



EXPOSURE DRAFT

**Standard for Continuing Professional Development
for the Financial Services Industry**

Issued on 1 August 2018

Comments to be received by 14 September 2018

ABOUT THE FINANCIAL SERVICES PROFESSIONAL BOARD

The Financial Services Professional Board (“**FSPB**”) is an industry-led initiative that was officially launched in Kuala Lumpur, Malaysia by Bank Negara Malaysia and Securities Commission Malaysia on 24 September 2014. It comprises a group of prominent individuals from the financial services industry (“**FSI**”) and other related industries. The aim of FSPB is to support a strong culture of professionalism in the FSI through the development and advocacy of professional and ethical standards that are applicable across the industry, including banking, insurance, capital markets and Islamic finance.

NOTE ON THIS EXPOSURE DRAFT

This Exposure Draft is issued by the Financial Services Professional Board (“**FSPB**”) for comments.

FSPB invites written comments on this Exposure Draft, including suggestions for particular areas to be clarified or elaborated further. To facilitate FSPB’s assessment, please support each comment with clear rationale and accompanying evidence or illustrations, as appropriate.

Comments on this Exposure Draft are invited by 14 September 2018. All comments may be published unless confidentiality is requested in writing by the respondent.

The FSPB will accept written comments submitted through e-mail and regular mail. Comments should have the name, designation and organisation of the sender and be addressed to:

Financial Services Professional Board,
Unit 1B-05, Level 5 Block 1B,
Plaza Sentral,
Jalan Stesen Sentral 5,
50470 Kuala Lumpur,
MALAYSIA

Email:

fspb.comments@aif.org.my

Website: www.fspb.com

EXPOSURE DRAFT

Proposed Standard for Continuing Professional Development for the Financial Services Industry

A. INTRODUCTION

The proposal to develop a Continuing Professional Development (“CPD”) Standard arose from a recommendation by the Financial Services Professional Board (“FSPB”) at a Board meeting held in April 2016. The objectives of developing the standard (“Standard”) for the Financial Services Industry (“FSI”) are:

- to provide a minimum requirement for Professional Bodies/Associations and;
- to set the standard should a CPD policy be developed or reviewed in terms of measurement and monitoring by Professional Bodies/Associations.

A Standard for Continuing Professional Development that is applicable across the FSI will provide the impetus for both Professional Bodies/Associations and individuals to meet minimum levels of professional and ethical competence.

This Exposure Draft invites written comments from institutions and individuals in the FSI as well as the general public on the Proposed Standard for Continuing Professional Development for the Financial Services Industry (“Proposed CPD Standard”) contained herein from Page 6.

The Proposed CPD Standard was undertaken through a review of existing CPD frameworks currently in place from a sample of FSI in Malaysia as well as other international jurisdictions. This was consolidated through a series of consultations with professional bodies and associations in Malaysia. A draft CPD Standard was then developed and presented to a Working Group comprising representatives from professional bodies and industry associations covering the four sectors of banking, insurance, capital markets and Islamic finance.

B. THE PROPOSED CPD STANDARD

The following are the general characteristics of the Proposed CPD Standard:

- Provides general guidance on a CPD Structure for the FSI;
- Recommends minimum requirements with a range of best practices that the FSI can refer to;
- Aims to enhance the quality of financial services through the harmonisation, integration and streamlining of best practices in existing CPD programmes across the FSI.

C. COMMENTS SOUGHT

The FSPB would value comments on the Proposed CPD Standard and in particular, on the following:

- i. Recommended minimum amount of CPD;
- ii. Recommended requirements for CPD monitoring;
- iii. Recommendation to include Ethics as a core component of CPD;
- iv. Mutual recognition of CPD activities by Professional Bodies/Associations.

FINANCIAL SERVICES PROFESSIONAL BOARD STANDARD FOR CONTINUING PROFESSIONAL DEVELOPMENT FOR THE FINANCIAL SERVICES INDUSTRY

PREAMBLE

The financial services industry (“FSI”) plays a critical role in society; and organisations and individuals across the industry have a responsibility to consistently adhere to a high standard of professionalism and ethics in the conduct of their business and professional activities. In this respect FSPB has developed and launched the FSPB Code of Ethics (“CoE”) and the FSPB Professional Code for the Financial Services Industry (“FSPB Professional Code”) as well as the Guidance Notes to the CoE.

