

## **The Chartered Banker Institute Response to the BSB Consultation: 'What do Good Banking Outcomes Look Like to Consumers'**

We welcome the opportunity to comment on these proposals. Our Institute is focused on raising professionalism in banking 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. 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 [Annex One](#) to this response.

### **General Comments**

It is our firm belief that good outcomes for consumers will be achieved, at least in part, through ongoing support for initiatives to increase and strengthen professionalism in the banking sector.

The BSB may already be familiar with some of our studies and research into what banking customers want, however, we would draw your attention to independent research commissioned by the Chartered Banker Institute in 2015<sup>1</sup> in which:

- 88% of customers say all bankers should pass professional banking exams
- 84% of customers would rather be a customer where all staff had passed banking exams
- 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;

Further research in 2016<sup>2</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.

Based on this research, which is supported by research conducted by many other organisations in recent years, what customers want is clear: they expect to be served by

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<sup>1</sup> Source: YouGov survey March 2015 Survey size: 2076

<sup>2</sup> Source: YouGov Reputation of Banking Survey October 2016 - Survey size: 2106

professionally qualified individuals who are members of a recognised professional body such as those forming the Chartered Body Alliance<sup>3</sup>. Professionals will have achieved professional standards, such as those developed by and the Chartered Banker Professional Standards Board (CB:PSB), gained relevant professional qualifications, and be subject to an ongoing Code of Conduct and to annual CPD requirements.

Together these enhance and sustain customer and broader public confidence in the individuals who serve them.

As we move to an era where the use of technology will increase the choices available to bank customers, and where customers may become increasingly responsible (where technology allows greater self-service) about the decisions they make, it will be critical that banks and bankers are able to help them make better-informed decisions. Reasonable responsibility on the part of the consumer will be significantly enhanced where they are engaged with professional staff that are qualified and knowledgeable and can help them understand the impact of their choices. Furthermore, in this age of Open Banking, Fintech and Robo advice, just as in the past when ATMs and online banking were launched, individuals with core banking skills, coupled with a professional mind set will still be required to make sense of, and help customers take advantage of new technology.

In the introduction to the consultation, you highlight the need for a banking sector that is trustworthy and trusted, yet the concept of trust is not mentioned explicitly in the principles and the examples given focus on products, services and information that can be trusted. Our research [cited above] suggests that customers [personal and business] consider professionals adhering to a code of conduct and professional standards monitored by an independent source as more trustworthy.

We are therefore concerned that the efforts made here to outline strong consumer principles, and the good practice guidance that is planned to follow, will not achieve their potential if isolated from the work by bodies such as the Chartered Body Alliance, CB:PSB, firms and others to enhance and increase professionalism in the sector and, specifically, if this does not explicitly recognise and support existing initiatives in this area.

## **Specific responses**

### Consumer principles

*Q1. Do you agree with the consumer principles listed in the framework? (These are access, choice, clarity and transparency, safety and security, redress and being listened to, value for money, fairness.)*

In the Chartered Banker Code of Professional Conduct, to which individual Institute members and CB:PSB member firms adhere, we highlight the need to pay 'due regard to the interest of customers and treating them fairly', closely reflecting the wording used in the FCA Individual

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<sup>3</sup> Details about the Chartered Body Alliance are included in the [Annex 2](#) of this response.

Conduct Rules. Our Code also identifies the need to act with 'due skill, care and diligence' as well as being honest and trustworthy and treating information with appropriate confidentiality and sensitivity. These themes complement the principles you have listed in the framework. It would strengthen the framework, however, if a principle on professionalism were included. We suggest this for a number of reasons; our research data strongly suggests that consumers not only value but expect to be served by appropriately skilled and qualified individuals; it may also enable the BSB to draw this workstream together with the BSB professionalism workstream, and in doing so underline that professionalism is as important to consumers as it is to individuals working in banking. Other key stakeholders, such as the Financial Services Consumer Panel, have made similar arguments elsewhere.

*Q2. Do you think that focusing on consumer outcomes is a good approach to raising standards in the banking sector? If not, what are your concerns and possible alternatives?*

We believe that the customer needs to be at the centre of efforts to raise standards of professionalism in banking. To provide one example, the CB:PSB convenes a Stakeholder Forum which represents the views of the 'end-users of professional standards'. The CB:PSB was also founded on four aims, one of which is to 'help build, over time, greater public confidence and trust in individuals, institutions and the banking industry overall'. Focusing on the consumer is not the only approach to raising standards, but it must be an integral, and well communicated, element of activities.

A complementary approach [rather than an alternative] should focus on embedding professional norms amongst bankers. A recent study commissioned by the Chartered Banker Institute<sup>4</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. However, as reported in a recent the CB:PSB Research Report<sup>5</sup> whilst perceptions of individual bankers, institutions the sector and its professionalism are beginning to improve, favourable sentiment remains relatively low compared to other sectors. We would argue that an outcome approach focused on further engaging bank employees and developing further improvements to indices of pride in the sector are as important as focusing on consumer outcomes. After all, if bankers are not proud of who they are and what they are doing, they are unlikely to consistently deliver positive outcomes for their customers.

