

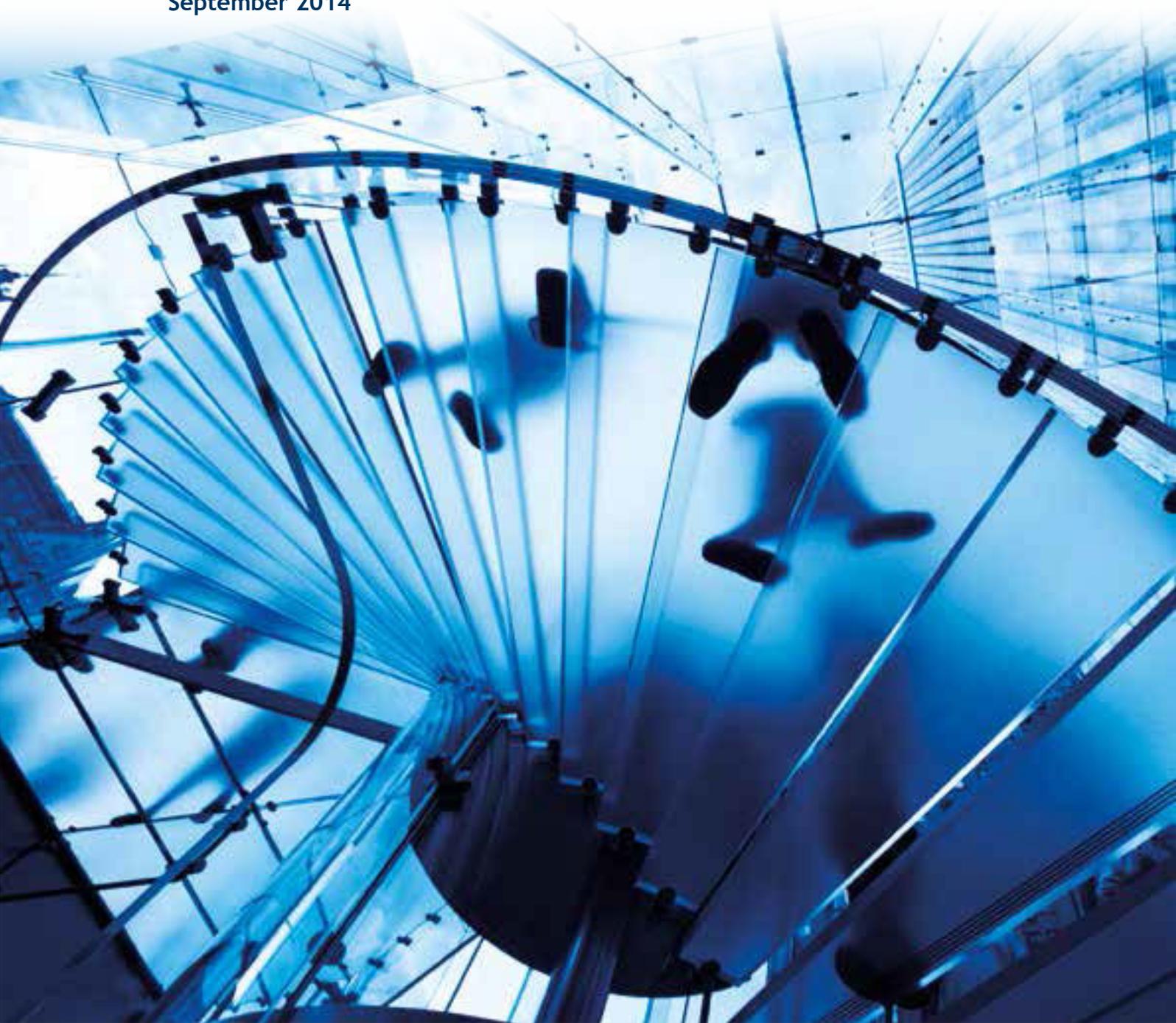
Chartered Banker

Professional Standards Board

Chartered Banker
Professional Standards Board

Framework for Professional Standards

September 2014



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Preface

The Framework for Professional Standards (the Framework) describes how the Chartered Banker Professional Standards Board (CB:PSB) develops, implements and monitors professional standards for those working in the banking industry. The primary audience for the Framework is existing CB:PSB member firms and prospective or new CB:PSB member firms.