The FSPB CoE sets out the core ethical principles for organisations and individuals across the FSI. The FSPB Professional Code provides the five principles of ethics as found in the CoE for the financial services industry and the 10 standards of professional conduct which interprets the five principles of ethics. One of these 10 standards refers to “Acquiring professional knowledge and skills” and this relates to both ‘Organisations’ as well as ‘Individuals’. For individuals, this standard encapsulates the importance of ensuring he/she is competent by maintaining and keeping up-to-date through acquisition of relevant knowledge, skills and expertise through CPD. CPD is thus seen as the vital link to the ‘Competence’ pillar of the CoE to professional conduct.

CONTEXT

1. The Continuing Professional Development (“**CPD**”) Standard arose from a recommendation by the FSPB at a Board meeting held in April 2016. The standard (“**Standard**”) for the FSI provides a minimum requirement for Professional Bodies/Associations. It will also set the standard should a CPD policy be developed or be reviewed in terms of measurement and monitoring by Professional Bodies/Associations.
2. Comparisons have been made with CPD offered by FSI in the region including Singapore and Hong Kong as well as other Professional Bodies/Associations in the UK, Singapore, Hong Kong and Malaysia. The aim of the benchmarking process is to ensure that the Standard defines the quality for Continuing Professional Development across the Malaysian FSI.
3. The Standard also aims to be forward looking as it recommends the use of technology to optimise and facilitate the process of maintaining CPD records and support appropriate monitoring. It provides a range of best practices based on the research and benchmarking against other jurisdictions.
4. The Standard sets out a minimum requirement and good practice for an individual in his/her Continuing Professional Development. It seeks to focus on how professional bodies/associations as well as individuals can derive value from CPD rather than view it as a process to renew individual membership or practicing licenses annually.

SCOPE OF APPLICATION

The Standard applies to all professional bodies/associations across the FSI. The Professional Body/Association in this Standard refers to a body/association operating within the FSI and covers the four sectors of banking, insurance, capital markets¹ and Islamic finance.

As the FSI plays a critical role in the economic development of the nation and owes a moral obligation to society, the public legitimately expects members of professional bodies/associations across the FSI to demonstrate a high standard of professionalism and ethics in the performance of their duties. In the future, the scope of application of the Standard may extend to a wider group of senior roles with prescribed responsibilities in the FSI.

In order to ensure competence, members of professional bodies/associations should keep up to date by undertaking relevant CPD activities. CPD requirement should be recognised by all professional bodies/associations as integral for continued membership and maintaining competence.

¹ In the capital markets sector, Continuing Professional Education (CPE) must be fulfilled by all individuals who carry out capital market activities under the licensing requirements as per the Capital Markets and Services Act 2007 (CMSA).

CPD STANDARD

The Standard sets out the minimum requirements for Continuing Professional Development expected of members of their respective Professional Body/Association within the FSI.

The Standard is effective from XXXX.

DEFINITION OF CPD

CPD is defined as an activity to maintain and improve knowledge, skills and behaviours to ensure professional competence. CPD is the acquisition of knowledge, skills and behaviours by an individual in order to continue to remain competent (upon meeting initial requirements/qualifications) to practice in his/her profession. Learning and Development is the acquisition of knowledge, skills and behaviours to meet job requirements and improve performance.

CPD RESPONSIBILITY

Members of Professional Bodies/Associations across the FSI shall strive to uphold and abide by the Standard in order towards setting a high standard of professionalism and ethics across the FSI.

CPD for FSI shall be monitored actively by Professional Bodies/Associations where individuals will take responsibility for their own learning, plan and link all learning to specific goals and objectives. All individuals across the FSI shall strive to hold membership of at least one Professional Body/Association.

This Standard will set clear guidance on the following requirements:

- Amount of CPD;
- Recording CPD;
- Monitoring and compliance of CPD;
- Range of programmes recognised as CPD activity; and
- Range of flexible learning methods.

AMOUNT OF CPD

Professional Bodies/Associations shall ensure that individual members complete between 30 to 38 hours of CPD in a year.

Where the responsibility to comply with CPD requirements is prescribed by the regulator², the amount of CPD may vary. In this instance, the Standard shall apply as a benchmark of good practice for any review and future enhancement of the CPD/CPE programmes.

CPD ACTIVITIES

In determining the range of CPD activities, Professional Bodies/Associations shall ensure that:

- (a) activities are relevant to the financial services industry; and
- (b) learning outcomes can be recorded and assessed where relevant.

