

FSB bulletin

FIRST QUARTER 2014



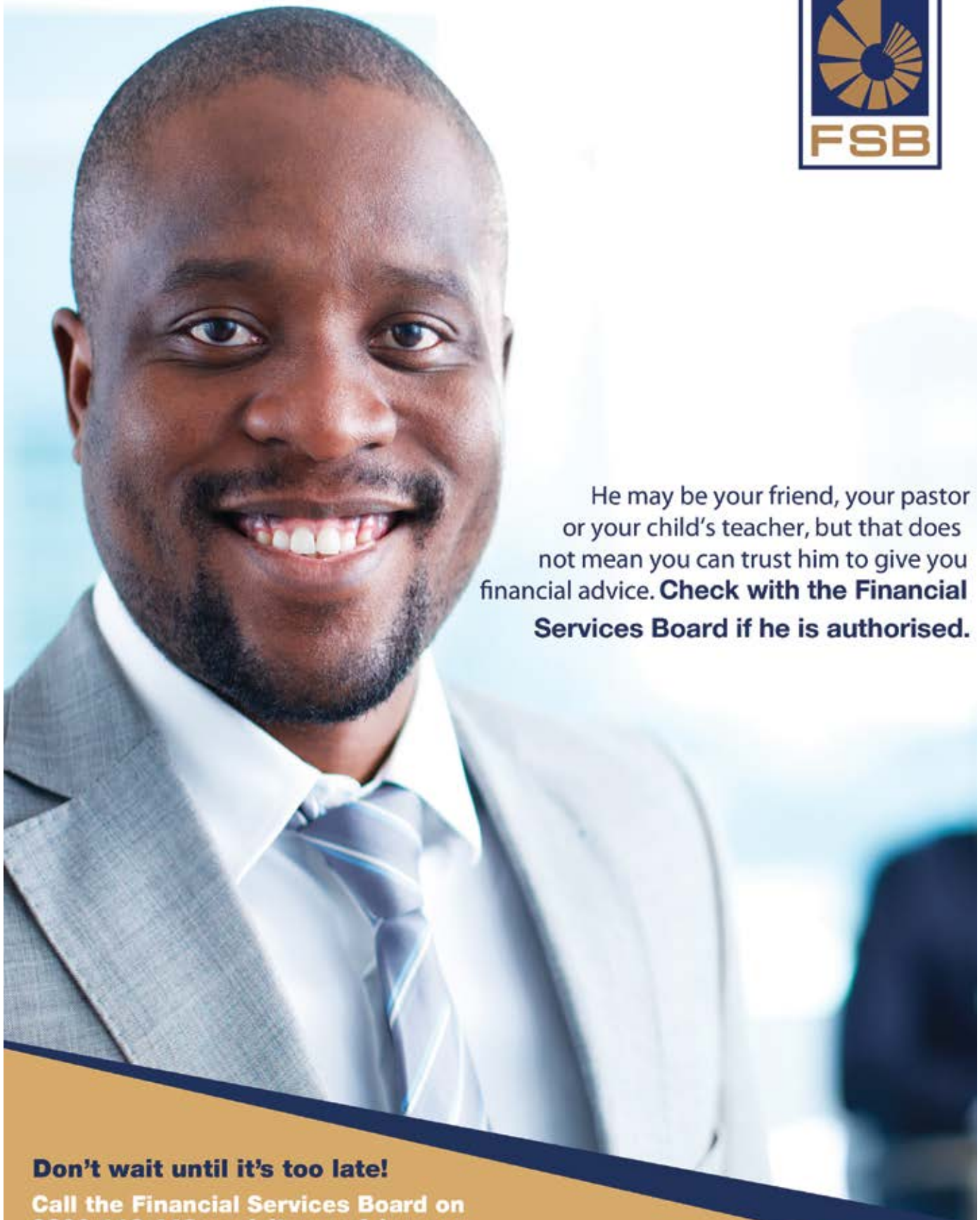
In conversation with
**CAROLINE
DA SILVA**



FSB continues to protect
consumers against unscrupulous
**FUNERAL SERVICE
PROVIDERS**

Reforming the financial regulatory landscape
WHAT'S NEXT FOR THE FSB?

- **Abel Sithole**
FSB Board Chairman



He may be your friend, your pastor or your child's teacher, but that does not mean you can trust him to give you financial advice. **Check with the Financial Services Board if he is authorised.**

Don't wait until it's too late!

Call the Financial Services Board on 0800 110 443 or visit www.fsb.co.za for more information.

The FSB is the regulator of the South African non-banking financial services industry.

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Reforming the financial regulatory landscape; WHAT'S NEXT FOR THE FSB?

"The nature and mandate of the FSB and the banks' regulatory arm of the South African Reserve Bank are set to undergo a significant change not too long from now."

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THE FSB BULLETIN is available on the Internet www.fsb.co.za



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FSB FOCUS

TCF implementation under way

"There is no single 'launch date' planned for TCF implementation. Instead, the FSB is in the process of introducing TCF into both its regulatory and supervisory frameworks."

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ONE ON ONE



I am the Deputy Executive Officer: FAIS, which means I am the Deputy Registrar of Financial Service Providers. I am also responsible for Consumer Education.

Caroline DA SILVA

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For some time now we have been talking about the shift to a Twin Peaks model of financial regulation, as part of the national government's broader financial sector regulatory reform agenda. As you may already know, the Twin Peaks model aims to transform the FSB into a Market Conduct Regulator, while the South African Reserve Bank (SARB) will become the Prudential Regulator of the financial services industry.

While the finer details of this transition are still being finalised, the FSB Bulletin will assist you to ensure that you are adequately prepared for the impending shift in focus and mandate of the FSB.



The idea behind this impending shift is for the FSB to protect customers of financial services (including banks) against unfair practices, and improve the way financial services providers conduct their business. The SARB on the other hand will focus on maintaining a more resilient and stable financial system in South Africa.

Currently, public comments on the Financial Sector Regulation Bill, a piece of legislation that will establish the Twin Peaks model, have been made. The National Treasury has organised workshops and the feedback is being considered.

When we started talking about the Twin Peaks model, I mentioned that moving forward, the demands of our work at the FSB will be even more challenging than in the

past 23 years. Having said this, I am confident that the FSB team will continue to regulate this industry as excellently and as professionally as they always have.

While the finer details of this transition are still being finalised, the FSB Bulletin will assist you - the institution's stakeholders - to ensure that you are adequately prepared for the impending shift in the focus and mandate of the FSB.

There have been other developments in the regulatory space that the FSB has undertaken in this period. These include the Financial Services Laws General Amendment Bill, which was assented into law in January this year, and the implementation of the Credit Rating Agencies Act. Both these developments are aimed at ensuring that South Africa's

financial services industry continues to be among the best regulated in the world. Key to this is that the financial regulatory regime remains solid. To this end, the FSB will continue to work with all our stakeholders to ensure that we continue to deliver on this mandate.

As always, the FSB Bulletin will continue its tradition of communicating factual and truthful information to you, and keeping you updated on all developments.

Adv Dube Tshidi
Executive Officer

Executive Officer





Editor's note

Welcome to the new look FSB Bulletin! As you may have gathered, our focus for this issue is on the impending shift in the mandate and regulatory scope of the Financial Services Board (FSB), known as Twin Peaks. Much has been said about this move, with some welcoming it while others have cast doubt on its suitability for the South African environment. In this edition we hope to give you, our stakeholder, the most comprehensive and accurate information regarding this move.

In this edition we hope to give you, our stakeholder, the most comprehensive and accurate information regarding this move.



Our feature article on page 10, by the Chairperson of the FSB Board, Mr Abel Sithole, will give you a detailed background to the Twin Peaks legislation, and the FSB's readiness for the move. We've also asked the Deputy Executive Officer for Insurance, Mr Jonathan Dixon - in his capacity as the

Chairperson of the Twin Peaks Implementation Committee - to answer what we believe are the most pertinent questions you may have about this regulatory model.

While Twin Peaks is our main feature in this edition, you will also find a number of articles looking at other regulatory areas that have been in the news recently. These include the regulation of Credit Ratings Agencies, debarments, and other enforcement matters. On page 28 we also profile our new DEO for FAIS, Ms Caroline Da Silva.

If you are one of those who have been waiting for a big 'launch date' for TCF, you will find Leanne Jackson's article on page 17 to be a particularly informative read.

I hope that you'll enjoy this issue, and that you'll send us any feedback you may have to editor.bulletin@fsb.co.za. We also welcome any articles that you would like us to consider for publication in the Bulletin.

Happy reading!

Tembisa Marele
Editor

FSB takes on the regulation of Credit Rating Agencies

Credit Rating Agencies (CRAs) are in the business of assessing the creditworthiness of governments, banks and other entities. They analyse information and publish their findings in the form of a credit rating. They play a vital role in financial markets, and their reports on individual corporates and entities like Eskom are used by investors when doing their analysis before making investment decisions. Investors broadly include banks, fund managers, pension funds and individuals. Although these agencies have operated unregulated in many countries (including South Africa), the need to regulate them has become apparent. Locally, this task has been assigned to the FSB. With effect from 17 December 2013 a person may not perform credit rating services or issue a credit rating in South Africa, unless that person is a registered credit rating agency.

Although the broad function of a CRA is that of providing consistently high quality, independently assessed and objective credit ratings, few people know just how these ratings are done.

Simply put, a credit rating is a tool used in the overall assessment of an investment opportunity. The public is continuously made aware of credit ratings through the media, particularly when these are changed through what are known as upgrades (credit rating has improved) or downgrades (credit rating has deteriorated). There are a number of classes of ratings provided by the agencies and the final outcomes differ from agency to agency. For example an "AA" rating on the South African national scale, which is applicable to South Africa only and is not comparable to another country, is very different and not comparable to an "AA" rating on the international scale. The international scale measures every credit rating done by that particular CRA in the world on a single equivalent scale. A local currency, (South African Rand) credit rating has a different meaning and generally a different outcome (for emerging markets) than that of the same country's foreign currency rating, which assesses debt paying ability in foreign currency, say, US Dollars. The rating of XYZ Limited could also be different to the rating of XYZ's bond issue.

The regulation of CRAs is a new development as agencies were not regulated before the 2007/08 financial crisis. At the time they enjoyed the privilege of legislation

requiring certain instruments to be rated high enough (investment grade) before pension funds, asset managers, banks and other regulated investors were permitted to transact. An investment grade is an acceptable, non-speculative credit quality and is a minimum quality standard set by the authorities before investors are permitted to make an investment in certain instruments.

The financial crisis prompted the G20 group of nations to commit to creating a globally-consistent regulatory framework for the credit rating industry. Interestingly they also instituted action to reduce reliance on credit ratings.