The Framework is publically accessible and may also be of value to those involved or interested in enhancing and sustaining professional standards in the banking industry and the work of the CB:PSB in particular. This may include: policy-makers; regulators; academics; industry associations and trade bodies; professional bodies; training providers; and, other initiatives with similar aims and objectives to the CB:PSB.

This is the second edition of the Framework, and replaces the first edition published in October 2011.

Introduction

About the CB:PSB

The CB:PSB was launched in 2011, when the Chairmen and Chief Executives of nine founding banks and the Chartered Banker Institute published a Commitment to Professionalism, the Chartered Banker Code of Professional Conduct, and the first edition of the Framework.

The CB:PSB has four main aims and objectives:

1. To develop a series of professional standards to support the ethical awareness, customer focus and competence of those working in the banking industry;
2. To facilitate industry and public awareness and recognition of standards in banking;
3. To establish mechanisms for the implementation and monitoring of the standards; and
4. To help build, over time, greater public confidence and trust in individuals, institutions and the banking industry overall, and enhance pride in the banking profession.

The CB:PSB publishes an annual review detailing its achievements against these aims. The latest Annual Review can be found at www.cbpsb.org

The CB:PSB's standard-setting activities complement a series of more recent reforms led by the UK Government, regulators and the banking industry, including the Parliamentary Commission on Banking Standards (2012) and the Banking Standards Review (2013). The CB:PSB has a unique role in the emerging standards landscape, in developing, implementing and monitoring professional standards for individual bankers. The CB:PSB collaborates with other voluntary initiatives and regulatory bodies to ensure that its activities are aligned to achieve common aims. This will include the emerging Banking Standards Review Council whose focus will be banks and banking in contrast to the CB:PSB's focus on individual bankers.

The CB:PSB is not a regulator, and the CB:PSB's professional standards have no statutory force. Rather, they seek to complement and build on basic standards of competence and conduct set by regulators and promote higher standards of professionalism for those working in banking. The CB:PSB's member firms (member firms) have voluntarily agreed to support the CB:PSB, to subscribe to the Chartered Banker Code of Professional Conduct and to implement the CB:PSB's professional standards. Over time, it is anticipated that a widely accepted set of professional standards for bankers may assist regulators and others seeking to make judgements on individuals' professional competence and on organisations' cultures.

The CB:PSB is UK-focused, and seeks to encompass banking institutions operating in the UK and their staff. Member firms, where relevant, may choose to apply the CB:PSB's professional standards in a global context.

¹Barclays Plc, Clydesdale Bank, HSBC Bank plc, ING Direct UK*, Lloyds Banking Group, The Royal Bank of Scotland Group, Santander UK, Tesco Bank, Virgin Money

*On 20 February 2013, the High Court of England & Wales approved the transfer of the savings and mortgage business of ING Direct UK to Barclays. ING Direct UK is now known as Barclays Direct

About the Chartered Banker Institute

The CB:PSB builds on the work of and is supported by the Chartered Banker Institute (the Institute): the world's oldest institute of bankers, founded in 1875, and the only body to award the Chartered Banker designation to suitably qualified individuals. Chartered Banker is a registered trademark.

The Institute supports the CB:PSB's activities, may certify or accredit individuals and organisations against the CB:PSB's professional standards and offers a range of professional qualifications to support the achievement of the standards.

