

**BANKING STANDARDS BOARD  
CONSULTATION PAPER**

**Certification Regime:  
(2) Fitness and Propriety assessment principles**

June 2016

## Introduction

*The proposals in this paper are intended to operate as voluntary good practice guidance and should not be considered as an exhaustive list of factors and practices that a firm should take into account when assessing Fitness and Propriety (F&P) in the context of the Certification Regime<sup>1</sup>. This paper should not be relied on as the basis for any decision or action.*

The Certification Regime requires firms to certify that relevant individuals are 'Fit and Proper' to perform their role. To help develop a common approach to Certification, over the course of 2016 the Banking Standards Board (BSB) has been working with a group of member firms through a Certification Regime Working Group. The Working Group agreed that the BSB should develop a set of voluntary principles to consolidate existing good practice and work towards informing future good practice when assessing Fitness and Propriety (F&P).

This paper outlines 11 principles to consider when assessing F&P that have been developed through the Working Group's discussions and informed by the BSB's ongoing work on professionalism, annual assessment exercise and international engagement<sup>2</sup>.

In developing these principles the BSB has focused on three distinct but related questions:

1. **current practice** – what common and good practice already exists in the industry?;
2. **guidance** – where would further guidance be helpful?; and
3. **future practice** – where are there opportunities to raise standards?

Of the 11 proposed principles outlined in this paper, the first nine provide recommendations at the level of the individual firm and employee. The final two address areas where BSB members as a whole may need to work together.

The Appendix sets out the background to the development of these principles. It highlights key issues considered as part of the Working Group discussions, and where appropriate, provides examples of existing good practice, and suggests where further guidance (either by the BSB or through the help of other bodies) could be developed.

The banking sector<sup>3</sup> is diverse, and individual firms may differ in their approach to assessing F&P due to their size, product offering, risk appetite, culture and operating model. The

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<sup>1</sup> The Individual Accountabilities Regime (of which the Certification Regime is part) was introduced following changes set out in the Banking Reform Act 2013 to replace the approved persons regime, based on the Parliamentary Commission on Banking Standards' (PCBS) recommendations to improve professional standards and culture within the UK banking industry. For further details see: <https://www.the-fca.org.uk/improving-individual-accountability> or <http://www.bankofengland.co.uk/pru/Pages/supervision/strengtheningacc/default.aspx>

<sup>2</sup> The BSB is conducting a project to look at the role of professional qualifications and professional bodies in the UK banking sector and how this might be changing and whether there is a case for a stronger professional body/bodies (professionalism work). In addition, the BSB conducts an annual exercise for member firms to provide their Boards with an impartial assessment of their progress against objectives on behaviour, competence and culture. The BSB are also conducting a project to examine what has been done in other jurisdictions in relation to raising or maintaining high standards of behaviour and competence (international work).

<sup>3</sup> All banks and building societies operating in the UK.

eleven principles have, however, been developed in a way intended to be relevant and useful to all banks and building societies operating in the UK.

This document should be read in conjunction with the following papers:

- BSB Consultation Paper – Certification Regime: Fitness and Propriety (June 2016)
- (1) Fitness and Propriety definitions and sources of information (June 2016)
- (3) Fitness and Propriety assessment record template (June 2016)

## **Fitness and Propriety assessment principles**

### **Principle 1: Initial assessment**

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A firm should:

- carry out a robust F&P assessment using appropriate sources of information against the individual elements of F&P (i.e. honesty, integrity and reputation, competence and capability, and financial soundness) as required by the Certification Regime. The initial assessment should be managed through the:
  - recruitment process;
  - pre-employment vetting process;
  - training and induction programmes; and
  - self-declaration (retrospective) and a commitment to uphold high standards of behaviour and competence (forward looking) by the individual;
- include positive affirmation (i.e. that good behaviour has been demonstrated) rather than focusing solely on the avoidance of negative behaviour (i.e. that an individual has avoided any transgressions) when assessing F&P; and
- consider the time needed for an individual who is new to or returning to a Certified role to attain full competence for that role, and define the ways in which the competence can be demonstrated.

