

The next decade for SA's brokers

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Justus van Pletzen - newly appointed CEO of the FIA

The financial services advice industry has faced numerous challenges during the past decade and is certain to face more in the years ahead. An ongoing challenge for all of us, which also forms part of a collective global effort, is to change the poor image and reputation of the industry.

The FIA supports the RE level regulatory exams, as we believe they will contribute greatly towards professionalising the industry. We do realize that there are certain inconsistencies with regards to some of the questions, and we remain in constant contact with the FSB and examination bodies with regards to this. These exams should be fair and catching people out should certainly not be the intention.



Our feedback has shown that FIA members who have attended the FIA workshops were much more positive about the exams than previously and we are proud of the positive results and feedback thus far. Many members who were initially negative have passed these exams with flying colours,

I trust that the industry, regulators and examination bodies have all learned lessons from this process and will work together to prevent mistakes that have been made in the run-up to RE 1, so this is not repeated with the implementation of RE level 2 exams.

It should also be noted that with the advent of these examinations, the financial advice industry in South Africa is in the positive position of leading from the front. Our counterparts in Australia and the UK have also implemented similar measures and we believe we have now passed the majority of hurdles that still await many of our peers in other markets.

While the focus during the past 10 years has been largely on the role of the intermediary, it is good to see that this has now moved to other stakeholders. Regardless of the implementation of FAIS, some clients are still being poorly served, whether through institutional failure, policy wordings or bad service. It is therefore positive to see that the focus of regulators going forward has moved to issues such as Solvency II and related requirements for financial product suppliers, as well as Treating Customers Fairly (TCF). With this new initiative, CEO's of firms now need to take responsibility and create an awareness within their firms of treating customers fairly, from the development of products right through to after sales and the claims stage.

Unfortunately there are still intermediaries who are of the impression that no change is needed and that all is well in the industry. The macro picture reflects a different picture however.

Another huge concern we face is the FSB's debarment process which is currently not effective. It is easier to suspend a license for not submitting a document to the FSB than to rid the industry of fraudulent individuals. It appears to be a lengthy process which also lacks transparency. This absolutely defeats the object of all other regulatory requirements.

Since the inception of the previous industry bodies more than 30 years ago the industry has changed hugely, hence the changes in the long term and short term insurance acts. As a result, the FIA is currently in the process of repositioning its value offering to members and we are now conducting a survey of our members, both big and small, to identify the priorities and generic needs relevant to all our members.

Many of our members have different views of what the FIA should be focusing on and while it is impossible to satisfy all needs, it's important to establish what these are. Also important is to make sure that the FIA has the macro picture in mind and not just the emotional, needs of members. However, our first priority will always be to our members.

This is evident from the guarantee made last year to negotiate hard with the FSB with regards to any future increase in levies. Members of the FIA will remember that 2010 saw an increase of 23%. This year, we negotiated an increase of just 7.5%.

The FIA is the only industry body looking after all insurance disciplines which is a huge responsibility that requires the necessary capacity and skills. We will therefore continue to work with our colleagues and partners in other professional bodies such as ASISA and SAIA to ensure a positive outcome for all financial intermediaries.

We are also an executive member of WFII (The World Federation of Insurance Intermediaries) representing Africa. Through WFII we interact with IAIS (International Association of Insurance Supervisors), which is an ideal platform to influence on behalf of intermediaries and ultimately consumers.

I look forward to taking up the new responsibility of the office of CEO of the FIA and with a willing and competent team behind me; I plan to make a positive difference for our members, as well as contributing to the development of the wider industry.