_competition_position_paper.pdf)

<sup>2</sup> <https://www.bankingstandardsboard.org.uk/wp-content/uploads/2016/10/160928-Professionalism-in-banking-publication-FINAL-WEB.pdf>

Professionalism<sup>2</sup>]. It has been suggested that banks don't 'value' this data – we believe at an individual level those who have achieved a professional status do. A recent study commissioned by our Institute<sup>3</sup> found that professionally qualified bankers have an extremely high level of professional pride in their work, compared to their non-qualified counterparts. The results of the study further suggest that those bankers, who have made a strong commitment to professionalism, profoundly believe in the value of what they do. Our research also indicates consumers, including business owners do too (see our response to Q22 below).

Over the years we have challenged banks to investigate these aspects of professional development, to help with discussion on, and further challenge what more they could be doing; for example, simple recognition of relevant training against our framework of recognised achievement, with a focus on supporting individuals to receive external recognition of their achievements. The fact that banks don't seem to hold / capture this data could be an indicator of its very need. Which leads us to again question whether the proposed measures, given the 'busy' landscape of regulation and economic uncertainty in the target year 2018-19, have been selected to be less disruptive to support speed of implementation.

In simple terms, it is our view that data could and should be gathered somewhere on, for example, how many individuals are members of a Chartered professional body, their highest level of **professional** qualification held, how many have no professional qualification at all – and of these how many are senior managers or assigned a Prescribed Role (PR)/significant harm role? Moreover, the Institute is a registered charity and under the terms of our Royal Charter we and similar Chartered bodies take our responsibilities of working in the wider public interest extremely seriously and so we believe that this is not only information which would interest consumers, but also the regulators.

**Q10: Do you agree that we should specify the language firms use to describe the service information, but not its presentational format?**

Yes. It is essential that a common language is used to ensure parity in any comparison. It is our understanding that, in the majority of cases the information may be presented via third parties and so is more likely to be adopted and used if there are fewer barriers such as a prescribed format.

**Q11: Do you agree with our plans for the timing and frequency of publication? In particular, do you agree that the first publication of service information under the rules that we are proposing should be in August 2018, to coincide with the first of the CMA's service quality indicators?**

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<sup>3</sup> The Chartered Banker Professionalism Index: [download here](#)

Yes. However, as outlined in our response to Q2 above, we question whether the proposals have been developed with this timeframe in mind, thereby limiting consideration of other factors.

**Q20: Do you agree that we should not pursue publication of service information for these aspects discussed in Chapter 5 at this time?**

Whilst we agree with the decision not to publish the aspects discussed in Chapter 5, we revert to the comments made in our response to Q2 above. It is our view that the factors we are proposing were not adequately or accurately considered within this chapter, or in terms of the longer list of 95 indicators<sup>4</sup>. The only references to professionalism are limited to the concept of a relationship manager or to contact with branch staff. Our suggestion has been to include a focus on simple, externally verifiable measures that relate positive changes in banking culture and increasing levels of professionalism.

Independent research commissioned by the Chartered Banker Institute in 2015<sup>5</sup> supports this:

- Over ¾ of GB adults thought banking should have in place a code of conduct that is adhered to;
- 2/3 thought that banking should be held to a set of professional standards that were independently verified;
- Just under 2/3 (65%) would prefer to be a customer of a bank where all staff had taken and passed banking exams.

Further research in 2016<sup>6</sup> found that:

- When asked what would make them trust the UK banking sector more, 40% of respondents selected 'Staff who met professional standards';
- When asked about perceptions of trust in their own bank, 60% still felt there had been no change in the past three years.

Through this piece of work the FCA had the opportunity to bring professionalism and culture change into the competitive arena, and in not doing so may have allowed a degree of pressure to be taken off the push on conduct and professionalism. We will continue to argue the case for sharing such metrics. Within the paper there are indications that there may be further proposals made in the future. We would welcome confirmation of whether this is the case, and how we might get involved. We trust that in the course of their development, the FCA will consider measures such as those we have proposed above, which we believe can help assess progress in terms of cultural change and improved outcomes for consumers.

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<sup>4</sup> FCA CP17/24 Annex 5.

<sup>5</sup> Source: YouGov survey March 2015 Survey size: 2076

<sup>6</sup> Source: YouGov Reputation of Banking Survey October 2016 - Survey size: 2106

## Appendix 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, India, 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](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 10 UK banks<sup>7</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, 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](http://www.cbpsb.org) for more information on the CB:PSB and its professional standards.

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<sup>7</sup> 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.