

Public trust in the professional standards of the financial services industry has been decimated by the eruption of the global financial crisis in 2007, followed by a series of other scandals, including the well-publicised rigging of Libor.

But gradually, thanks to a concerted effort by industry and government, the damage done to the industry's reputation is beginning to mend.

One indicator of this is the recent Chartered Banker Professional Standards Board (CB:PSB) *Progress Report 2015*, which revealed that its own pioneering new industry qualifications, such as the Foundation and Leadership Standards, aimed at regaining public confidence and professional pride in the sector, have shown remarkable progress.

A key report survey found that the creation of the standards, combined with growing public understanding and knowledge of them, had helped 41% of UK adults in 2014 to have "some or high confidence and trust in the banking industry" compared with 31% in 2013. Greater industry pick-up and recognition of the standards has also seen the amount of banking employees who feel a "lot of pride" in their profession doubling over the past 12 months.

It is an encouraging trend and one that the ACT can take huge pride in, given CEO Colin Tyler's position on the CB:PSB's advisory panel.

This commitment to enhancing professional standards in financial services is no one-off, either. Indeed, over the past three years, the ACT has played a fundamental and often unseen role in helping to restore trust and standards throughout the financial sector. Among the projects that it has been involved in are the Hogg Committee that advised on Libor, the Fair and Effective Markets Review (FEMR), the Lambert report that established the Banking Standards

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Board, and supporting the Asset & Liability Management Association's first qualification.

"There are quality people in the financial market with the right behaviour and good integrity," Tyler observes. "We had a bit of a knock from the financial crisis. The reputation and functioning of the market was damaged and from that there was a demand for cultural change and more competent behaviour. We have been an important player in developing that change."

As a representative of the 'buy side' of the market, the ACT's work on the Hogg Committee was particularly pivotal. The committee was set up to recommend a new administrator for Libor following the rate-rigging revelations of 2012. Tyler sat on the committee alongside chair Baroness Hogg and other major financial leaders, such as Martin Wheatley, chief executive of the Financial Conduct Authority. Set up in 2013, the committee eventually selected securities exchange operator NYSE Euronext as the new Libor administrator.

Ethical approach

"There had been a number of examples of poor selling and I was approached to sit on the committee," Tyler recalls. "At the ACT, we have a reputation for quality, being ethical in our approach and considered in our thinking. Where we can, we will contribute in trying to develop best practice elsewhere,

such as in Libor. We brought that knowledge and understanding of how to develop better ethical behaviour to the committee."

John Grout, ACT policy and technical director, adds: "We saw an important need to benchmark the rate element of bank credit risk. Our role was to be the rational observer from the user group that we represent, which is from the financial, customer and supply side of the economy. We can do this in a way that the busy treasurer of a multinational can't do. We bring a viewpoint, expertise and awareness that people deeply embedded in the financial services sector don't have."

The concentration on ethics mentioned by Tyler has long been integral to the ACT. It has a well-established Ethical Code that defines areas, such as integrity, courtesy and consideration, and professional competence; an advisory board that sits above its council; and even the Archbishop of Canterbury, and former treasurer, Justin Welby Hon FCT as confidential adviser to ACT members on ethical and personal issues.

"We do the right thing; it's typical of us," says Tyler. "In terms of ethics, treasury practitioners are very well advanced. There hasn't been enough professionalism across other financial markets before and people are starting to demand it."

Grout adds: "The ACT has always had a public interest attitude. We provide a network of learning and development for current and future treasurers. As part of that, we emphasise conduct, responsibility and ethics, not just in their position of treasurer or what is important to their company, but also what is important to society as a whole."

The association's strong ethical and professional training heritage – the ACT's first-ever professional treasurer exams were held 30 years

Restoring public trust

How is the ACT helping to improve professional standards within the financial sector? David Craik explains



Chartered Banker Professional Standards Board Progress Report 2015

The Chartered Banker Professional Standards Board (CB:PSB) is a joint voluntary initiative led by eight leading UK banks and the Chartered Banker Institute. It is professionalising banking by developing, implementing and sustaining professional standards, underpinned by a common Code of Professional Conduct.

More than 185,000 bankers achieved the Foundation Standard in 2014 – 117,716 in the UK and an additional 69,600 globally. This was up 61% in the UK compared with 2013.

The new Leadership Standard for senior bankers is being piloted in 2015/16. In it, the CB:PSB sets out what customers and other stakeholders can expect from banking leaders: how they ought to conduct themselves and inspire, lead and motivate others to act professionally.

The ACT sits on the banking user-focused advisory panel, which supports the work of the CB:PSB by sharing the vital view of banks' customers and stakeholders.

Advisory panel chair Robin Jarvis says: "My panel colleague, Colin Tyler, provides valuable input, representing the views of corporate treasurers and bringing his own experience to help shape the development of banking standards. These professional standards set conduct and expertise requirements, defining – for the first time – professional norms for bankers."



ago – also played its part in it being approached to support both the CB:PSB and the Asset & Liability Management Association's first ever professional qualification.

"The Asset & Liability Management Association has been going for 21 years without a professional qualification and we've been supporting them in that. They are not just developing an educational qualification, but adopting best practice," Tyler says. "It is something we should encourage to try and restore faith in the market."