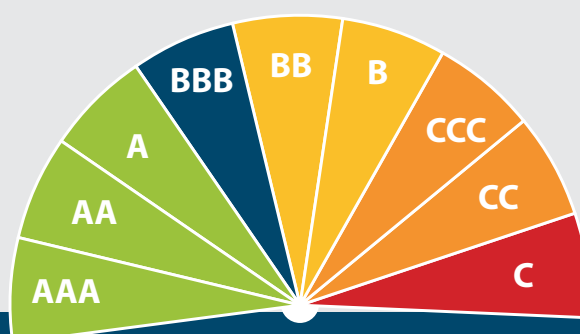
Regulation was instituted in South Africa as a result of an international requirement to observe the G20 (South Africa is part of this grouping) request to regulate and tighten control over credit rating agencies. The primary objective is for CRAs to become responsible for the ratings they issue regardless of the agency's geographical location.

The Credit Rating Services Act, 24 of 2012 (CRSA) was promulgated in Parliament at the beginning of 2013 and the FSB has been tasked with the responsibility of administering the legislation.

The objects of the Act are to:-

- ensure responsible and accountable credit rating agencies;
- protect the integrity, transparency and reliability of the credit rating process and credit ratings;
- improve investor protection;
- improve the fairness, efficiency and transparency of financial markets; and
- reduce systemic risk.

CREDIT RATING RISK SCALE



| Roland Cooper - Senior Specialist, Credit Rating Agencies

The scope of the legislation is referenced to the International Organization of Securities Commissions (IOSCO) Code of Conduct Fundamentals for Credit Rating Agencies and emphasises the quality and integrity of the rating process, CRA independence and the avoidance of conflicts of interest as well as CRA responsibilities to the investing public and issuers. The Act deals with the registration requirements, duties of a registered credit rating agency, liability and independence of a registered credit rating agency and the administration of the Act.

The object of the legislation is to foster responsible and accountable credit rating agencies. ”

The Act also requires agencies to disclose their corporate governance policies. They must satisfy the registrar that the applicant, its directors and employees comply with the prescribed fit and proper requirements to hold their positions of employ in the agency.

The Act applies to credit rating services performed in South Africa, credit ratings that are issued by credit rating agencies registered in South Africa and any person that performs credit rating services or issues credit ratings in South Africa.

The registration portal on the FSB website opened on 2 August 2013, and to date two agencies have registered. The FSB is still accepting applications for registration.

DMA lists companies under investigation

The Directorate of Market Abuse (DMA) of the FSB is investigating at least 21 listed companies for market abuse. The DMA has closed four of these cases and recommended enforcement action in one.

At its 30th quarterly meeting in March 2014, the DMA revealed a list detailing the current status of insider trading and prohibited trading practices investigations. It should be noted that these investigations are not into the affairs of the companies listed, but into trading in shares on the stock exchange.

Investigations are 'closed' once it becomes evident that no, or insufficient evidence has been obtained to warrant action in terms of the Financial Markets Act.

Investigations into the rest of the cases are ongoing, and will be concluded in due course.

The DMA is a committee of the FSB and is mandated to investigate, and in appropriate instances, take enforcement action in cases of market abuse on the financial markets.

Three kinds of market abuse are prohibited in South Africa, namely insider trading, market manipulation (prohibited trading practices) and false reporting relating to the affairs of a public company.

The DMA can refer cases of insider trading to the FSB's Enforcement Committee. In such cases the Enforcement Committee may order the alleged offender to pay to the FSB the profit made or the losses avoided as a result of the offending transactions, and an amount of up to R1 million plus an amount of up to three times the profit made or loss avoided.

These funds are distributed, after recovery of costs, to persons who may have been prejudiced by the offending transactions.

Market manipulation and false reporting cases can also be referred to the Enforcement Committee that can impose a penalty and a cost order on the alleged offender.

In addition, market abuse transgressions are criminal offences in terms of the Act. For that reason, the Director of Public Prosecutions may institute criminal action against any person.

It is not the function of the DMA to institute criminal prosecutions but it provides all information necessary to assist the Director of Public Prosecutions.

Since 1999, the DMA and its predecessor, the Insider Trading Directorate investigated a total of three-hundred-and-thirty-seven (337) cases. Two-hundred-and-fifty-nine (259) cases were closed because there was no, or insufficient evidence that the Financial Markets Act (or the now repealed Securities Services Act) was contravened. In 72 cases the DMA decided to proceed with enforcement action. The penalties imposed on offenders to date amount to more than R95 million.



| Solly Keetse - Head, Directorate of Market and Abuse

The penalties imposed on offenders to date amount to more than R95 million.



POSSIBLE INSIDER TRADING CASES

Security	JSE Code	Period	Case status
1. Afgri Limited (2)	AFR	2013-08-05 - 2013-08-08	Closed
2. Afgri Limited (3)	AFR	2013-09	Ongoing
3. African Bank Investments Limited	ABL	2013-04-12 - 2013-05-02	Ongoing
4. Ellies Holdings Limited	ELI	2013-10-15 - 2013-12-18	Ongoing
5. Exxaro Resources Limited	EXX	2013-04-29 & 30	Ongoing
6. Fountainhead Property Trust	FPT	2013-03	Ongoing
7. Huge Group Limited (3)	HUG	2013-11-26&27	Ongoing
8. MICROmega Holdings Limited	MMG	2013-07 - 2013-10	Ongoing
9. Phumelela Gaming and Leisure Limited	PHM	2012-09	Ongoing
10. Stefanutti Stocks Holdings Limited	SSK	2011-07	Ongoing

POSSIBLE PROHIBITED TRADING PRACTICES (MARKET MANIPULATION) CASES

Security	JSE Code	Period	Case status
11. ConvergeNet Holdings Limited	CVN	2008-11-03 - 2009-03-08	Ongoing
12. Fortress Income Fund Limited	FFA	2013-06-04	Ongoing
13. Harmony Gold Mining Company Limited (2)	HAR	2009-10 - 2009-11	Closed
14. Labat Africa Limited (3)	LAB	2010-01 - 2010-04	Closed
15. Miranda Minerals Holdings Limited (2)	MMH	2013-05&06	Ongoing
16. Octodec Investments Limited	OCT	2013-06-04	Closed
17. SacOil Holdings Limited	SCL	2013-11-26	Ongoing
18. Sallies Limited (2)	SAL	2008-07 - 2008-12	Ongoing
19. Sunflower September 2013	Sunflower	2013-06 - 2013-07	Ongoing

POSSIBLE FALSE OR MISLEADING REPORTING CASES

Security	JSE Code	Publication	Case status
20. Comair Limited	COM	Directors' dealings on 2013-11-05	Enforcement action
21. Harmony Gold Mining Company	HAR	Financial results for the quarter ended 2007-03-31, published on 2007-04-25	Ongoing

Reforming the financial regulatory landscape; What's next for the FSB?



| by Abel Sithole, FSB Board Chairperson

While there is a lot of talk about dropping of standards and cadre deployment, I have witnessed and been involved in some of the most unparalleled rigorous and transparent processes. ”

The nature and mandate of the FSB and the banks' regulatory arm of the South African Reserve Bank are set to undergo a significant change not too long from now. In all likelihood the FSB will cease to exist in its current form and become a new entity, with a different name and mandate.

This is as the National Treasury is reviewing comments on the Financial Sector Regulation Bill, 2013 - draft legislation that covers the first phase of a series of laws that will introduce the Twin Peaks model of financial services regulation.

The bill forms part of the broader reform of the regulation of the South African financial services landscape and would change the current financial services regulatory architecture into two authorities, one focusing on prudential supervision and the other on market conduct.

The bill proposes that the new Prudential Authority will reside within the Reserve Bank, and will be responsible for the oversight of the safety and soundness of banks, insurers and financial conglomerates. It proposes that the FSB should become the new Market Conduct Authority, with a mandate to protect customers of financial services firms, and to improve the way financial services providers conduct their business. This Authority will also be responsible for ensuring the integrity and efficiency of financial markets, and promoting effective financial consumer education.

The FSB has coped well with change in the past and will do so again. In its current form, the FSB is 23 years old. Until October 1990 when it was established as a corporate body, the FSB's functions were performed as part of the public service under a Minister, rather than being accountable to one as is now the case. Its mandate has evolved and the scope of its supervisory activities has greatly expanded from when it started operations in April 1991.

The reforms envisaged will change the current regulatory environment, but many things will stay the same – and hopefully change for the better. Looking back at the last 23 years, there are a number of fundamental things I believe are not likely to change in the organisation.

I have been involved with the FSB for more than half its life. My first involvement was in 1994 as a stand in for a member of the Pensions Advisory Committee, the committee I was appointed to as a fully fledged member some years later. After being a member of the committee for many years, I was given the honour to serve fellow South Africans and consumers of financial services in 2002. I was appointed to the boards of the Financial Services Board and the Policy Board for Financial Services and Regulation. The following are some personal lessons about the fundamentals of regulation that I believe have served the FSB well and are worth of carrying forth to its successor.

FSB MANDATE

The FSB has a broad but unglamorous mandate. It is tasked with the promotion, maintenance and preservation of a sound financial environment and efficient market for the benefit of investors and those who serve them. The FSB has a broad ambit, covering all financial institutions and the provision of financial services, excluding only the banking sector that the SARB supervises.

The FSB's mandate has evolved from supervising "exercise of control in terms of any law over the activities of financial services of financial institutions" and to advise the Minister accordingly, to supervising "the compliance with laws regulating financial institutions and the provision of financial services" and "promoting programmes and initiatives by financial institutions and bodies representing

The FSB's purpose is not to make life difficult for those it regulates, but to deal harshly with offenders. ”

the financial services industry, as well as "inform and educate users and potential users of financial products and services." The inclusion of consumer protection and consumer education in its mandate beyond prudential supervision and the broad scope of its reach, makes the FSB fundamental to the financial well-being of the country way beyond what is realised, appreciated and acknowledged.

Due to this lack of appreciation of the enormous scope of its responsibilities, the FSB is prone to harsh criticism either for

matters that are outside of its jurisdiction, or for errors that are minor compared to most of the good work done in the rest of the regulatory environment.

An important aspect of the FSB's mandate that is often misconstrued is that while its primary purpose is consumer protection, it must also promote, maintain and preserve a sound financial environment and efficient market by leveling the playing fields and protecting those who play by the rules from those who bypass, distort and break them. The FSB's purpose is not to make life difficult for those it regulates, but to deal harshly with offenders.

AS INSTITUTION

The FSB does not make laws, although it may help in drafting them. It can take legal action and bring matters for prosecution but it does not prosecute. It can investigate and establish wrongdoing but it does not pass judgment and must present its case to the courts of law with whose judgments it complies. It relies heavily on policy makers and the justice system.

The FSB regulates from the basis of the presumption of innocence. Its investigations do not constitute a presumption or a finding of wrongdoing, although wrongdoing can be established in the process. This means that it must be very thorough and circumspect when it conducts investigations to avoid besmirching and doing unintended harm to innocents. Its actions must avoid aggravating the situations it seeks to alleviate. Unless violation is clear and intended, the FSB endeavours to give errant institutions and providers the opportunity to rectify shortcomings. If the FSB has sufficient reason to believe that shortcomings are not rectified and non-compliance is malicious and detrimental to consumers, it takes appropriate action.

