

# **Global Banking Education Standards Board**

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## **Sustainable Finance 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 Bankers<sup>1</sup>. 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. The second Standard, *Threshold Competence for Professional Bankers*, was published in June 2019, including comments received from Banking Associations. Following a consultation exercise to establish priorities for standards development, it was agreed that the GBESTB's third standard should describe the expected sustainable finance competence of Professional Bankers worldwide.

### Definition and Scope

Sustainable finance relates to making the activities and operations of banks, asset managers, insurers and other financial institutions more sustainable, including but not limited to considering broader economic, environmental and social factors, (e.g. contributing to reducing a firm's carbon footprint, implementing responsible lending policies, adopting an inclusive approach to recruitment, treating suppliers fairly) in an organisation's strategy and management; and financing sustainable economic, environmental and social objectives, often those set out in the UN Sustainable Development Goals and the Paris Climate Agreement.

*Sustainable Finance 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 sustainable finance education programmes for Professional Bankers.

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

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<sup>1</sup> "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 organisation".

- Training providers
- Government authorities

## **Purpose**

*Sustainable Finance Education and Training for Professional Bankers* is designed to help GBESTB member bodies and others develop and implement sustainable finance education programmes for Professional Bankers. Promoting a more consistent approach to the sustainable finance education of Professional 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 and to the achievement of the Sustainable Development Goals and the objectives of the Paris Climate Agreement. It may also help facilitate the movement and mutual recognition of bankers.

## **Format**

*Sustainable Finance 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 *Sustainable Finance 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.
- The GBESTB logo should appear on all works

## **Effective Date**

*Sustainable Finance for Professional Bankers* is effective from 1<sup>st</sup> July 2020 and GBESTB member bodies are expected to take active steps from that date to work towards compliance with this Standard.

## **Review Date**

*Sustainable Finance for Professional Bankers* will be reviewed on or before 30<sup>th</sup> June 2023

## RECOMMENDATIONS AND GUIDANCE

### GENERAL RECOMMENDATIONS

- 1. GBESTB member bodies shall provide, or work with others to provide, appropriate sustainable finance education and training relevant to their role, function and organisation to support Professional Bankers at all stages of their career.**

*GBESTB member bodies should consider how they, and others, can include elements of sustainable finance within relevant programmes of banking education, to support the initial and continuing professional development of Professional Bankers. This is likely to include formal qualifications, CPD and sustainable finance refresher training, and the provision of self-study sustainable finance materials such as use of case studies, webinars and podcasts. GBESTB member bodies are encouraged to consider introducing, where possible, annual sustainable finance training for Professional Bankers.*

*Such programmes should include, as a minimum, education and training in the areas set out in the “Key Sustainable Finance Principles” and the “Content of Sustainable Finance Education and Training Programmes” sections of this Standard.*

*GBESTB member bodies should regularly review the content, delivery and assessment of their education, training and CPD programmes for Professional Bankers, and those delivered by others, to ensure they remain relevant and up-to-date.*

- 2. GBESTB member bodies shall ensure that sustainable finance education and training programmes include appropriate assessments to demonstrate that Professional Bankers understand and demonstrate professional values relevant to their level of expertise and experience.**

*GBESTB member bodies should consider whether there should be an appropriate form of formal assessment for Professional Bankers at an early stage in their career.*

*GBESTB member bodies should consider which forms of assessment might be most suitable for those Professional Bankers with greater expertise and experience.*

*GBESTB member bodies may consider working with employers and others to assess the application of professional values throughout Professional Bankers’ careers.*

### KEY SUSTAINABLE FINANCE PRINCIPLES FOR PROFESSIONAL BANKERS

- 3. GBESTB member bodies shall ensure that sustainable finance education programmes for Professional Bankers include all relevant national and international policies, frameworks and regulation in this area (such as the Sustainable Development Goals, the Paris Agreement, the Principles for Responsible Banking, the Principles for Responsible Investment, the Task Force on Climate Related Financial Disclosures, as well as the Green Bond and Green Loan Principles, among others).**

## **CONTENT OF SUSTAINABLE FINANCE EDUCATION AND TRAINING PROGRAMMES**

**4. GBESTB member bodies shall ensure that sustainable finance education and training programmes for Professional Bankers include the following key topics, are appropriate and relevant, and are periodically reviewed to ensure they remain up-to-date;**

**a) What is meant by sustainable finance, and how it differs from green finance and other related terms**

*e.g. Challenges and opportunities for sustainable finance,*

*e.g. Different approaches to sustainable finance and design of a sustainable financial system*

**b) Understanding climate change and the role of the financial sector in supporting the transition to a sustainable, low-carbon economy**

*e.g. Climate science underpinning the need for green finance*

*e.g. Impacts of climate change on society and the role of the financial sector in the transition to a sustainable, low-carbon economy*