Individuals meeting professional standards may qualify for membership of the Chartered Banker Institute and for the award of a professional membership designation, subject to meeting membership criteria. Membership grades may be awarded as follows:

- **Affiliate**—for individuals achieving the Foundation Standard
- **Associate**—for individuals achieving an Intermediate Standard
- **Member/Fellow**—for individuals achieving the Leadership Standard

Other professional bodies awarding professional membership designations are encouraged to align these, where appropriate, with the CB:PSB's standards.

More information on working with the Institute to achieve standards can be found at:
www.charteredbanker.com

CB:PSB Structure

Commitment to Professionalism in Banking

Member firms join the CB:PSB by agreeing to the CB:PSB's Commitment to Professionalism in Banking. The Commitment, signed by the Chairman and/or Chief Executive of the member firm, requires the organisation to:

- Subscribe to the Chartered Banker Code of Professional Conduct;
- Contribute to the development of the CB:PSB's professional standards;
- Allocate responsibility to a senior executive for embedding the CB:PSB's professional standards within the organisation;
- Provide an appropriate representative to join the Professional Standards Committee;
- Establish an implementation group to support the embedding of professional standards;
- Establish mechanisms to monitor and report on professional standards implementation;
- Celebrate and encourage employees' achievement of professional standards;
- Report annually on achievement of professional standards;
- Support individuals who have failed to meet professional standards requirements through conduct or competence related issues;
- Communicate their involvement to internal and external stakeholders; and
- Contribute to funding the work of the CB:PSB.

The commitment to implement professional standards must come from the senior management of member firms, with strong support overtly expressed by Chairmen, Chief Executives and other main board directors.

The Chartered Banker Code of Professional Conduct

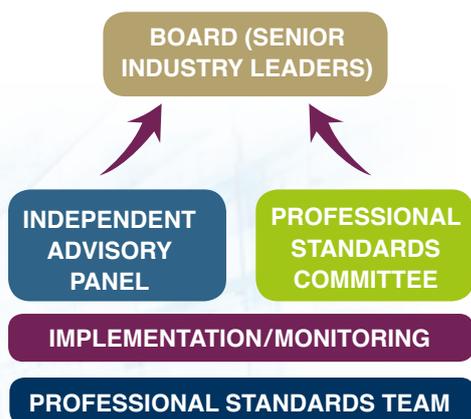
The Chartered Banker Code of Professional Conduct (the Code) sets out, as high-level principles, the ethical and professional values, attitudes and behaviours expected of all professional bankers by the CB:PSB. All member firms subscribe to the Code, and are expected to align and enhance their own codes of business and personal conduct, and similar, with the Code.

The Chartered Banker Code of Professional Conduct may be viewed at:

www.cbpsb.org/publications/chartered-banker-code-of-professional-conduct.html

To be able to properly recognise and apply the ethical and professional values, attitudes and behaviours set out in the Code in their daily professional activities, individuals must have gained the requisite levels of professional and technical competence relevant to their role. The Code, therefore, is supported by the CB:PSB's professional standards, which set out the CB:PSB's detailed expectations of all professional bankers in relation to the Professional Conduct (values, attitudes and behaviours) and Professional Expertise (knowledge and skills) required to apply the Code's high-level principles.

**CHARTERED BANKER:
PROFESSIONAL STANDARDS BOARD**
= MEMBER FIRMS +
CHARTERED BANKER INSTITUTE



member firms, two or more individual's independent of the banking industry, the Chair of the Professional Standards Committee (ex-officio) and the Chair of the Advisory Panel (ex-officio).

Professional Standards Committee (PSC)

The Board is supported by the PSC, comprising a senior representative from each member firm responsible for leading the development and implementation of the CB:PSB's professional standards in their organisation. The PSC is chaired by the Chief Executive of the Chartered Banker Institute.

Advisory Panel

With representatives from academia, consumer bodies, trade associations and other stakeholders, the Advisory Panel acts as a hub for the views of a wide group of stakeholders. It plays a key consultative role in the standards setting process and the monitoring and evaluation of CB:PSB's professional standards.