When the FSB takes action it must follow proper procedures in pursuing and presenting its case. It respects the rights and privacy of those involved. Often, this results in long drawn out cases as those involved exercise their legal and constitutional right of recourse. The FSB must not get personal. It must be diligent, exercise care and remain fair. Its decisions and actions are subject to review. For this reason, the FSB does not engage in public relations

skirmishes in the media. There has been growing and understandable concern at the length of time the FSB takes with certain matters, for example curatorships. In most cases, certain pertinent issues are either not appreciated or overlooked. The courts and not the FSB grant curatorships. The FSB can only request and provide reasons and evidence in support of its requests. Legal issues arising from curatorships are subject to constitutionally provided challenge and defense by those involved, lengthening processes. The FSB respects and cannot prevent people from exercising their rights.

REGULATION AND MANAGEMENT: REGISTRAR AND EXECUTIVE

There is a truism that is taken for granted but should be expressed more often with regard to public service institutions such as the FSB. While those who are entrusted with their governance, leadership and management are important, they are not the institutions. We are mere temporary custodians. At worst, we must leave these institutions as we find them, but hopefully we would leave them better than we found them for the benefit of those who come after us.

In my almost a decade and a half on the board of the FSB, I have been acutely aware of the transitory nature of the tenure of officials. I have served with three chairpersons and was directly involved in the appointment of three registrars, five pension funds adjudicators, two FAIS Ombuds and many more executives, board and committee members. We come and go but the institutions remain. We must commit to, serve and respect these institutions. If they are properly governed, led and managed, they do a great deal of good. But they can also do harm if they are not doing what they are meant to. Fortunately, at the FSB and associated institutions we have only enjoyed the former. This speaks volumes

The FSB must not get personal. It must be diligent, exercise care and remain fair. Its decisions and actions are subject to review.

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regarding the people concerned, but also speaks to another issue worth noting. While there is a lot of talk about dropping of standards and cadre deployment, I have witnessed and been involved in some of the most unparalleled rigorous and transparent processes. For example, the process to appoint the registrar, deputies and pension funds adjudicator entails publicly advertising the roles with the legislated minimum clear and objective requirements; short listing and interviews by a committee, comprising representatives of the Ministers, FSB board, FSB HR and often an external party which makes a recommendation to the FSB board; the board making a recommendation to the Ministers who make the decisions and sometimes seek support of cabinet. The CVs of all applicants and all the reasons for short listing and recommendations are made available. Now and again this process must be repeated. This has been at many times cumbersome, time consuming and frustrating but admirable and the results speak for themselves. The only concern with these processes where the law is not clear, is the scope for confusion regarding the reporting and accountability lines. I have always wondered if the same rigour and discipline are applied elsewhere in the public sector. After working for more than two decades in the private sector, I know it is not the case there.

REGULATORY ENVIRONMENT

Those who seek to take advantage of consumers will dislike the FSB. Their case is clear cut. The challenge comes with regard to those who conduct their affairs with the right intentions but make mistakes, take perceived gaps in legislation, and regulation or take a chance. Here the objective is to remedy and rehabilitate. Sometimes the calls for immediate justice ignore this reality, especially when failures occur. It is forgotten that the aim is to help them straighten up and not necessarily

destroy them, unless their deficiencies warrant it. The FSB is sometimes subjected to blatant onslaughts that undermine and question its integrity and that of its officials. This is not the same as legitimately holding the FSB and its officials to account, which is welcome.

The law and regulations are not all encompassing and flawless and there is the temptation to exploit weaknesses and gaps. The remedy is to tighten them up. Sometimes there are instances where common and conventional but incorrect practices become pervasive. Unfortunately, it is important to understand that no matter how widely used, common and conventional, incorrect practices do not constitute law and correct practice.

It is the nature of law and regulation to seek order and to set limits and boundaries to curb abuses and excesses. It is not to stifle legitimate activity. Laws and regulations should help those who do right and contribute to the welfare of society through their products and services. It is therefore critical to constantly assess if laws and regulations are a hindrance or a boost. For example, one of the key challenges facing the country is economic transformation and job creation. Entities such as the FSB cannot make any direct contribution in this regard. However, they must assess how – through the laws they enact and how they regulate – they can contribute to job creation and transformation, or at least not hinder it. Given their position, understanding and experience of the environment they operate in, they should find ways to put them to more use.

The push for a safer financial sector to serve South Africa better hankers to the beautiful edict of Batho Pele, translated into English as ‘People First’. For speakers of Sotho, Batho Pele can be translated to include a number of other related meanings such as people ahead; people before us; people that we face (those we are serving); or people go ahead or forward (if used as an exclamation). All these speak to the centrality of people in our work, efforts and endeavours. To use another Sotho saying, ‘Re sebeletsa sechaba – we work for the people and the nation.’

Twin Peaks legislation nears its final stages



| Jonathan Dixon - Chairman, Twin Peaks Implementation Committee

Public comments have been received on the bill that will introduce the Twin Peaks model of financial sector regulation, paving the way for a more resilient financial system and stronger consumer protection in South Africa.

The Financial Sector Regulation Bill is the first in a series of bills towards the implementation of the Twin Peaks model and it follows two policy papers that respond to lessons learnt from the 2008 global financial crisis: A Safer Financial Sector to Serve South Africa Better and A Roadmap for Implementing Twin Peaks Reforms.

FREQUENTLY ASKED QUESTIONS:

What is the Twin Peaks model of financial regulation?

The Twin Peaks model will see the creation of a prudential regulator housed in the South African Reserve Bank (SARB), while the FSB will be transformed into a dedicated market conduct regulator.

Why is it necessary for South Africa?

The implementation of the Twin Peaks model in South Africa has two fundamental objectives:

- to strengthen South Africa's approach to consumer protection and market conduct in financial services, and
- to create a more resilient and stable financial system.

The policy documents, A Safer Financial Sector to Serve South Africa Better and A Roadmap for Implementing Twin Peaks Reforms recognise that to support sustained economic growth and development, South Africa needs a safe and stable financial services sector that is accessible to all and sets out proposals to

achieve this. This was made more evident by the 2008 global financial crisis, which demonstrated the weaknesses of a light-touch regulatory system.

How is Twin Peaks going to work?

The prudential regulator's objective will be to maintain and enhance the safety and soundness of regulated financial institutions, in other words, the continued financial health of these institutions; while the market conduct regulator will be tasked with protecting consumers of financial services, and promoting confidence in the South African financial system. Structures will be in place to ensure proper communication between the two entities.



The following eight principles of commonalities between the two entities will also be adopted:

- Transparent
- Comprehensive & Consistent
- Appropriate, Intensive & Intrusive
- Outcomes-based
- Risk-based & Proportional
- Pre-emptive & Pro-active
- A credible deterrent to Misconduct
- Aligned with applicable International Standards

What will the key functions of the prudential regulator (SARB) be?

SARB will be responsible for both micro and macro-prudential regulation and supervision. Micro-prudential regulation aims to secure the safety and soundness of banks, insurers, financial conglomerates and financial market infrastructure. Macro-prudential regulation seeks to promote the stability of the financial system as a whole. The stability function will also look at crisis management and resolution.

What will the key functions of the new market conduct regulator (FSB) be?

The new market conduct regulator will focus on protecting consumers of financial products and services. The most vulnerable customers are retail clients who often lack the sophistication and information necessary to protect themselves from fraud, market

abuse or ill-informed advice. They rely on financial institutions and their representatives to look after their interests.

The new market conduct regulator will therefore oversee the market conduct of all financial services institutions, including banks.

Market integrity is seen as an essential foundation for Twin Peaks implementation. Regulating for market integrity, which will continue under the Twin Peaks model, typically involves setting and enforcing rules governing product disclosure, rules to promote orderly and efficient trading and price formation, rules to avoid market abuse and requirements to oversee the operation of exchanges and market infrastructure.

When will Twin Peaks come into effect?

The exact date of Twin Peaks implementation has not yet been determined. It is anticipated that a revised

version of the Financial Sector Regulation Bill will be tabled in Parliament in July 2014. Depending on final decisions with respect to the enactment, this may allow the Twin Peaks model to come into effect by the end of 2014.

The FSB and SARB are both currently busy with internal implementation plans to prepare for Twin Peaks coming into effect.

How will Twin Peaks change the way my business relates to the FSB?

Twin Peaks is designed to streamline interaction between the regulators and the financial services industry, with a more functional approach to regulation and supervision replacing the current industry silo-based approach. This will allow for a more centralised approach to certain supervisory activities (such as licensing) and consolidation of various aspects of regulation governing the financial services industry to remove duplication and improve efficiency.

Twin Peaks is designed to streamline interaction between the regulators and the financial services industry, with a more functional approach to regulation and supervision replacing the current industry silo-based approach.

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ENFORCEMENT COMMITTEE SANCTIONS

Vox Telecoms ex-CEO to pay R2 million fine

The Enforcement Committee has imposed a penalty of R2 million on Douglas Reed for contravening section 75 of the Securities Services Act by manipulating the share price of Vox Telecom Limited in 2008.

The Directorate of Market Abuse (DMA) had referred his case to the committee after Reed, who was chief executive of Vox Telecom, instructed the company's broker to purchase the company's "CFD's to maintain the market share price of Vox in times of weakness and thereby created the opportunity to purchase Vox securities on the market in such a manner that it manipulated the Vox share price".

The penalty was imposed by agreement and the DMA took several mitigating circumstances into account, including that the respondent fully co-operated with the FSB, accepts full responsibility, regrets his actions, and that the issuer of the security has taken action against him.

African Dawn ex-chief executive fined R1 million

The Enforcement Committee has ordered Jacobus Michiel van Tonder to pay an administrative penalty of R1 million for an offence relating to manipulation of the share price of African Dawn Capital Limited.

The Directorate of Market Abuse referred the case to the Enforcement Committee after its investigations revealed that Van Tonder had contravened section 75 of the Securities Services Act during the period September 2008 to October 2008, when he was chief executive officer of African Dawn.

Van Tonder admitted that he was involved in "trades that created a false or deceptive appearance of the trading activity in connection with the [African Dawn] share and the [African Dawn] share price was maintained at an artificial level".

The Enforcement Committee took several mitigating circumstances into account, including that the respondent co-operated with the FSB, accepted responsibility and that he regretted his actions.

ENFORCEMENT
SANCTIONS
LEGAL
FINES



My Lawyer Legal Assistance fined

The Enforcement Committee of the FSB has imposed a penalty of R200 000 on My Lawyer Legal Assistance (My Lawyer) for selling insurance policies that were not underwritten by a registered insurer.

The Registrar of Short-term Insurance referred the matter against My Lawyer to the Enforcement Committee of the FSB after it was found that during the period November 2011 to January 2014, the entity marketed and sold short-term insurance policies to members of the public, which were not underwritten by a registered insurer.