### **Principle 2: Frequency and extent of reassessment**

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A firm should:

- determine how frequently the different F&P elements are assessed;
- identify the specific job roles in which an individual is at a higher risk of failing the F&P assessment and should be subject to a higher frequency of assessment; and
- determine which sources of information are used in reassessment and to what extent they are used.

### **Principle 3: Firm and employee responsibility**

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A firm should:

- take responsibility for the assessment and verification of F&P, including:
  - identifying those responsible for assessing F&P at different stages of the process;
  - ensuring those responsible for the F&P assessment are competent and capable to assess each of the F&P elements; and
  - ensuring there is an appropriate level of supervision and support for those responsible for the F&P assessment to limit the level of bias and any potential conflicts of interest.

An individual employee should:

- take responsibility for providing, as appropriate and in a timely manner, the information that allows a firm to assess and verify that individual's F&P; and

- demonstrate a commitment to upholding high standards of behaviour and competence.

#### **Principle 4: Developing acceptable tolerance levels**

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A firm should:

- consider and be clear on the appropriate tolerances that are acceptable when assessing F&P;
- develop a holistic approach to conducting an F&P assessment;
- ensure a structured framework and / or agreed policy is in place for individuals who fail an F&P assessment; and
- ensure there is a framework for reinstatement, as appropriate, of an individual's Certified status.

#### **Principle 5: Documentation of the F&P assessment**

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A firm should:

- hold a consolidated record of the sources of information or tools used an F&P assessment; and
- ensure that the responsible individual (e.g. line manager) adequately records his or her judgement of F&P on an ongoing basis.

#### **Principle 6: Training and communication around the F&P assessment**

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A firm should:

- ensure that there is an appropriate level of training available for those responsible for the F&P assessment and that this training is undertaken;
- develop appropriate training and / or communication as a regular reminder of an individual's responsibilities around the F&P assessment;
- develop appropriate training, guidance and support in relation to an individual's self-declaration;
- ensure that there is an appropriate process for an individual to discuss the outcome of their F&P assessment with their line manager; and
- develop appropriate training for line managers on discussing the outcome of an F&P assessment with the individual concerned.

#### **Principle 7: Appealing the outcome of an F&P assessment and the withdrawal of a certificate**

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A firm should:

- establish a process for the independent review of the outcome of an F&P assessment; and
- develop a clear appeals process against the withdrawal of an individual's certificate.

## **Principle 8: Assessing F&P as part of a global group**

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A firm should:

- aim to have, as far as is possible, consistent high standards across the global group for assessing an individual's F&P;
- develop an approach for conducting F&P assessments of overseas individuals that is reflective of what is permitted by local jurisdictions;
- identify and use the appropriate overseas equivalent sources of information for each element of F&P, as required by the Certification Regime; and
- develop appropriate processes to assess the F&P of internationally mobile individuals (e.g. for internal mobility transfers and short term assignments).

## **Principle 9: Fostering a culture of openness, challenge and support**

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A firm should:

- promote an environment in which an individual is confident to speak up and actively challenge the behaviour of colleagues;
- develop appropriate procedures to support an individual and encourage them to disclose any issues in a timely manner; and
- develop and fully embed a performance management culture that assesses a broad range of dimensions consistent with the firm's purpose and values and high standards of behaviour and competence.

## **Principle 10: Encouraging greater collaboration between firms**

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BSB members should:

- work together to identify opportunities to collaborate in order to develop a common approach to Certification (e.g. developing and using an industry standard certificate); and
- work together to develop a consistent approach to both the assessment and reporting of F&P, so that firms can recognise and have confidence in each other's assessments.

