

## MASTHEAD ADVISERS ARE BECOMING WORLD CLASS

South African financial planning is meeting the challenge of world-class standards across the globe, according to Masthead Managing Director Peter Dempsey.

"The trends that we have seen internationally over the past decade, including an increase in consumerism, have hit South Africa and we are finding that South African consumers have become more assertive in financial planning and decision-making.

"South Africa is witnessing an escalated focus by the media on financial planning, coupled with increased intervention by the regulatory authorities. This is in line with trends that have been evident in the United Kingdom, Europe, the United States and Australia."

He said South Africa had been able to learn from these countries, and one of the key lessons was: "You can't buck the trend!"

Dempsey said increased regulation was good for the industry and the more than 2 500 advisers in the Masthead network had succeeded in meeting the challenge.

"I think the FAIS Act which was implemented last year has brought about a significant level of professionalism among advisers. Not only do they have to be licensed, but they have to embark on an ongoing education programme over the next two years to continue to upgrade their knowledge and skills in financial services.

The benefit for clients is that they now have access to much better informed, more professional advice."

He added that Masthead was offering ongoing training in conjunction with Damelin to assist advisers to obtain the credits needed to keep their licences.

Dempsey said Masthead research showed that the proportion of its members doing risk profiles and conducting an analysis, prior to making a sale, has jumped from around 20% prior to implementation of FAIS to more than 80% afterwards.

Masthead was also able to assist advisers in keeping their licences by offering them the services of compliance officers and practice consultants.

The compliance officer conducts a quarterly assessment at the brokerage to ascertain areas of non-compliance and to suggest remedial action for addressing non-compliance. A practice consultant assists the adviser in implementing remedial actions and integrating appropriate processes into the brokerage.

Masthead services are delivered countrywide, with members situated anywhere from major cities to rural towns. During the last quarter of 2004 the compliance officers, in partnership with Celestis Broker Services, conducted a comprehensive assessment for all members. In the first quarter of 2005, a further comprehensive assessment was conducted for members. At the end of each assessment the brokerage is presented with a written report summarising the results of the assessment and suggested remedial actions.

LEGISLATIVE PROVISION	BEFORE FAIS	1 <sup>st</sup> QUARTER 2005	IMPROVEMENT
Does the FSP make contact stage disclosures?	37%	84%	47%
Does the FSP have a register of representatives?	31%	76%	45%
Does the FSP have a complaints policy & register?	10%	87%	77%
Does the FSP have a process for obtaining information?	22%	78%	56%
Does the FSP do a risk profile prior to giving advice?	20%	81%	61%
Does the FSP do an analysis prior to a sale?	23%	84%	61%
Does the FSP have a record of the advice?	10%	52%	42%
Does the FSP have a process to verify clients' identity?	23%	93%	60%
Does the FSP have internal rules in place?	12%	85%	73%
Does the FSP have records of FICA staff training?	20%	65%	45%
* Sample size	400 FSPs	500 FSPs	

Said Dempsey: "Becoming and remaining compliant is a continuous process and requires continuous improvement. Masthead members have shown commendable progress in the first few months of FAIS. With a willing attitude and Masthead supporting them, these brokers are well on their way to achieving the high standards needed to be world class."

For more information on Masthead, phone 0860 103 807, email [info@masthead.co.za](mailto:info@masthead.co.za) or visit the website at [www.masthead.co.za](http://www.masthead.co.za).