According to the order, the company had collected premiums for insurance relating to comprehensive legal advice, legal representation and litigation service, but did not pay those to a registered insurer.

"Instead, the respondent used the premiums to pay business expenses and settle claims, the order states."

This is in contravention of section 7(1) (a) of the Short-term Insurance Act, 53 of 1998.

As mitigating circumstances, the Registrar considered that My Lawyer has accepted responsibility for the contravention and My Lawyer's conduct and contravention of the Act was never deliberate or intentional and done *bona fide* based on research, consultations with industry experts and legal opinion.

Also, My Lawyer has put measures in place to rectify the contravention in that it is in the process of securing an underwriter for its insurance business.

1Time service provider employee penalised

The Enforcement Committee has imposed an administrative penalty of R10 080 on Justin Lovell after he admitted to an insider trading offence relating to 1Time Holdings Limited shares.

The Directorate of Market Abuse (DMA) had referred a case against Justin Lovell to the Enforcement Committee of the FSB for enforcement action.

According to the order, Lovell, who was employed by a 1Time service provider, knew of the fact that 1Time had decided not to take credit card payments and bookings from the public.

Privy to this information, he encouraged another party to sell their 1Time shares, therefore contravening the Securities Services Act, 36 of 2004 as this qualifies as 'inside information' under the Act.

The DMA took several mitigating circumstances into account when reaching the settlement, including the fact that the loss avoided as a result of the sale of shares was minimal, the respondent never appeared before the Enforcement Committee before this incident and that the respondent accepted responsibility for his actions and co-operated with the investigators.

Domicilium Consulting fined R50 000

The Enforcement Committee has imposed a fine of R50 000 to Domicilium Consulting after the company admitted to having disclosed policy information of a member of the public to a third party, an act which is in contravention of the General Code of Conduct for Authorised Financial Services Providers.

According to the Enforcement Committee order, Clive Rutherford, a director of the company, disclosed confidential information pertaining to insurance policies to a member of the public without proper authorisation from the policyholder.

"The contravention was as a result of a bona fide error on the respondent's part as he believed that valid authorisation had been given when in fact this was not the case," the order read, stating that this was taken into account as a mitigating factor.

Other factors considered when reaching the settlement included the fact that the respondent never appeared before the Enforcement Committee prior to this matter and that he had accepted responsibility for his actions and co-operated during the investigation.

ENFORCEMENT COMMITTEE

The Enforcement Committee is an administrative body that came into operation on 1 November 2008, and was created in terms of section 10(3) of the Financial Services Board Act, 1990.

The Enforcement Committee may impose administrative penalties, compensation orders and cost orders on respondents that are found to have contravened any law administered by the FSB.



TCF implementation under way

The FSB has put in place the groundwork for implementing the Treating Customers Fairly (TCF) outcomes and the programme will be rolled out incrementally.

This was communicated in the "TCF implementation update and baseline study feedback report", which was released in December 2013.



**| Leanne Jackson - Head,
Treating Customers Fairly**

There is no single 'launch date' planned for TCF implementation. Instead, the FSB is in the process of introducing TCF into both its regulatory and supervisory frameworks on a gradual, incremental basis.

Since publishing the TCF Roadmap in March 2011, the FSB has made considerable progress in implementing the milestones set out in it.

However, the sequencing and timelines of some of these milestones were affected in part due to the need to align the TCF roll-out with the roll-out of the broader "Twin Peaks" regulatory reforms, as well as due to re-prioritisation of some planned actions.

It was initially anticipated, that the first phase of legislation to implement the Twin Peaks framework would be in place by 1 January 2014, the date suggested in the Roadmap as the effective date for the enforcement of TCF.

Although the TCF principles will be included explicitly in future legislation, it is clear that existing legislative and regulatory frameworks already allow the application of TCF principles.

The FSB, in consultation with the multi-stakeholder TCF Regulatory Framework Steering Committee, is also in the process of identifying opportunities to enhance and align existing subordinate legislation to further support TCF delivery.

One of the focus areas of the overall TCF approach is on ensuring that fair outcomes are achieved across financial service value chains.

A commitment to TCF would require all regulated firms to take appropriate levels of responsibility for customer outcomes arising from the actions of all elements of their overall business model, including outsourcing and distribution arrangements.

Clearly the practical processes to ensure that TCF accountability is appropriately allocated between different players will depend on the business process concerned - but firms would be expected to be able to demonstrate reasonable steps they have taken to mitigate risks to customers arising from their business models.

Currently the FSB is increasingly referring to TCF-related objectives in the subordinate regulatory measures it issues, such as FSB board notices and directives.

Examples include references to fair treatment principles in the insurance Binder Regulations, Outsourcing Directive, and

the recent Directive addressing early termination charges on the happening of multiple causal events, as well as the draft provisions on advertising and marketing under the Collective Investment Schemes Act. Financial advisors are reminded that, although compliance with the spirit and rules of the Financial Advisory and Intermediary Services (FAIS) framework will go a long way in ensuring that they deliver TCF Outcomes, they should nevertheless carefully consider the relevance of a number of the questions in the self-assessment tool that go beyond technical FAIS obligations.

In particular, financial advisors should consider their relationship with product suppliers and the extent to which they demand TCF delivery from product suppliers as a prerequisite for recommending a supplier's products to their customers.

In practice, a material failure to deliver one or more of the TCF Outcomes will already constitute a breach of the obligation in the FAIS General Code to render services honestly, fairly, with due skill, care and diligence and in the interest of the client and the integrity of the financial services industry, and would therefore be actionable by the regulator.

A number of the more specific obligations in the FAIS General Code of Conduct, for example those relating to disclosure, suitability of advice, etc. are equally consistent with the TCF principles.

Where specific new requirements are introduced, these will always be preceded by appropriate consultation, but the general principles of TCF have been consistently communicated for a number of years, and the FSB therefore expects regulated entities to already be applying fair treatment principles in their overall business processes.



As it is at the moment, no regulatory change is required to enable the FSB to start taking TCF considerations into account in its supervisory approach.

Increasingly therefore, regulated entities will start seeing that the FSB has already begun asking questions about customer fairness outcomes (over and above checking compliance with specific rules-based provisions) when we carry out on-site visits or when we investigate specific business practices or complaints.

In summary, the FSB is already implementing TCF to a large extent, and will incrementally keep embedding TCF-related elements into our supervisory approach and regulatory framework.

Increasingly therefore, regulated entities will start seeing that the FSB has already begun asking questions about customer fairness outcomes.



Firms would be expected to be able to demonstrate reasonable steps they have taken to mitigate risks to customers arising from their business models.





FSB continues to protect consumers against unscrupulous funeral service providers

In January 2014, the FSB issued a warning to the public to be cautious when purchasing funeral insurance policies from nine entities under investigation, suspected of conducting financial services business illegally.



| Jacky Huma - Head, Micro Insurance

The Registrar of Long-term Insurance has warned the public not to conduct financial services transactions with Mitpo Building Society, an unregistered entity selling funeral policies in Mafikeng, North West province.

Nine other entities were requested to provide proof that the products they were marketing and selling are underwritten by a registered insurance company but had not done so by their given deadline. Mitpo failed to do so on several occasions and therefore it was concluded that it was running an unlawful financial services business.

In terms of the Long-term Insurance Act, a company that provides financial services must either be registered as a financial services provider or its policies must be underwritten by a registered insurer.

Some of these entities feel that the regulations are too onerous and at other times that they are working only to enrich insurance companies underwriting their policies and therefore opt to pocket the money themselves.

This is against the law.

Insurance is about risk. For example, a small funeral parlour operating in this manner, with about 1 000 people in its books can find itself having to bury 200 people at the same time. This might just prove to be a challenge as it might not have enough funds to meet this obligation.

Instead, if the policies are underwritten by a registered insurer, this would be possible as insurance companies have the capacity, minimum solvency requirements, ongoing compliance reports, capital and a risk profile to provide for that. The law imposes certain checks and balances to ensure that the insurer fulfils its obligations should such an event occur.

The Micro-Insurance Department therefore has a responsibility to oversee the market conduct of insurance companies that provide funeral insurance policies, which are classified as 'assistance insurance policies' in terms of the Long-term Insurance Act.

SIMPLIFIED REQUIREMENTS FOR REGULATION

In 2011 the National Treasury published a policy document setting out a regulatory framework for the micro-insurance sector. This is the sector that has people or entities operating as micro-insurers – usually small businesses themselves – supplying products which target mainly low income earners, and would therefore be in need of simplified requirements for regulation.

The purpose of the policy document was to have separate legislation which would govern the provision of micro insurance services, separate from the Long-term Insurance Act and the Short-term Insurance Act. The proposed legislation would target to bring such entities into the regulatory framework by crafting regulations specific to this group.

The Mico-Insurance Department was set up after the policy document was published in anticipation of this regulatory framework.

In light of the current National Treasury's financial sector regulatory reform, in particular the Twin Peaks model of financial regulation and the Treating Customers Fairly (TCF) principles, the regulatory framework will no longer be given effect through a dedicated Micro-Insurance Bill, but rather micro-insurance will be provided for in a new Insurance Act as well as cross-cutting market conduct legislation.

As it is currently, the Long-term Insurance Act provides for different classes of insurance policies and one of those is assistance

That's why we always stress consumer education so that people must know what to do and what not to do when purchasing a financial services product.



policies, which are supervised by the Micro-Insurance Department through conducting on-site visits as well as investigating compliance with respect to registered and unregistered insurance businesses.

FUNERAL PARLOURS IN THE FINANCIAL SERVICES SPACE

The core business of funeral parlours is conducting funeral services but they often find themselves taking on another role, collecting monies from consumers and providing cover in terms of these services. That is insurance business because consumers pay a premium for a guaranteed cover against a risk and therefore these parlours are operating in a financial services space.

A major problem with many funeral parlours is that they operate in the financial services

space without fully understanding the requirements of what is needed to operate in this sector and therefore do not meet the regulatory requirements.

As a result, if a funeral parlour markets or sells policies as part of its business, such policies must be underwritten by a licensed insurance company which meets these requirements. It is not illegal for a parlour to collect the premiums monthly or on a regular basis but those premiums would need to be remitted to the insurer. An administration fee or commission may be negotiated between the two parties.

Additionally, if the parlour sells the policies itself or offers financial advice then it would need to register and be licensed in terms of the Financial Advisory and Intermediary Services (FAIS) Act, as it would be deemed to be an intermediary.

We often find ourselves grappling to explain why funeral parlours need to be underwritten. It is so that they can be able to cover the risks, because even though some have a large client base and collect a lot of money, they are often unable to settle all the claims.

FSB ACCOMMODATIVE, PROTECTS CONSUMERS

When the FSB receives a complaint, an initial investigation is conducted. If it is found that the business operates in the financial services space, a letter is then sent to that entity to request documents proving it is operating lawfully.

The letter would also warn that if the entity does not respond within ten working days, a communiqué will be issued and published in the media to warn the public to be cautious when dealing with the errant business.