## **Principle 11: Promoting high professional standards across the industry**

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BSB members should:

- invest in the personal development of:
  - staff in Certified Roles; and
  - staff who have the potential to occupy Certified Roles in the future; and
- encourage staff to maintain their own Continuous Professional Development (CPD) and ensure that their development is supported outside their day-to-day role through:
  - skills based training;
  - role based knowledge training;
  - knowledge of the banking and broader financial services sectors; and
  - ethics awareness and training.

## APPENDIX

### Background to the development of the F&P assessment principles

#### Principle 1: Initial assessment

Principle	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"><li>• carry out a robust F&amp;P assessment using appropriate sources of information against the individual elements of F&amp;P (i.e. honesty, integrity and reputation, competence and capability, and financial soundness) as required by the Certification Regime. The initial assessment should be managed through the:<ul style="list-style-type: none"><li>• recruitment process;</li><li>• pre-employment vetting process;</li><li>• training and induction programmes; and</li><li>• self-declaration (retrospective) and a commitment to uphold high standards of behaviour and competence (forward looking) by the individual.</li></ul></li></ul>	<p>The Working Group’s initial discussions centred on what information firms currently use or would find useful when assessing F&amp;P, which led to the development of the document ‘Fitness and Propriety definitions and sources of information’ (June 2016).</p> <p>Discussions also centred on how the relevant or available sources may differ throughout the employee lifecycle (see Principles 2 and 6 for other aspects of the lifecycle). For example, the initial F&amp;P assessment will be conducted during recruitment (which may include the use of interview notes, assessment results and the rationale for hiring) and as part of the pre-employment vetting process (which may include criminal record checks and qualification validation).</p> <p>The ongoing development of this principle will be informed by the BSB’s international work; in particular the perspective and experience of other jurisdictions in relation to regimes that require a similar assessment of F&amp;P and the steps they are taking to uphold high levels of personal conduct via personal commitment.</p>

Principle	Background to development
<ul style="list-style-type: none"> <li>include positive affirmation (i.e. that good behaviour has been demonstrated) rather than focusing solely on the avoidance of negative behaviour (i.e. that an individual has avoided any transgressions) when assessing F&amp;P; and</li> </ul>	<p>The Working Group discussions highlighted the idea of positive affirmation when assessing F&amp;P, and the need to focus not simply on negative behaviour having been avoided, but on positive behaviour having been demonstrated.</p> <p>Further work will be required to develop good practice in this area, and will draw on the BSB's work exploring the role of professional bodies, qualifications, continuous professional development (CPD) and ethics, as well as the international perspective and experience of assessing F&amp;P (including competency requirements).</p>
<ul style="list-style-type: none"> <li>consider the time needed for an individual who is new to or returning to a Certified role to attain full competence for that role, and define the ways in which the competence can be demonstrated.</li> </ul>	<p>The Working Group highlighted the importance of ensuring adequate time to assess appropriately, individuals who were new or returning to Certified roles following a period of absence. There was, for example, a concern about assessing F&amp;P if an individual had not had enough exposure to and variety of a particular type of work in their first six months to demonstrate their competence fully. Individual firms will have their own approach in relation to determining what 'adequate time' constitutes for any individual. There may, however, be scope for establishing good practice approaches; an individual could, for example, be certified if they are capable of fulfilling a role subject to certain conditions being met (e.g. their having adequate support or supervision by a designated individual); they might also be provided with a 'pathway' or plan to help them attain the required competency levels and experience within a specified time frame.</p>



