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20 August 2021

# FINSIA SUBMISSION TO THE INDEPENDENT BANKING CODE REVIEW

## Introduction

FINSIA (the Financial Services Institute of Australasia), welcomes the opportunity to make a submission to the 2021 Independent Review of Banking Code of Practice (the Independent Review), which has been reviewed by its Retail and Business Banking Council.

FINSIA's purpose is to deepen trust in financial services by raising standards of professionalism. It is a not-for-profit professional membership body for individuals working across the full spectrum of financial services industry in Australia, including the banking industry.

As a connector between finance professionals and industry, FINSIA is keen to support the banking industry's commitment to earn back trust and create an enduring customer focussed culture.

## Overview of response

The review of the Code is an opportunity to enhance trust and create an enduring customer focussed culture by making the code operate as a powerful influence on culture rather than a compliance document. FINSIA suggests that the Code is currently driving an over-reliance upon compliance to rigidly prescribed rules and this is undesirable because it has been shown to diminish self-accountability. In addition a prescriptive approach can never anticipate every circumstance. Very frequently the cause of customer harm and dissatisfaction is the application of rigid policies when the application of professional judgement is needed. Since 60% of breaches are identified as caused by human error, a significant reduction in breaches is best achieved by focussing on ensuring staff are competent and empowered, and held accountable, to do what is best for their customer. FINSIA suggests this could best be achieved by:

- Ensuring banks expect all staff to agree to appropriate Professional Standards creating expectations on the individual
- Better defining what competencies are required, including of executive and middle management
- Including a requirement for education in ethics

## Are Community expectations being met

FINSIA believes there are many positive impacts that flow from the mandatory reporting of breaches under the Code and appreciates that the statistics need to be seen in the context of the large number

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of transactions and understands why numbers may increase with better detection, new breach obligations and identifying more than one Code breach.

However, FINSIA would caution that the community might not regard 70% of the 40,629 breaches in the period July 2019 – June 2020 being from human error alone as within acceptable limits: see p 11 Banks Compliance with Banking Code of Practice. FINSIA suggests that this might cause the Independent Review to look to possible systemic issues in competency, education and individual standards, and an underinvestment in people to enable bank employees to deal with unusual cases.

FINSIA suggests the Code is currently driving an over-reliance upon rigidly prescribed rules which has been shown to diminish self-accountability and result in higher levels of risk incidents and inferior community outcomes. In contrast to this, the application of sound judgement, within a professional framework of skills, experience and conduct rules, is the only means to enable the principles-based approach in the Code. FINSIA Professional Standards, which are attached, are highly practical and are seen by practitioners as shared best practice, rather than imposed compliance requirements to which they have little input. Such standards have proven successful across multiple international jurisdictions and would underpin the overall implementation of the code.

The BCCC itself broadly supports the FINSIA Professional Standards:

“The BCCC views favourably any steps undertaken by the ABA, professional bodies such as FINSIA or the Code subscribing banks that enhance the capability and professional conduct of banking staff to achieve better outcomes for customers.

In this respect we note that the proposed standards will apply to individuals in the Retail and Business banking sector and are designed to complement existing industry or institutional codes, such as the Banking Code of Practice.

The BCCC therefore, in principle, supports FINSIA’s efforts to develop professional standards for banking staff which may improve banks’ compliance with the Code through a framework of expectations, increased accountability and ongoing training and awareness.”

(BCCC response to request for feedback on draft FINSIA Professional Standards 13 May 2021 - quoted with permission).

FINSIA endorses these comments. Organisations are not sentient beings but are made up of individuals. Professional Standards create a personal commitment to go above the requirements of the law and which, when combined with competence, give individuals the ability and confidence to challenge what may be occurring for the better.

#### Clause 10 - Acting in a fair, reasonable and ethical manner

FINSIA notes that a response to the obligation to engage with the customer in a fair, reasonable and ethical manner has been creation of rigidly prescribed rules within organisations. FINSIA is concerned that an over-reliance upon compliance to rigidly prescribed rules, has been shown to diminish self-accountability and can result in higher levels of risk incidents and inferior community outcomes. In contrast to this, the application of sound judgement, within a professional framework of skills,

experience and conduct rules, is the only means to enable the principles-based approach in Clause 10.