We try to accommodate them as much as possible and give them room to comply with the regulations. In some serious cases where the business book is large and

therefore posing a serious financial risk to the public, an urgent inspection may be requested. The inspection report would then indicate how many people will be affected and what urgent action should be taken.

The publishing of names is not only about warning the public against conducting business with the entity, but also to allow consumers to take steps to protect themselves.

The consumer can take a new policy with a registered entity and therefore be covered. Quite often the new insurer might waive the waiting periods in its contract with the consumer, depending on its own rules.

The public should know that any intermediary selling a product must be registered and must be able to produce a valid licence. The public can call the FSB to ascertain that the intermediary is indeed registered.

It's very easy to complain when dealing with a registered business and a consumer has a safety net against repudiation of their claims. We therefore stress education, not only to the consumers but also to the providers of these services, to know what is legal and what is not.

Unfortunately, it remains a challenge for us to warn the public during the initial investigative phase, that is until we have established that indeed the policies are not underwritten and that people are not responding to our correspondence. Policyholders can also be at fault, at times submitting fraudulent claims.

DETERRENT TO ERRANT BEHAVIOUR

It is important to note that the Registrar can decide at his discretion what course of action to take. After investigating, if an offending entity is registered, then the Registrar can refer the case to the Enforcement Committee of the FSB for sanction and/or to the South African Police Service and other law enforcement agencies for criminal investigations and prosecution.

The Enforcement Committee sanction acts as a deterrent against non-compliance. Often when the committee is satisfied that an entity shows remorse, has paid the penalty and is now compliant, the business will usually be allowed to operate.

It is at the point where the business has an underwriter that we feel confident that the business can continue to operate.

Entities which are above board are normally cooperative and so if there is a misunderstanding, the matters are resolved quickly.

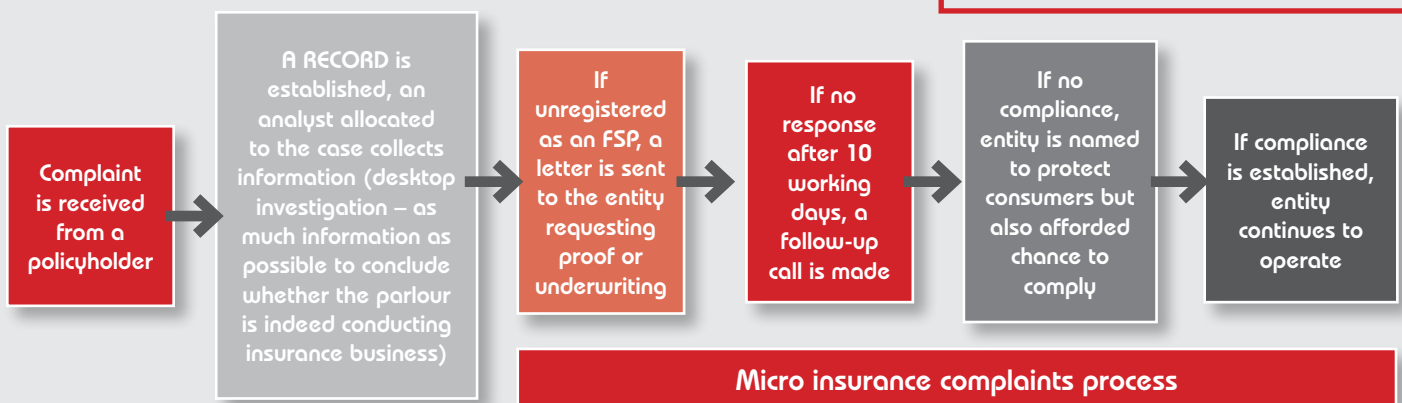
It is crucial to underline that the FSB only deals with regulatory contraventions and not contractual disputes between the policyholders and insurers. Such matters are referred to the relevant ombudsman.



LAYBY VS INSURANCE

*In an effort to alleviate the burden of a funeral, consumers, especially the elderly, often opt for what is termed, 'layby'. This is an option where a consumer pays in advance on a regular basis, such that should a person die, then the funeral parlour would provide the product. **Layby is not viewed as insurance.***

Insurance is when the parlour provides for specific plans and consumers are required to pay a premium regularly. There are rules, waiting periods, a contract in place, etc. and all monies are paid out should the eventual risk occur. Policies provided in this way need to be underwritten. However, unscrupulous service providers would then collect the premiums for these policies and save the money in their own accounts. Quite often, this is also used to cross-subsidise the owner's other businesses and at times they are unable to settle the claims made.



Debarment



| Louis Wessels -
FSB Legal Consultant

A decade since the promulgation of the Financial Advisory and Intermediary Services Act (FAIS Act), it can be said that the system is working well, considering the numbers involved, but the manner and fairness of debarments are increasingly being scrutinised.

Debarment of Representatives by Financial Services Providers

In the early days of industry consultation on the Financial Advisory Bill (predecessor of the Financial Advisory and Intermediary Services Bill), the broker fraternity was pleased to be told that the supervision of marketing agents was intended to be taken care of by the independent brokers who had contracted them.

This regulatory structure was necessitated by, on the one hand, the FSB not having the regulatory capacity to supervise the market conduct of the estimated 66 000 active agents in the field; and, on the other hand, the logic of making independent brokers responsible for the conduct of persons for whose actions they were in any event vicariously liable in law.

It was on this basis that the FAIS Act (Act 37 of 2002 which came into full operation on 30 September 2004) was eventually promoted in Parliament, accepted and promulgated into law. The relevant provisions (s 13 and s 14 of the FAIS Act) of the Act were never opposed by industry associations which actively participated in the debates before Parliament;

in fact, these provisions provided a statutory foundation to a long-established practice in the market place where the appointment and debarment of "representatives" by "authorised financial services providers" (FSPs) (these are the terms used in s 13 and s 14) were practised as a form of self-regulation (this practice was the so-called "S" – referencing of undesirable agents, a blacklisting system by members of the Life Offices Association, which effectively ousted such agents from industry).

Debarment must be effected for the purpose that it was designed for – to prevent persons who are not fit and proper from rendering financial services – and not for ulterior motives such as self-interest or retaliation.



The number of representatives has since grown to approximately 124 000. With the FAIS Act in its tenth year it can be said that, considering the numbers involved, the system is working well. However, it is disconcerting that a substantial section of the FSB's FAIS Department should be occupied by having to deal with an inordinate number of debarments and a concomitant increase in complaints of debarred representatives at the manner and fairness of their debarments (s 14A, being a debarment by the Registrar and a later introduction into the FAIS Act, is not the subject of discussion here; nor has this provision been as controversial as s 14(1) debarments).

In almost all cases of complaints received, the FSB has been prevailed upon to exercise its authority to intervene and overrule debarments inflicted upon representatives by FSPs. Often too, representatives have taken recourse to court, joining the FSB as second respondent. Speaking generally, the FSBs position in the latter instances was to abide by the judgment of the court unless an order was sought against the FSB, other than to adjust its central register of representatives, if the representative's application against the FSP was successful.

The FSB has consistently adopted the following views (based on its interpretation of the law) when approached to review debarments by FSPs, or joined in court applications brought against it.

These views are respectfully expressed, mindful of the fact that in legal opinions presented to the FSB, as well as in applications to court, differing views have been advanced. Mention should also be made of a court judgment delivered in the Eastern Cape Division in which the FSB was actually ordered to restore the name of a debarred representative to the central register (The FSB's application for leave to appeal this judgment is still pending). Furthermore, apart from many communications emanating from the FSB in individual cases of s 14 debarments, guidelines on the debarment process have been published for general information, the latest dated 5 November 2013 to be found on the FSB website: www.fsb.co.za.

a. The wording of Section 13(2)(a) and (b), as well as that of Section 14(1)

and (2), is imperative as far as FSPs are concerned. Having itself gone through the process of suitability testing in terms of Section 8, it must subject its elected representatives to the same requirements of honesty and competency and supervise their conduct on an ongoing basis. If a representative no longer complies (as postulated by Section 14(1)), the FSP must embark on the debarment process.

In almost all cases of complaints received, the FSB has been prevailed upon to exercise its authority to intervene and overrule debarments inflicted upon representatives by FSPs.

- b. Debarment must be effected for the purpose that it was designed for – to prevent persons who are not fit and proper from rendering financial services – and not for ulterior motives such as self-interest or retaliation.
- c. It has yet to be decided conclusively that the Promotion of Administrative Justice Act (PAJA) (Act 3 of 2000) applies to this type of debarment. Yet the FSB believes that the process of debarment should likewise be fair and reasonable and afford an opportunity to the representative to be heard, e.g. by way of a properly conducted disciplinary inquiry.
- d. There is a glaring absence in the above provisions, of any authority, right of veto, revision or obligation afforded to or imposed on the Registrar, either in the appointment or debarment of a representative. The Registrar will only know of the engagement of the representative if informed by the FSP in terms of the conditions of its licence; and of the representative's debarment if,

after the event, the FSP has advised the Registrar of such debarment.

- e. Although not specifically stated in Section 14(1), the only sensible interpretation of the provision is that a debarment may be effected even after the severance of the contractual relationship between the parties, as long as the reason for the debarment occurred during the relationship and the FSP has initiated the debarment on becoming aware of such reason. This would prevent the situation of the representative pre-empting a debarment by resigning or avoiding disciplinary proceedings.
- f. A debarment is complete when the FSP has withdrawn the representative's authority to act on its behalf; and has removed the name of the representative from the FSP's own register kept in terms of Section 13(3). The central register kept by the Registrar in terms of Section 13(5) is thereupon updated electronically or by the Registrar's office noting/recording the debarment (then complete) on the central register on being advised of the debarment.
- g. After the event actions of the FSP informing the Registrar of the debarment and the reasons therefore (s 14(3) (a) and the submission by the FSP of the debarment notice to the Registrar's office), the Registrar adjusting the central register, and publicising the debarment (s 14(3)(b)), are neither stated nor intended to be administrative acts on the part of the Registrar, which require due process under PAJA. These actions have different objectives, none of which is aimed at enabling the Registrar to review the debarment.

The FSB is watching developments and will certainly be guided by authoritative judgments on this vexed issue. The solution does not lie in the FSB increasing its capacity so as to undertake all debarments itself, which is practically impossible, but rather in the financial services industry making self-regulation work as originally intended.

| Louis Wessels is an independent legal consultant to the FSB.

Instilling a culture of Treating Customers Fairly

| Elana Honiball, Head of Compliance at Masthead

The financial services industry is gearing up for the implementation of the FSB's outcomes focused regulatory approach, Treating Customers Fairly (TCF), and many in the industry are already including this approach in their business models.



According to the FSB, TFC seeks to ensure that specific, clearly articulated fairness outcomes for financial services customers are demonstrably delivered by regulated financial institutions.

This approach will require regulated businesses to consider their treatment of customers at all stages of their relationship with the customer, from product design and marketing, through to the advice, point-of-sale and after-sale stages. Businesses will ultimately be required to demonstrate, through management behaviours and monitoring, that they are consistently treating customers fairly throughout the stages of the product life cycle to which they contribute.

