Building Societies Association

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SOCIETY matters

Celebrating impressive work anniversaries

contents

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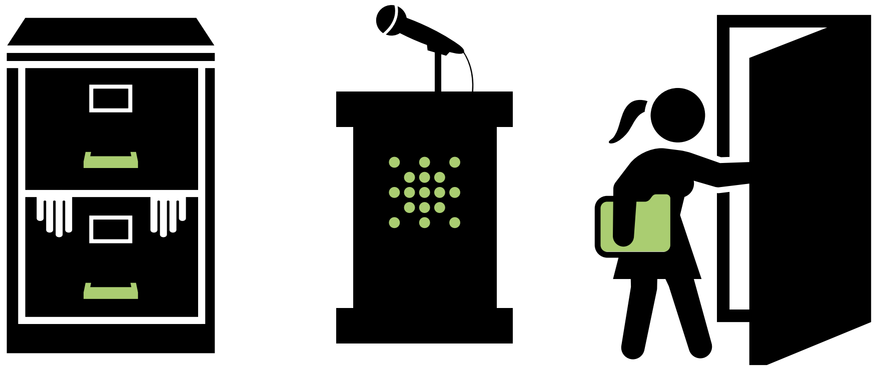
Hello and welcome to the Spring edition of Society Matters



...and sadly my last edition editing this magazine! By the time this copy has landed on your desks, I will have said goodbye to the Building Societies Association – leaving for a role in communications at AMREF Health Africa, an international development charity.

Before I go, I just wanted to say thank you for a fantastic three years, nine months and twelve days (that's right – I counted!) I have learnt so much during my time here, not just about financial services and the building society sector, but also about politics, charity, education and community. (I also discovered that I can fit into one of the drawers in my filing cabinet, but that's another story...) You will see if you flick to pages 8 and 9, a collection of building society employees who have celebrated anniversaries at their organisation for 20, 30 or 40 + years. Clearly I haven't made the cut, but the volume of positive contributions I received after putting this request out actually says a lot, I think, about the type of organisations building societies are.

One of the reasons my departure from the BSA is particularly bitter-sweet is the fact that I will miss our 2016 Annual Conference. This year, it is taking place at The Sage in Gateshead, Newcastle, on the 18 and 19 May and promises to be an impressive affair. Not just because of the location, but in terms of the programme, speakers and entertainment. For more information take a look at our dedicated Conference website, **www.bsaconference.org**.

Well, that's it! I won't keep you any longer. It has been such a pleasure getting to know many of you – you have taught me so much! Thank you for reading – and for the memories!

Speak soon,

VICTORIA BAMBER
Society Matters Editor

The practical limits to conduct regulation

*By **ROBIN FIETH**, BSA Chief Executive*

The media and political furore in January that followed the FCA's decision to take a different approach to reviewing and assessing culture in banks highlighted some of the real challenges in establishing effective conduct regulation. The topic came up again at a parliamentary dinner about the same time that John Griffith-Jones and Tracey McDermott were being grilled by the Treasury Select Committee, and I offered four aspects or headings under which we might think about the practical limits to conduct regulation. Since then I have added a fifth.

Firstly, innovation. The pace of technological change is so fast nowadays that regulators can only forever play catch-up, and will often be accused of stifling innovation. The FCA's Project Innovate and its open offers of sandboxes recognises this challenge. In an era when non-cash financial transactions increasingly do not require a bank as intermediary (think crowdfunding, PayPal or M-Pesa), innovation will go round regulation as often as seeking regulatory approval.

Which brings us to the second – disruption. Regulation always has bounds; it defines the playing field. Businesses that manage to stay outside the envelope of regulation whilst trading in a regulated space will continually seek competitive advantage by taking market from those constrained by regulation and the costs of regulation. The rapid rise of pay day lending demonstrated this clearly, before the brakes were slammed on by major regulatory intervention last year.

Then third, we should think about supply chains, and how far up and down the supply chain regulation reaches? Until the announcement was made that the scope of the Senior Managers Regime would be extended to all financial services firms under the Bank of England and Financial Services Bill, there was, for example, a real concern about differential regimes for in-house mortgage advisors and those working for intermediaries.

> *"The pace of technological change is so fast nowadays that regulators can only forever play catch-up, and will often be accused of stifling innovation."*

Fourth, and perhaps most challenging of all, the principal role of conduct regulation in practice is to stop bad behaviour – a long way from the principal objective of promoting good behaviour. It isn't regulation that determines which organisations have the best reputations, although regulation might have some contribution to the question of who has the least bad reputation. Indeed, if conduct regulation pushes too far, the unintended but foreseeable outcomes can be to create an environment where customers suffer because providers and their staff feel unable to go beyond pre-determined rigid processes and scripts.

And fifth, regulation consistently struggles to influence the behaviours of business owners. There is much talk of stewardship responsibilities for shareholders of public companies, but that assumes those shareholders are in for the long term. Short term shareholders can rightly claim to have no interest in conduct issues over the longer term.

So where does that leave us? For those organisations that truly have customers at the heart of their businesses, it sometimes feels like trying to do the right thing despite regulation. In an era when corporate reputations can be destroyed in an instant, as a sector, let's continue to focus on doing the right thing for our customers and members.