FINSIA Professional Standards for Retail and Business Banking are developed and driven by aspirational practitioners, our members. The engagement of practitioners in standards development is vital to ensure that they are highly practical and are seen by practitioners as shared best practice, rather than imposed compliance requirements to which they have little input.

Accordingly in FINSIA's view, Clause 10 is currently important expressing a desirable outcome but it is not actually currently driving the Code's intended outcomes.

FINSIA suggests that the Independent Review's consideration of Clause 10 might start with Clause 9 and professional education.

Clause 9 requires staff to be trained so they can competently do their work, but it does not specify what education or professional standard needs to be reached to do so. FINSIA suggests that Clause 9 creates an expectation in the community that staff will be competent in their work (even though technically it is limited to an obligation on a bank to train to a level they perceive as adequate).

Clause 9 seems to have been applied primarily to training of front-line staff, and at least on occasions not considering education of executives and middle management, who FINSIA suggests are even more important. In BCCC Finding CX6933, the BCCC found many serious breaches of the Code, but it did not address the professional education of senior executives and senior managerial staff that had contributed to it. FINSIA suggests that the community would find this impossible to understand. (FINSIA is also raising this critical issue in the context of the Financial Accountability Regime Bill).

Nor is competency in the use of ethical frameworks specified. An understanding of ethical frameworks helps staff recognise ethical dilemmas and also to make the right decision when confronted with challenging situations. The Global Banking Education Standards Board (GBESTB), an industry led initiative established by 25 Banking Institutes, has issued the attached Ethics Education Standard for Professional Bankers. These are designed to help its member bodies and others develop and implement ethics education programmes for professional bankers appropriate to their role. FINSIA suggests that Clause 9 is difficult to implement or to benchmark compliance against in the absence of a clear understanding of what is competence and what is ethical.

There is great force in the comment in the Consultation note (page 10) that - as the Code is a commitment to the community on good banking standards - there is a place for a commitment in the Code for banks to put in place measures to be explicit in the definition of "good banking standards" (as they relate to the individual) and to ensure implementation. The current situation relies on a given bank's internal code of conduct and its associated culture. This is not benchmarked other than through detect and correct compliance measures that are, by definition, reactionary. The key components that determine how culture supports a workplace to function ethically are difficult to objectively define, especially within the confines of the institution. A lack of impartiality, corporate social pressure and commercial considerations have regularly resulted in outcomes that are damaging to the reputation of the industry. The inherent subjectivity and bias makes it almost impossible to influence culture without external universal guiding principles or standards.

Nowhere are these deficiencies more important than in dealing with vulnerable customers. And any of us may at any time become a vulnerable customer, indeed all customers can be vulnerable at some stage in the relationship with a bank (perhaps due to divorce, pandemic, illness). Systems, processes and education on specific circumstances can provide direction in known circumstances, however conduct of professionally trained individuals committed to individual ethical standards provide the best way to deal with ambiguous instances.

FINSIA's research indicates that 66% of consumers would trust bank staff more to act in the best interests of customers if they adhered to a set of professional standards and 73% of customers believe professional qualifications are important for bank staff: (FINSIA Professional Standards Project 2019).

Given expectations created by Clause 9 itself and expectations in the community, FINSIA suggests Clause 9 should include commitments by the banks to adopt industry wide professional standards for competency and conduct. FINSIA's Professional Standards apply to all levels of banking staff. Alternatively, FINSIA would be very willing to engage in development of a Guidance Note giving structure and content to the competency, conduct and ethics education which it suggests should be required by Clause 9.

FINSIA would go further and suggest that Clause 10 cannot operate effectively unless the Code requires banks to adopt industry-wide standards and ensure staff comply with these.

FINSIA acknowledges that the application and meaning of Clause 10 has been discussed in BCCC Guidance Note 2 but also suggests that compliance with Clause 10 could be improved by the Guidance note providing an obligation on banks to require adherence by their staff to professional standards of a kind developed by FINSIA.

#### Implications of proposed changes to responsible lending obligations

The Australian Government's proposed changes to the responsible lending obligations in the Credit Act have significant implications for the Code. It will be more important than ever for the Code to facilitate and drive compliance to a professional standard above the strict requirements of the law. More onus will be placed on the individual (or automated approval system) to make appropriate decisions to the benefit of the customer. The ethics and judgement of the individuals processing and approving the lending will assume even greater importance and the need for professional education and standards across the industry will be greater than ever. This can only be achieved by a commitment by the banks to professional education and standards and for this commitment to be reflected in the Code.