CPD hours may be completed through application of a range of learning activities. Professional Bodies/Associations may in addition, select and prescribe a range of activities which includes both formal and informal development activities. The range of CPD activities is constantly being refined and updated to reflect evolving development activity.

Formal CPD activities, as set out in **Appendix 1**, refer to activities which are generally structured and participative in nature. These activities carry appropriate contents with clear outcomes where attendance can be evidenced.

Appendix 2 sets out the informal CPD activities which are generally unstructured activities and undertaken by individuals on their own initiatives. It is encouraged for individuals to include these activities as part of their key performance indicators.

² Individuals who carry out capital market activities that are regulated under the Capital Markets and Services Act 2007 (CMSA) have to comply with a mandatory CPE programme as prescribed by the Securities Commission Malaysia and Central Bank (Bank Negara).

CPD RECORDS

All CPD activities must be recorded and Professional Bodies/Associations shall support their members through an online or other appropriate tracking system to facilitate record keeping.

Organisations shall facilitate the process for individual members to access their CPD records within their own organisations.

CPD MONITORING

Individuals shall be monitored by the respective Professional Body(s)/Associations.

Professional Bodies/Associations shall undertake at a minimum, a random selection of at least 25% of members in each annual audit cycle.

Professional Bodies/Associations shall address the consequences of non-compliance in their respective CPD Policy and establish a clear disciplinary guideline with appropriate sanctions for non-compliance.

ETHICS

Professional Bodies/Associations shall ensure:

- Ethics courses are made available at entry level;
- For members of Professional Bodies/Associations, ethics shall be made core to membership requirements either through:
 - Undertaking ethics modules by way of examinations/online modules
 - Participating in formal/informal activities related to discussions on ethical predicaments/dilemmas
- Regular review of Ethics syllabus/modules to ensure relevance to the industry.

MULTIPLE MEMBERSHIP

Due consideration shall be given to CPD activities that may be mutually recognised by more than one Professional Body/Association. Professional Bodies/Associations shall establish agreements for equivalence of such activities.

GOVERNANCE OF PROFESSIONAL BODIES/ASSOCIATIONS

The role of Professional Bodies/Associations shall be to -

- establish a clear CPD Policy statement;
- promote CPD to both individual members and organisations; and
- implement this Standard as a minimum requirement.

GUIDANCE AND REVIEW OF THE STANDARD

1. FSPB will, from time to time, review and revise the Standard to address the evolving needs and expectations of the FSI, stakeholders and the public.
2. FSPB may, from time to time, provide additional guidance on the application, adoption and implementation of the Standard.

APPENDIX 1

TYPES OF CPD FORMAL ACTIVITIES

Activities	Description
Training programmes, courses and workshops	<p>Interactive and participative courses (internal or external) with clear objectives and learning outcomes. This refers to structured activities designed to meet specific development needs.</p> <p>For the purpose of CPD, these activities are applicable to attendees as well as trainers who provide/facilitate the interactive and participative discussions, talks and tutorials for others.</p>
Conferences, seminars and webinars	<p>Informative presentations on topics provided by internal or external subject matter experts. This refers to structured activities designed to meet specific development needs.</p> <p>For the purpose of CPD, these activities are applicable to attendees as well as presenters/facilitators who deliver presentation topics as provided by internal or external subject matter experts.</p>
E-learning	<p>Online learning packages with clear objectives and outcomes. Online packages come with assessment measures or reflection on learning which may include time spent completing assessments.</p> <p>This refers to structured activities designed to meet specific development needs.</p>
Examinations and tests	<p>Examinations, tests or assessment offered by examining bodies, including all related study and time spent in an examination setting.</p> <p>This comprises among others, the setting and marking of examination scripts by candidates as well as the study of academic courses or formal business related qualifications.</p>

Activities	Description
	This refers to structured activities designed to meet specific development needs.
Technical review and authorship	<p>Reviewing and writing books, reports, articles, journals, instruction manuals for professional purposes which are published for use by others.</p> <p>This refers to structured activities designed to meet specific development needs.</p>
Technical committees	<p>Committees formally set up for the purpose of discussing business related topics/issues which is facilitated by a third party (internal or external) which include working groups, focus groups, research initiatives or technical events. This may be structured or unstructured depending on the nature of participation and the objectives of work involved.</p> <p>This however, does not include attendance at social events or sales/promotional meetings.</p>