In layman's terms, TCF aims to help customers fully understand the features, benefits, risks and costs of the financial products they buy, and to minimise the sale of unsuitable products by encouraging best practice before, during and after a sale.

Currently, the two most frequently asked questions in the industry are: 'What do I need to do daily to implement TCF?' and 'How can I show that I'm treating customers fairly?'

To answer these, one should keep in mind that TCF is an enforceable principle

rather than a law. The basic thrust of TCF is that all financial services firms must have procedures in place to ensure they can treat ALL of their customers fairly in ALL of their dealings, both current and future.

Certain actions in light of TCF are more obvious, such as ensuring all documentation is clear, simple and in plain English. Advertising should clearly display all charges, providing a transparent and fair fee-charging structure. In addition, all advisors should have the appropriate qualifications and be able to competently perform their roles.

One less obvious action in terms of TCF is to set in place a structure that ensures that businesses can actively learn from complaints and take all necessary measures to reduce the likelihood of the same complaints reoccurring.

So, the answers to the above questions do not entail re-inventing processes. Instead, consider your current processes, as prescribed by the General Code of Conduct, and re-visit these from a customer's point of view.

Establish how appropriate your service is to all your customers before making a recommendation to ensure it is in line with their knowledge and experience. In addition, ensure that product and risk information remains clear and prominent at all times.

Aim to understand the needs of your customers so you can keep them fully informed in a clear and fair manner without misleading them. Ensure your customers understand and are reminded of the risks associated with the products that are recommended and selected.

Also respond in a timely manner to your current - and prospective - customers' questions and queries by promptly addressing any issues or concerns.

While a customer may express satisfaction at your effective sales and efficient administration processes, this does not mean the customer was treated fairly.

Certain actions in light of TCF are more obvious, such as ensuring all documentation is clear, simple and in plain English.



IN PRACTICAL TERMS, FOR THE DIFFERENT AREAS OF YOUR BUSINESS, TCF ENTAILS:

- Ensuring that promotional material is clear, compliant, jargon free and appropriately targeted
- Assessing customer complaints fairly, promptly and impartially
- Encouraging staff to recommend service improvements after customer complaints and to monitor the outcome
- Ensuring that staff members are appropriately trained in terms of competence, data protection and other matters that directly affect the quality of service offered to clients
- Implement regular training in the principles of TCF at all levels of the business.

If a product is mis-sold, then fairness has not been achieved. The customer may only become aware of this in the future.

As part of their overall risk management, businesses should identify potential gaps in their TCF practice and develop procedures and checks to fill them. These could include setting a TCF culture and strategy, the advice and sale process, flow of information, record keeping, dispute resolution, staff training, management

Aim to understand the needs of your customers so you can keep them fully informed in a clear and fair manner without misleading them.

information and assessment of TCF non-compliance.

These areas are not definitive, nor are they rules. They will need to be adapted for your particular business. They are also not complete, as TCF will constantly evolve.

TCF is about instilling a particular culture in your business, namely to conduct business in a way that will help ensure that customers get fair treatment. When this is achieved, the FSB's fairness outcomes should follow as a matter of course and we will all enjoy greater consumer confidence in the financial services industry.

TCF DOES NOT MEAN:

- creating satisfied customers: a satisfied customer could still be treated unfairly and not know it
- that every firm must offer an identical level of service. Businesses have different resources and different ways of doing things
- that the regulator has the final say on which products consumers should want or be advised on
- that clients are no longer expected to make or take responsibility for decisions.

Advisors positive about industry future

| Ian Middleton, Managing Director of Masthead

Every industry must pass through stages of growth to reach maturity. The financial advice industry is no different. Unfortunately some of the stages are painful, but there are ways of dealing with the discomfort until the end goal is attained with its benefits and rewards.

Independent advisors have endured significant pains over the past decade, mostly due to the impact of changes in legislation on them and their businesses. Yet, in spite of the changes – and the current economic situation – independent financial advisors are confident of their future, according to the findings of a Masthead survey among its members. This is indeed encouraging, as quality advice contributes to the financial well-being of consumers and, ultimately, the health of the South African economy and society.

In the survey, three quarters of the responders revealed that they are positive

about their future in spite of facing strong headwinds. More than 84% said they intend to remain in the advice industry for at least the next five years. These results indicate a wholesome level of optimism in the advisor community and, by implication, that advisory businesses will exist for the medium to long term.

The Masthead survey sheds further light on these areas, with commission regulation ranking as their top concern. Around the world, regulators are moving to limit or even ban certain financial product commissions while, locally, there are an increasing number of options being offered to

consumers where they can access financial products with no commissions or rebated commissions.

COMMISSION CHANGES

With the first indications of the regulators' thinking on commission in South Africa already being signalled, many advisors view this as the writing on the wall. Those advisors who rely on commission recognise that they will struggle with business sustainability should commission, especially in respect of long-term insurance risk business, no longer apply. After all, their business models have been built on commission-based remuneration models.



Without a doubt, it is challenging to implement a new fee-based model. While it is easier to discuss with consumers the fees that relate to investment business, broaching the same subject relating to risk insurance can be tricky. Consumers are not accustomed to paying for financial advice; fee-for-service has never been part of the long-term financial services landscape.

But, research shows that consumers who receive financial advice are better off than those who don't. It is therefore important that consumers understand the benefits of having financial plans in place and that advisors clearly highlight the value they add to a consumer's financial affairs.

While many advisors have already moved ahead and successfully implemented fee-charging on investment business, very few have done so in respect of other lines of business. In Masthead's view, implementing a business model with a billing structure where fees are based on time and advice in line with traditional professional service models has still a way to go before it is universally embraced by consumers and advisors.

There are solid business benefits to fee-based advice, including the ability to build capital value in financial advisory businesses. Should the South African regulators follow their offshore counterparts and do away with commission on investment business, we do not believe the impact on advisors or consumers will be significant.

The investment market has effectively been operating this way for a number of years. Formalising a fee-based regulatory

environment across all types of investments (i.e. life and non-life wrapped) would, however, level the playing fields and do away with arbitrage between different investment vehicles. If this helps to promote the view that independent advisors are impartial, genuinely independent and free from any influence, then we welcome such a move.

On the downside though, if commission was to be banned on risk business, consumers may be required to pay a higher fee for advice, as advisors look to compensate for the lost income streams of commission.

It will also result in advisors assessing whether it is economically viable to operate in certain customer segments. If advisors choose not to do business in certain segments for sustainability reasons, millions of consumers may be left without access to objective advice. And, the direct insurance operators will not, in our opinion, be able to plug the gap.

INCREASING ADMINISTRATION



Advisors' second largest source of pain is the increasing administration burden on their businesses. Over the years,

an increasing portion of administration has shifted onto advisory businesses, which was previously performed directly by the life and investment companies with whom they do business.

Furthermore, the legislative framework of the Financial Advisory and Intermediary Services Act of 2004 (FAIS) places a heavy burden on advisory businesses in terms of the time and effort required to make their businesses compliant and to keep them compliant.

Compliance is costly and the rising cost of compliance is a very real threat, especially to small, independent financial advisory

businesses. In addition to the monetary cost, these advisors, who are often one-man-shows or employ one assistant, spend more time on administration and compliance-related tasks than before and therefore have less time to see clients.

The danger is that costs may force these advisors to forego their independence and move back into a corporate advice environment or even exit the industry. Alternatively, some advisors may make short-term decisions to save costs and decide to take on the compliance functions themselves.

Since compliance is not their core business, they often find that there is no real saving and even worse, that they end up inadvertently breaking the law. This may significantly increase risks in their businesses and therefore potentially compromise their customers.

As onerous as it is, compliance has advantages. Besides being secure in the knowledge that one's business abides by the law, risks are managed and the application of ethical standards creates a positive work environment. Clients are more likely to build a relationship of trust with a compliant and ethical business. Businesses that have a superior approach to compliance can convert this, as an investment, into a sustainable competitive advantage.

COMPLEXITY OF REGULATION

Advisors ranked their third top 'pain' as the volume and complexity of regulation. We are well aware that local regulators are on their way to creating a financial services industry in line with developed world standards.

This is why the level of advice has been substantially raised over the past ten years. Advisors now have a minimum bar from which to operate, which is comparable with the financial environments in Australia and the UK.

The industry is being cleaned up, consumers have greater protection than before and financial advice is viewed as more professional. Financial planning is something that young people can look to as a career option. All these changes have been cautiously welcomed by both the advice industry and consumers.

To get it to this professional level, however, advisory businesses have had to do a lot of introspection and bring about much change in their businesses. It's not uncommon for them to have had to document, implement and regularly update more than 20 internal business policies and procedures.

The industry is being cleaned up, consumers have greater protection than before and financial advice is viewed as more professional.



In turn, these actions also generated their own streams of work, such as client communication, staff training, the monitoring of plans and the creation of an audit trail of changes. The advice industry has full expectations that, going into the future, regulation will continue to increase, bringing with it the necessary, but not well-liked, accompanying administration. The call therefore from advisors is that regulation is appropriate, cost-effective and easy to implement.

In light of the extensive requirements, it has become impossible to run an advisory business and remain abreast of all regulatory changes without help. Small and even medium advisory businesses' only viable choice is to outsource the compliance function to experts in this field.

This not only helps to reduce risk in the business, but it also frees up time. For similar reasons of risk, administration and time, it has also become vital for advisors to incorporate technology and automate their processes as far as possible.

APPLYING DIFFERENT SKILLS

Many advisors, most of whom have operated in the industry for decades, started out as salespeople. Yet, today, they are expected to build and run sustainable businesses. This requires advisors to change the way they think and redefine how they do business.

They also need to allocate at least 20% of their time to work on strategy and to implement their business plans. This includes setting realistic goals, remaining focused, as well as tracking and measuring business success.

BUSINESS CONTINUITY

Advisors' other pains are client related, specifically in finding new clients and retaining existing clients. This highlights the importance of identifying the right target market and ensuring their value proposition remains relevant for clients in a highly competitive market. It also means communicating appropriately and, where necessary, embracing new communication channels such as social media.

While advisors do not think of succession planning as a 'headache', they recognise its importance. In the interests of business sustainability and to avoid interrupting clients' financial plans, Masthead encourages advisors to identify a successor early on because a successful transition of a financial advice business cannot be done overnight. There should be enough time to train a successor and for clients to get

to know the successor so the handover is smooth at the time of the advisor's exit.

REACHING MATURITY

While the advice industry's growth to date may have entailed a steep and sometimes painful curve for independent financial advisors, the old adage 'no pain, no gain' should be kept in mind. Advice industries in other countries have undergone the same process and have come out with positive results. We are confident that the South African advice industry will undoubtedly do the same.

Masthead is proud to have assisted independent financial advisors to deal with the industry's growing pains and offer the right relief to its members for almost a decade. We are pleased that the majority of advisors are committed to facing the challenges posed to them thus far and that they are positive about their roles, their businesses, their clients and their long-term futures in the industry.