Implementation/Internal Monitoring

An Implementation Team and Internal Monitoring Team within each organisation support the implementation, monitoring and embedding of professional standards in member firms.

Professional Standards Team

The Professional Standards Team, within the Chartered Banker Institute, supports all of the work of the CB:PSB.

Membership of and Terms of Reference for the Board, PSC and Advisory Panel are published at www.cbpsb.org

Governance

Reflecting the CB:PSB's status as a professional standards body for the whole of the UK banking industry, the founder members of the CB:PSB established the initiative on a quasi-independent basis, under the auspices of the Chartered Banker Institute. The CB:PSB reports progress to stakeholders and the wider public, on an annual basis, via the CB:PSB's annual review.

The CB:PSB is funded by its member firms on a restricted fund basis, meaning that funds received may only be used to support the CB:PSB's work. The Institute provides a dedicated Professional Standards Team to support and provide expertise to all activities related to the CB:PSB.

CB:PSB Board (Board)

The CB:PSB is governed by a Board, comprising a Chairman, senior executives from the founding

CB:PSB Professional Standards

Overview

The CB:PSB's professional standards describe the detailed Professional Conduct (values, attitudes and behaviours) and Professional Expertise (knowledge and skills) requirements expected of all professional bankers.

The standards set clear benchmarks against which colleagues, customers, clients and others can measure bankers' professional competence. The CB:PSB's professional standards also define the key components of banking professionalism; promote the improvement of banking knowledge, skills and competence; and enable benchmarking of organisations' learning and development activities against industry standards.

The CB:PSB develops professional standards at three levels:

- **Foundation** – The Foundation Standard for Professional Bankers² sets out basic professional and technical knowledge and skills requirements for all those working in the banking industry;
- **Intermediate** – will be developed to support specialist roles; and
- **Advanced** – The Leadership Standard for Professional Bankers³ sets out professional conduct and expertise requirements for banking leaders throughout an organisation who are responsible for developing, promoting and embedding a culture of customer-focused, ethical professionalism.

In developing professional standards at three levels, the CB:PSB intends to create pathways for professional bankers to develop and demonstrate their professional conduct and expertise throughout their careers. The CB:PSB's professional standards are designed to complement, and in some instances, build on each other. For example, the similarities in focus of the Foundation and Leadership Standards mean that those meeting the Leadership Standard will be deemed to have met the Foundation Standard. For those who begin with the Foundation Standard, it may be expected that individuals will progress to an appropriate intermediate standard and ultimately to the Leadership Standard as their career develops.

Published CB:PSB professional standards are available at www.cbpsb.org.

² The Foundation Standard for Professional Bankers was published by the CB:PSB in July 2012

³ The Leadership Standard for Professional Bankers was published by the CB:PSB in September 2014

Standard Setting Process

Supported by the PSC and the Advisory Panel, the CB:PSB adopts the following approach to standard setting:

- Step 1** The Board, in consultation with its Advisory Panel, defines the area(s) in which a standard is required.
- Step 2** The PSC, supported by the Professional Standards Team, develops an initial, draft standard, utilising appropriate industry and Advisory Panel expertise.
- Step 3** The Board approves the initial, draft standard for consultation.
- Step 4** The PSC and the Professional Standards Team consult with member firms and other stakeholders.
- Step 5** The Advisory Panel provides feedback to the PSC on the draft standard.
- Step 6** The PSC, supported by the Professional Standards Team, re-drafts the standard based on industry, stakeholder and Advisory Panel feedback.
- Step 7** The Board approves the standard, or proposes further consultation.
- Step 8** The final standard is published and promoted by the CB:PSB.

In most cases, it takes approximately 12 months for the CB:PSB to develop, publicly consult and publish a standard. Standards will be reviewed by the CB:PSB every 3 years to ensure that they remain fit for purpose.

