

# TREAT CUSTOMER FAIRLY INTERNAL POLICY



## Introduction

The Treating Customers Fairly (TCF) program is being implemented by the Financial Services Board (FSB) and consists of a principle based approach. TCF is a regulatory and compliance framework aimed at increasing customers' confidence and satisfaction in Financial Service Providers (FSP's), thus achieving all six key outcomes for consumers at all stages of the product life cycle including product design, marketing and promotion, advice, point of sale, after the sale, complaints handling and the ultimate payment of the benefits at the claims or withdrawal stage.

The principal objective of TCF is to protect the customer against any form of unfair business practice and to ensure that customers are treated fairly in all instances. Customers that receive any form of financial service from a FSP are entitled to the same protection as they would have enjoyed under the Consumer Protection Act, 2008.

Section 2 of the General Code of conduct states that a provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interest of clients and the integrity of the financial services industry which ties in with TCF principles.

TCF affects the following FSP's:

- FAIS regulated intermediaries, including brokers;
- Long-term and short-term insurers;
- Collective investment schemes;
- Pension funds;
- Friendly societies;
- FSP's (including discretionary and administrative FSP's); and
- Entities falling within the jurisdiction of the JSE and STRATE.

## TCF Principles of the FSP

The generally accepted TCF Principles that we follow include, but are not limited to:

- **Customer's Interest:** We pay due regard to the interest of our customers and treat them fairly in all our dealings with them.
- **Integrity:** We conduct business with integrity.
- **Skill, care and diligence:** We conduct business with due skill, care and diligence.
- **Management and control:** We take reasonable care to organise and control our affairs responsibly and effectively, with adequate risk management systems.
- **Financial Prudence:** We maintain adequate financial resources.
- **Market Conduct:** We observe proper standards of market conduct.
- **Client Communications:** We pay due regard to the information needs of our customers and communicate information to them in a way which is clear, fair and not misleading.
- **Conflicts of Interest:** We manage conflict of interest fairly, both between ourselves and our customers and between customers and other clients.
- **Customer relationship of trust:** We take reasonable care to ensure the suitability of our advice and discretionary decisions for any customer who is entitled to rely upon our judgment.
- **Client assets:** We arrange adequate protection for customer assets that fall under our responsibility.
- **Relations with the Regulator:** We deal with the Regulator in an open and cooperative way and appropriately disclose to the FSB anything relating to the business of which the FSB would reasonably expect notice.

## The 6 outcomes of TCF

Outcome 1: General measures to ensure that clients can confidently contract with business

Outcome 2: Products and services selection

Outcome 3: Providing information

Outcome 4: Suitability of advice

Outcome 5: Product performance and service levels are of expected standard

Outcome 6: Customers are not barred from making changes or instituting claims and complaints

#### **The product life-cycle stages**

The product life-cycle of any financial services product can be divided into three stages. During the product life-cycle all six outcomes of TCF are adhered to.

Stage 1 is with regards to the product itself and includes the design of the product and the *promotion and marketing of the product*.

Stage 2 entails the rendering of advice *and intermediary services* as well as the point of sale of the product mentioned in stage 1.

Stage 3 includes the *information provided after point-of-sale and complaints* and claims handling.

#### **OUTCOME 1:**

##### **General measures of the FSP to ensure that clients can confidently contract with business**

All business spheres of us will be affected by TCF and must adhere to the requirements of TCF. Recruitment processes shall adhere to TCF objectives as set out in the Recruitment and Selection Policy which policy stipulates the minimum standards and qualifications when appointing personnel.

A TCF Forum will be established and the forum comprises of senior management members and Key Individuals of the FSP. This forum will be accessible to all employees with regards to TCF complaints or queries.

Senior management and Key Individuals will be responsible for the implementation and enforcement of TCF principles and objectives. TCF information letters will be circulated amongst staff on a regular basis. Monthly TCF reports will be submitted to the TCF Forum. Quarterly audits will be conducted by the appointed compliance officer of the FSP to determine the compliance and progress with TCF. TCF training will be provided to all the employees on an annual basis which will form part of their Continuous Professional Development (CPD).

Remuneration of employees will be linked with the reaching of TCF objectives which will include a negative reward and a positive reward. Disciplinary processes will be instituted in cases of non-compliance should it be necessary.

#### **OUTCOME 2:**

##### **Products and services selection**

Products and services marketed and sold in the retail market must be designed to meet the needs of identified customer groups and targeted accordingly. Customers can be broadly grouped into three categories:

- Low sophistication group (relatively inexperienced groups with a high level of dependence)
- Moderate sophistication group (general consumers group falling into the mass market)
- High sophistication group (investment groups who have expertise).

When products are selected an assessment of promotional and information material is performed to ensure that it is suitable for the customer group. The product is analyzed to ensure that it is suitable to a particular market segment, satisfy the needs of that market segment and the commission or fee will be justifiable.

A financial needs analysis is done on each consumer. Correct information will be collated in order to draft the financial needs analysis. The financial needs analysis will set out that the consumer understand the products and services offered as well as the explanations given and the information supplied.