## Principle 2: Frequency and extent of reassessment

Principle	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"> <li>determine how frequently the different F&amp;P elements are assessed;</li> <li>identify the specific job roles in which an individual is at a higher risk of failing the F&amp;P assessment and should be subject to a higher frequency of assessment; and</li> </ul>	<p>The Working Group discussed the frequency with which checks should be carried out when assessing an individual's F&amp;P. For example, in relation to financial soundness, some firms were requiring a self-declaration annually and repeating external checks every three years. However, these checks were more frequent for specific roles (e.g. depending on proximity to cash or settlement operations).</p> <p>To determine which groups or roles would pose a higher risk and should be subject to greater frequency of reassessment, firms have been using a risk based approach.</p>
<ul style="list-style-type: none"> <li>determine which sources of information are used in reassessment and to what extent they are used.</li> </ul>	<p>The Working Group also discussed how the relevant or available sources of information may differ throughout the employee lifecycle (see Principles 1 and 6 for other aspects of the employee lifecycle and for sources of information see Principle 5 and also the document 'Fitness and Propriety definitions and sources of information' (June 2016)). For example, in the context of reassessing an individual's competence and capability, the performance appraisal (e.g. on the basis of 360 degree feedback received from an individual's colleagues and an annual performance rating attained) will be an important internal source of information.</p> <p>The development of good practice in this area will be informed by the BSB's work exploring the role of professional bodies, qualifications, CPD, training and accreditation.</p>

### Principle 3: Firm and employee responsibility

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The Working Group considered the need to balance both the firm’s responsibility for assessment and verification of F&P, and the employee’s responsibility for the content (i.e. the information to be assessed and verified).

Principle	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"><li>• take responsibility for the assessment and verification of F&amp;P, including:<ul style="list-style-type: none"><li>• identifying those responsible for assessing F&amp;P at different stages of the process;</li><li>• ensuring those responsible for the F&amp;P assessment are competent and capable to assess each of the F&amp;P elements; and</li><li>• ensuring there is an appropriate level of supervision and support for those responsible for the F&amp;P assessment to limit the level of bias and any potential conflicts of interest.</li></ul></li></ul>	<p>The Working Group discussed that in most organisations there will be a variety of people who provide input to or take part in the F&amp;P assessment of any one individual. Therefore, determining who these people are and ensuring they are competent and capable to perform their role was seen to be vital. For example, ensuring that the main assessor has the necessary coaching and assessment skills as well as technical knowledge and experience to be competent in their role. It was felt that a key part of this was that the steps and decisions taken by the assessor should be clearly documented and that this documentation should be appropriately reviewed to limit the level of bias and any potential conflicts of interest in the process (see Principle 5 for further information and also the document ‘Fitness and Propriety assessment record template’ (June 2016)).</p>

## Principle

An individual employee should:

- take responsibility for providing, as appropriate and in a timely manner, the information that allows a firm to assess and verify that individual's F&P; and
- demonstrate a commitment to upholding high standards of behaviour and competence.

## Background to development

The Working Group highlighted the importance of the role of the individual employee and the need to make him or her central to the assessment process; in particular through self-declaration.

Future good practice might include encouraging individuals to maintain their own CPD record, including development related to, but going beyond, the immediate tasks of their day-to-day role (e.g. a particular event or course attended and what the individual learnt / applied as a result of that experience). Work in this area will be informed by the ongoing output of the BSB's professionalism work.

## Principle 4: Developing acceptable tolerance levels

Principle	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"> <li>consider and be clear on the appropriate tolerances that are acceptable when assessing F&amp;P;</li> </ul>	<p>The Working Group considered what tolerances may be considered appropriate when conducting an F&amp;P assessment. For example, if an individual found themselves in financial difficulty or was placed on a performance improvement plan what impact would/should that have on their F&amp;P assessment? Discussions were also had about tolerance levels for unintentional failure to disclose any matter relevant to F&amp;P or failure to complete an attestation within the required timeframe.</p> <p>It was felt that specific tolerances will be dependent on a firm's own risk appetite and existing policies, procedures and processes (e.g. in relation to performance management). However, in deciding what constitutes acceptable tolerance, a firm may wish to distinguish between what is appropriate from (1) a fitness perspective (which will generally be a judgement of an individual's performance, typically informed by their line manager's assessment) and (2) a propriety perspective (which may be viewed more as firm level judgement based on more objective measures). Furthermore, a firm should consider what protection is available against potential constructive dismissal claims by an individual and its interaction with F&amp;P.</p> <p>It is anticipated that supporting guidance and further input in this area will be needed from legal professionals due to the complexities of employment law.</p>