#### What provisions should be made enforceable provisions

FINSIA notes the discussion in the Consultation note about possibly making provisions such as Clause 10 an enforceable provision (page 24-26). FINSIA suggests that making provisions enforceable will lead to the need for them to be more prescriptive in order to fairly allow those affected to manage enforcement risks. FINSIA suggests that a better outcome is likely to be achieved if the Code provisions are not made enforceable and the sanctions power of the BCCC is clarified to expressly include mandatory education. Given the nature of breaches of the Code which have taken place, FINSIA suggests an emphasis on systems, controls, education and monitoring by the banks is self-

evidently not sufficient. FINSIA suggests that interpretation of the clause, quality of education and culture are inconsistent within and between banks. This increases the risk of non-compliance, makes benchmarking and monitoring more difficult, makes the task of the BCCC more difficult and promotes a minimum viable effort approach to the code. Aspirational industry standards, designed with input from consumer, industry and employee groups will enhance compliance and reduce breaches.

#### Sanctions available to the BCCC

Given a continuing level of breaches being reported due to human error, FINSIA suggests that the sanction of publicly identifying breaches of the Code is not proving sufficient to maintain community confidence and the Code should be altered to include an express sanction requiring a bank to have its executive, middle management and frontline staff undertake appropriate education and continuing professional development.

#### Conclusion

In FINSIA's view strengthening the Code to adopt obligations for professional education and professional standards will strengthen community trust in banks and the Code and make it easier for the BCCC and banks to recognise code breaches and ensure remediation.

FINSIA's Council, leadership team and members are eager to engage with the Independent Review and the BCCC to deliver the best community outcomes.

In addition to this letter in response to the Independent Review, we would like to propose a meeting with the Council and FINSIA leadership to discuss the important issues raised in further detail.



Chris Bayliss

Chair, Retail and Business Banking Council Chair



Chris Whitehead  
CEO & Managing Director



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# RETAIL & BUSINESS BANKING PROFESSIONAL STANDARDS

*Version 1.0, July 2021*



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## About FINSIA

FINSIA — the Financial Services Institute of Australasia – is the not-for-profit professional membership body in Australia and New Zealand for the financial services industry.

With a heritage of over 135 years, FINSIA’s purpose is raising standards of professionalism for the industry to deepen consumer trust and improve individual practitioner pride.

FINSIA has approximately 8000 members primarily across banking, institutional markets, funds management and securities including financial advice. Its members have access to gold standard professional qualifications, thought leading insights and influential networks to build their capabilities and advance their careers, while strengthening their professional standing in the community.

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## Why professional standards?

Professionalism provides an industry with many benefits. Among these include a decreased need for legislation and regulators to carry the compliance burden, a sense of pride and community among the professionals in the industry, improved customer outcomes and enhanced reputation. Over time the trust these outcomes can build provides enormous economic and social benefits.

But for professionalism to exist there are several building blocks that need to be in place. One of these is a set of professional standards that individuals in the industry can commit to. Although codes and standards do exist in the industry, they typically have been written at the industry or institutional level. FINSIA are facilitating the development of professional standards that have been written specifically for the individual and complement existing industry and institutional codes.

## Who are these standards for?

These professional standards are developed under the guidance of practitioners in the Retail and Business Banking sector of the banking and finance industry. They are intended to cover all non-ancillary roles including those individuals work across operations (e.g. settlements, documentation, etc.), technology functions, sales and distribution roles, product development, or support functions (e.g. risk, finance, or human resources). They are available to individual institutions to adopt best practice as defined through practitioners, their staff.

## Where do these standards fit within the industry?

### **Regulation and Legislation**

These standards are intended to act beyond the assumed minimum of legislative and regulatory compliance, with the purpose of enhancing customer and community outcomes.

### **Industry Codes of Practice**

They are complementary to industry codes, including the Australian Banking Association Banking Code of Practice and Customer-Owned Banking Code of Practice. These codes incorporate obligations for institutions to ensure that their staff are competent and conduct themselves in an ethical manner. The FINSIA Professional Standards provide a practical shared definition on conduct and competency and a benchmark for the assessment of compliance.

