

The Chartered Body Alliance Response to the Banking Standard Board [BSB] Consultation on the Certification Regime: Regulatory References [March 2019]

General Comments

We welcome these proposals for further guidance supporting the fitness and propriety assessment of individuals. Our Alliance is focused on raising professionalism in 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 improved standards of behaviour and competence.

The proposed guidance is clear and well thought out. We are fully supportive of efforts to bring as much consistency to the process as possible.

Specific Responses

1. Does the guidance succeed in its aim of providing a framework for firms seeking to implement regulatory references fairly, proportionately and consistently? If not, why not?

Yes. We particularly support the focus under the principle of proportionality on the legitimacy of a request and the need to take reasonable steps.

We also commend the Working Group on highlighting many of the more complex situations, such as those of seeking references for individuals previously in non-certified roles [2.1.1], or in a non-FS firm, or indeed overseas [3.1.1]. The practical steps suggested in 3.1.2-3.1.5 will go some way to addressing these matters. However, we feel the guidance could be further enhanced with some worked examples of good and bad practice.

One element missing from the guidance surrounds the issue of career breaks or gaps in the history. Given the fact that finalised plans for the FCA Directory for Individuals do not seem to offer a clear or consistent solution, regarding the treatment of prolonged leave or long-term absences makes this a necessity. Whether there is some role for the employer in this, i.e. requiring a period of gardening leave, or whether for other reasons; parental or carer's leave, it would be helpful to have this information provided

As professional bodies, we also have to consider the issue of the legitimate sharing of information; examples we can cite are where there has been a career break [most likely an individual may signpost membership as evidence of remaining up to date and role ready] or

perhaps the more complicated issue of where we have / are taking disciplinary action and have informed the current employer – which may then be cited in their reference to a requesting firm – who then may contact us. We feel this should be highlighted in the Guidance.

There is an opportunity for the Working Group to draw on their experiences for the benefit of the wider financial services community and come up with a sensible approach to ensure fairness, proportionality and consistency in this regard.

2. Does the guidance help firms judge the degree of detail that it would be appropriate to disclose in a reference about an individual's conduct history? If not, why not?

Yes.

3. (For regulated firms) Would the guidance have practical application in your firm? How would you use it? If not, why not?

Although this question is directed at regulated firms, we would comment that it has been useful to gain additional insight into some of the challenges our members may face in changing their employers under this aspect of the regime. We will consider how best to support them with their knowledge.

Furthermore, such is the nature of our engagement with the sector that it is entirely possible that some staff may continue their careers within the sector at a regulated firm. It is therefore useful for our own HR teams to be aware of the requirements.

4. We are considering adding a fourth principle to our stated list of three (i.e. fairness, proportionality and consistency). In line with our stated purpose to help raise standards of behaviour and competence in the UK banking sector, we believe that it could be beneficial to include an overarching principle which relates to complying with the spirit as well as the letter of the regulation (i.e. it's aim of seeking to reduce the risk of damage (financial, legal and / or reputational) to firms arising from the potential actions of individuals in risk-taking roles and with a history of misconduct). Our guidance seeks to provide examples of how firms could do this, but we think making it more explicit could be useful in aiding decision making in firms as new and emerging issues arise. Do you agree? If not, why not?

As an Alliance and as individual professional bodies, we have been consistent in our efforts to keep a focus on the spirit as well as the letter of the regulations. We are therefore supportive of the suggestion to include examples of how firms might take practical steps in this regard and within this context.



Appendix 1

About the Chartered Body Alliance

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.

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 32,000 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, Nairobi, 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

The Institute is proud to be a part of the Chartered Body Alliance



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 Chartered Insurance Institute is the professional body dedicated to building trust in the insurance and financial planning profession. Our strapline *Standards. Professionalism. Trust.* embodies our commitment to driving confidence in the power of professional standards: competence, integrity and care for the customer.

We deliver that commitment through relevant learning, insightful leadership and an engaged membership.

Our 125,000 members commit to high professional standards by maintaining continuous professional development and abiding by our Code of Ethics. The Chartered Insurance Institute is proud to be a member of the Chartered Body Alliance and the Institute for Global Insurance Education

For more information please visit: www.charteredbodyalliance.org

The Institute is proud to be a part of the Chartered Body Alliance