

**Specification of Competency Standards**  
**for the Banking Industry**  
**Unit of Competency**

Functional Area - 7. Product Development and Brand Marketing  
(Key Function – 7.3 Product Development)

Title	Define product due diligence process to meet regulatory requirements
Code	109420L6
Range	Execution of adequate supervision and taking positive steps to monitor product due diligence process executed by the employees are in compliance with regulatory requirements (e.g. Adopt proper selling practices and controls for new or modified products). This applies but not limited to structured deposit, investment products, loans products and other complex products involving capital market transactions.
Level	6
Credit	4 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Demonstrate knowledge in product due diligence by applying it to evaluate different concepts and compliance requirements in the subject area's processes and procedures;</li> <li>• Keep abreast of the latest regulatory requirements in the product due diligence processes and procedures;</li> <li>• Comprehend the fundamental principles of product due diligence and apply it to conduct a detailed assessment of the product risks and features, hence to ensure they should be satisfied with the fairness of the products (i.e. product risks commensurate with its returns);</li> <li>• Possess market, clients and product knowledge and apply them to identify the target market of products and consider customers' interests with due consideration to relevant factors such as the client objective, risk appetite, expected return / expected costs and expected tenor, etc.</li> </ul> <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Define product due diligence policies and standards as per the Bank's framework and regulatory requirements;</li> <li>• Define communication framework for product due diligence related information;</li> <li>• Perform regular monitoring of product risk ratings;</li> <li>• Evaluate new product launches and initiatives by performing relevant research and analysis;</li> <li>• Define post product launch and post-sales monitoring to ensure suitability and sales guidelines are followed.</li> </ul> <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Provide guidelines to ensure suitability of the bank's recommendations and make adequate disclosure of product features and risks in the selling process;</li> <li>• Establish guidelines to present benefits, costs, limitations and returns with the risks of the product to potential clients;</li> <li>• Provide adequate training to bank employees on relevant development and changes in policies, procedures and practices, and ensure that information in marketing and product documents is accurate and up to date for proper disclosure to potential clients.</li> </ul>

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Assessment Criteria	The integral outcome requirements of this UoC are: <ul style="list-style-type: none"><li>• Developing and reviewing relevant manual or guideline for of product due diligence;</li><li>• Reviewing the existing infrastructure and processes for new and on-going product due diligence;</li><li>• Guiding and coordinating new products approval processes.</li></ul>
Remark	