### **Banks**

Every bank has an employee code of conduct with associated disciplinary processes for breaches. The incorporation of the FINSIA Professional Standards within the institution's code of conduct is the simplest and most practical means of bank-wide implementation. Independent monitoring of compliance with the FINSIA standards is essential however to maintain the reputation and benefits of these standards.



## How have the standards been structured?

Five professional standards have been identified that underpin the work of a professional banker. These are:

- Customer Primacy
- Honesty and Integrity
- Equity and Fairness
- Community and Society
- Competence

Beneath each professional standard practice standards have been articulated (18 in total). These are statements that provide guidance on the type of conduct that is expected of professionals working in retail and business banking to deliver the benefits provided by professionalism. The practice standards have not been written prescriptively – the objective is not to constrain the professional and provide no room for autonomy. Rather, they strike a balance between being broadly applicable but also containing enough detail so that they can be applied in practice.

## What is the scope of the standards?

These standards will not be enforceable by law. Rather, they provide individuals working in retail and business banking with a set of standards that outline what is expected of them as professionals. By agreeing to these standards, professionals are making a personal commitment to abide by the requirements within them. They are by design sufficiently broad so that they can be applied to the majority of activities individuals working in retail and business banking engage in as part of their roles.

## Approving Bodies

FINSIA Retail and Business Banking Industry Council

FINSIA Education Board of Directors

## Effective Date

*Retail and Business Banking Professional Standards* is effective from 1<sup>st</sup> August 2021.

## Review Date

The next review of the document will be due on or before 1<sup>st</sup> August, 2024.

## PS1: Honesty & Integrity

*I commit to conducting myself with the highest levels of honesty and integrity, ensuring that my actions, choices, and decisions are supportive of both the law and these standards.*

### **PS 1.1 Integrity**

At all times I will do my utmost to conduct myself in a manner that is consistent with the law and the spirit of these standards.

### **PS 1.2 Honesty**

I will be honest and forthright. I will not lie, deceive, or distort the truth for personal gain or to protect the interests of my institution or colleagues, be it by action or inaction.

### **PS 1.3 Privacy and Confidentiality**

I will treat private and confidential information with the necessary and required care. I will not access, use or disclose private or confidential information inappropriately.

### **PS 1.4 Managing conflicts**

If conflicts arise, I will disclose my conflict and take appropriate action to ensure that I do not place the interest of other parties and myself above those of my client and profession.

### **PS 1.5 Commit to institution's standards**

I will conduct myself in a way that is consistent with the standards established by the institution that employs me. I will be faithful to their code of conduct and will not misappropriate or misuse my institution's capital, assets, data, confidential information, or intellectual property.

### **PS 1.6 Accountability and speaking up**

I will hold myself accountable for my actions and strive to uphold honesty and integrity within my profession. If I make errors or witness a colleague behaving in a way that is at odds with these standards, I will find an avenue to speak up.

## PS2: Customer Primacy

*I will do my utmost to ensure the best interests of my customer are prioritised and safeguarded.*

### **PS 2.1 Understanding my client**

I endeavour to deliver optimal outcomes for my clients. I will do this by taking appropriate steps to understand my client's objectives and financial situation. I will aim to balance competing priorities and recognise that at-times doing what is best for clients requires me to say "no" and forfeit opportunities to transact with them.

### **PS 2.2 Dealing with clients responsibly**

When providing a product or service to a client, I will do so with care. I will never knowingly sell an unsuitable or unnecessary product to my client. I will never compromise my client's interests to make a transaction commercially viable, nor will I inappropriately inflate commercial outcomes to the detriment of my client.



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### ***PS 2.3 Information and power imbalance***

Relative to many of my clients, I have a greater knowledge of the banking industry and banking products and services. I recognise that this can be intimidating for clients. I will approach my clients with awareness, humility, and sensitivity. I will not exploit my greater knowledge for my own personal benefit or the benefit of my employer.

### ***PS 2.4 Technology & Artificial Intelligence***

With the advent of data analytics and machine learning, many banking processes are becoming automated. If I become aware of an automated process that is creating detrimental outcomes, I will highlight this and address the issue if I am in a position to do so.