Principle	Background to development
<ul style="list-style-type: none"> <li>develop a holistic approach to conducting an F&amp;P assessment;</li> </ul>	<p>As noted above (under Principle 1), the Working Group agreed that a firm will need to take into account a range of factors specific to each individual in order to inform their judgement in assessing F&amp;P. It was also felt that a firm should understand the challenges that assessment poses to both the individual and the person responsible for the assessment, and consider how to provide appropriate support and guidance for a line or hiring manager, for example, who is uncertain about the F&amp;P status of an individual (see also Principle 6). Finally, the Working Group thought that a firm should also assess the risk that an individual may satisfy all of the elements of F&amp;P (i.e. pass the tests) but still not be suitable for the role.</p>
<ul style="list-style-type: none"> <li>ensure a structured framework and / or agreed policy is in place for individuals who fail an F&amp;P assessment; and</li> </ul>	<p>The Working Group discussed how failure to pass an F&amp;P assessment is managed, such as ensuring appropriate processes are in place before defaulting to disciplinary action. For example, where an individual does not meet the competence and capability requirements one response could include not only formally reviewing an individual (i.e. considering whether they have been suitably trained) but also considering whether the result is symptomatic of a broader systemic issue, such as a lack of controls. The resulting action may include placing the individual on a performance improvement plan and / or placing him or her in a different role within the firm.</p>

## Principle

- ensure there is a framework for reinstatement, as appropriate, of an individual's Certified status.

## Background to development

The Working Group explored whether there might be instances where firms would want to reinstate an individual's Certified status after they had failed an F&P assessment and the approach they might take. For example, where an individual had been found to be financially unsound as a result of misfortune or an unfortunate serious event, a firm could consider whether there is a suitable 'pathway' or plan that would lead to reinstating the individual's Certified status, such as assessing if the individual requires support in managing both their situation and associated stress and how they may return to a position of financial soundness. Furthermore, it was felt a policy that sets out how an individual may seek to reinstate their Certified status in certain circumstances would be beneficial (e.g. by clearly meeting all of the requirements set out in a mutually agreed plan).

## Principle 5: Documentation of the F&P assessment

Principle	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"> <li>• hold a consolidated record of the sources of information or tools used in assessing F&amp;P; and</li> <li>• ensure that the responsible individual (e.g. line manager) adequately records his or her judgement of F&amp;P on an ongoing basis.</li> </ul>	<p>The Working Group considered the approach to recording and evidencing the F&amp;P assessment once conducted. It was agreed that it would be useful to develop a detailed template that could be used:</p> <ul style="list-style-type: none"> <li>• to capture, in a consistent way between firms, the sources of information used and the frequency of their use in any given F&amp;P assessment;</li> <li>• as a guide to inform good practice in determining which sources of information should be used in a regular assessment of F&amp;P;</li> <li>• as checklist by the responsible individual, for example a line manager or supervisor, in conducting or reviewing of the F&amp;P assessment to ensure all aspects have been considered;</li> <li>• to record any issues that call into question the F&amp;P of an individual;</li> <li>• to provide a record of any parties who the responsible individual may have consulted as part of the assessment process (e.g. Legal, Compliance, Risk, F&amp;P panel etc.); and</li> <li>• to evidence the responsible individual’s judgement in reaching their Certification decision (for example, where a line manager on taking a holistic assessment (see Principle 4) certifies an individual despite identifying an issue that calls into question an aspect of their F&amp;P).</li> </ul> <p>This template has now being developed by the BSB (see ‘Fitness and Propriety assessment record template’ (June 2016)).</p>