Implementing Professional Standards

Using Professional Standards

Professional standards may be used in a number of ways by member firms, their learning and development partners and others:

- To benchmark organisational mechanisms against professional standards;
- To develop learning and development programmes;
- To support assessment of ethical and professional competence;
- To apply for accreditation of learning and development programmes by the Institute;
- To support individuals' continuing professional development (CPD); and
- To support the award of professional membership designations.

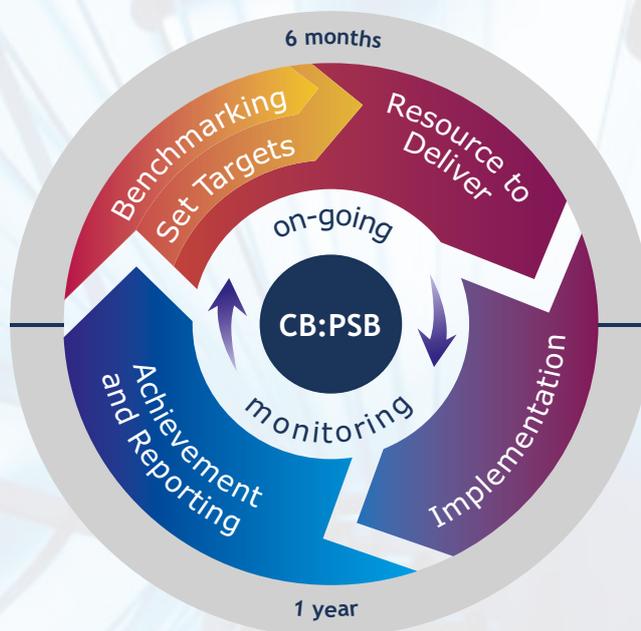
Implementation Process

Collectively, member firms share a common vision of a high standard of professionalism in the UK banking industry. Individually, they are different organisations and it is for each member firm to determine, supported by the CB:PSB and the Professional Standards Team, the details of standards implementation. Whilst member firms' approaches to standards implementation may differ, the requirement to meet professional standards in full is consistent.

In line with the Commitment, member firms set targets for standards implementation and allocate sufficient resource to support the implementation process. Member firms are also required to establish a suitable internal monitoring and reporting mechanism to ensure that targets are met.

Via benchmarking, which is supported by the Professional Standards Team, member firms align organisational mechanisms (including training and development programmes, competency and capability frameworks and assessment schemes) to meet the requirements of the CB:PSB's professional standards. The benchmarking review assesses the breadth and depth of member firms' selected mechanisms and highlights any gaps.

Guidance material is developed for each professional standard and provides further detail on implementation, see the CB:PSB website and Member Firm Toolkit: www.cbpsb.org.



Achieving Professional Standards

The CB:PSB's professional standards set out the Professional Conduct and Professional Expertise expected of bankers. One way in which individuals can demonstrate that they have the knowledge and skills to perform their role is through the achievement of vocational or professional qualifications. Relevant professional qualifications that may help individuals meet some, or all, of the knowledge and skills requirements of the CB:PSB's standards are offered by a wide range of professional bodies.

However, in order to achieve a CB:PSB professional standard, individuals must also demonstrate that they continuously exhibit the customer-focused, ethical and professional attitudes and behaviours set out in the Chartered Banker Code of Professional Conduct.