On the issue of trust, the ACT has been further called upon to help raise banking standards via the Banking Standards Review, led by Sir Richard

Lambert. Its report recommended the establishment of the Banking Standards Review Council (BSRC), an independent body setting standards of good practice, and demanding better and more ethical behaviour.

The ACT, which met privately with the review group, supports the proposals, including a recognition of company codes of practices, training schemes and qualifications issued by other bodies, and benchmarking them against the BSRC's own minimum standards.

It was another ACT strength – that of being able to canvass and strongly reflect the view of its members – which played a huge part in the FEMR on how to improve the fairness and effectiveness

of the fixed income, currencies and commodities markets.

On Her Majesty's service

With all of these major structural reforms, it was the ACT that was sought out and approached by government for its views.

"We are not a large enough organisation to bang the drum all the time," Tyler explains. "But we are happy to respond to requests for help and to be one of the professional bodies helping to restore faith in the financial markets. It is important we work collaboratively. There is no point being an apologist for the banks or needlessly scoring points off them. It is about ensuring that people

don't feel they are being ripped off and getting there as quickly as we can. We will give that our full engagement.”

Does he feel this is close to being achieved? “The reality is that there is still some way to go. The political environment still wants someone to blame, but there will come a time, in a few years, when public perceptions will have changed. Yet you have to build up that respect,” he states. “I would like to see more encouragement from the regulators in terms of showing best practice when it occurs. It is difficult to find a good news story. The reality is that there are some fine people doing fine things and just not getting that visibility. We want the right people to come into financial markets and need to encourage them by showing them more examples of good practice.”

According to Tyler, that also means “leaders of individual banks showing strong leadership and realising that education of their staff has an important role to play”.

Grout adds that business leaders also need to understand the importance of corporate governance to future success. “If there is a corporate governance failure, a company will suffer major reputational damage, which will affect its credit standing and risk. Corporate treasurers must help to ensure that a company's credit standing and corporate governance are proper. A treasurer's credibility is on the line every day.”

The ACT has continued to develop its own in-house training programmes, which range from short skills-based courses to certifications in areas such as Treasury Fundamentals, Treasury, and International Cash Management, as well as a Diploma in Treasury Management.

Many of these are now also being delivered online through the new ACT Learning Academy flexible study system that has online study guides and online tutor support.

“We want to ensure that there is targeted support for our members throughout their career, not just on day one,” Tyler explains.

Another online development, which is currently being pitched to ACT

FAIR AND EFFECTIVE MARKETS REVIEW

The Fair and Effective Markets Review (FEMR) issued a consultation in 2014, seeking views on the fairness and effectiveness of the fixed income, currencies and commodities markets.

The ACT's policy and technical team attended meetings with two of the three review chairs, with FEMR also attending a discussion with treasurers in the ACT's offices. Several treasurers also attended a round table at the Bank of England.

The ACT provided a written response that emphasised:

- **Non-financial companies and other non-financial organisations do want to use available, honest, open, reliable and fair markets.**
- **Fairness and effectiveness require the idea of proportionality. Non-financial market users are a small part of most**

fixed-income instruments, currencies and commodities (FICC) markets. Regulation of, and oversight processes for, financial services applied to non-financial services organisations are often disproportionate, costly and discouraging of real-economy activity.

- **Non-financial clients are unlikely materially to contribute to 'market discipline'. Abuse by a bank in one area of FICC is unlikely to prompt a non-financial organisation to materially change its attitude to the institution. The activity directly affected is likely to be only a part of an often very broad relationship. The disruption and cost of redirecting business, particularly if it involves operating rather than treasury units of the organisation, is high.**

members, is the Capability Analysis Tool. This will allow members to perform their own personal skills gap analysis using an online questionnaire. From that, programmes can be designed to ensure that areas of development and skills shortage are adequately covered.

“We can evaluate what skills they have and where the gaps are,” Tyler explains. “It shouldn't be a surprise to us that we have a skills gap. Employers are crying out for better quality skills and our job is to help close that gap. If not, then we will not get the growth in the market that we need.”

ACT achievements

So what does the rest of industry think of the ACT's efforts?

Bob Williams, regional finance director for housebuilder Barratt Homes, believes that the ACT has been a key player in lifting the quality of treasury management in the UK and helping members to better understand and cope with an ever-changing regulatory environment.

“The ACT has ensured that regulatory change is appropriate and balanced,”

he says. “It would have been too easy for regulators to take too far a swing away from risk following the crisis. We needed a happy medium to ensure that the objectives of all sides were met. The ACT is the market leader in understanding what its members' corporations required and filtering that into a healthy debate with government.”

David Clark, chairman of the Wholesale Markets Brokers' Association, adds: “The ACT has made key contributions to restoring standards and trust. It doesn't just come with its own ACT view, but an industry-wide-specific one. It is very collegiate in that respect. Given the corporate borrowers' crucial use of Libor, a solution could not have been reached sensibly without its input.”

A combination of its long-held commitment to ethics and training, and a deep understanding of its members' needs and opinions, has helped the ACT to contribute much to the reputational recovery of the financial sector.

“Much of what we do is not in the public glare,” Grout states. “We are a small voice, but we try and nudge things in a sensible direction as quickly as we can. We improve proposals. That is our success.”

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