Next steps

Robin can be found Tweeting ***@bsaceo****. You can also arrange to speak to him directly, by calling the BSA press office on* ***020 7520 5927****.*

1. innovation **2. disruption** **3. supply chains** **4. regulation** **5. influence**

SOCIETY matters
education

Masters in Leadership and Management (BSA)

The first student cohort on the BSA MSc at Loughborough University, School of Business and Economics are working hard on their first year modules. Before the application window for the second student cohort opens in May, it seems a good time for some of the students to reflect on how it has been for them so far...

"So far the programme has been challenging, interesting, informative and of course fun. I have already learned a lot which I am taking back to my day job."

***CLAIRE DAVEY**, Director, Direct Distribution, Skipton*

"Each unit has been challenging, yet at a level that everyone can understand. They have initiated interesting debates, highlighting different approaches. The Managing and Leading People unit was designed in a way that the assignment report can and will be applied to improve HR processes. So immediate benefits are obvious."

***JAMIE KIRK**, Information Systems Analyst, Earl Shilton*

"A fantastically run course with an engaged and diverse cohort of students. My overriding experience so far is of lively conversations, original thought and practical ideas that I can implement in the workplace."

***ROBERT PENGELLY**, Senior Manager, Capital Management, Nationwide*

"I have really enjoyed the first modules here at Loughborough and leave campus after each set of lectures on a high. I already feel like I am applying what I am learning to my day job."

***GILLIAN BAKER**, Money Transmissions and Savings Controller, Cumberland*

"I have enjoyed this Masters immensely to date. Every time I come to Loughborough I feel energised and go back to work buzzing with new ideas. It has given me the confidence to move into a completely different role."

***CHLOE BOOTH**, Programme Manager, Nationwide*

"An insightful and motivating course that brings together individual societies for the benefit of the industry. The topics that are covered are pertinent for the future of the sector but can be implemented today."

***STEVEN MELBOURNE**, Treasury Manager, Manchester*

"I didn't go to university first time around. I began my career at a young age in the building society and have worked my way through the ranks. This programme has given me the opportunity to fine tune my skills and gain more in-depth knowledge about the sector. This will benefit not only me, but the staff that I look after and ultimately the society itself."

***KEVIN FLANNERY**, Customer Service Manager, Progressive*

"First I was afraid, I was petrified... But now I'm excited- the opportunity to learn about my industry alongside my fellow students, with the aid of expert lecturers and guest speakers, has opened my eyes to the bigger picture and given me so much more insight and confidence.

***CAROLYN THORNLEY-YATES**, Head of Intermediary Sales, Hinckley & Rugby*

"So far the programme has enhanced my ability to lead more effectively, providing me with various tools to support my team, colleagues and the society better. I feel privileged to have the opportunity to be taught and to learn from some of the best in their fields. I am also building great relationships and learning from the wealth of experience within my group, which is quite diverse."

***FAIZAH TAHIR**, Senior Branch Manager, Skipton*

"To date, the course had provided me with a great insight into business disciplines that I would not previously have got involved in. The diversity of the group is of benefit to all. Class debate is supplemented by individual experiences which add significant value to the theory being presented."

***WILL CARROLL**, Finance Director, Monmouthshire*

"The course has provided a fantastic opportunity to broaden horizons and meet new people. It's proving to be beneficial both to the societies and the individuals involved as we develop new skills and think about areas of the business that may not be part of our day-to-day roles."

***JAMES SENTANCE**, Senior Underwriter, Melton Mowbray*

"The university is fantastic with a great team and great facilities. The topics covered so far are interesting, relevant, and I am already starting to see how my learning is positively impacting me in my day to day role."

***NATALIE JURYTA**, Shared Service Excellence Manager, Yorkshire Building Society*

"To date, the course has been challenging and rewarding in equal measure. The breadth and depth of material covered has been impressive for a part time course. It's useful to take a step back and gain a greater understanding of wider business issues."

***SAM LYON**, AGM Operations, Cumberland*

We are thrilled to announce that our Masters in Leadership and Management programme at Loughborough University School of Business and Economics, won the award for Best Training Initiative at The Association Excellence Awards 2016.

The Association Excellence Awards 2016 — WINNER — Best Training Initiative

Next steps

For more information about the Loughborough University MSc in Leadership & Management, talk to Hilary ***hilary.mcvitty@bsa.org.uk*** comment

Reflections from Graham Beale

"You will not be surprised to hear that I am an unwavering advocate of the enduring power of the mutual sector. It is a force for good – a British success story."

In April 2016 I will retire as Nationwide's Chief Executive and Joe Garner takes over from me, joining from BT Group where he was CEO of Openreach. Before that he was UK CEO of HSBC.

After nine years as Chief Executive and a 30-year career with the Society, you will not be surprised to hear that I am an unwavering advocate of the enduring power of the mutual sector. It is a force for good – a British success story.

My tenure as Chief Executive began just as the financial crisis was taking hold, from my vantage point as BSA Chairman between May 2009 and 2010 it was clear that while the sector didn't come out completely unscathed, we emerged resilient. Nationwide stepped in when it was in the interests of our members to do so. Unlike many of the banks, the building society sector continued to report a profit throughout the downturn, despite the extremely difficult trading conditions.

More recently mutuals have continued to play a vital role in supporting consumers and the wider economy. From the outset of the financial crisis we provided a safe haven for savers and have continued to perform and lend to the real economy.

In the four years to March 2015, the building society sector as a whole accounted for 83% of all mortgage lending over the same period, with Nationwide accounting for 46% of all mortgage lending.