## Principle 6: Training and communication around the F&P assessment

Principle	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"> <li>ensure that there is an appropriate level of training available for those responsible for the F&amp;P assessment and that this training is undertaken;</li> </ul>	<p>The Working Group considered the need to support those who conduct the F&amp;P assessment. For example, those that are responsible for assessing the competency and capability of an individual as part of the performance appraisal. It was felt that a firm should review at regular intervals the quality and effectiveness of the training provided to those involved with any aspect of the F&amp;P assessment, including the take-up and completion of this training. This would also include the need to determine whether and when any refresher or further training was needed, prior to the relevant individuals conducting any further assessments.</p> <p>Supporting guidance and input from HR professionals will help inform the development of good practice in this area.</p>
<ul style="list-style-type: none"> <li>develop appropriate training and / or communication as a regular reminder of an individual's responsibilities around the F&amp;P assessment;</li> </ul>	<p>The Working Group explored how F&amp;P is discussed with employees including through ongoing communication. Consideration was again given to the stages of the employee lifecycle (see Principles 1 and 2 for other aspects of the employee lifecycle). For example, firms may wish to make use of induction programmes and / or workshops to introduce staff to the requirements of the Certification Regime and wider Conduct Rules. Periodic training may also address the F&amp;P assessment specifically and the role of the individual in self-declaration, the Conduct Rules and awareness of steps the firm is taking to promote a culture of individual accountability and openness, including escalation of concerns and any speak up policy and procedures.</p> <p>Supporting guidance and input from HR professionals will help inform the development of good practice in this area.</p>



Principle	Background to development
<ul style="list-style-type: none"><li>• develop appropriate training, guidance and support in relation to an individual's self-declaration;</li></ul>	<p>The availability of training, guidance and support for individuals on what to declare in relation to their own F&amp;P was considered. The Working Group discussed in particular what might constitute an appropriate level of self-disclosure for F&amp;P purposes and the instances where an individual could make unnecessary disclosure. It was felt that a firm should be mindful of this and should develop appropriate guidance to outline clearly conduct that could generally be disregarded for the purposes of certifying F&amp;P (e.g. minor motoring offences) to prevent unnecessary or over disclosure.</p> <p>Supporting guidance and input from HR professionals will help inform the development of good practice in this area.</p>
<ul style="list-style-type: none"><li>• ensure that there is an appropriate process for an individual to discuss the outcome of their F&amp;P assessment with their line manager; and</li><li>• develop appropriate training for line managers on discussing the outcome of an F&amp;P assessment with the individual concerned.</li></ul>	<p>The Working Group felt that in order to ensure employees felt some ownership over the outcome of the F&amp;P assessment it was important for a line manager to discuss both the outcome and the process taken in reaching that outcome with the individual concerned. To address this, the line manager could hold a one-to-one discussion with an individual where they explain the process taken, the sources of information used and the judgements taken in reaching the overall decision regarding Certified status. The template referred to in Principle 5 above, could provide a good basis for this (also see the document (see 'Fitness and Propriety assessment record template' (June 2016)).</p> <p>It was felt that a firm should ensure there is appropriate training and guidance in place for line managers on how to conduct such discussions, provide balanced feedback and engage in potentially difficult conversations in a way that is constructive, honest, open and respectful.</p> <p>Supporting guidance and input from HR professionals will help inform the development of good practice in this area.</p>