### ***PS 2.5 Product design***

If I am involved in product design, I will take reasonable steps to ensure products are accessible and deliver the desired outcomes. If I distribute products or services, I will highlight issues-with product design if I become aware of them.

## PS3: Equity & Fairness

*I will strive to be impartial in my dealings with clients and colleagues and aim to make decisions that are objective and provide balanced outcomes.*

### ***PS 3.1 Acting without discrimination***

My judgements will be impartial and objective and not influenced by discrimination or inappropriate bias. I will not discriminate colleagues or clients based on their personal characteristics such as age, race, national or ethnic origin, gender identity, religious beliefs, disability or other characteristics.

### ***PS 3.2 Complaints***

I will deal with all client complaints in good faith, recognising that all complaints have merit and deserve to be treated with care and diligence. I will listen to my client's concerns, communicating with them in a candid and compassionate manner. I will follow my institution's required processes to ensure the complaint is managed and redressed appropriately.

### ***PS 3.3 Hardship and financial difficulty***

In circumstances where clients experience hardship and financial difficulty I will, where it is appropriate and possible to do so, provide clients with the professional support and flexibility they require to work through these challenges. In addition, I will work with my institution to find ways to proactively identify vulnerable clients.

### ***PS 3.4 Inclusion in the workplace***

I recognise the benefits that diversity can deliver in the workplace and I aim to create an environment where all people are valued for their contribution and feel they belong be respectful in all of my dealings with colleagues and ensure my behaviour sets an example that is consistent with the spirit of these standards.



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## PS4: Community & Society

*I will use the important role I play in my community and broader society to deliver sustainable outcomes.*

### **PS 4.1 Sustainable banking**

As a member of the banking industry, I acknowledge that I play an important role in the economy, contributing to the health and wellbeing of the communities I service and the people within it. Where my employer (or relevant industry body) has made commitments with regards to their role in helping deliver sustainable outcomes for the communities they serve, I will be familiar with these and ensure my decisions and actions support them.

## PS5: Competence

*As a professional I will strive to maintain the required level of knowledge and skills to perform my role dutifully and in a manner that is consistent with these standards.*

### **PS 5.1 Minimum requirements**

To be a professional banker, I commit to ensuring that I have the required skills, capability and knowledge to do my role. This can be acquired through a combination of on-the-job experience, previous learning and formal training programs.

### **PS 5.2 Ongoing requirements**

I also commit to ongoing learning, not only to reaffirm my base level knowledge, but to extend it and keep abreast of changes in the industry. This learning can be either formal or informal, recognising the value that different experiences in the workplace can provide.

# **Global Banking Education Standards Board**

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## **Ethics Education and Training for Professional Bankers**

## OVERVIEW

### Introduction

The Global Banking Education Standards Board (GBESTB) was established in 2017. A voluntary, industry-led initiative established by 25 banking institutes, the GBESTB aims to develop clear, internationally agreed standards for the education of Professional Bankers<sup>1</sup>. The GBESTB's standards will inform the development of national banking education programmes delivered by banking institutes, and others, providing the foundation for high-quality and consistent education of bankers. This should, ultimately, enhance and sustain global standards of ethics and professionalism in banking worldwide, contributing to financial stability, and facilitate the international mobility of Professional Bankers

The GBESTB established the Education Standards Committee to develop and publish standards for banking education. Following a consultation exercise to establish priorities for standards development, it was agreed that the GBESTB's first standard should support the ethics education of Professional Bankers worldwide.

### Purpose

*Ethics Education and Training for Professional Bankers* is designed to help GBESTB member bodies and others develop and implement ethics education programmes for Professional Bankers. Promoting a more consistent approach to the ethics education of Professional Bankers worldwide should, in the GBESTB's view, help develop a strong and consistent culture of customer and client-focused, ethical professionalism in banking, and contribute to financial stability.

### Scope

*Ethics Education and Training for Professional Bankers* sets out the GBESTB's expectations of and guidance for member bodies in terms of general recommendations, and recommendations for the content, delivery and assessment of ethics education programmes for Professional Bankers.