Mutuality has stood the test of time. While personal finance is more complicated today, the way we operate is not. Nationwide has diversified over time to support our members with vital services, such as current accounts and personal loans, but we have not lost sight of the fact that we serve a social purpose and are grounded in the needs of the community. The Society was founded 170 years ago this year around a simple but ground-breaking idea: by providing people with a secure place to grow their savings, we could also offer mortgages to help people buy their own homes. You could say we were one of the first crowd-funders.

Like so many businesses, we recognise the importance of investing for the future. In 2007, at the peak of the financial crisis, we laid the foundations for Nationwide's modernisation by investing in a new banking platform, which has allowed us to continue to provide our members with long-term good value products, along with new and innovative services. I do not believe this investment would have been possible if we had equity shareholders to satisfy.

Today we are at the forefront of the digital revolution, with the Society being among the first to launch mobile payment services such as Apple Pay and Paym contactless cards, as well as focussing on the latest security technology.

But, while important, technology isn't everything. As a sector we continue to ensure there is a human face to everything we do and, unlike the banks, have not been involved in mass branch closure programmes. At Nationwide we have committed to invest £500 million in our branches over the next five years. I firmly believe this will redefine the role of the branch, with a new layout allowing more face-to-face conversations and the continued roll-out of Nationwide NOW, a high definition video link service that connects customers in branches to consultants elsewhere.

As building societies, without shareholders to focus on, we all ask one thing of our colleagues: put our members first. Because of this focus, Nationwide has been consistently ranked first for customer service satisfaction amongst our high street peers – a position we have held for a number of years. In particular, we have been leading the way for our support for vulnerable customers, such as launching the UK's first specialist support service for customers affected by cancer. The service will soon be widened to support those with other life limiting conditions.

Our employees take pride in our culture, and we take pride in them, which is why I am particularly pleased that we were one of the first major employers in Britain to guarantee that every employee earns the Living Wage and, it has just been announced that we are the third best big company to work for in the UK by the Sunday Times. Like so many Societies, we also support the communities in which we work and live, through employee volunteering and fundraising, while also reducing the impact we have on the environment.

Building societies can and should continue to play a unique role in standing up for the interests of their members. This is something that we have continued to do, shoulder-to-shoulder with many other Societies. For example, we called for and succeeded in achieving ISA parity for cash savers, so they could make full use of their annual tax-free allowance without having to invest in stocks and shares. We have also fought hard to maintain a viable future for the building society sector. I am particularly proud of the fact that Nationwide developed Core Capital Deferred Shares (CCDS), an instrument that allowed the Society to raise capital from the market without compromising our mutual status.

"The so called 'Challenger Banks' will increasingly seek to persuade consumers and opinion formers that they represent the compelling alternative to the traditional banking elite. However, building societies have a golden opportunity to seize this mantle and carve out this territory for their own. Let's not waste this chance."

While we should rightly celebrate the successes of our difference there are challenges ahead. One such challenge is the unjust introduction of the Bank Tax Surcharge, which has important implications for building societies and their members.

Our argument here is simple and one of principle, not of cost. We are not a bank. The banks were the reason for the creation of the levy system in 2011. Mutuals like Nationwide are more risk-adverse, have a different legal construct and serve a social purpose by providing a safe home for savers while providing finance for home ownership. We have a strong track record in helping the economy, not damaging it. The Surcharge proposals in the summer budget in 2015 represent a missed opportunity to recognise the difference and contribution mutuals have made compared with banks.

It is vital that the building society movement fights hard to gain greater recognition for our difference. The so called 'Challenger Banks' will increasingly seek to persuade consumers and opinion formers that they represent the compelling alternative to the traditional banking elite. However, building societies have a golden opportunity to seize this mantle and carve out this territory for their own. Let's not waste this chance.

I feel incredibly proud of our achievements together as a building society sector and am hugely optimistic about the future. By staying true to our mutual heritage we have stood, and will continue to stand, the test of time. Building societies have shown, in good times and bad, that you can be a strong, successful and sustainable business by doing the right thing.

SOCIETY matters
interview

Building Societies:
Longest serving members of staff

Recently, we have been hearing a lot about building society staff who have been celebrating impressive work anniversaries – 20 years, 30 years and even over 40 years. We wondered what it is that keeps them in their Society team for so long. Here are some examples of what we found – what has changed within building societies over the years and most importantly, what it is that makes these staff dedicate their careers to a customer-owned organisation.

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Tipton & Coseley

ROBERT SAVAGE

"I've seen some major changes over the last two decades. Our staff numbers have doubled, the Society's asset size has increased fourfold and the levels of regulation in the industry are incomparable even to just a few years ago.

However, the career opportunities and the Society's support of the local community is the same today as it was when I joined. I'm really proud to work for a mutual organisation and I'm sure I speak for everyone marking long service achievements that working for the Tipton is more than just a job."

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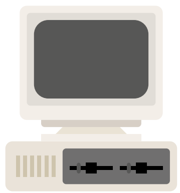
Marsden

CAROLINE OLDFIELD

"I started working for the Marsden when I was 18; I was a trainee IT programmer and never thought I would stay for so long. My tasks are so varied and different each time, no two days are the same.

One of the big changes within our sector was the conversion of some societies into banks. Fortunately, the Marsden has never been affected. People will always have more faith in the mutual companies, both customers and employees. It's part of the reason why I have stayed for so long. I have my family at home, and then I have my family at the Marsden."



