

The Chartered Banker Institute Response to FCA CP17/28 FAMR: implementation Part II and insistent clients

General Comments

Our Institute is focused on raising professionalism across 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 the regulatory regime.

Below, we have commented only on those aspects of CP17/28, which fall within the Institute's expertise and on which we are expected by our members to comment.

We note the case put forward by the FSCP in its response to GC17/4¹ with specific regard to the use of the term 'guidance'. In that paper and in other commentary from the FSCP, the suggestion is made that *'the term "guidance" should be a protected term, offered only by organisations that can provide a truly impartial service. Advice or guidance which is not impartial should include 'sales' in the title.'* It is our view that this is a valid argument in moving towards the original objectives of FAMR and the terminology remains a concern in these proposals.

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

Specific Responses

Q5. Do you agree with our approach regarding qualifications? If not please tell us why.

In our response to the proposals in FCA CP16/29, our considerations were made on the understanding that one of the main objectives of the proposals was to ensure 'that customers in the regulated financial services markets deal with firm employees who are competent'. It is our concern that removing a requirement for any independent assessment of their knowledge and competence, particularly on an ongoing basis, sends out the wrong message.

We echo the views of the FSCP in its response² to HM Treasury's consultation on amending the definition of financial advice, that firms are likely to ensure their operations are carefully structured to offer non-advised sales or 'guidance' further limiting access to knowledge and competent staff with the skills to help understand their needs and the products that can address these.

The proposal to have only those providing a personal recommendation meet the full requirements of the current appropriate qualification framework is clearly beneficial in clarifying who can and can't engage this activity. Furthermore, we accept that the cost of qualifying advisers may mean that the tailored services they offer are generally only affordable to the affluent.

¹ https://www.fs-cp.org.uk/sites/default/files/fscp_response_famr_guidance_consultation_on_non-advised_sales.pdf

² https://www.fs-cp.org.uk/sites/default/files/fscp_response_hmt_amending_the_definition_of_financial_advice.pdf

It is indeed a different case for mass market advice. However, these customers still require certainty that a firm's 'guidance givers' have the right knowledge and competence. It is true that, for example in banks, these individuals are or will soon be covered by the Certification Regime, however removing even a threshold requirement for the independent assessment of specific knowledge and competence in this fast-changing sector of the market seems to go against the core objective of driving up standards.

'Guidance givers' that are members of a relevant professional body, such as ours, or achieving a professional standard, such as the Chartered Banker: Professional Standards Board's Foundation Standard³ will demonstrate their commitment to their professional development. In each case, individuals must demonstrate appropriate knowledge and behaviours and adhere to a professional code of conduct. Those adhering to our codes not only exceed regulatory requirements, but do so in a way that addresses the spirit as well as the letter of the rules. Together this should enhance and sustain public confidence and trust that they are dealing with suitably knowledgeable and competent professionals, that they can trust. As we move towards the extension of the Individual Accountability Regime across all regulated firms, we believe that encouragement of professional membership and a commitment to developing and maintaining professional standards are very simple but effective steps to preventing and mitigating risk.

However, this will not catch all players. We would therefore suggest that a threshold requirement for guidance givers is maintained. This could be done by extending the role of the accredited bodies to ensure that a firm's 'guidance givers' are committed to maintaining a core level of knowledge against the expected outcomes of, for example, Exam Standard ApEx 1 *Financial Services, Regulation and Ethics*.

Q6. Is there anything further that we may need to take into consideration regarding this proposal given the RAO amendment?

We echo the concerns raised by our colleagues at CISI in their response to this CP, that '*whilst extravagant hospitality, gifts and monetary inducements are clearly unacceptable, the banning of inducements outright is likely to have unintended consequences*'. Certain corporate hospitality comes in the form of valuable educational and networking opportunities. If firms and advisers feel compromised in offering or accepting places at such events, then opportunities for people to come together in a spirit of collaboration, communication and development may be missed.

Q10. Do you agree with the proposed Guidance in this chapter?

We commend the FCA on the proposed guidance which is useful and clear. Given the change in the RAO, we believe the issues raised under Case Study 2 and 3 to be particularly pertinent. We would argue this further supports our challenge that some form of ongoing, independent monitoring of appropriate knowledge and competence would better serve the objective of improved outcomes for consumers.

Q11. Do you agree with our proposal to add Guidance on processing insistent client requires to the handbook?

We found the proposed Guidance useful and clear and would agree that it should be included. Whilst specific to the issues of retail investment advice, we are giving some thought to the topic and whether there are applications for some of the guidance to other sectors of financial services in which our members are engaged.

³ <https://www.cbpsb.org/professional-standards/>

Appendix 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.

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 for more information on the Institute and its activities.

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 banks⁴ 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 for more information on the CB:PSB and its professional standards.

⁴ 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.