

Professionalism in banking: time for a race to the top

Alison Cottrell



The Bracken column is named after Brendan Bracken, the founding editor of The Banker in 1926 and chairman of the modern-day Financial Times from 1945 to 1958. This column reflects his enormous contribution to the open discussion and understanding of international finance and banking. It focuses on providing views and perspectives on how to improve the global financial system.

WHETHER BANKING IS A PROFESSION is open to debate. Whether people working in banks can and should act professionally is, however, rather easier to agree on. We know what 'professional' looks like when we see it (and even more so, when we don't); and in a sector such as banking, where customers – whether consumers, clients or counterparties – have to put some degree of trust in the behaviour and competence of those they are dealing with, we expect those providing the service to act professionally.

A steady drip-feed of examples of bad behaviour or lack of competence has undermined the reputation of the banking sector as a whole. Public confidence in the industry's ability to manage and police itself has declined sharply, leaving a vacuum that regulation is now moving to fill.

Regulation cannot, however, do everything; nor should it aim to. Even the best designed, implemented and enforced regulation cannot guarantee that customers will be treated fairly or market participants act with honesty and integrity, and there are obvious downsides to a world in which a firm deems anything not explicitly prohibited to be appropriate.

CUSTOMERS' INTERESTS

A strong, sustainable and competitive banking sector needs effective regulation and compliance, but it also needs something more. It needs people who have their customers' interests at heart and who within this ethical framework have the ability, autonomy and confidence to exercise judgement when presented with situations that are not straightforward. It needs a culture in which knowledge and experience are valued; challenge and feedback are expected; and mistakes are recognised, remedied and learned from. In short, a culture in which professionalism is the norm.

Such a culture is harder to build than one based on least-cost compliance with the letter of regulation. Professionalism is about much more than just the acquisition of qualifications, but professional qualifications can, in the right context, be a good place to start. Qualifications that are relevant, recognised and valued by employers can boost not only the competence of staff but also their confidence, influence and engagement. The attainment of qualifications can enhance mobility and diversity, and their application can encourage continuous improvement and challenge.

Firms will not, of course, all use the same qualifications in the same way. The banking sector encompasses a variety of types of firm – banks and building societies, branches and subsidiaries, single-site firms and multinationals. Firms differ in size, structure, markets, customers, history, technology, geography, ownership and

strategy. Each firm will have its own culture and, relating to this, its own aspirations, challenges and starting point.

For some, the focus may be maintaining a long-standing culture and proudly earned reputation; for others, restoring or improving their reputation; and for others, developing a cultural identity, adapting it as the firm grows or unifying multiple internal cultures. It is also important that, in a mobile and, in parts, global labour market, the qualifications on offer are recognised and, as appropriate, relevant across the industry. The professional development of the sector is the responsibility of the sector, and one shared by both the providers of professional qualifications and employers.

PROFESSIONAL STANDARDS

The Banking Standards Board, established to raise standards of competence and behaviour across the entire banking sector, will engage with both member firms and professional and industry bodies to examine how qualifications are currently used across the sector, whether and how this is changing in light of the Senior Managers and Certification Regime and other developments, and whether it would change if the qualifications themselves were different. It will also explore the appetite among firms and professional bodies for enhancing the scale, scope and activities of such bodies in line with those found in professions such as medicine, engineering or accountancy.

Acting on its findings, the Banking Standards Board will encourage and challenge the industry in its efforts to build trustworthiness and demonstrate the sense of collective responsibility to society that has sometimes been described as defining a profession. This sense of responsibility is not about corporate social responsibility. It is rather to recognise that putting the interests of customers and clients at the centre of a bank or building society's business equates to a core responsibility to society given the sector's inter-connectedness and its importance across the entire economy.

This responsibility is already recognised and acted on by numerous individual banks and building societies, and by many of the hundreds of thousands of staff who work in the UK banking sector and bring professionalism to life every day. Translating it to the sector level and making professionalism a competitive advantage for the UK banking industry is, however, no small task. It won't happen overnight and it won't happen at all without concerted effort, but it is an effort worth making. **TB**

ALISON COTTRELL IS CHIEF EXECUTIVE OF THE UK BANKING STANDARDS BOARD.



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