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Melton Mowbray

CHRIS ROWLEY

"In my 31 years at Melton, there are three things which have really changed: competition within the financial services industry, increased regulation and the use of technology. Just after I joined we installed our first counter top terminals; little did we imagine how technology would progress.

The people are what make an organisation special and I have had the privilege of working with many committed and talented people over the years; those who enjoy going that extra mile for the customer."

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Cambridge

ALISON DOVER

"In 1979, my contract was handwritten and my annual salary was £1,950. It's incredible looking back now at how things used to be. There was one computer in the main office and we would send paper memos. Technology has made such a difference to how we do things.

If someone had told me back when I started that I'd still be here 30 years' later, I'd have laughed. But it's a lovely place to work and I really like my colleagues which says a lot. I even get to move around the branches in the hub so there are always fresh faces to meet."

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Nottingham

ANNE ROUND

"Back in 1976 it was just going to be a little job close to home in Eastwood. The advert asked for a cashier with a sunshine personality. In those days the branches didn't sell mortgages and the window display was provided by local interest groups, so it was more likely to contain a pottery display than marketing.

I love my role, especially working in the city with such a diverse range of customers. The biggest change I've seen over the years is communications. Today we can do things so quickly and a lot of information is available online, but customers of all ages still appreciate being able to come in to the branch and speak to us face-to-face."

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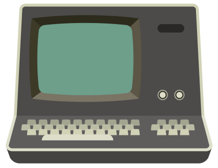
Hinckley & Rugby

PAUL SHARMAN

"I joined 39 years ago as a trainee manager in the Savings Department. I've had lots of different roles during my time here with stints in Savings, Mortgage and even the Legal department before settling in Finance.

The Society has changed tremendously. Everything was done manually, then computers were brought in. It's a great atmosphere to work in here– it's not too intense and the job is varied. No one is unapproachable – not even the Chief Executive!"



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Skipton

BRIAN STOTT

"There were only 80 people employed by the Skipton when I joined. Now it's grown to around 1,200. I have my mum, Muriel, to thank for the introduction to the Society. She opened my first savings account when I was growing up in the 1950s. This taught me the value of money.

I am proud to work for an organisation which encourages youngsters to save towards a more secure financial future, in the same way that my mum did for me."

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Bath Investment

ANNE HOPKINSON

"I've always believed in the ethics of the Bath. We have a respected Chief Executive and a good management team that we get to know because we are small enough. The Society feels like my family and they have supported me over the years in many ways.

Our customers like our traditional service and at the same time, we have progressed from hand written carbon sheets to computers and online accounts!"

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Yorkshire

ANN O'LEARY

"I can't quite believe how long I've been here but I've had a ball. The thing that keeps me coming back is the customers and my colleagues.

I've lost count of the number of people I've met, but it has been a privilege to join many customers on their journey as they've grown from young children saving pocket money into homeowners. Then their younger families come through the door and the journey starts all over again!"

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Hanley Economic

JOY NICHOLLS

"I joined The Hanley in 1972 as a shorthand typist back in the days of manual typewriters and keypunch operators. Long service is probably viewed as unusual in today's business world, but for me it has been about confronting those evolving challenges to maintain personal development and The Hanley has provided me with the tools to do exactly that.

These are the benefits of working for a small, caring, local organisation. I feel privileged and extremely proud to say that I have worked for The Hanley for over 40 years and continue to do so."

Next steps

You can take a look at this feature in full, including responses from long-serving staff at even more building societies on the BSA's website: ***www.bsa.org.uk***

SOCIETY matters
technology

Protect yourself in time for the threat of Cybercrime

By *JAMES O'SULLIVAN*, *BSA Policy Advisor*

Businesses around the world have cybercrime risk as second only to the threat of a collapsing global economy at the top of their corporate risk registers. And with good reason – according to the PWC Global Economic Crime Survey 2016:

- 44% of UK organisations have been affected by cyber-attacks in the last 24 months – a 20% jump from 2014.
- 51% of UK organisations say they expect to be the victim of cybercrime in the next two years, suggesting it will become the UK's largest economic crime.
- 32% of UK organisations have no cyber response plan in place.

The threat

Cybercrime is the fastest growing area of criminal activity across the world. It is highly organised, well-funded, innovative, multi-national and may not be immediately detectable so is therefore particularly difficult to investigate and prosecute.

Cyber-attackers target your security systems, operating systems, customer data and your customers' money. Attacks can cause financial, infrastructure and reputational damage. Their intention may be to steal from customer accounts, steal and sell personal data, hold systems to ransom or just to show that they have broken security where the target's reputation depends on it being particularly secure.

Any organisation that uses computer software, the internet, servers, texts or email is vulnerable. Recent corporate victims include Talk Talk, Morrisons, Carphone Warehouse and the BBC.

"Cybercrime is the fastest growing area of criminal activity across the world. It is highly organised, well-funded, innovative, multi-national and may not be immediately detectable so is therefore particularly difficult to investigate and prosecute."

