

Chartered Banker

The Chartered Banker Institute Response to FCA CP16/24 Review of the FCA's Appropriate Qualification Examination Standards

General Comments

We welcome this timely review of the Appropriate Qualification Examination Standards [AES] and trust that our comments are found to be constructive and helpful, particularly in terms of improving the current regulatory regime in the retail investment market, and outcomes for consumers.

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

Specific Responses

Q.1 Do you agree with the proposed updates to the AES in Appendix 3? If not, why not?

Whilst broadly supportive of the FCA proposed updates to the AES, which we believe reflect relevant changes to, and developments in the market, our submission in respect of this question is limited to the proposed AES for those areas which our Institute currently offers appropriate qualifications.

The proposed updates do allow greater flexibility for awarding bodies to develop relevant content to meet the AES. However, with this more general approach, the FCA may wish to further consider how the consistency of coverage between providers is monitored and assessed.

We also acknowledge the FCA's awareness of the syllabus development and update process which awarding bodies operate. It is intended that any changes resulting from this consultation will take be undertaken during the normal course of our syllabus reviews and therefore we intend to assess the new syllabi from September 2017.

Q2: Do you agree with our proposal to reduce the number of AES for 'regulation and the ethics' from three to two and base this on the level of achievement being studied?

We strongly support this proposal. The Institute was the first professional body in the financial services sector to introduce formal study and assessment of professional ethics, in the 1990s, and the Institute's work to develop and embed ethical and professional standards for bankers is widely regarded (and copied) in the UK and

internationally. All our qualifications require study and assessment of professional ethics alongside technical knowledge components. This proposal is therefore consistent with our own approach and ensures that the important aspects of conduct and ethics are available for assessment at the appropriate educational level, whilst removing any opportunity for inconsistency that the existence of two Level 3 syllabi may have created.

Q3: Is the proposed Handbook guidance in Appendix 2 helpful in understanding how to interpret the appropriate qualification tables in TC Appendix 4.1?

It is hard for an organisation such as ours, which has been familiar with the workings of these tables since their creation, to comment specifically as to whether this guidance will address the issues raised. In our view, and given that in the clear majority of cases it is the appropriateness of pre-RDR qualifications which give rise to the most queries, the proposed guidance under 4.1.1AE should enable greater understanding of the tables.

It is our view that there may be a secondary issue at play, in that some firms may be seeking an endorsement from the regulator as to the most suitable qualification, to ensure that their employees meet all conditions under their retail advice commitments. Generally, a firm will understand the role/activity for which an individual will require a qualification, and will seek a suitable, appropriate qualification based on those considered the 'market leader', even if not particularly appropriate to role. It is not for the FCA to provide this kind of detailed direction to firms and for awarding bodies, such as ours, to continue to work hard with employers and individuals to ensure they are aware of the benefits of study through programmes which provide role- and sector-relevant content around the approved standards.

Q4: Do you consider there is a market need for an alternative to the current appropriate qualification approach for equity release, either as (a) a top-up to existing pensions or investments appropriate qualifications, or (b) as a standalone appropriate qualification in equity release?

Q5: Would either approach lead to a significant increase in the number of individuals appropriately qualified in respect of equity release? Why?

We have combined these questions in making our response. This not an area in which we see many bankers directly operating now, or in the future. We therefore defer to those closer to the sector and its issues, such as the Society of Later-Life Advisers (SOLLA). However, we do not believe that having more individuals appropriately qualified in respect of equity release will in itself address the issue of ensuring there is sufficient advice available. We believe that the primary concern should be the quality of the advice. Careful thought is needed on the part of the regulator and the sector to consider the appropriate balance between business volume, healthy competition and ethical considerations. The later-life advice market requires a carefully considered business model that is adequately reflective of what can be a complex and sensitive cases, requiring a number of detailed and potentially challenging interactions with the individuals concerned, their families and legal representatives. Qualifications are excellent in providing advisers with technical

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knowledge, but will not directly address the application of knowledge in real-life, in a sector where the appropriate use of soft-skills are critical.

Increasing the number of advisers qualified to provide advice should, therefore, be considered to ensure that quality of advice and service is the paramount concern, rather than creating a potentially overcrowded market driven by a competitive ethos through advisory firms that do not have an appropriate business model. Overall, we strongly believe that there is a need to ensure that any individuals operating in the later life market are working within appropriately regulated parameters supported by codes of conduct that are designed to stress the requirements for a high quality of ethical service.

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.

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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 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.

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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 banks¹ 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 2016².
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.

¹ CB:PSB members are Barclays, Clydesdale & Yorkshire Banks, HSBC, Lloyds Banking Group, 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.

² [CB:PSB Annual Progress Report 2016](#)