## Principle 7: Appealing the outcome of an F&P assessment and the withdrawal of a certificate

Principle text	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"> <li>establish a process for the independent review of the outcome of an F&amp;P assessment; and</li> </ul>	<p>The nature of the Certification Regime means that the individual(s) conducting the assessment of F&amp;P will not be independent of the person they are assessing. The Working Group felt that firms should consider how to mitigate some of the risks associated with this. For example, a firm may wish to have a policy and procedure in place to review marginal cases and / or moderate an arbitrary selection of F&amp;P assessments from each division across the firm. In addition, it could also consider establishing a panel or forum to review an adverse F&amp;P assessment outcome where an employee contests it. This panel should be chaired by at least one independent practitioner (e.g. a Non-Executive Director or a practitioner from a different part of the business, as appropriate), to ensure that the individual received a fair hearing and that potential conflicts of interest were minimised and managed.</p>
<ul style="list-style-type: none"> <li>develop a clear appeals process against the withdrawal of an individual's certificate.</li> </ul>	<p>The Working Group discussed the use of appeal mechanisms that would allow an individual employee to contest the withdrawal of his or her certificate, and the timing of such an appeal process. Some members felt it might be better to address such issues prior to the withdrawal of a certificate. Either way it was felt that a firm should consider how it develops and / or embeds the appeals mechanism as part of a well conducted Certification process and how it communicates this clearly to employees.</p>

## Principle 8: Assessing F&P as part of a global group

The Working Group highlighted the particular challenges faced by firms that were part of a global group – especially when operating on a branch basis in the UK – both in terms of implementing the new approach in one part of the group and not elsewhere, and in the context of internationally mobile staff. It was felt that it would be important for any common approach to Certification to take account of such challenges and to facilitate intra-group mobility, rather than make it more complicated.

Principle	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"> <li>• aim to have, as far as is possible, consistent high standards across the global group for assessing an individual's F&amp;P;</li> <li>• develop an approach for conducting F&amp;P assessments of overseas individuals that is reflective of what is permitted by local jurisdictions;</li> <li>• identify and use appropriate overseas equivalent sources of information for each element of F&amp;P, as required by the Certification Regime; and</li> </ul>	<p>The Working Group felt a firm should consider how to carry out an F&amp;P assessment for an overseas individual in a way that is equally robust to that undertaken for UK-based staff. However, in achieving this, a firm will need to be mindful of what is legally possible in certain countries (e.g. the extent to which it is legally permissible to conduct the equivalent of the UK checks). A firm with a global policy in place to assess UK and international individuals will need to be flexible in developing its approach to account for the varying nature of different countries, but should be consistent in terms of the standards it is aiming to reach and the outcomes it is seeking to achieve.</p> <p>Supporting guidance and input from legal and HR professionals will help to develop future good practice in this area. In addition, it will be informed by the BSB's work exploring steps being taken in other jurisdictions to uphold high standards of behaviour and competence.</p>

## Principle

- develop appropriate processes to assess the F&P of internationally mobile individuals (e.g. for internal mobility transfers and short term assignments).

## Background to development

The Working Group discussed the need to develop or update existing mobility processes to ensure that F&P assessments are carried out for internationally mobile individuals prior to them taking up Certified roles in the UK. An inbound employee may not, for example, be permitted to start their role until relevant background checks, a self-declaration and the relevant mobility approval forms are completed. Record keeping and storage of F&P documentation by anyone involved in the facilitating the movement of employees internationally will form an important part of this process (the template referred to in Principle 5 may be useful in this regard or could be adapted for this use to be reflective of international sources of information).

Supporting guidance and input from HR professionals will help inform future good practice in this area.

## Principle 9: Fostering a culture of openness, challenge and support

Principle	Background to development
<p>A firm should:</p> <ul style="list-style-type: none"> <li>• promote an environment in which an individual is confident to speak up and actively challenge the behaviour of colleagues;</li> <li>• develop appropriate procedures to support an individual and encourage them to disclose any issues in a timely manner; and</li> <li>• develop and fully embed a performance management culture that assesses a broad range of dimensions consistent with the firm's purpose and values and high standards of behaviour and competence.</li> </ul>	<p>Being able to challenge others and raise concerns is a theme common to many firms (not only in the context of the Working Group discussions, but also in the BSB's work more generally); it is also one that can encompass a range of issues. At one end, it may be about awareness of and confidence in the firm's whistleblowing arrangements; at the other, about the extent to which diversity of ideas and thought is encouraged at all levels and across all functions, and bad behaviour is challenged.</p> <p>Firms are focusing on different points of this spectrum, but appear to be consistent in their wish to foster an environment in which staff will challenge and speak up when poor behaviour is observed; when decisions already taken are having unintended consequences; or when something could be done in a better way. A firm may therefore wish to consider how its assessment of F&amp;P in a positive sense, recognises and encourages an individual's demonstration of commitment to the promotion of the culture aspired to.</p>