Defending yourself

The Bank of England's Financial Stability Report published in July 2015 set out what the Bank considers as good cyber defence practice:

- **Cyber risk governance –** Cybercrime should be a Board-level risk and the Board should oversee defence planning.
- **Business-centred defence –** Cyber is often considered as primarily an IT issue – this creates the risk that firms react too slowly to cyber-attacks. Risk assessment/defence planning must focus on the potential business impact of cyber-threats.
- **Deterrence & detection –** Firms have invested significantly in technology-based defences to stop attackers being able to access their systems but often underinvest in the capability to detect successful attacks, making them vulnerable to greater damage.
- **Recovery planning –** The capability to resume services quickly and reliably and to show stakeholders that you are in control of the situation is vital. Firms must include recovery from cyber-attack as part of incident management and business continuity planning.
- **Doing the basics well –** Many cyber-attacks are enabled by lax security elsewhere – good basics like premises security, data access control and password security will reduce risks in these areas.
- **Testing –** Cyber defences and recovery plans must be regularly tested to make sure that they are fit for purpose – testing should focus on the risks that a firm is most likely to face.

Protecting the customer

Customers need to be suspicious too and protect themselves against attacks on their personal data through IT and cyber-based scams. Everyone has a role in passing on one simple message that will help customers avoid these scams

Building societies & banks will NEVER:

- Ask for your PIN or passwords in full on the phone or via email.
- Ask you to send personal banking information via email or text.
- Send you an email with a link to a page which asks you to enter your online banking log-in details.
- Ask you to carry out test transactions online.
- Provide banking services through any mobile apps other than the bank's official apps.

Next steps

*For more information on Cyber Security and how it will be covered at the Building Societies Annual Conference, visit **www.bsaconference.org** or register for the event at **www.regonline.co.uk/bsaconf2016***

Redefining the branch

By *ROBERT THICKETT*, *BSA Mortgage Policy Adviser*

For all the talk of consumers migrating online to sort out their finances, branches continue to be a popular choice for people of all ages.

A report at the end of 2015 from independent technology and market research firm Forrester Research found that more than a third of people still visit bank branches. Despite many customers now doing routine interactions via digital channels – 79% of people in the UK now bank online, up from 69% a year ago – Forrester found that especially for high value, complex or emotional interactions, people prefer visiting a branch and chatting to someone. But despite the passion many people still have for their local branch, financial services firms across the world are looking to see how they can improve the experience.

The industry buzzword used to describe this process is 'branch transformation' and firms are increasingly blurring the lines between physical interactions and online transactions. The term to describe this strategy is another industry buzzword – 'OmniChannel'. It means that an organisation's branch, phone, mobile and digital channels are all combined.

In North America there are banks where branch staff have been liberated from shuttered glass desks to engage with customers – interactions rather than transactions. A similar process is happening in both established and challenger banks and credit unions across the world. Organisations are now pushing the boundaries of what a branch or ATM can do. There are now ATM's that come with video screens for customers to talk to a member of staff. These have clever audio technology which means someone standing nearby can't hear the conversation between the staff member and customer.

A new start up bank in Poland, appropriately called the 'Idea Bank', now allows customers to order an ATM-laden BMW i3 to come to them to conduct transactions. Customers download and register with the app, then request one of the four i3s to any location within the user area. Literally the Uber of banking.

"A new start up bank in Poland, appropriately called the 'Idea Bank', now allows customers to order an ATM-laden BMW i3 to come to them to conduct transactions. Literally the Uber of banking."

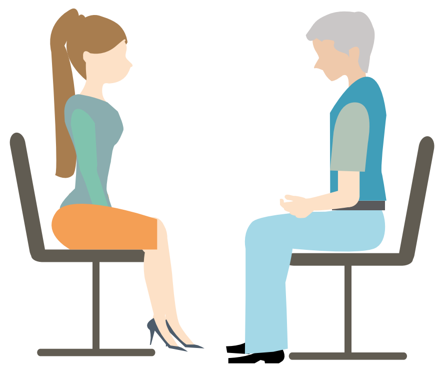
In the UK we've already seen a number of banks and building societies start to push the boundaries of what a branch looks and feels like. Nationwide is undergoing a major redevelopment programme of its branch network and other societies are similarly redesigning the look and capabilities of their branches. Newcastle Building Society is an example, investing £10m to improve its branch network, telephone and digital offerings. Along with improving the look and meeting space in branches, it's also piloting an innovative partnership with Stockton-on-Tees Borough Council to open up a community-based branch in Yarm Library. The first of its kind in the UK, when the new look Yarm Library opens again in the Autumn it will provide residents with access to new self-service borrowing and renewal facilities as well as a special self-service portal to request a Council service or report an issue.

This is a good example of what branch transformation can provide. It's not just about technology or the latest sparkly gadget, but helping firms engage better with their customers.

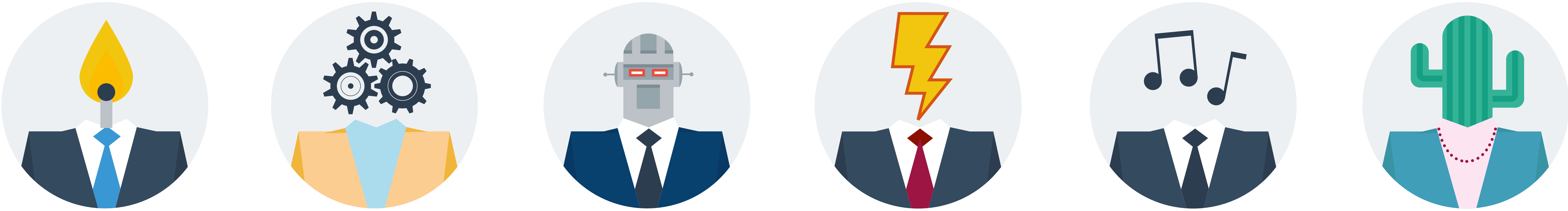
With such a lot going on in this area, it was obvious that the subject should feature in the BSA's 2016 annual conference, 18-19 May at The Sage Gateshead. Alongside building society innovations, the session will cover international case studies, illustrating how financial institutions across the world are transforming their branches, plus interactive examples of convenience and virtual branches too.