Whilst education and training may help individuals to develop professional competence, it is important to recognise there are many ways in which professional competence and the expected values, attitudes and behaviours may be developed and demonstrated. There are three main ways in which individuals employed by member firms may achieve the CB:PSB's professional standards:

Activity	Description
Via learning and development activities	Member firms conduct a wide range of learning and development activities for their employees, both directly and through a wide range of partners including professional bodies, universities and colleges, training providers, e-learning providers, consultants, etc. Learning and development activities may take many forms, including but not limited to, formal education, on-and off-the-job training, e-learning, coaching, mentoring, and self-directed learning.
Via prior learning and experience	Many individuals employed in the banking industry have developed knowledge, skills and expertise enabling them to work at a high level of professional competence. Relevant academic or professional qualifications, professional programmes, training received and knowledge and skills developed on the job can be benchmarked against the CB:PSB's professional standards or, in some cases, accredited by the Institute.
Via assessment of competence	Using the CB:PSB's professional standards as the benchmark, assessments may be conducted in a variety of ways (e.g., formative, summative, on-the-job, and/or via observation). Different forms of assessment may be equally valid depending on the context, although it is expected that there will be at least some external assessment. Assessments may be conducted by member firms themselves (e.g. by line managers), and by professional bodies, universities and colleges and other training providers.

Monitoring Professional Standards

Monitoring Process

The monitoring of professional standards is closely aligned to the implementation process, with both working together to create a cycle of continuous improvement. Guidance material is developed for each professional standard and provides further detail on monitoring activity, see the CB:PSB website and Member Firm Toolkit: www.cbpsb.org

Monitoring by Member Firms

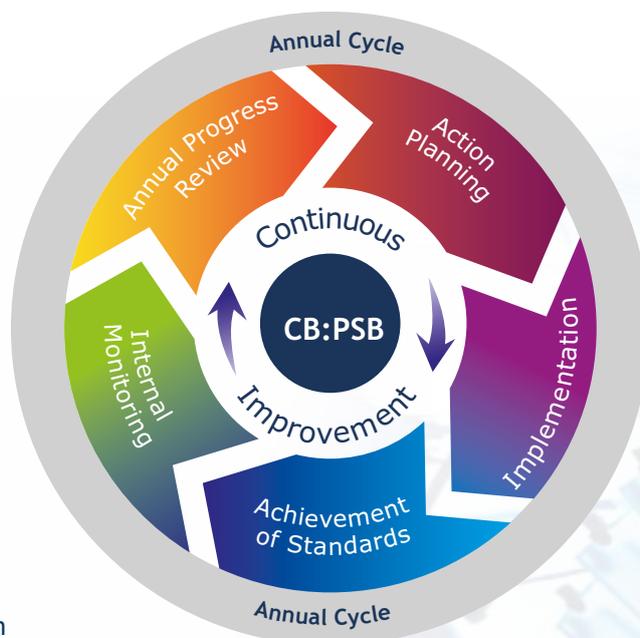
Member firms are required to establish an Internal Monitoring Team comprised, for example, of internal audit, compliance, HR or risk functions to monitor implementation of the CB:PSB's professional standards on an annual and on-going basis. As well as ensuring implementation is progressing effectively, monitoring helps identify best practice which can be shared across member firms.

The Internal Monitoring Team is expected to ensure that implementation and achievement of professional standards is carried out correctly and consistently. To do this, monitoring may include sampling or spot checks, as well as reporting on findings.

In addition, member firms, in many cases through their internal monitoring and conduct risk teams, monitor the day-to-day activities and behaviours of individuals. Where individuals' behaviours fall short of those expected by the CB:PSB, member firms are required to have systems and processes in place to identify these and, where appropriate, withdraw the achievement of a standard(s).

Annual Progress Review

In addition to internal monitoring of professional standards implementation, member firms are required to take part in a progress review of implementation conducted annually by the Professional Standards Team.