The Standard is primarily written for GBESTB member bodies, but may also be helpful to a wide range of stakeholders involved in the education and training of banking professionals, including:

- Banking and financial institutions
- Central banks and financial regulators
- Universities, colleges and business schools
- Training providers
- Government authorities

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<sup>1</sup> Professional Banker" is a term used by the GBESTB to define "an individual who has successfully completed a relevant certification programme accredited or provided by a GBESTB member organization".

## **Format**

*Ethics Education and Training for Professional Bankers* contains both recommendations (set out in **bold text**) which it expects all GBESTB member bodies to use their best endeavours to comply with, and guidance (set out in *italic text*) which it expects GBESTB member bodies to consider when implementing the Standard.

## **Translation**

The GBESTB publishes *Ethics Education and Training for Professional Bankers* in English. GBESTB member bodies may, at their expense and with written permission from the GBESTB's Education Standards Committee, translate this Standard into other languages. GBESTB member bodies will ensure that:

- Any translation is accurate and faithful to the original Standard;
- Copyright in original and translated forms remains with the GBESTB;
- No commercial use of the Standard or translation is permitted; and
- In the event of any dispute, the English version of the Standard shall prevail.

## **Effective Date**

*Ethics Education and Training for Professional Bankers* is effective from 1<sup>st</sup> June 2018, and GBESTB member bodies are expected to take active steps from that date to work towards compliance with this Standard.

## **Review Date**

*Ethics Education and Training for Professional Bankers* has been reviewed in GBESTB meeting on 25<sup>th</sup> May, 2021 and the date of publication of reviewed document has been fixed on 1<sup>st</sup> June, 2021. The next review of the document will be due on or before 1<sup>st</sup> June, 2024.

## RECOMMENDATIONS AND GUIDANCE

### GENERAL RECOMMENDATIONS

- 1. GBESTB member bodies shall ensure that all Professional Bankers undergo ethics education and training relevant to their role, function and organisation.**

*GBESTB member bodies should work with employers and educators to seek to ensure that Professional Bankers complete a relevant programme of ethics education at an early stage in their career, ideally prior to or on joining the banking industry.*

*Such programmes should include, as a minimum, education and training in the areas set out in the “Key Ethical Principles” and the “Content of Ethics Education and Training Programmes” sections of this Standard.*

- 2. GBESTB member bodies shall provide, or work with others to provide, appropriate ethics education and training to support Professional Bankers at all stages of their career.**

*GBESTB member bodies should consider how they, and others, can provide an appropriate range of ethics education and training programmes to support the initial and continuing professional development of Professional Bankers. This is likely to include formal qualifications, CPD and ethics refresher training, and the provision of self-study ethics materials such as case studies. GBESTB member bodies are encouraged to consider introducing, where possible, annual ethical training for Professional Bankers.*

*GBESTB member bodies should regularly review the content, delivery and assessment of their education, training and CPD programmes for Professional Bankers, and those delivered by others, to ensure they remain relevant and up-to-date.*

- 3. GBESTB member bodies shall ensure that ethics education and training programmes include appropriate assessments to demonstrate that Professional Bankers understand and demonstrate professional values relevant to their level of expertise and experience.**

*GBESTB member bodies should consider whether there should be an appropriate form of formal assessment for Professional Bankers at an early stage in their career.*

*GBESTB member bodies should consider which forms of assessment might be most suitable for Professional Bankers with greater expertise and experience.*

*GBESTB member bodies may consider working with employers and others to assess the application of professional values throughout Professional Bankers’ careers.*



## **KEY ETHICAL PRINCIPLES FOR PROFESSIONAL BANKERS**

- 4. GBESTB member bodies shall prescribe and promote a set of ethical principles for Professional Bankers, consistent with those below, and ensuring these are aligned with relevant governing laws and regulations as far as possible.**
- 5. GBESTB member bodies shall ensure that ethics education programmes for Professional Bankers include appropriate coverage of the following ethical principles, and assess Professional Bankers' ability to understand and apply these in a range of familiar banking contexts:**

### ***Ethical Principle 1. Integrity***

- Professional Bankers shall be honest and open in all their dealings. This includes:
  - acting with dignity, integrity, accountability, professional competence and in an ethical and trustworthy manner when dealing with the public, clients, prospects, employers, and colleagues;
  - avoiding any behaviour that might damage the reputation of, or bring discredit to the banking profession; and avoiding any oral or written statements that misrepresent their services, their qualifications or the qualifications of their firm.