Next steps

*For more information on the digitalisation of the mutual sector and how it will be covered at the Building Societies Annual Conference, visit **www.bsaconference.org** or register for the event at **www.regonline.co.uk/bsaconf2016***



SOCIETY matters
education



Apprenticeships: Debunking the myths

Over the past two years, a quiet revolution has been going on right under our noses. A skills system that has remained relatively untouched for decades has been transformed beyond recognition. It hasn't been a few minor cosmetic changes that have been made to the Apprenticeship system, it has been complete open heart surgery.

By **MIKE THOMPSON**, *Director, Early Careers, Barclays*

The strange thing is that this transformation went on largely unnoticed by large parts of UK PLC and the Financial Services Sector until the Chancellors Autumn Statement when all of a sudden every Finance Director and HR Director sat up and took notice. The Chancellor announced an apprenticeship levy of 0.5% on UK companies with a payroll costs of over £3m per annum bringing in an estimated £1.6 billion per annum to fund skills.

With less than half the FTSE100 companies even having an apprenticeship programme, the announcement of the Levy came as a shock to the system to many and has prompted a flurry of activity to understand apprenticeships and the levy.

So to help companies who find themselves in this boat, I have outlined in this article five questions that cover everything you need to know about Apprenticeships from a Financial Services perspective but may not have dared to ask.

1. What are the new Apprenticeship "standards" and how do they differ from the old frameworks?

The biggest reform that has been made to the system has been the scrapping of old outdated frameworks and their replacement with modern simple two-page "standards" for all of the key job roles across our sector. The old financial services "frameworks" relied upon on-going assessment of individual apprentice progress as well as completion of outdated NVQ qualifications. The new standards that have been created by financial services employers focus on an independent end assessment of each apprentice and now include relevant sector-specific qualifications from our professional bodies.

2. Who is eligible for an Apprenticeship, is it just for young people?

The great news is any age is now eligible for funding and no longer just 16-24 year olds, allowing you to recruit older apprentices or fund existing colleagues through an apprenticeship to develop their skills.

3. What are the different types of new apprenticeships in financial services

For the financial services sector, there are now a range of new entry level apprenticeship standards as well as higher apprenticeship standards.

The new entry level standards – Financial Services Customer Advisor, Senior Customer Advisor and Mortgage Adviser are primarily aimed at roles in branches and contact centres and last between 12-18 months. The minimum allowed is 12 months.

New degree level higher apprenticeship standards in Relationship Management and Compliance will promote access to areas of banking that might traditionally have been the domain of the graduate.

The Relationship Management standard focuses on roles in Business, Wealth or Corporate Banking and will typically take 3 years to complete, including relevant professional qualifications. There is also a Degree Apprenticeship in Leadership and Management for aspiring team leaders/branch managers. The latter offers the route to a full BA Hons degree.

> *"You cannot spend it on salaries or recruitment costs but most providers will be able to provide some support for recruitment within the amount you will have to spend."*

4. How will the levy system work?

Your levy contribution collected via PAYE will be put into a pot from April 2017 onwards for you to spend within 2 years on Apprenticeships via registered training providers. You cannot spend it on salaries or recruitment costs but most providers will be able to provide some support for recruitment within the amount you will have to spend. The government will top up your pot to a maximum of an extra 25% if you feel you can spend more than your levy amount.

It cannot be spent on traineeships (a pre-apprenticeship programme to help recruit 16-24 year olds). These will still be funded directly by the Government.

It also cannot be spent on apprenticeships in devolved administrations as they have their own skills systems. The Levy will be raised on all UK payroll staff including those in devolved administrations but can only be spent in England.

Each standard has a maximum "cap" funding level that can be spent per individual apprentice from your pot. The cap is £3000 for an entry level standard and up to £27,000 for a degree level higher apprenticeship standard. Employers will need to agree a price per apprentice with their provider that does not exceed this cap.

5. How can I get help setting up a new scheme?

There is plenty of support available from both Business Innovation and Skills department (BIS) or from training providers to help you develop a skills strategy that works for your business.