The progress review comprises a self-evaluation completed by member firms' Internal Monitoring and Implementation Teams, and an external review completed by the Professional Standards Team:

a) Self – Evaluation

- Step 1** A designated member of the Implementation Team (Implementation Lead) completes a survey which evaluates the organisation's commitment and strategic approach, implementation of professional standards, monitoring and enforcement activity and support for the CB:PSB's overarching aims. The survey may be 'themed' in specific areas, to focus on areas of strength or weakness, to support effective embedding of professional standards.
- Step 2** The Internal Monitoring Team critically evaluates the survey, independent of the Implementation Team, to assess its accuracy.
- Step 3** The Implementation Lead, a representative from the Internal Monitoring Team and an authorised senior executive sign the completed survey confirming its content, and submit the survey to the Professional Standards Team.

b) External Progress Review

- Step 4** The Professional Standards Team review the completed survey and advise the member firm of supporting evidence required. Evidence may be from organisational and/or individual sources.
- Step 5** The Professional Standards Team conducts a site visit to each member firm to review supporting evidence and sample data to verify individuals have met the requirements of the standard.
- Step 6** The Professional Standards Team produce a detailed written report (Draft Report) for each member firm, highlighting any development areas and potential risks, and issue to the member firm.
- Step 7** The member firm and Professional Standards Team discuss the Draft Report and where development areas and risks have been identified, action plans are jointly agreed to support member firms in implementing professional standards.
- Step 8** The Professional Standards Team issue an agreed Final Report to the member firm.
- Step 9** An Executive Summary, setting out member firms' performance against the CB:PSB's aims is prepared by the Professional Standards Team and circulated to the Board and the Advisory Panel. The Executive Summary describes the extent to which the CB:PSB's aims have been achieved, areas of good practice and highlights deficiencies through action planning.

Section 6 - Communication

Engagement

The CB:PSB engages with regulators, HM Treasury, politicians, the media and other key influencers and stakeholders to provide regular updates on the CB:PSB's activities and achievements, to keep abreast of developments and thinking in this arena, and to help shape the CB:PSB's standards. The CB:PSB works with professional bodies and others involved in improving professionalism to build on their sector-specific expertise and to avoid duplication of effort.

As part of their Commitment to Professionalism, member firms engage with their employees to communicate the benefits of professional standards, encourage uptake, and celebrate the success of individuals achieving professional standards. Member firms are also expected to communicate externally about their commitment to and involvement with the CB:PSB as well as their employees' achievement of professional standards.

For further information on the CB:PSB's work:

- visit our website www.cbpsb.org
- email us cbpsb@charteredbanker.com
- telephone us **0131 777 7792**
- tweet us **@cbpsb**

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CB:PSB member firms are granted a licence to reproduce the professional standards, and associated materials, as long as they remain member firms.

The CB:PSB's professional standards may only be met by individuals through the application of the appropriate methodologies approved by the CB:PSB, via the Professional Standards Team. Individuals and organisations may not describe themselves or their staff as meeting one or more of the CB:PSB's professional standards, or similar, without having permission to do so from the Professional Standards Team.

Glossary of Terms

This glossary is intended to assist member firms understand the context of specific terminology used within the Framework for Professional Standards and other CB:PSB publications:

Accreditation: the act of granting educational credit or professional recognition to a learning and development programme, or similar. In the context of the CB:PSB, member firms' learning and development programmes may be accredited by the Chartered Banker Institute for credit towards professional qualifications and designations.

Annual Progress Review: CB:PSB member firms participate in an annual progress review of the implementation of professional standards completed by the Professional Standards Team at the Chartered Banker Institute.

Benchmarking: a standard by which something can be measured or judged. In the context of the CB:PSB this means benchmarking learning and development programmes and other mechanisms against the CB:PSB professional standards.

CB:PSB Member Firms: the banks and financial services organisations which have agreed to the Commitment to Professionalism in Banking and subscribed to the Chartered Banker Code of Professional Conduct, and are members of CB:PSB.

Chartered Banker Code of Professional Conduct: sets out the ethical and professional attitudes and behaviours expected of all individuals working in banking by the CB:PSB. Member firms subscribe to the Code which covers (2014) 350,000 individuals working in banking in the UK. The Code may be viewed at: <http://www.cbpsb.org/publications/chartered-banker-code-of-professional-conduct.html>

Chartered Banker Institute: the oldest professional institute for bankers in the world, founded in 1875. Chartered Banker Institute is a trading name of the Chartered Institute of Bankers in Scotland. See www.charteredbanker.com

Chartered Banker Professional Standard Board (CB:PSB): launched in October 2011, the CB:PSB is an initiative led by eight UK banks and the Chartered Banker Institute to restore public confidence and trust in the banking industry and promote a culture of professionalism among individual bankers.

