

New code of conduct – better to protect consumers

Justus van Pletzen, CEO at the FIA

South Africans who use the services of an intermediary when purchasing financial services products now have added protection with the launch of the Financial Intermediaries Association of Southern Africa's new Code of Conduct, which ensures that all of its members comply with both current and forthcoming legislation.

The new Code of Conduct is fully aligned with the Financial Advisory and Intermediary Services Act (FAIS), which has been in place since 2004 and is also aimed at ensuring that intermediaries are compliant with future legislation, such as Treating Customers Fairly (TCF).

The Financial Services Board (FSB) has introduced a number of pieces of legislation in recent years, aimed at effectively regulating the financial services and intermediary industries in order to better protect the interests of consumers. We fully support any initiative that has consumer protection at its heart, as do our members.

We also recognise that compliance with multiple pieces of legislation can be a complex and daunting process. As a result, our new Code of Conduct aims to ensure that all FIA members are able to align their business fully with the new legislation as easily as possible.

The FIA's members, who comprise nearly 3 000 Financial Services Providers (FSPs) employing 13 000 representatives, already comply with relevant legislation but the launch of the new code now puts this into a format that is easier for both

intermediaries and clients to understand.

The Code of Conduct aims to guide FSPs and their representatives on how to engage with clients in a professional manner. The code stipulates that all members of the FIA will, at all times, interact with honesty, integrity, due skill, in the interests of the client and, above all, to enhance the profile of the financial services industry.

The code also contains an 8-step process for all members of the FIA to follow:

1. A comprehensive and professional introduction to clients
2. Gather client information
3. Enter into a service agreement with the client
4. Conduct an analysis and prepare a client proposal
5. Present the proposal to the client
6. Enter into a Financial Service agreement with the client
7. Implement the agreement
8. Render continuous advice and/or intermediary services to the client

The new Code of Conduct replaces the FIA's existing Code of Conduct, which has now been renamed the Code of Ethics and remains applicable to all FIA members. This previous code was introduced as part of a collective effort to raise standards in the industry and protect consumers by promoting the improvement and standard of financial products, financial advice and intermediary services.

With the combination of both the FIA's Code of Ethics and the new Code of Conduct, we can provide clients with the peace of mind that they are dealing with competent and reputable financial advisers who have their best interests at heart.