Note: There may be additional activities recommended by respective Professional Bodies/Associations

APPENDIX 2

TYPES OF CPD INFORMAL ACTIVITIES

Activities	Description
On-the-job training	<p>Interactive and participative discussion and instruction by a subject matter expert. This includes job rotation and work shadowing.</p> <p>Considered as structured activities which are designed to address specific learning needs.</p>
Mentoring, coaching and peer review	<p>Providing instruction, guidance and support in carrying out roles and responsibilities at work.</p> <p>The preparation of certain aspects of monitoring and coaching should be planned and structured.</p>
Reading and undertaking research	<p>Reading technical, financial and trade publications, fact files, bulletins, updates, manuals and journals. This may also include the usage or viewing of podcast, video, TV, audio and other media.</p> <p>These activities are structured if for instance, reading is done with a specific purpose in mind such as to meet a specified learning and development need. However, if the purpose is to keep abreast of developments in the industry at a general level, this activity is likely to be considered unstructured.</p>
Voluntary work	<p>Work undertaken for the public interest using professional skills and knowledge, which may be incidental in nature such as the provision of advice and the involvement in shaping policy as well as corporate social responsibility activities.</p>

Note: There may be additional activities recommended by respective Professional Bodies/Associations

MEMBERS OF THE FINANCIAL SERVICES PROFESSIONAL BOARD

Tan Sri Dato' Dr Mohd Munir Abdul Majid (Chairman)

Chairman, Bank Muamalat Malaysia Berhad, Malaysia

Chandrashekar Bhaskar Bhave

Former Chairman, Securities and Exchange Board of India

Abdul Kadir Md Kassim

Managing Partner, Kadir, Andri & Partners, Malaysia

Dato' Seri Johan Raslan

Former Executive Chairman, PricewaterhouseCoopers Malaysia

Bill Howarth

President, International Compliance Association and Group Managing Director (Risk and Compliance), Wilmington PLC, United Kingdom

Ng Keng Hooi

Group Chief Executive and President, AIA Group, Hong Kong

Dato' Dr. Nik Ramlah Mahmood

Former Deputy Chief Executive Officer, Securities Commission Malaysia

Richard Thomas, OBE

Managing Director, Sustainable Economy Limited, United Kingdom

Sir David Tweedie

Chairman, Board of Trustees, International Valuation Standards Council, United Kingdom

MEMBERS OF WORKING GROUP FOR THE STANDARD

Agnes Chew Yuet Hoong

Director of Training, Asian Banking School

Abdul-Samad bin Saadi

Associate Director, Chartered Institute of Islamic Finance Professionals

Mujahid Omar

Senior Executive, Chartered Institute of Islamic Finance Professionals

Mithila Sathasivam

Director, Membership & Marketing Division, Asian Institute of Chartered Bankers

Sivalingam Navaratnam

Associate Director – Programme Development, Securities Industry Development Corporation

Liew Yoke On

Chief Marketing Officer, The Malaysian Insurance Institute

Shahizan

Head of Content Development, Islamic Banking and Finance Institute Malaysia

Kalpana Sambasivamurthy

Executive Director, Association of Banks in Malaysia (ABM)

Dato' Norazharuddin Abu Talib

Chief Executive Officer, Federation of Investment Managers Malaysia

Koh Hwee Ngim

General Manager of Industry Services Division, Federation of Investment Managers Malaysia

Chung Kar Yin

Executive Director, Malaysian Financial Planning Council

Kristina Rai

Director, Human Capital Development Centre, Central Banking Services, Bank Negara Malaysia

Noor Ashikin Ismail

Assistant General Manager, Economics & Market Analysis, Securities Commission Malaysia

Dato' Ahmad Azman Dato' Abdul Manaf

Chairman, Association of Stockbroking Companies Malaysia

SECRETARIAT OF THE FINANCIAL SERVICES PROFESSIONAL BOARD

Thomas Abraham

Director, Professional Standards

Jayasree Gopalakrishnan

General Manager, Professional Standards

Norli Ismail

General Manager, Professional Standards

Najila Suhana Jalil

Manager, Professional Standards

The Secretariat function of the FSPB is performed by the Asian Institute of Finance through its Professional Standards Division.

Address: Asian Institute of Finance
Unit 1B-05, Level 5 Block 1B, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur

Website: www.fspb.com