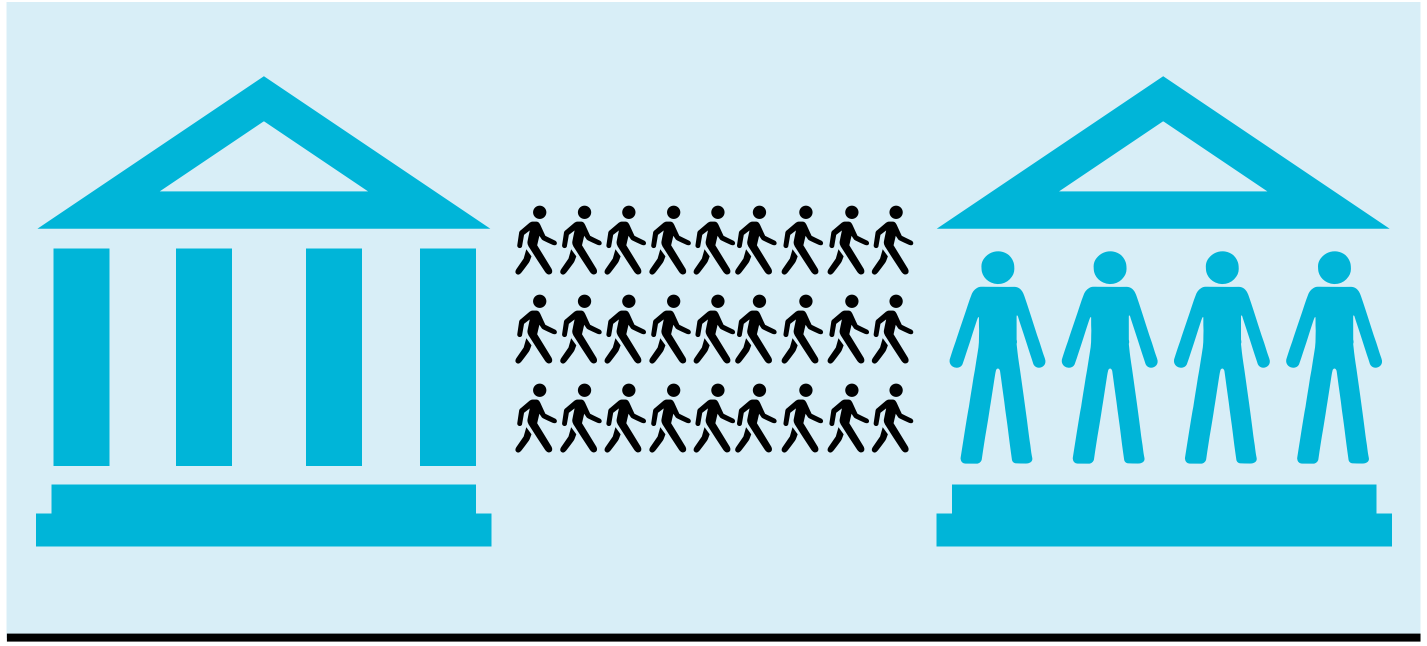
Next steps

For more information, contact Hilary McVitty at ***hilary.mcvitty@bsa.org.uk***

The battle of the banks & building societies

By **SUSAN HANNUMS**, *Director of Independant Savings Experts*

Building societies are consistently offering better value to long-suffering savers than banks, our recent study of the savings market has shown. This may come as no surprise, but even with the rise of the challenger banks, who are aggressively competing for savings business, the building societies have still come out on top for savers in many cases.



Following almost 7 years of a record low base rate and against a backdrop of interest rates continuing to fall, there's no denying it's a challenging time for the humble saver, but not all is lost with competitive rates still to be found.

Our comparison of average interest rates offered by building societies and banks going back to 2011, shows a clear, marked difference in several key areas affecting savers.

Savers holding variable rate ISAs with banks have seen their interest rates fall by a massive 47% in four years, down from an average of 1.72% to just 0.91%, while building society rates on the same products have only fallen from 1.72% to 1.25% on average.

Those with easy access accounts have also seen significant falls, with bank customers seeing their rates go down by more than a third (36%) from 0.91% to 0.58% on average. Building society rates on these accounts have also fallen, but far less steeply from 1.03% to 0.83% at the end of last year.

Overall, at the end of 2015, building societies have more than three quarters (77%) of their accounts paying more than the Base Rate, compared to just 55% of accounts from banks. On average, banks will pay their customers 0.87% in interest, while building societies pay an average of 1.17%.

> *"Savers should vote with their feet and get a better deal for themselves, because one thing is for sure, if you are waiting for your bank to help you, you'll be waiting for a very long time."*

Building societies and challenger banks continue to show their support to savers in the form of better rates. While the challenger banks work to entice new savers, the building societies work to keep their existing ones. The challenger banks are bucking the trend and without them the bank's figures would be even worse!

It is clear that the traditional banks have little interest in encouraging existing or new savers to put more money with them, as the rates on offer continue to fall dramatically, despite no movement in the base rate. We believe for those savers who have a savings account with a traditional bank, it would be worth seeing how much better off they could be by switching.

Talking about average rates gives a good indication of the direction banks and building societies are going, but it is important to look closely at what the best rates on offer are at any given time and move in order to improve the interest you can earn.

Savers should vote with their feet and get a better deal for themselves, because one thing is for sure, if you are waiting for your bank to help you, you'll be waiting for a very long time.

This research is based on our extensive and independently gathered data, which we not only use to provide services to savers, but which is also available for BSA members and other institutions.

Next steps

For more information about this topic, please visit ***www.savingschampion.co.uk***.

BSA Annual Conference

18 & 19 May 2016, The Sage Gateshead

There will be much to celebrate at conference this year after a 2015 in which the sector has more than held its own. This achievement comes in the face of intense regulatory change, fierce competition and loss-leading rate strategies from many of the bigger high street banks. In an increasingly commoditised market, differentiating customer-ownership and what it means to consumers in terms of behaviour, business approach and decision-making is all the more important.