*Q3. Would you add or remove any principles? Do you think that there are any that are particularly important?*

Please see our response to question 1 above.

### Outcomes-based approach Qs 4, 5 & 6.

Please see our response to Question 9 below.

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<sup>4</sup> The Chartered Banker Professionalism Index: [download here](#)

<sup>5</sup> Building Professionalism in Banking - CB:PSB Research Report 2012-2017 can be [read here](#)

## Examples of what the outcomes mean to consumers

*Q7. We have included some 'real life' examples of what the outcomes might mean to consumers, provided by consumer and civil society organisations and drawn from existing consumer research. Do you think these are helpful in illustrating the outcomes identified in the Consumer Framework?*

Bringing a framework or set of principles to life via case studies is a sound model and one we endorse.

*Q8. Would you add, amend or remove anything to reflect more accurately the needs of consumers?*

In addition to the points made above in our general comments and specific responses, an example in the framework which concerns us is the principle of fairness. You give the example under Principle 1: Access – *'I need to be given helpful information if I am turned down for credit, have reasons explained and signposted appropriately.'* However, the issue is not raised explicitly under the Principle 7: Fairness. Fairness as a concept is highly subjective and, if not explained correctly in a clear, informed, and professional way, a 'no' which is in the customer's best interests may seem unfair to them. We would echo the CISI's call in their response to this paper, that the framework would be enhanced by further examples which more accurately reflect the broadest understanding of fairness and how individuals receive and consume information.

*Q9. Are there any indicators that you think might be helpful for measuring consumer outcomes, and that we should consider in subsequent stages of this work?*

Measuring consumer outcomes is useful. However, it must be acknowledged that outcomes will be influenced by a great many factors and not necessarily by the specific activities being pursued by the BSB or indeed its member firms. The CB:PSB measures trends in consumer trust and confidence, which have risen since the immediate aftermath of the financial crisis but have since plateaued. A number of other organisations run similar surveys of trust and confidence in financial service and other sectors. These may form useful references for the BSB work in this area.

## Micro-businesses Qs 10 & 11

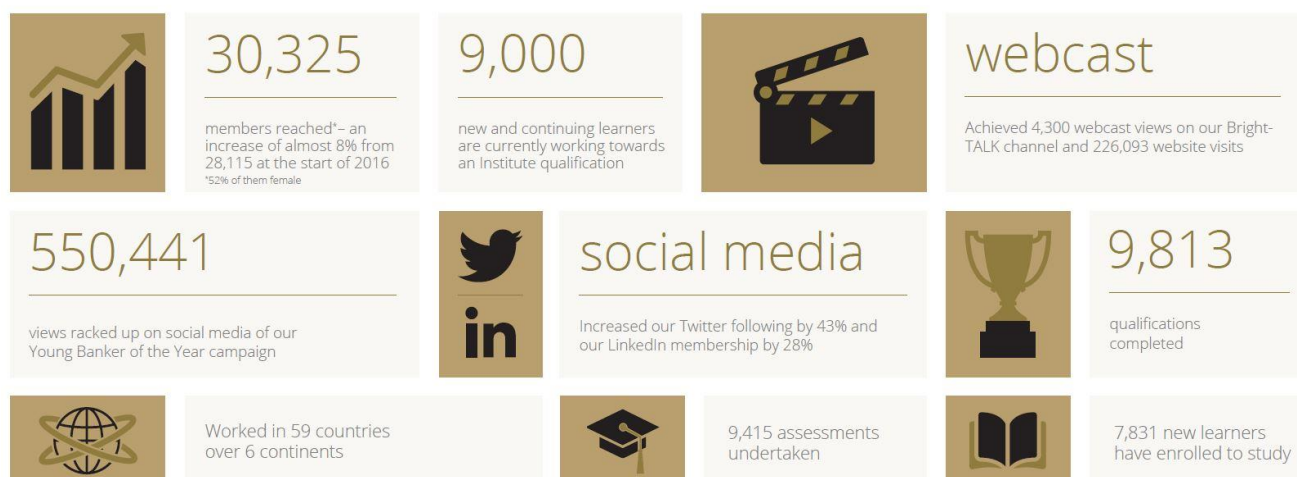
We have no comments with regard to these questions other than commending the BSB for including them in their considerations.

## Aspirational benchmark & usefulness to consumer and civil society organisations Qs 12 & 13

We have no comments with regard to these questions.

## Annex 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.

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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 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, 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.

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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 banks<sup>6</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>6</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.

## **Annex 2 - Chartered Body Alliance Overview**

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.

For more information please visit: [www.charteredbodyalliance.org](http://www.charteredbodyalliance.org)

### **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 30,000 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, Singapore, Hong Kong, 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.

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.



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## **About the Chartered Insurance Institute (CII)**

The CII is the largest professional body for the Insurance and Financial Planning professions, with 125,000 members located across 143 countries.

Our purpose is to build public trust in insurance.

We do this through the provision of insightful leadership, relevant learning, and an engaged membership.