

Module Outline

Module Title:	Professional Ethics and Compliance
QF Level:	Reference is being taken to HKQF Level 4
Programme Credit:	10 Credits for the Advanced Diploma of Certified Banker (9 training hours and 1.5 examination hours)
Teaching/Training & Learning Activities:	Training Class
Pre-requisite:	N/A

Module Objective:

This module contributes to the achievement of the Programme Intended Learning Outcomes by providing learners with essential requirements or information related to major areas of professional ethics and compliance as the respective ethical and compliance aspects and issues faced by individuals or corporations today, and also its relevance in the context of corporate governance.

Module Intended Learning Outcome (MILO) and Unit of Competency (UoC)

Upon completion of the module, learners should be able to:

MILO1:	Understand and apply the principles of ethics and codes of ethics relating to the day-to-day work in the banking industry;
MILO2:	Identify and exercise the requirements of professional ethics in various roles during job execution; and
MILO3:	Perform compliance monitoring and the practical application of legal and regulatory requirements in their daily work.

Assessment Activity

Type of Assessment Activity	MILOs	Weighting (%)
Examination	MILO 1-3	100

Examination Format and Duration

Time allowed: 1.5 hours

The examination consists of 50 multiple choice questions

Passing mark for this subject is 70%

Syllabus

Chapter 1: Ethics and the Individual	
1	Introduction
1.1	- Historical background
1.2	- Approaches to normative ethics: absolutism & relativism
2	Ethics and the Individual
2.1	- Introduction
2.2	- Code of Conduct
	<ul style="list-style-type: none"> ▪ Bank on Integrity ▪ Conflicts of interest
2.3	- Code of Banking Practice
	<ul style="list-style-type: none"> ▪ Customer information management ▪ Equal opportunities ▪ Bank marketing ▪ Customer complaint management
2.4	- Ethical dilemmas
	<ul style="list-style-type: none"> ▪ Ethics in practice
Chapter 2: Ethics and the Corporation	
1	Ethics and the Corporation
1.1	- Introduction
	<ul style="list-style-type: none"> ▪ Corporate social responsibility ▪ Corporate accountability ▪ Corporate citizenship
1.2	- Social environmental issues facing modern business organisations
1.3	- Public perception & reputation risk
1.4	- Globalisation
1.5	- Reputation & sustainability
Chapter 3: Regulatory Framework and Regulatory Requirements	
1	Regulatory Framework
1.1	- Introduction
1.2	- The Hong Kong Monetary Authority (HKMA)
1.3	- The Securities and Futures Commission (SFO)
1.4	- The Insurance Authority (IA)
1.5	- The Mandatory Provident Fund Schemes Authority (MPFA)

2	Regulatory Requirements
2.1	- Know Your Customer
2.2	- Laws and regulations applicable to financial services, Anti-money laundering, sanctions risk, tax evasion, Foreign Account Tax Compliance Act, automatic exchange of information, common reporting standards and Counter Terrorist Financing
2.3	- Suitability obligations & mis-selling
2.4	- Market misconduct under the SFO <ul style="list-style-type: none"> ▪ Insider trading ▪ Price rigging ▪ Other types of securities fraud e.g. market manipulation
2.5	- Customer protection laws <ul style="list-style-type: none"> ▪ Treat Customers Fairly Charter ▪ Personal Data (Privacy) Ordinance
2.6	- Equal Opportunities
2.7	- Bribery & corruption, acceptance of gifts & entertainment
2.8	- Prevention of financial crimes
Chapter 4: Corporate Governance and Internal Control	
1	Corporate Governance
1.1	- Introduction
1.2	- Structuring of the bank <ul style="list-style-type: none"> ▪ Organisational structure ▪ The board ▪ Specialised committees
1.3	- Stakeholders in corporate governance
1.4	- Implications of CG6 and ECF
2	Internal Controls
2.1	- Elements of internal control systems
2.2	- Attributes of an effective control system
2.3	- Compliance
2.4	- Internal audit
2.5	- Risk management
2.6	- Cost & benefits of internal control

Essential Reading:

- HKIB Study Guide – Professional Ethics and Compliance (2018)

Supplementary Readings:

- Mark Hsiao. (2013). Principles of Hong Kong Banking Law. Sweet & Maxwell

Further Readings:

- John R. Boatright. (2014). Ethics in Finance (3rd ed.). Wiley-Blackwell.
- HKIB E-learning Course No. 16 – Corporate Governance
- HKIB E-learning Course No. 33 - Global Banking Supervision

For more details, please refer to further reading session at end of each chapter