Many of the themes will be familiar: regulation, governance, talent development, lending to older borrowers, branch and digital strategies and threats like cyber-crime. But expect to be informed, intrigued and challenged as we move these topics on. We will have contributions from inside the sector and out, from within the wider UK financial services sector and from speakers with a distinctly international flavour who bring us their experience and practical thinking, including:

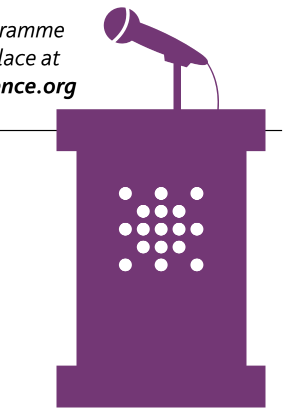
- ***THOMAS A BARNES*** *– Chairman, TCB*
- ***THOMAS J CURRY*** *– Comptroller of the Currency, US Department of the Treasury*
- ***JONATHAN DAVIDSON*** *– Director of Supervision, Retail and Authorisations, Financial Conduct Authority*
- ***PROF. DR. HANS GROENEVELD*** *– SVP Cooperative & Governance Affairs, Rabobank Nederland*
- ***RICHARD HORNE*** *– Partner, Cyber Security, PwC*
- ***COLIN MAYER*** *– Peter Moores Professor of Management Studies, Saïd Business School, University of Oxford*
- ***LINDA MOIR*** *– Head of Events Services, London 2012*
- ***JOHN PIENAAR*** *– Chief Political Correspondent, BBC Radio 5 Live*
- ***JAMES RAMSBOTHAM*** *– Chairman, Darlington Building Society*
- ***PROFESSOR TREVOR WILLIAMS*** *– Derby University & Chairman of the Institute of Economic Affair's Shadow Monetary Policy Committee*

Conference brings together over 500 delegates to exchange views and ideas, a broad range of exhibitors with their own individual stories to tell and our three sponsors, Newcastle Building Society, Dignity and Deloitte, who we'd like to thank.

Next steps

View our full programme and secure your place at ***www.bsaconference.org***

> *"Expect to be informed, intrigued and challenged as we move forward with the topics of regulation, governance, talent development and hear contributions from both inside and outside the sector"*



Dates for your diary

Knowledge sharing and educational events for building societies. Many of our events are also open to other financial service providers.

Introduction to treasury management

4 April & 6 July 2016, London

This course provides an overview of treasury operations within financial services, more specifically within building societies and within the regulatory environment. Following this there is an in-depth study of treasury operations, focussing on liquidity, wholesale funding, credit risk and financial risk.

Designed for: non-executive directors, senior management, risk officers/managers new to the building society world, those in related areas who require some background treasury knowledge, as well as those who have recently started work in the treasury function.

Open to: BSA members & associates £490 per delegate (VAT exempt); Non-members £590 (VAT exempt)

bsa.org.uk/intro-treasury

Treasury risk management

5 April & 7 July 2016, London

This course provides participants with an overview of the financial and balance sheet risks a building society faces and how these risks are managed by the treasury function. We consider liquidity risk, credit risk, market risk and interest rate risk within the new regulatory framework, and examine the role of board governance and the relevant committees, focusing on the Asset and Liabilities Committee. Additionally, we will discuss how to read and understand key reports.

Open to: BSA members & associates £490 per delegate (VAT exempt); Non-members £590 (VAT exempt)

bsa.org.uk/treasury-risk

Payments

7 April 2016, London

One year on from the launch of the new Payment Systems Regulator in April 2015, this full day seminar will cover all of the major developments in the UK payments industry over the last year. This will include cheque imaging developments, changes to the payment system regulatory framework and issues related to indirect access to payments systems. The event will be of interest to those involved in financial product development and innovations, cheques and other payment methods and potentially anti-financial crime practitioners.

Open to: BSA members & associates £330 per delegate (VAT exempt)

bsa.org.uk/payments

Vulnerable customers

15 April 2016, London

This popular annual event allows BSA members and other stakeholders to share ideas and best practice to review and improve how they support their vulnerable account holders.

We will hear presentations on the recommendations from the Financial Services Vulnerable Adults Taskforce, supporting people affected by cancer and tackling financial abuse. In addition, leading figures from the insurance sector and the utilities sector will discuss how their industries are approaching the problems of consumer vulnerability.

Open to: BSA members/associates and non-member organisations: £49 per delegate (VAT exempt)

bsa.org.uk/vulnerablecustomers

IFRS 9 for building societies

21 April 2016, London

All building societies – IFRS and UK GAAP – need to be ready for IFRS 9, the new financial instruments standard that replaces IAS 39 and comes into effect on 1 January 2018. And the impacts will be felt more widely than just accounting. Some estimates place a 40% increase in capital requirements.

This half-day practical workshop will be led by KPMG experts in IFRS 9 who will help societies address the key issues.

Open to: BSA members: £200 per delegate (VAT exempt)

bsa.org.uk/IFRS9

Mortgage underwriting

26-27 May 2016, London

In recent years the recognised career path to mortgage underwriter has changed substantially, partly due to the changing nature of mortgage advice. This brand new intensive two-day course has been designed to fully equip underwriters with the knowledge required to carry out their role effectively.

On completion of this programme delegates will be fully conversant with the full range of skills to underwrite mortgages effectively, while ensuring that customers' needs are met.

Open to: BSA members & associates £895 per delegate (VAT exempt)

bsa.org.uk/mortgage-underwriting

BSA Annual Conference

18 & 19 May 2016, The Sage Gateshead

For more information on the BSA Annual Conference, turn to page 15.

www.bsaconference.org

Next steps

*View our full programme and secure your place at **bsa.org.uk/diary**.*