### ***Ethical Principle 2. Maintenance of Professional Competence***

- Professional Bankers shall develop and maintain the relevant knowledge and skills and to ensure that their activities are conducted professionally and proficiently. This includes acting with due skill, care and diligence, considering the risks and implications of their actions and advice, and holding themselves accountable for them and their impact; as well as obtaining, and regularly updating, the appropriate qualifications, training, expertise and practical experience.

### ***Ethical Principle 3. Duty of Care – Putting Clients' and Customers' Interests First***

- Professional Bankers shall pay due regard to the interests of prospective and existing clients and customers and treat them fairly by:
  - understanding clients' and customers' needs and offering appropriate advice and solutions;
  - putting clients' and customers' interests first, and not exploiting client or customers for personal or commercial advantage; and
  - not discriminating against any client on such grounds as age, gender, marital status, national or ethnic origin, physical or mental disability, political affiliation, race, religion, sexual orientation, or socioeconomic status.

***Ethical Principle 4. Conflicts of Interest***

- Professional Bankers shall not allow any conflict of interest, bias or undue influence of others to override their ethical and professional judgment. They shall provide full disclosure to those concerned of all information and relevant matters that could impair their objectivity, including potential and perceived conflicts as well as actual ones.

***Ethical Principle 5. Fair Competition***

- Professional Bankers shall consider competition as a legitimate race among all relevant entities operating in the banking sector which assures freedom in economic decisions, and to this end, they abstain from statements and behaviors causing unfair competition, within the frame of the principles of:
  - demonstrating proper standards of market conduct at all times;
  - actively promoting greater trust in banking industry;
  - supporting the common interests and reputation of the banking industry;
  - maintenance of a fair marketplace, as required by competition laws.

***Ethical Principle 6. Confidentiality***

- Professional Bankers shall protect the confidentiality and sensitivity of information provided to them. This includes using such information for its intended purposes only and not divulging sensitive information to any unauthorised persons, including third parties, without the necessary consent from those involved, unless disclosure is required by law or regulation.

***Ethical Principle 7. Compliance with Legal and Regulatory Requirements***

- Professional Bankers should maintain their knowledge of all applicable laws and regulations governing their professional activities, and conduct their professional activities in a manner consistent with these at all times. Professional Bankers should also, within the framework of international norms and nationally applicable laws and regulations, take active steps to identify, deter and prevent financial crime and fraud including, but not limited to:
  - Money laundering and terrorist financing
  - Bribery and corruption
  - Insider trading

## **CONTENT OF ETHICS EDUCATION AND TRAINING PROGRAMMES**

**6. GBESTB member bodies shall ensure that ethics education and training programmes for Professional Bankers include the following key topics, are appropriate and relevant, and are periodically reviewed to ensure they remain up-to-date;**

- **The social purpose of banking organisations and how banks support customers, clients, communities and a wide range of stakeholders;**
- **The importance and key features of a customer and client-focused, ethical and professional approach to the practice of banking, as set out in relevant regulatory and professional codes;**
- **Managing the asymmetry of information between banker and customers/clients in an ethical and professional manner;**
- **Duties and responsibilities of Professional Bankers, including when and how to escalate issues and speak up when necessary;**
- **The development and application of personal and professional values and attitudes, including the Key Ethical Principles set out above;**
- **An introduction to different approaches to ethics, and different ethical decision-making models;**
- **Identifying and dealing with conflicts of interest, and other ethical dilemmas;**
- **Treating information with appropriate confidentiality and sensitivity;**
- **Examples of good and bad ethical practice in banking and business; and**
- **The impacts on individuals, institutions, the banking industry and society of unethical and unprofessional behaviours.**

*GBESTB member bodies may also consider including some or all of the following additional topics in ethics education and training programmes for Professional Bankers, where appropriate and relevant:*

- Different types of banking organisations (e.g. commercial banks, mutuals, savings banks, co-operative banks);
- The development of banking, and the causes and impacts of financial crises;
- Access to banking services (financial inclusion and exclusion);
- Role and purpose of relevant regulation and legislation, and how this impacts on ethical decision-making;
- Organisational culture and conduct, and how these can be enhanced and embedded;
- Principles and practice of corporate governance, including fiduciary duties;

- History and development of ethical thought, with particular reference to the application of professional ethics in the workplace;
- Social and environmental issues and corporate social responsibility in a banking context; and
- Professional ethics in an increasingly digital/technology-driven environment.
- Globalisation and Ethical challenges.