In fact, advisors clearly stated in the survey that they enjoy their independence and take pleasure in offering their clients a choice of products and services. Therefore as they continue to build their businesses around pleasing clients, the advice industry will experience stability.

Then there are the rewards that come with a maturing industry. Consumers begin to recognise the industry as a provider of world-class advice and this helps to build much-needed trust and confidence in the industry. Advisors operate sustainable advisory businesses in which risks are well managed and that delivers long-term value to clients. And lastly, consumers have ongoing access to objective advice where their interests are protected.

Consumers begin to recognise the industry as a provider of world-class advice and this helps to build much-needed trust and confidence in the industry.





Caroline DA SILVA



WHAT EXACTLY IS YOUR ROLE AT THE FSB?

I am the Deputy Executive Officer: FAIS, which means I am the Deputy Registrar of Financial Services Providers. I am also responsible for Consumer Education.



HOW IMPORTANT IS FAIS IN THE REGULATORY SPACE – WHAT DOES FAIS DO TO PROTECT CONSUMERS?

FAIS, for the first time in the history of financial services, introduces a level of professionalism into the industry and sets Codes of Conduct for the behaviour of advisors and intermediaries. This not only protects and enhances the integrity of the industry but protects consumers by ensuring that they receive advice and intermediary services from properly qualified individuals that abide by appropriate rules which are all designed to ensure the customer is treated honestly and fairly.

WHICH STAKEHOLDER GROUPINGS DO YOU WORK WITH MOSTLY?

We work right across the board, with insurers, brokers, advisors, intermediaries, banks, investment managers, administrators and anyone really involved in the distribution of financial products.

WHAT ARE THE CHALLENGES YOU ARE FACED WITH IN THIS NEW POSITION?

My greatest challenge has been that although I have been in the industry for 27 years and held some senior positions, my experience is almost wholly dedicated to insurance. FAIS covers the entire financial services industry so I have a lot to learn about non-insurance financial services. I do think though that my experience in the industry stands me in good stead.

WHAT DOES TREATING CUSTOMERS FAIRLY (TCF) MEAN TO FAIS?

Treating Customers Fairly is an outcomes based approach to regulation and I believe FAIS is quite advanced in this respect in that it has already built the fundamental principle of treating customers fairly into the law. The General Code of Conduct, for example, states a provider must at all times render financial services honestly, fairly, with due skill, care and diligence and in the interests of clients and the integrity of the financial services industry. These fundamental principles will over time be built into all laws and will be the foundation of the approach for market conduct supervision in future.

WHAT ARE THE TCF PITFALLS ENVISAGED IN TERMS OF ITS IMPLEMENTATION AND HOW DO YOU PLAN TO GO AROUND THEM?

If you look at the definition of FAIS that I set out above, you will see that fair treatment becomes very much a judgement call and the customers' idea of fair versus the financial services provider's idea of fair may differ. It is getting customer fairness built into the very culture of business and supporting this by building all the principles into law that will be a complex journey. I do think though that FAIS sets a very good foundation to work from.

PERSONALLY HOW DO YOU COPE WITH THE TRANSITION FROM BEING THE REGULATED TO THE REGULATOR? I.E. FROM THE SOUTH AFRICAN INSURANCE ASSOCIATION/ MUTUAL & FEDERAL TO THE FSB?

The transition for me has been quite easy, I suppose because even while I was in the industry I saw regulatory change as a strategic driver. Understanding regulation, anticipating how business models of competitors would change, knowing how to respond to regulation in such a way that it gave competitive advantage, was always a focus for me. I have said many times that regulation was often a catalyst for change, but that change was really just good business practice.

Twelve years of Consumer Financial Education in South Africa

| Lyndwil Clarke - Head of Consumer Education

The Consumer Education Department (CED) celebrates 12 years of offering financial education to South African consumers this year. The CED was established in 2002 in accordance with the FSB Act, 97 of 1990 as amended in the Financial Services Laws General Amendments Act, 2013. The Act mandates the FSB to: "provide, promote or otherwise support financial education, awareness and confidence regarding financial products, institutions and services."

The long term vision of the FSB's consumer education strategy is to empower all South Africans to manage their personal and family financial matters soundly and to eradicate reckless spending. The strategy also aims to encourage consumers to check whether their financial services providers are authorised by the FSB to conduct business and if these companies are not authorised, consumers should report them to the FSB.

This will help in the fight against financial institutions that aim to scam the poor, vulnerable, youth and elderly of their hard earned money. The CED also advises consumers of their rights and responsibilities, as well as informs them of recourse mechanisms (who to go to or complain to).

The CED continuously aims to improve the financial literacy levels of all citizens. It does this by conducting workshops, giving presentations, holding exhibitions and promoting the financial development of teachers and youth. The CED also undertakes community and commuter education, brochure development, translation, producing advertorials in community newspapers and conducting radio interviews on a range of topics. Furthermore, it consults widely with the experts in industry, government and the

community to assist consumers to make the most of their finances.

Through the CED, the FSB is recognised as a leader in the field of financial education, both nationally and internationally. This is evident in the regular invitations it receives from the Organisation for Economic Development (OECD) and other international organisations to share its knowledge and experience.

Accomplishments include the following;

- The release of the results of a National Baseline Survey undertaken in 2012. This survey measures the financial literacy levels of South Africans across four domains, namely Financial Control, Financial

The long term vision of the FSB's consumer education strategy is to empower all South Africans to manage their personal and family financial matters soundly and to eradicate reckless spending.



Planning, Choosing Financial Products and Knowledge and Understanding of Financial Products.

- The Money in Action resource which is Curriculum Assessment Policy Statement (CAPS) compliant which has been approved



by the Department of Basic Education (DBE). Over 54 000 copies were distributed to Grade 7 to 9 teachers in public schools.

- A flagship, interactive consumer education website, known as www.mylifemymoney.co.za. This website which boasts a fun and friendly mascot and brand identity, includes financial tips, the financial implications of key life events, blogs, one question polls, financial literacy quizzes, frequently asked questions, a glossary, free online calculators and a free downloadable budget template to name but a few.
- The FSB partnered with the South African Institute of Chartered Accountants' (SAICA's) Thutuka programme in the delivery of financial literacy workshops for black Grade 12 learners as part of their winter camps. The workshops reached approximately 1 000 learners and focussed on basic money management and making smart money choices. The project proved such a success that the FSB will be involved in other projects in 2014 such as 'train-the-trainer', presentations at the girls camp and Economic and Management Services (EMS) teacher development programmes. The FSB will also continue its involvement in the winter camps.

We are well aware of how things can go wrong for consumers and the CED assists consumers to avoid potential financial disasters by providing them with financial information. This is done in order to help consumers make better financial choices which may significantly affect their financial future.

The CED conducts workshops, presentations, exhibitions and promotes the financial development of all South Africans.



FOR MORE EDUCATION INFORMATION

If you would like one of the CED staff to present a **WORKSHOP** in your community, or at your school, church, work, entrepreneurs day or careers day exhibition, free of charge, call **012 428 8109** or email: Lyndwill.Clarke@fsb.co.za

For **COPIES** of brochures, booklets or leaflets call 012 367 7146 or email: Loshini.Govender@fsb.co.za

For **FORMAL EDUCATION** enquiries call Tammy Peyper on 012 367 7148 or email: Tamrynne.Peyper@fsb.co.za

For **COMMUNITY RELATIONS ENQUIRIES** call Elliot Modisa on 012 422 2838 or email: Elliot.Modisa@fsb.co.za

For **MEDIA ENQUIRIES** call 012 428 8109 or email: Lyndwill.Clarke@fsb.co.za

WEB ENQUIRIES call 012 428 8123 or email Alicia Pillai on CED.Consumer@fsb.co.za

Letters can be addressed to:

Head of Department: Consumer Education

P O Box 35655
Menlo Park
0081
South Africa

Or fax: 012 346 5651

For more information visit
www.fsb.co.za

To **CHECK** if your financial services provider is **AUTHORISED**, call the FSB toll-free on 0800 20 2087 0800 11 0443 or email info@fsb.co.za

To report **UNETHICAL** financial activity in the financial services industry call **Tip-Offs** anonymous on **0800 313 626** or email: **fsb@tip-offs.com**

Do you consider yourself financially literate?

How financially literate are South Africans really? The answer to this question has become more critical in the face of the increased need for more financially savvy consumers. To answer this question and to calculate a national score for South Africans, the FSB determined that a study would need to be undertaken which would provide reliable data.

The Human Sciences Research Council (HSRC) was commissioned by the FSB to conduct a baseline study of the financial literacy levels of all South Africans. The research contained in this study is based on a pilot survey carried out by the Organisation for Economic Co-operation and Development (OECD) in 2010.

The results of the baseline study give us rich and composite data on how South Africans save, manage their budget, spend, borrow and plan for their financial future. Financial literacy is not only for the poor and uneducated.

"Even the educated can get themselves into financial trouble if they do not have a proper understanding of financial concepts, products and the awareness of common debt traps," says Lyndwill Clarke, Head of Consumer Education at the FSB.

The results of this baseline study confirm that South Africans display low levels of financial literacy. When we look at the hardships that many households experience on a daily basis, the results highlight how important it is to give people the information and resources they need to make sound financial decisions.

The baseline study eliminates the 'one-size-fits all' approach in taking financial literacy programmes to South Africans. This has enabled the FSB and its stakeholders in the financial sector to take the message to consumers of the need for financial control, proper financial planning, being able to choose financial products as well as improving their knowledge and understanding of the financial industry.

With substantial supporting facts and figures, the FSB can gain support for and implement structured programmes to targeted groups. We hope to make a dynamic mind-shift within the years to come and will use this study to benchmark our progress.

Subsequent to this study, regular studies on the status of financial literacy of South Africans will be conducted and the results will be made available on the FSB's website (www.fsb.co.za). The data from these studies will assist stakeholders to determine the natural impact of financial literacy initiatives. A full update on the baseline study will be conducted on a five year basis.

"The FSB is dedicated to consumer education and our mission is to provide South Africans with the knowledge, skills and tools necessary for financial success throughout life. We hope that this study can be used by all our stakeholders to assist them and ourselves with the task ahead," Clarke says.

The overall score of the financial literacy levels of South Africans

Key facts and figures

- One-third of South Africans are reliant on other people for financial management
- 49% of South Africans are finding it difficult to pay all their expenses and bills in one month
- 41% of consumers rely on borrowing money or food from friends or family
- Only one-third of consumers cut back on their expenditure in order to make ends meet
- Two-thirds of all consumers will not be able to cover their expenses for three months in case of an emergency
- 56% of the population will not have enough money for retirement
- 55% of the population hold no investment or savings products
- 65% of consumers reported no problem in getting good financial advice



For a copy of the baseline study visit <https://www.fsb.co.za/Departments/consumerEducation/Pages/research.aspx>

Research results reveal South Africans' average financial literacy score to be 54.

