

CMA – Retail Banking Market Investigation

Chartered Banker Institute: Response to May 2016 Proposed Decision on Remedies

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 nearly 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.

See www.charteredbanker.com for more information on the Institute and its activities.

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6. 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 8 leading 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 industry.
7. 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.
8. The CB:PSB works closely with regulators, and also with the emerging Banking Standards Board (BSB). The BSB's mission is the development, promotion and encouragement of professional high professional standards in the banking industry, 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.

RESPONSES TO SPECIFIC AREAS

We broadly welcome the remedies proposed by the CMA aimed at supporting innovation in the retail banking market and through this helping create a more informed and engaged customer base. To this end, our comments are restricted to those of the CMA's proposed decisions for remedies which fall within the Institute's expertise and on which we are expected by our members to comment.

➤ ***Measures to enable PCA customers and SMEs to make comparisons between providers on the basis of their service quality***

We welcome the proposed remedies and in particular, as referenced in para. 3.115, the provision '*in easily digestible form, comparable measures of providers' performance across a small number of key quality facets*'.

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 http://www.cbpsb.org/filemanager/root/site_assets/progress_report_2016/cb_psb_report_2016_final.pdf

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The Chartered Banker Institute's work in raising the standards of individuals is helping to restore trust and confidence in those working in the banking sector, whilst at the same time ensuring that those working in the sector have a sense of 'professional pride' in the roles they perform.

Whilst there is no statutory requirement for individuals to hold a Chartered qualification, perhaps not surprisingly the recent financial crisis has strengthened public and employer support for professional qualifications. In independent research conducted by YouGov in 2009/10:

- 88% of UK adults agreed or strongly agreed that all bankers should take professional exams.
- 57% of business decision-makers agreed that they would rather be a customer of a bank where their relationship manager was a professionally qualified Chartered Banker, and
- 41% of adults said they would trust a Chartered Banker more than any other qualified individual to give financial advice.

The subsequent articles which we published may provide useful reference points:

- [What bank customers want](#)
- [What business customer want](#)

In addition to this, the Institute launched the Chartered Banker: Professional Standards Board in October 2011. The CB:PSB is a unique initiative, led by leading UK banks and the Chartered Banker Institute, to enhance and sustain professional and ethical standards in banking in the UK. The CB:PSB's member firms encompass approximately 70% of the UK banking workforce. The CB:PSB aims to develop and implement 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 industry. Membership of the CB:PSB is open to any bank or building society operating in the UK, including foreign banks.

In July 2012, the CB:PSB launched its first standard, the Foundation Standard for Professional Bankers (the Foundation Standard). In its [annual progress report](#) published in May 2016, the CB:PSB confirmed that nearly a quarter of a million bankers, the great majority of them in the UK, have demonstrated their personal commitment to professional competence and conduct by achieving the Foundation Standard for Professional Bankers. Furthermore, in excess of 500,000 bankers in the UK and globally are now covered by a common code of conduct, the Chartered Banker Code of Professional Conduct.

It is our view that there are three important lessons that can be learnt from the successes of our work:

1. Regulators should more actively encourage and support industry initiatives to enhance and sustain a culture of professionalism (such as those cited above).
2. It is not just about qualifications – professional standards have an important role to play as well.
3. Regulators and the financial services industry need to listen and respond to what customers consistently say they want – they want suitably qualified professionals serving their needs.

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We recommend that the CMA consider inclusion amongst the core indicators covered by its Order, key data relating to the number of employees of PCA and BCA providers that:

- Hold membership of a relevant professional body, such as our own
- Hold a suitable qualification
- Have achieved a professional standard, such as the CB:PSB Foundation Standard.

Moreover, whilst playing a very important part in the development and demonstration of professional competence, qualifications are only one part of a broad continuum of initial and continuing professional development (CPD) and should not be considered in isolation. Ongoing professional development, including annual CPD, the achievement of additional, relevant qualifications and the achievement and maintenance of professional standards (particularly those developed by the CB:PSB) are of equal importance.

We strongly believe through our research that consumer trust would improve if customers were being advised by a suitably qualified professional. Having this information freely available to compare when making decisions on their account providers would make a considerable difference.