

Global Banking Education Standards Board

Threshold Competence 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 Bankers¹. 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. The GBESTB's first Standard, *Ethics Education and Training for Professional Bankers*, was published in April 2018. Following a consultation exercise to establish priorities for standards development, it was agreed that the GBESTB's second standard should describe the expected threshold competence of Professional Bankers worldwide.

Purpose

Threshold Competence for Professional Bankers is designed to help GBESTB member bodies and others develop and implement initial programmes of professional education for individuals joining the banking sector. Promoting a more consistent approach to the initial professional education of 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. It may also help facilitate the movement and mutual recognition of bankers.

Scope

Threshold Competence 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 initial professional education programmes for bankers. On successful completion of an initial professional education programme consistent with this Standard, delivered or accredited by a GBESTB member body, an individual will be entitled to describe themselves as a Professional Banker.

¹ 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".

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

Format

Threshold Competence 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 *Threshold Competence 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

Threshold Competence for Professional Bankers is effective from 1st January 2019, and GBESTB member bodies are expected to take active steps from that date to work towards compliance with this Standard.

Review Date

Threshold Competence for Professional Bankers will be reviewed on or before 1st January 2022.

RECOMMENDATIONS AND GUIDANCE

GENERAL RECOMMENDATIONS

- 1. GBESTB member bodies shall ensure that all individuals aspiring to become Professional Bankers undergo a programme of initial professional education relevant to their role, function and organisation.**

Such programmes should include, as a minimum, education and training in the areas set out in the “Content of Initial Professional Education Programmes” section of this Standard.

GBESTB member bodies should regularly review the content, delivery and assessment of initial professional education programmes, and those delivered by others, to ensure they remain relevant and up-to-date.

- 2. GBESTB member bodies shall ensure that individuals aspiring to become Professional Bankers complete a relevant programme of initial professional education at an early stage in their career, ideally prior to or on joining the banking industry.**

Where this is not possible, GBESTB member bodies should seek to ensure that individuals complete a relevant programme of initial professional education within the first three years of employment in the banking industry.

- 3. GBESTB member bodies shall ensure that programmes of initial professional education are appropriately assessed so that individuals may demonstrate a level of threshold competence relevant to their role, function and organisation.**

GBESTB member bodies should consider a range of assessment methodologies, including those set out in the “Assessment of Initial Professional Education Programmes” section of this Standard, and determine which methodologies are most appropriate for the needs of individuals, employers, regulators and others.

GBESTB member bodies may, in particular, consider working with employers and others to assess the demonstration of threshold competence in the workplace.

- 4. GBESTB member bodies shall provide, or work with others to provide, relevant continuing professional education to support individuals after they have achieved threshold competence.**

This is likely to include additional generalist or specialist formal qualifications, CPD and refresher training, and the provision of self-study materials. GBESTB member bodies are encouraged to consider introducing, where possible, annual CPD requirements for Professional Bankers.

LEVEL OF THRESHOLD COMPETENCE

- 5. GBESTB member bodies should, in the majority of cases, ensure that programmes of initial professional education are set at a level relevant to the equivalent of at least the first year of an undergraduate degree programme, in respect of educational level.**

GBESTB member bodies may set lower or higher requirements for the level of threshold competence required, as may be appropriate for the local context and for the role(s), function(s) and organisation(s) being considered.

GBESTB member bodies should, where available, reference the threshold competency requirement to local vocational qualification frameworks, and similar.

CONTENT OF INITIAL PROFESSIONAL EDUCATION PROGRAMMES

- 6. GBESTB member bodies shall ensure that initial professional education programmes include the following key topics, that these are relevant to individuals' role, function and organisation, and local regulatory requirements, and are periodically reviewed to ensure they remain up-to-date;**

- a) The purpose and functions of a bank, different types of financial institutions, and financial markets**

e.g. Central banks, retail and wholesale banks, Islamic banking and finance, credit unions and savings banks, insurers, asset and fund managers

Social purpose of banking and how banks, other financial institutions and financial markets support customers, communities and a wide range of stakeholders

- b) The economic and business environment**

e.g. international and national economic policy and key indicators, macro and microeconomics, inflation, unemployment, interest rates, foreign trade

e.g. basic principles and practice of accounting, business law, business administration and management

- c) Banking products and services and their suitability for different types of customer and counterparty**

e.g. retail banking products: deposits, savings, loans, mortgages, cards and payments, foreign exchange, investments, insurance, pensions

e.g. wholesale banking products: corporate finance, capital markets, trade finance, treasury

d) Risk management

Overview of different types of risk and how these may be identified, managed and mitigated

e.g. Credit risk, liquidity risk, market risk, operational risk, conduct risk, reputational risk, cyber risk

Common approaches to risk management

e) Credit and lending

Types of borrower and different reasons for borrowing

Types of lending products

Assessing and determining the lending proposition (including assessing and managing credit risk)

Monitoring and control of lending

Regulation, legislation and industry codes

f) Payments and Settlement

International and national payments systems

Foreign exchange payments and systems

Cards and other forms of payment (e.g. digital and mobile payments)

Security and integrity of payments systems

g) Regulation, law and compliance

Purpose and role of banking regulation

International and national banking regulation, and applicable banking and business law

Preventing crime, money-laundering and the financing of terrorism

Data confidentiality and privacy

Deposit insurance

h) Ethics and professionalism

Key features of a customer-focused, ethical and professional approach to banking, including knowledge of relevant regulatory and professional codes, as set out in the GBESTB's Standard: Ethics Education and Training for Professional Bankers

i) Technology

Development and application of technology in banking, e.g. digital banking, mobile banking, digital payments, cybersecurity

Methodologies for developing and deploying technology solutions (e.g. agile)

DELIVERY OF INITIAL PROFESSIONAL EDUCATION PROGRAMMES

- 7. GBESTB member bodies shall ensure that initial professional education programmes use appropriate delivery methodologies that will help individuals develop and demonstrate a level of threshold competence in the key topics set out above.**

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

- Formal (e.g. university or college) study of banking and finance;
- Classroom-based 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, initial professional education programmes may include:

- Discussing worked examples, case studies and similar, either in classroom/online or via employer-led study groups;
- Participating in role-plays or simulations;
- On-the-job learning, including work shadowing and work placements;
- Coaching and mentoring; and
- Self-reflection on personal and professional experiences of working in banking.

- 8. GBESTB member bodies shall establish suitable quality assurance mechanisms to ensure that initial professional education programmes achieve the objective of helping individuals develop and demonstrate a level of threshold competence in the key topics set out above.**

GBESTB member bodies should consider regularly obtaining and acting upon feedback from individuals undertaking initial professional education programmes, their employers and from other interested parties.

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

ASSESSMENT OF INITIAL PROFESSIONAL EDUCATION PROGRAMMES

9. GBEstB member bodies shall ensure that all individuals participating in a programme of initial professional education are appropriately assessed, in order to demonstrate a level of threshold competence in 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 initial professional 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);*
- *Assessments of competence conducted by line managers, or other individuals in the workplace.*

Demonstrating threshold competence requires individuals to do more than demonstrate theoretical understanding, and recall/retention of study materials. It requires individuals to demonstrate that they can apply the knowledge and skills learned in day-to-day banking activities, relevant to their role, organisation and function, necessitating an appropriate form of “on the job” assessment.

IMPACT MEASUREMENT

- 10. 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

- 11. 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.**

Only GBESTB Full or Affiliate member bodies may publicly declare or promote the fact they are compliant with this Standard, following peer review from another member body. 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.