Continuing Professional Development (CPD): the means by which individuals maintain and develop further their knowledge and skills related to their professional lives.

E-learning: refers to the use of electronic media and information and communication technologies (ICT) in learning.

Ethical: relates to moral principles that govern an individual's behaviour. In the context of the CB:PSB, the Chartered Banker Code of Professional Conduct sets out the ethical and professional attitudes and behaviours expected of all individuals working in banking by the CB:PSB.

Employer and Professional Codes: codes of conduct, ethics and practice developed by employers or professional bodies for employees or members.

Experiential learning: the process of learning from experience, and applying the new knowledge and skills gained.

Formative assessment: an assessment method, usually conducted over a period of time whilst knowledge and skills are being developed, designed to deepen and further learning rather than take a snapshot of what has been learnt.

Foundation Standard: the Foundation Standard for Professional Bankers published by the CB:PSB in July 2012. The Foundation Standard sets out basic requirements for the professional and technical competence of all those working in the banking industry.

Leadership Standard: the Leadership Standard for Professional Bankers published by the CB:PSB in October 2014. The Leadership Standard sets out the CB:PSB's requirements for the professional conduct and professional expertise of individuals with leadership responsibilities working in the banking industry. The Leadership Standard was previously referred to as the Advanced Standard.

Mechanisms: refers to the various policies, procedures, programmes, models, frameworks, learning materials and processes member firms use to support individuals in meeting the CB:PSB's professional standards.

Membership of Chartered Banker Institute: refers to individuals who have met, and continue to meet, the requirements of the Chartered Banker Institute for the award of a professional qualification and/or professional membership designation. Individuals meeting the CB:PSB's professional standards may qualify for membership of the Chartered Banker Institute.

Performance management: an approach to managing and improving the performance of individuals and teams to achieve organisational goals and objectives. Includes a range of activities, e.g. agreeing goals, monitoring progress, coaching and feedback, and recognition and reward.

Professional Banker: an individual who has met, and continues to meet, the requirements of the CB:PSB's Foundation Standard for Professional Bankers, or a higher CB:PSB standard.

Professional Standards: set out the professional conduct (values, attitudes and behaviours) and professional expertise (knowledge and skills) expected of all bankers by the CB:PSB. The standards set clear benchmarks against which colleagues, customers and others can measure a banker's professional competence.

Professionalism: the knowledge, skills, values, attitudes and behaviours expected of a professional.

Professional Behaviours: the day-to-day actions and conduct expected of all bankers by the CB:PSB as set out in the Chartered Banker Code of Professional Conduct

Professional knowledge and skills: the specialist body of knowledge and skills required to perform a professional role. In the context of the CB:PSB, this requires individuals to have the requisite technical knowledge of banking and related services to be able to perform their role in a manner consistent with the Chartered Banker Code of Professional Conduct.

Professional qualification: a qualification gained from a professional body (e.g. The Chartered Banker Institute, Chartered Institute for Securities & Investment, CFA Institute).

Professional values and attitudes: the moral principles and personal beliefs, supported by organisational and professional norms, that support the professional behaviours expected of all bankers by the CB:PSB as set out in the Chartered Banker Code of Professional Conduct.

Regulator: a body that supervises or regulates a particular industry or business activity, e.g. the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA).

Summative assessment: evaluates an individual's learning at the end of an instructional unit by comparing it against a benchmark, e.g. an examination, final project.

Chartered Banker

Professional Standards Board

September 2014

Chartered Banker Institute
is a trading name of
The Chartered Institute of
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Charitable Body No SC013927.

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