

FINANCIAL ADVISERS

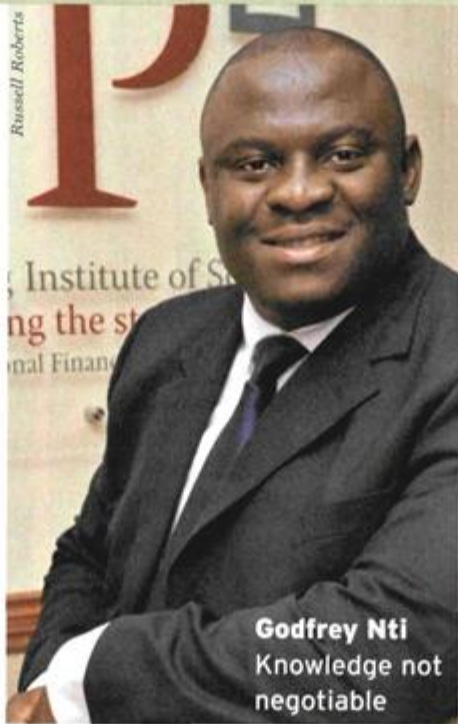
# Universally challenged

**By the end of the** year almost 140 000 financial advisers and key individuals at financial institutions will need to pass regulatory exams. But, according to Financial Intermediaries Association (FIA) head Justus van Pletzen, current pass rates indicate there is a good chance that tens of thousands of financial advisers, as well as short-term insurance brokers, could be barred from practising. The current pass rate is below 30%.

With a fee of R900, the exam is also filling the coffers of the Financial Services Board (FSB), which is overseeing the process.

Seamus Casserly, an FIA committee member, says if people are barred from earning a living, this could prove to be unconstitutional. And he argues that much of the material in the regulatory exams is irrelevant to the day-to-day work of most short- and long-term insurance brokers.

"The exams revolve around knowledge of the Financial Advisory & Intermediary Services Act (Fais). A question might be, within how many days can you lodge a complaint under Fais?"



Casserly says this issue might be important for the compliance officer in a firm to understand, but is not relevant to people helping to plan insurance and investments for clients.

The FIA, which represents the bulk of insurance intermediaries, has taken on the FSB on a few specific issues. It has won the right for the exams to be taken in Afrikaans — previously all exams were in English. But, in general, it has taken a co-operative stance.

A group of intermediaries unimpressed

with the FIA's warm and fuzzy approach has set up the National Association of Independent Financial Advisers (Naifa). The body has a petition on its website asking for a commission of inquiry into the process of setting the exams. They will hurt self-employed advisers more than the large agency and bank broker forces. In the large forces, colleagues will be able to cover for each other while advisers take time off work to study.

So far the FSB has refused to meet Naifa, preferring to deal with established trade bodies.

Godfrey Nti, head of the Financial Planning Institute, argues that regulatory exams are necessary to ensure the professionalisation of financial planning.

"I would have thought that knowledge of the regulatory environment in which we operate was absolutely non-negotiable for anybody operating as an intermediary in this market."

The authorities are unlikely to back down.

As Ismail Momoniat, deputy director-general at national treasury, recently said to one of the industry news sheets: "Financial services should be held to a higher standard of market conduct than other industries as the failure of products such as retirement annuities may impose considerable hardship on consumers."

It would be best for advisers to try to jump the hurdle and move on.

**Stephen Cranston**