**7. GBESTB member bodies shall ensure that all Professional Bankers demonstrate AT LEAST an understanding of the key topics set out above**

*For Professional Bankers with experience in banking and financial services, GBESTB member bodies may consider seeking to ensure they demonstrate and ability to analyse and apply the key topics set out above.*

*For Professional Bankers at senior levels, GBESTB member bodies may consider seeking to ensure they demonstrate the ability to critically reflect on the key topics set out above.*

## **DELIVERY OF ETHICS EDUCATION AND TRAINING PROGRAMMES**

**8. GBESTB member bodies shall ensure that ethics education and training programmes use appropriate delivery methodologies that will help Professional Bankers develop and demonstrate an understanding of the key topics set out above.**

*A wide range of structured assessment methodologies may be appropriate, depending on context, but may include some or all of:*

- Formal study of one or more standalone ethics modules as part of a wider programme of banking education;
- The integration of ethics into technical banking modules (e.g. considering ethical aspects when making a credit decision)
- Classroom-based ethics training;
- E-learning and/or blended learning;
- Supported or unsupported distance-learning; and
- Seminars, workshops and similar events organised by GBESTB member bodies, employers, training providers and others.

*In addition, the delivery of ethics education and training to Professional Bankers may include:*

- Discussing case studies and similar materials, either in classroom/online or via employer-led study groups;
- Participating in role-plays or simulations where different ethical decisions lead to different outcomes for organisations and individuals;
- Discussing real-life ethical dilemmas and conflicts of interest with professional colleagues and others;
- Using ethical decision-making models to analyze real-life ethical dilemmas arising in the workplace;  
Studying and discussing ethical dilemmas from other industries;
- Coaching and mentoring; and
- Self-reflection on personal and professional experiences where ethical dilemmas and conflicts of interest have occurred.

**9. GBESTB member bodies shall establish suitable quality assurance mechanisms to ensure that ethics education and training programmes achieve the objective of helping Professional Bankers develop and demonstrate an understanding of the key topics set out above.**

*GBESTB member bodies should consider regularly obtaining and acting upon feedback from Professional Bankers undertaking ethics education programmes, their employers and from other interested parties.*

*GBESTB member bodies may want to set criteria to ensure that ethics education and training programmes are delivered by suitably qualified educators and training providers with relevant expertise and experience.*

## **ASSESSMENT OF ETHICS EDUCATION AND TRAINING PROGRAMMES**

**10. GBESTB member bodies shall ensure that all Professional Bankers undergoing ethics education and training programmes are assessed, at least at an early stage in their career, in order to demonstrate an understanding of the key topics set out above.**

*GBESTB member bodies should consider and apply appropriate forms of formative and summative assessment which may include some or all of:*

- *Objective testing (although this may not be suitable for assessing all aspects of ethics education);*
- *Traditional “long-answer” examinations;*

- *Reflective essays and journals;*
- *Work-based projects and assignments;*
- *Facilitated and assessed group discussions, and other groupwork;*
- *Case studies (either completed individually, or as a group).*

*GBESTB member bodies may consider regular assessment of ethics education and training for Professional Bankers (e.g. annually) as part of CPD or other recommendations or regular training programmes*

## **IMPACT MEASUREMENT**

- 11. GBESTB member bodies shall develop a set of indicators that enable the monitoring of the impact of this Standard across their operations. This measurement should validate the degree of adherence to the standard and assist the GBESTB to identify and address any gaps.**

*GBESTB member bodies should use customer or employee satisfaction surveys or other suitable mechanisms to gather feedback on whether and how this Standard is being implemented.*

## **PUBLIC DECLARATION**

- 12. GBESTB member bodies shall publicly endorse and, when implemented, declare their alignment with this Standard, identifying and explaining any areas where they have not been able to fully implement the Standard.**

*The GBESTB retains the right to withdraw or refute any form of endorsement or declaration by any member body who has failed to adhere to this Standard.*