**c) Roles of different stakeholders and key policies and regulations**

*e.g. The roles of intergovernmental bodies, governments and other organisations supporting the development of sustainable finance*

*e.g. Policies, regulations, industry initiatives and organisational strategies contributing to the advancement of sustainable finance*

**d) Monitoring, measuring and reporting the flow of investment to support the transition to a sustainable and low-carbon world**

*e.g. Methods and techniques to monitor and verify the outcomes of sustainable investments*

*e.g. Specific ethical considerations: avoiding green-washing or rainbow-washing<sup>2</sup>*

**e) Key climate-related and environmental risks and the role of the financial sector in sustainable finance**

*e.g. Physical, transition and liability climate risks and their management*

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<sup>2</sup> “Green-washing” and “rainbow-washing” refer to the act of “portraying an organisation’s product or services as environmentally friendly or sustainable respectively, only for the sake of marketing”.

*e.g. Banking sector activities, products and services and how they support the transition to a low-carbon world and the achievement of the Sustainable Development Goals*

**f) Financial products and actors supporting sustainable finance**

*e.g. Debt, equity and insurance products for sustainable investments, their characteristics and suitability*

*e.g. The roles of Central Banks and Development Banks and the concept of Blended Finance<sup>3</sup>*

**g) Leveraging and mainstreaming sustainable finance**

*e.g. How Fintech can underpin sustainable finance growth*

*e.g. The convergence between sustainable finance and mainstream finance*

**5. GBESTB member bodies shall ensure that all Professional Bankers demonstrate AT LEAST an understanding of the key topics set out above**

*For Professional Bankers with experience in banking and financial services, GBESTB member bodies may consider seeking to ensure they demonstrate an ability to analyse and apply the key topics set out above.*

*For Professional Bankers at senior levels, GBESTB member bodies may consider seeking to ensure they demonstrate the ability to critically reflect on the key topics set out above.*

**DELIVERY OF SUSTAINABLE FINANCE EDUCATION AND TRAINING PROGRAMMES**

**6. GBESTB member bodies shall ensure that sustainable finance education and training programmes use appropriate delivery methodologies that will help Professional Bankers develop and demonstrate an understanding of the key topics set out above.**

*A range of approaches and activities may be appropriate, depending on context, but may include some or all of:*

- Formal study of one or more standalone sustainable finance modules as part of a wider programme of banking education;
- The integration of sustainable finance into technical banking modules (e.g. considering environmental, social and other related aspects when making a credit decision);

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<sup>3</sup> “Blended Finance” refers to “a model for financing development projects that combines an initial investment, often from a philanthropic or government entity, with a subsequent commercial investment”.

- Classroom-based sustainable finance training;
- E-learning, virtual and/or blended learning;
- Supported or unsupported distance-learning;
- ‘Train-the-Trainer’ events and programmes: and
- Seminars, workshops and similar events organised by GBESTB member bodies, employers, training providers and others.

*In addition, the delivery of sustainable finance education and training to Professional Bankers may include:*

- Discussing case studies and similar materials, either in classroom/online or via employer-led study groups;
- Participating in role-plays or simulations where different sustainable finance decisions lead to different outcomes for organisations and individuals;
- Discussing real-life sustainable finance dilemmas and conflicts of interest with professional colleagues and others;
- Using sustainable finance decision-making models to analyse real-life dilemmas arising in the workplace;
- Studying and discussing sustainable finance dilemmas from other industries;
- Coaching and mentoring; and
- Self-reflection on personal and professional experiences where sustainable finance dilemmas and conflicts of interest have occurred.

**7. GBESTB member bodies shall establish suitable quality assurance mechanisms to ensure that sustainable finance education and training programmes achieve the objective of helping Professional Bankers develop and demonstrate an understanding of the key topics set out above.**

*GBESTB member bodies should consider regularly obtaining and acting upon feedback from Professional Bankers undertaking sustainable finance education programmes, their employers and from other interested parties.*

*GBESTB member bodies may want to set criteria to ensure that sustainable finance education and training programmes are delivered by suitably qualified educators and training providers with relevant skills, expertise and experience.*

## **ASSESSMENT OF SUSTAINABLE FINANCE EDUCATION AND TRAINING PROGRAMMES**

- 8. GBESTB member bodies shall ensure that all Professional Bankers undergoing sustainable finance education and training programmes are assessed, at least at an early stage in their career, in order to demonstrate an understanding of 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 ethics 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).*

*GBESTB member bodies may consider regular assessment of sustainable finance education and training for Professional Bankers (e.g. annually) as part of CPD or other recommendations or regular training programmes*

## **IMPACT MEASUREMENT**

- 9. 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**

- 10. 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.**

*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.*