African regulators share common responsibility

| Lesego Mashigo - Media and Stakeholder Manager

Regulators of the financial services industry all over Africa have a common responsibility to make Africa the best destination for investment, so says the executive officer of the FSB, Adv Dube Tshidi.

"Investment will come our way if people have confidence and can see that our regulatory systems in Africa are of the highest standard," he said, welcoming a delegation of parliamentarians from Uganda, who are also trustees of the country's pension scheme for public service employees.

"As regulators we all have a common responsibility to hold one another accountable and move together. In order to do that we have to share the knowledge and best practices in order to make the whole of Africa a better destination for investment," Tshidi told the delegates, advocating for continual improvement of the regulatory space in Africa.

The delegation, led by Ugandan Member of Parliament, Rose Okullu, visited the FSB as part of its fact-finding mission into South African legislation regulating pension funds as Uganda is moving to reform its pension funds sector.

"We are here as fund members but we are also MP's and therefore responsible for making laws that regulate the funds. We want to learn from the FSB how the

schemes are set-up, what the challenges are, and how we are going to move forward to liberalise the sector," said Okullu.

Okullu mentioned in Uganda the pension funds are regulated individually and now the country is moving towards having the sector liberalised, encourage competition and expand coverage and as result a regulator would need to be introduced to ensure fair play and efficiency in the sector.

"A bill has been drafted to that effect, so we want to share with the FSB what could be the best way forward. The objective is

not to impede investment into the sector," she said.

Maurice Odiembo, a delegate who is responsible for the technical support of the fund, explained that the reform process was taking place in an environment that is not regulated "so there are fears within the schemes as to the level of the risk presented to the sector".

He mentioned that umbrella schemes would be created in Uganda such that the current schemes will have competition but the regulation is yet to be effectively in place.



A delegation of parliamentarians from Uganda visited the FSB to find out more about the way South Africa regulates pension funds

We want to learn from the FSB how the schemes are set-up, what the challenges are, and how we are going to move forward to liberalise the sector.



"The question is, are the fears necessary and what is to be done legislatively not to expose the funds to undue risk? Are the schemes going to suffer because of the lack of private investment?," he asked, also saying the FSB was the best place to start for the delegation as it would help put into perspective "the direction this bill is leading the industry to".

Rosemary Hunter, Deputy Executive Officer: Pensions, who chaired the discussions between the FSB and the delegation, said with the long history of pension funds legislation, the FSB was able to assist, especially taking into account the regulatory policy developments in South Africa in terms of the Treating Customers Fairly and the Twin Peaks model of regulation.

Nurses bandaging their budgets

| Loshini Govender - Community Relations Officer,
FSB Consumer Education Department

The FSB has successfully partnered with Legend Medical Solutions to provide financial literacy workshops for their nurses. Legend Medical Solutions is a Nursing Recruitment Agency that specialises in temporary placements of nursing staff in hospitals. Their expertise is in the training and development of all categories of nurses.



The first group of nurses that attended the workshop is showing the consumer education resource Booklet 1 of 3, "How to Manage your Money".



Nurses work on their own personal budgets.

The training was held at the Legend Medical Solutions training centre in Abbotsford, Houghton.

For 2013, five workshops have taken place and the project is rolling out into 2014.

The training covers the following topics:

- Managing your money
- Drafting a budget
- The difference between needs and wants
- The need for and handling of savings
- The role of the Ombudsman
- The difference between short-term and long-term insurance
- Consumer rights
- Recourse mechanisms

Organiser of the workshops and Clinical Facilitator, Michelle Pillay observes in the background as nurses complete the practical exercises.



Booklet 1 – "How to Manage your Money" was used as a resource.

The practical budgeting exercise is often an eye opener to many.



Johannesburg Child Welfare Society looks at the welfare of their finances

| by Loshini Govender - Community Relations Officer, FSB Consumer Education Department

The Consumer Education Department (CED) of the FSB also takes the message of consumer financial education to Community Based Organisations (CBOs) in the form of train-the-trainer workshops. The aim of the training is for CBOs to conduct further workshops on behalf of the FSB for members of their various organisations. The workshop was held on 20 November 2013 at the training premises of the Johannesburg Child and Welfare Society in Fox Street, Johannesburg.

The training took place over three hours and covered the following topics:

- the role of the FSB,
- managing your money – budgeting and saving, the role of the Ombudsman, and
- complaints handling procedures

FSB training guides and resource support material were handed out to all trainees.

The training involved practical activities as well as informative group discussions.



FSB training guides were handed out to all trainers.



A trainee does a personal budgeting exercise.



Mpho loves Booklet 1, "How To Manage Your Money", which includes practical exercises and case studies in a fun and simplistic manner.

INDUSTRY
EVENTS 2014

**24-25
JUNE**

ASISA Assembly 2014

Venue: Southern Sun Cape Sun, Cape Town

We will judge yesterday's achievements by today's reality... to expedite the successful fulfilment of the National Development Plan (NDP), ASISA and its members need to align their key strategic deliverables to that of the NDP. The ASISA Assembly 2014 will encompass a collaboration of diverse speakers gathered to debate and discuss the implementation of some of the NDP deliverables for the financial services industry.

<http://www.asisa.co.za>

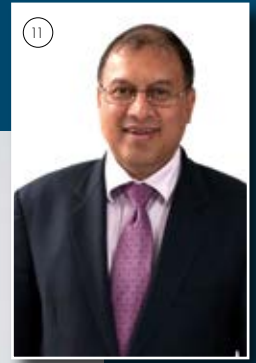
**27-30
JULY**

**The Insurance Conference Southern Africa -
Rendezvous** **Venue: Sun City, North West**

A business focused conference which will allow delegates the opportunity to debate challenges facing the industry. The programme will provide a platform to promote awareness of industry issues and challenges. Insurers, underwriting managers, intermediaries, reinsurers and other insurance professionals are invited to participate in the conference.

<http://www.iisa.co.za>

events



(1) Francois Groepe, (2) Hamilton Ratshefola, (3) Phillip Sutherland, (4) Hilary Wilton, (5) Zarina Bassa, (6) Abel Sithole (Chairman), (7) Jabu Mogadime, (8) Dudu Msomi, (9) Olano Makhubela, (10) Diane Turpin, (11) Ismail Momoniat.

VISION

The FSB's vision is to promote and maintain a sound financial investment environment in South Africa.

MISSION

The FSB's mission is to promote the:

- fair treatment of consumers of financial services and products;
- financial soundness of financial institutions;
- systemic stability of financial services industries; and
- the integrity of financial markets and institutions.

VALUES

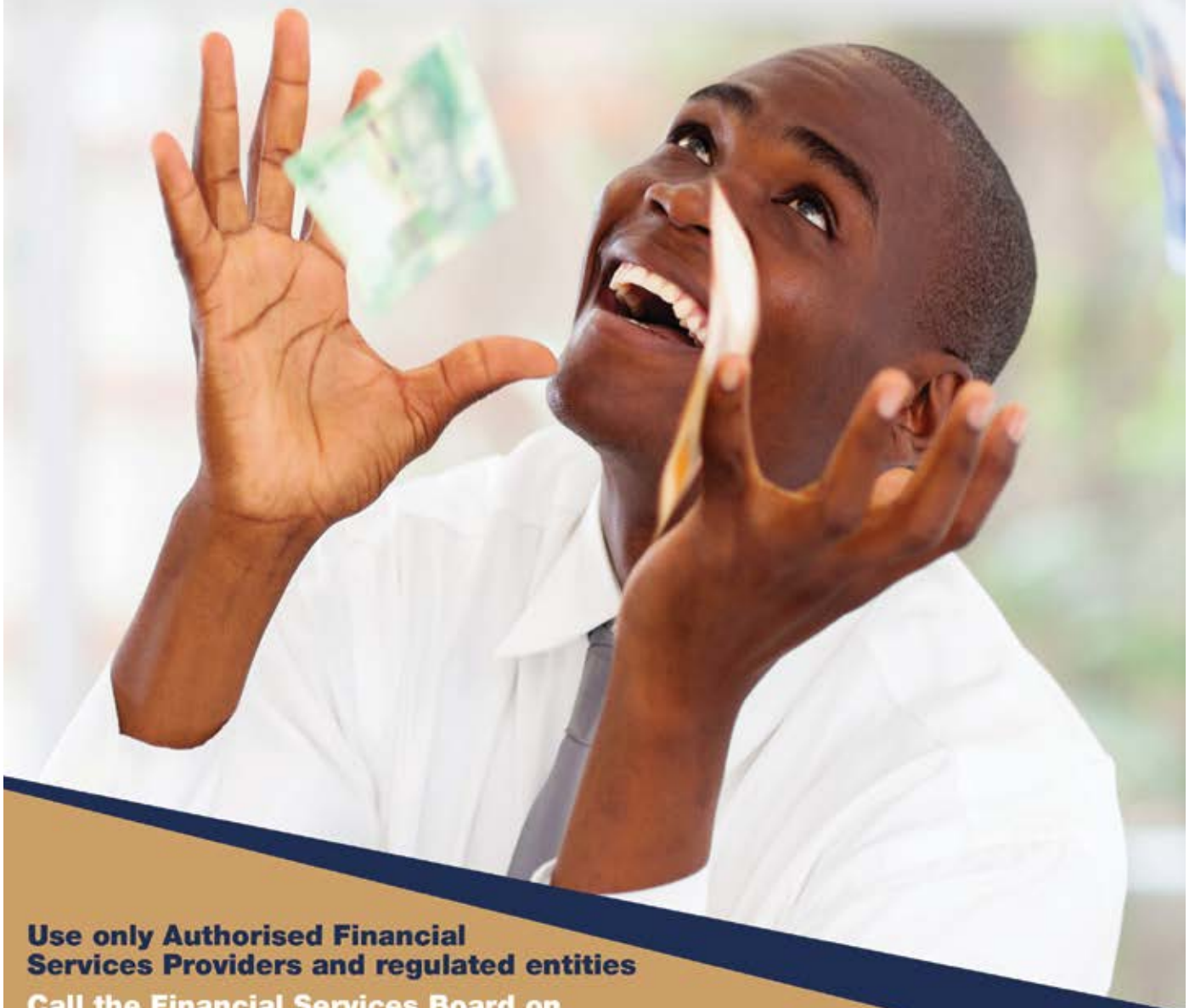
At the FSB we will act professionally at all times in all that we say and do. To this end we undertake to:

- demonstrate the highest level of technical competence;
- conduct all our business at the highest level of confidence;
- collaborate effectively as team members to deliver effective services;
- enhance stakeholder synergy through collaboration;
- apply the regulatory framework in a consistent and fair manner; and
- treat all people with respect and empathy.



If it sounds too good to be true...it probably is.

Avoid becoming one of many South Africans that lose their hard earned money to illegal money making schemes.



Use only Authorised Financial Services Providers and regulated entities

Call the Financial Services Board on 0800 110 443 or visit www.fsb.co.za for more information.

The FSB is the Regulator of the South African non-banking financial services industry.