## Principle 10: Encouraging greater industry collaboration between firms

Principle	Background to development
<p>BSB members should:</p> <ul style="list-style-type: none"><li>• work together to identify opportunities to collaborate in order to develop a common approach to Certification (e.g. developing and using an industry standard certificate); and</li></ul>	<p>A cross-cutting theme which emerged from the Working Group discussions was the need for greater industry collaboration in developing a common approach to Certification. This led to the establishment of the Working Group initially and the development of voluntary guidelines to assist firms in their assessments of F&amp;P (see also 'Fitness and Propriety assessment record template' and 'F&amp;P definitions and sources of information' (June 2016)).</p> <p>The next area the Working Group will explore, among other issues, is the scope for communicating Certification decisions to individuals in a way that is passportable across the industry and in a way that complements any relevant legal and regulatory requirements.</p> <p>Further work and collaboration will be needed to consider BSB-wide solutions in this area.</p>

## Principle

- work together to develop a consistent approach to both the assessment and reporting of F&P, so that firms can recognise and have confidence in each other's assessments.

## Background to development

Many firms are already taking an active role in supporting the development of industry good practice and standards on Certification. The sharing of knowledge and ideas (consistent with competition and data protection rules) is central to establishing industry-wide good practice, and firms can facilitate this via active participation in industry events, working groups and other forums. Ultimately, firms should view the importance of conducting and communicating robust and comprehensive F&P assessments as not only critical to meeting their own regulatory duties, but to contribute to raising standards across the banking industry.

The principles developed here, including the template for recording the assessment of F&P (see document 'Fitness and Propriety assessment record template' (June 2016)) are further evidence of the active role many firms are playing.

## Principle 11: Promoting high professional standards across the industry

Through the Working Group discussions, firms have been considering how broader issues of professionalism, accountability and responsibility in the banking sector interact with the specific requirements of the Certification Regime. Of particular interest is whether a common approach to supporting high professional standards across the industry could support both the objectives of the regime and the skills and development of the individuals it covers.

Principle	Background to development
<p>BSB members should:</p> <ul style="list-style-type: none"> <li>• invest in the personal development of:               <ul style="list-style-type: none"> <li>• staff in Certified Roles; and</li> <li>• staff who have the potential to occupy Certified Roles in the future; and</li> </ul> </li> <li>• encourage staff to maintain their own Continuous Professional Development (CPD) and ensure that their development is supported outside their day-to-day role through:               <ul style="list-style-type: none"> <li>• skills based training;</li> <li>• role based knowledge training;</li> <li>• knowledge of the banking and broader financial services sectors; and</li> <li>• ethics awareness and training.</li> </ul> </li> </ul>	<p>The Working Group highlighted the role of CPD as a means of assessing an individual's competence and capability on an ongoing basis. There was interest in approaches that would not only address the technical components of banking and specific roles within it, but that would also contain an aspirational focus on promoting ethical behaviour. The challenge, from a sector-wide perspective, lies in determining what 'good' looks like in this regard. For example, professional qualifications and accreditations may be an important part of CPD for staff in some Certified roles and relevant individuals should be encouraged to obtain professional qualifications appropriate to the roles they are performing (or aspire to perform) and to maintain these qualifications through the relevant CPD scheme. However, this is unlikely to be an appropriate approach for all Certified roles as it could create an unnecessary barrier to entry.</p> <p>Further work to develop future good practice in this area will be complemented by the BSB's work on professionalism.</p>



